Ticker: REIT

ALPS Active REIT ETF

ACTIVE AND FLEXIBLE INVESTMENT APPROACH

Quarterly Insights | Q3 2024

Key Takeaways

- The ALPS Active REIT ETF (Ticker: REIT) returned 15.44% for the quarter, slightly underperforming its benchmark, the S&P US REIT Index, which returned 16.09%.
- Over the past three years, the ALPS Active REIT ETF has returned 5.30% annualized and outperformed its ETF peer group median (196 basis points (bps) annualized) and Mutual Fund peer group median (240 bps annualized). It has also outperformed the MSCI US IMI Real Estate 25/50 Index (the largest REIT Index by AUM) by 267 bps annualized over that period.
- After a 22-month period of declining share prices, the listed REIT market bottomed in October of 2023 and is now up more than 30%.
- Third quarter returns were positive across all REIT sectors, with strong rebounds in Healthcare and Self Storage. With improving earnings, lower cost fixed-rate debt and lower debt levels with relatively long maturities, REITs are well positioned to continue their recovery.
- REITs have provided strong returns for the subsequent two- and three-year periods after Federal Reserve rate cuts. REITs have averaged (over eight rate cut cycles) 20.76% cumulative returns for two years and 34.69% cumulative for the three years following a rate cut.
- Relative to S&P 500 Index earnings, REITs are trading at historically cheap levels.

ALPS Active REIT ETF (Ticker: REIT) Performance as of 9/30/2024

	Cumulative				Annualized		
Total Returns	**1 M**	**3 M**	**YTD**	**SI†**	**1 Y**	**3 Y**	**SI†**
NAV (Net Asset Value)	2.49%	15.44%	13.90%	35.35%	32.25%	5.30%	8.79%
Market Price	2.49%	15.38%	13.98%	35.44%	32.28%	5.32%	8.81%
S&P US REIT Index - TR	2.64%	16.09%	15.69%	34.89%	34.24%	5.04%	8.68%

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.

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.

† *Fund inception date: 2/25/2021*

Total Operating Expenses: ***0.68%***

Performance Overview

Real Estate Investment Trust (REIT) share prices enjoyed a strong recovery in the third quarter as the S&P US REIT Index was up 16.09% for the quarter, outpacing most other sectors of the market. The catalyst for superior performance was a combination of overly discounted valuations, investor rotation out of large-cap technology stocks into more value-oriented areas including REITs, the beginning of monetary easing and a decline in short-term interest rates. After a 22-month period of declining share prices, the listed REIT market bottomed in October of 2023 and is now up more than 30%. It is our view that we are in the early stages of a recovering growth cycle for property investment, earnings and valuations, which will be led by publicly traded real estate securities.

Earnings growth has been one of the primary drivers of investment performance for the REIT universe this year as sectors and individual companies with high actual and expected growth rates have generated strong total returns. The best examples of this include the Senior Housing sector and the technology and data storage business implemented by Iron Mountain (**IRM, 2.08% weight***). Iron Mountain continues to produce strong growth in earnings and cash flow, which has produced year-to-date returns in excess of 70%. The strong operating fundamentals of the Senior Housing sector have caused Healthcare to be the best performing property sector for the first nine months of the year, up 36%.

Contrary to the continued wave of negative news stories regarding the Office sector, the sector outperformed the S&P US REIT Index in the third quarter, with select Sunbelt and New York focused office companies delivering some of the best year-to-date returns. While some companies, markets and assets in the Office sector are troubled, the best positioned companies with strong balance sheets are enjoying a recovery. Given the discounted valuation per square foot of these companies, there is the potential for significant returns in the Office sector, although it is not without risk.

The underperforming property sectors for the year have generally been those experiencing a deceleration in earnings growth. The Industrial and Single Family Rental sectors have been two of the weakest performing sectors for the year, as both have seen weakening growth in earnings and net operating income from previously high levels. Despite the recent slowdown, these sectors should benefit from favorable, long-term secular fundamentals and do well over the long term. The Hotel and Cold Storage sectors have also suffered from weakening demand and operating results but may be poised for a recovery as both are trading at discounted valuations that could provide the potential for favorable returns should business recover.

