DIVS
The SmartETFs Dividend Builder ETF
September 2023 Update

SmartETFs

Portfolio Performance

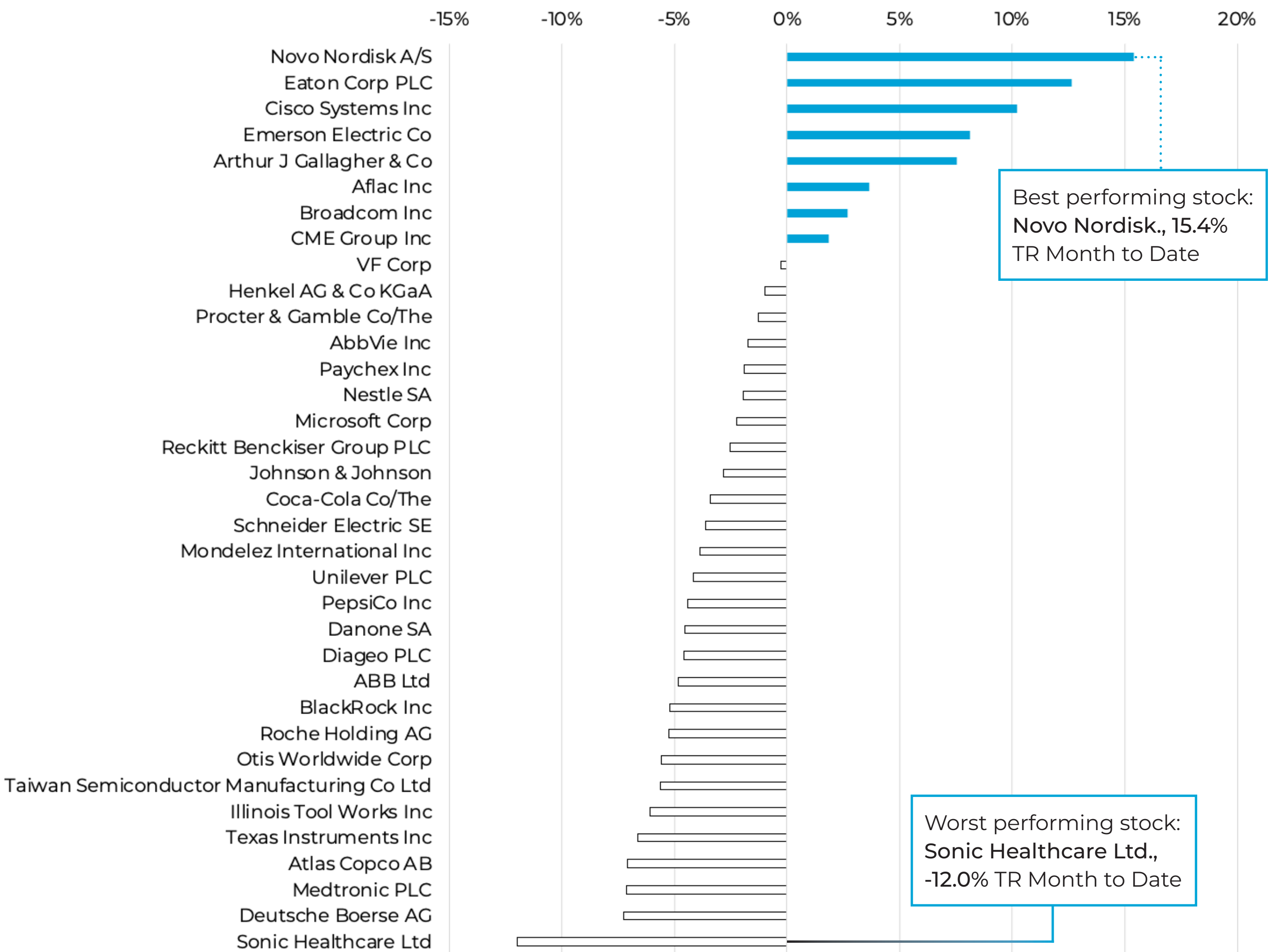
as of 08/31/2023

In August, DIVS was down -1.55% (NAV basis, -1.43% market price), while the MSCI World Index benchmark was down -2.39%. Over the month, Fund performance versus the benchmark can be attributed to the following:

