DIVS

The SmartETFs Dividend Builder ETF

November 2024 Update

Portfolio Performance

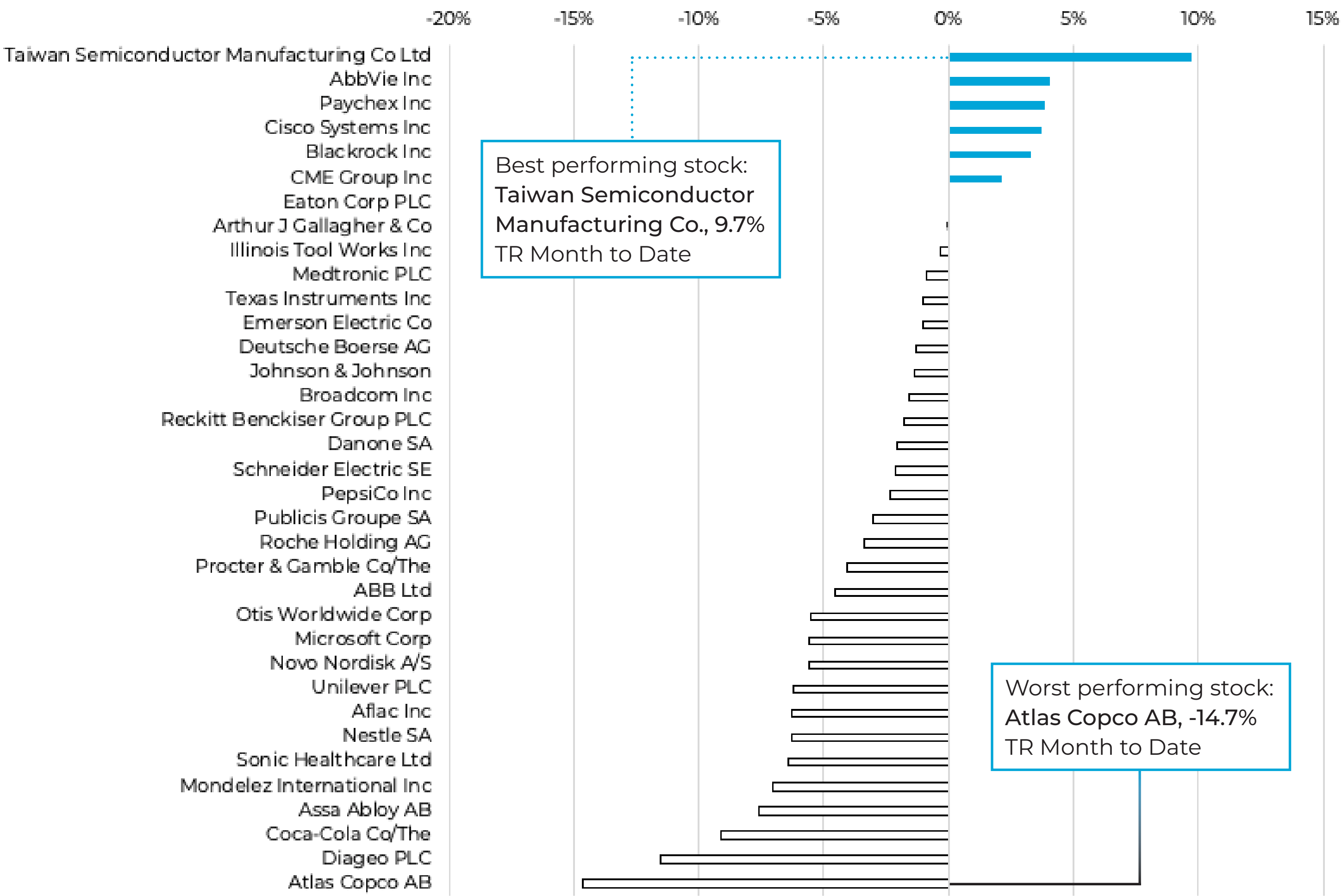
as of 10/31/2024

In October, DIVS was down -2.55% (NAV basis, -2.35% market price), while the MSCI World Index benchmark was down -1.98%. Over the month, portfolio underperformance versus the benchmark can be attributed to the following:

- The Fund's overweight allocation to Consumer Staples acted as a headwind as the sector underperformed the Index.
- DIVS benefitted from a zero-weight allocation to many of the benchmark's worst performing sectors, namely Materials and Real Estate.
- The Fund benefitted from strong stock selection which offset some allocation effects as Fund holding AbbVie outperformed the wider Healthcare sector (4.1% vs -4.8%), driven by its better-than-expected quarterly earnings. This is notable given the sector has historically underperformed in the run up to US elections.

