DIVS

The SmartETFs Dividend Builder ETF

June 2022 Update

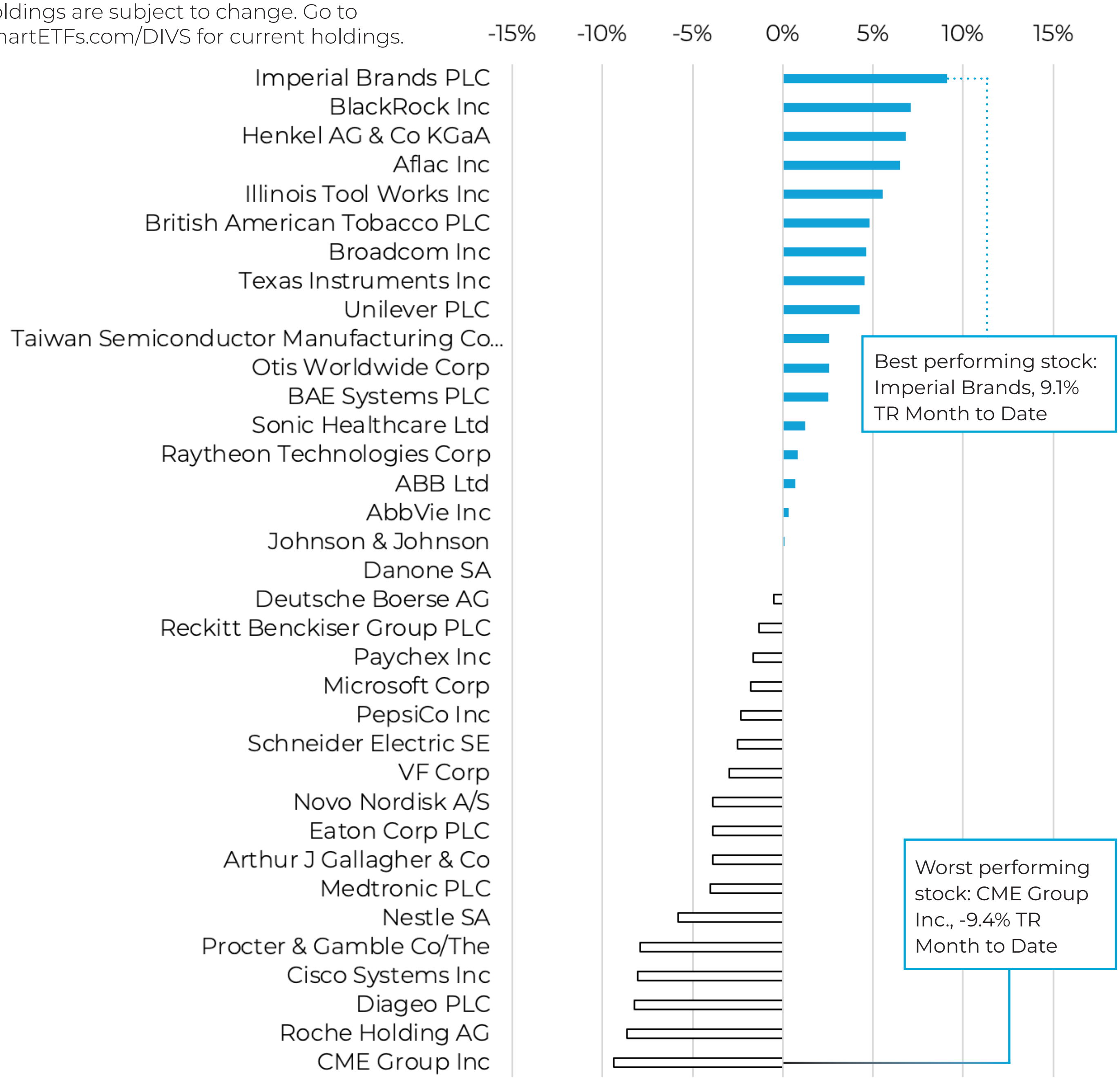
Portfolio Performance

as of 5/31/2022

In May, DIVS was down -0.81% (NAV basis), while the MSCI World Index benchmark was up 0.08% (in USD). Over the month, equity markets continued their descent before staging a rally in the final week. Before the respite, global equities had sustained seven consecutive weeks of losses.

