DIVS

The SmartETFs Dividend Builder ETF

October 2022 Update

SmartETFs

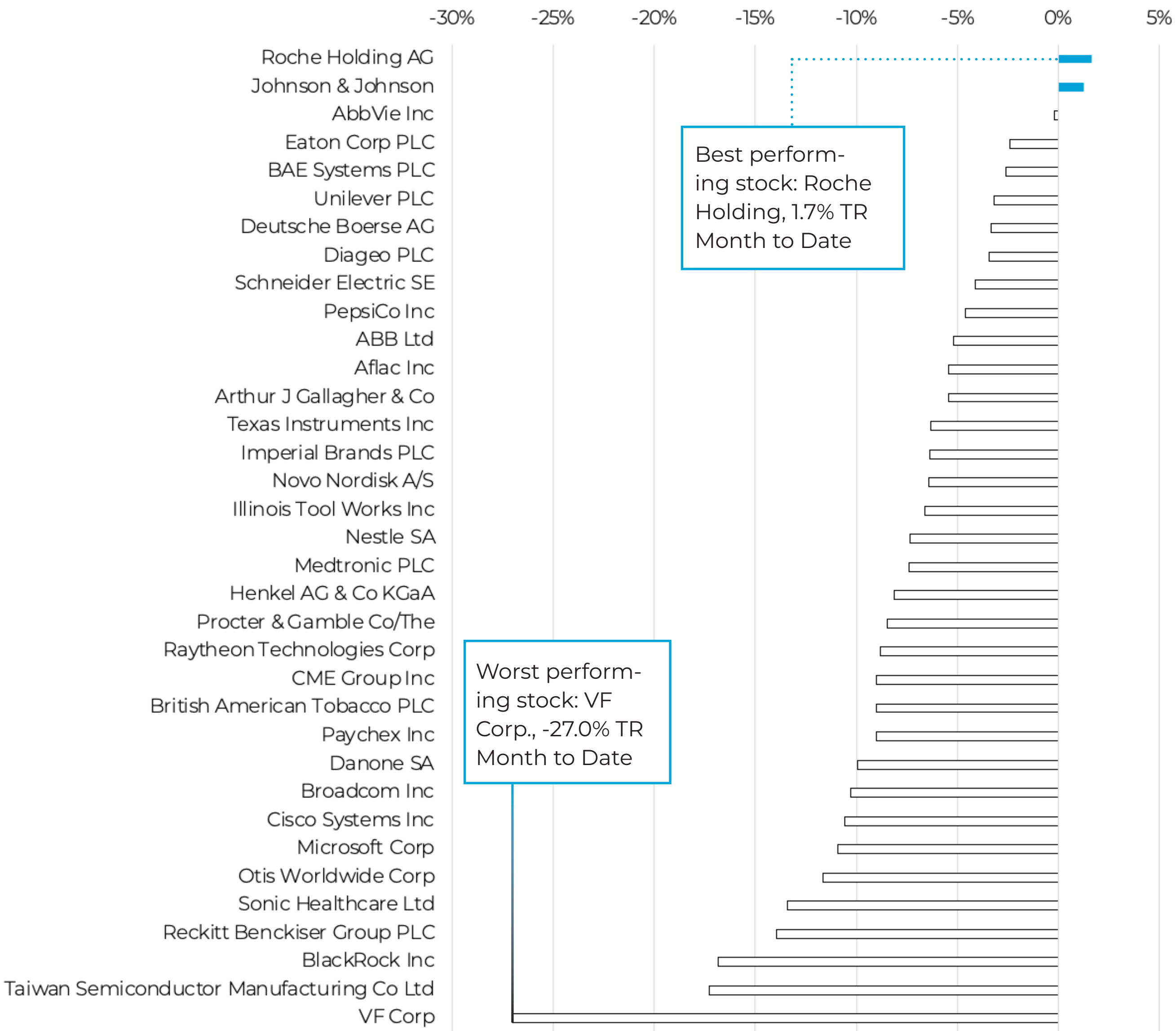
Portfolio Performance

as of 9/30/2022

In September, DIVS was down -7.79% (NAV basis), while the MSCI World Index benchmark was down -9.30% (in USD). While DIVS has outperformed the MSCI World over the year, it has underperformed over the quarter. This can be attributed to:

- Growth outperforming value (albeit with a late rotation back in favor of value from mid-August), which acted as a headwind.
- From an allocation perspective, the Fund's significant underweight to consumer discretionary was a drag on performance, given that the sector was the best performer over the period, returning +0.25% over the quarter.
- On a more positive note, this was partially offset by the overweight allocation to Financials & Industrials, both of which performed well on a relative basis.
- Furthermore, having a zero exposure to Communication Services Materials, Real Estate and Utilities was a tailwind as all four sectors underperformed the index.
- From a stock selection perspective, strong performance within Financials was a positive for the Fund but was offset by a weaker performance from stocks within the Industrial sector.

