

# Powered by Artificial Intelligence

## Key TAKEAWAYS

- The BUZZ US Sentiment Leaders ETF (BUZ) fell 9.89% in October, marking the third time this year BUZ trailed the S&P 500 on a monthly basis. Even with October swoon and while trading at a significant price-to-earnings discount relative to the S&P 500, BUZ is still beating the U.S. equity benchmark by a 3-to-1 margin this year.
- Information technology, the largest sector weight in BUZ, slid almost 16% last month, detracting 6% from BUZ's monthly performance. Facebook Inc. (FB), Apple Inc. (AAPL), Amazon.com Inc. (AMZN), Netflix Inc. (NFLX) and Google parent Alphabet Inc. (GOOG), the FAANG stocks, detracted 1.76% from BUZ last month.
- On Oct. 18, BUZ underwent its monthly rebalance, replacing 23 names. Communication services saw a 2% increase while consumer discretionary and technology saw their weights in BUZ decline. Industrials saw the largest sentiment increase in October.

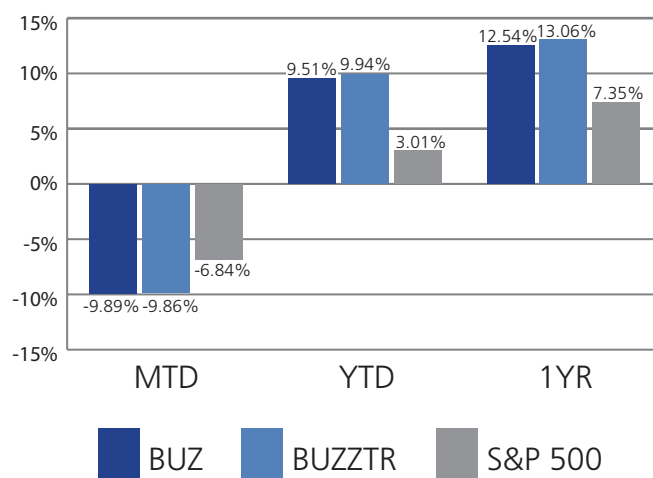
### BUZ OCTOBER 2018 OVERVIEW

- The BUZZ US Sentiment Leaders ETF (BUZ) fell 9.89% last month amidst a broad market sell off. The S&P turned negative towards the end of the month, giving up most of its gains, despite a small, late-month rally.
- Amazon and Netflix shed 20% and 19%, respectively last month, following disappointing third-quarter earnings. Semiconductor stocks slumped as well. Advanced Micro Devices (AMD), still one of the best-performing stocks in the S&P 500 this year, plunged 41% in October after investors sold the stock following tepid sales guidance.
- Last month, Roku, Inc. (ROKU) and Shopify Inc. (SHOP) made their BUZ debuts with sentiment score ranks of 35/75 and 49/75, respectively.

### STRATEGY BREAKDOWN

- BUZ employs leading edge analytics to harness the investment insights derived from vast datasets generated across online platforms and identifies 75 U.S. stocks with the most positive investment insights and sentiment measures

BUZ vs Benchmarks (NAV)

