

ALPS CLEAN ENERGY ETF (ACES)

MONTHLY INSIGHTS

December 2018

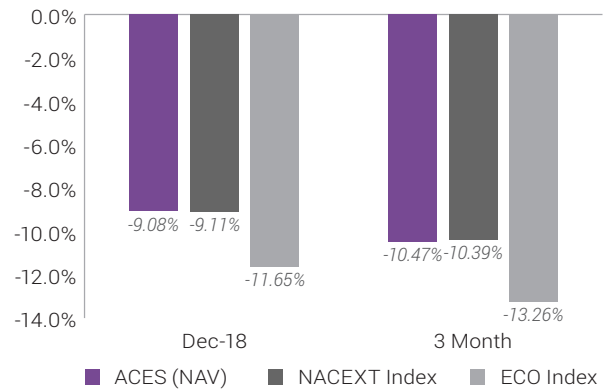
Key Takeaways

- The ALPS Clean Energy ETF (ACES) fell 9.08% in December 2018 amid weak global markets.
- EV/Storage, comprised of Tesla Inc. (TSLA; 4.99% in ACES), was the fund's best performing sub segment last month.
- Efficiency/LED/Smart Grid name, Universal Display Corp (OLED), was ACES best performing security.

Performance

- The ALPS Clean Energy ETF (ACES) fell 9.08% in December 2018, but outpaced the WilderHill Clean Energy Index (ECO) by 2.57%. For the trailing three months, ACES is beating ECO by 2.79%.
- ACES once again beat the S&P 1000 index (SPK) in December 2018 and over the 5 month period since ACES inception. ACES, which features significant mid-and small-cap North American clean energy exposure, gained 2.47% over SPK in December 2018.
- This month, Xcel Energy (not owned in ACES), announced plans to go 100% carbon-free by 2050 and 80% carbon free by 2030. Xcel Energy, which services 8 U.S. states, is the first large utility company to commit to eliminating carbon pollution. This is in addition to "decarbonization efforts earlier this year with a plan to retire two of its coal-fired power units in Colorado and replace them with a \$2.5 billion investment in renewables and battery storage, which was approved by regulators in August."¹

ACES vs Benchmarks (NAV)



Source: Bloomberg as of 12/31/2018, ALPS, as of 12/31/18
Performance data quoted represents past performance.
Past performance does not guarantee future results.
 For standardized performance, please see Page 3.

¹ Source: <https://www.greentechmedia.com/articles/read/xcel-commits-to-100-carbon-free-electricity-by-20501#gs.9DKPBAoB>

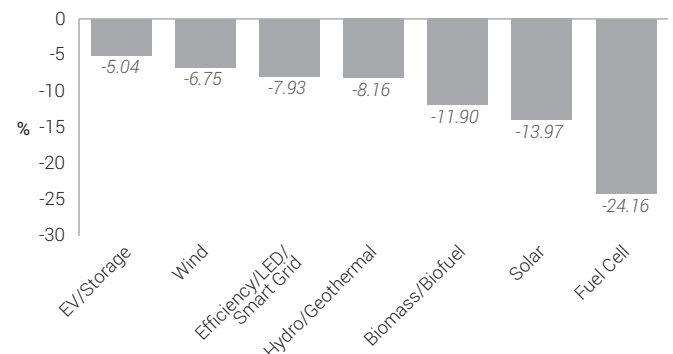
Methodology

- 7 thematic sub-segments across 2 categories (Renewables and Clean Technology)
- Pure Play: Company derives a majority of their value from clean energy businesses
- U.S. and Canadian based companies

Return Attribution

- EV/Storage (Tesla) was the best-performing sub-segment in ACES in December 2018, while Fuel Cell was the worst performer as investors sold less financially stable companies last month (the two Fuel Cell constituents operate at a loss).
- Efficiency/LED/Smart Grid name Universal Display Corp. (OLED, 4.35% weight) was the best-performing name in ACES in December 2018. Early in the month, it was announced that OLED would be added to the S&P 400 MidCap Index, providing a nice boost to returns.

ACES Thematic Sub-Segment Performance - December 2018



Source: Bloomberg, as of 12/31/2018
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Valuation Notes

- ACES's underlying index, the CIBC Atlas Clean Energy Index, has a price-to-earnings ratio (P/E ratio) of 20.36, a premium to both the WilderHill Clean Energy Index and NASDAQ Clean Edge U.S. Liquid Series Index.

