DIVS
The SmartETFs Dividend Builder ETF
January 2024 Update

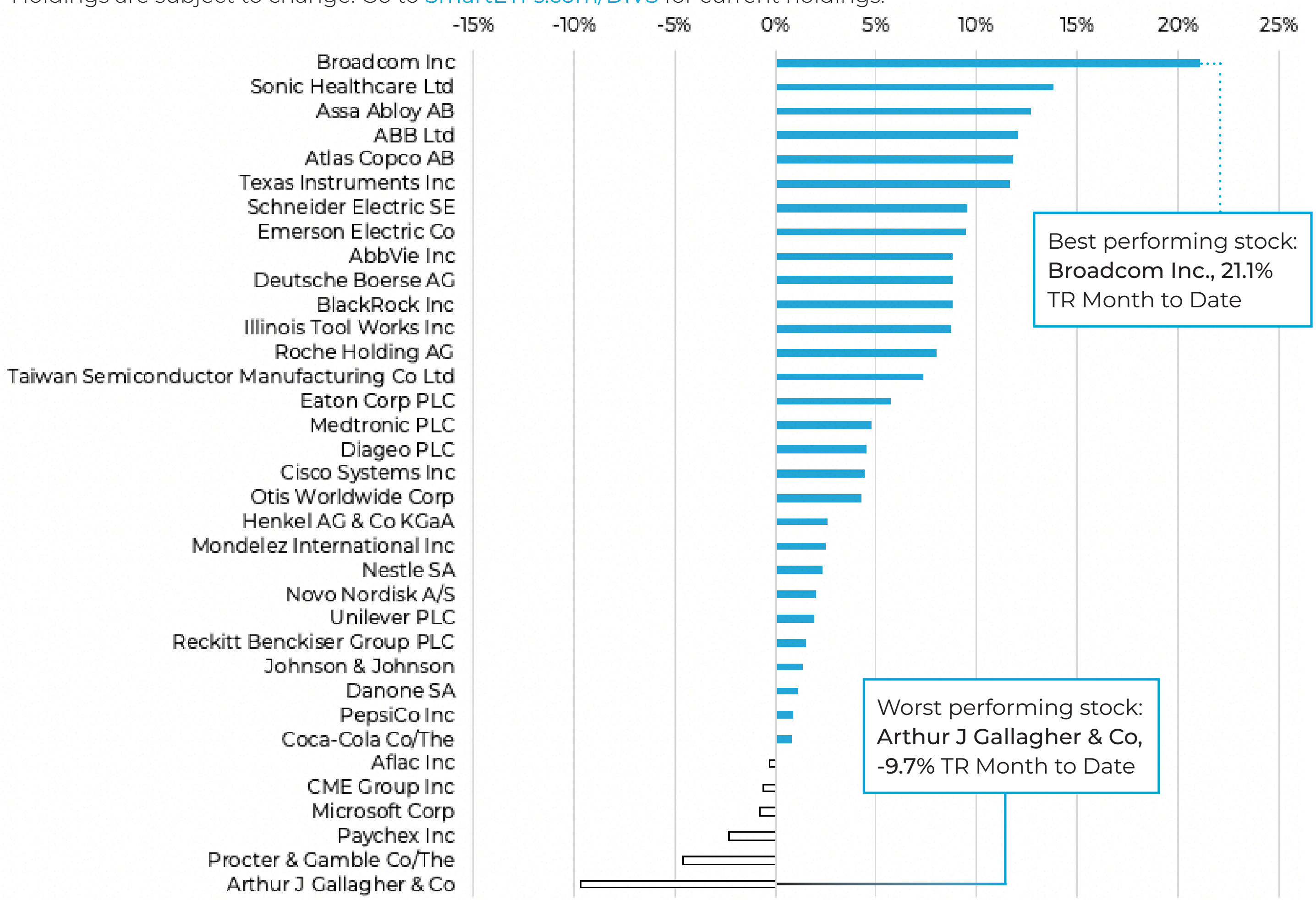
SmartETFs

Portfolio Performance
as of 12/31/2023

In December, DIVS was up 4.67% (NAV basis, 4.69% market price), while the MSCI World Index benchmark was up 4.91%. In 2023 the SmartETFs Dividend Builder Fund produced a total return of 15.99% on a NAV basis (15.98% market price) compared to the MSCI World Index return of 23.79%. The Fund therefore underperformed the Index by 7.8%.

