DIVS

The SmartETFs Dividend Builder ETF

January 2023 Update

SmartETFs

Portfolio Performance

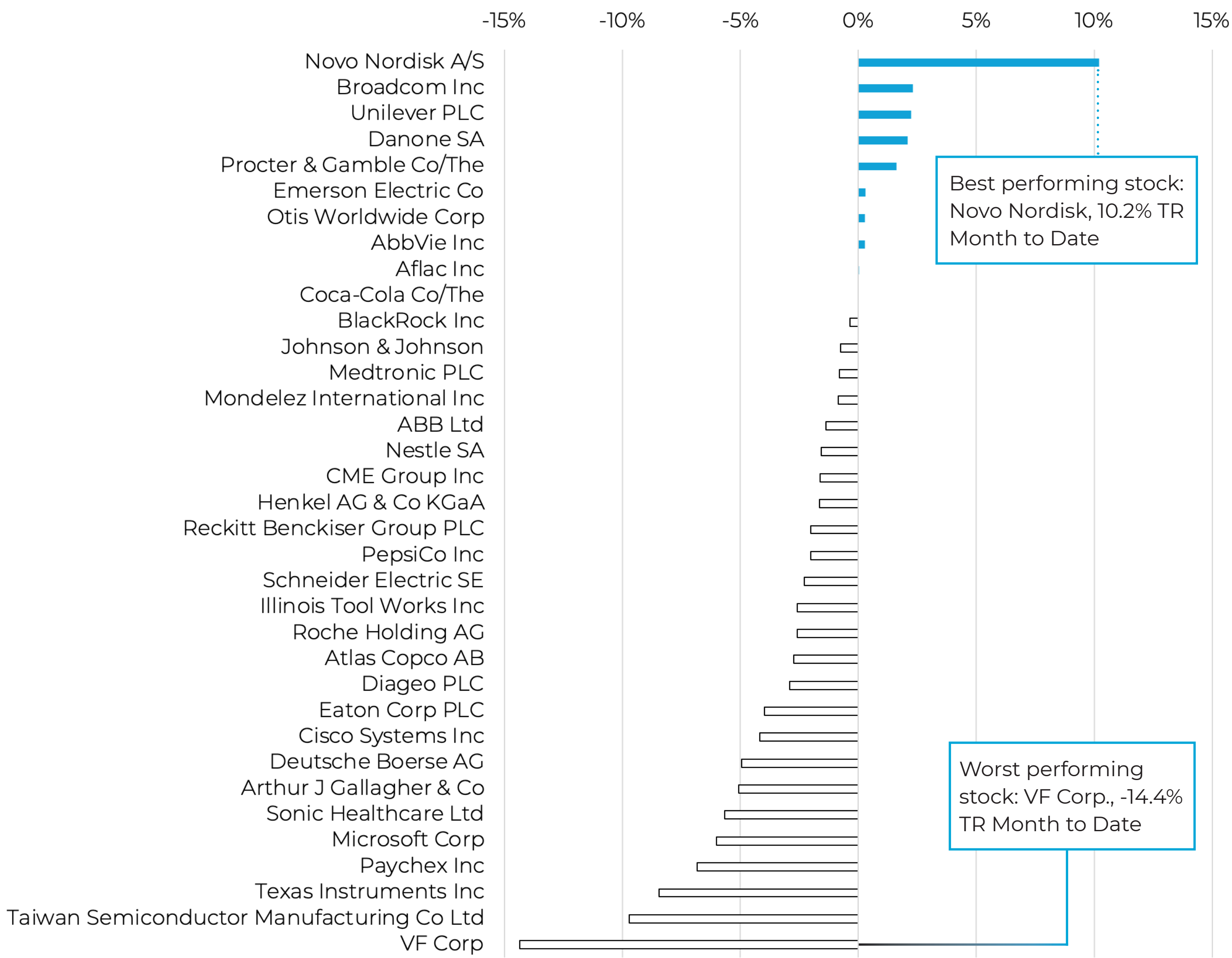
as of 12/31/2022

In December, DIVS was down -2.55% (NAV basis), while the MSCI World Index benchmark was down -4.25%. Year to date, DIVS produced a total return of -9.39%, compared to the MSCI World Index return of-18.14%. DIVS therefore outperformed the Index by 8.75%.

