

ALPS | CoreCommodity Natural Resources ETF

Ticker: CCNR

SS&C ALPS Advisors Partner Focus Podcast Series | Summary

Overview

Paul Baiocchi, CFA, Head of Fund Sales and Strategy for SS&C ALPS Advisors, interviews Douglas Daly, CFA and Nelson Louie, Managing Director and Senior Managing Director, respectively, for CoreCommodity Management and Portfolio Managers of the ALPS | CoreCommodity Natural Resources ETF (CCNR). The discussion explores CoreCommodity's approach to commodity and natural resource investing, the rationale behind CCNR and its role in portfolio construction.

Paul Baiocchi is a Registered Representative of ALPS Distributors, Inc. and ALPS Portfolio Solutions Distributor, Inc. Nelson Louie is a Registered Representative of ALPS Distributors, Inc.

About CoreCommodity Management

Founded in 2003, CoreCommodity specializes exclusively in commodities and natural resource equities.

Initially focused on physically backed commodity futures, CoreCommodity later expanded to equities to provide broader exposure beyond liquid futures markets.

Why CCNR?

Traditional commodity indices are narrow and market-cap weighted, often dominated by large-cap North American firms.

CCNR was designed to:

- Provide **broad coverage** across raw materials.
- Target **upstream producers**—companies closest to commodity production for direct price sensitivity.
- Deliver **portfolio diversification** and **inflation protection**.

Investment Philosophy

Goal:

Maximize exposure to underlying commodity prices while minimizing idiosyncratic company risk.

Process:

- **Deep fundamental analysis** of thousands of global companies.
- Avoid reliance on GICS/BICS codes; instead, classify firms based on **actual revenue and asset sources**.
- Apply **liquidity screens** (market cap, trading volume, bid-ask spreads).

Portfolio Construction:

- **250–350 names**, diversified across:
 - › **Sectors:** Energy, Agriculture, Base Metals and Precious Metals.
 - › **Geography:** ~40% US, remainder international.
 - › **Market Cap:** ~40% large, 40% mid, 20% small.
- **Systematic, quantitative approach** to active management.

Sector Insights

Energy:

Heavy allocation to **upstream oil and gas** exploration & production, oilfield services and **renewable/alternative energy** exposure benefiting from artificial intelligence-driven power demand.

Agriculture:

Fertilizers, water, seeds, machinery avoiding industries negatively exposed to rising commodity prices (e.g., paper/packaging).

Metals and Mining:

- **Precious Metals:** Gold, silver, platinum group metals.
- **Base Metals:** Copper, aluminum, lithium, rare earths—critical for electrification and infrastructure.

Excludes companies with margin compression risk when commodity prices rise (e.g., refiners, packaging).

Macro Perspective

- **Secular Trends:** Electrification, artificial intelligence infrastructure, nearshoring, population growth and military spending.
- Natural resources now represent **<5% of the S&P 500 Index**, down from ~20%, creating an **underweight opportunity**.
- Tech valuations are stretched; natural resources trade at **discounted multiples**, offering **value and growth potential**.

Portfolio Role

Diversification:

Reduces reliance on tech-heavy indices mitigating inflation risk.

Risk Management:

Historically lowers portfolio volatility.

Growth and Income:

Exposure to secular growth drivers; many holdings offer **attractive dividend yields**.

Swiss Army Knife Analogy:

Addresses multiple investor needs including diversification, inflation hedge, income and long-term growth.

Key Takeaways

- CCNR is **actively managed, highly diversified** and designed to deliver **commodity price exposure** rather than equity beta.
- Backed by a team with **decades of commodity expertise**, the strategy stands apart from traditional market-cap weighted approaches.
- Ideal for investors seeking **inflation protection, real asset exposure** and **portfolio balance** in an environment dominated by tech and growth equities.

Investment Team



Douglas Daly, CFA, Portfolio Manager

Mr. Daly is a Managing Director and Portfolio Manager at CoreCommodity Management, LLC, overseeing natural resource equity strategies. Before joining the firm, Mr. Daly graduated from Johns Hopkins University where he earned his BS in Physics and Applied Mathematics & Statistics. During his tenure at Johns Hopkins University, Mr. Daly worked with the Executive Director of the Financial Mathematics Masters Program on research developing quantitative investment strategies, for liability-driven institutional investors and pension funds, utilizing glide-path models and advanced computational methods to optimize risk and return metrics. Mr. Daly is a CFA Charterholder.



