



Alerian

MLP ETF

An ALPS Advisors, Inc. Solution

AMLP

SEMI-ANNUAL REPORT

June 30, 2011 | *(Unaudited)*



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June 30, 2011 (Unaudited)

Dear Shareholders:

When ALPS launched its Exchange Traded Fund ("ETF") Trust in 2008 our goal was to bring innovative solutions to the ETF industry that provide investors with access to a unique market segment or strategy. The launch of Alerian MLP ETF in August of 2010 epitomized that philosophy as we were able to bring the market the world's first Master Limited Partnership ("MLP") ETF under the ticker symbol AMLP.

Investors have long been attracted to the high historical distribution yields and tax efficiency of the MLP asset class. However, investing in individual MLPs can be complex from a diversification and tax reporting perspective. AMLP provides diversified access to the MLP asset class with 1099 Tax Reporting, IRA and 401-k eligibility, and the transparency⁽¹⁾, liquidity⁽²⁾ and low cost benefits⁽³⁾ of the ETF structure. We believe this combination of factors makes AMLP a viable option for many investors that are looking to participate in the MLP sector.

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

Thomas A. Carter*
President, ALPS ETF Trust

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

⁽¹⁾ *ETFs are considered transparent because their portfolio holdings are disclosed daily.*

⁽²⁾ *Liquidity is the degree to which an asset or security can be bought or sold in the market without affecting the asset's price. Liquidity is characterized by a high level of trading activity.*

⁽³⁾ *Ordinary Brokerage Fees Apply.*

Investments in securities of MLPs involve risks that differ from an investment in common stock. MLPs are controlled by their general partners, which generally have conflicts of interest and limited fiduciary duties to the MLP, which may permit the general partner to favor its own interests over the MLPs.

The benefit you are expected to derive from the Fund's investment in MLPs depends largely on the MLPs being treated as partnerships for federal income tax purposes. As a partnership, an MLP has no federal income tax liability at the entity level. Therefore, treatment of one or more MLPs as a corporation for federal income tax purposes could affect the Fund's ability to meet its investment objective and would reduce the amount of cash available to pay or distribute to you. Legislative, judicial, or administrative changes and differing interpretations, possibly on a retroactive basis, could negatively impact the value of an investment in MLPs and therefore the value of your investment in the Fund.

The Fund invests primarily in energy infrastructure companies which may be adversely affected by changes in worldwide energy prices, exploration, production spending, government regulation, changes in exchange rates and depletion of natural resources.

All K-1s are received and processed by the Alerian MLP ETF. The Alerian MLP ETF distributes a single Form 1099 to its shareholders. This notice is provided to you for informational purposes only, and should not be considered tax advice. Please consult your tax advisor for further assistance.

There are risks involved with investing in ETFs including the loss of money. An investment in the Fund is subject to investment risk including the possible loss of the entire principal amount that you invest.

The Fund is taxed as a regular corporation for federal income tax purposes. This differs from most investment companies, which elect to be treated as "regulated investment companies" under the Code in order to avoid paying entity level income taxes.

The Alerian MLP ETF is a new product with limited operating history.



Fund Description

The Alerian MLP ETF (the "Fund") seeks investment results that correspond (before fees and expenses) generally to the price and yield performance of its underlying index, the Alerian MLP Infrastructure Index (the "Index"). The Shares of the Fund are listed and trade on the New York Stock Exchange ("NYSE") Arca under the ticker symbol AMLP. The Fund generally will invest in all of the securities that comprise the Index in proportion to their weightings in the Index. The Fund began trading on August 25, 2010.

The Index is a rules based, modified capitalization weighted, float adjusted index intended to give investors a means of tracking the overall performance of the United States energy infrastructure Master Limited Partnership ("MLP") asset class. The Index is comprised of 25 energy infrastructure MLPs that earn a majority of their cash flow from the transportation and storage of energy commodities.

Performance Overview

After a strong start at the beginning of 2011, Master Limited Partnerships (MLPs) pulled back in the second quarter as natural disasters, geopolitical unrest, and sovereign debt concerns significantly influenced market movements. For the first half of the year, the Alerian MLP Infrastructure Index (AMZI) rose 2.20%, falling short of the S&P 500's 5.01% return. During the same time period, the Alerian MLP ETF (AMLPE) ended flat.

