Like Natural Resources? Invest in the Story Instead of a Sector

ALPS | CoreCommodity Natural Resources ETF (Ticker: CCNR)

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Every few weeks, a different commodity or resource-linked trade becomes the market's new obsession. One month it's copper, the next uranium, then gold. Investors rush to predict which one the artificial intelligence (AI) boom or geopolitical shocks will propel higher. This is a hard game to win.

Yet powerful tailwinds all point in the same direction: AI and data-center expansion demand immense quantities of copper, steel, specialty metals, and power. So too does the global push for reindustrialization and the reshoring of manufacturing. As geopolitics reshape supply chains, nations growing their militaries need the same resources.

Whichever narrative you subscribe to, the world is building vastly more stuff, and that building requires more natural resources. It leads to a simple conclusion:

Don't just invest in a sector. Invest in the story.

An increasingly powerful investment case is building for broad, diversified exposure to the equities of commodity producing companies. This offers a hybrid investment profile: risk characteristics more like commodities and returns more akin to equities.

Many investors assume they already have this exposure through broad market indexes. They often don't. Fifty years ago, natural resource producers made up roughly a third of the S&P 500 Index.[1] Today they're under 5%, crowded out by the Magnificent 7. Natural resource equities may also offer exposure to natural resources with no or limited futures markets, including steel, lithium, poultry, dairy, and renewable power. Since 2003, broad natural resource equity strategies have outperformed futures-based indices by about 6% per year.[2]

There is also a supply-side perspective: producer capital investment has remained stagnant for years; developing a new copper mine can easily take 15 years or more from initial discovery to production. The funds that should have been invested a decade ago to meet current copper demand were never allocated. When supply cannot keep up with increasing demand, the advantages tend to favor existing producers that already hold these resources.

What if the AI Trade Disappoints?

While technology giants have been pouring hundreds of billions into data centers, resource producers have exercised more capital discipline. They have benefited from higher prices without betting the balance sheet on them. Commodities have benefited from rising demand due to population growth and development in the past. No matter which way the AI trade goes, we expect they will continue to benefit from those persistent tailwinds in the future. Natural resource equities historically have also been among the strongest inflation hedges available, second only to commodity futures themselves.

It is hard to replicate this exposure piecemeal, covering hundreds of producers spanning energy, agriculture, and metals across the globe. You don't need to guess which commodities are set to spike or drop. If you believe the world is going to build more, own the companies that supply the building blocks.

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(1) Source: Siblis Research, Bloomberg, CoreCommodity Management. Commodity producers are the combined weights in the following GICS industries: Energy Equipment & Services, Oil, Gas & Consumable Fuels, Metals & Mining, Paper & Forest Products, Food Products, Water Utilities, and Independent Power and Renewable Electricity Producers.

(2) Date range: January 1, 2003 through July 31, 2026. Source: Bloomberg. Broad natural resources as represented by the S&P Global Natural Resources Total Return Index. Futures-based indices as represented by the Bloomberg Commodity Total Return Index.

Performance as of 6/30/2026

	1 M	3 M	YTD	1 Y	SI
NAV (Net Asset Value)	-10.00%	-6.80%	12.77%	46.47%	24.92%
Market Price	-9.57%	-7.23%	13.58%	47.40%	25.30%
Bloomberg Commodity Index - TR	-8.54%	-8.09%	14.36%	25.46%	15.63%

Performance data quoted represents past performance. Past performance is no guarantee of future results so that shares, when redeemed, may be worth more or less than their original cost. The investment return and principal value will fluctuate. Current performance may be higher or lower than the performance quoted. For current month-end performance call 1-866-759-5679 or visit www.alpsfunds.com. Performance includes reinvested distributions and capital gains.

Returns for periods greater than one year are annualized.

Market Price is based on the midpoint of the bid/ask spread at 4 p.m. ET and does not represent the returns an investor would receive if shares were traded at other times.

Important Disclosures & Definitions

An investor should consider the investment objectives, risks, charges and expenses carefully before investing. This material must be preceded or accompanied by the prospectus. Read the prospectus carefully before investing.

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

Performance data quoted represents past performance. Past performance is no guarantee of future results; current performance may be higher or lower than performance quoted.

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'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.

Magnificent 7: a group of seven high-performing and influential stocks in the technology sector including Apple, Microsoft, Alphabet, Amazon, Nvidia, Tesla and Meta.

Tailwind: a certain situation or condition that may lead to higher profits, revenue or growth.

One may not invest directly in an index.

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

Not FDIC Insured • No Bank Guarantee • May Lose Value

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