Given the significant increase in REIT share prices in the quarter, the sector is now trading at a modest premium to net asset value (NAV), with some sectors and companies at premiums and some at discounts. This is a much healthier place for listed REITs to operate and excel. Many companies in the Senior Housing, Data Center and Net Lease sectors are operating at low leverage levels with strong balance sheets. In conjunction with stock prices at premiums to NAV and the availability of attractively priced unsecured debt, the favorable cost of capital and solid fundamentals enables these companies to generate high growth in earnings and NAV through both internal and external means.

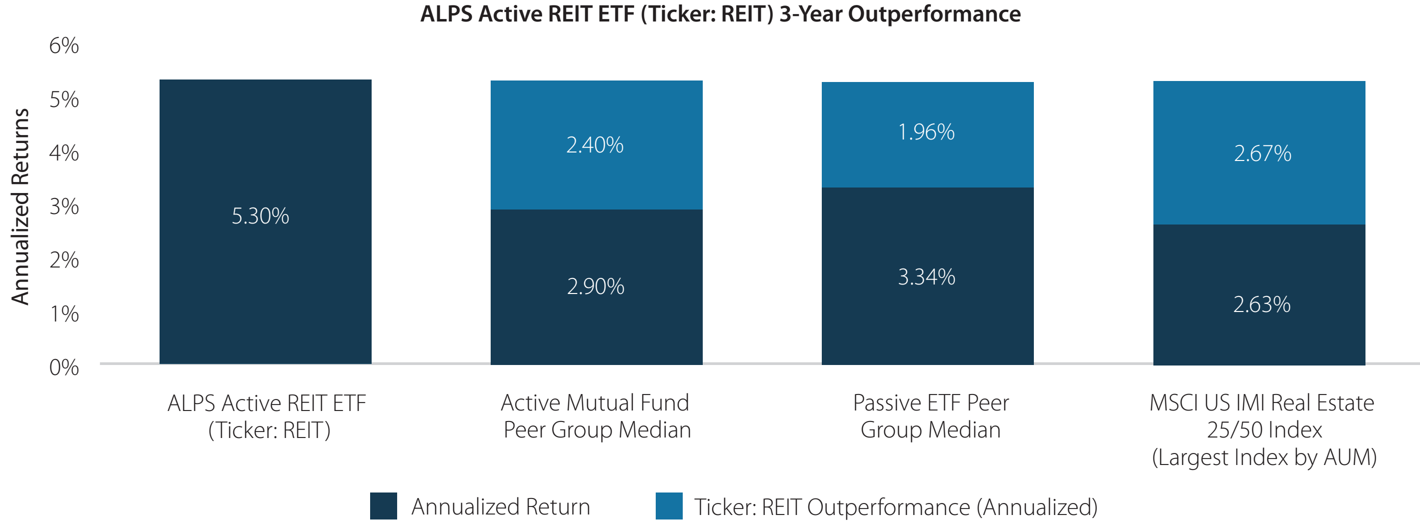
The majority of companies in the Office, Hotel, Cold Storage and Single Family Rental sectors are trading at discounts to NAV and likely need an operating recovery or some catalyst to increase their valuations to generate attractive returns. The ALPS Active REIT ETF (Ticker: REIT, the "Fund") is currently balanced with a combination of holdings in sectors with favorable fundamentals, strong outlooks and NAV premiums, and those in sectors trading at discounts to NAV that we believe are positioned for a recovery or turnaround.

The Fund returned 15.44% for the quarter, slightly underperforming its benchmark, the S&P US REIT Index, which returned 16.09%.

Over the past three years, the Fund has returned 5.30% annualized and outperformed its ETF peer group median (196 bps annualized) and Mutual Fund peer group median (240 bps annualized). It has also outperformed the MSCI US IMI Real Estate 25/50 Index (the largest REIT Index by AUM) by 267 bps annualized over that period.