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



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As of 9/30/2022	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception (03/30/2012)
DIVS at NAV	-19.94%	-11.49%	6.42%	7.36%	8.86%	8.74%
DIVS at Market Price	-19.93%	-11.40%	6.39%	7.34%	8.85%	8.73%
MSCI World NR	-25.42%	-19.63%	4.55%	5.30%	8.10%	7.83%

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

30-Day SEC Yield (as of 9/30/22): 1.84% subsidized | 1.15% 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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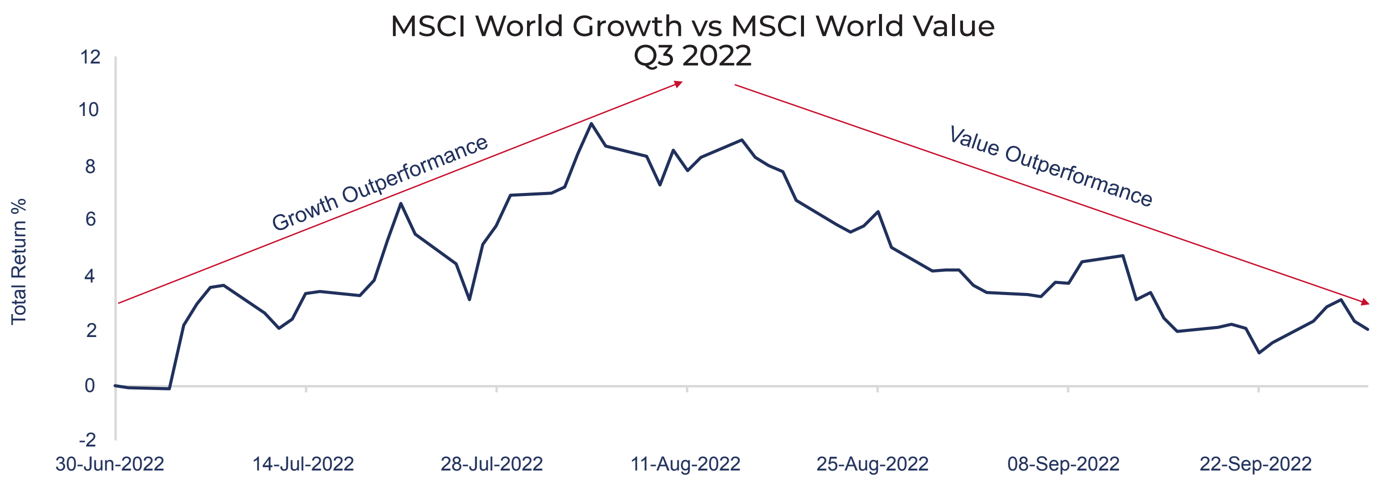
Quarterly Review

The quarter started with a broad rally across all global equity markets, with the US leading the gains. Despite the usual warning signs (inflation, rate hikes, and a technical recession in the US), markets were buoyed by the assumption that the Fed would start cutting rates sooner in order to stimulate the economy. This rally gained momentum as news of lower commodity and gas prices gave further cause for optimism as "risk-on" assets, particularly growthier sections of the market, outperformed over the first half of the quarter.



Source: Bloomberg, SmartETFs. Data as of September 30, 2022

However, this optimism was ultimately short lived as the release of US Fed Chair Jerome Powell's comments from the July FOMC meeting (where rates were raised by 75bps) reset market expectations. Powell indicated that interest rates would need to be kept at levels that restrict the economy "for some time", a clear signal of the Fed's serious intentions of curtailing inflation. The resulting negative sentiment was compounded by Powell's Jackson Hole speech, a three-day annual conference for central bankers and policy makers, which received particularly close scrutiny this year given the current challenging inflationary environment. In his speech, Powell reiterated the Fed's hawkish stance, noting that "the historical record cautions strongly against premature loosening policy". Further macroeconomic data compounded the gloomy outlook with the global composite Purchasing Managers' Index, which shows business strength across both the manufacturing and services sector, coming in at 50.8, a 22-month low.

