



ALPS EQUAL Sector Weight ETF

An ALPS Advisors Solution

ALPS ETF Trust ANNUAL REPORT

• • • *December 31, 2010*



EQL

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Dear Shareholders:

When ALPS launched its ETF Trust in 2008 our goal was to bring innovative solutions to the ETF⁽¹⁾ industry that provide investors with access to a unique market segment or strategy. With the launch of EQL in July of 2009 we fulfilled that promise by bringing to market the world's first ETF that provides access to an Equal Sector Strategy.

Sectors are one of the most important drivers of risk and return. An Equal Sector Strategy can minimize the negative impact that any one sector can have on a portfolio. At the same time by offering meaningful exposure to each sector of the market, it allows investors the ability to participate in market rallies regardless of where they occur. We believe the transparency⁽²⁾, liquidity⁽³⁾ and low fees of the ETF structure make EQL a viable alternative for US large-cap investing.

In the pages that follow our Fund managers have provided a performance overview. We thank you for your investment and for being an EQL shareholder.

Thomas A. Carter*
President, ALPS ETF Trust

* Registered representative of ALPS Distributors, Inc. Ordinary brokerage commissions apply.

⁽¹⁾ Exchange Traded Fund ("ETF").

⁽²⁾ ETFs are considered transparent because their portfolio holdings are disclosed daily.

⁽³⁾ ETFs are considered to have continuous liquidity because they allow for an individual to trade throughout the day.

INVESTMENT OBJECTIVE

The Fund seeks investment results that replicate as closely as possible, before fees and expenses, the performance of the Banc of America Securities – Merrill Lynch Equal Sector Weight Index (the "Underlying Index"). The Fund's investment objective is not fundamental and may be changed by the Board of Trustees without shareholder approval.

PRIMARY INVESTMENT STRATEGIES

The Adviser will seek to match the performance of the Underlying Index. The Underlying Index is an index of indexes comprised in equal proportions of the nine Select Sector SPDR Indexes ("The Underlying Sector Indexes"). In order to track the securities in the Underlying Index, the Fund will use a "fund of funds" approach, and seek to achieve its investment objective by investing at least 90% of its total assets in the shares of Select Sector SPDR exchange-traded funds (each, an "Underlying Sector ETF" and collectively the "Underlying Sector ETFs") that track the Underlying Sector indexes of which the Underlying Index is comprised.

PERFORMANCE OVERVIEW

For the year ended December 31, 2010, the Fund generated a total return of 15.67%, outperforming the Fund's benchmark as well as the S&P 500 which returned 15.06%. In general, US large-cap equities continued their momentum from 2009. All nine sectors of the S&P 500 had positive returns for the 2nd year in a row for the first time since 1997. In 2010 all of the gains were concentrated in the 2nd half of the year and were lead by the early cycle sectors. The best performing sectors were Industrials (28.2%), Consumer Discretionary (27.5%) and Materials (22.2%). The more defensive Healthcare (3.1%) and Utilities (5.4%) were the worst performing sectors for the year.

Compared to the S&P 500 the Fund benefited from its relative overweight in the Materials and Consumer Discretionary sectors and its underweight in the Technology sector, which was the 4th worst performing sector in 2010 (12.3%). The Fund was negatively impacted by its overweight in Utilities which was the 2nd worst performing sector in the S&P 500. Overall, the Fund's sector weights relative to the S&P 500 resulted in positive out-performance above the Index in 5 of the 9 sectors.

PERFORMANCE as of December 31, 2010

	1 Month	1 Year	YTD	Since Inception Annualized*
ALPS Equal Sector Weight ETF				
NAV (Net Asset Value)	6.60%	15.67%	15.67%	28.54%
Market Price**	6.59%	15.59%	15.59%	28.70%
Banc of America Securities Merrill Lynch Equal Sector Weight Index	6.42%	13.63%	13.63%	26.37%
S&P 500 Total Return Index	6.68%	15.06%	15.06%	27.93%
Total Expense Ratio (per the current Prospectus)	0.55%			

Performance data quoted represents past performance. Past performance does not guarantee future results. Current performance may be higher or lower than actual data quoted. Call 1.866.675.2639 or visit www.alpsetfs.com for current month end performance. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost.

NAV is an exchange-traded fund's per-share value. The per-share dollar amount of the fund is derived by dividing the total value of all the securities in its portfolio, less any liabilities, by the number of fund shares outstanding. Market Price is the price at which a share can currently be traded in the market. Information detailing the number of days the Market Price of the Fund was greater than the Fund's NAV and the number of days it was less than the Fund's NAV can be obtained at www.alpsetfs.com.