Unprecedented inflation, supply-chain shortages, Russia's invasion of Ukraine, and higher interest rate expectations dominated financial headlines for most of the year, leading equity markets to end 2022 significantly lower. Over the course of the year, being overweight Consumer Staples and underweight IT and Consumer Discretionary sectors benefitted the relative performance of the Fund. Further, strong stock selection within the IT, Industrials and Consumer Staples sectors also aided the Fund's performance. Having zero exposure to Communication Services and Banks was beneficial over the year, whilst owning no Energy stocks (which was the best performing sector in the year) proved a drag.

In the Fund, our focus on quality companies with strong balance sheets and long histories of high return on capital meant that we saw 30 out of our 35 holdings grow their dividend in 2022, 5 kept their dividend flat, and 0 companies cut nor cancelled their dividend. This follows on from 2020 and 2021, when we also saw 0 companies cancel their dividend distribution.

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



DIVS
The SmartETFs Dividend Builder ETF
January 2023 Update

SmartETFs

Portfolio Performance

As of 12/31/2022	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception (03/30/2012)
DIVS at NAV	-9.39%	-9.39%	7.93%	8.84%	10.03%	9.78%
DIVS at Market Price	-9.01%	-9.01%	8.04%	8.91%	10.07%	9.81%
MSCI World NR	-18.14%	-18.14%	4.94%	6.14%	8.85%	8.58%

Expense Ratio: 0.65% (net) | 1.08% (gross)

30-Day SEC Yield (as of 12/31/22): 1.74% subsidized | 1.05% 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.

DIVS
The SmartETFs Dividend Builder ETF
January 2023 Update

SmartETFs

Dividend Actions

In 2022, out of our 35 holdings:

- 30 companies grew their dividend. The average dividend growth of these companies was 9.1%
- 5 companies kept their dividend flat
- 0 companies cut their dividend
- 0 companies cancelled their dividend

This follows the Fund seeing 0 dividend cancellations in 2021 and 2020.

In the Fund, the average dividend growth across all 35 companies was 7.8%.

Our Financial holdings were among the companies with the largest year-on-year dividend increases:

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

The Fund's dividend yield at the end of the quarter was 1.91% (net of withholding tax) vs the MSCI World Index's 2.27% (gross of withholding tax).

A moderate dividend yield is characteristic of the Fund because our focus is not on simply finding the highest-yielding companies, but instead on finding high-quality, cash-generative businesses which can consistently grow their dividend stream year-on-year.

Explicitly screening for persistently profitable companies also means that many industries – regulated sectors such as Utilities, Telecommunications and Banks, and commodity-led sectors such as Energy and Materials – tend not to appear in our investible universe. These excluded industries often contain companies that exhibit the highest dividend yields, though we believe these same companies have a relatively greater risk of dividend cuts (as we saw in 2020) and are less likely to grow their dividend over time.