Distribution growth in the asset class remained strong during the second quarter. Of the 40 energy MLPs that earn the majority of their cash flow from midstream infrastructure businesses, 26 (65%) increased their distributions versus the previous quarter and 14 (35%) maintained their distributions. The median distribution increase for the midstream energy infrastructure asset class was 2.0% on a quarter-over-quarter basis.

Fundamentals remained strong despite the underperformance in unit price versus the broader market. Increased infrastructure demands from new gas shale plays such as the Eagle Ford and Marcellus, improved refined product demand, and increased exploration and production (E&P) activity targeting new oil formations by applying horizontal-drilling technologies have all driven growth in the asset class. From a midstream standpoint, crude oil from the Permian that previously flowed north to Cushing, Oklahoma, now finds itself competing against Bakken and Canadian crude for storage and pipeline take-away capacity to Gulf Coast refineries. Consequently, MLPs have proposed potential alternatives to get Permian product directly to the Gulf Coast without having to go through Cushing, where there has been a widening pricing spread between West Texas Intermediate (WTI) and London Brent crude due to infrastructure related issues. MLPs will likely continue to play a crucial role in addressing the shift in domestic energy flows and related infrastructure needs.

From a capital markets standpoint, MLPs raised \$10.8 billion in equity via 36 offerings, including four initial public offerings (IPOs), as compared to \$6.2 billion raised in the first half of 2010 via 33 offerings. The general partner of bellwether MLP Kinder Morgan Energy Partners also went public with a \$2.9 billion offering, which was the largest private equity-backed IPO in US history.



Looking forward to the remainder of 2011, with an overall lower cost of capital, MLPs are expected to benefit from the consolidation of midstream assets, either from E&P companies and majors looking to fund their capital programs toward higher growth areas, or from private equity firms wanting to monetize their investments. Additionally, given industry analysts' expectations of low natural gas prices in the near and medium term, drilling focused in liquids-rich gas areas is likely to grow because liquids prices enhance overall drilling economics. This should continue to provide expansion opportunities for some MLPs, both in such regions, but also at regional liquids hubs.

Since the beginning of the year, the Fund's market price decreased 0.19% and the Fund's net asset value ("NAV") decreased 0.07%. Over the same time period the Fund's benchmark was up 2.20%.

Under current law, the Fund is not eligible to elect treatment as a regulated investment company due to its investments primarily in MLPs invested in energy assets. As a result, the Fund will be subject to taxation on its taxable income and the NAV of Fund Shares will also be reduced by the accrual of any deferred tax liabilities. The Index however is calculated without any deductions for taxes. As a result, the Fund's after tax performance may differ significantly from the Index even if the pretax performance of the Fund and the performance of the Index are closely correlated.

Alerian MLP ETF Performance as of June 30, 2011

	YTD	Since Inception*
NAV	3.01%	11.94%
Market Price**	2.95%	11.94%
Alerian MLP Infrastructure Index	5.28%	19.48%

Total Expense Ratio (per the current prospectus) 0.85%.

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

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.

S&P 500 Index is the Standard & Poor's composite index of 500 stocks, a widely recognized, unmanaged index of common stock prices. One cannot invest directly in an index. Index performance does not reflect fund performance.

* The Fund commenced Investment Operations on August 24, 2010 with an Inception Date, the first day of trading on the Exchange, of August 25, 2010.

** 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.

The Alerian MLP Infrastructure Index is comprised of 25 midstream energy Master Limited Partnerships.



Top 10 Holdings* as of June 30, 2011

Enterprise Products Partners LP	9.7%
Kinder Morgan Energy Partners LP	9.3%
Energy Transfer Partners LP	7.1%
Plains All American Pipeline LP	7.0%
Magellan Midstream Partners LP	6.9%
Buckeye Partners LP	6.3%