While the falls in the initial weeks were driven by concerns about rising inflation and the negative valuation effect from the higher interest rates needed to tame it, losses were latterly a function of increasing worries about the effect of higher inflation and rates on the real economy and, as a result, on corporate profits. Thus, the market's focus evolved from risks associated with a "rates shock" to those associated with a "growth shock".

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



Portfolio Performance

Imperial Brands was the best performer in the Fund in May (+9.1% in USD). The world's 4th largest cigarette and tobacco manufacturer (by market cap) sells products under brands including Davidoff, West, Golden Virginia, Drum and Rizla. While Imperial Brand's stock has proved resilient year-to-date, particularly strong share price performance in May comes after the company reported pleasing half-year earnings results which beat analyst expectations and saw earnings per share grow 7.7% year-on-year.

Revenues grew 0.3% overall in the half-year; tobacco revenue was up 0.1% as higher prices were able to offset a 0.7% decline in volumes, while sales of its next generation products, which include Pulze heated tobacco and blu e-cigarettes, saw an 8.7% rise, driven by a strong performance in Europe

In addition, management announced that the company's "recovery strategy" involved investing to improve market share performance in 5 key markets (US, the UK, Germany, Spain, and Australia) as well as lowering group debt. On the former, having seen aggregate market share decline by c.30 basis points (bps) per year over FY16-20, it was broadly flat in FY21 and grew +25bp in H1 2022, with additional investments planned for H2 2022. In terms of debt, the group reduced net debt by $1.4bn year-on-year, and net debt/Ebitda (2.4x) is now within the company's target range of 2-2.5x.

Management also said that it is now ready to launch the Pulze heated tobacco device and ID heatsticks in major European markets following the successful trials in Greece and the Czech Republic. Although New Generational Products (NGP) remains a small part of Imperial Brand's portfolio, a successful range of products is needed in the long-term to combat tobacco volume declines – though from an investment perspective, tobacco volume declines are perhaps priced into the stock valuation. Imperial Brands trades at a 1-year forward price-to-earnings multiple of c.7x (vs the MSCI World Index figure of c.16x) and provides a dividend yield of c.8% (vs the MSCI World Index figure of c.2.1%).

CME Group was the worst performer in May (-9.4% in USD). CME Group owns the Chicago Mercantile Exchange (CME), Chicago Board of Trade (CBOT), New York Mercantile Exchange (NYMEX) and the Commodity Exchange (COMEX), and 80% of revenues are generated by clearing and transaction fees. Though there were no obvious catalysts for the weaker performance in May, CME Group trades at a valuation premium to the MSCI World Index (1-year forward price-to-earnings of 25x vs c16x) and so was caught up in the inflation-induced sell-off of premium stocks. We do however believe that the higher valuation is warranted given the unique combination of defensive and cyclical qualities that CME possesses, and its relatively strong performance year-to-date. This comes from the fact that exchange groups like CME do well in periods of market volatility as trading volumes tend to increase. This was reflected in the most recent earnings results which showed that volumes were strong in Q1 2022, up 19% year over year (YoY) and 26% quarter over quarter (QoQ). All key asset classes displayed double-digit QoQ growth while CME's largest asset classes (Rates, Equities and Energy) exhibited particularly strong activity given the overall market turbulence during the quarter. Rate volumes were up 21% YoY, Equity volumes were up 30% YoY and Energy volumes were up 6% YoY. Separately, CME's Market Data business (up 5% YoY) benefited from pricing increases that went into effect during the quarter.