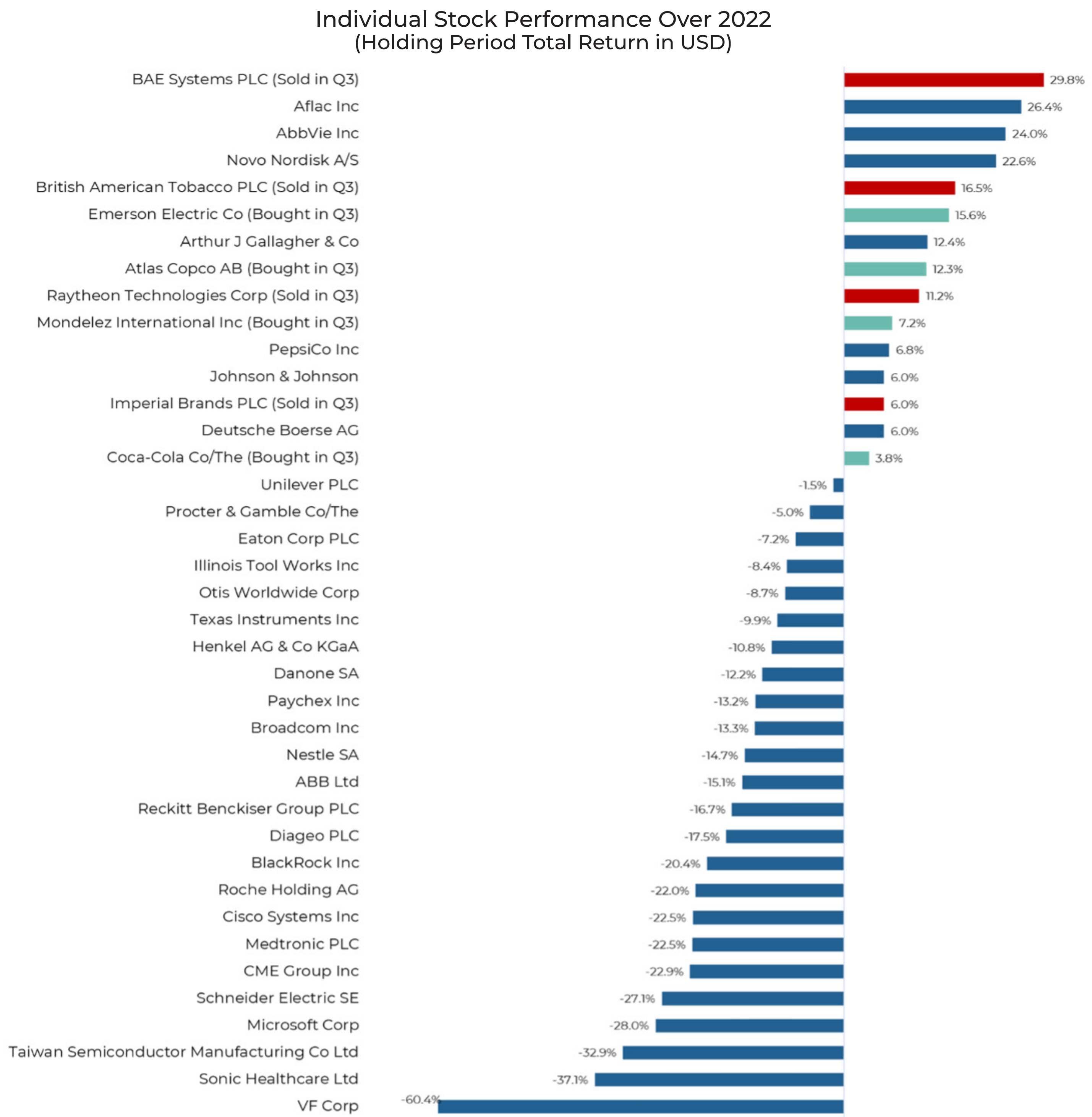
Individual Stock Performance

When we look at how individual companies within the portfolio performed in 2022, we see that out of the top ten, we have four Industrials, two Consumer Staples, two Health Care, and two Financial stocks. This highlights the benefit of our moderate dividend yield and sector-agnostic approach, which can identify opportunities outside of the traditional high-yield or "defensive" areas typically associated with income funds.

continued on following page...

DIVS
The SmartETFs Dividend Builder ETF
January 2023 Update

Individual Stock Performance (continued)



Source: Bloomberg. Data as of December 31, 2022

continued on following page...

Individual Stock Performance (continued)

Aflac was the best performer in the year (+26.4%). Aflac is the largest US-based provider of supplemental health and life insurance to individuals in the US and Japan. Being the largest provider of cancer and medical insurance in Japan, Aflac Japan contributes 70% of total company revenue. Customers are very sticky once they purchase insurance policies, so 95% of revenue in Japan (and 75% of US revenue) is recurring. This provides cashflow stability and finances the dividend which has grown for 39 consecutive years. The company also has a strong balance sheet with little debt-to-equity (24%). These fundamental characteristics of Aflac's business make it a resilient stock when the macro environment deteriorates. The insurance provider also has a conservative investment portfolio in fixed-income instruments and this benefits from rising interest rates.

AbbVie also performed well over 2022 (+24.0%). It was a strong year for the biopharmaceutical giant, who grew revenues ~5% year over year (YoY) and earnings before interest and taxes (EBIT) ~7% YoY off the back of particularly strong demand for its immunology drugs. Notably, AbbVie's blockbuster rheumatoid arthritis medication, Humira, will come off patent in 2023, with investors weighing up the potential impact to sales, given greater market competition. The drug, which was launched in 2003 when AbbVie was still part of Abbott Laboratories, brought in more than $20 billion in revenues last year. CEO Rick Gonzalez expects to see up to 45% erosion in Humira's revenue once the patent cliff hits, however the market has already priced much of this in. Investors remained optimistic given AbbVie's immense pipeline coming to market over the coming years, including 65 abstracts across eight different types of cancer that have potential to reach FDA-approved status. Additionally, AbbVie's biopharma portfolio seems well placed to fill the Humira void. Two new immunology drugs, Skyrizi and Rinvoq, have been on the market less than 2 years but are expected to bring in $7.5 billion in sales for 2022, ahead of company estimates. This strong showing from their nascent portfolio leaves the company well placed to continue its immunology stronghold and has contributed to the positive sentiment over 2022.

