

Ticker: RDOG

# ALPS REIT Dividend Dogs ETF

VALUE, INCOME, DIVERSIFICATION

Quarterly Insights | Q3 2024

## Key Takeaways

- The ALPS REIT Dividend Dogs ETF (RDOG) returned 16.39% in Q3 of 2024, performing in line with the broader US REIT market return of 16.46%, as measured by the S-Network Composite US REIT Index.
- Specialized REITs were the best-performing segment in RDOG in Q3 as depressed valuations spurred mergers, igniting the sector.
- RDOG's underlying index's trailing twelve month (TTM) yield currently sits at 6.98%, 300 basis points (bps) higher than the S-Network Composite US REIT Index yield of 3.98%.

## Performance Notes

- The ALPS REIT Dividend Dogs ETF (RDOG) returned 16.39% last quarter, performing in line with the broader REIT market, as represented by the S-Network Composite US REIT Index (SNREIT), due to RDOG's overweight to Specialized REITs and Office REITs with lower price multiples and rising profitability statistics.
- REITs outperformed the broader equities market as long-awaited rate cuts boosted the space. Further rate cuts are expected by economists and the market before the end of the year, creating a catalyst for the beaten-down real estate sector. Despite rate cuts, headwinds remain, with sectors such as commercial real estate still in question. Moreover, public REITs within RDOG continue to exhibit attractive valuations, high occupancy rates and steadily increasing funds from operations (FFO) numbers despite macro concerns, showcasing the resiliency across the fund's nine equally weighted US REIT segments in the wake of higher interest rates.

## Performance Summary

	Q3 2024	YTD	1 Y
RDOG (NAV)	16.39%	13.49%	33.59%
S-Network REIT Dividend Dogs Index - TR	16.51%	13.72%	34.30%
S-Network US Composite REIT Index - TR	16.46%	13.96%	33.98%

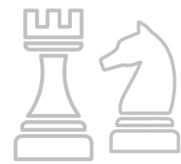
As of 9/30/2024

**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](http://www.alpsfunds.com). Performance includes reinvested distributions and capital gains.**

For standardized performance please see page 2.

## Strategy

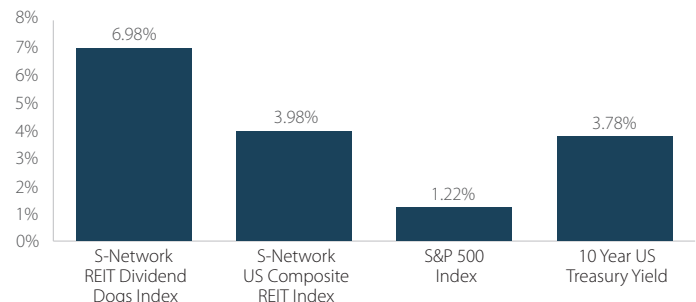
- RDOG is an Exchange-Traded Fund that applies the 'Dogs of the Dow Theory' to nine US REIT segments using the S-Network US Composite REIT Index as its starting universe of eligible securities.
- The strategy selects the five highest yielding US REITs ("Dividend Dogs") within nine equally-weighted REIT segments. Constituent REITs must have Trailing Twelve Month (TTM) Funds From Operations (FFO) per share greater than TTM Dividend Payout per Share (DPS).
- Equally weighting at the individual REIT and segment level provides diversification, avoids segment biases and helps to smooth volatility.



## Yield Comparison

- As of September 30, 2024, RDOG's underlying index (S-Network REIT Dividend Dogs Index) yields 6.98%, which is higher than its starting universe (SNREIT) due to a relative overweight in higher-yielding names within the Diversified REITs and Hotel & Resort REITs segments.
- RDOG's Diversified REITs and Hotel & Resort REITs segments carry a trailing twelve month dividend yield of 7.11% and 8.38%, respectively.