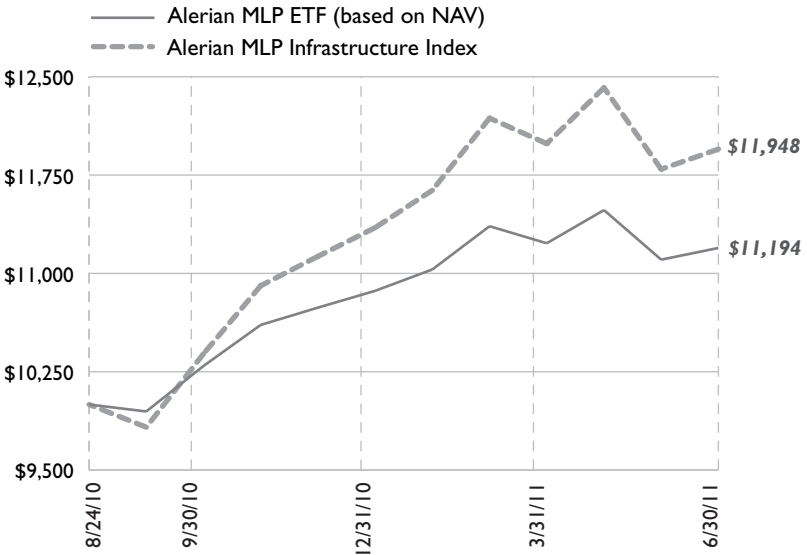
Williams Partners LP	4.8%
ONEOK Partners LP	4.7%
El Paso Pipeline Partners LP	4.7%
Enbridge Energy Partners LP	4.7%

Percent of Net Assets in	
Top Ten Holdings:	65.20%

* Holdings are subject to change.

Growth of \$10k as of June 30, 2011

Comparison of Change in Value of \$10,000 Investment in Alerian MLP ETF and Alerian MLP Infrastructure Index.



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.



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 January 1, 2011, and held through the period ended June 30, 2011.

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 line 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 1/1/11	Ending Account Value 6/30/11	Expense Ratio	Expenses Paid During the Period 1/1/11 - 6/30/11 ^(a)
Actual	\$ 1,000.00	\$ 1,030.10	0.85%	\$ 4.28
Hypothetical	\$ 1,000.00	\$ 1,020.58	0.85%	\$ 4.26

^(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 (181), then divided by 365.



June 30, 2011 (Unaudited)

Security Description	Shares	Value
Master Limited Partnerships Shares (102.24%)		
<i>Energy (1.68%)</i>		
Chesapeake Midstream Partners LP	368,723	\$ 10,582,350
Exterran Partners LP	370,672	<u>9,518,857</u>
		<u>20,101,207</u>
<i>Gathering & Processing (23.20%)</i>		
Copano Energy LLC	988,653	33,831,706
DCP Midstream Partners LP	493,110	20,202,717
MarkWest Energy Partners LP	1,141,939	55,087,137
Regency Energy Partners LP	1,809,342	46,789,584
Targa Resources Partners LP	1,102,453	39,247,327
Western Gas Partners LP	662,600	23,548,804
Williams Partners LP	1,090,508	<u>59,083,723</u>
		<u>277,790,998</u>
<i>Natural Gas Pipelines (34.29%)</i>		
Boardwalk Pipeline Partners LP	1,104,034	32,061,147
Duncan Energy Partners LP	357,557	15,467,916
El Paso Pipeline Partners LP	1,647,415	57,247,671
Energy Transfer Partners LP	1,767,217	86,363,895
Enterprise Products Partners LP	2,753,389	118,973,939
ONEOK Partners LP	674,893	57,568,373
Spectra Energy Partners LP	520,706	16,568,865
TC Pipelines LP	551,196	<u>26,330,633</u>
		<u>410,582,439</u>
<i>Petroleum Transportation (43.07%)</i>		
Buckeye Partners LP	1,198,287	77,361,409
Enbridge Energy Partners LP	1,892,164	56,897,371
Genesis Energy LP	555,616	15,146,092
Kinder Morgan Energy Partners LP	1,561,292	113,349,799
Magellan Midstream Partners LP	1,420,885	84,869,461
NuStar Energy LP	801,277	51,834,609
Plains All American Pipeline LP	1,343,597	85,990,208
Sunoco Logistics Partners LP	350,810	<u>30,222,282</u>
		<u>515,671,231</u>
Total Master Limited Partnerships Shares		
(Cost \$1,160,450,247)		<u>1,224,145,875</u>



	<u>Value</u>
Total Investments (102.24%) (Cost \$1,160,450,247)	\$ 1,224,145,875
Net Liabilities Less Other Assets (-2.24%)	<u>(26,863,855)</u>
Net Assets (100.00%)	<u>\$ 1,197,282,020</u>

*Common Abbreviations:**LLC - Limited Liability Company**LP - Limited Partnerships**See Notes to Financial Statements.*

**Assets:**

Investments, at value	\$ 1,224,145,875
Cash	1,203,929
Receivable for shares sold	1,591,880
Total Assets	1,226,941,684

