

Mid-Year Market Themes to Watch

June 30, 2024

While much of the 2023 market leadership has carried over into 2024, the market has broadened out with economic dynamics driving capital markets evolving around rates, inflation and economic activity. At the halfway point, portfolios should evolve as well.

1. Get Away from The Magnificent 7

2. Keep it Real (Assets)

3. Increase Fixed Income Flexibility

Get Away from The Magnificent 7

The dominance of mega cap technology stocks has started to show signs of abating in the first half of the year, but still casts a long shadow over portfolios. Investors looking to diversify away from large-cap growth have compelling value opportunities in quality small-cap, high yielding developed ex-US and under-owned sectors.

Ticker: **IDOG**

ALPS International Sector Dividend Dogs ETF

High dividend yield relative to international large-cap indices with exposure across 10 sectors of the market by selecting the five highest yielding securities in each sector and equally weighting on a sector-by-sector basis.

Investment Objective: seeks investment results that replicate as closely as possible, before fees and expenses, the performance of the IDOGX Index.

Ticker: **OUSM**

ALPS | O'Shares U.S. Small-Cap Quality Dividend ETF

Cost efficient* access to a portfolio of high quality small-cap companies in the United States selected based on fundamental metrics including quality, low volatility and dividend growth.

Investment Objective: seeks to track the performance (before fees and expenses) of the OUSMX Index.

** Ordinary brokerage fees apply.*

Ticker: **SDOG**

ALPS Sector Dividend Dogs ETF

High dividend yield relative to US large-cap indices with exposure across 10 sectors of the market by selecting the five highest yielding securities in each sector and equally weighting on a sector-by-sector basis.

Investment Objective: seeks investment results that replicate as closely as possible, before fees and expenses, the performance of the SDOGX Index.

Keep it Real (Assets)

Although inflation has decelerated, the upward pressure on prices persists globally. When paired with geopolitical volatility, inflation underscores the importance of an allocation to real assets. Real Estate Investment Trusts (REITs), commodities and energy infrastructure are three flavors of real assets with distinct characteristics from traditional asset classes.

Ticker: **REIT**

ALPS Active REIT ETF

Actively managed REIT product with the flexibility to tilt among core and non-core REITs.

Investment Objective: seeks total return through dividends and capital appreciation.

Ticker: **SDCI**

USCF SummerHaven Dynamic Commodity Strategy No K-1 Fund

Factor weighted commodities portfolio that provides asset allocation diversification and differentiated exposure from common benchmarks.

Investment Objective: seeks long-term total return.

Ticker: **AMPL**

Alerian MLP ETF

Provides exposure to energy infrastructure companies via a portfolio of Master Limited Partnerships (MLPs) with unique business model and inflation characteristics.

Investment Objective: seeks investment results that correspond (before fees and expenses) generally to the price and yield performance of AMZI Index.

Increase Fixed Income Flexibility

Uncertainty around Federal Reserve policy has weighted on fixed income markets while an inverted yield curve and historically tight credit spreads make flexibility in fixed income portfolios paramount. Leveraging active management to augment fixed income allocations can help smooth risk exposures.

Ticker: **SMTH**

ALPS | Smith Core Plus Bond ETF

Active management and dynamic portfolio positioning capability—defensive, neutral or opportunistic—allowing allocation flexibility in response to varied market conditions.

Investment Objective: seeks above average total return from a combination of current income and capital appreciation.

Ticker: **MNBD**

ALPS Intermediate Municipal Bond ETF

Reliable federally tax-free income, resilience to rising rate environments and strong diversification benefits for balanced portfolios.

Investment Objective: seeks to protect investor's capital and generate attractive risk-adjusted returns.

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 an investment is available in the prospectus.

The ALPS | Smith Core Plus Bond ETF is new and has limited operating history.

Diversification does not eliminate the risk of experiencing investment losses.

There are specific risks associated with international investing, such as currency fluctuations, foreign taxation, differences in financial reporting practices and rapid changes in political and economic conditions. Fixed income securities are subject to interest rate risk, prepayment risk and market risk. Real estate investments are subject to specific risks, such as risks related to general and local economic conditions and risks related to individual properties. Commodity trading is highly speculative and involves a high degree of risk. Funds focusing on a single sector generally experience greater price volatility.

Alerian MLP Infrastructure Index (AMZI): a composite of energy infrastructure Master Limited Partnerships (MLPs). The capped, float-adjusted, capitalization-weighted index constituents earn the majority of their cash flow from midstream activities involving energy commodities.

Inverted Yield Curve: shows that long-term interest rates are less than short-term interest rates. With an inverted yield curve, the yield decreases the farther away the maturity date is. Sometimes referred to as a negative yield curve, the inverted curve has proven in the past to be a reliable indicator of a recession.

Mega Cap: a designation for the largest companies in the investment universe as measured by market capitalization. While the exact thresholds change with market conditions, mega cap generally refers to companies with a market capitalization above \$200 billion.

O'Shares U.S. Small-Cap Quality Dividend Index (OUSMX): designed to reflect the performance of publicly-listed small-capitalization dividend paying issuers in the United States that meet certain market capitalization, liquidity, high quality, low volatility and dividend yield thresholds. The quality and low volatility requirements are designed to reduce exposure to high dividend equities that have experienced large price declines.

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 International Sector Dividend Dogs Index (IDOGX): a portfolio of stocks derived from a universe of mainly large capitalization stocks domiciled in developed markets outside the Americas (the "S-Network Developed International Equity 1000 Index"). The IDOGX methodology selects the five stocks in each of the ten GICS sectors that make up the universe which offer the highest dividend yields as of the last trading day of November. The fifty stocks that are selected for inclusion in the portfolio are equally weighted.

S-Network Sector Dividend Dogs Index (SDOGX): a rules-based index intended to give investors a means of tracking the overall performance of the highest dividend paying stocks in the S-Network US Equity WR Large-Cap 500 Index (SNR 500) on a sector-by-sector basis. The SNR 500 includes the 500 largest US stocks by market capitalization.

The Magnificent 7: Apple, Microsoft, Alphabet, Amazon, Nvidia, Tesla and Meta.

One may not invest directly in an index.

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APS002542 12/31/2024