## Trailing Twelve Month Dividend Yield



Source: Bloomberg L.P., as of 9/30/2024

**Past performance is no guarantee of future results.**

## Contribution to Return

- All of RDOG's diversified segments contributed to positive performance during the period, with Residential REITs (+1.41%) and Hotel & Resort REITs (+0.14%) adding the least to overall fund performance. Specialized REITs name, Uniti Group Inc. (UNIT, 2.28% weight\*), nearly doubled during the third quarter, gaining 93.15% after Uniti's merger with Windstream, previously announced in March of this year, moved closer to approval after a similar fiber optic deal between Verizon (VZ, not in RDOG) and Frontier (FYBR, not in RDOG) also progressed towards completion. Also rising in RDOG's Specialized REITs segment last quarter, Outfront Media Inc. (OUT, 2.39% weight\*), jumped over 30% following its 2Q earnings report that highlighted a positive outlook for the second half of 2024 thanks to its digital and transit segments which resulted in operating income and EBITDA beats.
- Within RDOG's Health Care REITs segment, healthcare facility operator, Medical Properties Trust Inc. (MPW, 2.05% weight\*), gained 37.91% in Q3 following an interim settlement approval by a judge in the case between Steward Health Care and Medical Properties. The settlement would resolve large leases between the two, a benefit for Medical Properties as Steward filed for bankruptcy and therefore is unable to pay the leases. Sabra Health Care REIT Inc. (SBRA, 2.23% weight\*) was another top performer in RDOG's Health Care REITs segment, rallying over 23% after increasing 2024 guidance and posting a 2Q FFO beat. During the call, the company's CEO cited rising margins within skilled nursing facilities and higher rents as the reason for the beats and guidance raise, as well as expectations for higher occupancy rates moving forward.
- Rounding out the fund's high-flyers in Q3, RDOG's Office REITs name, Highwoods Properties Inc. (HIW, 2.28% weight\*), rose nearly 30% after reporting FFO above consensus estimates, thanks to new leasing wins in its health care and industrial segments that outpaced the company's historical quarterly average.

## Valuation Update

- RDOG's underlying index continues to exhibit depressed valuations when compared to its historical averages, while the S-Network Composite US REIT Index (SNREIT) exhibits historically high valuations.
- The S-Network REIT Dividend Dogs Index remains at a discount with a current P/FFO ratio of 5.29x compared to SNREIT's current P/FFO ratio of 15.96x. Similarly, RDOG's underlying index TTM dividend yield of 6.98% is far in excess of SNREIT's dividend yield of 3.98%.

\* Weight in RDOG as of 9/30/2024

## ALPS REIT Dividend Dogs ETF (RDOG) Performance\*\* as of 9/30/2024

Total Returns	Cumulative				Annualized				
	1 M	3 M	YTD	SI <sup>1</sup>	1 Y	3 Y	5 Y	10 Y	SI <sup>1</sup>
NAV (Net Asset Value)	3.40%	16.39%	13.49%	72.04%	33.59%	1.74%	2.69%	4.83%	3.36%
Market Price	3.40%	16.37%	13.52%	71.96%	33.57%	1.76%	2.68%	4.86%	3.36%
S-Network REIT Dividend Dogs Index - TR <sup>2</sup>	3.60%	16.51%	13.72%	—	34.30%	2.20%	—	—	—
S-Network US Composite REIT Index - TR <sup>2</sup>	3.09%	16.46%	13.96%	216.46%	33.98%	3.10%	4.76%	7.77%	7.28%

**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](http://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.

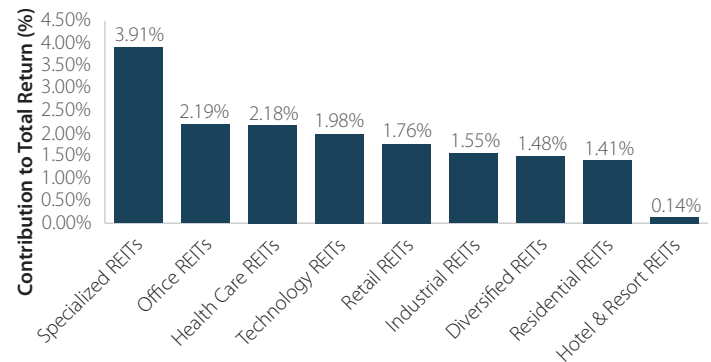
\*\* Effective 1/2/2020, the ETF changed its underlying index and principal investment strategies; consequently, the ETF's total returns shown for the periods prior to 1/2/2020 are not necessarily indicative of the performance of the ETF as it is currently managed.