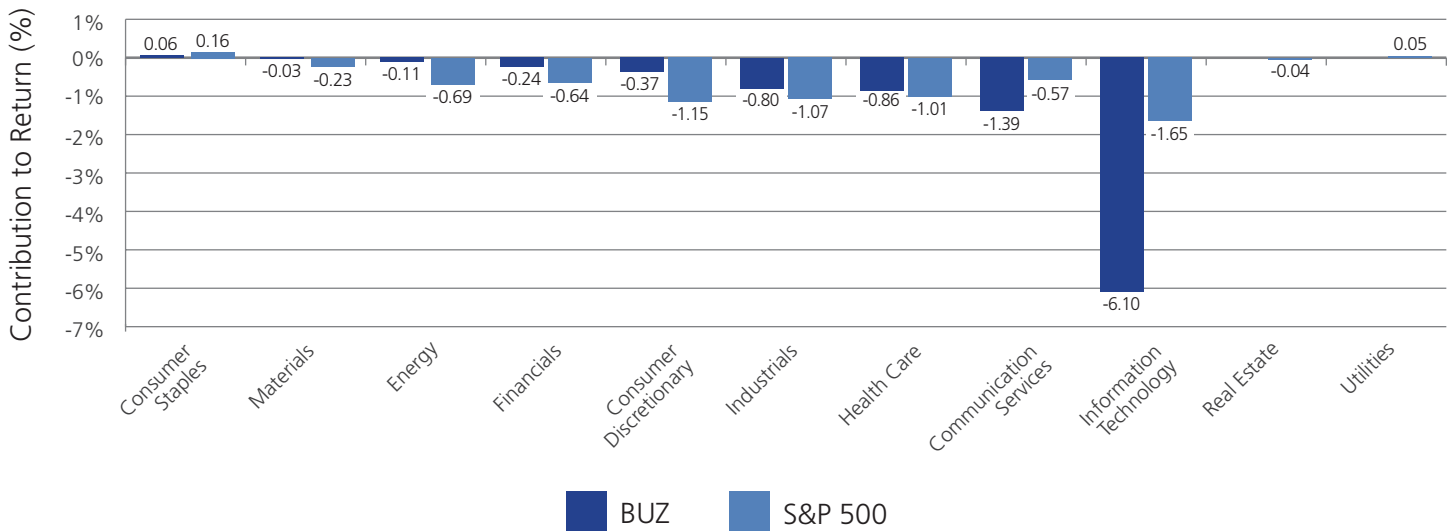


Source: ALPS, as of 10/30/2018.  
**Performance data quoted represents past performance, which is not a guarantee of future results.**  
 For standardized performance, please see page 3

## RETURN ATTRIBUTION

- The new communication services sector, which replaced the traditional telecommunications group in the S&P 500 in September, experienced a boost to sentiment. It is the second-largest sector weight in BUZ compared to the fourth-largest in the S&P 500. Companies joining communication services hail from the consumer discretionary and technology sectors, helping BUZ allocate more appropriately rather than devoting a significant percentage of its weight to tech names.
- Industrials increased heavily during the October rebalance, adding names like Eaton Corp Plc (ETN), Delta Air Lines Inc (DAL), FedEx Corp (FDX), United Technologies Corp (UTX), and American Airlines Group Inc (AAL). General Electric (GE) plagued the sector last month after slashing its quarterly dividend down to just a penny per share.

### BUZ vs S&P 500 GICS Sector Contribution to Return – MTD



Source: ALPS, as of 10/31/2018

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## SHOPIFY INC

Amidst the recent equity market selloff led by the technology-heavy Nasdaq Index, one technology stock has quietly been garnering increasing positive investor sentiment. Shopify (NYSE: SHOP; 1.13% weighting in BUZ), a Canadian-based e-commerce solutions company, manages an online platform and provides retailers with tools to create online stores and integrate them onto a proprietary network. Originally founded in 2004, the company was hosting approximately 120,000 retailers by 2014 and regarded as one of Canada's most promising technology companies. Since its IPO in 2015, SHOP has been on a tear, with the stock increasing more than 800% over the past 2 years. The path has been volatile however, as the company's business model has been targeted by short sellers such as Citron's Andrew Left. Investors have been undeterred, as both volume of conversation and sentiment on SHOP have continued to increase. This month, SHOP enters the BUZZ Index for the first time ever with a 1.07% weight.

## HEALTH CARE SECTOR

Once one of the most discussed sectors in the market, health care stocks have lost their shine in the recent months. After a four year period between 2011 and 2015 which saw the iShares Nasdaq Biotechnology ETF (NASDAQ: IBB) triple in value, biotech stocks corrected by more than 30% during early 2016. Although IBB recovered and rallied back 50% over the next two years, we noted the declining overall weight of health care stocks within the BUZZ Index as a warning sign for the sector. A spike in positive sentiment resulted in health care exposure increasing to 18.7% of the BUZZ Index earlier this year; however, once again the increase in positive sentiment was fleeting, resuming its trend lower shortly thereafter. This month, the weight of health care stocks in the BUZZ Index is just 6.8%, one of the lowest readings ever. While the sector is known for being one of the most volatile performers in the market; current readings of investor sentiment appear to bode poorly for health care stocks in the short term.