- A macroeconomic environment of high (albeit falling) inflation, rapid interest rate rises, and geopolitical tension presented a challenging setup for global equity markets in 2023. However, a strong rally within the technology sector based on the promise of AI lifted markets through the summer, and a perceived dovish outlook for interest rates from the Federal Reserve in November released a broad-based rally across risk assets which accelerated in the final weeks of the year. Despite the obvious headwinds, exogenous shocks such as the US banking crisis in March, and the large swings in sentiment driven by interest rate expectations being challenged throughout the period, equity markets ended the year with very strong overall performance.
- Over the course of the year, the Fund's overweight to Consumer Staples and Healthcare acted as a headwind as both these sectors underperformed the index. Additionally, the underweight allocation to IT was a further drag, given that it was the best performing sector over 2023. However, a zero allocation to Utilities and Energy was a positive, as these were 2 of the 3 worst performing sectors. Furthermore, strong stock selection within Industrials, Healthcare, and Financials was a tailwind for the Fund.
- In the Fund, our focus on quality companies with strong balance sheets and long histories of high returns on capital meant that 32 out of our 35 holdings grew their dividend in 2023, 2 kept their dividend flat, and 1 company cut their dividend.

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



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Portfolio Performance

As of 12/31/2023	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception (03/30/2012)
DIVS at NAV	15.99%	15.99%	9.11%	13.07%	8.80%	10.30%
DIVS at Market Price	15.98%	15.98%	9.22%	13.14%	8.83%	10.32%
MSCI World NR	23.79%	23.79%	7.27%	12.80%	8.60%	9.80%

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

30-Day SEC Yield (as of 12/31/23): 1.35% subsidized | 0.90% 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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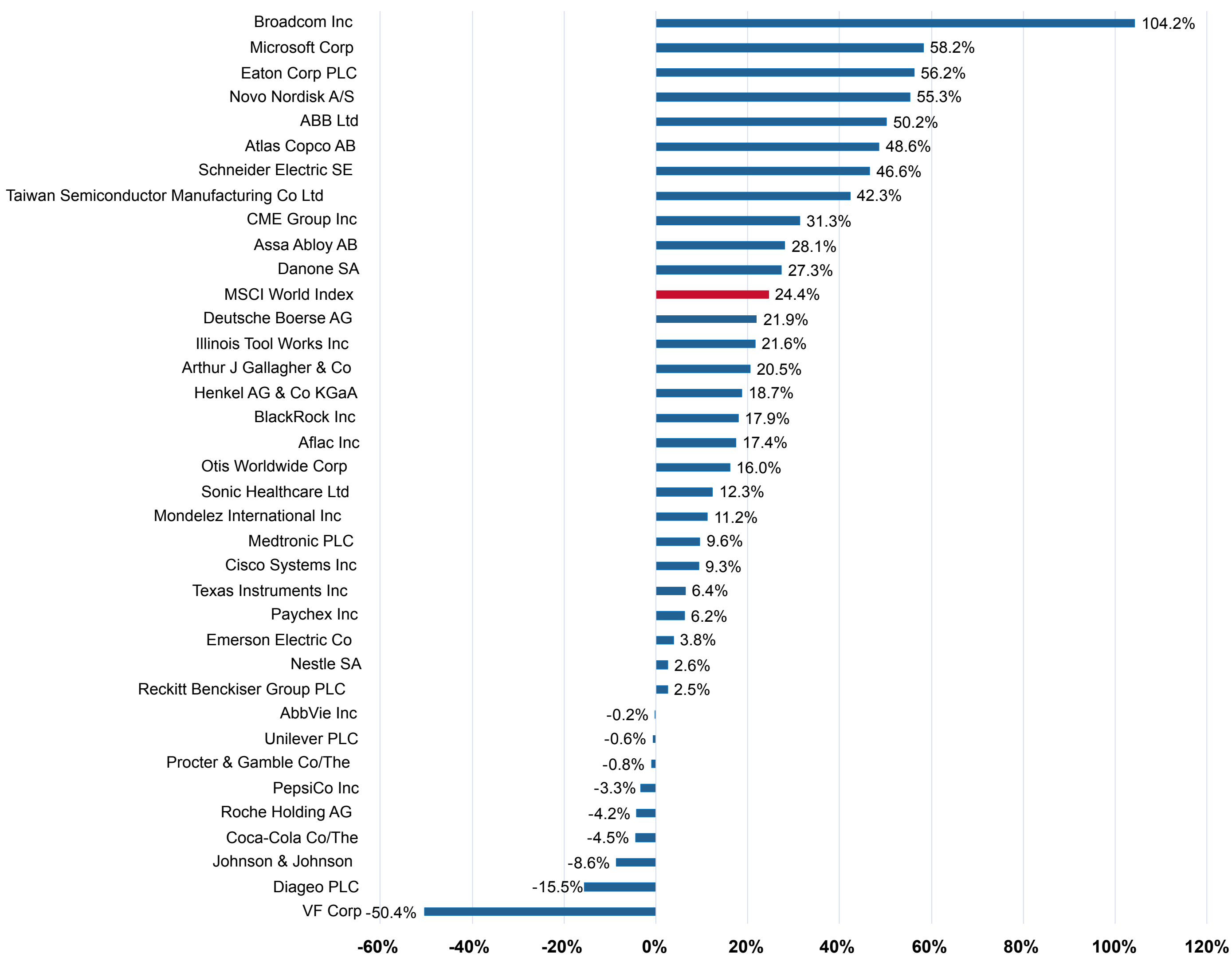
Individual Stock Performance