Liabilities:

Payable for investments purchased	1,595,107
Deferred tax liability	27,273,080
Payable to advisor	791,477
Total Liabilities	29,659,664

Net Assets	\$ 1,197,282,020
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Net Assets Consist Of:

Paid-in capital	\$ 1,156,489,690
Undistributed net investment loss, net of income taxes	(2,906,021)
Accumulated net realized gain on investments, net of income taxes	5,660,637
Net unrealized appreciation on investments, net of income taxes	38,037,714

Net Assets	\$ 1,197,282,020
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Investments, At Cost	\$ 1,160,450,247
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Pricing Of Shares

Net Assets	\$ 1,197,282,020
Shares of beneficial interest outstanding (Unlimited number of shares authorized, par value \$0.01 per share)	74,657,293
Net Asset Value, offering and redemption price per share	\$ 16.04

**Investment Income:**

Distributions from master limited partnerships	\$ 26,674,790
Less return of capital distributions	(26,674,790)
Total Investment Income	—

Expenses:

Investment advisory fee	3,808,363
Total Expenses	3,808,363
Net Investment Loss, before Income Taxes	(3,808,363)
Deferred tax benefit	1,428,136
Net Investment Loss	(2,380,227)

Realized and Unrealized Gain/(Loss):

Net realized gain on investments, before income taxes	10,615,245
Deferred tax expense	(3,980,717)
Net realized gain on investments	6,634,528
Net change in unrealized appreciation on investments, before income taxes	28,033,353
Deferred tax expense	(11,940,644)
Net change in unrealized appreciation on investments	16,092,709
Net Realized and Unrealized Gain	22,727,237
Net Increase in Net Assets from Operations	\$ 20,347,010

See Notes to Financial Statements.



	For the Six Months Ended June 30, 2011 (Unaudited)	For the Period August 25, 2010 (Inception through December 31, 2010)
Operations:		
Net investment loss	\$ (2,380,227)	\$ (525,794)
Net realized gain/(loss) on investments	6,634,528	(973,891)
Net change in unrealized appreciation on investments	16,092,709	21,945,005
Net increase in net assets resulting from operations	20,347,010	20,445,320

Distributions To Shareholders:

Tax return of capital	(26,989,545)	(5,380,298)
Total distributions	(26,989,545)	(5,380,298)

Share Transactions:

Proceeds from sale of shares	646,316,331	596,401,556
Cost of shares redeemed	(53,858,354)	-
Net increase from share transactions	592,457,977	596,401,556
Net increase in net assets	585,815,442	611,466,578

Net Assets:

Beginning of period	611,466,578	-
End of period*	\$ 1,197,282,020	\$ 611,466,578

*Including undistributed net investment

loss, net of income taxes of: \$ (2,906,021) \$ (525,794)

Other Information:**Share Transactions:**

Beginning shares	38,100,000	-
Shares sold	39,957,293	38,100,000
Shares redeemed	(3,400,000)	-
Shares outstanding, end of period	74,657,293	38,100,000



	For the Six Months Ended June 30, 2011 (Unaudited)	For the Period August 25, 2010 (Inception through December 31, 2010)
Net Asset Value, Beginning of Period	\$ 16.05	\$ 15.00
Income From Operations:		
Net investment loss ^(a)	(0.04)	(0.03)
Net realized and unrealized gain on investments	0.52	1.33
Total from Investment Operations	0.48	1.30
Less Distributions:		
From tax return of capital	(0.49)	(0.25)
Total Distributions	(0.49)	(0.25)
Net Increase In Net Asset Value	(0.01)	1.05
Net Asset Value, End Of Period	\$ 16.04	\$ 16.05
Total Return^(b)	3.01%	8.66%

Ratios/Supplemental Data:

Net assets, end of period (in 000s)	\$ 1,197,282	\$ 611,467
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Ratios To Average Net Assets:

Ratio of expenses (including net deferred tax expense) to average net assets	4.08% ^(c)	13.56% ^{(c)(d)}
Ratio of expenses (including deferred tax benefit) to average net assets	0.53% ^(c)	0.52% ^(c)
Ratio of expenses (excluding net deferred tax expense) to average net assets	0.85% ^(c)	0.85% ^{(c)(d)}
Ratio of expenses (excluding deferred tax benefit) to average net assets	0.85% ^(c)	0.85% ^(c)
Ratio of net investment loss (including deferred tax benefit) to average net assets	(0.53)% ^(c)	(0.52)% ^(c)
Ratio of net investment loss (excluding deferred tax benefit) to average net assets	(0.85)% ^(c)	(0.85)% ^(c)
Portfolio Turnover Rate^(e)	8%	12%

^(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) Unaudited.

