DIVS
The SmartETFs Dividend Builder ETF
May 2022 Update

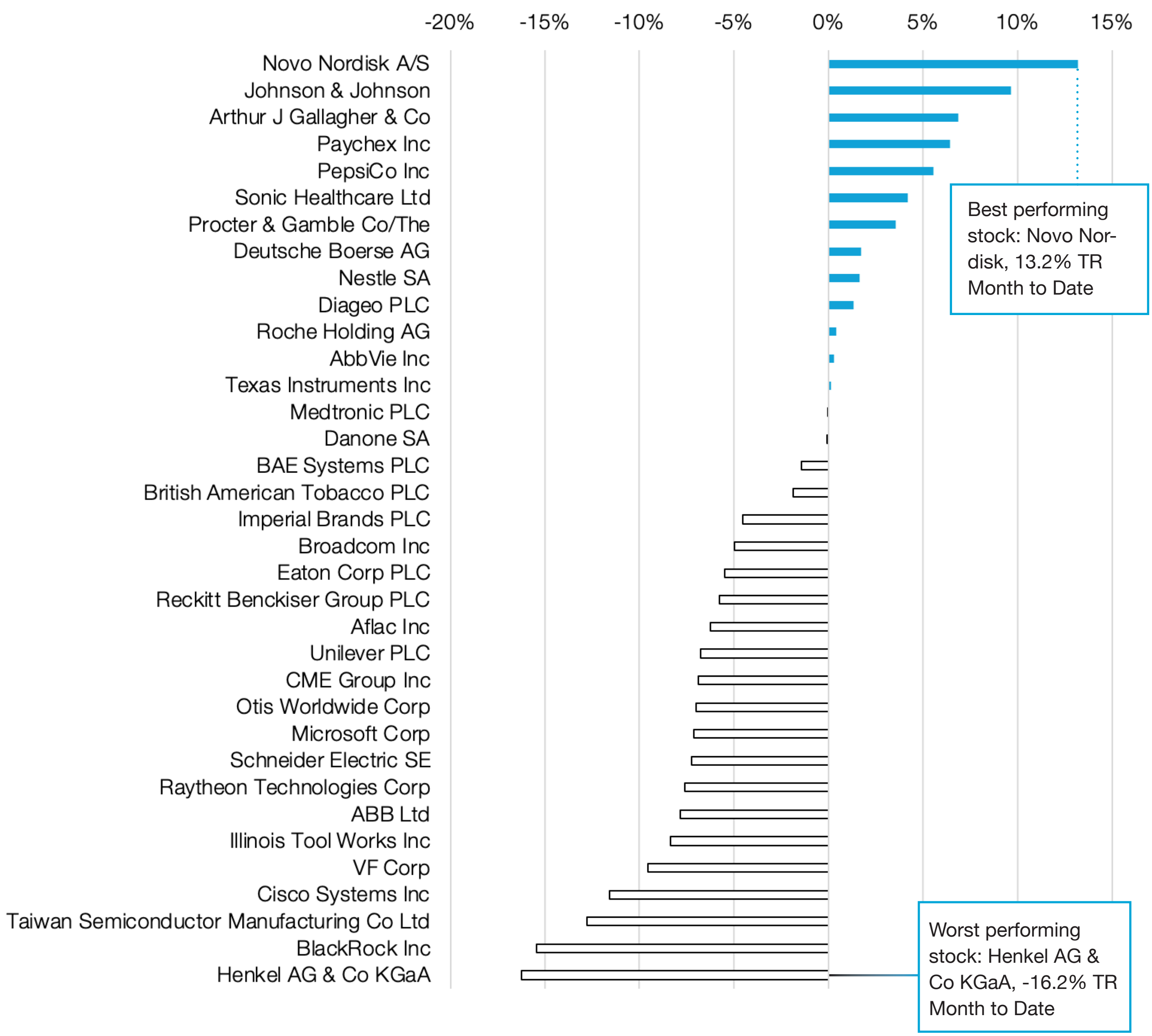
SmartETFs

Portfolio Performance

as of 4/30/2022

In April, DIVS was down -4.31% (NAV basis), while the MSCI World Index benchmark was down -8.31% (in USD). In April, global equity markets continued their Q1 sell-off as the Ukraine war, Chinese lockdowns, supply-chain disruptions, and the prospect of substantially tighter US monetary policy all weighed on investor sentiment. Growth stocks – and those on higher valuation multiples – continued to be worst affected, while defensive sectors and value oriented stocks performed relatively better. This proved beneficial to the Fund in April, and has aided outperformance and the benchmark in the month and year-to-date.

Holdings are subject to change.