Nelson Louie, Portfolio Manager

Mr. Louie is a Senior Managing Director and Portfolio Manager at CoreCommodity Management, LLC. Before joining CoreCommodity, Mr. Louie was a Managing Director - Global Head of Commodities and a Senior Portfolio Manager for Credit Suisse Asset Management overseeing their commodities and volatility overlay strategies. Prior to that, he was a Director at UBS and Managing Director at AIG Financial Products responsible for marketing commodities-based solutions. For 14 years until June 2007, Nelson was at Credit Suisse Asset Management where he managed and traded numerous derivatives-based investments including their enhanced equity and commodity indexing portfolios, volatility arbitrage strategies, equity hedging and currency overlay portfolios. Mr. Louie graduated from Union College in 1991 with a BA in Economics.

Solution Based Partnership

ALPS Advisors, Inc.

- Serves as Adviser to the Fund.
- Specializes in manager oversight and evaluation; focuses on delivering innovative asset management solutions.

CoreCommodity Management, LLC

- Sub-advisor with extensive investment expertise solely dedicated to managing commodity futures and natural resources equities.
- Firm history of unique and innovative investment products, including two of the most renowned global commodity indices.

Important Disclosures & Definitions

An investor should consider the investment objectives, risks, charges and expenses carefully before investing. To obtain a prospectus containing this and other information, call 1-866-759-5679 or visit www.alpsfunds.com. Read the prospectus carefully before investing.

Shares of ETFs are bought and sold at market price (not NAV) and are not individually redeemable.

All investments are subject to risks, including the loss of money and the possible loss of the entire principal amount invested. Additional information regarding the risks of this investment is available in the prospectus.

Diversification does not eliminate the risk of experiencing investment losses.

Investment Objective: the ALPS | CoreCommodity Natural Resources ETF (CCNR) seeks to maximize real returns, consistent with prudent investment management.

The Fund's investments in securities of natural resource companies involve risks. The market value of securities of natural resource companies may be affected by numerous factors, including changes in overall market movements; economic, geographical or financial events; events occurring in nature; inflationary pressures; and domestic and international politics. Because the Fund invests significantly in natural resource companies, there is the risk that the Fund will perform poorly during a downturn in the natural resource sector. Certain natural resources may be produced in a limited number of countries and may be controlled by a small number of producers. As a result, political, economic and supply related events in such countries could have a disproportionate impact on the prices of such natural resources and the value of securities of companies involved in such natural resource. Another principal risk of investing in the Fund is equity risk, which is the risk that the value of the securities held by the Fund will fall due to general market and economic conditions, perceptions regarding the industries in which the issuers of securities held by the Fund participate or factors relating to specific companies in which the Fund invests. The Fund's investments in non-US issuers may be even more volatile and may present more risks than investments in US issuers. Equity investments in natural resources-related companies may not move in the same direction and to the same extent as the underlying natural resources.

Active Management: the practice of selecting individual investments with discretion. The opposite of Passive Management.

Beta: a measure of the volatility, or systematic risk, of a security or a portfolio in comparison to the market or a benchmark. The beta of the market or benchmark is 1.00 by definition. An investment with a beta above 1 is more volatile than the overall market, while an investment with a beta below 1 is less volatile.

Margin Compression Risk: the danger of declining profit margins caused by rising costs outpacing revenue growth.

S&P 500 Index: widely regarded as the best single gauge of large-cap US equities. The index includes 500 leading companies and covers approximately 80% of available market capitalization. One may not invest directly in an index.

ALPS Advisors, Inc. and CoreCommodity Management, LLC, registered investment advisers with the SEC, are the investment adviser and sub-adviser to the Fund, respectively. ALPS Advisors, Inc., ALPS Distributors, Inc. and ALPS Portfolio Solutions Distributor, Inc., affiliated entities, are unaffiliated with CoreCommodity Management, LLC.

ALPS Portfolio Solutions Distributor, Inc. is the distributor for the Fund.

Not FDIC Insured • No Bank Guarantee • May Lose Value

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