^(e) 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 June 30, 2011, the Trust consists of nine separate portfolios. Each portfolio represents a separate series of the Trust. This report pertains to the Alerian MLP ETF (the "Fund"), which commenced investment operations on August 24, 2010 and began trading on the exchange on August 25, 2010. The investment objective of the Fund is to seek investment results that correspond generally to the price and yield performance (before the Fund's fees and expenses) of its underlying index, the Alerian MLP Infrastructure Index (the "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

A. Use of Estimates

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.

B. 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. These securities generally include, but are not limited to, restricted securities (securities which may not be publicly sold without registration under the Securities Act of 1933) for which a pricing service is unable to provide a market price; securities whose trading has been formally suspended; a security whose market price is not available from a pre-established primary pricing source or the pricing source is not willing to provide a price; a security with respect to which an event has occurred that is most likely to materially affect the value of the security after the market has closed but before the calculation of the Fund’s NAV or make it difficult or impossible to obtain a reliable market quotation; or a security whose price, as provided by the pricing service, does not reflect the security’s “fair value” due to the security being de-listed from a national exchange or the security’s primary trading market is temporarily closed at a time when, under normal conditions, it would be open. As a general principle, the current “fair value” of a security would be the amount which the owner might reasonably expect to receive from the closing sale prices on the applicable exchange and fair value prices may not reflect the actual value of a security. A variety of factors may be considered in determining the fair value of such securities.

C. 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, including amortization of premiums and accretion of discounts.

D. Dividends and Distributions to Shareholders

The Fund intends to declare and make quarterly distributions, 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.

Distributions received from the Fund's investments in Master Limited Partnerships ("MLPs") generally are comprised of income and return of capital. The Fund records investment income and return of capital based on estimates made at the time such distributions are received. Such estimates are based on historical information available from each MLP and other industry sources. These estimates may subsequently be revised based on information received from MLPs after their tax reporting periods are concluded. For the period ended June 30, 2011, the Fund distributed \$26,989,545, which was characterized as return of capital from MLP distributions received.

The Fund also expects that a portion of the distributions it receives from MLPs may be treated as a tax deferred return of capital, thus reducing the Fund's current tax liability. Return of capital distributions are not taxable income to the shareholder, but reduce the investor's tax basis in the investor's Fund Shares. Such a reduction in tax basis will result in larger taxable gains and/or lower tax losses on a subsequent sale of Fund Shares. Shareholders who periodically receive the payment of dividends or other distributions consisting of a return of capital may be under the impression that they are receiving net profits from the Fund when, in fact, they are not. Shareholders should not assume that the source of the distributions is from the net profits of the Fund.

E. Federal Income Taxation

The Fund is taxed as a regular C-corporation for federal income tax purposes. Currently, the maximum marginal regular federal income tax rate for a corporation is 35 percent. The Fund may be subject to a 20 percent federal alternative minimum tax on its federal alternative taxable income to the extent that its alternative minimum tax exceeds its regular federal income tax. This differs from most investment companies, which elect to be treated as "regulated investment companies" under the Code in order to avoid paying entity level income taxes. Under current law, the Fund is not eligible to elect treatment as a regulated investment company due to its investments primarily in MLPs invested in energy assets. As a result, the Fund will be obligated to pay applicable federal and state corporate income taxes on its taxable income as opposed to most other investment companies which are not so obligated. The Fund expects that a portion of the distributions it receives from MLPs may be treated as a tax-deferred return of capital, thus reducing the Fund's



current tax liability. However, the amount of taxes currently paid by the Fund will vary depending on the amount of income and gains derived from investments and/or sales of MLP interests and such taxes will reduce your return from an investment in the Fund.