DIVS

The SmartETFs Dividend Builder ETF

June 2022 Update

SmartETFs

Portfolio Performance

As of 5/31/2022	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception (03/30/2012)
DIVS at NAV	-8.54%	0.98%	13.74%	10.92%	11.46%	10.47%
DIVS at Market Price	-8.21%	0.84%	13.84%	10.97%	11.48%	10.50%
MSCI World NR	-12.97%	-4.82%	12.64%	9.72%	11.05%	9.75%

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 5/31/22): 1.43% subsidized | 0.87% 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

June 2022 Update

Dividends Review

So far, in 2022, we have had dividend updates from 26 of our 35 holdings, and the average dividend growth in the Fund has been 7.5%.

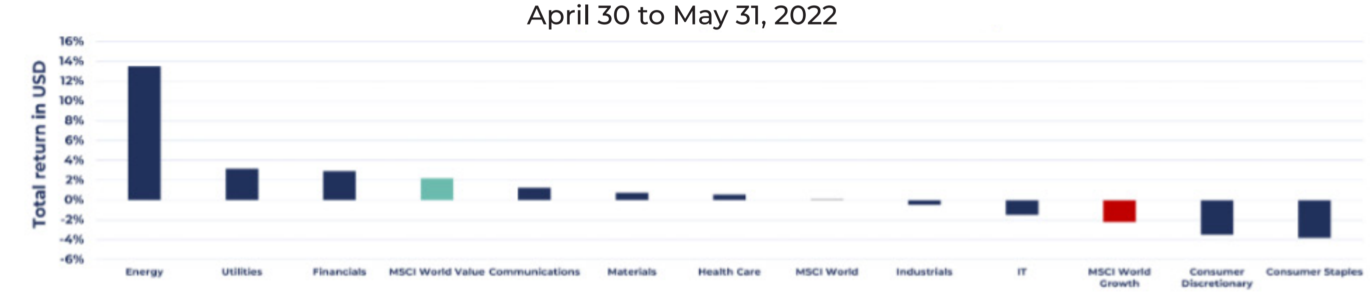
- 23 companies announced increases for their 2022 dividend vs 2021. The average dividend growth of these companies has been 8.5%.
- 3 companies announced a flat dividend vs 2021.
- 0 companies announced dividend cuts.
- 0 companies announced dividend cancellations.

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

Market Review

Investors globally faced the prospect of an economic slowdown impacted by accelerating inflation, rising interest rates, the ongoing war in Ukraine, and lukewarm corporate earnings reports. Amid this, Growth stocks unsurprisingly continued to struggle in May. Off the back of valuation compression, several high-profile companies also released weaker-than-expected earnings results and announced underwhelming forward guidance, which the market viewed particularly unfavorably. Value stocks outperformed, and this was reflected in sector performance over the month:

MSCI World Sector Indices Performance
April 30 to May 31, 2022



Source: Bloomberg. Data as of May 31, 2022.

Energy was the best performing sector after crude oil prices gradually rose throughout the month and surged on the last day of May after the European Union imposed an immediate ban on two-thirds of all Russian oil imports (in a further response to its invasion of Ukraine). Crude oil prices advanced over 10% to nearly $115 per barrel as demand exceeded supply, while gas prices also continued to increase in the month, reaching record highs along the way. No exposure to the Energy sector in the Fund proved to be a drag on active performance in the month, though the impact was subdued given that the sector only makes up c.5% of the MSCI World Index.

The Consumer Staples and Consumer Discretionary sectors were the worst performing in May as senti-

Market Review

ment soured on consumer spending. Walmart and Target – bellwether proxies for both the US consumer and US retail sector – both made headlines after announcing in their respective earnings calls that while revenues were growing, profit margins were being squeezed. Though this was likely priced in by the market to some extent, the sharp falls in share price (>20%) came after management revealed that inventory levels had significantly built-up; this often leads to future discounting in order to shift higher stock levels, and therefore lowers profitability. Neither Walmart nor Target are holdings in the Fund, and it is worth noting, that the consumer stocks that are held in the Fund tend to have significantly higher pricing power, higher net margins (Walmart's net margin is c.3%, Target's is c.5%), and more diverse end markets. Further, we noted in last month's commentary that many of the Fund's Consumer Staple holdings have in fact been able to manage cost pressures and maintain high margins.