In this update, we discuss macroeconomic updates which are influencing markets across the US and Europe. As markets digested a relatively mixed third quarter earnings season, we also take a look into highlights and trends, with a focus on the consumer staples and industrials sectors, the Fund's largest overweights.

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.

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SmartETFs
by Guinness Atkinson

Portfolio Performance

TSMC the Taiwanese semiconductor manufacturer ended the month as the Fund's top performer up 9.7%. The company posted impressive earnings this season, fueled by strong demand for its advanced chip technologies. Third quarter revenues climbed sequentially to 760bn TWD (approx. $23.4bn USD), up 39% year-over-year. The key bright spot came from gross margins which came in well above consensus at 57.8% (vs 55% consensus) and operating margins which improved by nearly 5%, to 47.5% in the quarter. The stellar performance was driven by increased utilization and cost improvements at the 5nm-7nm size as AI-driven features are increasingly boosting chip content across devices such as PCs and smartphones. Further, debottlenecking efforts allowed TSMC to deliver more AI chips than anticipated. Looking forward, TSMC projected fourth-quarter revenue guidance of 851bn TWD (approx. $26.2bn USD), an 11.6% sequential increase and raised FY24 forecast to 2.87tn TWD (approx. $89.3bn USD), an almost 30% increase yoy. Management comments were bullish on the sustainability of AI demand and given TSMC's near-monopoly position in AI and edge AI technology, the growth outlook looks strong. Ultimately, TSMC has solidified its place as a longer-term AI enabler, and these were another set of strong results from the firm.

Abbvie, the pharmaceutical firm returned +4.1% over the month, following a strong set of quarterly earnings driven by their next generation of immunology drugs. The company grew top line revenues by 4% year-over-year to $14.5bn (vs $14.25bn consensus). This was driven by the stellar performance of new drugs Skyrizi and Rinvoq which exceeded expectations by 6.8% and 3.5% respectively. This potentially marks a new era for the company which had recently been characterized by the patent cliff of its prior flagship drug Humira which saw continued to see falling revenues this quarter. However, Rinoq and Skyrizi are on track to more than offset this revenue loss and there is promising growth potential as Abbvie continues to expand indications for these drugs. Strength was seen across other segments with Neurology sales up 16% yoy and Oncology up 12% yoy. Though the Aesthetics segment continued to underperform, management raised overall guidance for FY24 to $56.0bn from $55.5bn. With a robust drug pipeline across immunology, oncology and neurology treatments, a wide economic moat and proven resilience, Abbvie is well positioned to deliver value in the evolving healthcare market.

Diageo was the Fund's second weakest performer, with the stock down -11.6% for the month. The world's leading producer of branded premium spirits has faced challenging market conditions. Earlier in the year, Diageo missed investors' estimates for North America, its largest market, due to weaker performance in vodka and rum with more cautious consumer behavior, which increased negative investor sentiment toward the stock. Over the month, investor concerns about a weak discretionary spending environment and uncertainties about the growth outlook further exacerbated the negative sentiment towards the stock. However, Diageo's H1 2024 results also highlighted the potential of its premiumization strategy, as the company's high-end premium brands continue to grow at a faster rate than the value segment. Despite the near-term headwinds, we believe this challenging environment is temporary rather than structural, and we remain confident that they are well positioned to benefit from the recovery once current headwinds ease. Diageo still holds a leading market share in many regions, and its premiumization strategy puts the company in a prime position to capture market share and command premium pricing for its products.

