DIVS

The SmartETFs Dividend Builder ETF

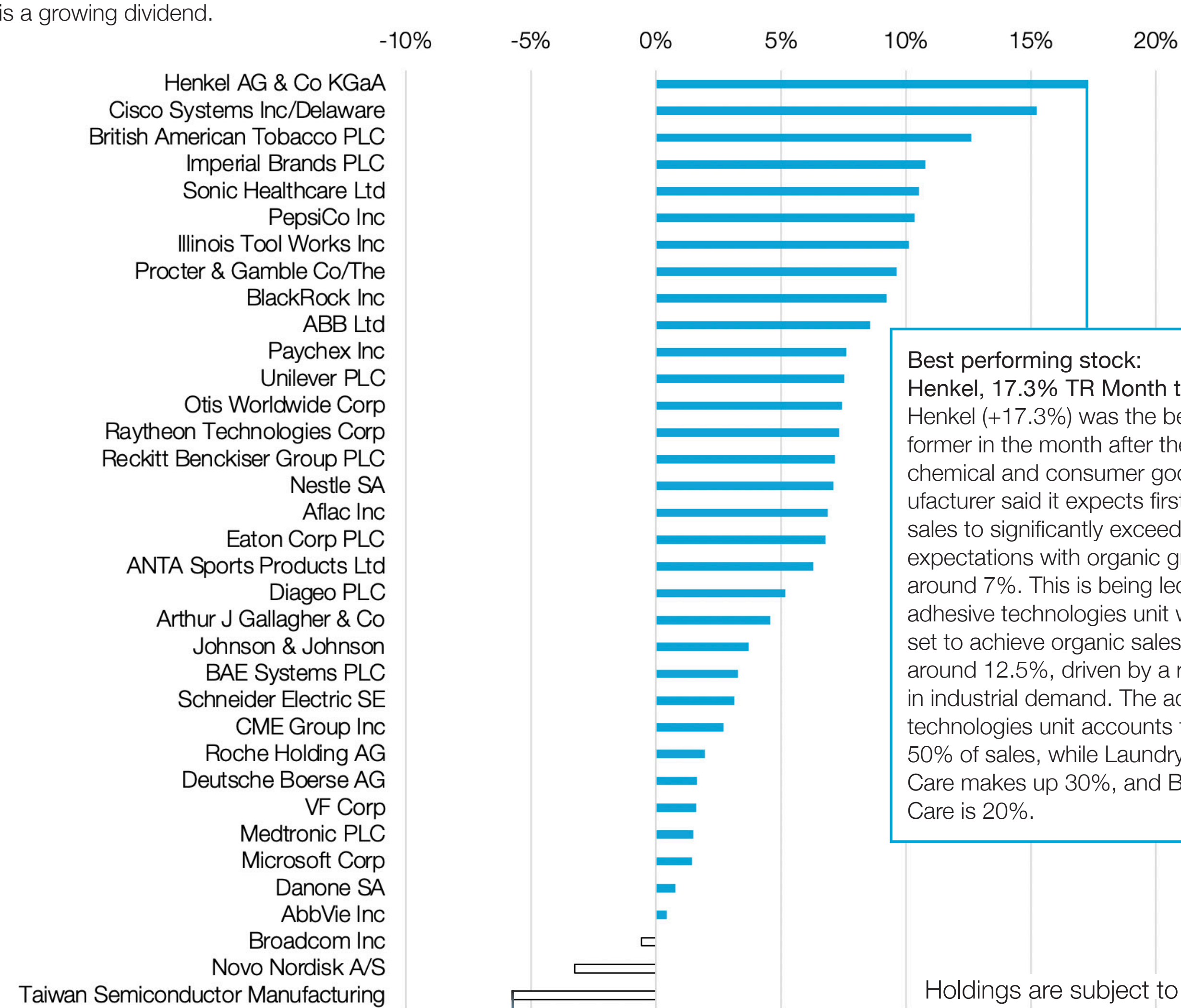
April 2021 Update

SmartETFs

Portfolio Performance

as of 03/31/2021

Goodbye GAINX, hello DIVS! The Dividend Builder Fund is now the Dividend Builder ETF. Same investment management team, the same focus on quality dividend paying companies around the globe, but now new and improved! Through the first quarter DIVS has produced a total return of 4.00% (both NAV and market basis) and for the twelve months ending March 31 DIVS has returned 43.35% (both NAV and market basis). More performance data can be found at the top of page two. There's been some market chatter about a possible pickup in inflation. We don't know if we're heading into an inflationary period or not. But we're comforted by the notion that dividend paying companies have historically provided a reasonable hedge against inflation. See pages three and four for a discussion of dividends and inflation. One reason we like dividends is that they can grow over time. Like we say, the only thing better than a dividend is a growing dividend.



