

Ticker: RDOG

# ALPS REIT Dividend Dogs ETF

VALUE, INCOME, DIVERSIFICATION

Quarterly Insights | Q1 2024

## Key Takeaways

- The ALPS REIT Dividend Dogs ETF (RDOG) lost 3.26% in Q1 of 2024, slightly underperforming the broader US REIT market return of -1.22%, as measured by the S-Network US Composite REIT Index.
- Retail REITs were the best-performing segment in RDOG in Q1 as the segment posted stronger-than-expected quarterly results.
- RDOG's underlying index's trailing twelve month (TTM) yield currently sits at 7.25%, nearly 300 basis points (bps) higher than the S-Network US Composite REIT Index yield of 4.37%.

## Performance Notes

- The ALPS REIT Dividend Dogs ETF (RDOG) returned -3.26% last quarter, slightly underperforming the broader REIT market, as represented by the S-Network US Composite REIT Index (SNREIT). During the first quarter, RDOG's relative overweight to Specialized REITs and Retail REITs provided relative segment outperformance against the SNREIT Index.
- REITs struggled in the first quarter of the year as fears surfaced around further delays to interest rate cuts. Over the first quarter of 2024, the Real Estate sector was the worst-performing sector, with elevated interest rates creating a major headwind for the REITs market. Despite headwinds caused by elevated rates, current valuations and funds from operations (FFO) numbers highlight strong operating performance for public REITs within RDOG despite elevated rates, showcasing the resiliency across the fund's nine equally-rated US REIT segments in the wake of higher interest rates.

## Performance Summary

	Q1 2024	YTD	1 Y
RDOG (NAV)	-3.26%	-3.26%	9.56%
S-Network REIT Dividend Dogs Index - TR	-3.33%	-3.33%	10.02%
S-Network US Composite REIT Index - TR	-1.22%	-1.22%	8.39%

As of 3/31/2024

**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

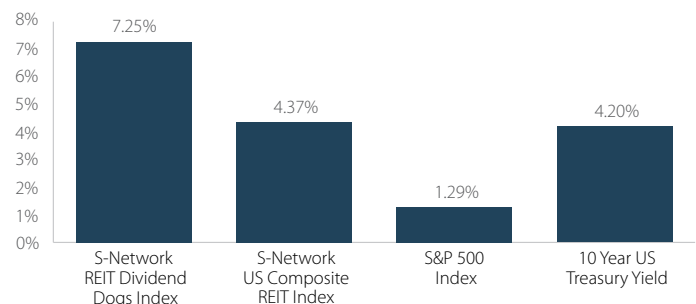
- RDOG is an Exchange-Traded Fund that applies the 'Dogs of the Dow Theory' to nine US REIT segments using the S-Network US Composite REIT Index as its starting universe of eligible securities.
- The strategy selects the five highest yielding US REITs ("Dividend Dogs") within nine equally-weighted REIT 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 March 31, 2024, RDOG's underlying index (S-Network REIT Dividend Dogs Index) yields 7.25%, which is higher than its starting universe (SNREIT) due to a relative overweight in higher-yielding names within the Health Care and Diversified REITs segments.
- RDOG's Health Care REITs segment and Diversified REITs segment carry a trailing twelve month dividend yield of 9.51% and 8.15%, respectively.

