DIVS

The SmartETFs Dividend Builder ETF

November 2023 Update

SmartETFs

Portfolio Performance

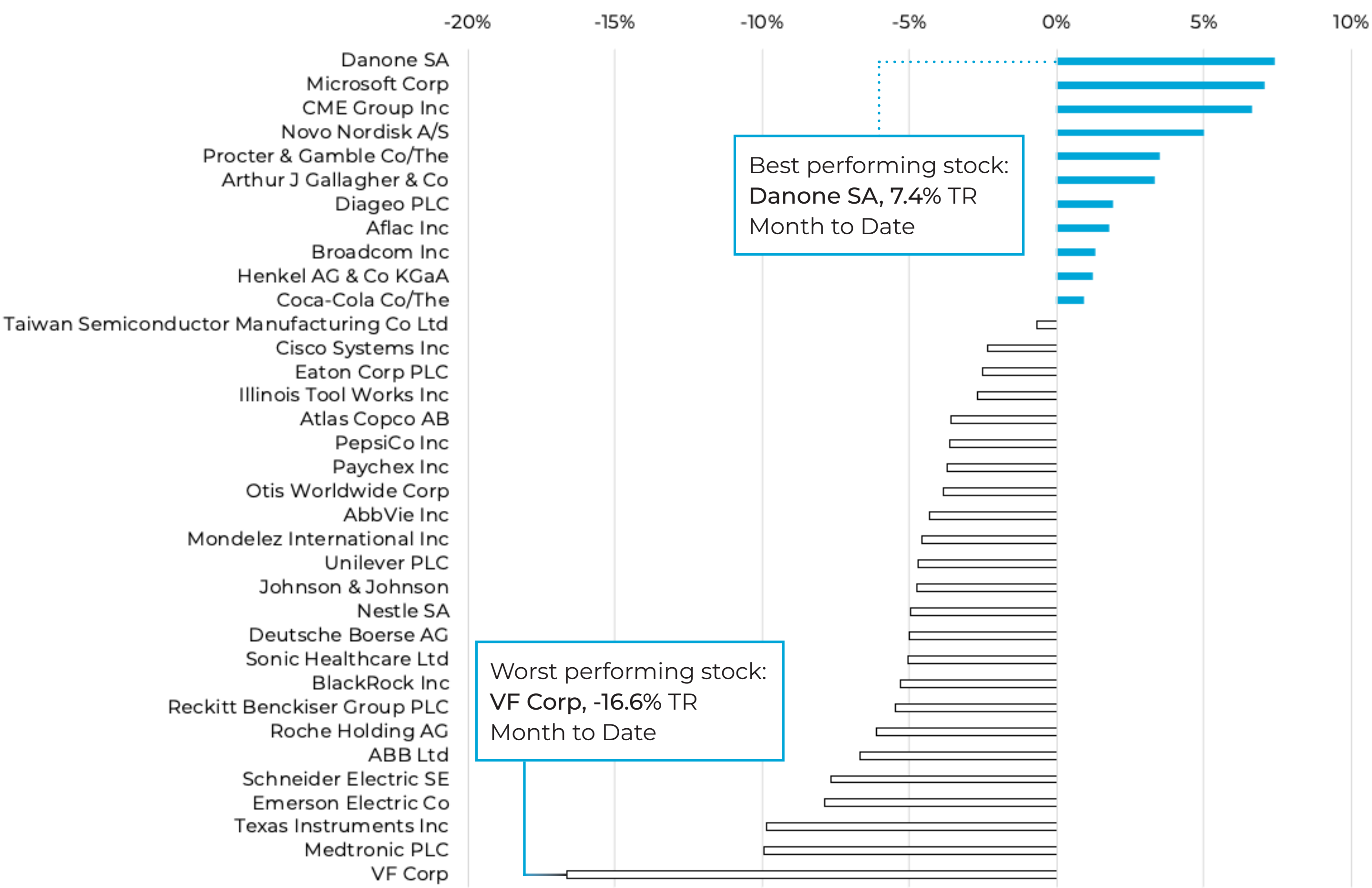
as of 10/31/2023

In October, DIVS was down -2.48% (NAV basis, -2.15% market price), while the MSCI World Index benchmark was down -2.90%. Over the month, Fund performance versus the benchmark can be attributed to the following:

- The Fund's zero allocation towards Energy, Materials and Real Estate was a tailwind, as all 3 sectors underperformed the index.
- Additionally, the large overweight to Consumer Staples was a positive, as the sector held up well, outperforming the index by ~1.3%.
- The Fund benefitted from strong stock selection over the quarter, particularly from the Healthcare and Financial names including Novo Nordisk, Arthur J Gallagher and Aflac.