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Portfolio Performance

Atlas Copco, the air and vacuum solutions company, struggled this month amidst wider market weakness. Atlas released relatively mixed earnings reporting flat orders compared to expectations and delivering lower-than-anticipated sales. The Compressor Technique segment underperformed due to weaker demand for gas and process compressors, while Industrial Technique suffered from continued auto sector weakness, particularly in Asia. Vacuum Technique showed strength with revenues up 10% yoy and orders up 8% yoy, driven by semiconductor demand, but it wasn't enough to offset broader challenges. Moreover, Atlas Copco's near-term guidance suggests softening customer activity, though this aligned with the broader industry. Despite these challenges, Atlas Copco remains a high-quality business. Its strategic focus on mission-critical, engineered equipment-like compressors and vacuum pumps allows it to command pricing power and maintain strong margins. Furthermore, its asset-light model supports strong cash flow generation, and the company has built a wide economic moat with a history of leadership in niche industrial markets. Thus, we remain confident in the company's ability to navigate demand recovery.

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SmartETFs by Guinness Atkinson

Portfolio Performance

As of 10/31/2024	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception (03/30/2012)
DIVS at NAV	15.33%	28.91%	8.63%	12.14%	9.71%	10.83%
DIVS at Market Price	14.86%	28.12%	8.62%	12.12%	9.70%	10.82%
MSCI World NR	16.50%	33.68%	6.38%	12.01%	9.77%	10.45%

As of 09/30/2024	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception (03/30/2012)
DIVS at NAV	18.35%	29.00%	11.20%	13.37%	10.15%	11.14%
DIVS at Market Price	17.63%	28.39%	11.16%	13.30%	10.12%	11.11%
MSCI World NR	18.86%	32.43%	9.07%	13.03%	10.07%	10.70%

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

30-Day SEC Yield (as of 10/31/24): 1.05% subsidized | 0.72% 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.

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.

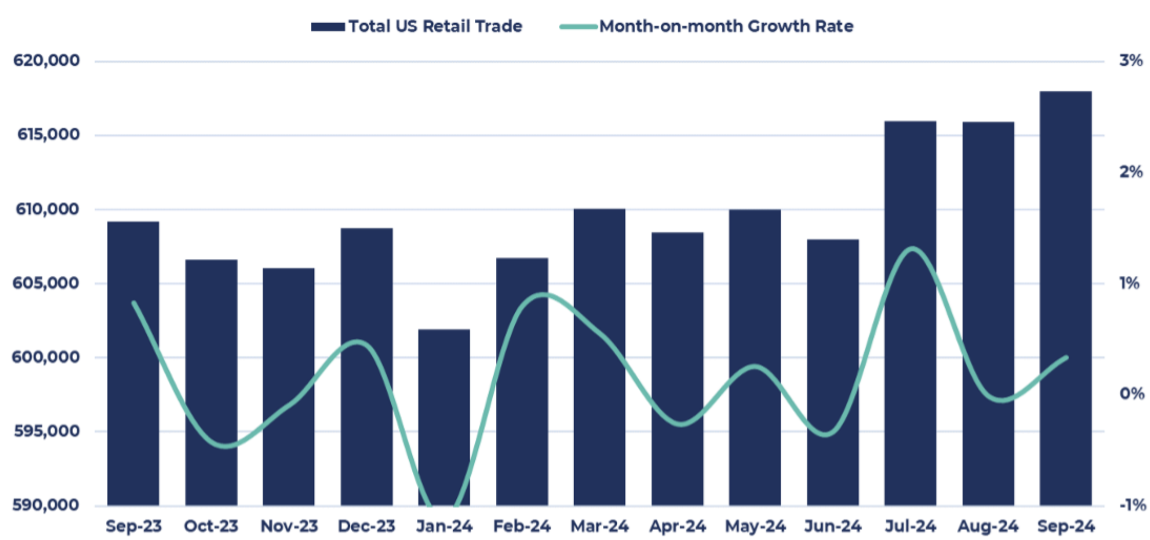
Subsidized yields reflect any fee waivers or reimbursements that may be in effect during a period, while unsubsidized yields do not.

