

ALPS Intermediate Municipal Bond ETF

Ticker: MNBD

SS&C ALPS Advisors Partner Focus Podcast Series | Summary

Overview

The podcast features Greg Steier, Portfolio Manager at Brown Brothers Harriman (BBH), discussing the ALPS Intermediate Municipal Bond ETF (MNBD). BBH is the oldest and largest privately run bank on Wall Street, with two main business lines: global custody (\$5.5 trillion under administration) and private banking (\$110 billion under management, including \$70 billion in fixed income of which \$12 billion is in municipal strategies).⁽¹⁾ Greg has spent over 30 years at BBH, specializing in bonds.

About MNBD & Investment Philosophy

The ALPS Intermediate Municipal Bond ETF (MNBD), BBH's first ETF portfolio management role, is designed as an actively managed extension of the firm's flagship intermediate municipal strategy. The investment approach is bottom-up, emphasizing collaboration between traders and analysts, fostering an ownership culture. BBH demonstrates strong alignment with clients by investing in the same structures for its intermediate municipal strategy for both its proprietary mutual fund and MNBD.

Core Investment Principles:

- **Durable Credit** – Bonds resilient to economic and political shocks (e.g., COVID-19, federal appropriation risks).
- **Attractive Yield** – Valuation considers credit risk, liquidity, embedded optionality, and includes a margin of safety.
- **Concentrated Portfolios** – Typically 75 to 125 credits, which balances the firm's conviction with prudent diversification; MNBD typically holds ~100, balancing conviction and diversification.

Yield vs. Risk Management

BBH avoids chasing yield at the expense of stability. The municipal market is dominated by household investors, creating concentrated demand for traditional bonds (e.g., AAA-rated general obligation bonds with 5% coupons). BBH instead targets **high-quality but less conventional securities**:

- Niche sectors: state housing finance authorities, prepaid energy, municipal airports
- Non-standard structures: zero-coupon bonds (zeros), floating-rate notes (floaters)

This strategy seeks to capture higher yields due to smaller demand bases, enhancing long-term returns.

Portfolio Construction

While its process is bottom-up, BBH maintains guidelines. For MNBD:

- Housing securities capped at 25%
- Alternative minimum tax (AMT) subject bonds (mostly airports) capped at 15%

Typically, housing, airports and prepaid energy represent ~50% of MNBD; zeros and floaters add another 25%+.

2026 Market Outlook

The post-2022 rate revaluation restored income to bonds, improving diversification and tax efficiency. Today's steep yield curve offers attractive long-term yields.

- 20-year maturities rank in the 91st percentile over the past 15 years.
- MNBD typically delivers ~6% pre-tax equivalent yield before fees for top-bracket investors. BBH advises “**extend to defend**”: move out of money markets, extend out along the yield curve, lock in yields and mitigate reinvestment risk associated with future Federal Reserve policy.

Closing Thoughts

MNBD combines BBH's heritage, disciplined philosophy and active management with the goal to deliver consistent performance and tax-advantaged income.⁽²⁾ With strong alignment between BBH and its clients, MNBD is positioned as a compelling solution for investors seeking quality⁽³⁾ and yield in municipal bonds.

Portfolio Management



Gregory S. Steier, Principal, ALPS Intermediate Municipal Bond ETF Portfolio Manager

As the Co-head of Fixed Income, Greg Steier is the lead portfolio manager for municipal bonds and has day-to-day oversight responsibility for the TIPS investment team and Quantitative Research. Greg joined BBH in 1992, and throughout his tenure has held a range of portfolio management, trading, and research roles in both the taxable and tax-exempt sectors. Greg is an active member of BBH's Asset Liability Committee, for which he developed a firm-wide interest rate risk framework. Greg is also a member of the Investment Management Oversight and Risk Committees, and chairs the Investment Management Valuation Oversight Committee. Greg earned both his MBA in Finance and B.S. in Accounting from the New York University Stern School of Business.