It was a difficult month for global equities with broad based declines across all regions, styles, and most industry sectors. Much of the optimistic market sentiment seems to be behind us, as the widely mentioned "higher-for-longer" narrative continues to gain steam. The outlook on restrictive monetary policy was supported by the release of surprisingly resilient data on the US economy, including a strong jobs report and a knockout US GDP print of 4.9% for the third quarter. The outlook was also heavily affected by a marked rise in geopolitical tensions, led predominantly by the conflict in the Middle East. This weighed heavy on sentiment and has brought both greater risk and greater volatility to financial markets. Continue reading for our market outlook and discover why we think DIVS, with its emphasis on quality and defensive strategy, is well-positioned to navigate the current challenging macroeconomic environment.

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



Portfolio Performance

Danone was the Fund's top performer, gaining 7.4% over the month. The French staples business, whose portfolio includes Actimel, Alpro, and Evian, reported a very encouraging set of earnings results with revenues up 8% year over year, well ahead of consensus. It was also encouraging to see that Danone managed to maintain healthy pricing power, with increases topping 9%, and volumes declining just 1%, a sign of their loyal customer base and good branding. Going forward, the firm issued a solid growth outlook, and we continue to believe that Danone will perform well, given the market set up.

VF Corp was the Fund's worst performer over October, closing down –16.6%. This came after the company posted a disappointing set of earnings results with trouble in the US market, and the Vans brand still declining. New management, led by CEO Bracken Darrell's (formerly Logitech CEO), has been brought in to lead the turnaround and has outlined a set of core strategic priorities. This includes paying down company debt and returning debt ratios back to more normalized levels. In order to achieve this, VF Corp have cut the dividend a further 70% (following a previous cut of 40% earlier in the year) to shore up the balance sheet.

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As of 10/31/2023	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception (03/30/2012)
DIVS at NAV	3.77%	10.17%	10.87%	10.10%	8.06%	9.40%
DIVS at Market Price	3.97%	10.68%	11.06%	10.21%	8.11%	9.44%
MSCI World NR	7.88%	10.48%	8.14%	8.26%	7.53%	8.65%

As of 09/30/2023	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception (03/30/2012)
DIVS at NAV	6.41%	20.44%	10.10%	9.13%	8.64%	9.71%
DIVS at Market Price	6.26%	20.75%	10.16%	9.17%	8.66%	9.72%
MSCI World NR	11.10%	21.95%	8.08%	7.25%	8.26%	8.99%

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

30-Day SEC Yield (as of 10/31/23): 1.68% subsidized | 1.24% 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.

A fund's NAV is the sum of all its assets less any liabilities, divided by the number of shares outstanding. The market price is the most recent price at which the fund was traded.