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As of 4/30/2022	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception (03/30/2012)
DIVS at NAV	-7.79%	5.04%	11.92%	11.78%	10.77%	10.66%
DIVS at Market Price	-7.84%	4.57%	11.86%	11.75%	10.75%	10.64%
MSCI World NR	-13.03%	-3.52%	10.40%	10.16%	10.05%	9.83%

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) | 1.08% (gross)

30-Day SEC Yield (as of 4/30/22): 1.40% subsidized | 0.89% 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.

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Dividends Review

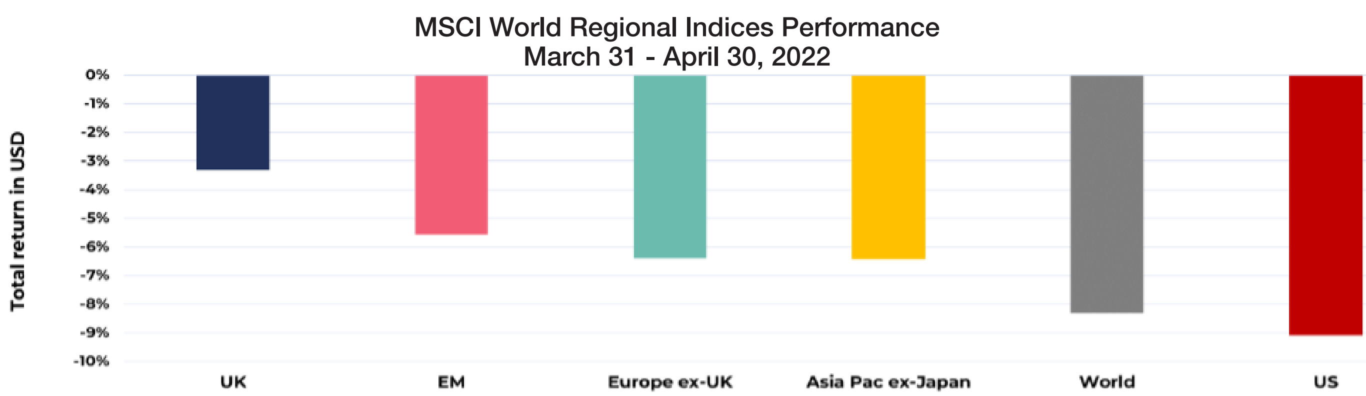
So far, in 2022, we have had dividend updates from 23 of our 35 holdings, and the average dividend growth in the Fund has been 8.3%.

- 20 companies announced increases for their 2022 dividend vs 2021. The average dividend growth of these companies has been 9.1%.
- 3 companies announced a flat dividend vs 2021.
- 0 companies announced dividend cuts.
- 0 companies announced dividend cancellations.

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

Market Review

The MSCI World Index fell -8.27% (in USD), posting its worst monthly decline since March 2020.



Source: Bloomberg. Data as of April 30, 2022.

The US was the weakest performing region in April and the end of the month also marked the S&P 500 Index's worst monthly return (-8.72%) since March 2020 (and its worst start to the year since 1939!). The tech-heavy Nasdaq Index suffered more, falling 13.24% in April, posting its biggest monthly drop since the Global Financial Crisis in October 2008. Weakness in the market has predominately been driven by fears that the US Federal Reserve (Fed) will have to be more aggressive in its monetary policy to tame the current record inflation. Several members of the Fed's Board of Governors used speeches in April to highlight their desire to take rates back to neutral as quickly as possible, and the market has now priced 50 basis point hikes at each of the Fed's next three meetings – a path that Fed Chair Jerome Powell hinted was perfectly feasible during a panel discussion at the International Monetary Fund (IMF).