When we look at how individual companies within the portfolio performed in 2023, we see that out of the top ten, we have five Industrials, two IT, one Consumer Staples, one Health Care, and one Financials stock. This highlights the benefit of our moderate dividend yield and sector-agnostic approach, which can identify opportunities outside of the traditional high-yield or "defensive" areas typically associated with income funds.

Individual Stock Performance Over 2023
(Holding Period Total Return in USD)



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

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SmartETFs

Individual Stock Performance (continued)

Broadcom was the best performing stock over 2023, gaining 104.2% USD. It was generally a good year for semiconductor names across the board, as the sector was buoyed by the surge in demand. This has been driven, in large part, by the bullish sentiment for AI devices, which has been a welcome sector tailwind. Broadcom is a developer, manufacturer, and supplier of semiconductor software products and are therefore strategically well placed to benefit from the rising demand for cutting edge chips, which has led to greater subsequent demand for the associated software products that Broadcom produce. Over the year, Broadcom saw a 9% increase in sales, posting a record $36bn figure, alongside 65% EBIT margins and very solid free cash flow generation, which it will reinvest into numerous growth opportunities. One such example was the recently completed $61bn VMware acquisition, which will strengthen its overall product stack, particularly around its cloud-based offerings, where VMware has a core advantage. We are encouraged by the strong performance over 2023 and believe that Broadcom continues to remain exposed to various growth drivers which should play out as the semi opportunity continues to gather steam.

Microsoft also had a very good year, up 58.2%. Shares of the technology behemoth performed particularly well over 2023 as investors grew increasingly optimistic about the introduction of generative AI features that are being added into the firm's suite of products & services. While still in the early stages of this transformation, Microsoft is overhauling its entire lineup of Office apps (incl. Excel, PowerPoint, Outlook,and Word) with generative AI features, which are leveraging technology from OpenAI, the startup behind ChatGPT in which it invested $10bn earlier in the year. Microsoft CFO Amy Hood told investors that new AI-powered services will contribute at least $10 billion to the company's top lines in the years to come and will present a sustained and meaningful growth driver throughout the AI cycle. Amidst this positive macroeconomic backdrop, the company continued to show strong operating performance, with the Azure Cloud posting revenue growth of 29% YoY (year over year) in Q2, well ahead of consensus and also ahead of peers, making progress in taking market share. On the earnings call, management guided for this trend to continue, and noted that AI is playing an increasingly large role in driving revenues for the segment. In sum, both the business and the operating environment remain favorable, and Microsoft's early move towards embracing the next wave of AI technology, coupled with solid results, helped outperformance over the year.

VF Corp was the worst performing stock in the portfolio (down 50.4% over our holding period in 2023), and the one position we exited over the year. Further commentary on this performance and the reason for sale can be found below.