- The Fund's zero allocation towards Materials & Utilities, which acted as a tailwind given that these were the 2 worst performing sectors over the month, closing down -4.5% and 5.4% respectively. This was marginally offset by a zero allocation towards Energy, which was the only sector that saw positive performance in August, closing up 1.9%.
- The overweight allocation to Healthcare was a source of relative outperformance as the sector was the second-best performer over the month.
- The Fund also benefitted from good stock selection across a range of sectors. There was notably strong performance from IT (Cisco, +10.2%), Financials (Arthur Gallagher, +7.6%), and Industrials (Eaton, +12.7%; Emerson Electric, + 8.1%).

Keep reading to delve into DIVS performance throughout August and stay updated with the latest developments in the sector.

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



Portfolio Performance

Novo Nordisk was the Fund's top performer, gaining 15.4% over the month. The Danish pharmaceutical company has shown strong momentum in recent quarters. Their weight loss drug "Wegovy" has exhibited very good early results and looks to be a meaningful growth driver for the business going forward. Additionally, they are also showing a broadening out of strength from the rest of the portfolio particularly in Cardiovascular, which has a much wider addressable market. Sales growth has been accelerating (2yr forward sales compound annual growth rate of 22%) and the firm looks well set to continue compounding on both the top and bottom lines.

Sonic Healthcare was the Fund's worst performer over August, closing down –12.0%. The poor performance was primarily a result of the firm's FY 2023 earnings. Sonic, a leading provider of medical diagnostic services, reported weaker than expected results given a sharp rise in cost pressures (primarily from the pathology division) which caused firm wide margins to contract. Management attributed this pressure to "legacy" COVID costs, which came as a surprise to the market, given that such costs were expected to be well in hand. Additionally, FY 2024 guidance was marginally weaker given the challenging of absorbing cost inflation with prices largely frozen. Despite these short-term challenges, Sonic remains a high-quality stock with peer leading margins, low revenue cyclicality, and a range of attractive structural growth drivers which we believe will benefit the firm, once these short-term issues are worked through.

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As of 08/31/2023	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception (03/30/2012)
DIVS at NAV	11.28%	16.14%	11.56%	10.15%	9.61%	10.21%
DIVS at Market Price	11.37%	16.44%	11.71%	10.23%	9.65%	10.25%
MSCI World NR	16.11%	15.60%	8.41%	8.32%	9.27%	9.48%

As of 06/30/2023	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception (03/30/2012)
DIVS at NAV	10.84%	15.63%	14.05%	11.15%	9.81%	10.33%
DIVS at Market Price	11.28%	16.00%	14.32%	11.31%	9.88%	10.40%
MSCI World NR	15.09%	18.51%	12.18%	9.07%	9.50%	9.55%

Expense Ratio: 0.65% (net) | 1.22% (gross)

30-Day SEC Yield (as of 8/31/23): 1.53% subsidized | 1.23% 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, 2026.

