

DIVS

The SmartETFs Dividend Builder ETF

April 2022 Update



SmartETFs

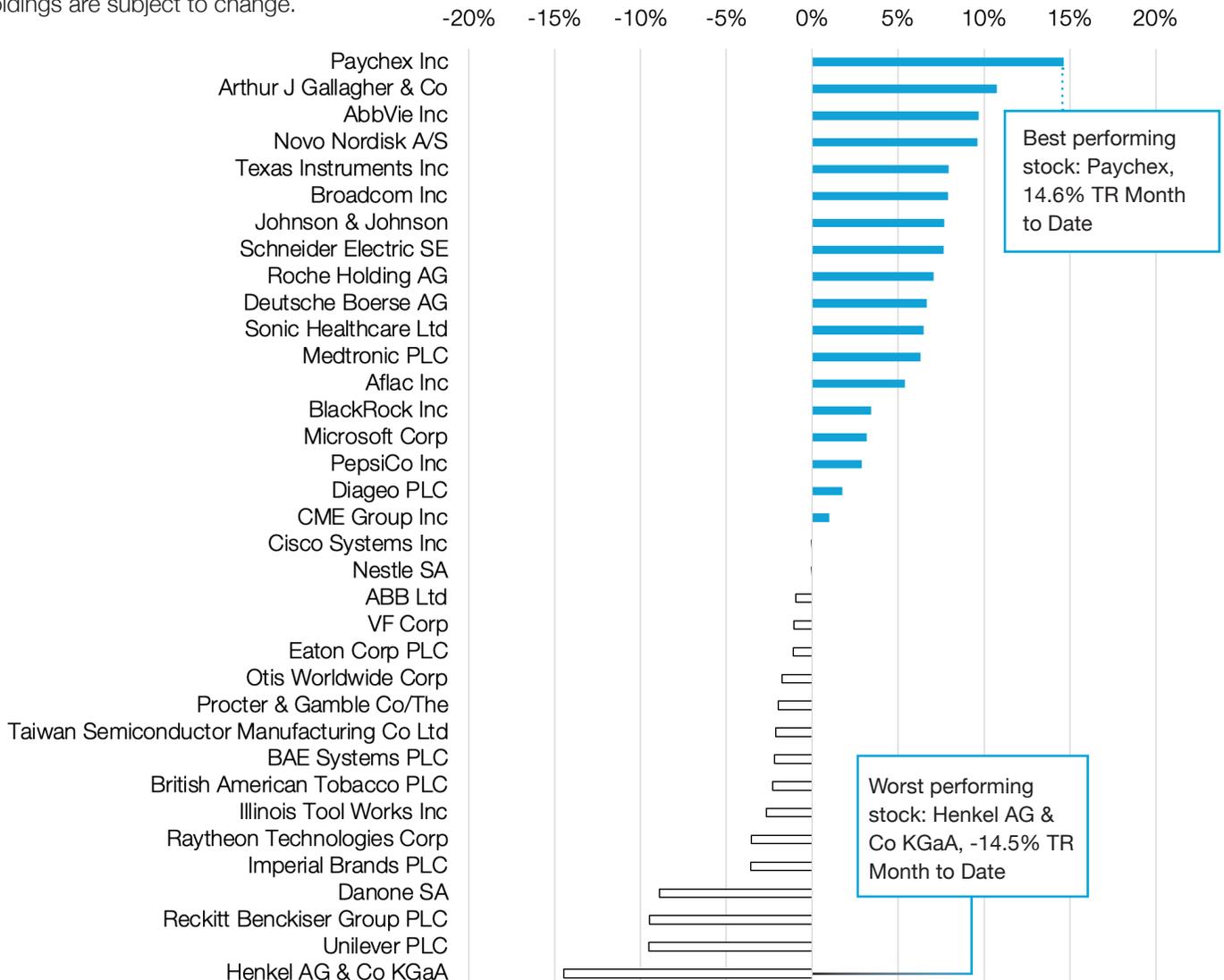
Portfolio Performance

as of 3/31/2022

In March, DIVS was up 1.77%% (NAV basis), while the MSCI World Index benchmark was up 2.74%% (in USD). Global equities sold off in Q1, marking the first quarterly decline since the onset of the COVID pandemic in Q1 2020. Given record inflation, investors digested the prospect of higher interest rates and the implications of these on risk assets. Concerns were exacerbated mid-quarter as Russia invaded Ukraine; the accompanying spike in commodity prices and renewal of supply chain issues added to the global inflationary pressures.

In Q1, the Fund's lack of exposure to the Energy, Materials and Utilities sectors (which were the best performing) proved to be a drag on performance, however, this was more than offset by good stock selection within the IT, Healthcare, Financial and Industrial sectors. The Fund aims to continue offering a portfolio of consistently highly profitable companies, with strong balance sheets, and a valuation discount to the MSCI World Index. With inflation and geopolitics top of mind, we are also confident that the companies in the portfolio are well placed from a pricing power perspective, and we note the defensive nature of the portfolio – which has outperformed in all market corrections since launch in 2012 – gives us confidence heading into uncertain markets. Like in the past, our perpetual approach of focusing on quality compounders and dividend-growers should continue to stand us in good stead in our search for rising income streams and long-term capital growth.

Holdings are subject to change.



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Portfolio Performance

As of 3/31/2022	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception (03/30/2012)
DIVS at NAV	-3.64%	14.52%	14.83%	13.21%	11.24%	11.24%
DIVS at Market Price	-3.20%	14.29%	14.97%	13.29%	11.28%	11.28%
MSCI World NR	-5.15%	10.12%	14.96%	12.42%	10.88%	10.87%

Expense Ratio: 0.65% (net) | 1.42% (gross)

30-Day SEC Yield (as of 3/31/22): 1.35% subsidized | 0.92% unsubsidized

The Adviser has contractually agreed to reduce its fees and/or pay ETF expenses in order to limit the Fund's total annual operating expenses to 0.65% through June 30, 2025.

Performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment in the Fund will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the Fund may be lower or higher than the performance data quoted. Performance data current to the most recent month-end may be obtained by visiting SmartETFs.com, or calling (866) 307-5990. The returns shown are cumulative for the period, not annualized. Market prices return is based on the market price of Fund shares as of the close of trading on the exchange where the shares are listed.

Effective as of the close of business on March 26, 2021, the fund acquired the assets and assumed the performance, financial and other historical information of the Guinness Atkinson Dividend Builder Fund, an open-end mutual fund (incepted March 30, 2012). The fund's investment objectives, strategies and policies are substantially similar to those of the predecessor mutual fund and it was managed by the same portfolio managers. Performance information for periods prior to March 26, 2021 is the historical performance of the predecessor mutual fund and reflects the higher operating expenses of the predecessor mutual fund. The fund has lower expenses than the predecessor mutual fund. For periods prior to March 29, 2021, the fund's performance would have been higher than shown had it operated with the fund's current expense levels.



Dividends Review

So far, in 2022, we have had dividend updates from 17 of our 35 holdings:

- 15 companies announced increases for their 2022 dividend vs 2021.
- 2 companies announced a flat dividend vs 2021.
- 0 companies announced dividend cuts.
- 0 companies announced dividend cancellations.
- This follows the Fund seeing 0 cancellations also in 2021 and 2020.

So far, in the Fund, the average dividend growth announced for 2022 stands at 7.9%, and our Financial holdings have declared the largest year-on-year dividend increases:

- Aflac: To grow its dividend by 21.2% for 2022. This follows the 17.9% growth in 2021.
- Blackrock: To grow its dividend by 18.2% for 2022. This follows the 13.8% growth in 2021.
- CME Group: To grow its dividend by 11.1% for 2022. This follows the 5.9% growth in 2021.
- Deutsche Boerse: To grow its dividend by 6.7% for 2022. This follows the 3.4% growth in 2021.
- Arthur Gallagher: To grow its dividend by 6.3% for 2022. This follows the 6.7% growth in 2021.