October in Review

Recession Fears Easing

Recessionary fears peaked over the summer this year as a weaker US payrolls and rising unemployment brought back echoes of a hard landing. However, the Fed's decision to cut interest rates by a surprising 50bps appeased these fears and economic data released in October seemed to contribute further to a soft-landing scenario. The September non-farm payrolls report came in ahead of expectations at 254,000 jobs vs a consensus of 150,000 and previous months saw upward revisions of a combined 72,000 jobs. US retail sales looked strong, growing 0.4% month-on-month, driven by growth in clothing and restaurant spending. On the surface, inflation continues to cool with the CPI falling to 2.4% vs 2.5% in the previous month. The Federal Reserve's preferred measure of inflation – the personal consumption index came in just above target at 2.1%. However, stripping away food and energy prices using the "core" PCE Index added complexity as it grew to 2.7%, a 0.3% increase on a monthly basis. Finally, the first estimate for third quarter US GDP growth came in at 2.8% quarter-on-quarter, seemingly giving confirmation of a steady growth rate. The mix of a strengthening labor market, growth signals and disinflationary signs has kept hard-landing rhetoric at bay and kept investor expectations intact for a further 25bp interest rate cut at the next Fed meeting.

US Retail Sales
Seasonally Adjusted



Source: US Census Bureau. Data as of October 31, 2024.

Treasury Yields Reverse

Though the Fed's 50bp bumper cut in September has buoyed equity markets, interestingly, the same has been observed for US Treasury yields. Since the cut, US 2-year and 10-year treasury yields have risen by 54bps and 59 bps respectively. This is somewhat counterintuitive as yields tend to move lower as a rate cutting cycle begins and the yield curve usually steepens with falling short term rates rather than

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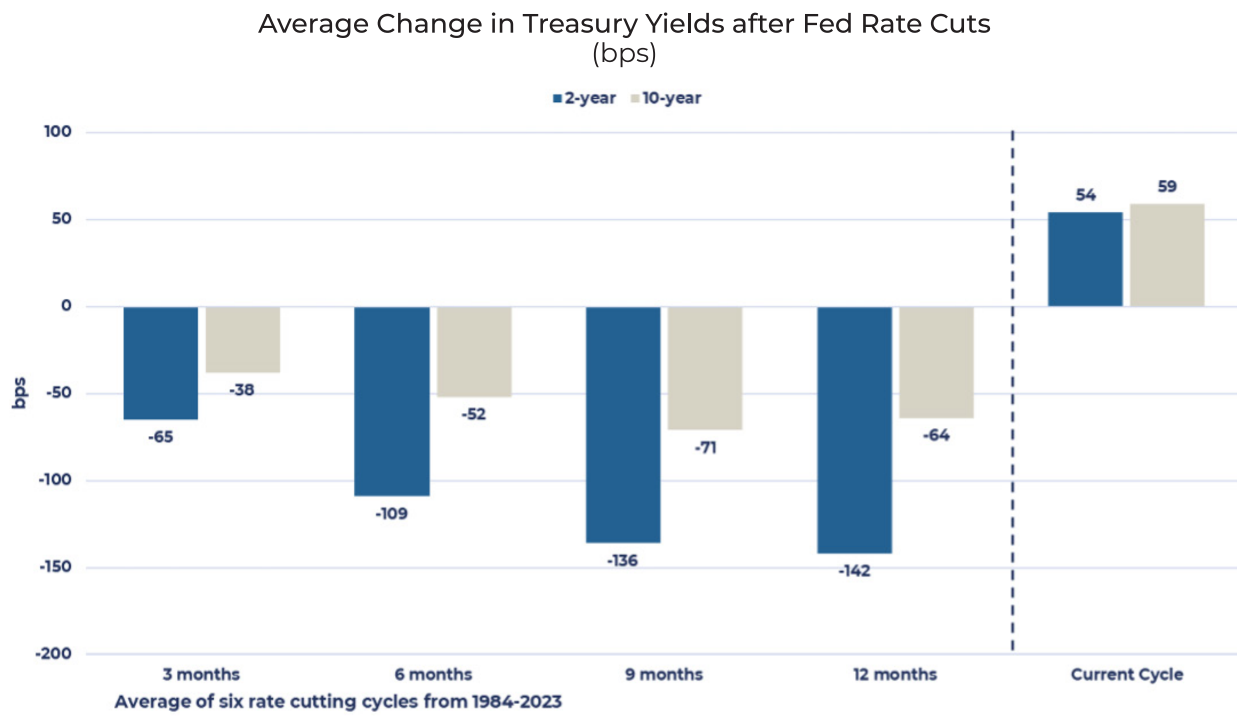
October in Review (continued)