Additionally, the well-known Dividend King grew its dividend 5% to $1.48 a share, which is the 51st year of consecutive increases. We remain confident in AbbVie's ability to outperform going forward, given their robust R&D pipeline, established foothold in core markets, continued revenue growth and ongoing commitment to return excess cash to shareholders.

VF Corp was the worst performing stock over the year (-60.4%). The global clothing manufacturer, whose line-up of high-profile brands includes Vans, The North Face, Timberland, and Dickies, reported results over the year that disappointed and raised concerns regarding gross margins; the company cited air freight costs, higher inventory levels and supply-chain shortages as key factors. Further, softening demand in North America and Europe, along with COVID disruptions in China, called for management to reduce 2023 revenue guidance three times. VF now expects revenue growth for 2023 in the region of +3-4% (previously 5-6%) and earnings per share (EPS) of $2.00-2.20 (was $2.40-2.50).

In terms of shareholder return, VF Corp, which is a dividend aristocrat with 50 years of consecutive years

continued on following page...

SmartETFs

Individual Stock Performance (continued)

of dividend growth, once again announced growth in its dividend this year, and currently trades on a dividend yield of 6.6%. The stock valuation is also attractive from a forward price to earnings (P/E) perspective as the company trades at 14.2x, a discount to the market and below its 10-year average. The opportunity for a multiple re-rating comes not only from changing macro conditions but also if the company is successfully able to improve gross margins by growing its direct-to-consumer sales channels.

Sonic Healthcare also performed poorly in the year (-37.1%). The Australian healthcare company provides medical diagnostic services to clinicians, hospitals, community health services and private patients globally, and most revenue (c.85%) is generated from Pathology. While the company's share price has benefitted from increased demand for COVID PCR tests over the last two years – and particularly in December 2021 due to the Omicron variant – investors took profits in the subsequent quarters with most regions seeing COVID cases moderate. Furthermore, Sonic Healthcare reported that some testing clinics in Australia, Sonic's largest revenue market, had to close due to supply chain issues which led to a shortage of testing equipment.

More broadly, we see Sonic Healthcare as having a strong market position in a consolidating industry, which provides opportunities to gain market share and boost organic growth. The company has a strong balance sheet with little debt and a high persistent cashflow return on investment; the dividend has also grown every year for the last ten.

Portfolio Positioning

We continue to maintain a fairly even balance between quality defensive and quality cyclical/growth companies. We have approximately 45% in quality defensive companies (e.g. Consumer Staples and Healthcare companies) and around 55% in quality cyclical or growth-oriented companies (e.g. Industrials, Financials, Consumer Discretionary, Information Technology).

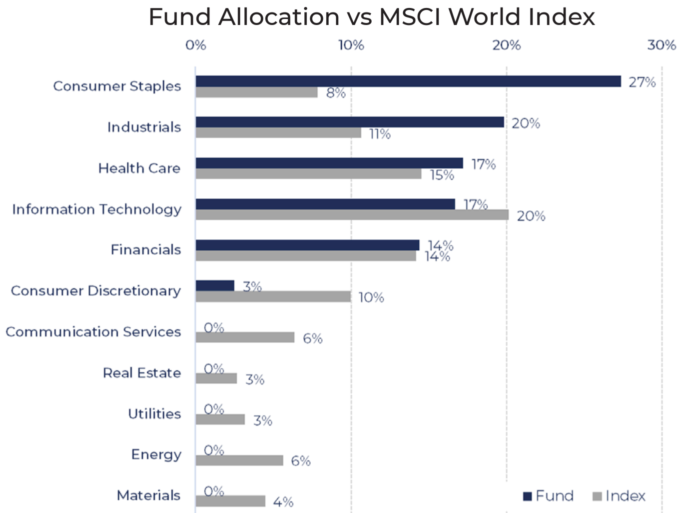
While the defensive names tend to have lower beta and hold up better when markets are falling, the cyclical holdings allow the Fund to maintain performance when markets are rebounding and rising. We believe that within these more cyclical sectors we are owning the "quality" businesses. All the companies we seek to invest in have strong balance sheets and a history of performing well in difficult market environments. Within Financials, for example, while we do not own any Banks, which helps to dampen the cyclicality of our Financials, we do own exchange groups such as CME and Deutsche Boerse (which do well in periods of market volatility as volumes tend to increase at these times which results in higher revenues for the exchanges).