* *Weight in Ticker: REIT as of 9/30/2024*

ALPS Active REIT ETF (Ticker: REIT) 3-Year Outperformance



Sources: SS&C ALPS Advisors, ETF Action, 10/1/2021 - 9/30/2024, annualized returns

Past performance is no guarantee of future results. *One may not invest directly in an index.*

ETF Action Equity Sector Real Estate Category. The Funds ranking is based on total return during the specified time period (10/1/2021 - 9/30/2024). The Funds return reflects fee waivers and expense reimbursements. Number of funds in Category for period was 211. Active Mutual Fund Peer Group: 191 funds. Passive ETF Peer Group: 20 funds.

See page 1 for standardized performance of the ALPS Active REIT ETF (Ticker: REIT).

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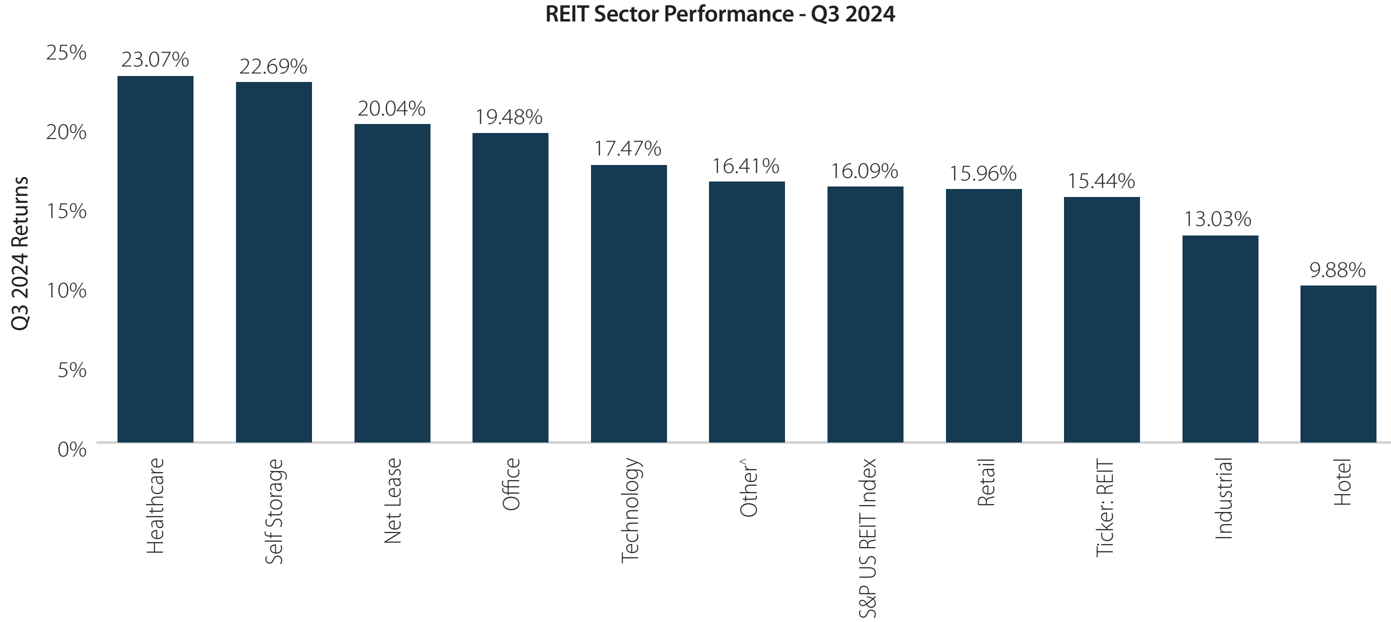
ALPS Active REIT ETF

REIT Sector Performance

Third quarter returns were positive across all major sectors, with strong rebounds in Healthcare and Self Storage. With improving earnings, lower cost fixed rate debt and lower debt levels with relatively long maturities, REITs are well positioned to continue their recovery.