As September rolled in there was little respite, as much of the prior month's negativity continued to feed through into forward expectations. The September inflation read came in at 8.3%, 20bps ahead of consensus which not only rekindled fears of persistent inflationary pressures, but also enabled a continuation of aggressive global monetary policy. There was even talk of a 100bps rise in the Fed's September meeting and, while this failed to materialize, it did show the significant increase in implied policy rates which the market has built into consensus. The following chart shows that US policy rates were expected to reach a peak of 3.3% at the start of the quarter which has risen significantly to a peak of 4.5% at quar-

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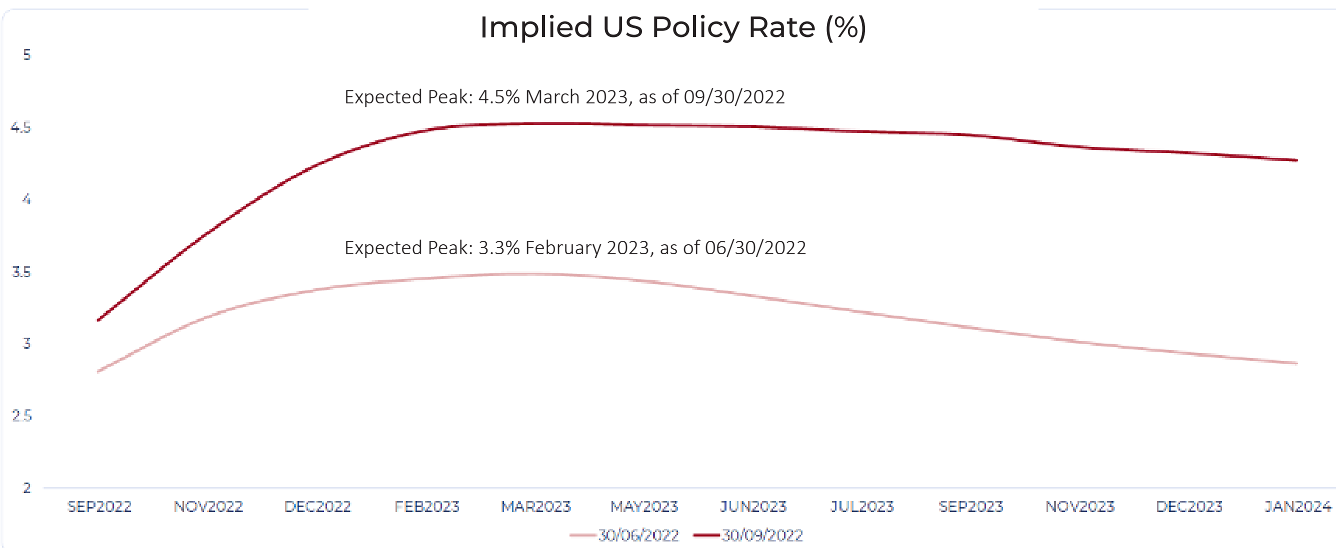
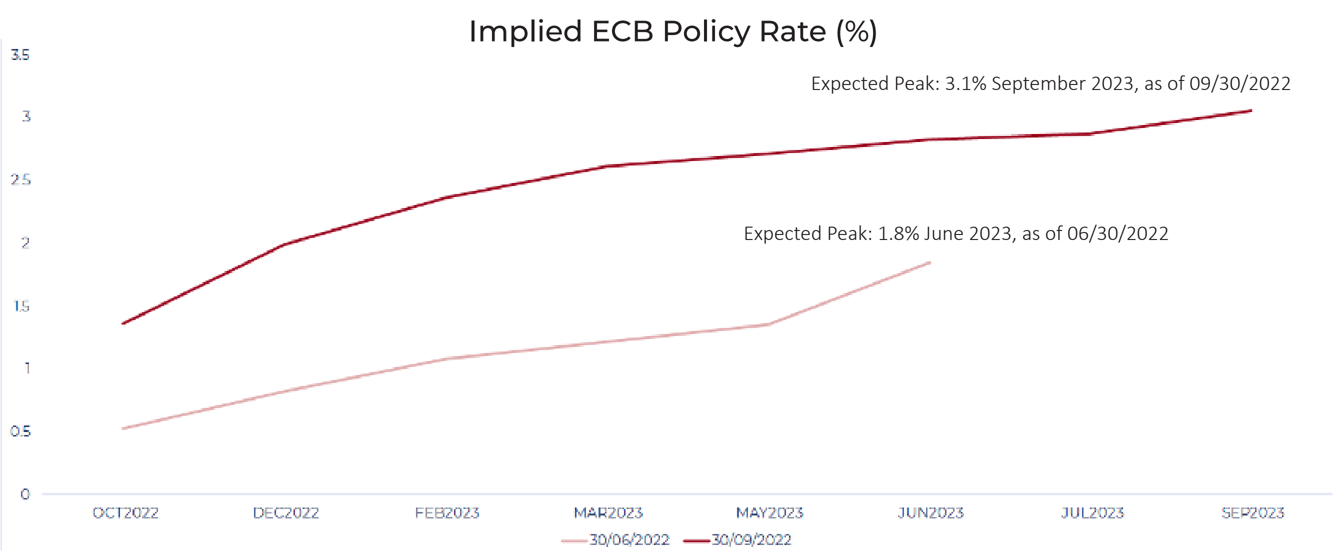
Quarterly Review (continued)