Best performing stock:
Henkel, 17.3% TR Month to Date
Henkel (+17.3%) was the best performer in the month after the German chemical and consumer goods manufacturer said it expects first-quarter sales to significantly exceed market expectations with organic growth of around 7%. This is being led by its adhesive technologies unit which is set to achieve organic sales growth of around 12.5%, driven by a recovery in industrial demand. The adhesive technologies unit accounts for almost 50% of sales, while Laundry & Home Care makes up 30%, and Beauty Care is 20%.

Holdings are subject to change.

Worst performing stock: Taiwan Semiconductor Manufacturing Co. Ltd. (TSMC), -5.7% TR Month to Date
TSMC (-5.7%) was the worst performer in the month as investors worried about an Intel plan to return to the foundry business. Intel CEO Pat Gelsinger announced it would invest US$20 billion to build two new fabs in Arizona, as well as develop a new stand-alone foundry business to make chips for other companies. So far, Intel has lagged behind TSMC in advancing chip manufacturing technologies. The US chipmaker said it is to enter the final design stage of 7-nanometer chips this year, while TSMC plans to start mass production of 3-nanometer chips next year. As the world's largest dedicated foundry (contract chip manufacturer), TSMC has 50% global market share and the most advanced process technologies. With annual capex of around $15bn, there is a wide moat around TSMC's monopolistic R&D capabilities. The company also benefits from numerous growth trends - such as 5G, electric and autonomous vehicles, AI, big data - which require high performance computing chips.

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As of 03/31/2021	YTD	1 Year	3 Year	5 Year	Since Inception (03/30/2012)
DIVS at NAV	4.00%	43.35%	11.98%	12.27%	10.88%
DIVS at Market Price	4.00%	43.35%	11.98%	12.27%	10.88%
MSCI World NR	4.92%	54.03%	12.80%	13.35%	10.96%

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

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, 2024.

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.

Dividend Update

So far, in 2021, we have had dividend updates from 20 of our 35 holdings:

- 16 companies announced increases for their 2021 dividend vs 2020.
- 3 companies announced a flat dividend vs 2020.
- 1 company announced a modest cut to its dividend vs 2020.
- 0 companies announced dividend cancellations.

This follows the Fund seeing 0 cancellations also in 2020.

So far, in the Fund, the average dividend growth announced for 2021 stands at 7.3%, and our Financial holdings have declared the largest year-on-year dividend increases.

continued on following page...

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Dividend Update

The three companies which held their dividend flat for 2021 – Henkel, Reckitt Benckiser, and ABB – all cited cautiousness and uncertainty as reasons for capital preservation. These 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.

- Henkel and ABB both have a low net-debt-to-equity of 6% and 11% respectively.
- Reckitt Benckiser's figure stands at 97%, though this is as a result of the company re-leveraging to finance the $18bn acquisition of Mead Johnson. The debt is very manageable given the cash-generative nature of RB's business and the interest expense is covered 8-times by earnings.

Danone, the one company to announce a cut in its dividend (by 7.6%) for 2021, grew its dividend in 2020 (by 8.3%). 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 organic growth has come via strong demand in China and greater direct-to-consumer sales online. However, 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 has 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 has decided to reduce the dividend payment to reflect 2020's lower earnings. The reduced dividend (€1.94/share) is exactly the equivalent of the dividend paid by the company in 2019, and 7.6% less than 2020 (€2.10/share). This reflects the company's 13.2% decline in earnings in 2020 (from €3.85/share in 2019 to €3.34/share in 2020).

Interesting News

Global equities advanced in the first quarter in 2021, supported by (1) the roll-out of COVID-19 vaccines, (2) news of further US fiscal stimulus, and (3) a pledge by the Fed Chairman, Jerome Powell, to keep interest rates lower-for-longer to help support the economic recovery. One year on from when equity markets bottomed, the MSCI World Index has rallied 79% (in USD) and is 18% above its pre-COVID highs. Over Q1, the MSCI World Index rose 5% (in USD) and all regions registered gains, though markets were choppy and repeatedly tested as optimism drove bond yields higher.