Sources: SS&C ALPS Advisors, Bloomberg, as of 9/30/2024

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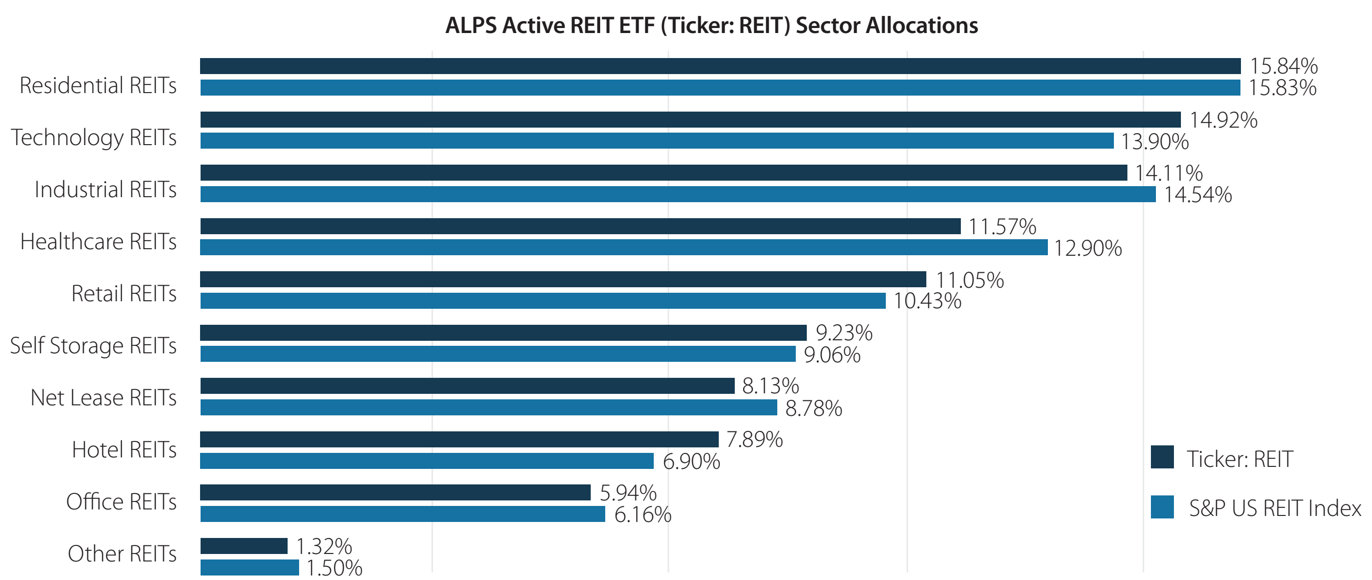
See page 1 for standardized performance of the ALPS Active REIT ETF (Ticker: REIT).

^ *Other: includes farmland, outdoor advertising, and ground lease REITs.*

Ticker: REIT Sector Allocation Highlights

At the end of the third quarter, the Fund was overweight Technology, Hotel and Retail REITs while underweight Healthcare, Net Lease and Office REITs.

