DIVS

The SmartETFs Dividend Builder ETF

August 2024 Update

Portfolio Performance

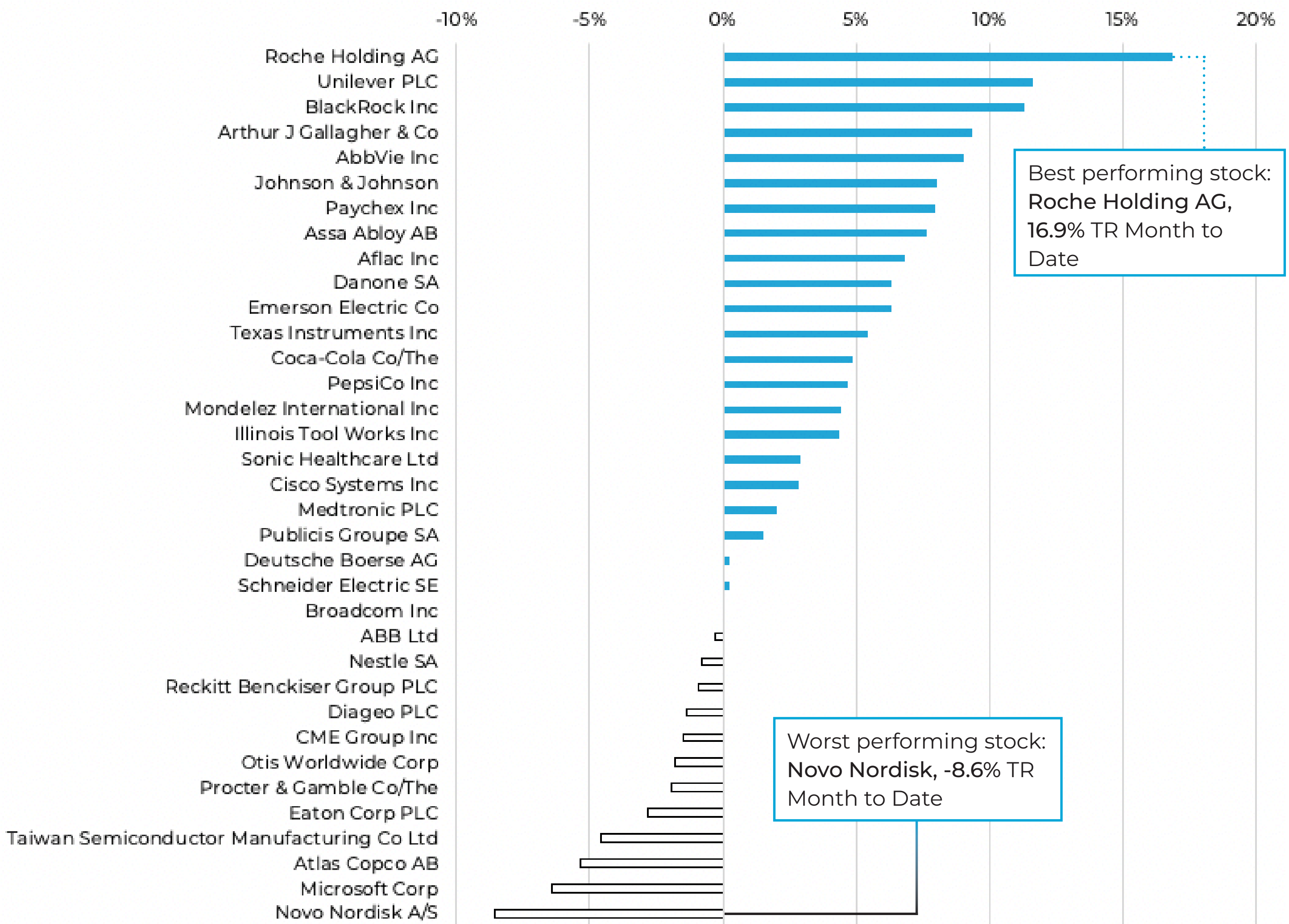
as of 07/31/2024

In July, DIVS was up 2.73% (NAV basis, 2.48% market price), while the MSCI World Index benchmark was up 1.76%. The Fund's outperformance versus the benchmark can be attributed to the following:

- The underweight allocation to Communication Services and Information Technology acted as a tailwind as these were the worst performing sectors in July, and the only two to post negative performance over the month.
- The Fund's overweight allocation to Consumer Staples, Industrials and Healthcare (the three largest overweight allocations) were a positive, with all sectors outperforming the benchmark.
- Strong stock selection also acted as a tailwind. The Fund's Healthcare holdings performed particularly well including Roche and AbbVie, while the Consumer Staples and Financials names (Unilever, Blackrock, Arthur Gallagher) also posted good gains in July.

Read on for more.

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



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.

Portfolio Performance

Roche ended the month as the Fund's top performer. It had been a difficult 12-month period for Roche, as investors started questioning the firm's ability to reinvigorate top-line growth. Much of the pipeline is "high risk, high reward", and expectations are currently muted given several high-profile clinical trial failures over the past couple of years. However, July saw a sharp reversal of fortunes as Roche posted an encouraging set of earnings, which has extended their recent rally. H1 ex-COVID revenues were up 8% year over year led by strength across both the Pharma and Diagnostics divisions, alongside operating margin improvement and a double digit beat on the bottom line. Management also highlighted the firm's optimistic outlook, calling out 16 pharmaceutical medicines that could become key growth drivers for the firm beyond 2025 including the prospects of GLP-1 developments. On that note, encouraging news released over July showed that their experimental weight loss pill demonstrated meaningful results in an early-stage study amongst obesity patients. This is still in its initial phase of development, but as the cadence of Phase III trials (following a relative dearth since mid-2022) picks up, we believe sentiment can improve even further, and we are pleased by the recent turnaround in performance.

Novo Nordisk, the Danish-based pharmaceutical giant, was the worst performer over July. The underperformance can be attributed to market developments from pharmaceutical peers, who have shown early progress in trials for rival GLP-1 drugs. Novo Nordisk was the first company to market with their Wegovy drug, while Eli Lilly have more recently brought out their own flagship GLP-1 solution, Zepbound. Both Novo Nordisk and Eli Lilly suffered over July as fears that their duopoly position may be threatened by new players, namely Pfizer, Roche, and to a lesser extent AstraZeneca. As we continue to closely monitor the developing GLP-1 landscape, at present, we remain confident that Novo Nordisk is well placed given their strong R&D capabilities, and the ongoing efficacy of their drug portfolio. It is also worth noting that while peers have shown promising progress to date, they are still a long way behind the completion of phase 3 trials and full go-to-market build out. Additionally, Novo Nordisk is continuing to innovate in this space, including promising early clinical trial data from its new GLP-1 drug CagriSema, which uses a unique combination of Semaglutide and Cagrilintide, targeting three different receptors to enhance weight loss and control blood sugar. This multi-target approach has shown promising signs and may be more effective than competitor offerings, which points to the continued innovation of GLP-1 leader Novo Nordisk.

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As of 07/312024	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception (03/30/2012)
DIVS at NAV	11.37%	14.28%	7.76%	12.37%	9.50%	10.75%
DIVS at Market Price	10.64%	13.56%	7.68%	12.29%	9.46%	10.72%
MSCI World NR	13.72%	18.34%	6.84%	12.04%	9.52%	10.46%

As of 06/30/2024	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception (03/30/2012)
DIVS at NAV	8.41%	13.44%	7.64%	11.74%	8.85%	10.59%
DIVS at Market Price	7.96%	12.51%	7.57%	11.72%	8.83%	10.58%
MSCI World NR	11.75%	20.19%	6.85%	11.76%	9.15%	10.38%

Expense Ratio: 0.65% (net) | 1.09% (gross)

30-Day SEC Yield (as of 07/31/24): 1.13% subsidized | 0.79% 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, 2027.

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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.

