DIVS

The SmartETFs Dividend Builder ETF

August 2023 Update

SmartETFs

Portfolio Performance

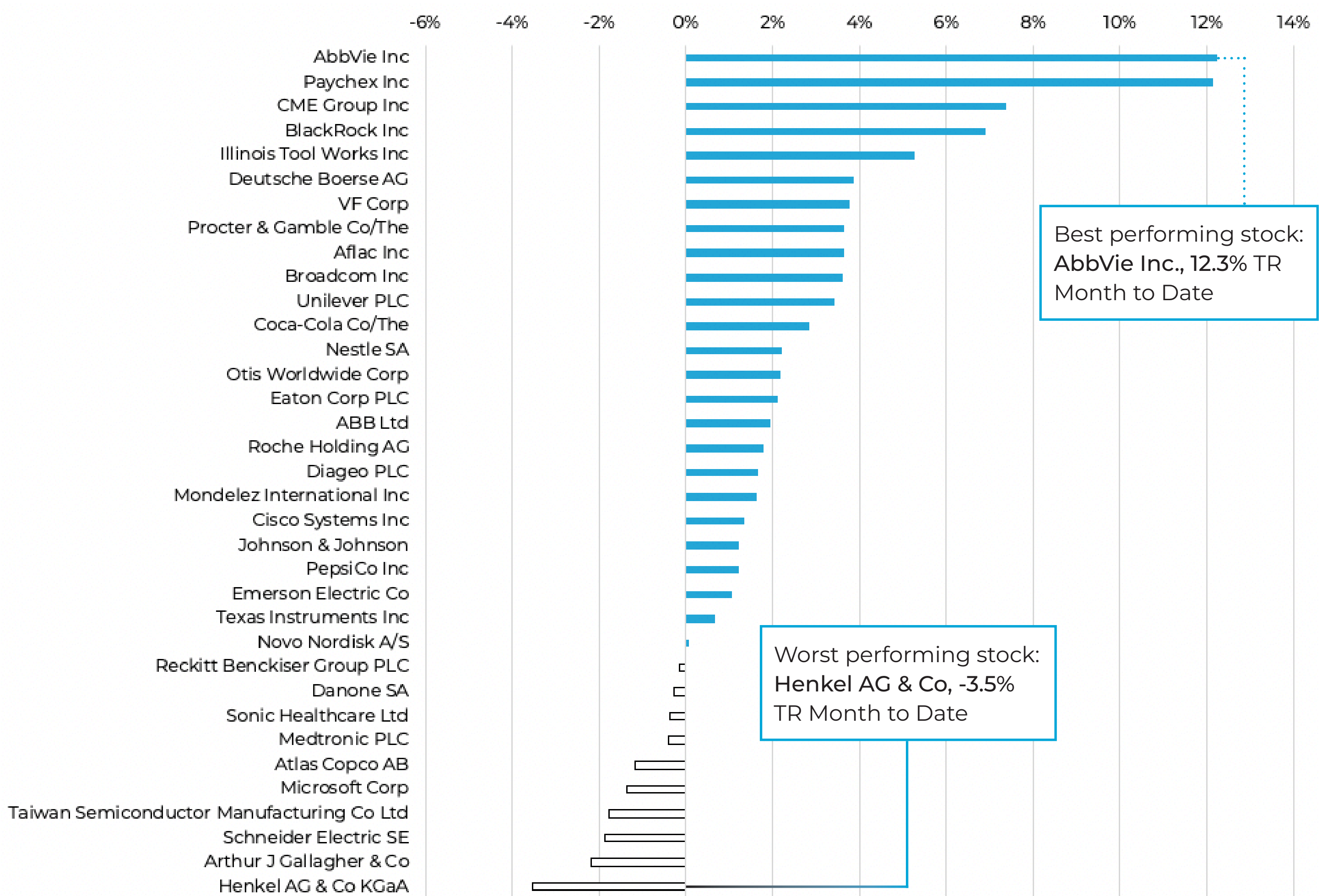
as of 07/31/2023

In July, DIVS was up 1.98% (NAV basis, 1.53% market price), while the MSCI World Index benchmark was up 3.36%. Over the month, Fund performance can be attributed to the following:

- The Fund's zero allocation towards Energy, Communication Services, and Materials, which acted as a substantial headwind over the month. These were 3 of the 4 best performing sectors, closing up 6.5%, 6.3% and 4.7% respectively.
- Additionally, the large overweight to Consumer Staples (26.9% for the Fund vs 7.3% for the benchmark) was a drag on performance as the sector underperformed.
- However, the Fund did benefit from strong stock selection within the Healthcare sector, where the fund has an overweight allocation (16.4% vs 12.6% for the Index). The Fund's best performing stock, AbbVie, gained 12.3% in July.