* The Fund commenced Investment Operations on July 06, 2009 with an Inception Date, the first day of trading on the Exchange, of July 7, 2009.

** 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.

S&P 500 Index: 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.

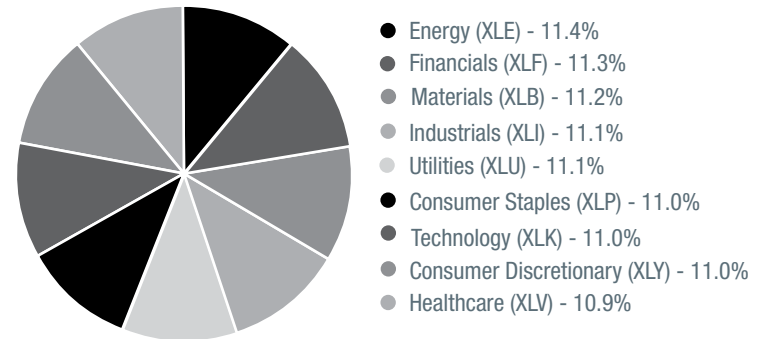
The following table shows the sector weights of both the Fund and the S&P 500 as of December 31, 2010:

SECTOR WEIGHTING COMPARISON as of December 31, 2010

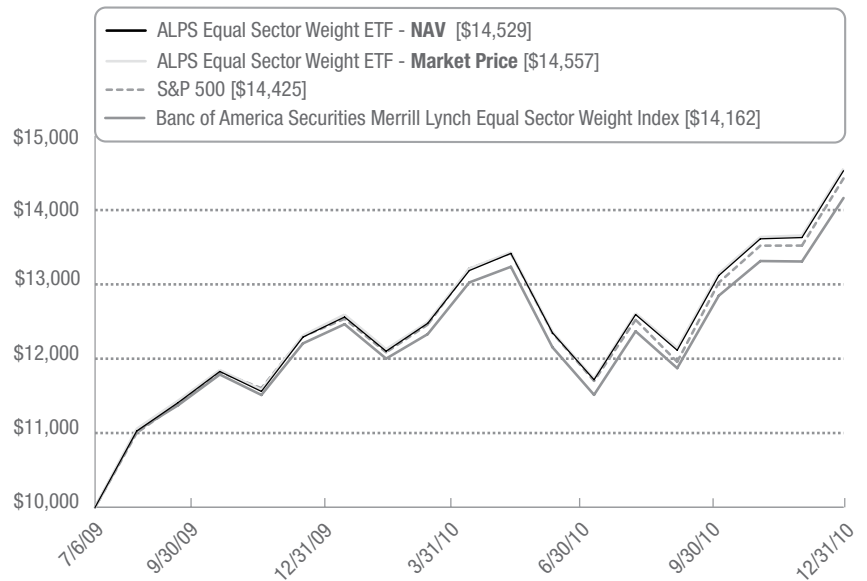
	EQL	S&P 500
Energy (XLE)	11.4%	12.0%
Financials (XLF)	11.3	16.1
Materials (XLB)	11.2	3.7
Industrials (XLI)	11.1	10.9
Utilities (XLU)	11.1	3.3
Consumer Staples (XLP)	11.0	10.6
Technology (XLK)	11.0	21.9
Consumer Discretionary (XLY)	11.0	10.6
Healthcare (XLV)	10.9	10.9

Source: S&P 500.

SECTOR ALLOCATION as of December 31, 2010



GROWTH OF \$10,000 as of December 31, 2010



The chart above represents historical performance of a hypothetical investment of \$10,000 in the Fund over the life of the Fund. Performance calculations are as of the end of each month. Past performance does not guarantee future results. This chart does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares.



Disclosure of Fund Expenses

(Unaudited)

Shareholder Expense Example: As a shareholder of the Fund, you incur two types of costs: (1) transaction costs which may include creation and redemption fees or brokerage charges, and (2) ongoing costs, including management fees and other Fund expenses. These examples are intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other funds. It is based on an investment of \$1,000 invested at July 1, 2010 and held through the period ended December 31, 2010.

Actual Return: The first line of the table provides information about actual account values and actual expenses. You may use the information in this table, together with the amount you invested, to estimate the expenses that you incurred over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first line under the heading entitled “Expenses Paid During the Period” to estimate the expenses attributable to your investment during this period.

Hypothetical 5% Return: The second line of the table provides information about hypothetical account values and hypothetical expenses based on the Fund’s actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund’s actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare ongoing costs of investing in the Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds.

