



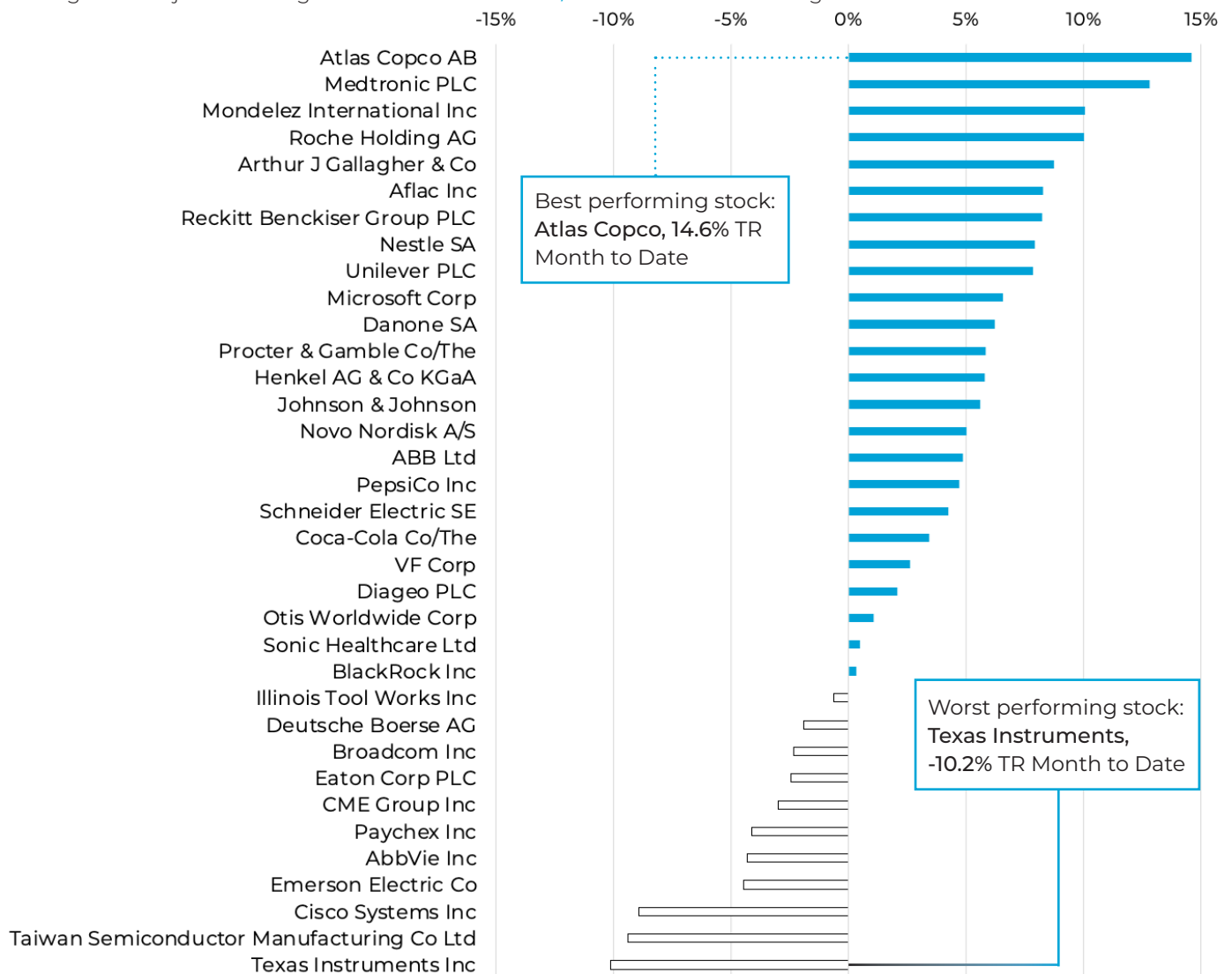
Portfolio Performance

as of 04/30/2023

In April, DIVS was up 2.52% (NAV basis, 2.92% market price), while the MSCI World Index benchmark was up 1.75%. The range of new information which emerged over the month paints a nuanced picture of the global economy, the growth outlook, and the path of interest rates. As such, markets were left slightly unsure of what to make of it all and were caught in limbo as they digested the new developments. In this monthly update, we examine the latest market data and try to make sense of what it means for equity markets and DIVS. Over the month of April, DIVS performance can be attributed to the following:

- The Fund's largest sector overweight is to Consumer Staples (~28% vs ~8% index), and this sector was the strongest performer over the month. Additionally, strong stock selection within Consumer Staples such as Mondelez, Nestle, and Danone also aided Fund outperformance.
- An underweight allocation to Information Technology and a zero allocation towards Materials were also a tailwind, as both sectors had negative returns over the month.
- Finally, good stock selection within Industrials was a source of outperformance. Even though the sector underperformed the benchmark, the Fund's industrial names outperformed, with particularly good performance from Atlas Copco and Schneider Electric.