Diageo was the second worst performer (down -15.1%). This comes amidst the context of a generally difficult set up for the spirits market, which is seeing a deceleration in growth given sluggish consumer trends. The well-regarded Goldman Sachs US Spirits Wholesalers survey showed that US wholesalers

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Individual Stock Performance (continued)

were the most cautious on the growth outlook since 2020 and respondents expected weaker volume trends in the US for the time being. The US market constitutes one third of Diageo's sales & makes up over 40% of their operating profit, therefore signs of a cooling end market were a headwind for the stock. Over the year, they also issued a gloomy trading update in advance of their Capital Markets Day. This centered around a growth slowdown in its Latin American division given sluggish customer activity in the region and a rise in down-trading to cheaper brands. As a result, the firm downgraded their overall medium-term profit guidance by 1%. While the spirits conglomerate is facing some notable headwinds, the long-term thesis for Diageo remains firmly intact. They have a diversified portfolio of very strong brands, with a leadership position in Scotch, Gin and Tequila and an attractive geographic footprint. Management is also prioritizing advertising & promotional investments to kick start growth, and we are encouraged by the long-term investment into the business.

Johnson & Johnson also struggled in 2023, closing down -8.6%. It was a weak year for healthcare names in general, with the sector underperforming the benchmark by over 20%. However, this was compounded by a series of unfavorable events for the pharmaceutical giant including news that they had drastically cut production of their COVID-19 vaccine, as well as the failed trial and subsequent discontinuation of Mosaico, their HIV drug which was in late-stage clinical trials. Additionally, J&J found out it may still be on the hook for damages over cancer causing ingredients in its baby powder, despite the particular division having already filed for bankruptcy. While these short-term developments are not favorable, we believe that the long-term business outlook remains positive. J&J remains well diversified across consumer, pharmaceutical, and medical devices, which should help them stabilize revenues amidst any end market weakness. Additionally, the firm continues to invest heavily in R&D and has a very healthy pipeline of drugs and devices coming to market over the next year 24 months, which should more than offset the setbacks outlined above.

Portfolio Changes

Over the fourth quarter, we sold our positions in VF Corp and, as part of our one-in-one-out process, we bought a new position in Assa Abloy. This was the only change we made to the portfolio over 2023.

In terms of sector allocation, this means that we sold one Consumer Discretionary stock and replaced it with an Industrial stock. However, the overall positioning of the Fund remains largely unchanged.

Regionally, this change increased our European ex-UK exposure, and reduced our US exposure.

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Portfolio Changes

Sells

- **VF Corp** The VF Corp business has been struggling for a moderate period, given a global slowdown in demand for its core brands (including Vans, Dickies, and Timberland). New management led by CEO Bracken Darrell's (formerly Logitech CEO) had been brought in to lead the turnaround. However, the business is still facing substantial issues. On the Q2 2024 earnings call, management noted that the core segments are still in decline, with particular weakness in their primary US market. Additionally, the firm remains highly levered, and management are focusing on paying down the debt. In order to achieve this, they have decided to cut the dividend a further 70% (following a previous cut of 40% earlier in the year). While this strategy may pay off longer-term, management were clear on their earnings call that the turnaround would take longer than investors had expected. Coupled with the significant dividend cut, we feel that VF Corp has become too anomalous to the core process of picking high quality companies with strong balance sheets and stable & growing dividends. We therefore decide to sell the position in full.

Buys

+ **Assa Abloy** Assa Abloy is a high-quality Swedish manufacturer and distributor of locks & security systems. They are the current leader in the space with a dominant position (3 times the size of their closest competitor) and the business has defensive, sticky revenues given high exposure to the aftermarket segment. They also have several levers that can unlock value - both organic and inorganic. Mergers & Acquisitions has historically been a key component of growth, but management have done well to create a more balanced approach centered around a strong innovation pipeline and upgrading their large installed base (particularly in emerging geographies) to more complex, profitable solutions. They are also exposed to attractive underlying trends including the need for greater security, proliferation of smart buildings, and rapid urbanization. These should all serve to grow the end markets that Assa Abloy serves, and the firm's quality products, well-known brand, and solid innovation should protect their leading market position. The dividend looks secure and is growing sustainably therefore, in sum, it is a high-quality business with clear competitive advantages, trading at a reasonable valuation.