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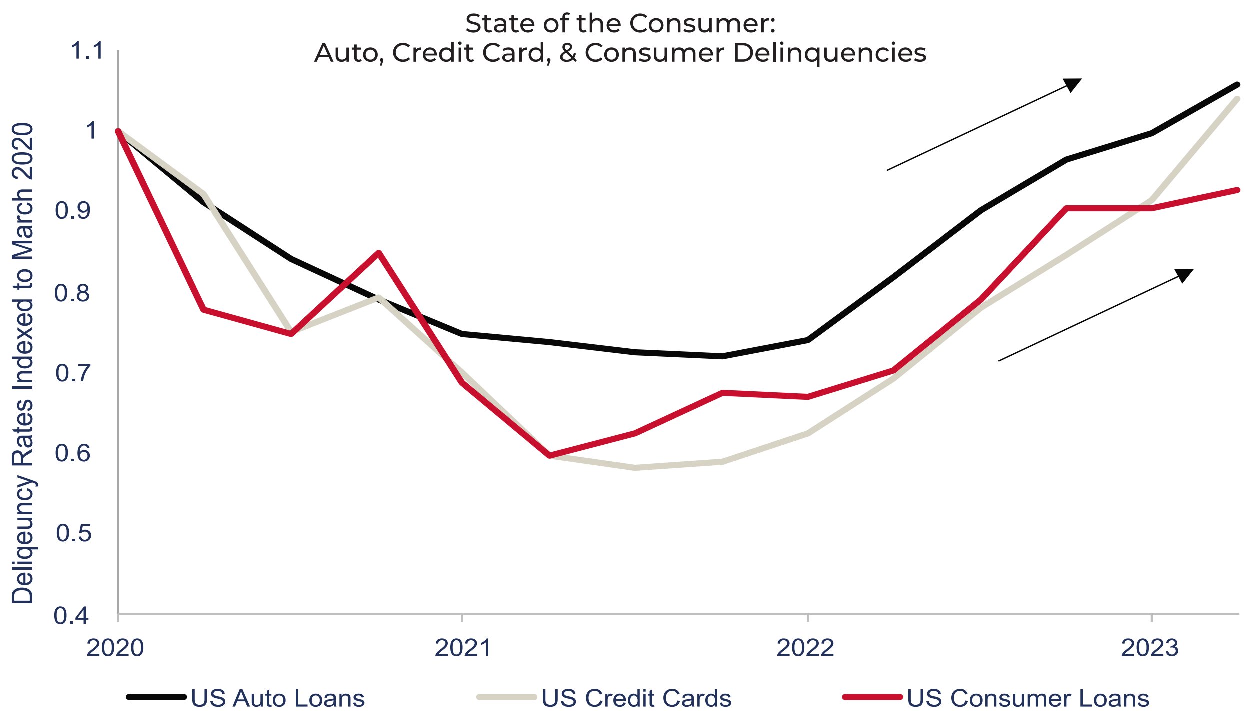
Dive into DIVS: October

Official Correction

Global equities are now in official correction territory. As of the end of October, the MSCI World index is down over 10% from recent highs. Whether this is the start of a broader decline or reflective of a temporary shift in the market optimism, only time will tell. However, it is clear that the escalating situation in the Middle East and the risks of a potential escalation were a relative cause of concern, with safe haven assets and more defensive areas of the market benefiting from the growing uncertainty. As this news dominated the headlines, macroeconomic data also led investors to question the ever-present risks on the horizon. While headline employment and GDP figures were strong, the consumer looks to be in more precarious shape. Consumer spending has typically made up over 70% of the US economy and, despite remarkable consumer resilience year to date, the situation may finally be starting to turn. The U.S. Supreme Court's ruling on student loan debt forgiveness means that debt repayments resumed in full over the month, presenting a key headwind to spending in the fourth quarter of 2023 and into 2024. Additionally, signs of weakness on the margins continued as, for example, auto loan delinquencies, credit delinquencies and bankruptcies all ticked up. The question that investors are now focused on, is when will we see the consumer start to roll over?



Source: US NY Fed Equifax 30+ Auto Loan Delinquency, US Credit Card Delinquencies 30+ Days Composite, Federal Reserve US Consumer Loan Delinquency Rates . Data as of October 31, 2023.

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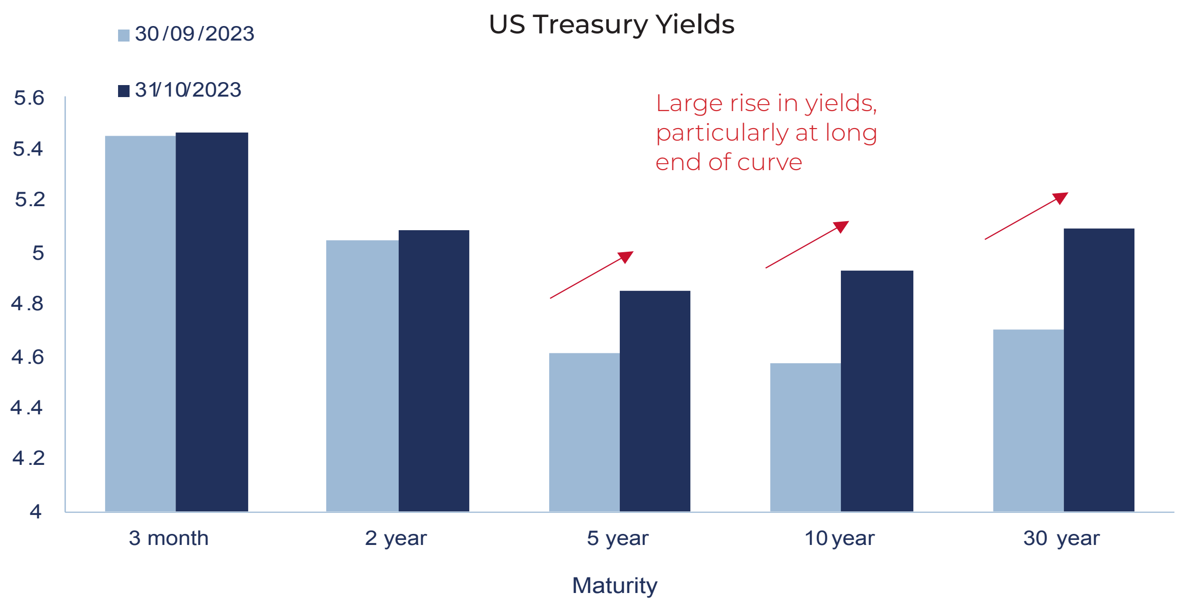
Dive into DIVS: October (continued)