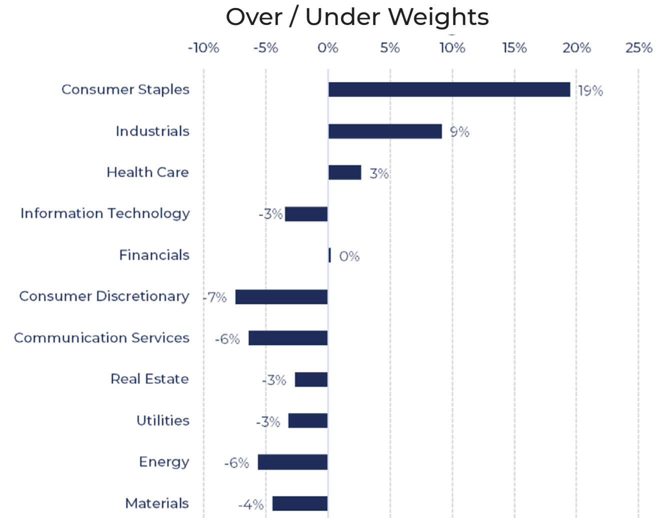
The Fund also has zero weighting to Energy, Utilities, Materials, Real Estate and Communications. The largest overweight is to Consumer Staples.

continued on following page...

Portfolio Positioning (continued)

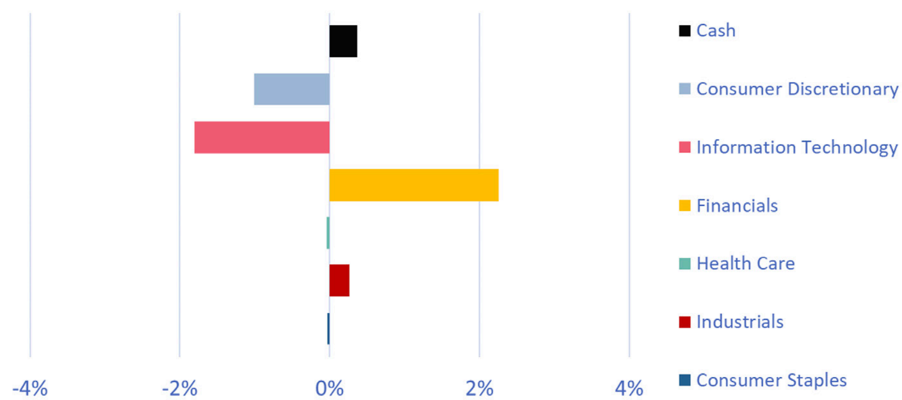
Sector Breakdown of DIVS vs MSCI World Index





Source: Guinness Atkinson Asset Management, SmartETFs, Bloomberg. Data as of December 31, 2022

Year on Year Change in Sector Breakdown
December 31, 2022 vs December 31, 2021



Source: Guinness Atkinson Asset Management, SmartETFs. Data as of December 31, 2022

In terms of geographic exposure (chart on following page), the largest overweight remains Europe ex-UK, though we are diversified around the world with 60% in the US, 33% in Europe and 5% in Asia-Pacific. Within the Asia-Pacific region we have one company listed in Taiwan (Taiwan Semiconductor) and one company listed in Australia (Sonic Healthcare).