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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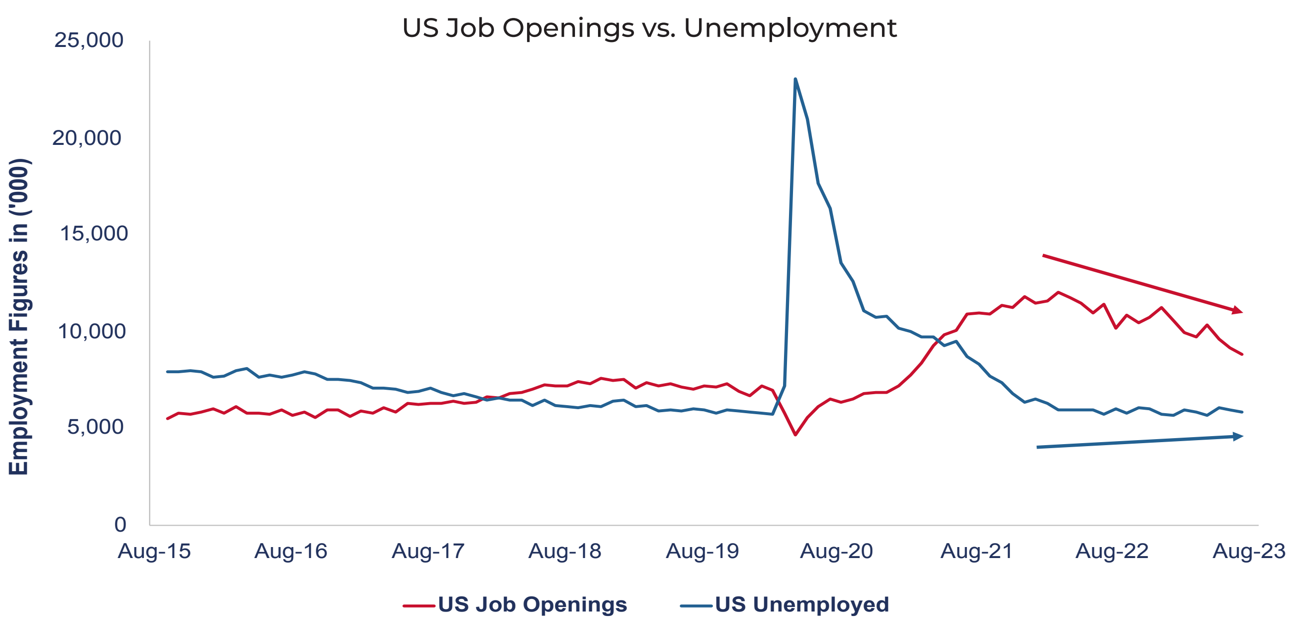
Assessing the Economics of August

Is Bad News Now Good News?

In several of our monthly market commentaries over the past year, we have outlined the implied market view that good news in the economy can, in some instances, be interpreted as bad news for equity markets. For example, the continued strength of the US labor market, solid GDP prints, and broadly healthy PMI figures have been viewed by some investors as potentially supporting the case for a more hawkish stance from the Fed – and therefore negative for equity prices if there is a greater chance of either higher interest rates, or at least higher rates for a longer period. Over the past couple of months, this narrative has started to reverse; tentative signs of a cooling economy and a marginally weakening outlook across several data points has been viewed as a positive for markets over the medium term, as investors began to price in central banks rate cuts sooner than had previously been expected. However, over the month of August, this positioning was challenged once more. A range of policy speeches from global central banks have compounded the mantra that interest rates will need to stay higher for longer, until inflation is firmly under control. As such, we saw markets adopt a marginally more negative outlook in August, especially given new signs of deterioration from major economies continuing to feed through.

Where We Stand: Economic Data



Source: Bureau of Labor Statistics. Data as of August 31, 2023.