Over the month, an array of positive economic data (including inflation reads, job prints, and GDP figures) all pointed towards an increasingly optimistic outlook. With a robust US economy, and generally promising signs emerging out of European and Asian markets, investor sentiment improved substantially. However, it is worth remembering that we are not out of the woods yet. Therefore, DIVS continues to maintain its balanced approach, focusing on high quality businesses with strong balance sheets across a range of diversified sectors. Read on for more.

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



Portfolio Performance

AbbVie was the Fund's top performer, up +12.3% over the month. The US pharmaceutical giant reported a strong set of quarterly results that came in ahead of market consensus on both the top and bottom line. They also did well to allay investor fears about the drop off in sales for its blockbuster arthritis drug Humira, which came off patent earlier in the year. While multiple biosimilar players have entered the market and now offer knock off versions at discounted prices, management commentary during the earnings call gave clarity on the forward demand picture. The 2023 revenue erosion rate was guided to an expected decline of 35% vs. the prior 37% rate. Management also spoke of their confidence in the 2024 outlook given encouraging development from its two rising immunology drugs, Skyrizi and Rinvoq. The company has guided that these two drugs could bring in more than $15 billion in annual combined sales by 2025 and Skyrizi performed particularly well over the quarter, with sales of $1.88bn, 6% ahead of consensus. The outlook remains positive as, coupled with the immunology performance, growing strength from the Aesthetics portfolio has bolstered investor confidence and shows that the firm has a healthy & diversified pipeline to drive future growth.

Henkel was the Fund's worst performer over July, down -3.5%. There were no large developments over the month to seemingly explain the period of underperformance, however, investors may well be watching Henkel's earnings closely, which are released in early August, to see if the continued price increases are feeding through to lower volumes. Henkel's pricing has been more aggressive relative to European category peers; therefore, the market may well be pausing to see the impact it has on Henkel's sales volumes. Additionally, where the outlook for US Staple businesses has been strong this earnings season, there have been signs of weakness for some European peers, and auto manufacturing has also been muted which is a headwind for Henkel's adhesives business. However, the business has shown resiliency during prior periods of macroeconomic volatility, and we believe the firm is well placed to continue growing, irrespective of the uncertain European operating environment.

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As of 07/31/2023	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception (03/30/2012)
DIVS at NAV	13.03%	12.66%	13.35%	10.55%	9.47%	10.44%
DIVS at Market Price	12.99%	12.50%	13.45%	10.61%	9.50%	10.47%
MSCI World NR	18.95%	13.48%	11.67%	9.11%	9.30%	9.79%

As of 06/30/2023	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception (03/30/2012)
DIVS at NAV	10.84%	15.63%	14.05%	11.15%	9.81%	10.33%
DIVS at Market Price	11.28%	16.00%	14.32%	11.31%	9.88%	10.40%
MSCI World NR	15.09%	18.51%	12.18%	9.07%	9.50%	9.55%

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

30-Day SEC Yield (as of 7/31/23): 1.52% subsidized | 1.21% 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.