Subsidized yields reflect any fee waivers or reimbursements that may be in effect during a period, while unsubsidized yields do not.

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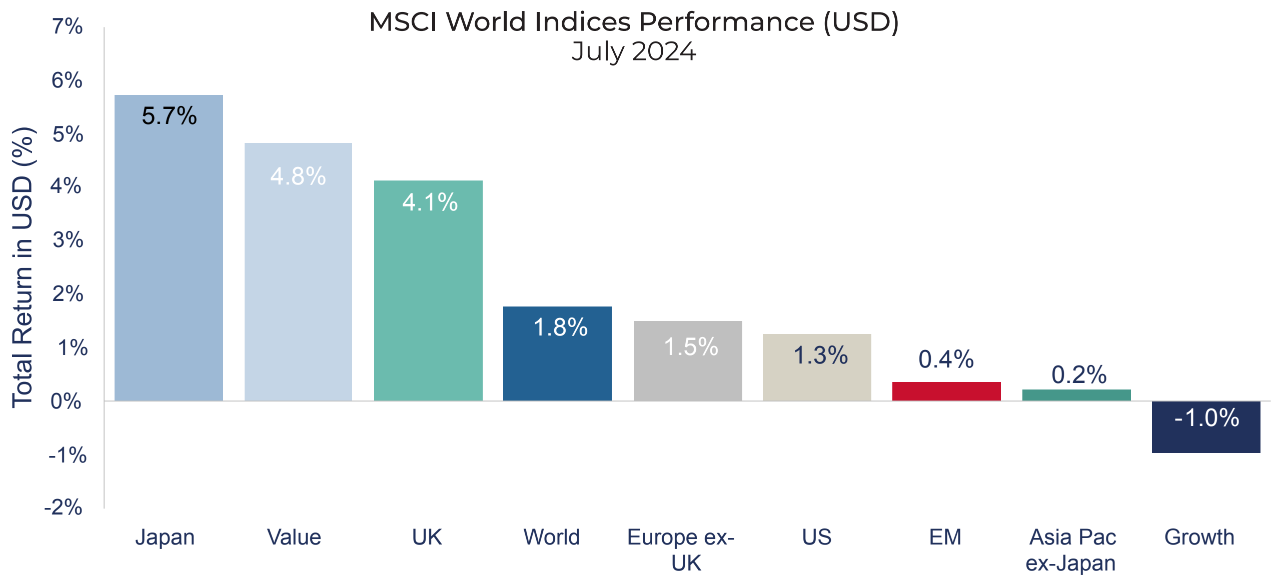
July in Review

A Month is a Long Time in Politics

As the famous adage goes, a week is a long time in politics. Well, July certainly had many of those weeks, with national elections and changes to political leadership across many parts of the world from the United Kingdom, to France, the European Union, and democracies across parts of South America & Central Africa. That is without mentioning the extraordinary events unfolding in the US. While the impact on markets of such large-scale changes are yet to fully play out, the new political landscape will certainly bring with it ongoing implications for domestic and regional markets:



Source: Bloomberg. Data as of July 31, 2024.