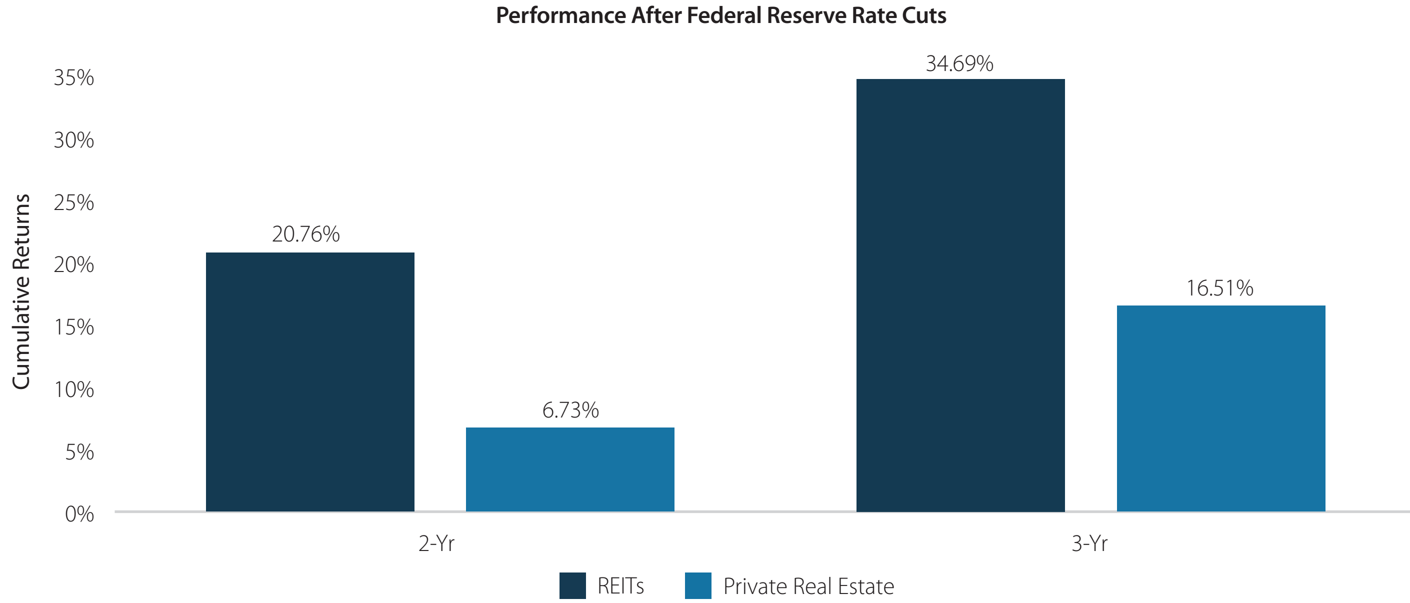
The top five sectors – Residential, Industrial, Technology, Healthcare and Retail REITs comprise 65.44% of the portfolio, an overweight of 151 bps vs weights in the benchmark for these sectors.



Sources: SS&C ALPS Advisors, Bloomberg, as of 9/30/2024

REITs and Rate Hikes

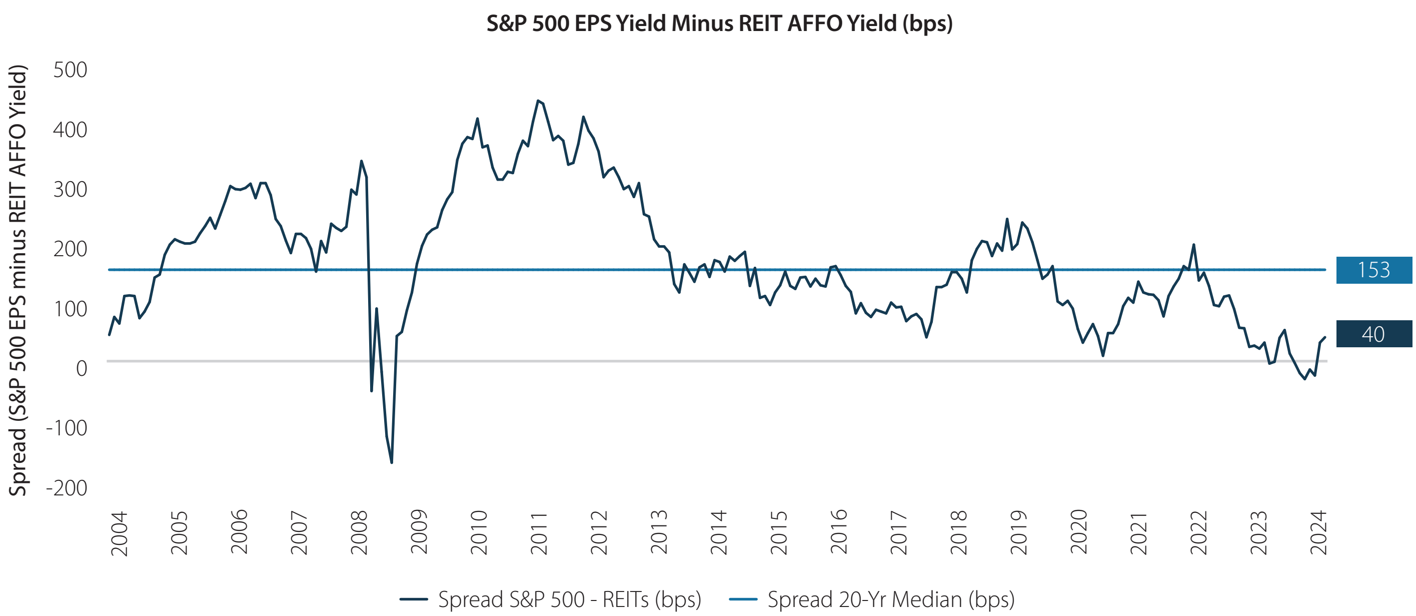
As highlighted below, REITs have provided strong returns and outperformed private real estate for the subsequent two- and three-year periods after Federal Reserve rate cuts. REITs have averaged (over eight rate cut cycles) 20.76% cumulative returns for two years and 34.69% cumulative for the three years following a rate cut.