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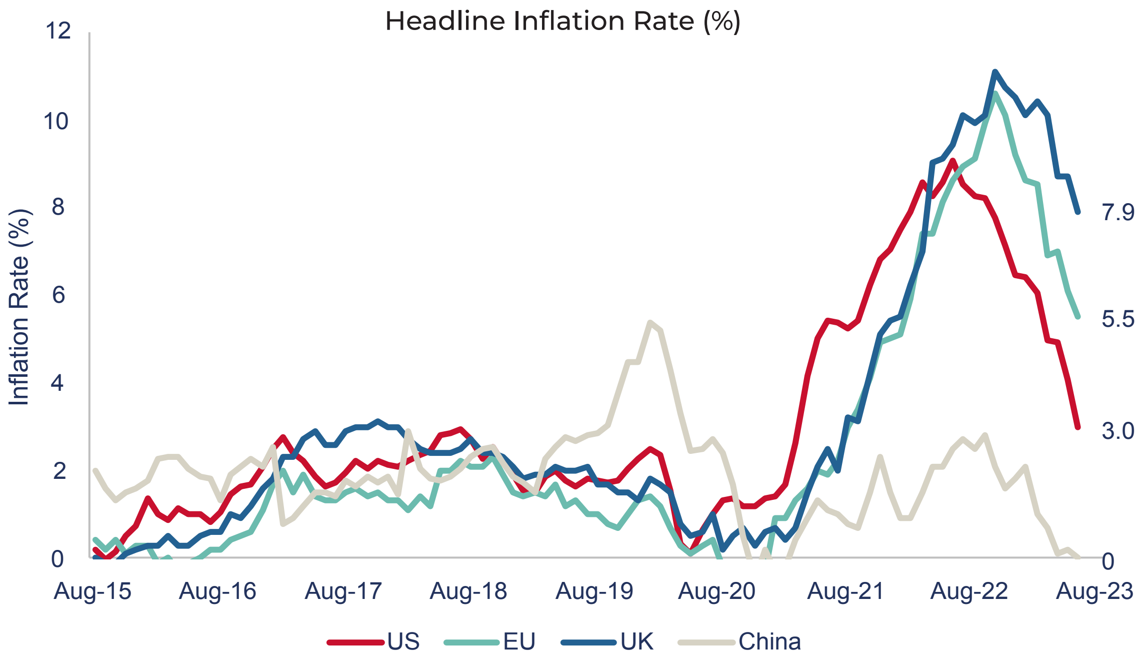
What did we see in July 2023?

Inflation is Cooling

Positive inflation data over the month of July (both headline & core figures) point to moderating price increases across a range of economies, most notably in America and Canada. In the US, headline inflation slowed to 3%, its lowest level on an annual basis since March 2021, and was supported in large part by declining energy costs. Furthermore, Core Consumer Price Index (CPI), which strips out the more volatile food and energy prices, came in at 4.8% a material improvement from 5.3% just one month prior. The latest figures came in softer than the market had anticipated as decelerating prices continued on the path towards more normalized rates, as the Fed aims to bring inflation back towards their 2% target. This positive news was compounded by signs of moderating prices in the Eurozone. While the headline figure of 5.5% in June still has a long way to go to reach the European Central Bank's 2% target, it is a material month on month improvement (6.1% in May) and is heading in the right direction.



Source: Bureau of Labor Statistics (US), Office for National Statistics (UK), Eurostat (EU), National Bureau of Statistics (China). Data as of July 31, 2023.

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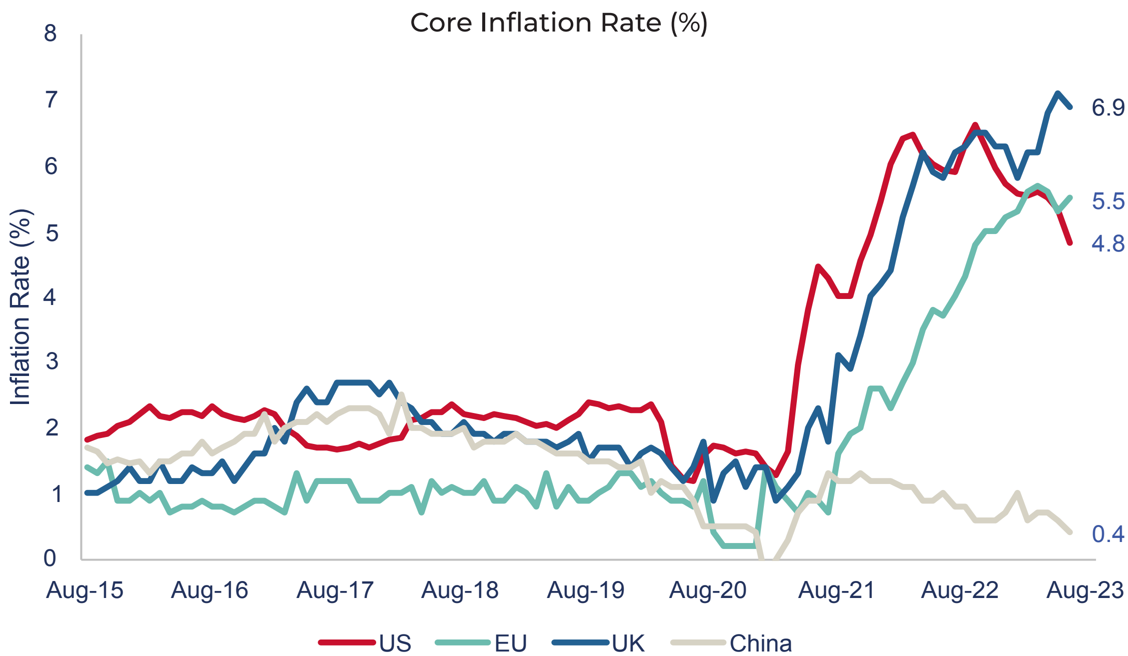
What did we see in July 2023? (continued)



Source: Bureau of Labor Statistics (US), Office for National Statistics (UK), Eurostat (EU), National Bureau of Statistics (China). Data as of July 31, 2023.