## VALUATION NOTES

- Despite the October sell-off, BUZZ is beating the S&P 500 by a 3-to-1 margin heading into the last two months of the year.
- BUZZ's price-to-earnings ratio (P/E ratio) of 16.65x is below the three-year average of 18.43x and lower than the S&P 500 P/E ratio of 20.96x.

|                       | BUZZ Index |                          | S&P 500 Index |                         |
|-----------------------|------------|--------------------------|---------------|-------------------------|
|                       | Current    | Since Inception* Average | Current       | Since Inception Average |
| Price/Earnings Ratio  | 16.65x     | 18.43x                   | 20.96x        | 20.23x                  |
| Price/Book Ratio      | 3.82x      | 3.6x                     | 3.35x         | 2.99x                   |
| Price/Cash Flow Ratio | 11.8x      | 11.07x                   | 13.46x        | 12.5x                   |
| Price/Sales Ratio     | 2.18x      | 1.95x                    | 2.25x         | 2.07x                   |

\*BUZZ Inception 4/19/16

Source: Bloomberg, L.P., as of 10/31/2018

### Company Snapshot

Company: Roku, Inc. (ROKU)

Sector: Information Technology

Weight: 0.86%

- Roku, Inc. (ROKU), the operator of a streaming television platform, made its debut in BUZ last month despite sliding more than 20%.
- Some analysts view Roku's October swoon as a buying opportunity. On Nov. 1, Wedbush Securities analyst Michael Pachter upgraded shares of Roku to Outperform from Neutral. The analyst pared his price target on Roku to \$65 from \$73, but that lowered forecast still represents significant upside from current levels.
- "Roku has built an exceptional platform on the back of its players, and now, as it expands in the rapidly growing smart TV category, it is positioning itself as the best-in-class option for OTT [over the top] advertising," said Pachter in a note.<sup>1</sup>
- RBC Capital Markets also upgraded Roku last month, taking the stock to Outperform from Sector Perform. Some institutional buyers are scooping up shares of Roku. Morgan Stanley's stake in the company now exceeds 5%, according to an October filing with the Securities and Exchange Commission (SEC).<sup>2</sup>
- Apple, Disney and other large media companies are expected to launch streaming services in 2019, but those offerings could benefit, not threaten Roku, as more consumers look to ditch traditional cable in favor of multiple streaming platforms. Some analysts see Roku as a potential takeover target for large media companies.<sup>3</sup>
- Roku trades 9.63x sales and with a price-to-book ratio of 27.85, according to Morningstar data.<sup>4</sup> The company reports third-quarter earnings Nov. 7, after the close of U.S. markets.

<sup>1</sup> Source: Barron's Nov. 1, 2018 <https://www.barrons.com/articles/roku-could-rally-on-strong-sales-of-its-streaming-video-players-1541085806>

<sup>2</sup> Source: Barron's Oct. 29, 2018 <https://www.barrons.com/articles/morgan-stanley-buys-roku-stock-1540822902>

<sup>3</sup> Source: Hollywood Report Oct. 18, 2018 <https://www.hollywoodreporter.com/news/why-rokus-stock-has-soared-first-year-1152831>

<sup>4</sup> Source: Morningstar <https://www.morningstar.com/stocks/xnas/roku/quote.html>

## BUZ TOP/BOTTOM PERFORMERS - October 2018

| Leaders                           | Performance | Sector                 |
|-----------------------------------|-------------|------------------------|
| Tesla Inc (TSLA)                  | 27.40%      | Consumer Discretionary |
| Twitter Inc (TWTR)                | 22.10%      | Communication Services |
| American Airlines Group Inc (AAL) | 9.42%       | Industrials            |

| Laggards                     | Performance | Sector                 |
|------------------------------|-------------|------------------------|
| NVIDIA Corp (NVDA)           | -24.98%     | Information Technology |
| Square Inc - A (SQ)          | -25.82%     | Information Technology |
| Advanced Micro Devices (AMD) | -41.05%     | Information Technology |

Source: Bloomberg, L.P., as of 10/31/2018

Holdings subject to change.

**Past performance is not indicative of future returns.**

## TOP FIVE POSITIVELY TRENDING STOCKS IN THE INDEX

| Company        | Ticker |
|----------------|--------|
| Tesla Inc      | TSLA   |
| Nike Inc       | NKE    |
| Square Inc     | SQ     |
| Facebook Inc   | FB     |
| Blackberry Ltd | BB     |

## BOTTOM FIVE NEGATIVELY TRENDING STOCKS NOT IN THE INDEX

| Company                     | Ticker |
|-----------------------------|--------|
| Target Corp                 | TGT    |
| Bausch Health Cos Inc       | BHC    |
| Lululemon Athletica Inc     | LULU   |
| Discover Financial Services | DFS    |
| Snap Inc                    | SNAP   |

## Top Ten Holdings (%)^

|                |      |                     |      |
|----------------|------|---------------------|------|
| TESLA INC      | 3.95 | BLACKBERRY LTD      | 2.97 |
| APPLEINC       | 3.13 | MICRONTECHNOLOGYINC | 2.82 |
| MICROSOFTCORP  | 3.04 | AMAZON.COM INC      | 2.78 |
| SQUARE INC - A | 3.03 | NVIDIA CORP         | 2.72 |
| FACEBOOK INC-A | 3.03 | NETFLIXINC          | 2.69 |

^ As of 10/31/2018

Holdings subject to change.