<sup>1</sup> Fund inception date: 5/7/2008

<sup>2</sup> The Indexes commenced operations after RDOG's inception date. The S-Network REIT Dividend Dogs Index commenced operations on 10/29/2019 and the S-Network US Composite REIT Index commenced operations on 2/12/2016.

Total Operating Expenses: **0.35%**

## Contribution to Return by Segment



Source: Bloomberg L.P., as of 9/30/2024

**Past performance is no guarantee of future results.**

## Price Multiples

	RDOGX Index	SNREIT Index
Price/Funds From Operations Ratio	5.29x	15.96x
Price/Book Ratio	1.08x	2.24x
Price/Cash Flow Ratio	4.23x	15.70x
Trailing Twelve Month Yield	6.98%	3.98%
RDOG 30-Day SEC Yield	6.69%	

Source: Bloomberg L.P., as of 9/30/2024

**Past performance is no guarantee of future results.**

## Top 10 Holdings

Macerich Co/The	2.47%	Saul Centers Inc	2.28%
Outfront Media Inc	2.39%	Uniti Group Inc	2.28%
Innovative Industrial Properties Inc	2.33%	Highwoods Properties Inc	2.28%
Apple Hospitality REIT Inc	2.32%	Digital Realty Trust Inc	2.28%
Simon Property Group Inc	2.30%	Equinix Inc	2.27%

Source: Bloomberg L.P., as of 9/30/2024, subject to change  
Daily holdings are available at [www.alpsfunds.com](http://www.alpsfunds.com).

## 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.

The Fund is subject to the additional risks associated with concentrating its investments in companies in the market sector.

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 employs a "passive management" - or indexing - investment approach and seeks investment results that correspond (before fees and expenses) generally to the performance of its underlying index. Unlike many investment companies, the Fund is not "actively" managed. Therefore, it would not necessarily sell or buy a security unless that security is removed from or added to the underlying index, respectively.

30-Day SEC Yield: reflects the dividends and interest earned during the period, after the deduction of the Fund's expenses.

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

Dividend Yield: a financial ratio that shows how much a company pays out in dividends each year relative to its share price.

Dogs of the Dow Theory: an investment strategy which proposes that an investor annually select for investment the ten Dow Jones Industrial Average stocks whose dividend is the highest fraction of their price.

Price/Book (P/B) Ratio: the weighted average of the price/book ratios of all the stocks in a portfolio. The P/B ratio of a company is calculated by dividing the market price of its stock by the company's per-share book value.

Price/Cash Flow (P/CF) Ratio: represents the weighted average of the price/cash flow ratios of the stocks in a portfolio. Price/cash flow represents the amount an investor is willing to pay for a dollar generated from a particular company's operations.

Price/Funds from Operations (P/FFO) Ratio: a valuation ratio of a company's current share price compared to its per-share funds from operations.

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-Network US Composite REIT Index (SNREIT): a benchmark index for the Real Estate Investment Trust component of the US stock market.

S-Network REIT Dividend Dogs Index (RDOGX): a portfolio of stocks derived from the S-Network US Composite REIT Index (SNREIT). The RDOGX methodology selects the five stocks in each of the nine segments that make up SNREIT which offer the highest dividend yields as of the last trading day of November.

Trailing Twelve Month Yield: refers to the percentage of income a portfolio has returned to investors over the last 12 months.

One may not invest directly in an index.

ALPS Advisors, Inc., registered investment adviser with the SEC, is the investment adviser to the Fund. ALPS Advisors, Inc. is affiliated with ALPS Portfolio Solutions Distributor, Inc.

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

Not FDIC Insured • No Bank Guarantee • May Lose Value

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