Price Multiples

	NACEXT Index	ECO index	CELS index
Price/Earnings Ratio	20.36x	12.41x	17.48x
Price/Cash Flow Ratio	8.14x	9.19x	11.02x
Price/Sales Ratio	1.41x	0.75x	1.73x
Average Market Capitalization (in Mil, \$)	5,427	4,765	8,678

Source: Bloomberg, as of 12/31/2018.

ACES Top/Bottom Performers - December 2018

Leaders	Performance	Theme
UNIVERSAL DISPLAY CORP (OLED US)	1.95%	Efficiency/LED/Smart Grid
INNERGEX RENEWABLE ENERGY (INE CN)	1.04%	Wind
REX AMERICAN RESOURCES CORP (REX US)	-2.13%	Biomass/Biofuel
Laggards	Performance	Theme
SUNPOWER CORP (SPWR US)	-27.45%	Solar
PLUG POWER INC (PLUG US)	-29.14%	Fuel Cell
VIVINT SOLAR INC (VSLR US)	-30.35%	Solar

Source: Bloomberg as of 12/31/2018.

Holdings subject to change.

Past performance is not indicative of future results.

December 2018 Company Snapshot

Company: Innergex Renewable Energy (INE CN)

Sub-Segment: Wind

- Innergex Renewable Energy gained 1.04% last month.
- According to their website, Innergex Renewable Energy "have been active since 1990 in developing, owning, and operating run-of-river hydroelectric facilities, wind farms, solar photovoltaic farms and geothermal power generation plants."²
- In November 2018, they posted strong earnings results including improving revenues and net profit. Third quarter net profit more than doubled from Canadian Dollars (CAD) 4.2 million to CAD 9.4 million.
- On December 19, 2018, Innergex Renewable Energy announced the closing of \$570.4 million of financing for four operating wind farms. "We are pleased with this financing which surpassed our initial expectation of \$400 million negotiated for the bridge loan, by \$69.0 million. The difference will provide Innergex with even more flexibility to further advance our projects in development and to pursue our growth strategy,"³ – Innergex CEO.

² Source: <https://www.innergex.com/en/>

³ Source: https://www.innergex.com/wp-content/uploads/INE_FINANCING-CLOSING_EN.pdf

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ACES Performance as of 12/31/18

Total Returns	Cumulative as of 12/31/18			Annualized as of 12/31/18	
	1 Mo.	3 Mo.	S.I.	1 Yr.	S.I. ¹
ALPS Clean Energy ETF (Net Asset Value)	-9.08%	-10.47%	-8.78%	N/A	N/A
ALPS Clean Energy ETF (Market Price) ²	-9.46%	-11.01%	-8.62%	N/A	N/A
CIBC Atlas Clean Energy Index (Benchmark)	-9.11%	-10.39%	-8.61%	N/A	N/A

Performance data quoted represents past performance, which is not a guarantee of future results. Current performance may be lower or higher than the performance quoted. You can obtain performance data current to the most recent month end by calling (866)759-5679 or www.alpsfunds.com. The investment return and principal value and investment return of an investment will fluctuate so that your shares, when redeemed, may be worth more or less than their original cost.

Gross Expense Ratio: **0.65%**

¹ Fund inception date of 06/29/2018

² 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.

Top 10 Holdings (%)[^]

FIRST SOLAR INC	5.40%
UNIVERSAL DISPLAY CORP	5.32%
CREE INC	5.29%
ACUITY BRANDS INC	5.29%
ORMAT TECHNOLOGIES INC	5.27%
BROOKFIELD RENEWABLE PARTNERS	5.09%
NORTHLAND POWER INC	5.04%
TESLA INC	5.04%
NEXTERA ENERGY PARTNERS	5.04%
ITRON INC	4.93%

[^] Source: Bloomberg as of 12/31/18

Holdings subject to change.

Daily holdings are available on the Alpsfunds.com website.

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Important Disclosure & Definitions

An investor should consider the investment objectives, risks, charges and expenses carefully before investing. To obtain a prospectus which contain this and other information call 866.759.5679 or visit www.alpsfunds.com. Read the prospectus carefully before investing.

ALPS Clean Energy ETF Shares are not individually redeemable. Investors buy and sell shares of the ALPS Disruptive Technologies ETF on a secondary market. Only market makers or "authorized participants" may trade directly with the Fund, typically in blocks of 50,000 shares.

There are risks involved with investing in ETFs including the loss of money. Additional information regarding the risks of this investment is available in the prospectus.