Portfolio Positioning

We continue to maintain an 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).

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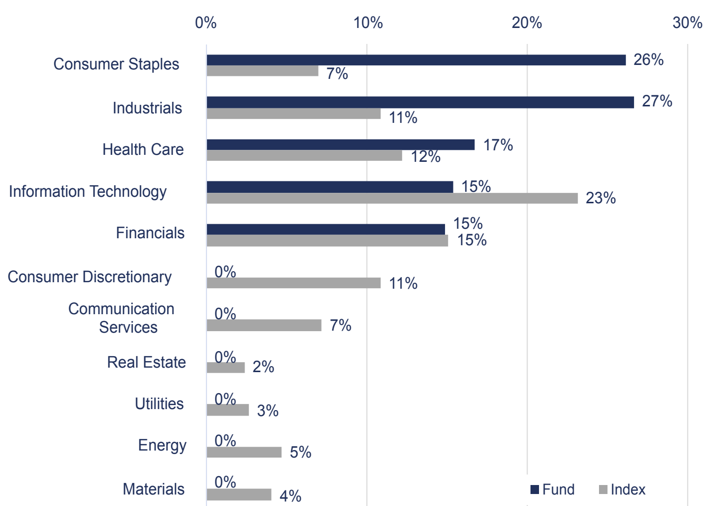
Portfolio Positioning (continued)

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. All the companies we seek to invest in have strong balance sheets and a history of performing well in difficult market environments. Within Financials, for example, while we do not own any Banks, which helps to dampen the cyclicality of our Financials, we do own exchange groups such as CME and Deutsche Boerse (which tend to do better in periods of market volatility as volumes tend to increase at these times which results in higher revenues for the exchanges).

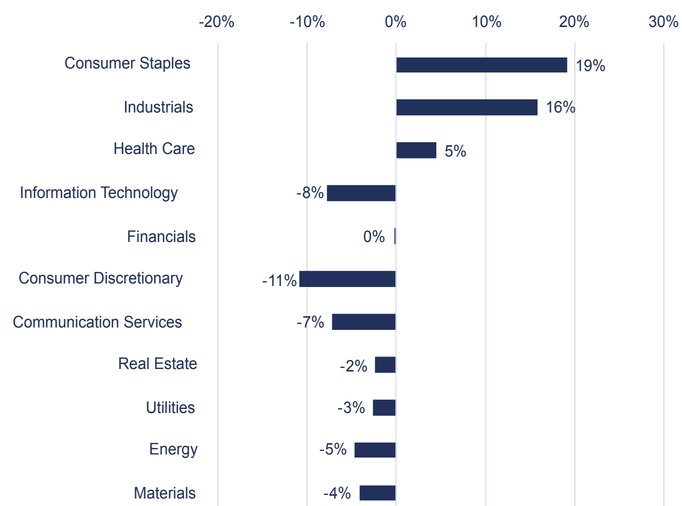
The Fund also has zero weighting to Energy, Utilities, Materials, Real Estate, Communication Services, and Consumer Discretionary. The largest overweight is to Consumer Staples.

Sector breakdown of the fund versus MSCI World Index

Fund Allocation vs MSCI World Index



Over / Under Weights



Source: SmartETFs, Bloomberg. Data as of December 31, 2023.

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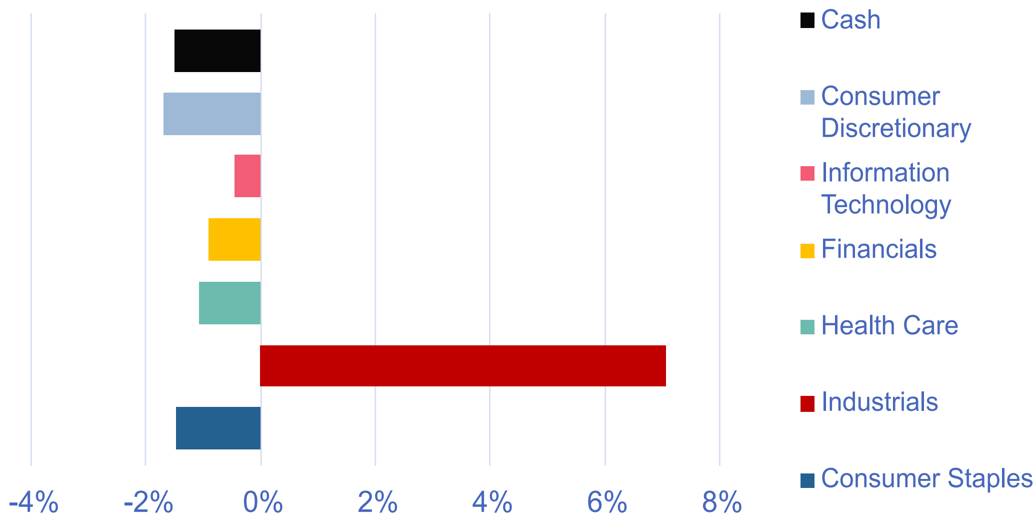
Portfolio Positioning (continued)