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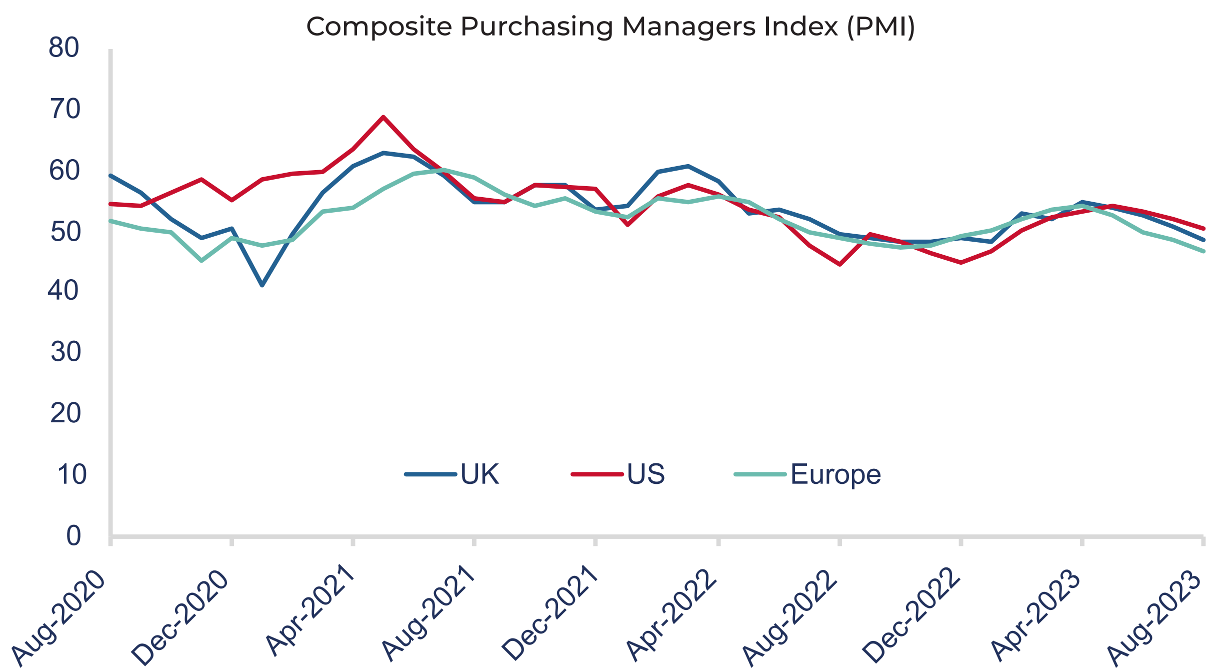
Assessing the Economics of August (continued)

While the overall US economy still remains in good shape, GDP data released over the month showed second quarter growth came in at 2.1% annualized, a downward revision from the 2.4% pace reported the month prior. This downgrade showed early sides of a cooling economy and was coupled with a slight narrowing in the jobs gap. The US unemployment rate remains low, but month-on-month US job openings fell by 340k from 9.17m to 8.83m. Additionally, the flash US Purchasing Managers' Index (PMI) for August, showed the US figure had fallen further into contraction territory at 47 versus 49 in July. More concerning was US Services PMI, which fell to 50.4, well below the July reading of 52.3 and is at a six-month low, with new orders falling for the first time since February. PMI data also showed falling business activity across both the UK and the EU, with PMI falling to 47 for the latter (its lowest level ex-COVID since 2012). The chart below shows the Composite PMI (weighted average of manufacturing and service sector PMIs) across these regions.



Source: S&P Global. Data as of August 31, 2023.

Given the latest data, market expectations for a "Goldilocks" scenario that supported the recent equities rally until the end of July has been called into question. August's volatility and cooling data points serve as a reminder of the negative impact of tighter monetary policy and of its lagged effects. The return to low inflation may therefore be bumpier than previously expected.