An investment in the Fund is subject to investment risk including the possible loss of the entire principal amount that you invest.

Clean Energy Sector Risk. Obsolescence of existing technology, short product cycles, falling prices and profits, competition from new market entrants and general economic conditions can significantly affect companies in the clean energy sector. In addition, intense competition and legislation resulting in more strict government regulations and enforcement policies and specific expenditures for cleanup efforts can significantly affect this sector. Risks associated with hazardous materials, fluctuations in energy prices and supply and demand of alternative energy fuels, energy conservation, the success of exploration projects and tax and other government regulations can significantly affect companies in the clean energy sector. Also, supply and demand for specific products or services, the supply and demand for oil and gas, the price of oil and gas, production spending, government regulation, world events and economic conditions may affect this sector. Currently, certain valuation methods used to value companies involved in the clean energy sector, particularly those companies that have not yet traded publicly, have not been in widespread use for a significant period of time. As a result, the use of these valuation methods may serve to increase further the volatility of certain clean energy company share prices.

Concentration Risk. The fund seeks to track the underlying index, which itself may have concentration in certain regions, economies, countries, markets, industries or sectors. Underperformance or increased risk in such concentrated areas may result in underperformance or increased risk in the fund.

Canadian Investment Risk. The fund may be subject to risks relating to its investment in Canadian securities. The Canadian economy may be significantly affected by the U.S. economy, given that the United States is Canada's largest trading partner and foreign investor. Any negative changes in commodity markets could have a great impact on the Canadian economy. Because the fund will invest in securities denominated in foreign currencies and the income received by the fund will generally be in foreign currency, changes in currency exchange rates may negatively impact the fund's return.

Micro-Capitalization Company Risk. Micro-cap stocks involve substantially greater risks of loss and price fluctuations because their earnings and revenues tend to be less predictable (and some companies may be experiencing significant losses), and their share prices tend to be more volatile. The shares of micro-cap companies tend to trade less frequently than those of larger, more established companies, which can adversely affect the pricing of these securities and the future ability to sell these securities.

Small- and Mid-Capitalization Company Risk. Smaller and mid-size companies often have narrower markets, less liquidity, more limited

managerial and financial resources and a less diversified product offering than larger, more established companies. As a result, their performance can be more volatile, which may increase the volatility of the Fund's portfolio.

Large Capitalization Company Risk. The large capitalization companies in which the Fund invests may underperform other segments of the equity market or the equity market as a whole. **NACEX Index** – The CIBC Atlas Clean Energy Index is an adjusted market cap weighted index designed to provide exposure to a diverse set of U.S. or Canadian based companies involved in the clean energy sector including renewables and clean technology.

One cannot invest directly in an index.

The fund is new and has limited operating history.

ALPS Portfolio Solutions Distributor, Inc. is the distributor for the ALPS Clean Energy ETF

There is no assurance that the market developments and sector growth discussed in this Insight will come to pass.

The Fund's investments in non-U.S. issuers may involve unique risks compared to investing in securities of U.S. issuers, including, among others, less liquidity generally, greater market volatility than U.S. securities and less complete financial information than for U.S. issuers. In addition, adverse political, economic or social developments could undermine the value of the Fund's investments or prevent the Fund from realizing the full value of its investments. Finally, the value of the currency of the country in which the Fund has invested could decline relative to the value of the U.S. dollar, which may affect the value of the investment to U.S. investors.

Price/Earnings Ratio - A valuation ratio of a company's current share price compared to its per-share earnings.

Price/Book 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 Ratio - This 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/Sales Ratio - This represents the weighted average of the price/sales ratios of the stocks in a portfolio. Price/sales represent the amount an investor is willing to pay for a dollar generated from a particular company's operations.

The NASDAQ Clean Edge U.S. Liquid Series Indexes are modified market capitalization weighted indexes designed to track the performance of clean-energy companies that are publicly traded in the U.S.

The WilderHill Clean Energy Index is a modified equal dollar weighted index comprised of publicly traded companies whose business's stand to benefit substantially from societal transition toward the use of cleaner energy and conservation. The index benchmark value is 100.00 at the close of trading on December 30, 2002. * Disseminated by AMEX *

The S&P Global Clean Energy Index provides liquid and tradable exposure to 30 companies from around the world that are involved in clean energy related businesses. The index is comprised of a diversified mix of Clean Energy Production and Clean Energy Technology and Equipment Providers companies.

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