Holdings are subject to change. Go to SmartETFs.com/DIVS for current holdings.





Portfolio Performance

Atlas Copco was the Fund's top performer, gaining +14.6% over the month. The Swedish industrial company reported Q1 results, and it was a stellar start to 2023, with all business areas beating on all lines, and every segment seeing margin expansion. Revenues, operating profits, and earnings per share (EPS) were all up in the range of 28%-35% and the firm also noted record order volumes pointing to a positive demand outlook ahead. Management guided that the "near term demand outlook (& customer activity level) will remain at the current levels" showing no slowdown in the significant momentum that Atlas Copco have built up year to date. Encouragingly, the firm also showed good growth in its services business, which is based on a recurring revenue model and sees lower churn given the sticky nature of contracts. This segment is a high margin business and helped grow group margins by 100bps, topping off a strong Q1 for the firm.

Texas Instruments was the Fund's worst performer over April, closing down -10.1%. It was also a difficult month for **TSMC** (-6.6%). The two semiconductor fab giants had a difficult month which reflected a generally tough operating environment for the semiconductor sector as a whole. Across the industry, semiconductor sales have been sluggish and TSMC noted in their quarterly earnings that revenues for the next quarter would likely be slower given a slump in demand for electronics. A chip supply glut, which started from the consumer electronics market, has seeped into broader markets including Enterprise and Industrial as rising interest rates have diminished spending across the board. Given TSMC's immense size and the fact that they produce ~60% of the world's semiconductors, their earnings act as a bellwether for broader demand in the sector. Later in the month, Texas Instruments reported earnings, and while core results were robust, forward guidance was notably thin, owing to the aforementioned widespread demand weakness across end markets. Texas Instruments also noted that overstocked customers were still purging excess inventory, which has hurt the market chip prices and has put downward pressure on margins. While the aforementioned supply glut is a short-term headwind, we remain bullish on the long-term prospects of both companies. They are high quality players with strong market positioning and remain well placed to capitalize on the structural growth trends that are driving the industry.

continued on following page...



Portfolio Performance

As of 04/30/2023	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception (03/30/2012)
DIVS at NAV	8.48%	6.60%	15.41%	10.38%	9.59%	10.28%
DIVS at Market Price	8.94%	7.55%	15.69%	10.54%	9.67%	10.36%
MSCI World NR	9.62%	3.18%	13.10%	8.13%	8.70%	9.22%

As of 03/31/2023	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception (03/30/2012)
DIVS at NAV	5.82%	-0.49%	17.77%	9.86%	9.71%	10.12%
DIVS at Market Price	5.85%	-0.51%	17.90%	9.93%	9.75%	10.15%
MSCI World NR	7.73%	-7.02%	16.40%	8.00%	8.85%	9.12%

Expense Ratio: 0.65% (net) | 1.22% (gross)

30-Day SEC Yield (as of 4/30/23): 1.61% subsidized | 1.19% 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, 2026.

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.



April in Review

Markets were positive over the month of April but the usual mix of unemployment data, inflation reads, and gross domestic product (GDP) figures, not to mention another major bank collapsing, painted an ever more intricate picture of the current state of affairs. Coupled with the start of earnings season, which has showed some relatively robust results so far, the task of forecasting the path of Fed Rate hikes has become even more challenging. Keynes famously quipped that such predictions are like trying to assess when “the ocean will be flat again” after a storm has passed. And with the current conflicting data points and uncertain market conditions creating an ever more complicated storm, markets are unsure what to make of it all. Therefore, it is worth laying out what we have learnt over the month of April and what this means for both markets and the Fund.

Banking Crisis Over?