The expenses shown in the table are meant to highlight ongoing Fund costs only and do not reflect any transaction costs, such as creation and redemption fees, or brokerage charges. Therefore, the second table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these costs were included, your costs would have been higher.

	Beginning Account Value 7/01/10	Ending Account Value 12/31/10	Expense Ratio	Expenses Paid During the Period 7/01/10-12/31/10 ^(a)
Actual	\$1,000.00	\$1,240.10	0.34%	\$1.92
Hypothetical	\$1,000.00	\$1,023.49	0.34%	\$1.73

^(a) Expenses are equal to the Fund’s annualized expense ratio multiplied by the average account value over the period, multiplied by the number of days in the most recent fiscal half year (184), then divided by 365.

Report of Independent Registered Public Accounting Firm

To the Board of Trustees and Shareholders of ALPS ETF Trust:

We have audited the accompanying statement of assets and liabilities, including the statement of investments, of ALPS Equal Sector Weight ETF, one of the funds constituting the ALPS ETF Trust (the “Fund”), as of December 31, 2010, and the related statement of operations for the year then ended, and the statements of changes in net assets and the financial highlights for the year then ended and the period from July 7, 2009 (inception) to December 31, 2009. These financial statements and financial highlights are the responsibility of the Fund’s management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. The Fund is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of December 31, 2010, by correspondence with the custodian. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of the ALPS Equal Sector Weight ETF of the ALPS ETF Trust as of December 31, 2010, the results of its operations for the year then ended, and the changes in its net assets and the financial highlights for the year then ended and the period from July 7, 2009 (inception) to December 31, 2009, in conformity with accounting principles generally accepted in the United States of America.

DELOITTE & TOUCHE LLP

Denver, Colorado
February 28, 2011



Statement of Investments

Security Description	Shares	Value
EXCHANGE TRADED FUNDS (99.92%)		
Consumer Discretionary (10.99%)		
Consumer Discretionary Select Sector SPDR Fund	155,744	\$ 5,826,383
Consumer Staples (10.95%)		
Consumer Staples Select Sector SPDR Fund	198,066	5,805,314
Energy (11.37%)		
Energy Select Sector SPDR Fund	88,286	6,025,520
Financials (11.28%)		
Financial Select Sector SPDR Fund	374,912	5,979,846
Healthcare (10.92%)		
Health Care Select Sector SPDR Fund	183,779	5,789,038
Industrials (11.09%)		
Industrial Select Sector SPDR Fund	168,385	5,876,637
Materials (11.25%)		
Materials Select Sector SPDR Fund	154,935	5,964,998
Technology (11.02%)		
Technology Select Sector SPDR Fund	231,999	5,841,735
Utilities (11.05%)		
Utilities Select Sector SPDR Fund	186,974	5,859,765
TOTAL EXCHANGE TRADED FUNDS (Cost \$45,643,300)		52,969,236
TOTAL INVESTMENTS (99.92%) (Cost \$45,643,300)		52,969,236
NET OTHER ASSETS AND LIABILITIES (0.08%)		42,454
NET ASSETS (100.00%)		\$ 53,011,690

Common Abbreviations:

SPDR - Standard & Poor's Depositary Receipts

See Notes to Financial Statements.

Statement of Assets and Liabilities

December 31, 2010

ASSETS:

Investments, at value	\$ 52,969,236
Cash	57,562
Total Assets	53,026,798

LIABILITIES:

Payable to advisor	15,108
Total Liabilities	15,108

NET ASSETS

\$ 53,011,690

NET ASSETS CONSIST OF:

Paid-in capital	\$ 45,662,450
Undistributed net investment income	5,557
Accumulated net realized gain on investments	17,747
Net unrealized appreciation on investments	7,325,936

NET ASSETS

\$ 53,011,690

INVESTMENTS, AT COST

\$ 45,643,300

PRICING OF SHARES

Net Assets	\$ 53,011,690
Shares of beneficial interest outstanding (Unlimited number of shares authorized, par value \$0.01 per share)	1,500,000
Net Asset Value, offering and redemption price per share	\$ 35.34

See Notes to Financial Statements.



Statement of Operations
For the Year Ended December 31, 2010

INVESTMENT INCOME:

Dividends	\$ 879,055
Total Investment Income	879,055

EXPENSES:

Investment advisory fee	131,355
Total expenses before reimbursement	131,355
Expenses reimbursed/waived by:	
Investment advisor	(10,650)

NET EXPENSES	120,705
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NET INVESTMENT INCOME	758,350
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Net realized gain on investments	298,723
Net change in unrealized appreciation on investments	5,854,347

NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS	6,153,070
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NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$ 6,911,420
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See Notes to Financial Statements.