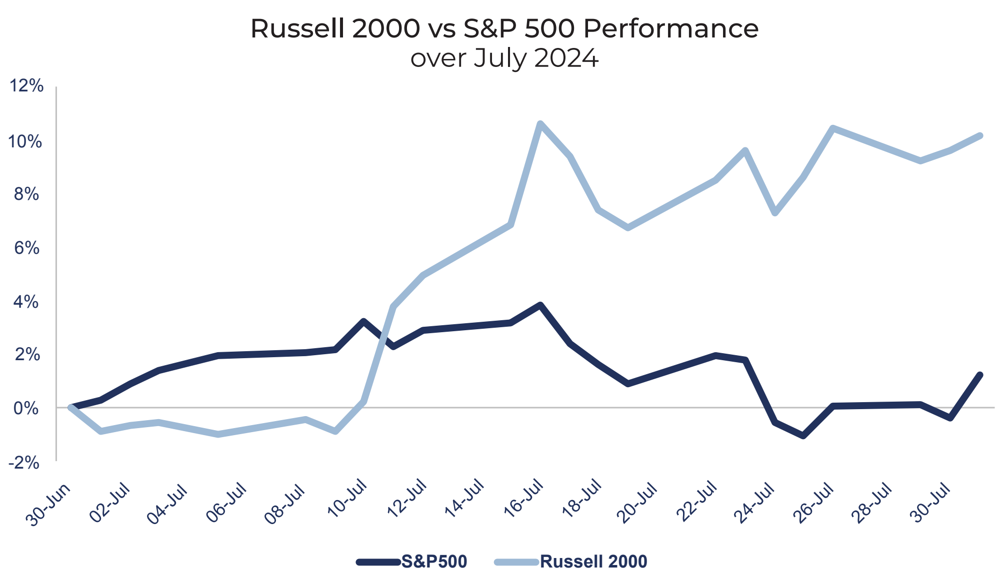
- UK: The UK saw a change in political party leadership, the first time in 14 years, as Labour's Keir Starmer won a resounding victory in the general election. While this result had been widely foreseen, and came as no great surprise to UK domestic markets, the promise of both political stability and fiscal responsibility from the incoming government buoyed UK indices, with the MSCI UK gaining +4.1%, the second-best performer over July.
- European Union: French National Assembly elections earlier in the month initially pointed to a surge in far-right support, but the National Rally party failed to gain enough of the vote to win an outright majority, leading to a hung parliament. Even though a fragmented coalition government makes it unlikely that meaningful legislation will be passed in the lower chamber, French equity indexes rallied over 5% on the news, as fears of a radical economic shake-up from a potential far-right government were avoided. In other news, Ursula von der Leyen won a second term as President of the European Commission, but this did little to move investor sentiment with the center-right politician favorite to win a second term. Europe ex-UK (+1.5%) underperformed the MSCI World by 30 basis points (bps), given a generally underwhelming earnings season, with some bell-weather firms walking back bullish expectations, and posting results behind consensus.

July in Review (continued)

- US: In a whirlwind month for US politics, current President Biden ended his re-election campaign, former President Trump survived an assassination attempt, and Kamala Harris became the Democratic nominee. As markets weigh up what to make of these events, the most likely outcome (regardless of the election result), seems an increase in trade scrutiny and protectionism. Trump has touted the potential for 60% tariffs on Chinese goods while, earlier in the month, the current Biden-Harris administration touted further severe trade restrictions on semiconductor firms if they continue to give China access to the latest cutting-edge equipment. As a result, semiconductor names sold off sharply in July, the SOX falling as much as 16% intramonth before rebounding on the last day of the month, as these fears subsided. Nonetheless, there remains an ongoing concern that China is developing its semiconductor capabilities faster than expected so trade scrutiny will likely remain front of mind.

Change in Leadership

Much like the UK, France, and the US Democrats, equities also saw a change in leadership over July, both from a style and sector perspective.



Source: Bloomberg. Data as of July 31, 2024.

Not only were markets notably volatile over July, but there was also a clear rotation away from the large cap winners towards smaller cap names, as shown above. It remains to be seen whether this was a more enduring change in stylistic leadership or, instead, a pullback in the strong large cap outperformance that has characterized markets of late. Nonetheless, the magnitude of the market volatility was certainly striking. This was most severe in the US, as shown by the significant outperformance of the Russell 2000 Index (a good proxy for small cap stocks) vs the S&P 500. Much of this move occurred from the 10th day of the month onwards, after which, the Russell 2000 outperformed the S&P500 by +11.8%. We saw a similar picture across global indices, albeit not as extreme.