Cash distributions from MLPs to the Fund that exceed such Fund's allocable share of such MLP's net taxable income are considered a tax-deferred return of capital that will reduce the Fund's adjusted tax basis in the equity securities of the MLP. These reductions in such Fund's adjusted tax basis in the MLP equity securities will increase the amount of gain (or decrease the amount of loss) recognized by the Fund on a subsequent sale of the securities. The Fund will accrue deferred income taxes for any future tax liability associated with (i) that portion of MLP distributions considered to be a tax-deferred return of capital as well as (ii) capital appreciation of its investments. Upon the sale of an MLP security, the Fund may be liable for previously deferred taxes. The Fund will rely to some extent on information provided by the MLPs, which is not necessarily timely, to estimate deferred tax liability for purposes of financial statement reporting and determining the NAV. From time to time, ALPS Advisors, Inc. will modify the estimates or assumptions regarding the Fund's deferred tax liability as new information becomes available. The Fund will generally compute deferred income taxes based on the marginal regular federal income tax rate applicable to corporations and an assumed rate attributable to state taxes.

Since the Fund will be subject to taxation on its taxable income, the NAV of Fund shares will also be reduced by the accrual of any deferred tax liabilities. The Index however is calculated without any adjustments for taxes. As a result, the Fund's after tax performance could differ significantly from the Index even if the pretax performance of the Fund and the performance of the Index are closely correlated.

3. Income Taxes

Deferred income taxes reflect the net tax effect of temporary differences between the carrying amount of assets and liabilities for financial reporting and tax purposes. Components of the Fund's deferred tax assets and liabilities as of December 31, 2010, are as follows:

Deferred tax assets:

Loss carryforwards	\$	937,415
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Less Deferred tax liabilities:

Unrealized gain on investment securities	\$	(13,717,270)
Net Deferred tax liability	\$	(12,779,855)



The Fund has elected a November 30 year-end for income tax purposes. The net operating loss carryforward and capital loss carryforward are available to offset future taxable income. The Fund has the following net operating loss and capital loss amounts:

Net Operating Loss	Amount	Expiration
Year ended November 30, 2010	\$ 482,711	November 30, 2030
For the month ended December 31, 2010	353,591	November 30, 2031
Total for year ended December 31, 2010	\$ 836,302	

Capital Loss	Amount	Expiration
Year ended November 30, 2010	\$ 0	—
For the month ended December 31, 2010	62,857	November 30, 2016
Total for year ended December 31, 2010	\$ 62,857	

For corporations, capital losses can only be used to offset capital gains and cannot be used to offset ordinary income. The capital loss may be carried forward for 5 years and, accordingly, would begin to expire as of November 30, 2015. The net operating loss can be carried forward for 20 years and, accordingly, would begin to expire as of November 30, 2030.

Total income tax benefit (current and deferred) differs from the amount computed by applying the federal statutory income tax rate of 35% to net investment and realized and unrealized gains/(losses) on investments before taxes for the period August 25, 2010 (inception date) to December 31, 2010, as follows:

Application of statutory income tax rate	\$	11,628,811
State income taxes (net of federal benefit)		1,151,044
Total tax expense	\$	12,779,855

As of December 31, 2010, the gross unrealized appreciation and depreciation of investments for federal income tax purposes were as follows:

Gross Appreciation	\$	34,573,293
Gross Depreciation		(448,944)
Net unrealized appreciation	\$	34,124,349
Cost basis of investments	\$	590,516,205

The difference between cost amounts for financial statement and federal income tax purposes is due primarily to wash sale adjustments.



The Fund recognizes the tax benefits of uncertain tax positions only where the position is “more likely than not” to be sustained assuming examination by tax authorities. Management has analyzed the Fund’s tax positions, and has concluded that no liability for unrecognized tax benefits should be recorded related to uncertain tax positions taken on U.S. tax returns and state tax returns filed since inception of the Fund. No income tax returns are currently under examination. The tax period ended November 30, 2010 remains subject to examination by the tax authorities in the United States. Due to the nature of the Fund’s investments, the Fund may be required to file income tax returns in several states and other local jurisdictions. The Fund is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will change materially in the next 12 months.

E. 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
Master Limited Partnerships Shares	\$ 1,224,145,875	\$ -	\$ -	\$ 1,224,145,875
TOTAL	\$ 1,224,145,875	\$ -	\$ -	\$ 1,224,145,875

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

For the period ended June 30, 2011, 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.

4. 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 0.85% of the Fund's average daily net assets. 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 fee of the Index Provider, and the cost of transfer agency, custody, fund administration, legal, audit, trustees and other services, other than taxes, interest expenses, distribution fees or expenses, brokerage expenses, and extraordinary expenses such as litigation not incurred in the ordinary course of the Fund's business.

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, any sub-adviser or any of their 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.