At the same time as equity declines, volatility returned to the bond markets with US 10-year Treasury yields rising 40 basis points (bps) over the first half of October and pushing above the 5% mark for the first time since 2007. Part of this market reaction was due to the growing consensus that monetary policy will stay in restrictive territory for longer (a theme touched upon in many previous market commentaries) but was also caused by concerns over the sustainability of government finances. Yields did however fall sharply over the last week of the month (by ~20bps) as investors piled into safer assets, causing prices to rise and yields to fall. Whether this was a reflection of the longer-term rate outlook or a flight to safety, it is clear that market sentiment and investor positioning is increasingly cautious.



Source: St. Louis Federal Reserve. Data as of October 31, 2023.

Magnificent Seven: How Long Can They Continue?

As part of the broader sell-off in global assets, growthier parts of the market and longer duration names have been particularly affected. Despite this, 7 large-cap technology stocks (referred to as "the magnificent 7") have showed surprisingly strong performance year to date, defying a difficult macroeconomic environment, and showing real strength from both a business & market sentiment perspective. The chart below shows the overwhelmingly large contribution that these 7 stocks have had on the broader index returns as well as their associated sector returns (IT, Communication Services, and Consumer Discretionary) over 2023. When removing the impact of these 7 stocks, we can see that the broader S&P500 returns would have been marginally negative (~-1%) with these 7 names driving almost all performance from a market-wide perspective.

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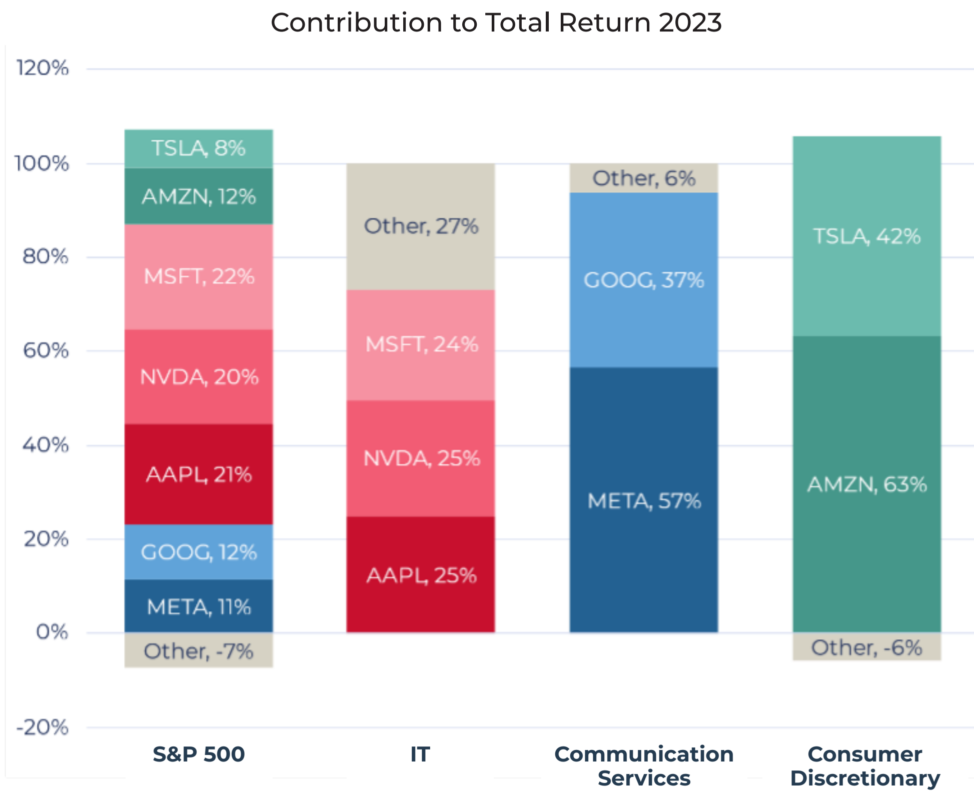
Dive into DIVS: October (continued)



Source: Bloomberg. Data as of October 31, 2023.