Year on Year Change in Sector Breakdown
December 31, 2023 vs December 31, 2022

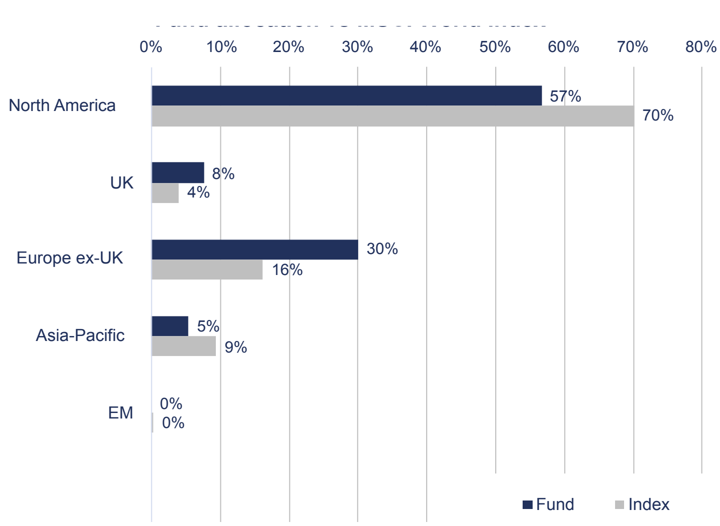


Source: SmartETFs. Data as of December 31, 2023.

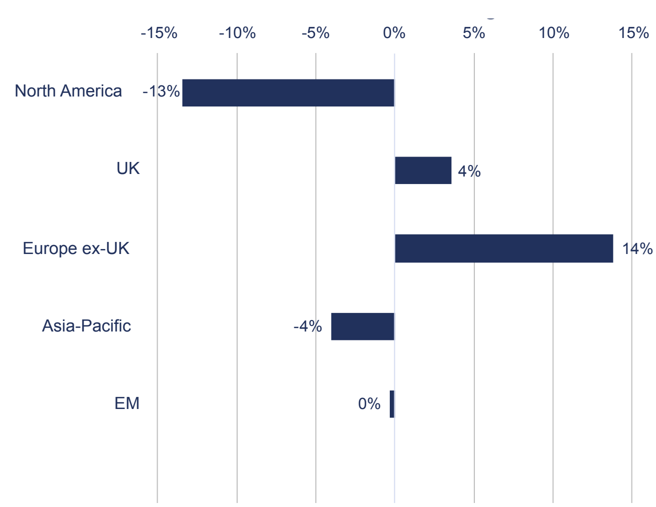
In terms of geographic exposure (chart below), the largest overweight remains Europe ex-UK, though we are diversified around the world with 57% in the US, 38% in Europe & UK and 5% in Asia-Pacific. Within the Asia-Pacific region we have one company listed in Taiwan (Taiwan Semiconductor) and one company listed in Australia (Sonic Healthcare).