MSCI World Regional Indices Performance
April 30 to May 31, 2022

Source: Bloomberg. Data as of May 31, 2022.

Regionally, a large weighting to the Energy sector did continue to benefit UK equities, and the region was the best performing in May. The UK is also the only developed equity market in positive territory year-to-date, and this has boded well for the Fund given our c.19% weighting (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 favored UK-domiciled companies with more global revenue (e.g. Unilever and Imperial Brands).

Asian and EM markets also performed relatively well in May as lockdown measures in Shanghai began to be lifted, and the Chinese government stepped up stimulus. Meanwhile, US equities were the worst performing in the month and posted a decline. The Fund has a c.17% underweight to the US versus the MSCI World Index, so this aided active performance.

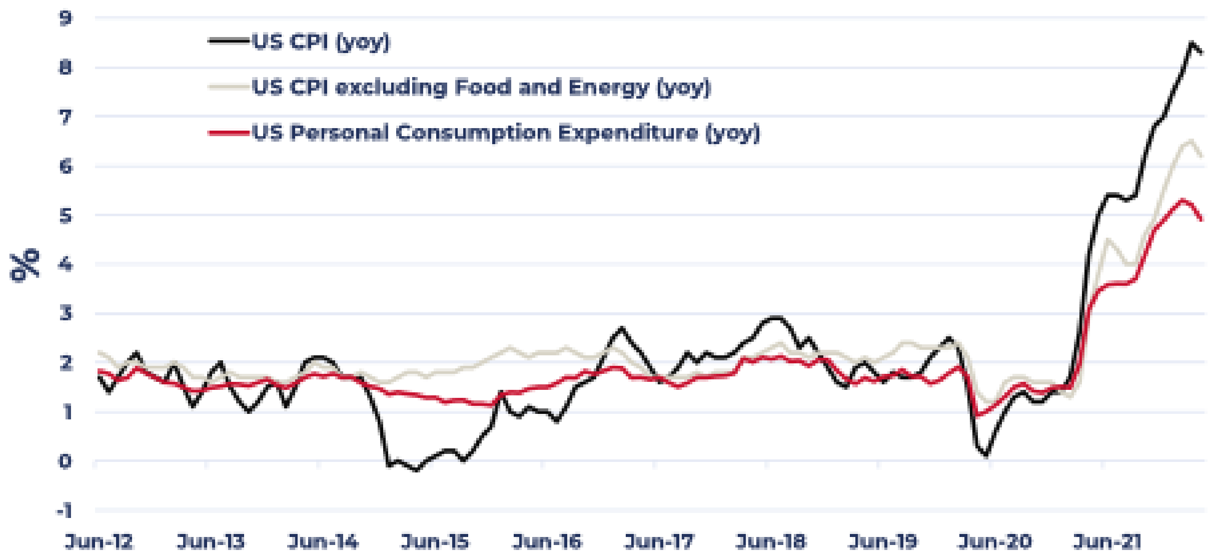
The Federal Reserve's tone grew increasingly hawkish over the month while growth concerns mounted. As anticipated, the Fed raised rates by 50bps in May, and the market is now pricing another two sequential 50bps hikes in June and July, though there is some uncertainty thereafter. Chair Jerome Powell stated that policymakers will "keep pushing" until inflation falls convincingly, while adding that this may require the central bank to move "more aggressively". This signaled that the Fed was willing to accept

Market Review

an increase in the unemployment rate from its historically low 3.6% to achieve its inflation target. It also emphasized the speed with which monetary tightening could potentially occur.