The question therefore becomes, how durable are these big tech names, and if they do start to roll over, what will the impact be on the index as a whole? Regarding their durability, the outlook is both uncertain and varied. Amazon & Microsoft have shown very strong momentum and Nvidia continues to see considerable demand for their H100 Core Processor GPU, used heavily for AI capabilities. However, there may be signs of weakness, notably for Tesla (who cautioned about a moderating demand environment) and Alphabet (who missed earnings in the key Cloud division, given customer spend optimization). When some of the largest & best run companies in the market show signs of moderation, it presents a weakening outlook, particularly given that many companies downstream will also face the knock-on consequences of lower demand. While the so-called Magnificent Seven have held up well to date, any potential weakness would be a concern for equities, given that these names have been crucial in driving broader index returns.

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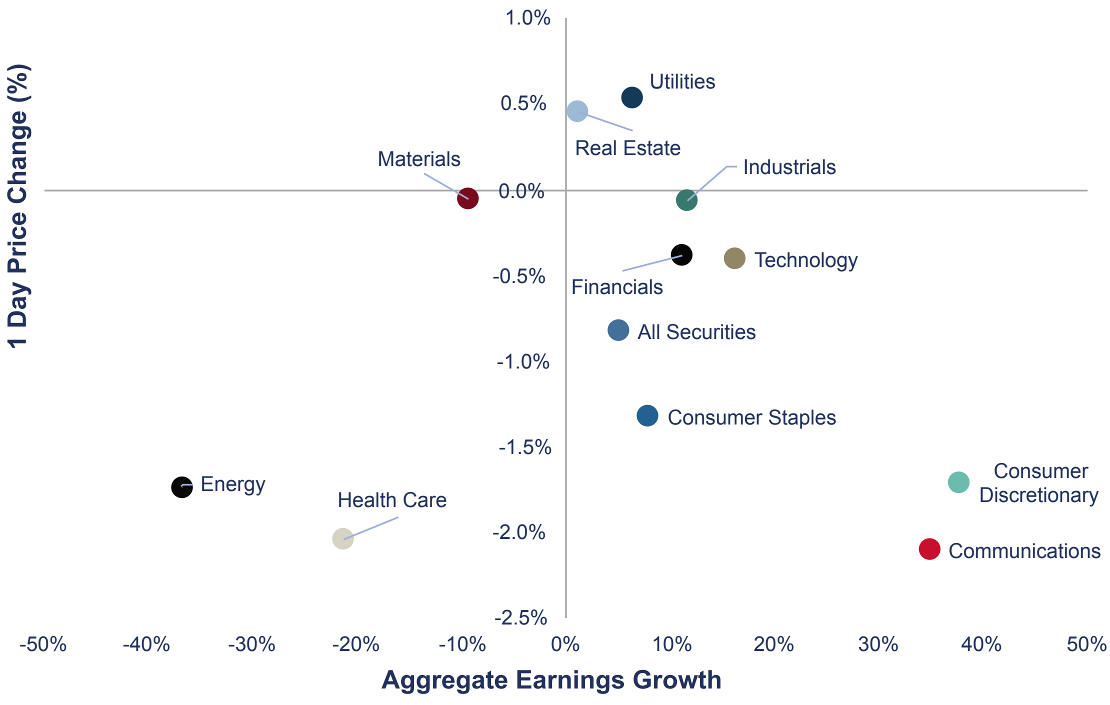
Dive into DIVS: October (continued)

Q3 Company Earnings: A Punishing Market

Q3 earnings kicked off at the beginning of October and is now in full swing. To date, 49% (or 245 companies) of the S&P 500 have reported earnings and, on a brighter note, results have generally been decent, with positive year-on-year earnings growth so far, following 3 previous quarters of consecutive declines. Furthermore, results have also come in ahead of analyst expectations, with 78% of S&P 500 companies reporting a positive earnings surprise. In Europe (Stoxx600) and Japan (Topix), these figures were 57% & 58% respectively.