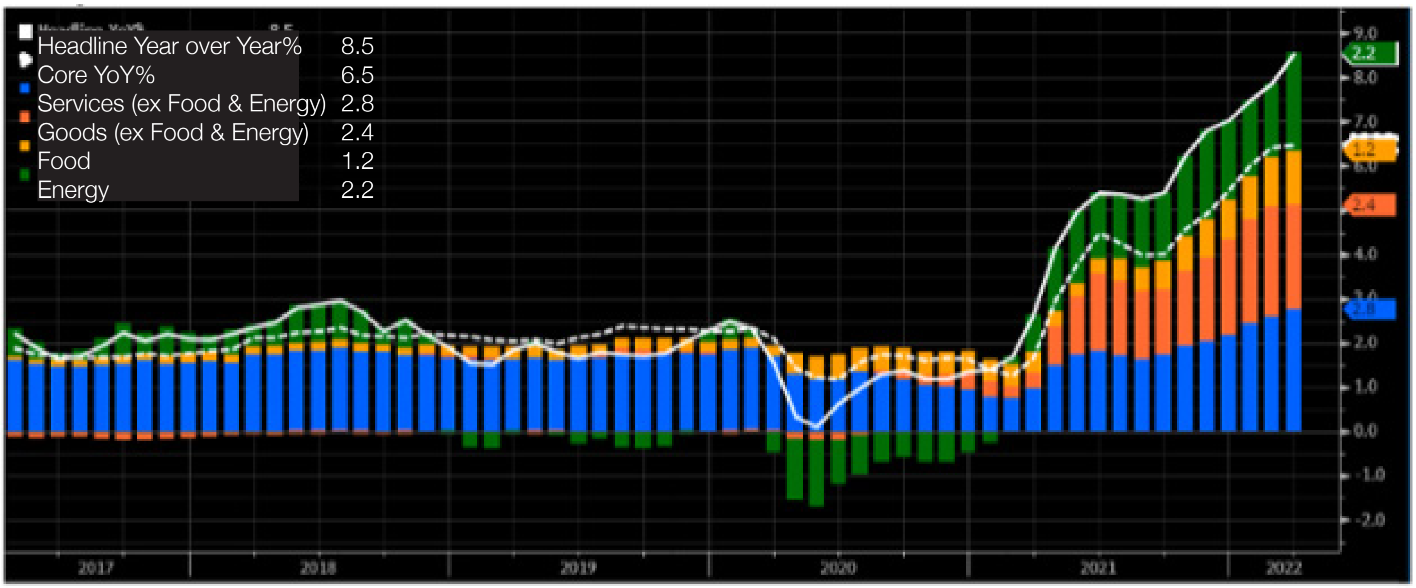
Bond markets reacted sharply to Powell's more hawkish tone as US 2-year and 10-year yields rose by 38 basis points (bps) and 60 bps respectively in April. Unsurprisingly higher duration assets sold off most; value continued its outperfor-

Market Review

mance vs growth, and defensive sectors outperformed their cyclical counterparts.

Headline US CPI inflation increased 1.2% in March, a sharp pick-up from February. This took the annual rate of inflation to 8.5% from 7.9%, its highest level since December 1981.

Headline US CPI Inflation Breakdown



Source: Bloomberg. Data as of April 30, 2022.

Much of the higher inflation has been caused by higher energy prices and increasing prices of goods. Though this trend has been fairly persistent since the back end of 2021, it has recently been reinforced given the Ukraine invasion and China's continuation of its zero-Covid policy. While the ongoing war has impacted global markets mainly via higher fuel prices, the shutdown of 40% of the world's second largest economy has exacerbated existing supply chain challenges. Despite monetary and fiscal stimulus plans, the lack of activity in Shanghai and Beijing dampened Chinese (and global) growth expectations; China's 5.5% growth target for 2022 is now looking increasingly difficult to achieve. (In the Fund, we have no Chinese holdings).

The IMF has reduced its forecast for the expansion in the world economy from 4.4% at the start of the year to 3.6%, with the Eurozone area seeing the largest cut in expected growth, from 3.9% to 2.8%, not least due to the region's reliance on Russian gas and oil. Nonetheless, growth globally has stalled, with the US economy contracting by 0.4% in the first quarter, increasing the possibility of prolonged stagflation, i.e. a combination of stagnant growth and rampant inflation.

The UK was the best performing developed region in April, despite official data showing that the economy slowed more sharply than expected in February, when monthly GDP rose by 0.1%, from 0.8% in January. Meanwhile, the annual rate of UK consumer inflation climbed to 7.0% in March from 6.2% in February (consumer price index), its highest since