5. Purchases and Sales of Securities

For the period ended June 30, 2011, the cost of purchases and proceeds from sales of investment securities, excluding short-term investments and in-kind transactions, were as follows:

Purchases	Sales
\$71,271,160	\$104,529,833

For the period ended June 30, 2011, the cost of in-kind purchases and proceeds from in-kind sales were as follows:

Purchases	Sales
\$646,423,388	\$25,633,201

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

6. 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.

7. Master Limited Partnerships

MLPs are publicly traded partnerships engaged in the transportation, storage and processing of minerals and natural resources. By confining their operations to these specific activities, their interests, or units, are able to trade on public securities exchanges exactly like the shares of a corporation, without entity level taxation. Of the seventy MLPs eligible for inclusion in the Index, approximately two-thirds trade on the NYSE and the rest trade on the NASDAQ. To qualify as a MLP and to not be taxed as a corporation, a partnership must receive at least 90% of its income from qualifying sources as set forth in Section 7704(d) of the Internal Revenue Code of 1986, as amended (the "Code"). These qualifying sources include natural resource based activities such as the processing, transportation and storage of mineral or natural resources. MLPs generally have two classes of owners, the general partner and limited partners. The general partner of an



MLP is typically owned by a major energy company, an investment fund, the direct management of the MLP, or is an entity owned by one or more of such parties. The general partner may be structured as a private or publicly traded corporation or other entity. The general partner typically controls the operations and management of the MLP through an up to 2% equity interest in the MLP plus, in many cases, ownership of common units and subordinated units. Limited partners typically own the remainder of the partnership, through ownership of common units, and have a limited role in the partnership's operations and management. MLPs are typically structured such that common units and general partner interests have first priority to receive quarterly cash distributions up to an established minimum amount ("minimum quarterly distributions" or "MQD"). Common and general partner interests also accrue arrearages in distributions to the extent the MQD is not paid. Once common and general partner interests have been paid, subordinated units receive distributions of up to the MQD; however, subordinated units do not accrue arrearages. Distributable cash in excess of the MQD is paid to both common and subordinated units and is distributed to both common and subordinated units generally on a pro rata basis. The general partner is also eligible to receive incentive distributions if the general partner operates the business in a manner which results in distributions paid per common unit surpassing specified target levels. As the general partner increases cash distributions to the limited partners, the general partner receives an increasingly higher percentage of the incremental cash distributions.

8. Indemnifications

Under the Trust's organizational documents, its officers and Trustees 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.

9. Subsequent Events

Prior to June 30, 2011 Arrow Investment Advisors, LLC acted as the Fund's sub-adviser pursuant to a sub-advisory agreement with the Investment Adviser. According to this agreement, the Investment Adviser paid the sub-adviser on a monthly basis, an annual rate of 0.08% of average net assets up to \$500 million, 0.05% of average net assets from \$500 million to \$1 billion and 0.03% of average net assets over \$1 billion, subject to an annual minimum of \$40,000. Effective July 1, 2011, the sub-advisory agreement was terminated and all responsibilities were assumed by the Investment Adviser.



On July 19, 2011, ALPS Holdings, Inc. ("ALPS") and its various subsidiaries (including ALPS Advisors, Inc., ALPS Fund Services, Inc. and ALPS Distributors, Inc.), entered into a merger agreement ("Transaction Agreement") providing for the acquisition of ALPS by DST Systems, Inc. ("DST"). If the transaction contemplated by the Transaction Agreement (the "Transaction") is completed, ALPS will become a wholly owned subsidiary of DST, a publicly traded company. Completion of the Transaction is subject to a number of conditions, including without limitation obtaining regulatory approval and the consent to the Transaction by a certain percentage of ALPS' clients representing a specified percentage of the annualized revenue of ALPS and its subsidiaries. ALPS and DST currently expect to complete the Transaction in the fourth quarter of 2011.



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.



At an in-person meeting held on June 27, 2011, the Board of Trustees of the Trust (the "Board"), including the Trustees who are not "interested persons" of the Trust within the meaning of the Investment Company Act of 1940, as amended (the "Independent Trustees"), evaluated a proposal to approve the renewal of the Investment Advisory Agreement (the "Advisory Agreement") between the Trust and ALPS Advisors, Inc. (the "Investment Adviser") with respect to Alerian MLP ETF (the "Fund").