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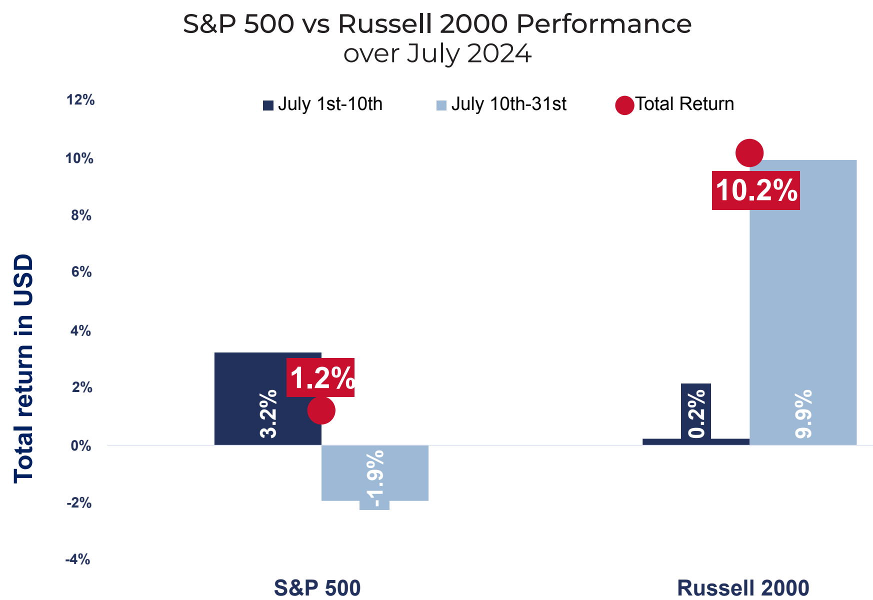
July in Review (continued)



Source: Bloomberg. Data as of July 31, 2024.

Putting this into context, the macroeconomic data released over the month seemed to be constructive for small caps. The US GDP figure came in strong (2.8% vs 2.0% expected), which benefited the Russell 2000 as small caps tend to underperform in recession-like scenarios and outperform in higher growth environments. Furthermore, US CPI data (3.0% YoY) showed progress on the disinflation front, coupled with a soft US labor market (4.1% unemployment rate, the highest level since November 2021) which led to higher confidence of Fed rate cuts beginning in September. Lower rates are generally viewed more positively for small caps given their higher debt profiles, so a reduction in interest expense would present a tailwind for earnings in the near term. This is somewhat of a change in narrative, as the prior conceived wisdom was that rate cuts would benefit growthier parts of the market however, Growth underper-formed Value by +5.8% over July.

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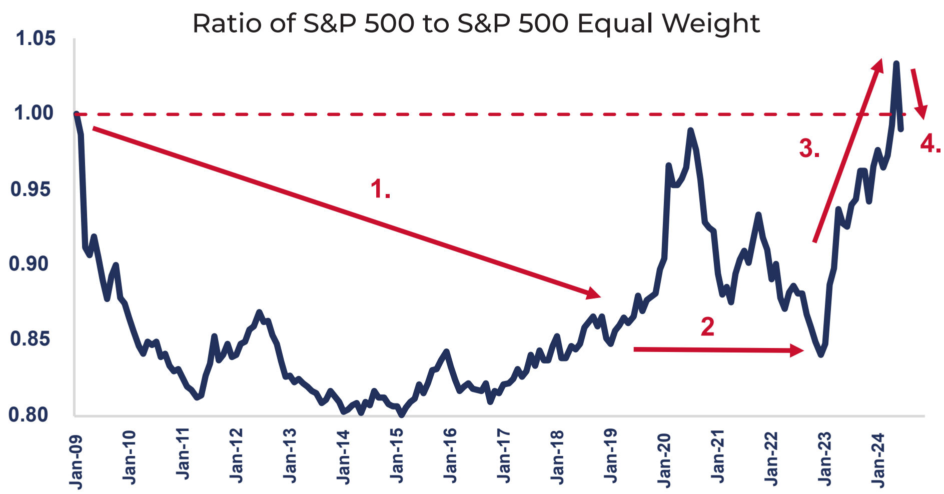
July in Review (continued)

15 Years in Weighting



Source: S&P, Bloomberg. Data as of July 31, 2024.