JP Morgan CEO Jamie Dimon declared that the worst of the banking crisis is over and that, “for now, everyone can take a deep breath”. Such calming advice comes off the back of news that First Republic Bank, whose slow demise over the latter part of April, came to an end as US government regulators seized the bank and completed a forced sale to JP Morgan for \$10.6bn early in May. First Republic was worth more than \$20bn at the beginning of April, which notably makes its collapse the second largest in US history, serving as a timely reminder that the risk in the US banking system remains very much prevalent. Jamie Dimon’s confident assertion that the worst is behind us is afforded merit thanks to drastic government actions in March which promised to backstop all liabilities, and ensure that depositors would be made whole, even if their balances vastly exceeded the FDIC’s stated limit. While there is still much instability in the US regional banking system, the markets gained confidence that the worst effects of a banking collapse had been mitigated against. As a result, banks performed well over the month (MSCI World Banks +3.3%), outperforming the index.

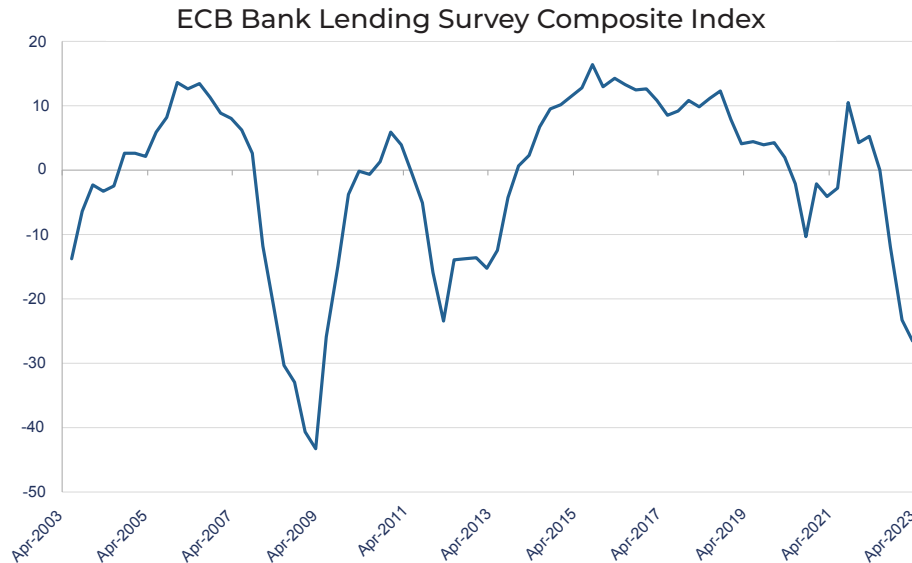
Second and Third Order Effects Continue

While the jury is still out as to whether we are through the worst of the crisis, adopting a cautious outlook seems prudent given that the rescue of First Republic is the third seizure of a bank by US regulators since March. Such actions provoked a range of second order effects, including credit constraints and an exacerbation of the global economic slowdown. The composite index below shows a combination of 12 European Central Bank’s (ECB) bank lending surveys and acts as a proxy for European credit conditions, which are currently at decade lows.

continued on following page...



April in Review (continued)



Source: Bloomberg. Data as of April 30, 2023.

NB: The y axis shows a score calculated by netting the percentage of banks reporting a tightening of credit standards vs those reporting an easing.

Outlook for Banks: Given the current volatility, the outlook for the sector looks challenged over the mid-term, with an increasingly adverse operating environment ahead. Both the Dallas & San Francisco Fed reported that, over the month, loan demand had weakened further, loan volumes had fallen, and credit conditions tightened notably. This looks set to continue as greater regulatory scrutiny and the potential for tougher lending rules may tighten credit conditions even further. Alongside this, there is potential for net interest margin compression as competition for deposits increase. In sum, the banking outlook is markedly difficult.