Regional Breakdown of the Fund vs MSCI World Index

Fund Allocation vs MSCI World Index



Over / Under Weights



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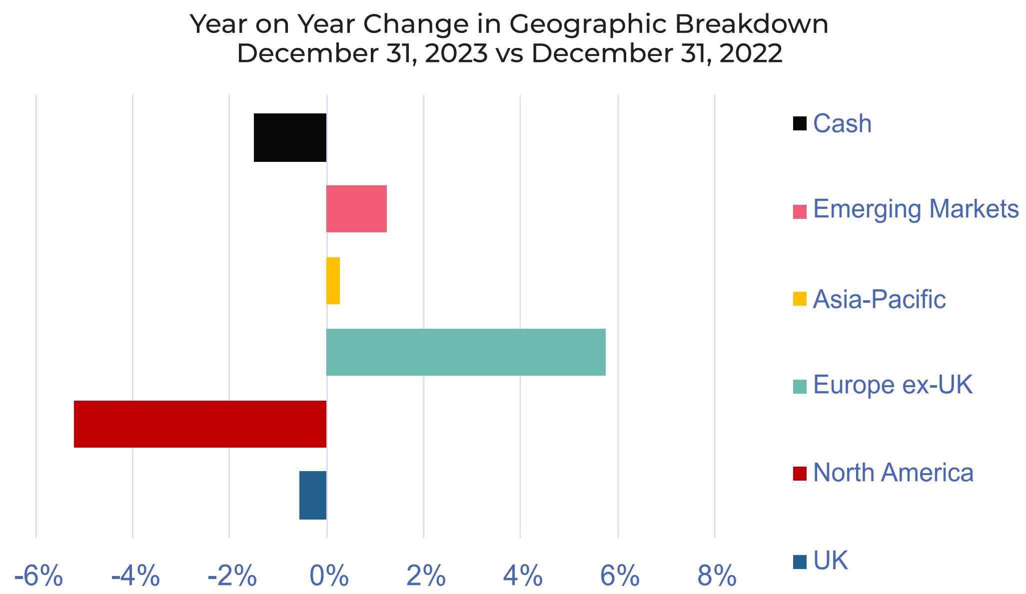
Portfolio Positioning (continued)



Source: SmartETFs. Data as of December 31, 2023.

Outlook

The four key tenets to our approach are: quality, value, dividend, and conviction.

		Fund	MSCI World Index
Quality	Weighted median return on capital	18.9%	8.6%%
	Weighted median debt / equity	62%	68%
Value	P/E (2024e)	19.4%	17.9%
	FCF Yield (LTM)	4.2%	4.0%
Dividend	Dividend Yield (LTM)	1.8% (net)	2.0% (gross)
	Weighted average payout ratio	55%	42%
Conviction	Number of stocks	35	1650
	Active share	89%	-

As we look ahead to 2024, we are confident that the companies we own in the Fund will continue to navigate the changing macroeconomic environment, as has been the case over 2023. The current consen-

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Outlook (continued)

sus is for a soft landing - low (but positive) economic growth, falling inflation and continued strength in employment. While few would have foreseen this just one year prior, the current consensus view is that we avoid a global recession and, at time of writing, the market is pricing in 6 rate cuts by the Fed over the coming year. With inflation moderating and central banks showing willingness to tone down their hawkish rhetoric, it is reasonable to expect a number of rate cuts over 2024. However, there is of course the risk that the market is overly optimistic with regards to both timing and magnitude.

It is therefore prudent to note alongside this optimistic scenario the downside risks, in our view, that remain present:

- Central bank policy is more hawkish than is being priced in.
- The disinflationary trend starts to stall, or worse, picks up once more.
- The expected positive growth outlook turns negative.

It is worth noting, as ever, that consensus thinking when taken on wholesale rarely reflects the reality of what actually happens and today's consensus carries high expectations, considering the still difficult path that central banks need navigate. We do not try to predict what will happen from a macro perspective for just these reasons and instead try to create a portfolio that can weather different economic environments and provide the return outcomes we seek to provide on a consistent basis.

As such, we believe that focusing on the high-quality businesses that have shown the ability to perform over numerous economic cycles provides the fund with a good balance and helps to mitigate against some of these downside risks. We also note that the defensive nature of the portfolio – which has outperformed in all market corrections since launch in 2010 – gives us confidence heading into 2024. Additionally, we believe the holdings we have selected in the Fund remain robust and our perpetual approach of focusing on quality compounders and dividend-growers should continue to stand us in good stead in our search for rising income streams and long-term capital growth.

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

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 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.

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.

Price to Earnings Ratio is a stock valuation metric that compares a company's share price to its earnings per share.

Earnings Per Share (EPS) is is a company's net profit divided by the number of common shares it has outstanding. It indicates how much money a company makes for each share of its stock and is a widely used metric for estimating corporate value.

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.