Statements of Changes in Net Assets

	For the Year Ended December 31, 2010	For the Period July 7, 2009 (Inception) through December 31, 2009
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OPERATIONS:

Net investment income	\$ 758,350	\$ 124,209
Net realized gain on investments	298,723	9,220
Net change in unrealized appreciation on investments	5,854,347	1,471,589
Net increase in net assets resulting from operations	6,911,420	1,605,018

DISTRIBUTIONS TO SHAREHOLDERS:

From net investment income	(758,546)	(124,168)
From net realized gains on investments	-	(3,593)
Total distributions	(758,546)	(127,761)

SHARE TRANSACTIONS:

Proceeds from sale of shares	34,389,889	12,530,970
Cost of shares redeemed	(1,539,300)	-
Net increase from share transactions	32,850,589	12,530,970
Net increase in net assets	39,003,463	14,008,227

NET ASSETS:

Beginning of period	14,008,227	-
End of period*	\$ 53,011,690	\$ 14,008,227

* Including undistributed net investment income of:	\$ 5,557	\$ 41
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OTHER INFORMATION:

SHARE TRANSACTIONS:

Beginning shares	450,000	-
Shares sold	1,100,000	450,000
Shares redeemed	(50,000)	-
Shares outstanding, end of period	1,500,000	450,000

See Notes to Financial Statements.



Financial Highlights

For a Share Outstanding Throughout the Periods Presented

Notes to Financial Statements

December 31, 2010

	For the Year Ended December 31, 2010	For the Period July 7, 2009 (Inception) through December 31, 2009
NET ASSET VALUE, BEGINNING OF PERIOD	\$ 31.13	\$ 25.04
INCOME FROM OPERATIONS:		
Net investment income	0.68 ^(a)	0.31
Net realized and unrealized gain on investments	4.14	6.10
Total from Investment Operations	4.82	6.41
LESS DISTRIBUTIONS:		
From net investment income	(0.61)	(0.31)
From capital gains	–	(0.01)
Total Distributions	(0.61)	(0.32)
NET INCREASE IN NET ASSET VALUE	4.21	6.09
NET ASSET VALUE, END OF PERIOD	\$ 35.34	\$ 31.13
TOTAL RETURN^(b)	15.67%	25.60%
RATIOS/SUPPLEMENTAL DATA:		
Net assets, end of period (in 000s)	\$ 53,012	\$ 14,008
RATIOS TO AVERAGE NET ASSETS:		
Net investment income including reimbursement/waiver	2.14%	2.60% ^(c)
Net investment income excluding reimbursement/waiver	2.11%	2.57% ^(c)
Expenses including reimbursement/waiver	0.34%	0.34% ^(c)
Expenses excluding reimbursement/waiver	0.37%	0.37% ^(c)
PORTFOLIO TURNOVER RATE^(d)	7%	4%

^(a) Calculated using average shares outstanding.

^(b) Total return is calculated assuming an initial investment made at the net asset value at the beginning of the period and redemption at the net asset value on the last day of the period and assuming all distributions are reinvested at actual reinvestment prices. Total return calculated for a period of less than one year is not annualized.

^(c) Annualized.

^(d) Portfolio turnover is not annualized and does not include securities received or delivered from processing creations or redemptions.

See Notes to Financial Statements.

1. ORGANIZATION

The ALPS ETF Trust (the “Trust”) is an open-end management investment company organized as a Delaware statutory trust on September 13, 2007 and is registered with the Securities and Exchange Commission (“SEC”) under the Investment Company Act of 1940, as amended (the “1940 Act”). As of December 31, 2010, the Trust consists of ten separate portfolios. Each portfolio represents a separate series of the Trust. This report pertains solely to the ALPS Equal Sector Weight ETF (the “Fund”), which commenced on July 7, 2009. The investment objective of the Fund is to seek investment results that correspond generally to the price and yield (before the Fund’s fees and expenses) of the Banc of America Securities Merrill Lynch Equal Sector Weight Index.

The Fund’s Shares (“Shares”) are listed on the New York Stock Exchange (“NYSE”) Arca. The Fund issues and redeems Shares at Net Asset Value (“NAV”) in blocks of 50,000 Shares each of which is called a “Creation Unit.” Creation Units are issued and redeemed principally in-kind for securities included in a specified index. Except when aggregated in Creation Units, Shares are not redeemable securities of the Fund.