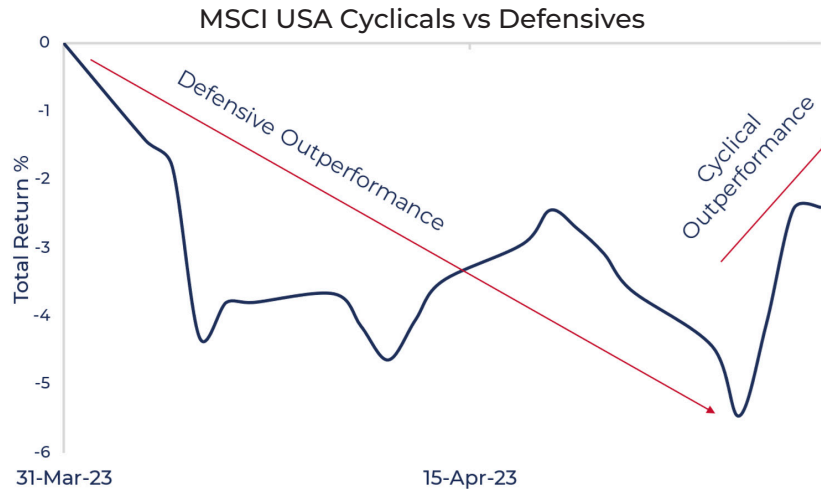
Outlook for Growth: As history shows, when credit conditions tighten, the broader effect on growth can be pronounced, as lower lending, lower spending, and lower consumption feed through the system. Goldman downgraded their 2023 US GDP forecast by 25bps-50bps as the impacts of tighter monetary weigh heavy on the mid-term growth outlook.

Impact on Markets: Given the increased uncertainty, Defensives outperformed Cyclical over the month by 2.4% with Value also outperforming Growth, albeit by 0.4%. Across all stylistic factors, it seems that Quality has been rewarded. In the same way that the highest quality banks have managed to weather the banking crisis, we believe the high-quality businesses that the Fund owns (with strong balance sheets and stable cash flows) are best suited to perform in the current uncertain operating environment.

continued on following page...



April in Review (continued)

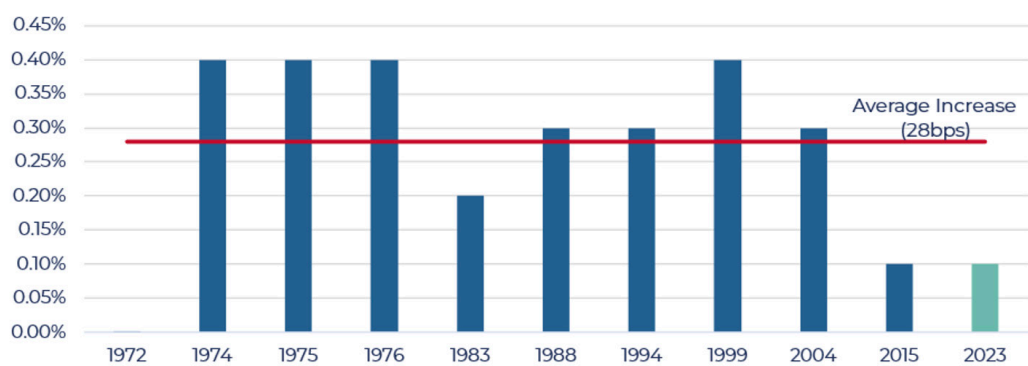


Source: Bloomberg. Data as of April 30, 2023.

Employment Market is Giving Mixed Signals

Perhaps unsurprisingly, the employment picture is equally unclear. US job market data released in April showed 246K jobless claims and demonstrated that unemployment is beginning to rise after touching some of the lowest levels since the late 1960s. However, wage pressures remain acute. Predicting when the Fed will pivot is highly challenging, but it is widely believed that weakness in the labor market is needed in order for the Fed to change its hawkish stance. When looking at prior Fed cycles, the amount of time between the last hike and the first cut is variable, but unemployment rates show a tighter spread. Over the last 10 cycles, the Fed starts cutting rates when unemployment has risen by an average of 28bps from the cycle low. At present, unemployment has budged just 10bps from its ultra-low level, a way off from the 28bp average and some believe that the Fed may tolerate a greater increase in unemployment this time around given the abnormally low starting base.

Percentage Point Change in Unemployment Rate Before Fed Rate Cuts



Source: Bloomberg. Data as of April 30, 2023.