Historically, over time, smaller companies have outperformed their larger cap peers. Taking the S&P 500 as an example, the equal weighted version of the index (in which every stock accounts for 0.2%) can be viewed as a measure of the "average stock". The chart above shows the ratio of the S&P 500 total return to the return of its equal-weight counterpart, going back to 2009.

- Period 1: Following the 2008/09 Global Financial Crisis, the equally weighted index clearly outperformed the S&P 500, as solid economic conditions led to broad based gains, shared among the index. This was interestingly also the case following the Dot Com Crash at the turn of the century.
- Period 2: COVID disruptions created a unique pandemic and post-pandemic economy where a range of different winners and losers emerged. The unique circumstances led to some sharp volatility in global markets with periods of both under- and out-performance by small cap names.
- Period 3: The most pronounced period of large cap outperformance vs the equal weighted index occurred since January 2023. The much-discussed rise of the Magnificent 7 names drove the majority of index returns over this period and helped to rapidly close the underperformance gap that had emerged.
- Period 4: Up until the end of June, the S&P500 hadn't been so far head of the average stock since peaks in 2008/09, showing the real narrowness of the latest equity market rally. However, the sharp reversal in July, where large cap names sold off sharply, saw a substantial retracement of this longer-term trend.

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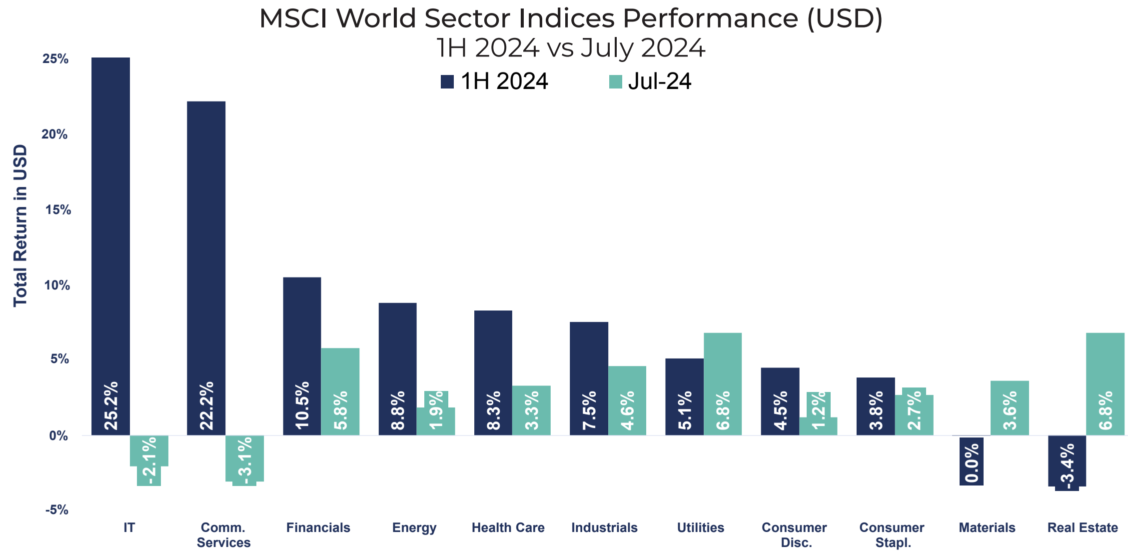
July in Review (continued)

Sector Shifts: IT Pulled Back



Source: Bloomberg. Data as of July 31, 2024.

July also saw some notable swings in sector performance, as illustrated by the chart above. IT and Communication Services had been the two best performers over 1H 2024 (shown by the blue bars) but these fell the most over July (green bars), as investors reassessed their lofty expectations and rotated out of their winners. The Semiconductor names led the IT sector lower, falling -5.3% given trade tensions and some potential profit taking. However, another explanation of the IT & Magnificent 7 pull back might have been the Microsoft & Meta quarterly earnings commentaries, in which both firms voiced the need for continued large-scale AI-related CAPEX spend. Investors may be growing concerned that such spend will not deliver meaningful incremental AI revenues to justify the vast investments being made. Conversely, the worst performing sector over the first half of 2024 (Real Estate) saw the largest gain in July (+6.8%) as sentiment reversed course, and the potential for lower rates buoyed the sector. More broadly, sector performance appeared "risk-off" as more defensive areas of the market (Staples and Utilities) and more cyclical areas of the market (Financials & Materials) also performed well, with growthier parts of the market lagging behind.