2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies consistently followed by the Fund in the preparation of the financial statements. The accompanying financial statements were prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). The preparation of financial statements in conformity with U.S. GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

A. Portfolio Valuation

The Fund’s NAV is determined daily, as of the close of regular trading on the NYSE, normally 4:00 p.m. Eastern time, on each day the NYSE is open for trading. The NAV is computed by dividing the value of all assets of the Fund (including accrued interest and dividends), less all liabilities (including accrued expenses and dividends declared but unpaid), by the total number of shares outstanding.

Portfolio securities listed on any exchange other than the National Association of Securities Dealer Automated Quotation (“NASDAQ”) exchange are valued at the last sale price on the business day as of which such value is being determined. If there has been no sale on such day, the securities are valued at the mean of the most recent bid and asked prices on such day. Securities traded on the NASDAQ are valued at the NASDAQ Official Closing Price as determined by



NASDAQ. Short-term investments that mature in less than 60 days are valued at amortized cost, which approximates market value.

The Fund's investments are valued at market value or, in the absence of market value with respect to any portfolio securities, at fair value according to procedures adopted by the Trust's Board of Trustees (the "Board"). When market quotations are not readily available or when events occur that make established valuation methods unreliable, securities of the Fund may be valued in good faith by or under the direction of the Board.

B. Securities Transactions and Investment Income

Securities transactions are recorded as of the trade date. Realized gains and losses from securities transactions are recorded on the identified cost basis. Dividend income is recorded on the ex-dividend date. Interest income, if any, is recorded on the accrual basis.

C. Federal Tax Information

The timing and character of income and capital gain distributions are determined in accordance with income tax regulations, which may differ from U.S. GAAP. Reclassifications are made to the Fund's capital accounts for permanent tax differences to reflect income and gains available for distribution (or available capital loss carryforwards) under income tax regulations.

For the year ended December 31, 2010, permanent book and tax differences resulting primarily from in-kind transactions were identified and reclassified among the components of the Fund's net assets as follows:

Undistributed Net Investment Income	Accumulated Net Realized Loss	Paid-in Capital
\$5,712	\$(286,603)	\$280,891

Net investment income and net realized gain, as disclosed on the Statement of Operations, and net assets were not affected by these reclassifications.

D. Dividends and Distributions to Shareholders

Dividends from net investment income of the Fund, if any, are declared and paid quarterly or as the Board of Trustees may determine from time to time. Distributions of net realized capital gains earned by the Fund, if any, are distributed at least annually.

Distributions from net investment income and capital gains are determined in accordance with income tax regulations, which may differ from U.S GAAP. These differences are primarily due to differing treatments of income and gains on various investment securities held by the Fund, timing differences and differing

characterization of distributions made by the Fund.

The tax character of the distributions paid was as follows:

	Period Ended December 31, 2010	Period Ended December 31, 2009
Distributions paid from:		
Ordinary Income	\$ 758,546	\$ 127,761
Total	\$ 758,546	\$ 127,761

As of December 31, 2010, the components of distributable earnings on a tax basis for the Fund were as follows:

Undistributed net investment income	\$ 50,692
Net unrealized appreciation on investments	7,298,548
Total	\$ 7,349,240

The differences between book-basis and tax-basis are primarily due to the deferral of losses from wash sales.

E. Income Taxes

No provision for income taxes is included in the accompanying financial statements, as the Fund intends to distribute to shareholders all taxable investment income and realized gains and otherwise comply with Subchapter M of the Internal Revenue Code applicable to regulated investment companies.

The Fund evaluates tax positions taken (or expected to be taken) in the course of preparing the Fund's tax returns to determine whether these positions meet a "more-likely-than-not" standard that, based on the technical merits, have a more than fifty percent likelihood of being sustained by a taxing authority upon examination. A tax position that meets the "more-likely-than-not" recognition threshold is measured to determine the amount of benefit to recognize in the financial statements.

Management of the Fund analyzes all open tax years, as defined by the Statute of Limitations, for all major jurisdictions, including federal tax authorities and certain state tax authorities. As of and during the fiscal year ended December 31, 2010, the Fund did not have a liability for any unrecognized tax benefits. The Fund will file income tax returns in the U.S. federal jurisdiction and Colorado. For the years ended December 31, 2009, and December 31, 2010, the Fund's returns are open to examination by the appropriate taxing authority.

**F. Fair Value Measurements**

The Fund discloses the classification of its fair value measurements following a three-tier hierarchy based on the inputs used to measure fair value. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability that are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability that are developed based on the best information available.