In evaluating the Advisory Agreement, the Board did not identify any single factor as all-important or controlling. The following summary does not identify all the matters considered by the Board, but includes the principal matters it considered. The Board considered whether renewal of the Advisory Agreement would be in the best interests of the Fund and its shareholders, based on: (i) the nature, extent and quality of the services to be provided by the Investment Adviser under the Advisory Agreement; (ii) the investment performance of the Fund; (iii) the expenses borne by the Fund under the unitary fee arrangement of the Advisory Agreement; (iv) the estimated profitability of the Investment Adviser and its affiliates from their relationship with the Fund; (v) potential fall-out benefits to the Investment Adviser from its relationship with the Fund; and (vi) other general information about the Investment Adviser and its affiliates. The following is a summary of the Board's consideration and conclusions regarding these matters.

Nature, Extent and Quality of the Services to be Provided

The Board considered the nature, extent and quality of the services to be provided by the Investment Adviser, including the functions performed by the Investment Adviser for the Fund, information describing the Investment Adviser's organization and the background and experience of the persons responsible for the day-to-day management of the Fund. The Trustees reviewed financial information regarding the Investment Adviser and its parent company. The Board considered that the Fund would be managed by senior personnel at the Investment Adviser. In that regard, the Board considered the history of care and conscientiousness in supervising the management of the Fund provided by such personnel. The Board also considered the compliance records of the Investment Adviser. Finally, the Board considered its and the Fund's association with the current personnel employed by the Investment Adviser.

The Board concluded that the nature and extent of the services to be provided by the Investment Adviser to the Fund were appropriate, that the quality of the service was satisfactory, and that the Fund was likely to benefit from services provided under the Advisory Agreement. The Board also concluded that the Investment Adviser would have sufficient personnel, with the appropriate education and experience, to serve the Fund effectively. The Board also concluded that the Investment Adviser had demonstrated a continuing ability to attract and retain well-qualified personnel.



Investment Performance

The Board also reviewed investment performance information of the Fund compared to that of a peer group and its benchmark index. The Board evaluated the correlation and tracking error between the underlying index and the Fund.

Costs of the Services to be Provided to the Fund

The Board noted that the advisory fee paid to the Investment Adviser by the Fund was a unitary fee pursuant to which the Investment Adviser assumes all expenses of the Fund (including the cost of transfer agency, custody, advisory, fund administration, legal, audit and other services) other than the payments under the Advisory Agreement, brokerage expenses, taxes, interest, litigation expenses and other extraordinary expenses. The Board reviewed comparative fee information for the Fund, including information about the rates of compensation paid to investment advisers, and overall expense ratios, for funds comparable in size, character and investment strategy to the Fund. The Board considered the fact that the Fund's fees were generally comparable to the fees charged to similar funds. The Board concluded that the unitary fee payable by the Fund to the Investment Adviser was reasonable in relation to the nature and quality of the services expected to be provided, taking into account the fees charged by other advisers for managing comparable funds with similar strategies.

Projected Profitability and Costs of Services to the Investment Adviser

The Board reviewed reports of the financial position of the Investment Adviser and its parent company. The Board considered the estimated profitability of the overall relationship between the Investment Adviser and its affiliates and the Fund. The Board noted that since the Fund was subject to a unitary fee arrangement with the Investment Adviser pursuant to the Advisory Agreement, there were no other fees payable to other affiliates for non-advisory services, and concluded that the estimated profitability of the Investment Adviser and its affiliates was reasonable in relation to the services to be provided, and to the costs of providing services to the Fund. The Board acknowledged the Investment Adviser's well-established stand-alone management relationships independent of the Fund and the regulatory and entrepreneurial risks it assumed in connection with the management of the Fund.

Fall-Out Benefits

The Board also considered any potential "fall-out" benefits that the Investment Adviser might receive because of its relationship with the Fund and concluded that there were no such benefits.



Economies of Scale

The Board reviewed the Fund's assets under management, and noted that because of the Fund's unitary fee arrangement, consideration of economies of scale was not a relevant factor to the Fund.

Conclusion

Based on its evaluation, the Board unanimously concluded that the terms of the Advisory Agreement continued to be reasonable, fair and in the best interests of the Fund and its shareholders.

This report has been prepared for Alerian MLP ETF shareholders and may be distributed to others only if preceded or accompanied by a prospectus.

ALPS Distributors, Inc., distributor for the Alerian MLP ETF.

ALR000169 2/28/12