Daily holdings are available on the [alpsfunds.com](http://alpsfunds.com) website

## BUZ MONTHLY PERFORMANCE as of 9/30/18

|   | NAV<br>MKT | Cumulative |         |         |        | Annualized         |        |                    |
|---|------------|------------|---------|---------|--------|--------------------|--------|--------------------|
|   |            | 1 Month    | 3 Month | 6 Month | YTD    | Since<br>Inception | 1 Year | Since<br>Inception |
| BUZZ US Sentiment Leaders<br>ETF (Net Asset Value)              | \$38.72    | 0.60%      | 7.92%   | 16.45%  | 21.53% | 55.66%             | 28.87% | 19.78%             |
| BUZZ US Sentiment Leaders<br>ETF (Market Price)                 | \$38.72    | 0.68%      | 7.50%   | 16.24%  | 21.46% | 55.66%             | 28.95% | 19.78%             |
| S&P 500 Total Return Index                                      |            | 0.57%      | 7.71%   | 11.41%  | 10.56% | 46.21%             | 17.91% | 16.76%             |
| BUZZ NextGen AI US<br>Sentiment Leaders Index -<br>Total Return |            | 0.65%      | 8.04%   | 16.72%  | 21.97% | 57.42%             | 29.48% | 20.33%             |

**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](http://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: 0.75%**

Fund inception date of 4/18/16

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.

## Important Disclosures & Definitions

**An investor should consider the investment objectives, risks, charges and expenses carefully before investing. To obtain a prospectus, which contains this and other information call 866.759.5679 or visit [alpsfunds.com](http://alpsfunds.com). Read the prospectus carefully before investing.**

**BUZZ US Sentiment Leaders ETF shares are not individually redeemable. Investors buy and sell shares of the BUZZ US Sentiment Leaders ETF on a secondary market. Only market makers or “authorized participants” may trade directly with the Fund, typically in blocks of 50,000 shares.**

These types of funds typically have a high portfolio turnover that could increase transaction costs and cause short-term capital gains to be realized.

The Fund is not suitable for all investors. There are risks involved with investing in ETFs including the loss of money. The Fund is considered non-diversified and can invest a greater portion of assets in securities of individual issuers than a diversified fund. As a result, changes in the market value of a single investment could cause greater fluctuations in share price than would occur in a diversified fund. Funds that emphasize investment in small/mid cap companies will generally experience greater price volatility. Diversification does not eliminate the risk of experiencing investment losses. ETFs are considered to have continuous liquidity because they allow for an individual to trade throughout the day.

Artificial intelligence (AI) is the intelligence exhibited by machines or software. One of the central problems (or goals) of AI research include natural language processing (communication).

Social media, as it relates to the ETF, refers to social media sites.

Some examples of social media sites may include, but are not limited to, the following: Facebook, Twitter, LinkedIn, Digg, Reddit, RSS, blogs, Investopedia, stock forums, etc.

Price to earnings ratio: an equity valuation multiple. It is defined as market price per share divided by earnings per share.

Price to book ratio: a financial ratio used to compare a company's current or historical market price to its book value.

Price to Sales Ratio: a financial ratio used to compare the company's current or historical price to its current or historical sales number.

Price to cash flow ratio: a financial ratio used to compare the company's current or historical market price to its current or historical cash flow number.

Defined investment universe of US stocks - in order to be eligible for inclusion in the Underlying Index, a company's stock must be traded on one or more major U.S. exchanges, have a minimum market capitalization of at least \$5 billion, and have a 3 month minimum average daily trading volume of \$1 million.

Investing in companies based on social media analytics involves the potential for market manipulation because social media posts may be made with an intent to inflate, or otherwise manipulate, the public perception of a stock or other investment.

Text and sentiment analysis of social media postings may prove inaccurate; that is, high positive sentiment may not correlate with negative change in the value of a company's stock.

S&P 500® Index is the Standard & Poor's composite index of 500 stocks, a widely recognized, unmanaged index of common stock prices.

An investor cannot invest directly in an index.

ALPS Portfolio Solutions Distributor, Inc. is the Distributor for the BUZZ US Sentiment Leaders ETF.