Various inputs are used in determining the value of the Fund's investments as of the end of the reporting period. When inputs used fall into different levels of the fair value hierarchy, the level in the hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety. The designated input levels are not necessarily an indication of the risk or liquidity associated with these investments. These inputs are categorized in the following hierarchy under applicable financial accounting standards:

Level 1 – unadjusted quoted prices in active markets for identical investments

Level 2 – other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.)

Level 3 – significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

Investments in Securities at Value*	Level 1 – Unadjusted Quoted Prices	Level 2 - Other Significant Observable Inputs	Level 3 - Significant Unobservable Inputs	Total
Exchange Traded Funds	\$52,969,236	\$ –	\$ –	\$52,969,236
TOTAL	\$52,969,236	\$ –	\$ –	\$52,969,236

* For detailed descriptions of the sectors, see the accompanying Statement of Investments.

For the year ended December 31, 2010, the Fund did not have any significant transfers between Level 1 and Level 2 securities. The Fund did not have any securities which used significant unobservable inputs (Level 3) in determining fair value.

3. INVESTMENT ADVISORY FEE AND OTHER AFFILIATED TRANSACTIONS

ALPS Advisors, Inc. (the "Investment Adviser") acts as the Fund's investment adviser pursuant to an Advisory Agreement with the Trust on behalf of the Fund (the "Advisory Agreement"). Pursuant to the Advisory Agreement, the Fund pays the Investment Adviser a unitary fee for the services and facilities it provides payable on a monthly basis at the annual rate of 0.37% of the Fund's average daily net assets. ALPS Distributors Inc. ("ADI") is both the distributor for the Fund as well as the Select Sector SPDR exchange traded funds ("Underlying Sector ETFs") that the Fund invests in. As required by exemptive relief obtained by the Underlying Sector ETFs, the Investment Adviser will reimburse the Fund an amount equal to the distribution fee received by ADI from the Underlying Sector ETFs attributable to the Fund's investment in the Underlying Sector ETFs, for so long as ADI acts as the distributor to the Fund and the Underlying Sector ETFs. From time to time, the Investment Adviser may waive all or a portion of its fee.

Out of the unitary management fee, the Investment Adviser pays substantially all expenses of the Fund, including the licensing fee of the Index provider, and the cost of transfer agency, custody, fund administration, legal, audit and other services, except for interest expenses, distribution fees or expenses, brokerage expenses, taxes and extraordinary expenses not incurred in the ordinary course of the Fund's business. In addition, the Investment Adviser's unitary management fee is designed to compensate the Investment Adviser for providing services for the Fund.

ALPS Fund Services, Inc. ("ALPS"), an affiliate of the Investment Adviser, is the administrator of the Fund.

The Bank of New York Mellon is the custodian, fund accounting agent and transfer agent for the Fund.

Each Trustee who is not an officer or employee of the Investment Adviser, or any of its affiliates ("Independent Trustees") is paid a quarterly retainer of \$3,500, \$1,500 for each regularly scheduled Board meeting attended and \$750 for each special meeting held outside of regularly scheduled meetings.

4. PURCHASES AND SALES OF SECURITIES

For the year ended December 31, 2010, the cost of purchases and proceeds from sales of investment securities, excluding short-term investments and in-kind transactions, were as follows:

Purchases	Sales
\$ 2,383,180	\$ 2,423,587



For the year ended December 31, 2010, the cost of in-kind purchases and proceeds from in-kind sales were as follows:

Purchases	Sales
\$ 34,396,155	\$ 1,539,295

Gains on in-kind transactions are generally not considered taxable gains for federal income tax purposes.

As of December 31, 2010, the costs of investments for federal income tax purposes and accumulated net unrealized appreciation/(depreciation) on investments were as follows:

Gross Appreciation (excess of value over tax cost)	\$ 7,298,548
Net Unrealized Appreciation	\$ 7,298,548
Cost of investments for income tax purposes	\$45,670,688

5. CAPITAL SHARE TRANSACTIONS

Shares are created and redeemed by the Fund only in Creation Unit size aggregations of 50,000. Only broker-dealers or large institutional investors with creation and redemption agreements called Authorized Participants (“AP”) are permitted to purchase or redeem Creation Units from the Fund. Such transactions are generally permitted on an in-kind basis, with a balancing cash component to equate the transaction to the net asset value per unit of the Fund on the transaction date. Cash may be substituted equivalent to the value of certain securities generally when they are not available in sufficient quantity for delivery, not eligible for trading by the AP or as a result of other market circumstances.