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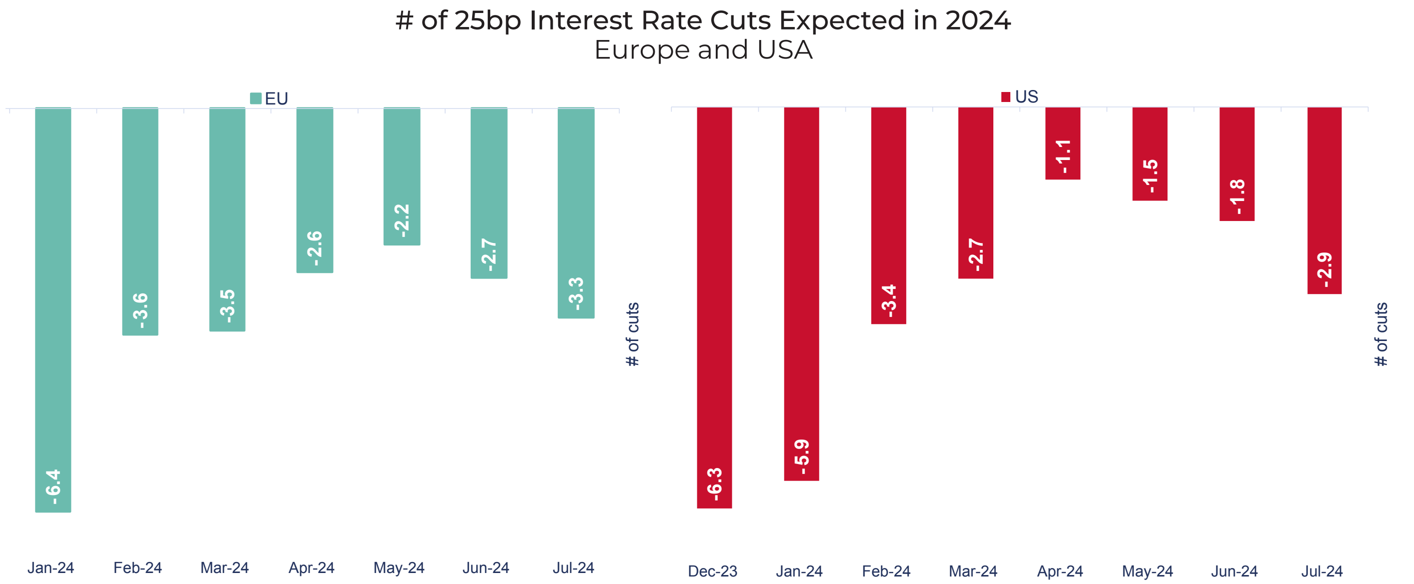
July in Review (continued)

Not Long Now?



Source: Federal Reserve Board, Bloomberg. Data as of July 31, 2024.

The US Federal reserve met on the last day of July, and while they chose not to lower rates in July, they said that a reduction in “policy rates could be on the table as soon as … September”. As a result, the market is now pricing in 2.9 rate cuts in 2024, in effect a cut at every remaining meeting and a reversal from the sentiment in April. However, with unemployment ticking up, some industrial PMI surveys showing softness and further indications that the consumer is struggling (US credit card payment delays ticked up), it appears that market participants are getting increasingly concerned over the strength of the economy. The worry is that even September rate cuts are too late as the lagged effects of the high interest regime are already starting to show a significant drag. More interesting perhaps is the ongoing dilemma facing the Fed. Cutting rates from a position of strength (i.e. strong economic data and low inflation) is a positive for equities but if cutting from a position of weakness (i.e. falling growth) to stave off a recession, this may present a negative set up for equities. Therefore, both the timing and positioning of the rate cutting cycle will be key in dictating the narrative.