Energy was the best performing sector with both WTI and Brent Crude Oil prices hitting new one-year highs in February, and Financials also did well as Banks benefitted from higher inflation and interest rate expectations. As these sectors participated in what is known as the reflationary trade, this helped markets like the UK perform strongly given higher exposure to these sectors.

Despite no exposure to Energy and Banks stocks, we still believe that the Fund is somewhat naturally hedged against inflation given its focus on dividend-paying – and specifically dividend-growing – companies. Since the 1940s, over rolling ten-year periods to each year end, the average growth in the S&P 500 companies' dividends per share is 4% per year. Over the same period, inflation grew at 2% (consumer price index (CPI) calculated by the US Bureau of Labor Statistics). Indeed, looking at the correlation of dividend growth to inflation over rolling ten-year periods, as shown in the figure

continued on following page...

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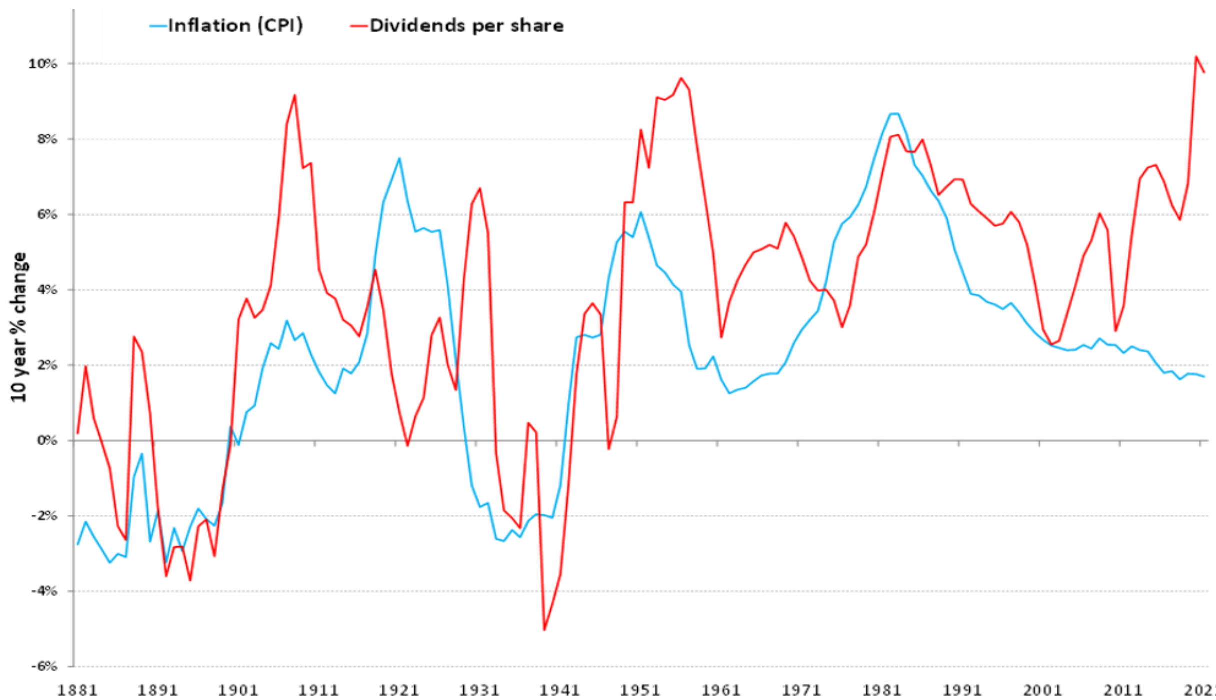
Interesting News

below, we can see a strong relationship overall (correlation 0.80). This shows that investing in divided-paying companies can, over the long term, provide an inflation hedge, in the sense that the income received in the form of dividends grows in line (or often at a higher rate) than inflation.

Rolling 10-year Growth in Inflation (CPI) and S&P Dividends per share
January 1881 to January 2021



Source: Robert J. Schiller, stock market data used in "Irrational Exuberance", Princeton University Press, Data as of March 31, 2021

There's more where that came from!

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Disclosure

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.