It is worth noting that the latest data is just one positive read and that there are still signs of caution on the horizon. The Bank of Japan surprised the market in July, on news that they had de facto abolished their strict yield curve control policy, causing Japanese yields to climb, and the US market to briefly decline. The markets fretted over the short-term impacts of this move, namely the possibility that investors would move out of US credit, favoring the Japanese market instead, although this risk was quickly worked through, as the rally continued to gather steam. Instead, investors focused on the largely positive forward guidance from central banks, as policy makers adopted a reasonably dovish tone.

Accompanying rate hikes from the Fed and the European Central Bank (ECB), policy speeches were perceived to be relatively optimistic. This was led by Jerome Powell's comments that "restrictive" monetary policy was now "putting downward pressure on economic growth and inflation", an acknowledgement of the progress made so far. He did stress that further changes to interest rates would be guided by incoming data but with the data showing promising signs, the market expectation for the path of rates continued to contract, as we near what may well be the final stages of the rate hiking cycle. Finally, reports from China towards the end of the month showed that authorities are considering further monetary policy support to boost the world's second-largest economy, which would be a tailwind for growth and generally bullish for markets.

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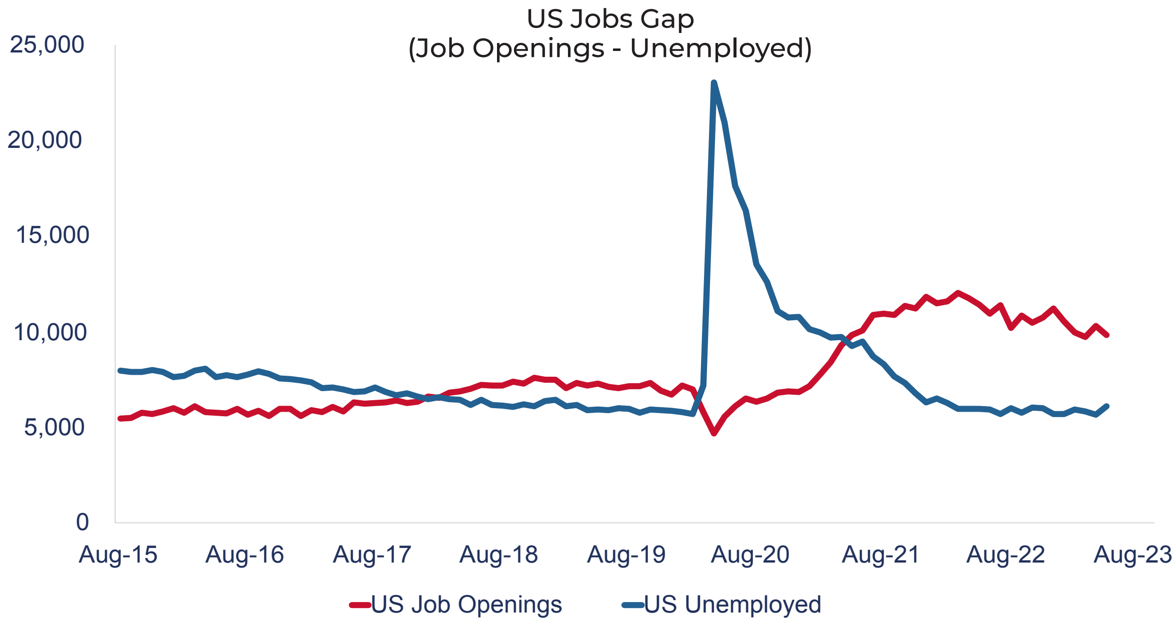
What did we see in July 2023? (continued)

Jobs & GDP: Is a Soft-Landing Back on the Cards?

The change in sentiment outlined above is not only due to falling inflation, but it is also heavily reliant on the perceived strength of the US economy. The closely followed US labor market is at record tightness and shows little sign of easing as the economy continues to create jobs faster than they can be filled. The latest data released over the month showed non-farm payroll employment increased by 209,000 in June and jobless claims fell by 12,000 to 237,000. As shown by the chart below, the gap between open job positions and unemployed workers continues to persist and highlights the strength of the domestic US labor market.