rising long rates. The chart below shows the changes in 2 year and 10-year yields following a rate cutting cycle, highlighting the current reversal compared to the average of the past six cycles. Arguably, the reversal can be attributed to the market's anticipation of a Republican sweep and the easing of a hard-landing scenario for the US economy. The probability of a full Republican sweep, commanding victory in both the electoral college and the Senate rose over October, according to betting markets. Thus, driving up expectations of additional tariffs which could lead to a more persistent higher inflationary environment. Furthermore, the strengthening US economic data lends itself to a cautious approach from the Fed and a less aggressive rate cutting cycling, leaving short-term and long-term Treasury yields elevated.



Source: JP Morgan, Federal Reserve. Data as of October 31, 2024.

Across the Pond

Among other woes, the Eurozone was weaker this month (-3.3% EUR) partly due to concerns on economic growth and uncertainty on the US presidential election outcome. Given the interconnectedness of both the US and European economies and reliance of many European companies on the US for sales, proposed tariffs and general heightened political volatility seemingly dampened investor sentiment. Elsewhere, the European Central Bank continued to lower interest rates by 25bps, for the third time this year. This comes amidst accelerating inflation in the Eurozone as the CPI reached 2% year-over-year in October, driven by services and food prices, marking an uptick form 1.7% in September and exceeding expectations of 1.9%. Other pockets of economic weakness have emerged, with the Composite Purchas-

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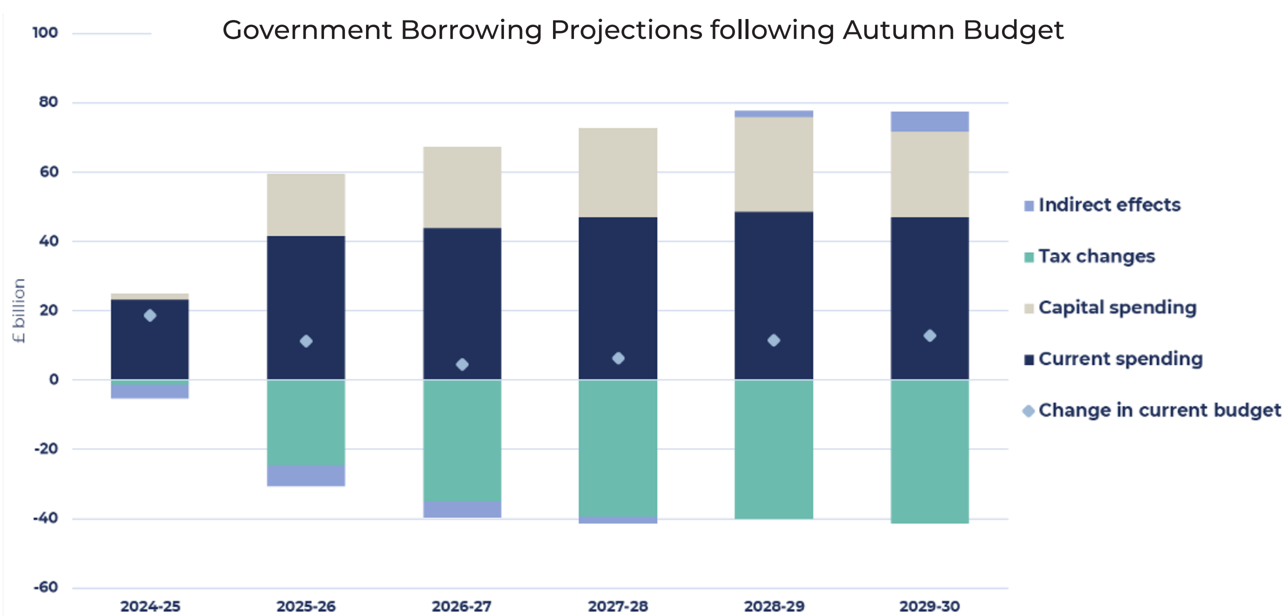
October in Review (continued)