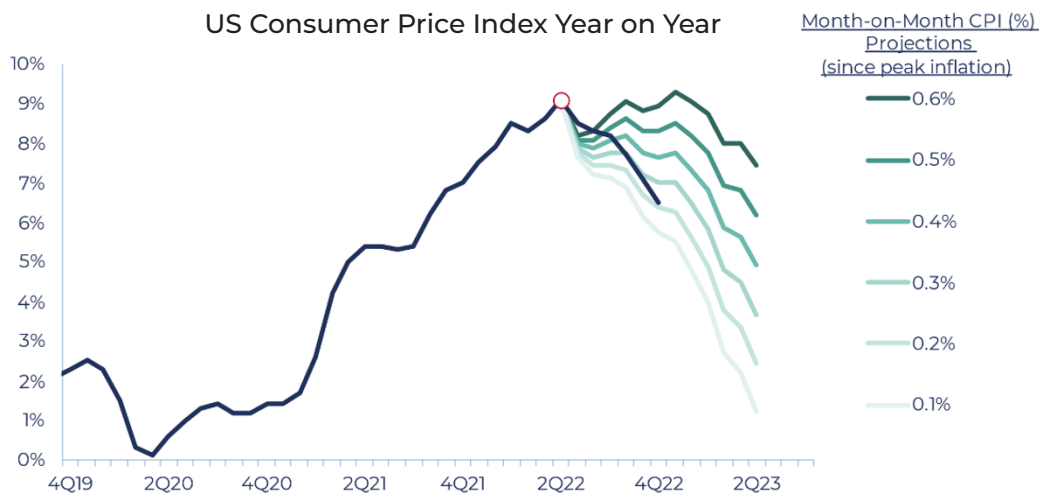
continued on following page...



April in Review (continued)

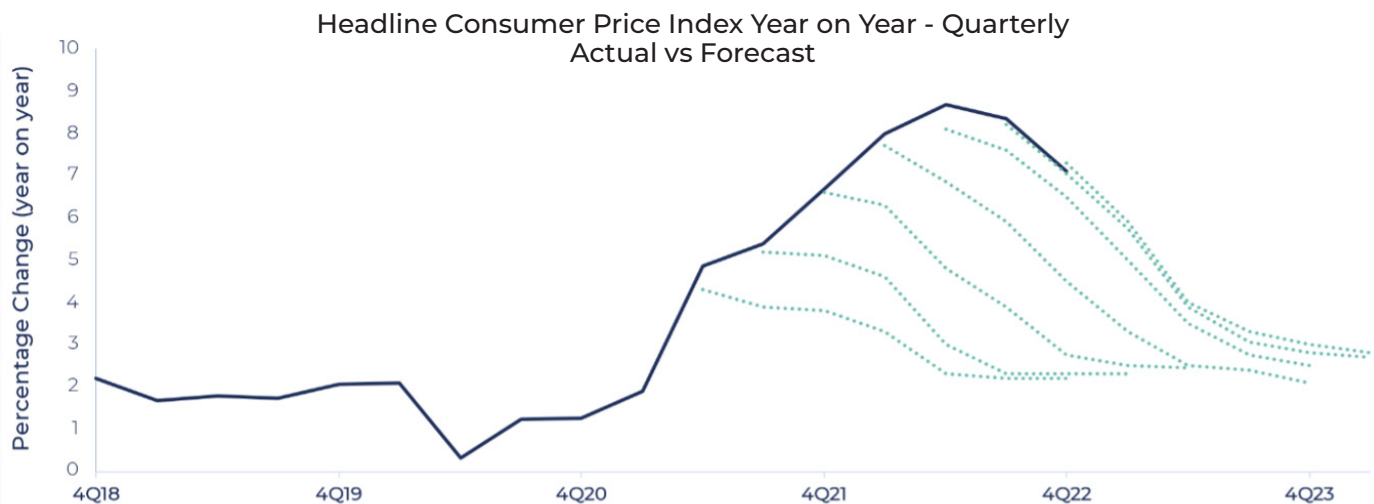
Inflation

Over the month of April, there were broadly positive developments on the inflation front. The personal consumption expenditures price index excluding food and energy—the Fed's preferred measure of underlying inflation—rose 0.3% in March from the prior month and 4.6% from a year earlier. The market can now see a path back down to 2% inflation, as shown below.



Source: Bloomberg. Data as of April 30, 2023.

That said, this may take longer than expected given sticky reads. Markets have consistently been overly optimistic on CPI reads, and given continued tightness in labor markets, services inflation remains high which will likely prolong the path back to more normalized rates.



Source: Bloomberg. Data as of April 30, 2023.