The 2 companies which announced a flat dividend for 2022 – Henkel and Danone – cited cautiousness as reasons for capital preservation amid both their respective restructuring efforts to achieve higher growth. Both companies continue to have strong balance sheets and low leverage, and we believe they have the ability to continue growing their dividend in the future.

In Henkel's case, to boost growth and profitability, management are restructuring the business, combining the Beauty Care segment with the more profitable and faster-growing Laundry & Home Care segment. The combination is expected to result in significant synergies and efficiency gains. As a result, the company expects a long-term organic sales growth rate of 3%-4% and an operating margin in the mid-teens for the newly-formed Consumer Brands segment. Management also revealed a €1 billion share repurchase program – inferring that they believe the share price is undervalued (especially since this would be the first repurchase since 2013) – and they indicated that acquisitions may be pursued. Both appear understandable considering Henkel's particularly robust balance sheet, and both have been prioritized in the short-term over a dividend increase. Nonetheless, longer-term, Henkel has a 10-year annualized dividend growth rate of 9%.

Danone, the global food and beverage company is organized into Dairy & Plant-based products, Specialized Nutrition, and Water, and enjoys a leading market share in a range of niche product categories (e.g. yogurt, soy milk and out-of-home water). This in turn means that brands such as Activia, Actimel, Alpro, Evian and Volvic dominate prime retail shelf space. In recent years Danone has lagged other consumer staples businesses in terms of growth and profitability which is reflected in lower valuation multiples paid for the company today. To address this, and boost both gross and net margins, the company announced plans to cut costs by €1bn over the next few years. Combined with continued efforts to deleverage, this further strengthens the company's balance sheet for the future, but in the short-term has meant that management decided to maintain – rather than raise – the dividend payment.

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Disclosure

MSCI World Index captures large and mid cap representation across 23 Developed Markets countries. With 1,583 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

NAV is the dollar value of a single share, based on the value of the underlying assets of the fund minus its liabilities, divided by the number of shares outstanding. Calculated at the end of each business day.

Dividend Growers are that typically exhibit stable earnings, solid fundamentals and strong histories of profit and growth that follow a policy of consistently increasing dividends.

Capital Compounders typically refers to growth-type companies with high quality and ideally with recurring revenues, built on dominant and durable intangible assets, which possess pricing power and low capital intensity.

Market Price is the current price at which an asset or service can be bought or sold. The market price of an asset or service is determined by the forces of supply and demand. The price at which quantity supplied equals quantity demanded is the market price.

Indexes are unmanaged. It is not possible to invest directly in an index. Past performance is no guarantee of future results.

Dividend yield is calculated by adding the dividends paid over the last 12 months and dividing by the current share price.

SEC Yield is based on the most recent 30-day period covered by the fund's filings with the SEC. The yield figure reflects the dividends and interest earned during the period after the deduction of the fund's expenses. Unsubsidized SEC Yield does not include the effect of any fee waivers or reimbursements.

The Fund invests in securities that pay dividends, and there is no guarantee that the securities held by the Fund will declare or pay dividends in the future, or that dividends will remain at current levels or increase. Investments in foreign securities involve greater volatility, political, economic and currency risks and differences in accounting methods. These risks are greater for emerging markets countries. For more information on the risks of investing in this Fund, please see the prospectus.

Consider the investment objectives, risks, charges and expenses of the Fund carefully before investing. For a prospectus or summary prospectus with this and other information, please call (866) 307-5990 or visit our website at www.SmartETFs.com. Read the prospectus or summary prospectus carefully before investing.

Shares of the Fund are distributed by Foreside Fund Services, LLC.