Source: Bureau of Labor Statistics. Data as of July 31, 2023.

Additionally, over the last week of the month, the Commerce Department reported that the economy had expanded at a year-on-year pace of 2.4% in the quarter, well above both the previous quarter's growth rate of 2.0% and consensus expectations of around 1.8%. Both businesses and consumers appeared to remain in good shape and spending freely. Durable goods orders jumped 4.7%, while personal spending rose 0.5% and pending home sales also rose unexpectedly. While there is a significant monetary policy lag (often 12-18 months), the impact on the economy of the fastest rate hiking cycle on record seems largely contained. In sum, the US domestic situation remains robust and therefore investors have priced in a more bullish outlook, driving the latest equity market rally.

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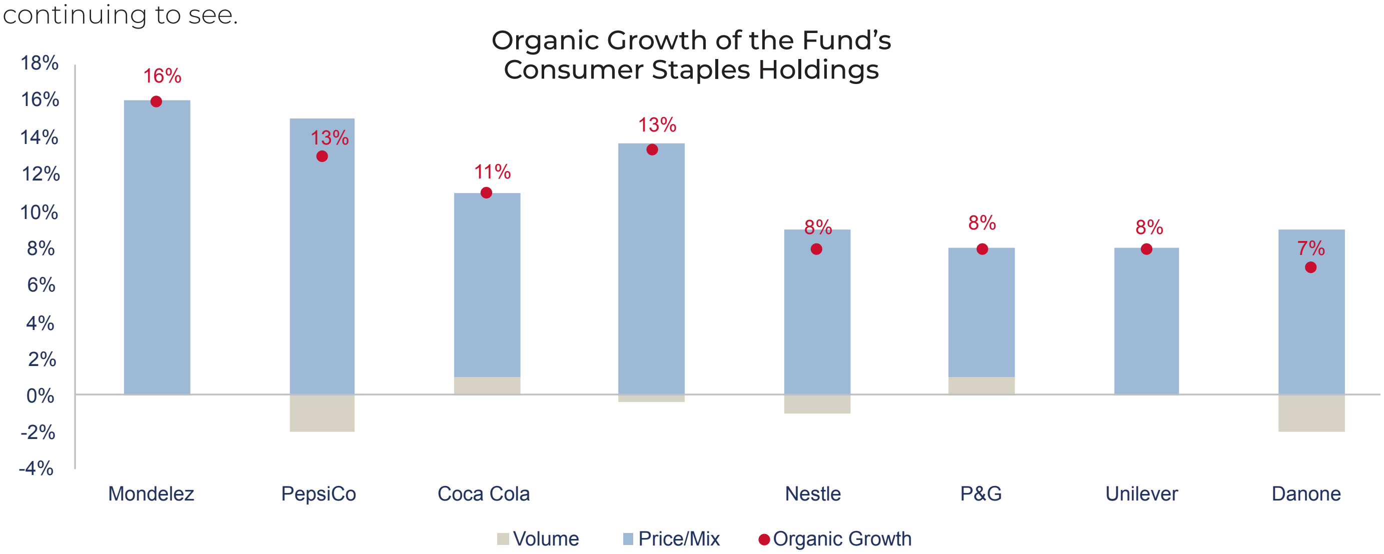
What did we see in July 2023? (continued)

Earnings Season Kicks Off: A Focus on Staples

Over the month of July, earnings season kicked off in earnest with roughly 2/3rds of the S&P500 companies having reported so far. It may be too early to draw full conclusions, but it seems like earnings have been generally positive and the outlook better than feared. This sentiment is particularly true for the Fund's Consumer Staples holdings and, at time of writing, 8 out of the Fund's 10 Staples businesses have reported. The average organic growth across these businesses is 9.4%, with 10.3% being led by price/mix coupled with marginal volume declines (-0.9%). This shows clear inelastic demand and points to the continued investments in brand and marketing that these businesses have been making to drive customer retention despite higher prices. Additionally, 7 out of the 8 companies have upgraded their forward revenue guidance, whereas this was only the case for ~50% of the Fund's Staples holdings in Q1 2023. This points to the generally robust organic growth and strong demand trends that these businesses are continuing to see.



Source: SmartETFs, Guinness Atkinson Asset Management. Data as of July 31, 2023.

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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.

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

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.

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.