Partnership

SS&C ALPS Advisors

Headquartered in Denver, CO, SS&C ALPS Advisors is an open architecture boutique investment manager offering portfolio building blocks, active insight and an unwavering drive to guide clients to investment outcomes across sustainable income, thematic and alternative growth strategies.

Brown Brothers Harriman & Co.

Brown Brothers Harriman & Co. (BBH) is the oldest and one of the largest private banks in the United States. Headquartered in New York, NY, BBH's proven municipal bond value proposition is to grow and preserve client's capital by investing in a long-term, tax-aware manner. The Fund is led by one of the most tenured portfolio managers and municipal investment teams in the industry.

⁽¹⁾ BBH's AUA/AUM numbers are as of 11/30/2025.

⁽²⁾ This notice is provided to you for informational purposes only, and should not be considered tax advice. Please consult your tax advisor for further assistance.

⁽³⁾ The Fund aims to invest primarily in a diversified portfolio of investment grade municipal bonds at the time of purchase by at least one nationally recognized credit rating agency, or, if unrated, deemed to be of comparable quality by BBH.

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.

The Fund invests principally in municipal securities. The value of municipal securities may be affected by uncertainties in the municipal market related to legislation or litigation involving the taxation of municipal securities or the rights of municipal securities holders in the event of a default or bankruptcy. If a security's structure fails to function as intended, the security could become taxable or decline in value. Additionally, issuers of municipal obligations may not be able to make timely payments because of general economic downturns or increased governmental costs.

The Fund will not invest 25% or more of its total assets in any one municipal revenue sector relating to bonds backed by revenues from similar types of projects (such as those relating to higher education, healthcare, housing, airports or utilities) or with other similar economic, business, or political characteristics. However, as the Fund's exposure to such similar projects increases, the Fund will also become more sensitive to adverse economic, business or political developments relevant to these projects.

AAA: the highest possible rating that may be assigned to an issuer's bonds by any of the major credit rating agencies. AAA-rated bonds have a high degree of creditworthiness because their issuers are easily able to meet financial commitments and have the lowest risk of default.

Alternative Minimum Tax (AMT) Subject Bonds: a type of municipal bond where the interest income, while potentially exempt from regular federal income tax, is considered a tax preference item for calculating the AMT.

Floating-Rate Notes (FRNs): a bond with a variable interest rate based on a benchmark index that provides investors with higher returns as interest rates rise.

General Obligation (GO) Bond: a type of municipal bond that is backed entirely by the issuer's creditworthiness and ability to levy taxes on its residents. GO bonds are not backed by collateral and do not pay creditors back on the basis of income generated from funded projects.

Investment Grade: a rating that signifies that a municipal or corporate bond presents a relatively low risk of default. To be considered an investment grade issue, the company must be rated at 'BBB' or higher by Standard and Poor's or Moody's. Anything below this 'BBB' rating is considered non-investment grade.

Liquidity: the degree to which an asset or security can be bought or sold in the market without affecting the asset's price.

Municipal Bond: a debt security issued by a state, municipality, or county to finance its capital expenditures, including the construction of highways, bridges, or schools. They can be thought of as loans that investors make to local governments.

Yield Curve: a graphical representation of the yields (y-axis) on debt instruments with different maturities (x-axis).

Zero-Coupon Bonds (Zeros): an investment in debt that doesn't pay interest. It instead trades at a deep discount. The profit is realized at its maturity date when the bond is redeemed for its full face value.

ALPS Advisors, Inc. and Brown Brothers Harriman & Co. (through a separately identifiable department), registered investment advisers with the SEC, are the investment adviser and sub-adviser to the Fund, respectively. ALPS Advisors, Inc. and ALPS Portfolio Solutions Distributor, Inc., affiliated entities, are unaffiliated with Brown Brothers Harriman & Co.

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

Not FDIC Insured • No Bank Guarantee • May Lose Value

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