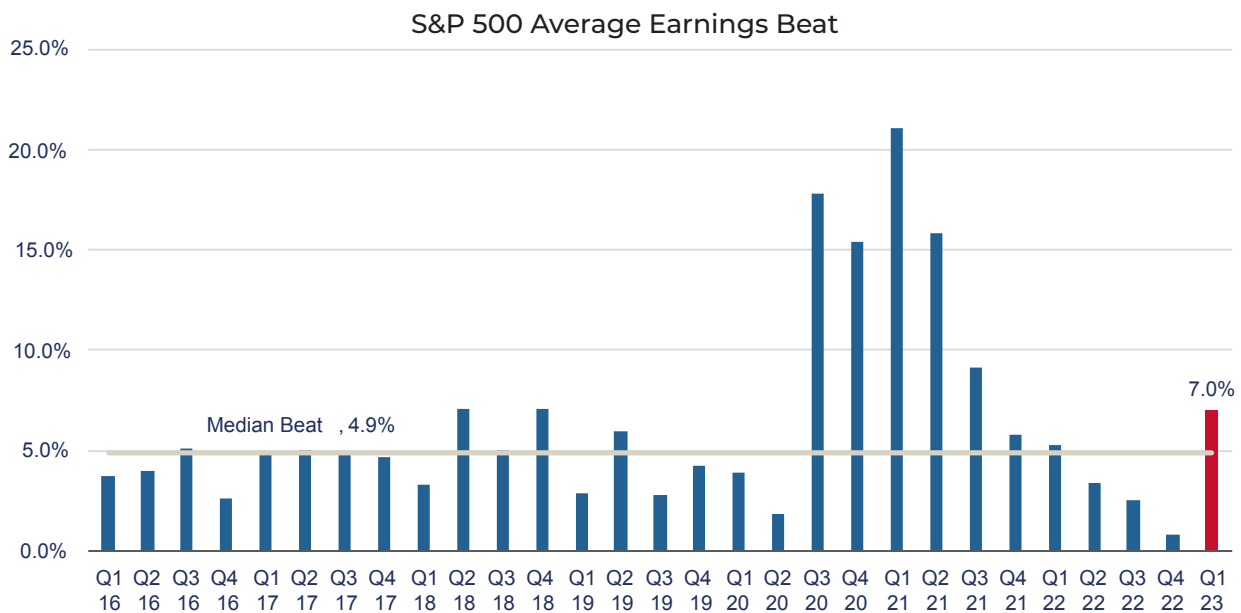
continued on following page...



April in Review (continued)

The Dallas Fed provides monthly data on how many personal consumption expenditures (PCE) price index items are inflating at different rates. On a positive note, the number of components rising at 10% or more has tailed off sharply whereas, more concerning, the number of items increasing between 5% - 10% in price are close to their highs. Therefore, while the direction of travel is promising, the sticky nature of inflation remains, with more than 40% of PCE components still rising at more than 5%. With upcoming central bank monetary policy meetings in early May, inflation dynamics are back front and center, and they suggest some difficult decisions ahead amongst contradictory inflation data, continued banking issues and the need to maintain stability.

Earnings



Source: Bloomberg. Data as of April 30, 2023.

Amidst the market backdrop outlined above, earnings season kicked off in earnest halfway through the month of April. While it is too early to draw full conclusions from the past two weeks of results (265 of the S&P 500 have reported), companies certainly seem to be surprising to the upside. It bears reminding that these beats are on downwardly revised expectations but nonetheless, companies have shown a broader level of resilience. Interestingly, it is earnings (not revenues) which are coming in ahead of expectations. Of the S&P 500 companies that have reported, the average revenue beat is a modest 2% yet, more strikingly, the average earnings beat is 7%, a level not reached since the pandemic related earning-surge in 2021. In our opinion, such beats on the bottom line show a real resilience in margin strength and suggest that companies are, by and large, successfully passing through higher costs to the end consumer. Positive earnings have been led so far by Consumer Discretionary (average earnings surprise of +28.3%), Industrials (+9.3%), and Consumer Staples (+7.2%).



There's more where that came from!

Join our newsletter at SmartETFs.co/newsletter or follow us on Twitter [@SmartETFs](https://twitter.com/SmartETFs)!

Important Information

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.

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.

EBITDA or earnings before interest, taxes, depreciation, and amortization is a widely used measure of corporate profitability.

Debt / EBITDA Ratio measures a company's ability to pay off its incurred debt.

Consumer Price Index (CPI) is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services.

Beta is a measure of the volatility of a security compared to the market as a whole.

Duration is a measure of the sensitivity of the price of a bond or other debt instrument to a change in interest rates.

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

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.

Must be preceded or accompanied by a prospectus. <https://www.SmartETFs.com/wp-content/uploads/2021/03/SmartETFs-DIVS-Summary-Prospectus.pdf>

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.

Investing in securities involves risk and there is no guarantee of principal.

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