ing Managers' Index (PMI) coming in at 49.7, an indication that business activity contracted again. This was not helped by some weaker corporate earnings during the ongoing third quarter season. Europe's second largest company, ASML, the Dutch semiconductor equipment manufacturer, disappointed by cutting outlook and reporting orders at almost half of consensus expectations. Further, Europe's consumer discretionary sector saw notable weakness from carmakers and luxury goods companies. However, the month ended on a more positive note as GDP growth across the Eurozone came in stronger than expected, accelerating to 0.4% quarter-on-quarter from 0.2% last quarter. The mixed economic signals have raised investor concerns over the path for interest rates and the pace at which the ECB continues its cutting cycle. However, policymakers appear to be unphased noting that domestic inflation pressures remain high and reiterated their commitment to a "data-dependent and meeting-by-meeting" approach in their October meeting.

Overwhelmed by Gilts

UK equities are still digesting the first Labour budget in over 14 years as UK Chancellor Racel Reeves unveiled plans for substantial public spending, funded by higher levels of borrowing and tax increases. News of the higher-than-expected borrowing which the OBR estimates will increase borrowing by almost £20bn (approx. $25.3bn USD) just this year as shown by the chart below, negatively affected bond markets and sent the 10-year gilt yield to over 4.6%, its highest level in a year. Investors also weighed the inflationary risks associated with the budget, which could delay expected interest rate cuts by the Bank of England. While this contributed to a more cautious outlook in equities, the FTSE 100 quickly recovered any losses from the fallout of the budget.



Source: Office for Budget Responsibility. Data as of October 31, 2024.

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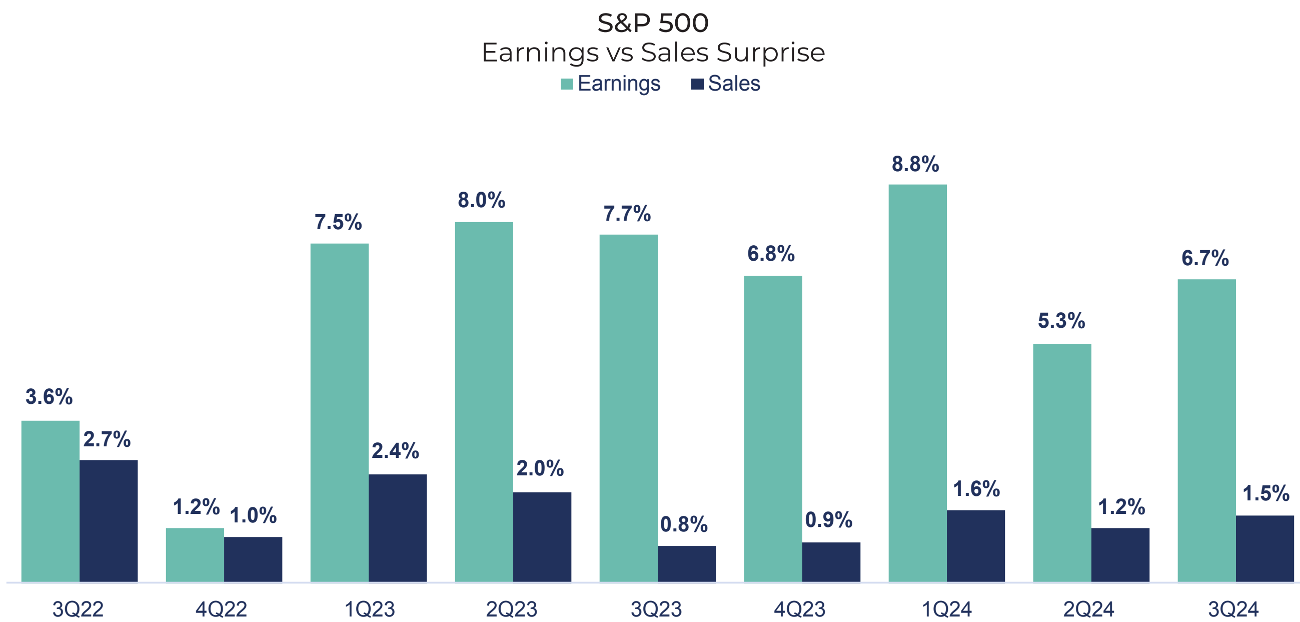
October in Review (continued)