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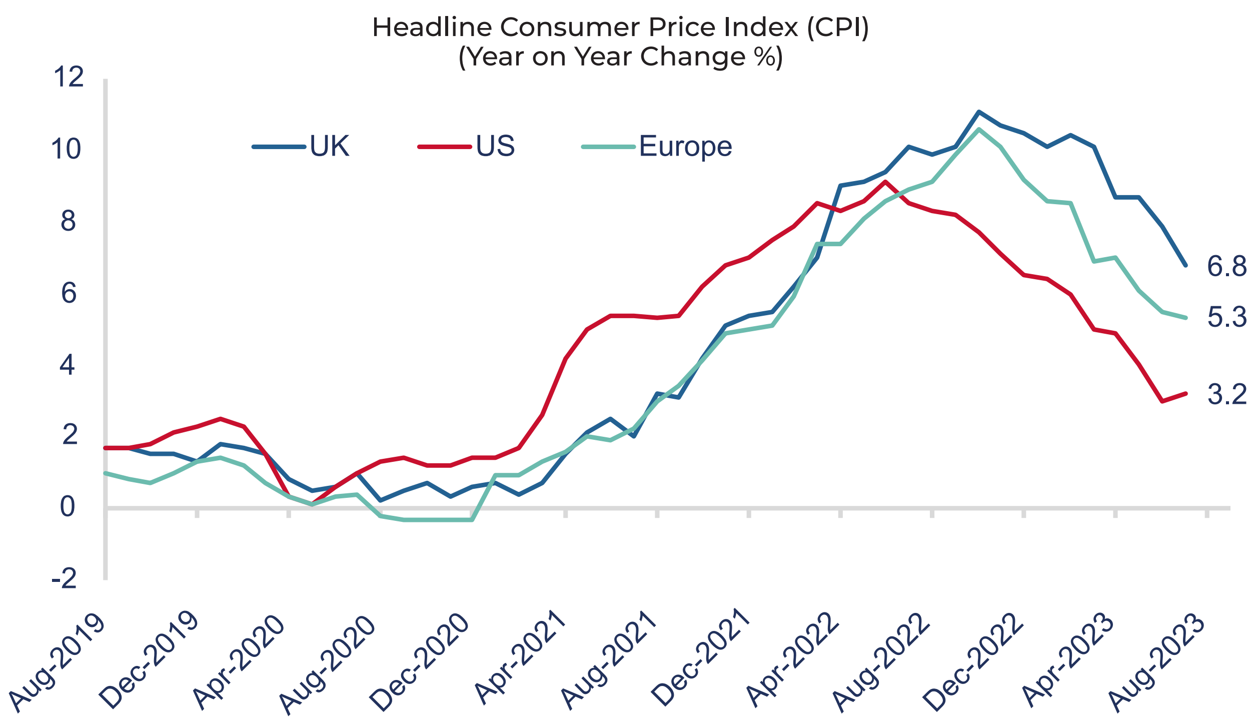
Assessing the Economics of August (continued)

Where We Stand: Inflation & Central Bank Policy

US: Headline US CPI increased slightly in July to 3.2% YoY (year over year) due to higher food and energy prices, while core CPI decelerated slightly to 4.7% YoY from 4.8% YoY in June.
EU: Headline CPI defied expectations and remained flat in August at 5.3% YoY. Core inflation, however, did fall modestly from 5.5% YoY in July to 5.3% YoY in August.
UK: UK Headline CPI eased in line with expectations to 6.8% YoY, down from 7.9% YoY a month prior.



Source: Bureau of Labor Statistics (US), Office for National Statistics (UK), Eurostat (EU. Data as of August 31, 2023.

Policy: The big news over August was Fed Chair Jerome Powell's much awaited speech at Jackson Hole, a 3-day event where global central bankers, policymakers, and economists discuss the state of play. Powell largely delivered on his expected script by providing a broadly hawkish message. While the market expectation is for either 1 further rate hike or no further rate hikes, it was widely anticipated that Powell would stick closely to previous statements and reiterate the Fed's data driven approach. By and large, this is what he did. However, during the speech he did outline the conditions which would "warrant fur-

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Assessing the Economics of August (continued)

ther tightening"; (1) job openings coming down, or, (2) more evidence of persistently above-trend growth.

The European Central Bank's Christine Lagarde and Bank of England Deputy Governor Ben Broadbent also outlined policy speeches over August, and identified wage growth as a concerning input factor. As such, rates may well have to remain in restrictive territory for some time in order to bring down wage inflation. In the UK regular pay (excluding bonuses) was +7.8% YoY in the period April to June 2023, the highest rate since comparable records began in 2001.

In summary, while certain aspects of inflation remain high, the clear trend of disinflation across developed market economies has continued, and it appears we are nearing the end of the rate hiking cycle (even if rates must remain higher for longer, to ensure price stability).

Where We Stand: The Consumer

The consumer remains active and in relatively decent shape, despite reducing savings amassed over the pandemic. One way to measure the health of the consumer is to look at the earnings commentaries from major US retailers, three of which reported over the back half of the month.