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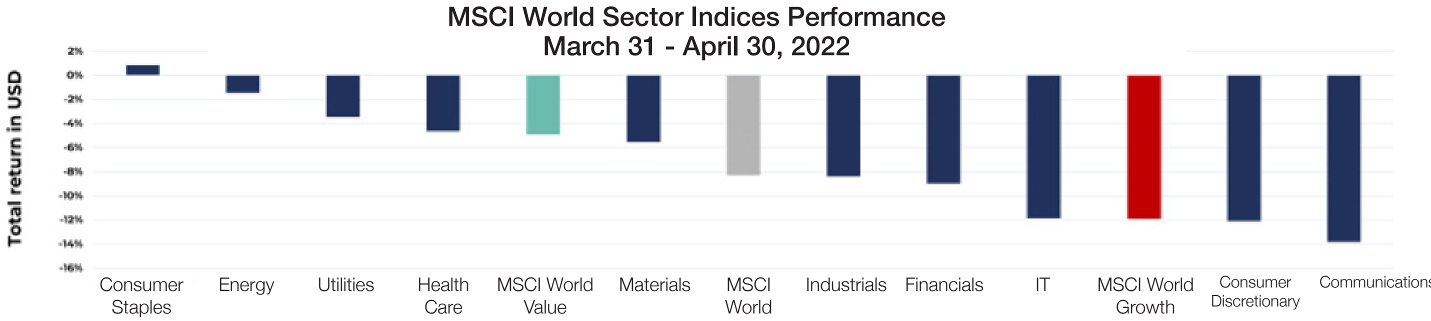
March 1992. Typically, defensive groups provided most of the impetus for the market, notably the Pharmaceutical and the Consumer Staple sectors. Many of these companies are also big Dollar earners and received additional support from the strength of the US currency, especially versus a weak Sterling. This boded well for the Fund in the month; the Fund has a c.19% weighting to the UK (by domicile) compared to c.4% in the MSCI World benchmark index. We note, however, that the UK exposure is lower (c.5%) when considered in revenues rather than domicile, and this is because we have favoured UK-domiciled companies with more global revenue (e.g. Unilever and Imperial Brands).

In terms of geographic exposure, the largest difference between the Fund and the MSCI World Index benchmark is our exposure to the US (as measured by country of domicile). The Fund has c.54% weighting to North America, which compares to the Index at c.71%. This also boded well in April given the weak performance from the US market, which was not helped by several high-profile US tech firms missing earnings expectations.

April saw the start of Q1 2022 earnings prints and companies generally faced difficult comps due to unusually high earnings growth in Q1 2021. In the US, the aggregate earnings growth rate was in the single digits for the first time since Q4 2020. With almost 55% of S&P 500 companies having reported fourth-quarter earnings, we have seen 81% of companies report positive earnings surprises, with an average beat of ~3.5%. This is above the five-year average of 77% but below the five-year average beat of 8.9%.

On the growth front, 67% of companies have reported earnings growth, with an average growth of 3.2%. Generally, the average earnings growth has been lower than the average revenue growth, indicating a margin squeeze from higher materials and labour costs. Coupled with residual pandemic effects, such as the continuing lockdowns in China, supply chain backlogs and further volatility in energy costs as a result of the war in Ukraine, the overall picture for most sectors in April was a gloomy one, with Consumer Staples the only sector posting a gain:



Source: Bloomberg. Data as of April 30, 2022.

Per Bloomberg estimates, Consumer Staples companies overall led the way in terms of the number of companies reporting earnings surprises with 94% beating estimates.

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We wrote in our annual review of 2021:

"We believe that most developed global markets have now likely passed through the "recovery phase" of the economic cycle, where companies that see the fastest recovery in their earnings outperform. We believe we are now in the phase of the cycle where fundamentals will drive returns, i.e. companies that offer steady compounding earnings and reasonable valuation will be rewarded. We continue to see many high-quality Consumer Staples companies trading at valuations around their 5- or 10-year average, which we do not necessarily see in other sectors."

So far in 2022, Consumer Staples have indeed been rewarded for their compounding earnings and reasonable valuations, and this has boded well for the Fund given its overweight exposure (c.27% in the Fund vs c.7% in the benchmark). The sector was the best performing in April and is the second best performing year-to-date (after Energy). Consumer Staples tend to be relatively shorter duration, in that they generate more of their cash flows in the near-term rather than the distant future, and so their valuations are relatively less impacted by higher future interest rates. Further, their defensive qualities come from the fact that the goods they sell (such as low-cost everyday essentials: food, household & personal products, etc) have inelastic demand. This essentially means that if prices increase, demand drops by proportionally less than the price increase – in essence, this allows Consumer Staples to maintain margins by passing on any inflationary costs to the consumer. This is exactly the rhetoric we saw in this quarter's earnings calls for the companies we hold.

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 the Fund has the potential to mitigate 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 – which gives them pricing power. This pricing power can somewhat insulate them from inflation since higher input costs can be passed on to consumers (as demonstrated by the recent results in the Consumer Staples sector).
- 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 unfavourable 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 insulation from inflation on a relative basis compared 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.

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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 anad demand. The price at which quantity supplied equals quantity demanded is the market price.

S&P 500 Index is a market-capitalization weighted index of 500 leading publicly traded companies in the U.S.

Nasdaq Index is a market capitalization-weighted index of more than 3,700 stocks listed on the Nasdaq stock exchange.

Basis Points (BPS) refers to a common unit of measure for interest rates and other percentages in finance.

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.