Earnings Season

October marked the start of a relatively mixed Q3 earnings season with more than 300 companies in the S&P 500 reported by the end of the month. The Index reported its fifth consecutive quarter of year-over-year earnings growth albeit at a lower rate compared to recent quarters. Although results looked varied, on aggregate 76.2% of companies reported a positive earnings surprise with an average beat of 6.7% and 52.0% of companies reported a positive revenue surprise by 1.5% on average.



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

Despite this, the market reaction is seemingly harsh. Of companies that have reported so far, the average earnings growth has been 9.12%, however the 1-day price reaction has been negative (-0.34%). Companies with strong earnings growth were not rewarded by the market, particularly evident in the Consumer Discretionary sector which on average saw a -1.22% price reaction despite delivering an average earnings growth greater than 20%. This reaction may reflect the market's broadly pessimistic outlook and suggests that equity investors were anticipating more upbeat results from the latest earnings season, following strong performance in previous quarters.

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October in Review (continued)

Earnings Growth vs 1-day Price Change for S&P 500 Index

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

Across the portfolio we take a look at some of the highlights and trends from this earnings season:

Consumer Staples:

The recent earnings season for the Consumer Staples sector highlighted robust yet varied performance across major players. Consumer sentiment and spending in aggregate remains relatively strong and resilient, though there are some softer spots. Across portfolio holdings which reported in October, all companies reported positive organic growth with Coca-Cola leading the pack, with organic revenue growth of +9% beating estimates of 6.3%. Pricing appeared to be the dominant driver for organic growth across the board, as companies still face inflationary pressures. Mondelez has faced persistent cost inflation given the spike in coca prices earlier this year. It was encouraging to see the company implement pricing initiatives and cost discipline to mitigate the impact which even allowed for operating margin expansion in the quarter. Danone similarly benefitted from pricing but outpaced expectations through solid volume/mix growth, with strength across all regions particularly Asia. Though there were pockets of

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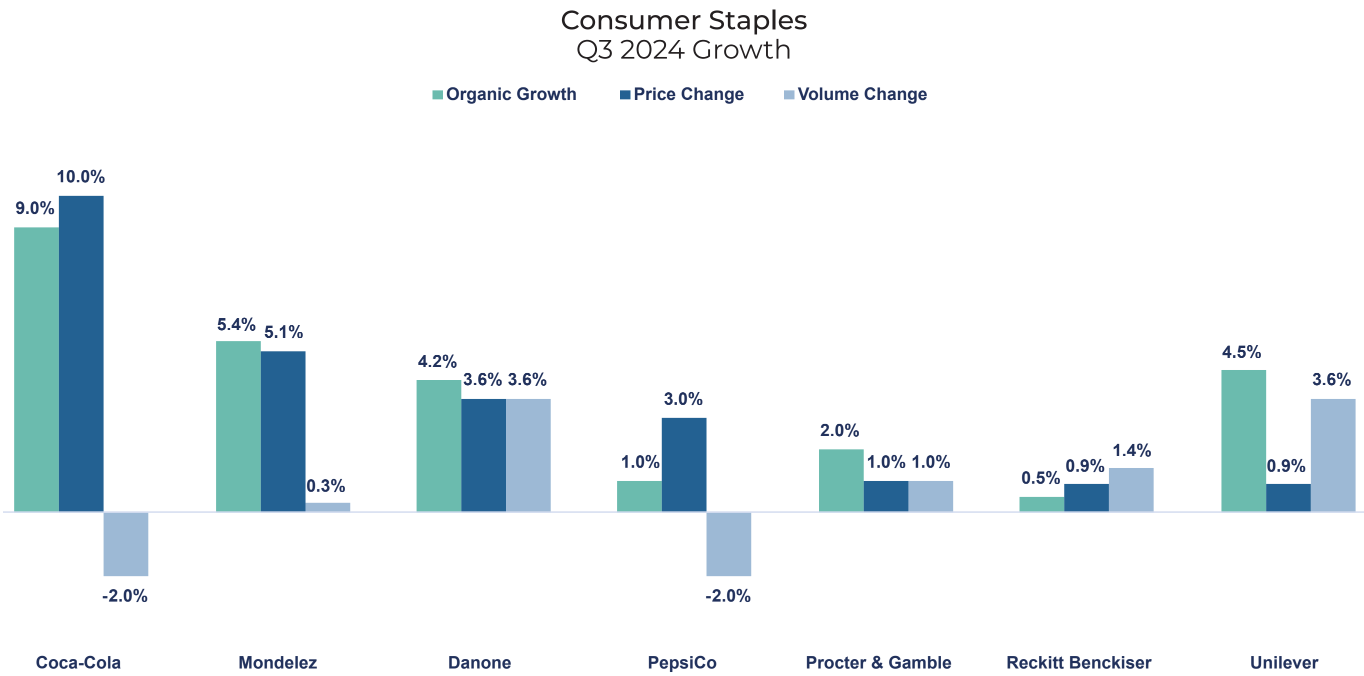
October in Review (continued)