- Home Depot CEO Ted Decker said that consumer sentiment is rather positive: "Fears of a recession, or at least a severe recession, have largely subsided, and the consumer is generally healthy."
- Walmart CEO Douglas McMillon reiterated this view as "similar to Q1, consumer spending remains resilient at the headline level."
- Target CEO Brian Cornell noted that "with inflation rates moderating, we've started to see consumer confidence recover from recent lows."

This commentary is supported by recent University of Michigan consumer surveys. The preliminary August estimate of consumer sentiment was 71.2, down marginally from the July reading of 71.6 but still a relatively high reading (note that July was the highest reading since October 2021).

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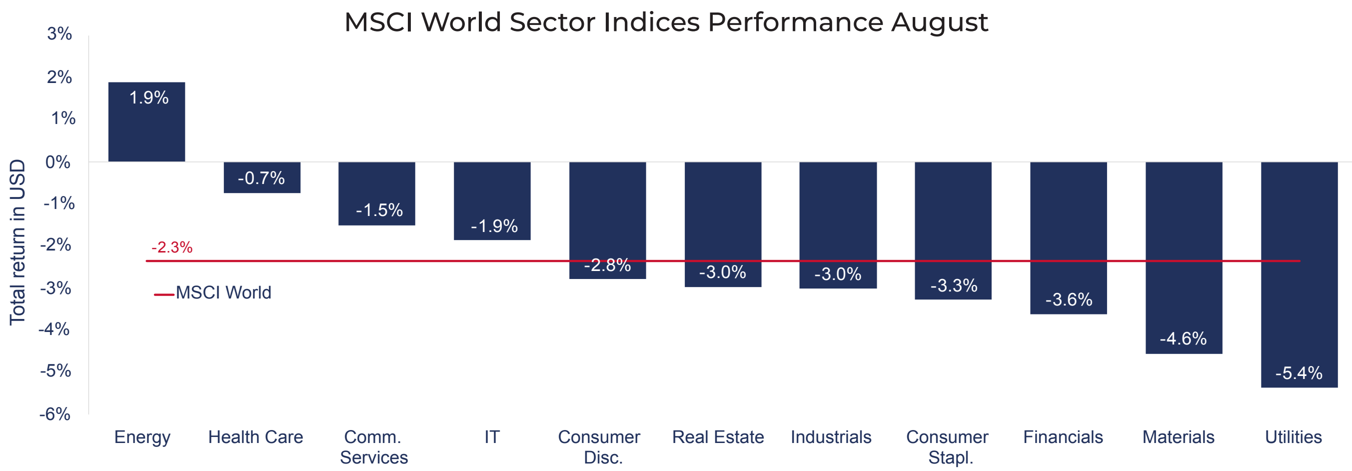
Assessing the Economics of August (continued)

What's Driving Markets Today; Market Leadership



Source: MSCI. Data as of August 31, 2023.

Amidst the market backdrop outlined above, there has been a notable change in market leadership since mid-July. We have seen Value outperform Growth by ~4% over this period, in a generally rising market. While much of the rally earlier in the year had been led by a narrow selection of technology stocks (more specifically AI exposed names), there has been a change in sector and stylistic leadership, with more defensive and more value-oriented sectors returning to favor. Even as the MSCI World declined -2.3% over August, there were areas of relative strength. Energy rallied off the back of OPEC+ supply constraints and the threat of strikes at several Australian liquefied natural gas facilities. Healthcare also outperformed on a relative basis and the Fund's overweight allocation towards Healthcare as well as broad sector diversification, has once again helped the Fund to navigate the changing market leadership.

There's more where that came from!

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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.

US Purchasing Managers' Index (PMI) is an index that measures the month over month change in economic activity within the manufacturing sector. The PMI is based on a monthly survey of supply chain managers across 19 industries, covering both upstream and downstream activity.

Consumer Price Index is a weighted average of prices for a basket of goods and services representative of aggregate U.S. consumer spending.

Indexes are unmanaged. It is not possible to invest directly in an index. Past performance is no guarantee of future results.

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.

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.