However, the market reaction has been particularly harsh. Across the companies that have reported so far, earnings growth has been +5.2% and the average beat was +8.2%. Even with broadly encouraging results, the average 1-day price reaction has been negative (-0.8%). In short, companies that have exceeded expectations are not being rewarded by the market, and companies that miss are being punished. This reaction is a reflection of the market's broadly pessimistic outlook, and perhaps implies that equity investors were hoping for something better from the latest earnings season.

S&P Average Sector Earnings vs 1-Day Subsequent Price Move



Source: Bloomberg. Data as of October 31, 2023.

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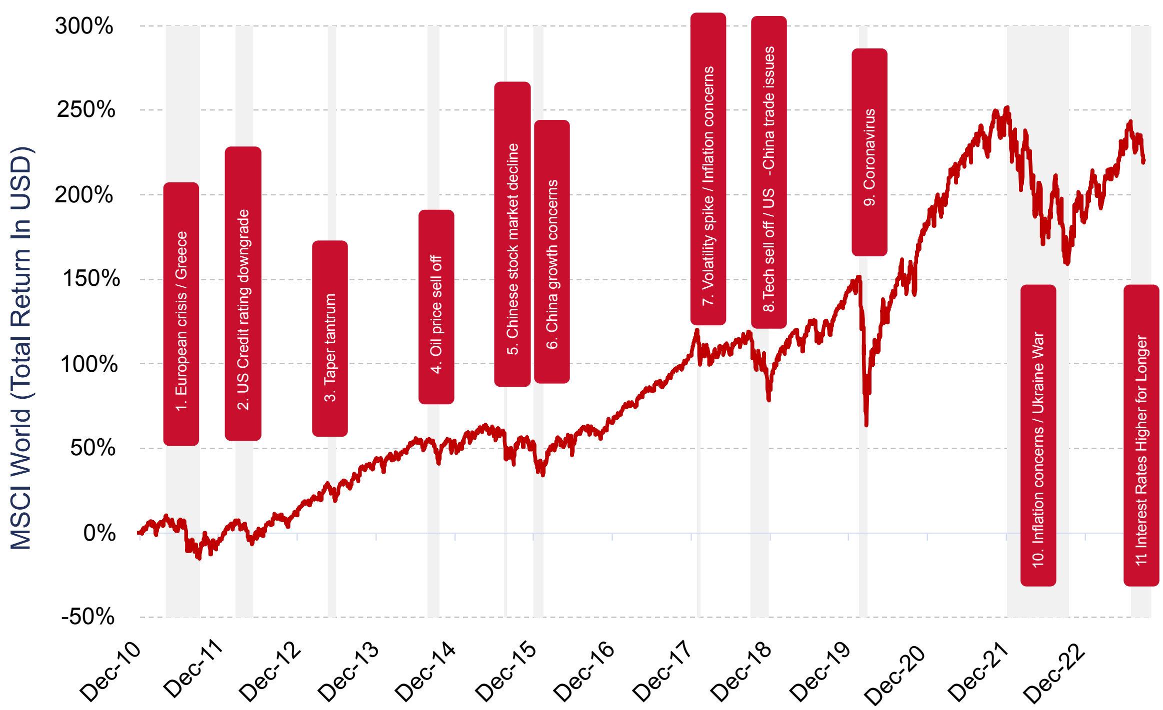
Dive into DIVS: October (continued)

What has this meant for Fund Performance?

DIVS has a strong track record in declining markets, outperforming in 11 of the last 11 drawdowns. We are encouraged that during the latest drawdown the Fund has performed as we would have hoped.

Largest Drawdowns in Global Equity Markets



Source: Guinness Atkinson Asset Management, Bloomberg. Data as of October 31, 2023.

Fund Outperformance Explored:

- **Financials:** DIVS saw particularly strong performance from its diversified financial names including Aflac & Arthur Gallagher (who benefited from higher bond yields boosting their investment income), and CME (who saw increased contract volumes traded on their platform as a result of the market volatility).
- **Consumer Staples:** Stalwart names in the portfolio showed their defensive qualities at the same time as maintaining solid organic growth. Across the board, the Fund's Staples names continued to show price & mix improvements while generally volumes did not suffer too much.
- **Healthcare:** Novo Nordisk maintained its impressive momentum YTD, as it benefits from the meteoric rise in demand for GLP1 drugs, particularly its blockbuster Wegovy, which has seen broad uptake across a variety of developed markets.