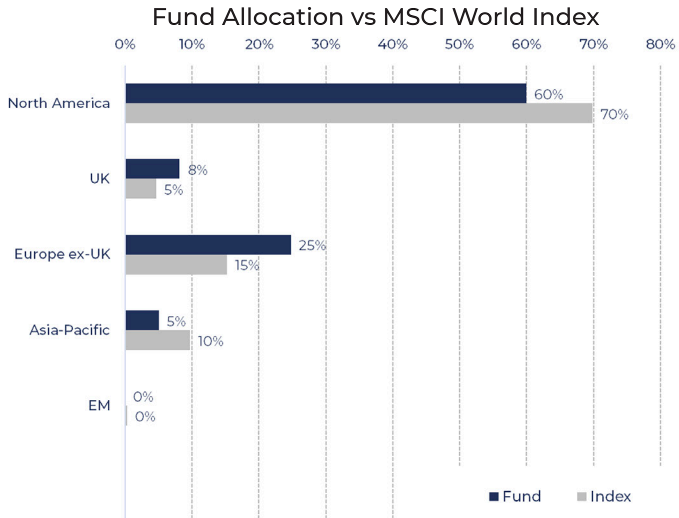
continued on following page...

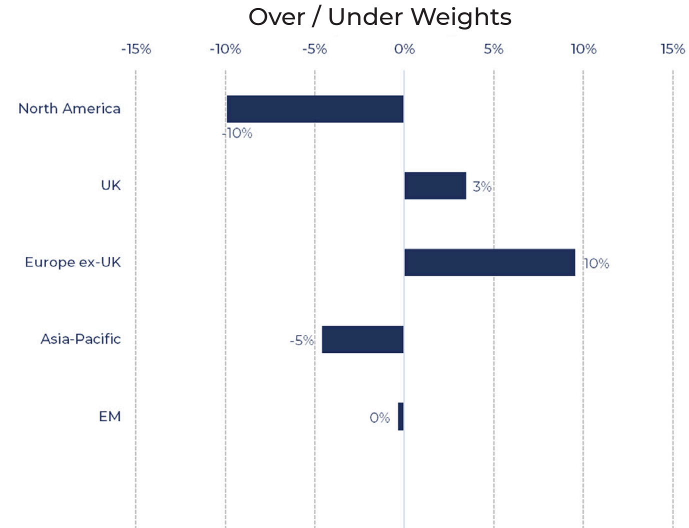
DIVS
The SmartETFs Dividend Builder ETF
January 2023 Update

SmartETFs

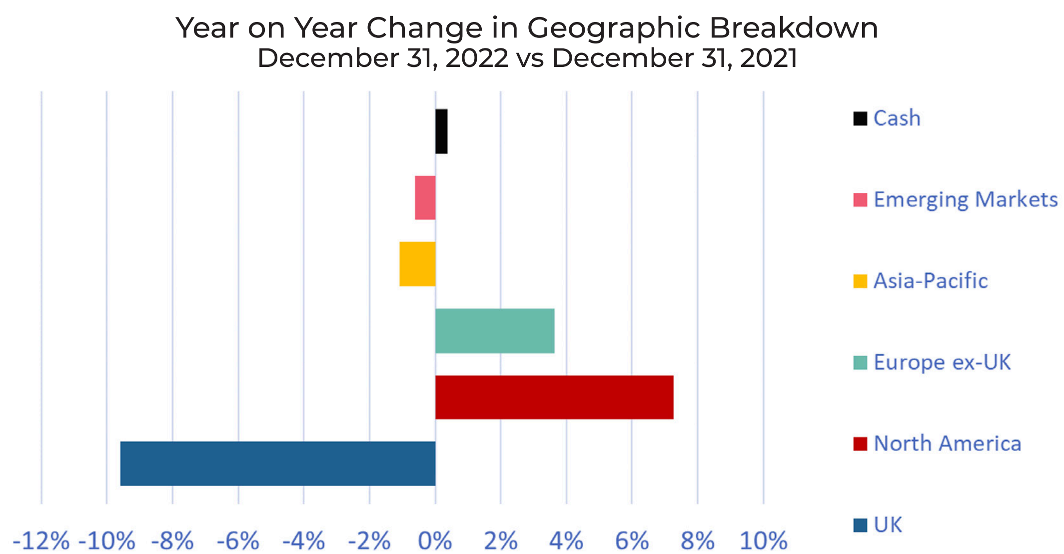
Portfolio Positioning (continued)

Regional Breakdown of DIVS vs MSCI World Index





Source: Guinness Atkinson Asset Management, SmartETFs, Bloomberg. Data as of December 31, 2022



Source: Guinness Atkinson Asset Management, SmartETFs. Data as of December 31, 2022

continued on following page...

