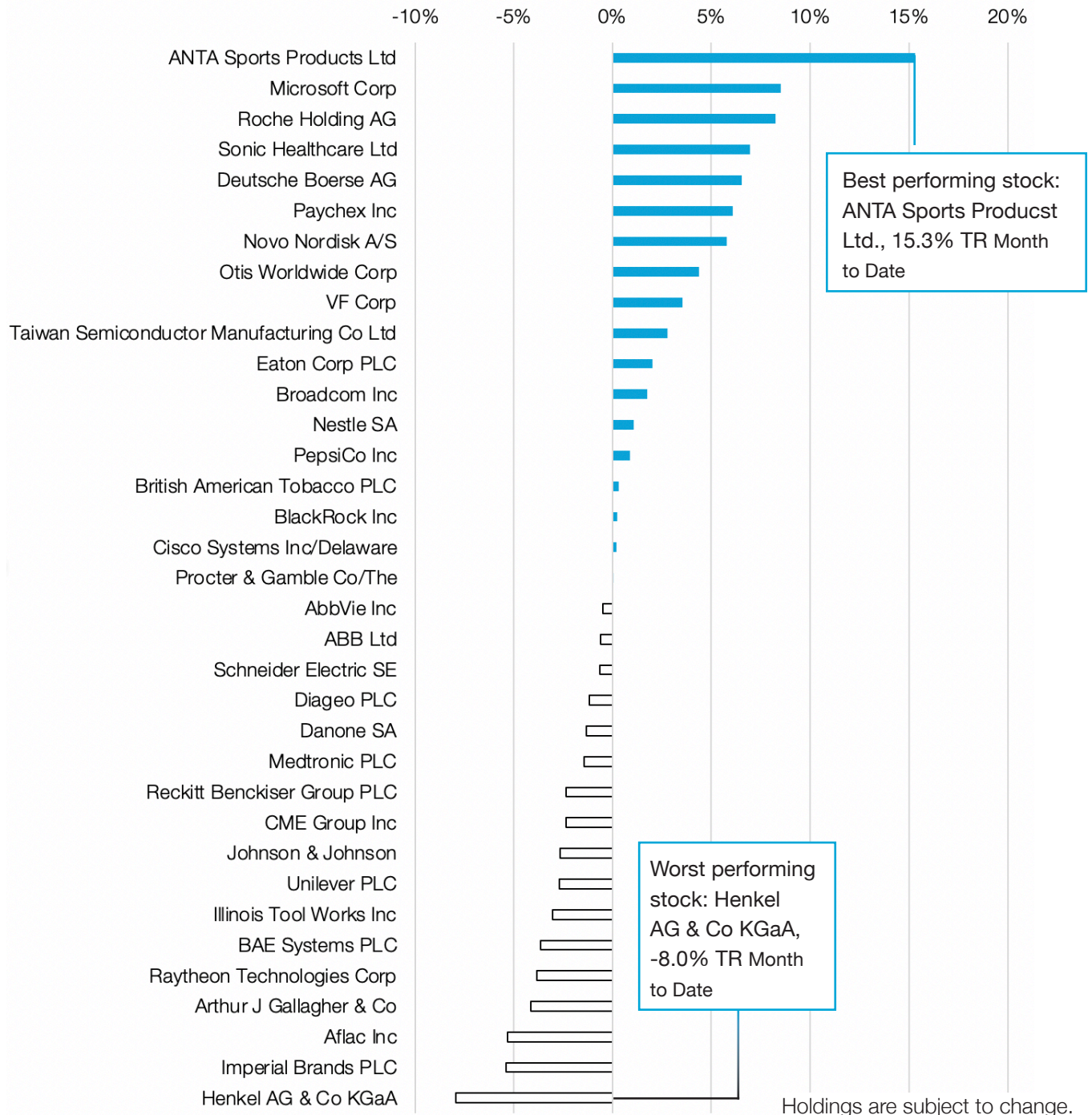




### Portfolio Performance

as of 06/30/2021

Global equity markets rallied strongly in the second quarter, building on first quarter gains, and closing out one of the best first half starts in history. DIVS experienced a total return of 0.87% (NAV basis) during the month of June. For the year, DIVS has produced a total return of 12.92% (NAV basis). We have an exciting surprise waiting for you on page 3: a quarterly update! By definition, we can only write four of these a year - so get to reading!