Sources: SS&C ALPS Advisors, Morningstar, Bloomberg, as of 9/30/2024
***Past performance does not guarantee future results.** One may not invest directly in an index.*
Average of returns beginning 6/30/1990, 6/30/1995, 9/30/1998, 12/31/2000, 9/30/2007, 9/30/2008, 6/30/2019 and 3/31/2020.
The closest quarter-end relative to the Fed rate cut is used as the start date for the analysis.
REITs are represented by the FTSE NAREIT All Equity REITs Index; Private Real Estate is represented by the NFI-ODCE Index.

REIT Valuations

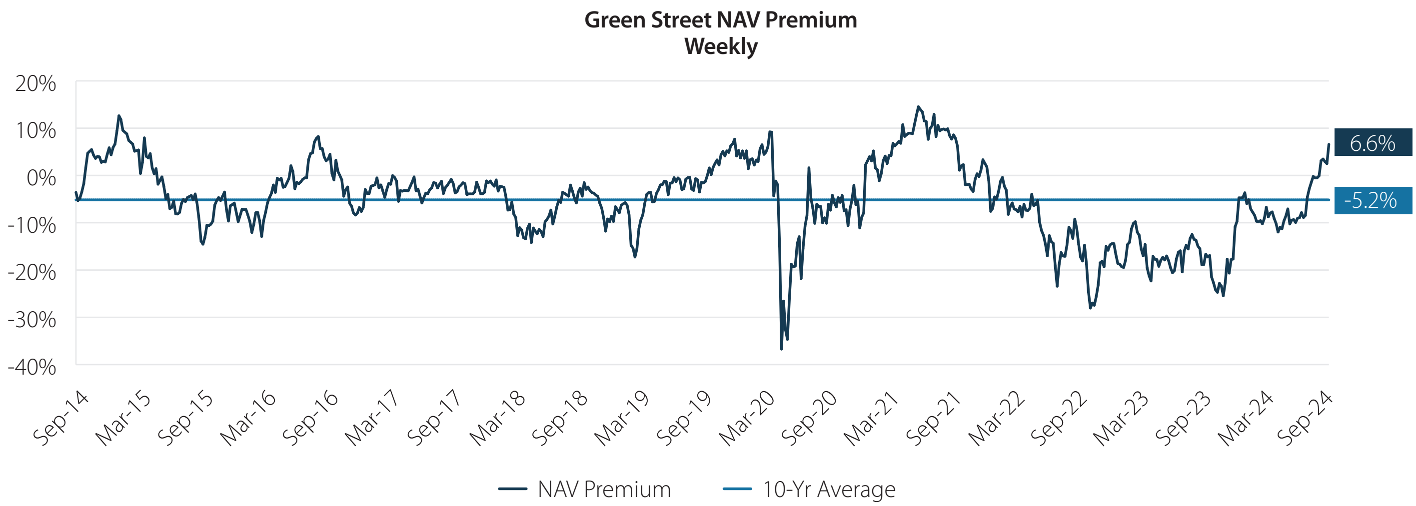
Comparing the spread of the earnings yield of the S&P 500 Index (earnings per share (EPS)) vs REITs (adjusted funds from operations (AFFO)) indicates that REITs are valued at relatively cheap levels relative to equities on a historical basis.