weakness with companies such as Procter & Gamble reporting underperformance from weaker Chinese consumer spending or segmental weakness relating to idiosyncratic product mix. All-in-all there is resilience across the staples companies, and we are encouraged by the active response to the tougher consumer spending environment the sector has faced recently.



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

Industrials:

The Industrials earnings season revealed mixed performance across segments and end-markets creating a varied demand picture. Strong growth was seen in data centers, automation, and renewable energy, benefiting companies such as Schneider Electric, which reported top line 8% organic revenue growth yoy and 12% revenue growth yoy within the Energy management segment, driven by the acceleration in data centers. This theme was echoed in ABB's third quarter earnings, as the company's progress within the Electrification segment which has large data center and grid exposure contributed to record margin expansion and solid revenue growth. However, across other capital goods names, the short-term demand environment appeared muted as macroeconomic drivers and slower manufacturing activity in some regions have fed into weaker end markets. Atlas Copco reported weaker-than-expected sales, particularly in autos and semiconductors, as automotive recovery was uneven, with declines in industrial technique orders tied to vehicle production. Though Illinois Tool Works experienced similar weakness in its automotive and construction segments, demand looked to pick up going into next year and the company were still able to deliver a 7% increase in the dividend.

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October in Review (continued)

We continue to see robust investment in data centers and across utilities into the electrical grid in order to accommodate the energy transition and power AI usage. Though the automotives markets showed mixed signals, we highlight that the consistent demand sentiment across industrials peers indicates that the these are very much due to industry-specific macroeconomic challenges rather than any reflection of company specific weakness in product offerings or economic moat. The earnings season reflected the sector's ability to adapt through pricing strategies and innovation, even as macroeconomic uncertainties persisted.

A Final Note

It is important to highlight that as long-term investors, we view earnings season as an important opportunity to review company performance however it is only one facet of our investment process. Quarterly results offer insights into revenue trends, margins, and management's ability to navigate current challenges. However, they are just one part of the broader investment picture. Our focus remains on businesses with strong fundamentals—companies that consistently generate high returns on capital, with durable competitive advantages and defendable market positions. These qualities not only allow them to outperform competitors but also position them to deliver above-market returns across economic cycles. While short-term earnings may fluctuate, what truly drives long-term returns is the ability of these businesses to compound value consistently.

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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.

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 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.

Compound Annual Growth Rate (CAGR) is the rate of return that would be required for an investment to grow from its beginning balance to its ending balance, assuming the profits were reinvested at the end of each period of the investment's life span.

Personal Consumption Expenditures (PCE) Index is a measure of the prices that US consumers pay for goods and services.

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.