ter end. The market is also forecasting rates to stay higher for longer, given inflation reads that continue to remain at elevated levels.



Source: Bloomberg, SmartETFs. Data as of September 30, 2022

Similarly, the market has shifted expectations for European Central Bank policy, now forecasting a 3.1% rate in September 2023, up from June's consensus of 1.8%. This sizeable increase came off the back of all-time high inflation readings for the Eurozone-area, which strengthened the case for further rate hikes. The ECB duly obliged, increasing rates by 75bp at their September meeting.



Source: Bloomberg, SmartETFs. Data as of September 30, 2022

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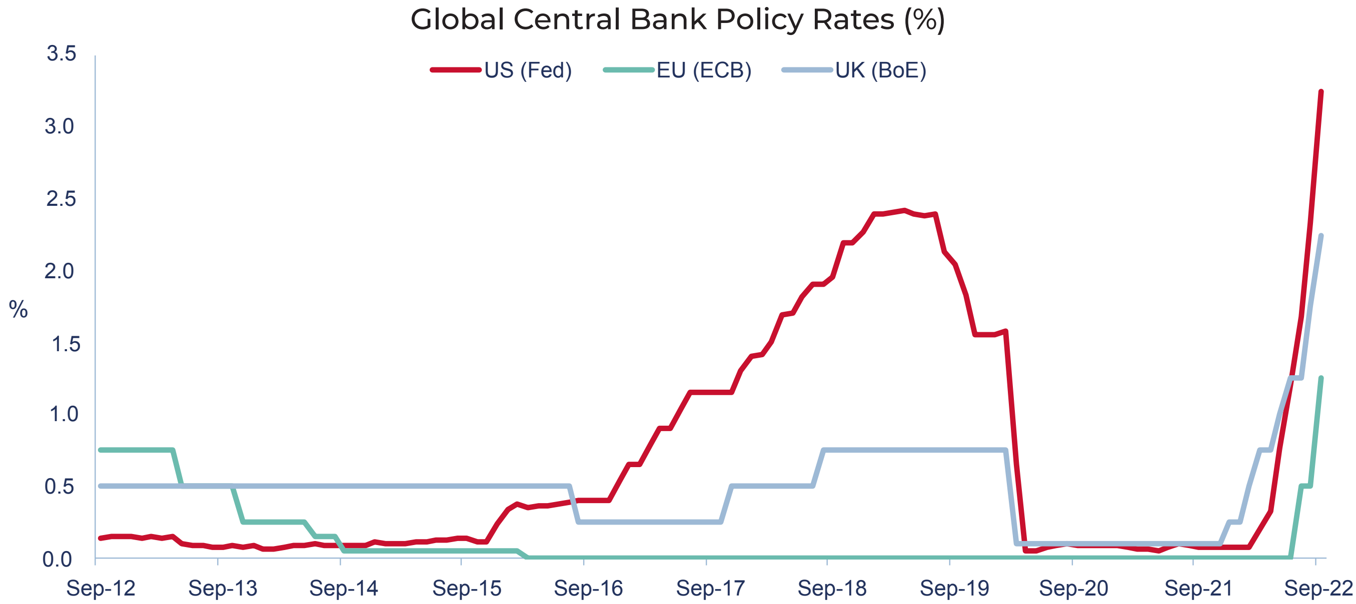
Quarterly Review (continued)