# DIVS

## The SmartETFs Dividend Builder ETF

July 2021 Update



SmartETFs

### Portfolio Performance

As of 06/30/2021	YTD	1 Year	3 Year	5 Year	Since Inception (03/30/2012)
DIVS at NAV	12.92%	34.96%	15.56%	13.74%	11.56%
DIVS at Market Price	12.92%	34.96%	15.56%	13.74%	11.56%
MSCI World NR	13.05%	39.04%	14.99%	14.83%	11.55%

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, 2025.

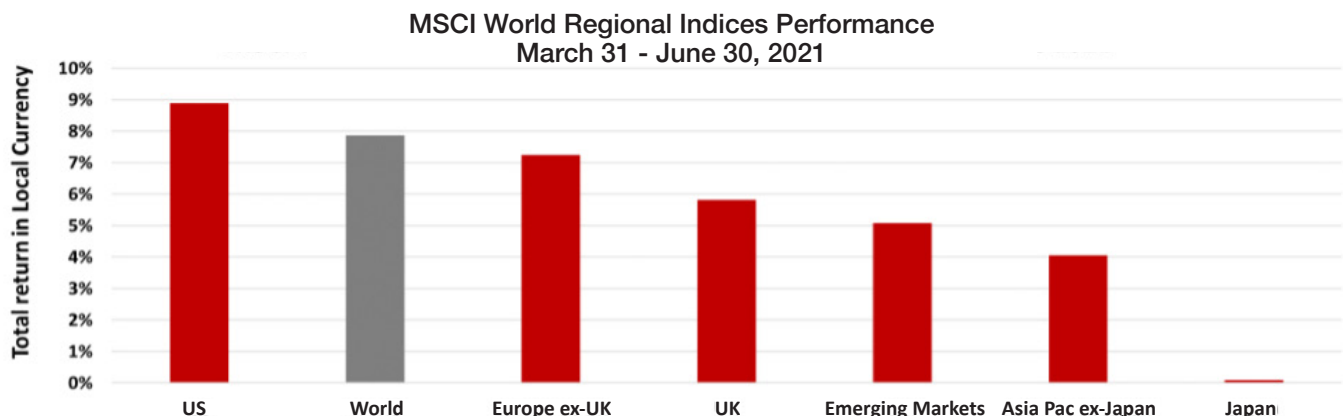
*Performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment in the Fund will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the 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.



#### Quarterly Review

Over Q2, the MSCI World Index rose 7.74% (in USD) and all regions registered gains:



Source: Bloomberg. Data as of June 30, 2021.

The US market delivered the best return last quarter, thanks to the rebound of growth stocks, strong first-quarter earnings growth (47% year-on-year), and the prospect of more fiscal stimulus as Joe Biden reached a bipartisan deal to boost infrastructure spending by \$600 billion. Q2 marked the S&P 500 Index's fifth consecutive quarter of gains, and best first-half performance since 1998.

Overall, the economic picture remained rosy too. The US economy accelerated in Q1 2021, recording an annualized GDP increase of 6.4%. A year removed from the Q2 2020 contraction of -31.4%, it is clear that the economy is in the midst of a swift, consumer-driven recovery; this latest reading was the third consecutive quarter of above-trend growth, following strong GDP prints in Q3 2020 (+33.4%) and Q4 2020 (+4.3%).

Aggregate business activity in the US – as measured by the composite purchasing managers' index (PMI) – was also strong moving from 59.7 in March, to a (flash) composite reading of 63.9 in June. A reading above 50 signals expansion.

European stocks followed the US closely, supported by the reopening of regional economies and strong global goods demand. While the spread of the delta variant is a potential concern, as it could slow the full reopening of economies, the increasing number of cases has so far not led to significantly higher hospital admissions. This suggests that the vaccines work against the variant, adding to economic optimism in the region. In contrast, the slow vaccination campaign weighed on the relative performance of the Japanese equity market last quarter, whilst policy-tightening and regulatory concerns weighed on China's relative performance and on Asian indices as a whole.

From a regional perspective, being underweight US in the Fund was a small detractor over the quarter, whilst having no positions in Japan benefitted performance. Given the index compositions, US outperformance correlated with growth outperforming value, and this was particularly prominent in the second half of the quarter.