6. INDEMNIFICATIONS

Under the Trust's organizational documents, its Trustees and Officers are indemnified against certain liability arising out of the performance of their duties to the Trust. Additionally, in the normal course of business, the Trust enters into contracts with service providers that contain general indemnification clauses. The Trust's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Trust that have not yet occurred.

PROXY VOTING POLICIES AND PROCEDURES

A description of the Fund's proxy voting policies and procedures used in determining how to vote for proxies and information regarding how the Fund voted proxies related to portfolio securities during the most recent 12-month period ended June 30th is available without charge, (1) on the Securities and Exchange Commission's (“SEC”) website at <http://www.sec.gov>; (2) upon request, by calling 1-866-513-5856; and (3) on the Trust's website located at <http://www.alpsetfs.com>.

PORTFOLIO HOLDINGS

The Trust will file its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. The Trust's Form N-Q will be available (1) on the SEC's website at <http://www.sec.gov>; (2) by calling 1-866-513-5856; (3) on the Trust's website located at <http://www.alpsetfs.com>; and (4) for review and copying at the SEC's Public Reference Room (“PRR”) in Washington D.C. Information regarding the operation of the PRR may be obtained by calling 1-800-732-0330.

TAX INFORMATION

Tax Designations

The Fund designates the following amounts for the fiscal year ended December 31, 2010:

Qualified Dividend Income	100.00%
Corporate Dividends Received Deduction	100.00%



INDEPENDENT TRUSTEES

Name, Address and Age of Management Trustee*	Position(s) Held with Trust	Term of Office and Length of Time Served**	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Trustees***	Other Directorships Held by Trustees
Mary K. Anstine, age 70	Trustee	Since March 2008	Ms. Anstine was President/Chief Executive Officer of HealthONE Alliance, Denver, Colorado, and former Executive Vice President of First Interstate Bank of Denver. Ms. Anstine is also Trustee/Director of the following: AV Hunter Trust; Colorado Uplift Board. Ms. Anstine was formerly a Director of the Trust Bank of Colorado (later purchased and now known as Northern Trust Bank), HealthONE and Denver Area Council of the Boy Scouts of America and a member of the American Bankers Association Trust Executive Committee.	24	Ms. Anstine is a Trustee of Financial Investors Variable Insurance Trust (5 funds); Financial Investors Trust (11 funds); Reaves Utility Income Fund; and Westcore Trust (12 funds).
Jeremy W. Deems, age 34	Trustee	Since March 2008	Mr. Deems is the Co-Founder, Chief Compliance Officer and Chief Financial Officer of Green Alpha Advisors, LLC. Prior to joining Green Alpha Advisors, Mr. Deems was CFO and Treasurer of Forward Management, LLC, ReFlow Management Co., LLC, ReFlow Fund, LLC, a private investment fund, and Sutton Place Management, LLC, an administrative services company, from 2004 to June 2007. Prior to this, Mr. Deems served as Controller of Forward Management, LLC, ReFlow Management Co., LLC, ReFlow Fund, LLC and Sutton Place Management, LLC.	24	Mr. Deems is a Trustee of Financial Investors Trust (11 funds); Financial Investors Variable Insurance Trust (5 funds); and Reaves Utility Income Fund.

INDEPENDENT TRUSTEES *Continued*

Name, Address and Age of Management Trustee*	Position(s) Held with Trust	Term of Office and Length of Time Served**	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Trustees***	Other Directorships Held by Trustees
Rick A. Pederson, age 58	Trustee	Since March 2008	President, Foundation Properties, Inc. (a real estate investment management company), 1994 - present; Partner, Western Capital Partners (a prime lending company), 2000 - present; Partner, Bow River Capital Partners (investment manager), 2003 - present; Principal, The Pauls Corporation (real estate development), 2008 - present; Director, Guaranty Bank and Trust (a community bank), 1999 - 2007; Winter Park Recreational Association (an entity that operates, maintains and develops Winter Park Resort), 2002 - 2008; Neenan Co. (an integrated real estate development, architecture and construction company), 2002 - present; NexCore Properties LLC (a real estate investment company), 2004 - present; Urban Land Conservancy (a not-for-profit organization), 2004 - present.	10	Mr. Pederson is Trustee of Westcore Trust (12 funds)

* The business address of the Trustee is c/o ALPS Advisors, Inc., 1290 Broadway, Suite 1100, Denver, Colorado 80203.
 ** This is the period for which the Trustee began serving the Trust. Each Trustee serves an indefinite term, until his successor is elected.
 *** The Fund Complex includes all series of the Trust and any other investment companies for which ALPS Advisors, Inc. provides investment advisory services.