Nevertheless, though short-term, US inflation figures did show some glimmer of moderation, and the market rally in the last week of May somewhat acknowledged this. The headline consumer prices index (CPI) rose by 8.3% year-on-year in April, and while this continues to be at its highest level in 40 years, it is a little lower than the 8.5% rate reported in March. Stripping out Food and Energy from the CPI basket, and inflation peaked at 5.3% in March. Even if we look at the Fed's preferred inflation measure (PCE), we see that it peaked in February at 5.3%:

US Inflation



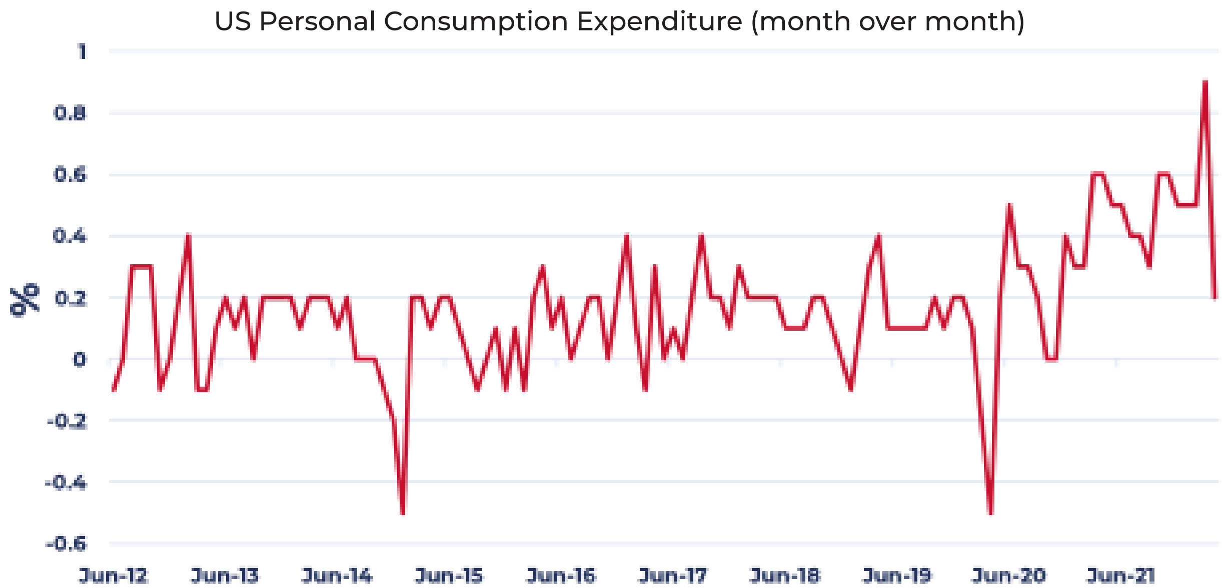
Source: Bureau of Labor Statistics, Bureau of Economic Analysis. Data as of May 31, 2022.

At the start of the year, we noted that inflation was likely to remain high in the first half of 2022 but was likely to fall in the second half. When we look at month-on-month data for PCE, the most recent data point is encouraging, showing that prices only increased 0.2%, down from a 0.9% increase in March and a 0.5% increase in February. If data points for May and June continue to be below 0.3% the markets will likely see this positively as inflation slowing down. If this number remains at 0.2% or below, the market will likely take this very positively as it allows the Fed to stop raising rates if inflation is under control. Conversely, a higher reading may well be seen as a trigger for the Fed to act more aggressively. This is clearly only one data point, and it may turn out that the March figure of 0.9% was the anomaly, but this continues to be a key data point to watch.

DIVS
The SmartETFs Dividend Builder ETF
June 2022 Update

SmartETFs

Market Review



Source: Bureau of Economic Analysis. Data as of May 31, 2022.

Overall, the “slowflation” environment with increasing growth concerns and historically high inflation rates weighed on equity markets in May and won’t necessarily go away in the short-term. There is still significant macro uncertainty with regards to the direction of the global economy, but we believe that the Fund is well-placed to weather different economic conditions.

We have 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) and around 55% in quality cyclical or growth-oriented companies (e.g. Industrials, Financials, Consumer Discretionary, Information Technology, etc). 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 and all the companies we seek to invest in have strong balance sheets and a history of performing well in difficult market environments.

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

June 2022 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.

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.

EBITDA or earnings before interest, taxes, depreciation, and amortization, is a measure of a company's overall financial performance and is used as an alternative to net income in some circumstances.

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.

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.

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

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.