When looking at global markets as a whole, it is also clear that the US is leading the way with rate hikes. To date, the Federal reserve have increased rates faster and more aggressively than other developed economy central banks, which explains the relative strength of the US Dollar year to date (the dollar index is up 15.89% ytd).



Source: Bloomberg, SmartETFs. Data as of September 30, 2022

Are we in a recession?

In his latest comments to the market, Powell noted that "there is still a way to go" in order to keep long-term inflation expectations well anchored, and thus committed to a bold hiking cycle. In comparing the pace of current interest rate increases with past policy going back to 1983, it is evident that the Fed has never raised rates by such a great amount over such a short time period. This has created a consensus of inevitability; in other words, the market believes that it's increasingly difficult for the US to avoid a recession given the Fed's "forceful and rapid" hikes. In theory, the US is already in a technical recession as, in July, the US economy recorded two consecutive quarters of negative economic growth, the widely accepted definition. The National Bureau of Economic Research (the official recession arbitrator) is unlikely to formally declare a recession at this stage given low unemployment and a robust labor market, which have afforded the Fed greater flexibility regarding monetary policy.

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Quarterly Review (continued)

Source: Bloomberg, SmartETFs. Data as of September 30, 2022

Yield Indicators

However, the commonly used yield curve spread, a favored technical recession indicator, points to a worsening economic outlook. In so called "normal" economic conditions, debt with longer maturity carries a higher interest rate than short duration debt. When fearing an impending recession (and subsequently lower short term interest rates) investors move out of the short end of the curve, causing prices to drop and yields to rise. This leads to the yield curve inverting and signals a collective pessimism about the near-term market outlook. Perhaps the most commonly used 10Y-2Y spread suggests that we are already heading into a recession given a current 45bps inversion. The 10Y-3M spread, while not yet inverting, did come perilously close over the quarter. Overall, yields of short-term U.S. government debt have been rising across the board in anticipation of forward-looking fed policy.

Source: Bloomberg, SmartETFs. Data as of September 30, 2022

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Monthly Commentary (continued)

Global Markets

This pessimistic outlook is also shared by a range of international markets. In fact, both the UK and EU economies are forecast to experience more anemic growth and when coupled with weaker currencies, higher imported inflation, and weaker energy dependence, paints a worrying picture. Asian markets are also struggling since China's zero covid policy has weighed heavily on its own domestic growth and has also caused a ripple effect for the broader Asia region. Therefore, we believe that the US will likely endure a less pronounced recession on a relative basis, given their strong currency, energy independence and higher forecasted growth rates. It is also worth noting that the Fund's highest allocation is to the US market from a geographical standpoint.

Growth Outlook

While we cannot predict whether the US will enter a recession or not, it seems increasingly likely that we are entering into a period of lower growth. Given the inability to forecast future macroeconomic outcomes with any great certainty, we therefore believe that this gives weight and importance to the Fund's approach - investing in quality businesses with consistently high returns on capital across market cycles, who have strong pricing power and robust balance sheets which can help insulate them from inflationary environments, rising costs of debt and general market volatility.

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Dividends Review

So far, in 2022, we have had dividend updates from 32 of our 35 holdings.

- 27 companies announced increases for their 2022 dividend vs 2021
- 5 companies announced a flat dividend
- 0 companies announced dividend cuts
- 0 companies announced dividend cancellations

The average dividend growth across all companies that have announced dividend actions in the Fund has been 7.7%. Of the 27 that announced growth the average dividend growth of these companies is 9.1%.

Many of the Fund's Financials holdings have declared 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.

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.

There's more where that came from!

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

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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.

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.

Consider the investment objectives, risks, charges and expenses of the Fund carefully before investing. For a prospectus or summary prospectys 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.

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.