Trustees & Officers (Unaudited)

Trustees & Officers
December 31, 2010 (Unaudited)

INTERESTED TRUSTEE ***

Name, Address and Age of Management Trustee*	Position(s) Held with Trust	Term of Office and Length of Time Served**	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Trustees****	Other Directorships Held by Trustees
Thomas A. Carter, age 44	Trustee and President	Since March 2008	Mr. Carter joined ALPS Fund Services, Inc. ("ALPS") in 1994 and is currently President and Director of ALPS Advisors, Inc. ("AAI"), ALPS Distributors, Inc. ("ADI") and FTAM Funds Distributor, Inc. ("FDI") and Executive Vice President and Director of ALPS and ALPS Holdings, Inc. ("AHI"). Because of his position with AHI, ALPS, ADI, FDI and AAI, Mr. Carter is deemed an affiliate of the Fund as defined under the 1940 Act. Before joining ALPS, Mr. Carter was with Deloitte & Touche LLP, where he worked with a diverse group of clients, primarily within the financial services industry. Mr. Carter is a Certified Public Accountant and received his Bachelor of Science in Accounting from the University of Colorado at Boulder.	15	Mr. Carter is a Trustee of Financial Investors Variable Insurance Trust (5 funds)

* The business address of the Trustee is c/o ALPS Advisors, Inc., 1290 Broadway, Suite 1100, Denver, Colorado 80203.

** This is the period for which the Trustee began serving the Trust. Each Trustee serves an indefinite term, until his successor is elected.

*** Mr. Carter is an interested person of the Trust because of his affiliation with ALPS.

**** The Fund Complex includes all series of the Trust and any other investment companies for which ALPS Advisors, Inc. provides investment advisory services

OFFICERS

Name, Address and Age of Executive Officer*	Position(s) Held with Trust	Length of Time Served**	Principal Occupation(s) During Past 5 Years
Melanie Zimdars, age 34	Chief Compliance Officer ("CCO")	Since December 2009	Ms. Zimdars currently serves as a Deputy Chief Compliance Officer with ALPS. Prior to joining ALPS in September 2009, Ms. Zimdars served as Principal Financial Officer, Treasurer and Secretary for the Wasatch Funds from February 2007 to December 2008. From November 2006 to February 2007, she served as Assistant Treasurer for the Wasatch Funds and served as a Senior Compliance Officer for Wasatch Advisors, Inc. since 2005. From 2001 until joining Wasatch in 2005, she was a Compliance Officer for U.S. Bancorp Fund Services, LLC. Because of her position with ALPS, Ms. Zimdars is deemed an affiliate of the Trust as defined under the 1940 Act. Ms. Zimdars is also the CCO of Financial Investors Variable Insurance Trust, Liberty All-Star Growth Fund, Inc. and Liberty All-Star Equity Fund.
Kimberly R. Storms, age 38	Treasurer	Since March 2008	Ms. Storms is Director of Fund Administration and Senior Vice President of ALPS. Ms. Storms joined ALPS in 1998 as Assistant Controller. Because of her position with ALPS, Ms. Storms is deemed an affiliate of the Trust as defined under the 1940 Act. Ms. Storms is also Assistant Treasurer of the Liberty All-Star Equity Fund, Liberty All-Star Growth Fund and Financial Investors Trust; and Assistant Secretary of Ameristock Mutual Fund, Inc.
William Parmentier, age 58	Vice President	Since March 2008	Mr. Parmentier is Chief Investment Officer, ALPS Advisors, Inc. (since 2006); President of the Liberty All-Star Funds (since April 1999); Senior Vice President (2005-2006), Banc of America Investment Advisors, Inc.
Tané T. Tyler, age 45	Secretary	Since December 2008	Ms. Tyler is Senior Vice President, General Counsel and Secretary of ALPS. Ms. Tyler joined ALPS in 2004. She served as Secretary, Liberty All-Star Equity Fund and Liberty All-Star Growth Fund from December 2006-2008; Secretary, Reaves Utility Income Fund from December 2004-2007; Secretary, Westcore Funds from February 2005-2007; Secretary, First Funds from November 2004 to January 2007; Secretary, Financial Investors Variable Insurance Trust from December 2004-December 2006; Vice President and Associate Counsel, Oppenheimer Funds from January 2004 to August 2004; Vice President and Assistant General Counsel, INVESCO Funds from September 1991 to December 2003.



ALPS EQUAL Sector Weight ETF



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