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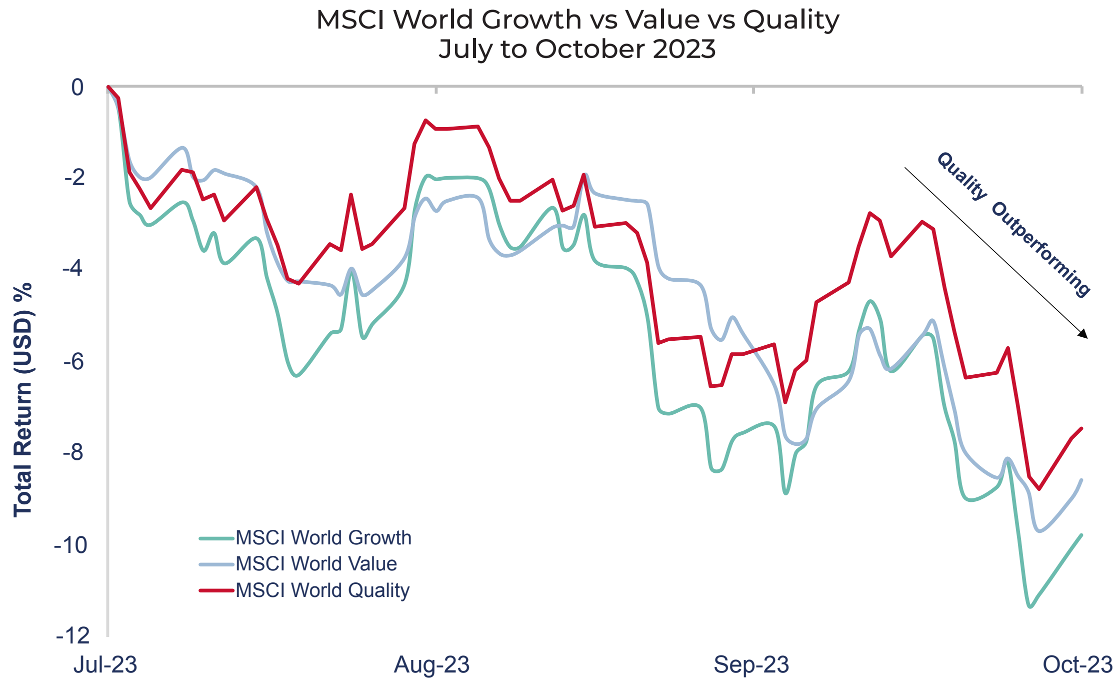
Dive into DIVS: October (continued)

Positioning Going Forward



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

It is worth noting that Quality as a factor showed clear outperformance over the month, which is part of a mid-term trend since July. Given the volatility, there has been a general investor preference for higher quality parts of the market, with the Fund's quality tilt aiding outperformance.

Moving forward, it looks likely that this market volatility will continue. While economic data remains resilient, certain warning signs and pockets of weakness are starting to appear at the margins, which is as we would expect at the back end of a particularly intense tightening cycle. Considering the risks on the horizon, we believe that DIVS continues to remain well placed given its focus on high quality companies, strong balance sheets and a growing dividend, that will play an important role in total return if the growth outlook stagnates.

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Important Information

Basis Points (bps) are a unit of measurement used to describe the percentage change in the value or rate of a financial instrument. One basis point is equivalent to 0.01% (1/100th of a percent) or 0.0001 in decimal form.

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.

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

Europe 600, or the Stoxx Europe 600 Index is a fixed number of 600 components, representing large, mid, and small-capitalization companies from 17 countries in Europe.

MSCI AC Asia Pacific ex Japan Index captures large and mid-cap representation across 4 of 5 Developed Markets countries (excluding Japan) and 8 Emerging Markets countries in the Asia Pacific region. With 1,309 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

MSCI World Value Index captures large and mid-cap securities exhibiting 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.

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.

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.

Tokyo Stock Price Index (TOPIX) is a Japanese stock market index calculated and published by the Tokyo Stock Exchange (TSE). TOPIX tracks domestic companies in the exchange's first section, which represents Japan's largest firms by market capitalization.

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.