Earnings Season: What Management are Saying

Earnings season kicked off in earnest over July, with 28 out of the Fund’s 35 holdings having reported as of month end. Results have painted a fairly broad picture so far. We have seen a handful of senior management teams call out weakness in the macro environment whether it be a slowdown in consumer spending, a softness in orders or a general increase in geopolitical tension. Other commentary has been more optimistic. In both cases, we remain encouraged that, despite some broader economic challenges, many of the Fund’s holdings have reported solid underlying earnings. This is in large part thanks to their

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July in Review (continued)

strong business models with clear competitive advantages, high returns on capital and exposure to enduring growth drivers. We have included some management commentaries from a range of the Fund's holdings below:

Staples

Coca Cola CEO James Quincey:

> "Overall, it'd be fair to say that the consumer sentiment in the aggregate is actually pretty strong, pretty resilient … (as a result) we continued our momentum in the second quarter. In a world with a wide spectrum of market dynamics, our all-weather strategy is working."

Nestle CEO Ulf Mark Schneider:

> "The general economic growth and consumer sentiment [is] a bit of a disappointment that led to more consumer hesitation and more intense price competition … (despite this backdrop) we continue to improve our market share, in particular, 4 billionaire brands, and in e-commerce, where we're generating strong growth momentum and gaining share."

Industrials

Atlas Copco CEO Vagner Rego:

> "We see the development of our order growth per quarter, and now we're in a phase that we're a bit more flattish after a period of very strong growth in 2021 and 2022." The firm does not give explicit forward guidance but, as part of their near-term outlook, they expect that customer activity "will remain at the current level".

Schneider Electric CEO Peter Herweck:

> "As you would expect, with the industrial market, there is a little bit of weakness. (However) the megatrends really work for us and they deliver structural growth. We see good development across all end markets, supporting the medium-term growth expectations… (as a result) we delivered record revenues. It was an all-time high for any quarter. (In sum) strong results, strong execution."

Diversified Financials

CME Group Chair & CEO Terrence Duffy:

> "As escalating uncertainties drove an increased need for risk management across all asset classes, CME Group achieved record Q2 volume and generated record revenue, adjusted net income and adjusted earnings per share."

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SmartETFs
by Guinness Atkinson

July in Review (continued)

Deutsche Boerse CFO Gregor Pottmeyer:

"We were again able to drive our growth across all segments in the second quarter...our secular growth initiatives in particular made an important contribution to organic net revenue growth, by gaining market share and winning new customers. And contrary to expectations at the start of the year, interest rates remained high in the first half-year. We have therefore raised our guidance for the full year."

Communication Services

Publicis CEO Arthur Sadoun:

"There are 3 highlights from our H1 performance. First, we continued to win market share, out-performing our peers by close to 400 basis points on average .... Second, once again, we achieved the best financial KPIs of our industry. Last but not least, we are upgrading our FY organic growth guidance despite continued macroeconomic pressures."

IT

TSMC CFO Wendell Huang:

"Macroeconomic and geopolitical uncertainty persists, potentially further weighing on consumer sentiment and end-market demand. We thus expect the overall semiconductor market, excluding memory, to experience a more mild and gradual recovery in 2024. (Nonetheless) Second quarter revenue increased 13.6% sequentially... as our business was supported by strong demand for our industry-leading 3- and 5-nanometer technologies."

There's more where that came from!

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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.

Personal Consumption Expenditures Index is a measure of the prices that people living in the United States, or those buying on their behalf, pay for goods and services. The index is known for capturing inflation (or deflation) across a wide range of consumer expenses and reflecting changes in consumer behavior.

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.

Magnificent Seven comprises Apple, Microsoft, Amazon.com, Nvidia, Meta Platforms, Tesla, and Alphabet.

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.