Source: Green Street, as of 8/31/2024

REITs Ended Q3 at a Slight Premium to NAV

REIT NAV premiums ended the quarter at +6.6%, a significant shift from persistent 10%+ discounts over the past six quarters.



Source: Green Street, as of 9/30/2024

Ticker: REIT Top 10 Holdings

Equinix Inc	8.76%
Prologis Inc	5.97%
Public Storage	5.15%
VICI Properties Inc	4.94%
Welltower Inc	4.66%
Healthpeak Properties Inc	4.19%
First Industrial Realty Trust Inc	4.16%
Simon Property Group Inc	4.15%
Extra Space Storage Inc	4.11%
Realty Income Corp	4.00%

Source: SS&C ALPS Advisors, as of 9/30/2024, subject to change

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.

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.

Ownership of real estate is subject to fluctuations in the value of underlying properties, the impact of economic conditions on real estate values, the strength of specific industries renting properties and defaults by borrowers or tenants. Real estate is a cyclical business, highly sensitive to general and local economic conditions and developments, and characterized by intense competition and periodic overbuilding. Credit and interest rate risk may affect real estate companies' ability to borrow or lend money.

The Fund will primarily invest in publicly traded common equity securities of US REITs. The Fund may also invest a portion of its assets in publicly traded common equity of US real estate operating companies (not structured as REITs), publicly traded preferred equity of US REITs and real estate operating companies, and cash and cash equivalents.

Adjusted Funds From Operations (AFFO): a measure of the financial performance of a REIT; measures a real estate company's recurring/normalized Funds From Operations (FFO) after deducting capital improvement funding.

Basis Point (bps): a unit that is equal to 1/100th of 1% and is used to denote the change in a financial instrument.

FTSE NAREIT All Equity REITs Index: a free-float adjusted, market capitalization-weighted index of US equity REITs. Constituents of the index include all tax-qualified REITs with more than 50 percent of total assets in qualifying real estate assets other than mortgages secured by real property.

MSCI US IMI Real Estate 25/50 Index: designed to capture the large, mid and small cap segments of the US equity universe. All securities in the index are classified in the Real Estate sector as per the Global Industry Classification Standard (GICS). The Index also applies certain investment limits to help ensure diversification - limits that are imposed on regulated investment companies, or RICs, under the current US Internal Revenue Code.

NCREIF Fund Index - Open End Diversified Core Equity (NFI-ODCE Index): an index of investment returns reporting on both a historical and current basis the results of 38 open-end commingled funds pursuing a core investment strategy. The NFI-ODCE Index is capitalization-weighted and is reported gross of fees. Measurement is time-weighted. NCREIF (National Council of Real Estate Investment Fiduciaries) will calculate the overall aggregated Index return.

Real Estate Investment Trust (REIT): companies that own or finance income-producing real estate across a range of property sectors. Listed REITs have characteristics of both the income potential of bonds and growth potential of stocks.

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.

S&P US REIT Index: defines and measures the investable universe of publicly traded real estate investment trusts (REITs) domiciled in the United States.

One may not invest directly in an index.

ALPS Advisors, Inc. and GSI Capital Advisors, LLC, 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 GSI Capital Advisors, 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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