DIVS

The SmartETFs Dividend Builder ETF

January 2023 Update

SmartETFs

Outlook

The four key tenets to our approach are: quality, value, dividend, and conviction. We follow these metrics at the portfolio level to make sure we are adhering to them.

Portfolio Metrics vs Index

		Fund	MSCI World Index
Quality	Weighted median return on capital	18.5%	8.6%
	Weighted median debt / equity	57%	71%
Value	P/E (2023e)	18.5	15.5
	FCF Yield (LTM)	4.8%	6.2%
Dividend	Dividend Yield (LTM)	1.91% (net)	2.27% (gross)
	Weighted average payout ratio	60%	42%
Conviction	Number of stocks	35	1650
	Active share	89%	-

Source: Guinness Atkinson Asset Management, SmartETFs, Bloomberg. Data as of December 31, 2022

While the Fund tends to trade at a discount to the broader market, at the end of the year the Fund was trading on 18.5x 2023 expected earnings; a c.22% premium to the broad market. This has been because of the Fund's relative outperformance in the near term and potentially reflects a market multiple which is already discounting a drop in earnings. If the "E" in the market P/E ratio is actually expected to fall (as many commentators are alluding to, due to the slow reaction of company analysts to a changing macro environment) then, all things equal, the P/E ratio of the market should, in fact, be higher. This blunt analysis also assumes that the Fund's "E" is less likely to fall – which we can argue makes sense given the higher quality characteristics seen across the Fund's holdings. We will have to wait and see how this progresses in 2023, but it is clear that the market is anticipating the upcoming earnings seasons to result in downgrades of earnings at the index level. We also note the outsized effect of the Energy sector on Index multiples today. Despite accounting for approximately 6% of the benchmark, the Energy sector currently trades at P/E levels of 7.1X 2023 and looking at the benchmark ex-Energy we estimate the P/E to be around 16.6X, a c.11% discount to the Fund.

As we look ahead to 2023, we are confident that all the companies we own in the Fund have persistently high profitability, low leverage, trade at reasonable valuations, and have good potential for dividend growth. With this in mind, we believe there are several reasons why in the current economic environment the Fund protects against higher inflation and higher interest rates:

- We seek companies that have persistently generated a return on capital greater than cost of capital. Companies that have achieved this feat tend to have done so due to their competitive advantages – or moats – that often allow them pricing power (which insulates them from inflation) since higher input costs can be passed on to consumers.

continued on following page...

Outlook (continued)

- We seek companies which have low leverage. These companies tend to be cash generative and do not need to excessively borrow to fund their operations or fuel their growth (or return capital to shareholders). Highly leveraged companies are at risk of having to make higher interest payments should interest rates rise. Refinancing debt would also be at comparatively unfavorable terms, and this has opportunity costs for the use of the company's capital.
- We seek companies capable of sustainably growing their dividend. Although we are an income fund, we look only for companies capable of growing their dividend over time, which gives some protection from inflation on a relative basis to fixed or slowly growing income generating assets. It is also worth noting that over the long term, dividend growth tends to match or better long term inflation meaning these income streams generally continue to grow in real terms.
- We seek companies trading at reasonable valuations. Higher interest rates – and the associated higher discount rates – reduce the present value of future cashflows. This tends to disproportionately affect growth companies which typically trade on lofty valuations given their higher expected future growth.

We also note that the defensive nature of the portfolio – which has outperformed in all market corrections since launch in 2012 – gives us confidence heading into what, currently, appears uncertain markets. We believe the holdings we have selected in the Fund remain very robust and are well placed to weather whatever the new year brings; 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.

There's more where that came from!

Join our newsletter at SmartETFs.co/newsletter or follow us on Twitter @SmartETFs!

DIVS

The SmartETFs Dividend Builder ETF

January 2023 Update

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.

Price to Earnings (P/E) Ratio is the ratio for valuing a company that measures its current share price relative to its earnings per share. It is also sometimes known as the price multiple or earnings multiple.

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

Free Cash Flow Yield is a financial solvency ratio that compares the free cash flow per share a company is expected to earn against its market value per share.

Weighted Average Payout Ratio shows the proportion of earnings a company pays its shareholders in the form of dividends, expressed as a percentage of the company's total earnings.

Basis Points (BPS) refers to a common unit of measure for percentages in finance. One basis point is equal to 1/100th of 1%, or 0.01%, or 0.0001, and is used to denote the percentage change in a financial instrument.

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 anad 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.

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.