## Trailing Twelve Month Dividend Yield



Source: Bloomberg L.P., as of 3/31/2024

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

### Contribution to Return

- RDOG's top contributing REITs segments in Q1 were Retail REITs (+0.41%) and Specialized REITs (+0.20%), while Office REITs (-1.42%), Health Care REITs (-1.01%) and Technology REITs (-0.41%) detracted the most from performance. Retail REITs name, The Macerich Company (MAC, 2.34% weight\*), gained nearly 13% in Q1 after the mall operator continued progress in tackling near-term debt and sold one of its properties, resulting in nearly a 200% net income beat during their Q1 earnings report. Similarly, Simon Property Group, Inc. (SPG, 2.28% weight\*) also posted strong quarterly results, rallying 11.14% last quarter on the back of strong FFO per share and revenue beats with the mall operator's positive leasing momentum leading to the results.
- Within RDOG's Specialized REITs segment, billboard advertising company OUTFRONT Media, Inc. (OUT, 2.32% weight\*), gained 22.78% in Q1 after the company beat fourth-quarter estimates on the back of strong local business and the company's automated sales channel which helped offset headwinds created by strikes in the media business. Another high-flying name within RDOG's Office REITs segment was SL Green Realty Corp. (SLG, 2.35% weight\*), which rallied 23.94% along with other Office REITs after competitor Cousins Properties, Inc. (CUZ, not in RDOG) reported FFO at analyst expectations and subsequently raised full-year FFO guidance. Although the results came in at estimates, the full-year raise in guidance acts as a tailwind for the Office REITs space as the segment has continued to struggle ever since the shift to work-from-home during the COVID-19 pandemic.
- Lastly, RDOG Hotel & Resort REITs name, Park Hotels & Resorts Inc. (PK, 2.25% weight\*), rose nearly 16%, continuing the trend of RDOG's earnings outperformance with the luxury hotel and resort operator posting higher fourth-quarter revenue thanks to strong occupancy rates and stronger than expected food and beverage sales.

### Valuation Update

- RDOG's underlying index continues to exhibit depressed valuations when compared to its historical averages, while the S-Network US Composite 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 9.61x compared to SNREIT's current P/FFO ratio of 16.59x. Similarly, RDOG's underlying index TTM dividend yield of 7.25% is far in excess of SNREIT's dividend yield of 4.37%.

\* Weight in RDOG as of 3/31/2024

### ALPS REIT Dividend Dogs ETF (RDOG) Performance\*\* as of 3/31/2024

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)	4.50%	-3.26%	-3.26%	46.66%	9.56%	-0.22%	0.17%	3.50%	2.44%
Market Price	5.03%	-3.21%	-3.21%	46.62%	9.57%	-0.25%	0.21%	3.50%	2.44%
S-Network REIT Dividend Dogs Index - TR <sup>2</sup>	4.38%	-3.33%	-3.33%	-	10.02%	0.27%	-	-	-
S-Network US Composite REIT Index - TR <sup>2</sup>	1.91%	-1.22%	-1.22%	-	8.39%	2.05%	-	-	-

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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.

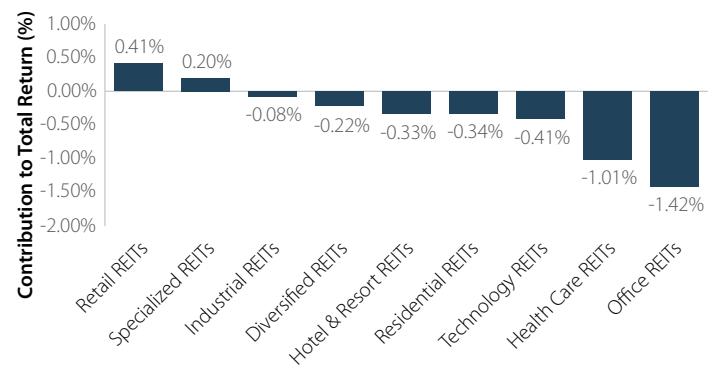
\*\* Effective 1/2/2020, the ETF changed its underlying index and principal investment strategies; consequently, the ETF's total returns shown for the periods prior to 1/2/2020 are not necessarily indicative of the performance of the ETF as it is currently managed.

<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 3/31/2024

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

### Price Multiples

	RDOGX Index	SNREIT Index
Price/Funds From Operations Ratio	9.61x	16.59x
Price/Book Ratio	0.93x	2.13x
Price/Cash Flow Ratio	6.70x	13.95x
Trailing Twelve Month Yield	7.25%	4.37%
RDOG 30-Day SEC Yield	7.23%	

Source: Bloomberg L.P., as of 3/31/2024

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

## Top 10 Holdings

Medical Properties Trust Inc	2.48%	Macerich Co/The	2.34%
Innovative Industrial Properties Inc	2.36%	Broadstone Net Lease Inc	2.33%
Brandywine Realty Trust	2.36%	Highwoods Properties Inc	2.33%
SL Green Realty Corp	2.35%	Outfront Media Inc	2.32%
Sabra Health Care REIT Inc	2.34%	Gladstone Commercial Corp	2.30%

Source: Bloomberg L.P., as of 3/31/2024, 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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