Quarterly Review



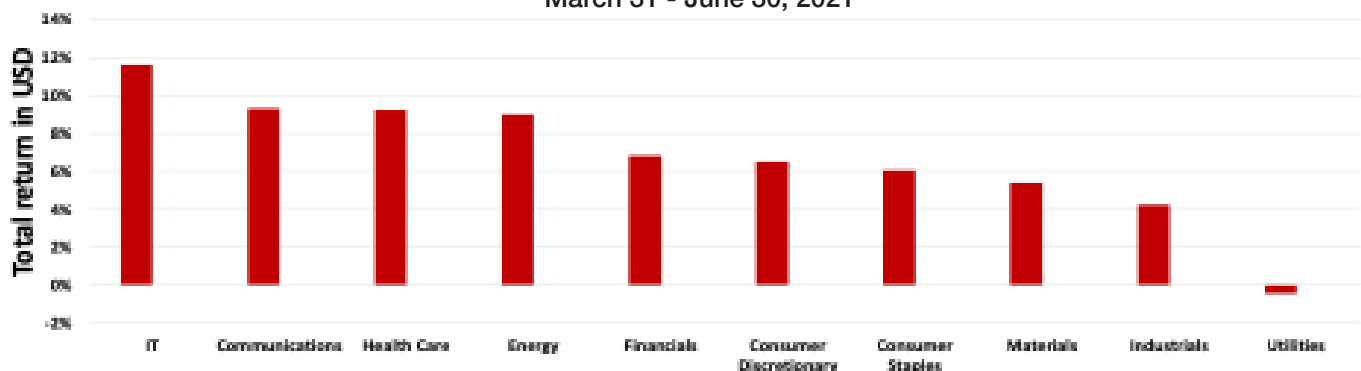
Source: Bloomberg. Data as of June 30, 2021.

Growth equities revival was led by strong earnings releases from mega-cap technology companies, reversing some of the year-to-date underperformance versus value. Large cap companies generally outperformed their small-cap counterparts during the quarter, also breaking from recent trends.

The turning point came in May with the release of the Federal Open Market Committee’s April minutes, which signaled a shift in language from the March minutes, stating that “if the economy continued to make rapid progress toward the committee’s goals, it might be appropriate at some point in upcoming meetings to begin discussing a plan for adjusting the pace of asset purchases”. This reassured investors, and eased some worries, that the Fed will not be hasty in their actions in the face of higher inflation, which is currently deemed to be transitory.

Market participants consequently began to re-rate ‘higher duration’ equities, resulting in the outperformance of growth stocks. IT and Communication Services were subsequently the best performing sectors in Q2, and whilst this boosted the benchmark index, it was a drag on the Fund’s relative performance in the quarter given our underweight exposure.

MSCI World Sector Indices Performance  
March 31 - June 30, 2021



Source: Bloomberg. Data as of June 30, 2021.



#### Quarterly Review

Being overweight Industrials and Consumer Staples was also unfavorable in the quarter, though offset by particularly good stock selection within Industrials. Positive stock selection in the Consumer Discretionary and Financials sectors aided relative performance too.

Our largest overweight in the Fund is to the Consumer Staples sector, with approximately 28% of holdings. Whilst this proved a drag on performance in the second quarter, 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 entering the 'growth' phase of the cycle where fundamentals will drive returns, i.e. companies that offer steady compounding earnings and reasonable valuation can 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.

#### 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, etc.) Within Financials, however, we do not own any Banks, which helps to dampen the cyclicity of our Financials.

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

In terms of geographic exposure, the largest difference between the Fund and the benchmark is our exposure to the US (as measured by country of domicile). The Fund at quarter end had c.50% weighting to North America which compares to the index at c.69%. The largest geographic overweight remains Europe ex-UK and the UK.

We are diversified around the world with 50% in the US, 39% in Europe and 9% in Asia-Pacific. Within the Asia-Pacific region we have one company listed in Hong Kong (Anta Sports), one company listed in Taiwan (Taiwan Semiconductor) and one company listed in Australia (Sonic Healthcare).

#### There's more where that came from!

Join our newsletter at [SmartETFs.co/newsletter](https://SmartETFs.co/newsletter) or follow us on Twitter [@SmartETFs](https://twitter.com/SmartETFs)! We've always got something to say.

# DIVS

## The SmartETFs Dividend Builder ETF

July 2021 Update



SmartETFs

### 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.

MSCI World Growth Index captures large and mid cap securities exhibiting overall growth style characteristics across 23 Developed Markets countries. The growth investment style characteristics for index construction are defined using five variables: long-term forward EPS growth rate, short-term forward EPS growth rate, current internal growth rate and long-term historical EPS growth trend and long-term historical sales per share growth trend.

MSCI World Value Index captures large and mid cap securities overall value style characteristics across 23 Developed Markets countries. The value investment style characteristics for index construction are defined using three variables: book value to price, 12-month forward earnings to price and dividend yield.

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](http://www.SmartETFs.com). Read the prospectus or summary prospectus carefully before investing.**

Shares of the Fund are distributed by Foreside Fund Services, LLC.