SOLR

The SmartETFs Sustainable Energy II ETF

November 2024 Update

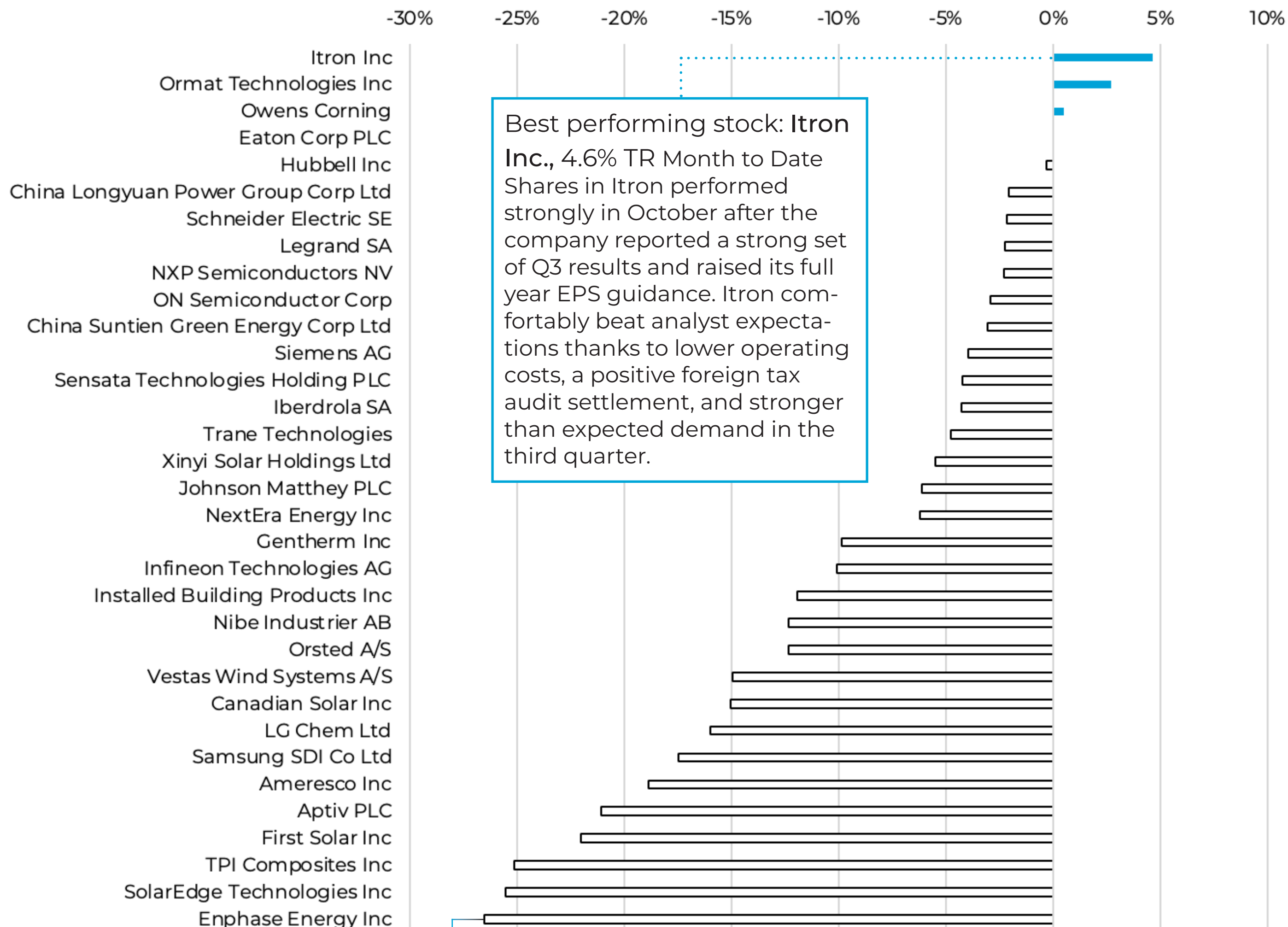
SmartETFs
by Guinness Atkinson

Portfolio Performance

as of 10/31/2024

SOLR underperformed its index in October, with the MSCI World Index benchmark delivering -1.98% while SOLR delivered -6.85% on NAV basis, and -6.85% on a market price basis. Itron led the fund's performance with strong earnings driven by cost control, while Enphase and SolarEdge underperformed due to weak European demand and reduced guidance. Encouragingly, Enphase signaled optimism as the US destocking cycle may have ended. Notably, Equinor's ~10% stake in Orsted reflects growing M&A activity in the sustainable energy sector. Donald Trump's election as the next U.S. president has significant implications for sustainable energy, which we explore in our latest #Smarticle. Click here to read the #Smarticle or continue on to read the full SOLR Fund update.

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



Best performing stock: **Itron Inc.,** 4.6% TR Month to Date
Shares in Itron performed strongly in October after the company reported a strong set of Q3 results and raised its full year EPS guidance. Itron comfortably beat analyst expectations thanks to lower operating costs, a positive foreign tax audit settlement, and stronger than expected demand in the third quarter.

Worst performing stock: **Enphase Energy**, -26.5% TR Month to Date
Enphase underperformed in October after reporting weaker than expected third quarter results driven by continued weakness in the European market, subsequently lowering guidance as visibility on a European recovery remains limited.

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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As of 10/31/2024	1 Month	YTD	1 Year	3 Years	Since Inception (11/11/20)
SOLR at NAV	-6.85%	-1.99%	19.98%	-6.60%	3.14%
SOLR at Market Price	-6.85%	-2.80%	18.69%	-7.00%	3.51%
MSCI World NR	-1.98%	16.50%	33.68%	6.38%	11.35%

As of 09/30/2024	1 Month	YTD	1 Year	3 Years	Since Inception (11/11/20)
SOLR at NAV	5.03%	5.22%	13.96%	-2.03%	5.12%
SOLR at Market Price	4.95%	4.35%	13.29%	-2.12%	5.50%
MSCI World NR	1.83%	18.86%	32.43%	9.07%	12.19%

Expense Ratio: 0.79% (net) | 3.18% (gross)

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 0.79% through June 30, 2027.

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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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Interesting News

- October saw a continuation in the recent trend of mergers and acquisitions (M&A) activity in the sustainable energy space. Global miner, Rio Tinto acquired Arcadium Lithium for a 90% premium, in a deal worth $6.7bn. The size of this premium is notable, reflecting both the sector's long-term growth potential and depressed valuations. In the same month, KKR announced intentions to purchase a 25% stake in Eni's biofuel unit, Enilive, at a valuation of ~$13bn, well above market expectations. We also saw Equinor purchase a ~10% stake in offshore wind developer Orsted, for ~$2.5bn. These deals follow previously announced take overs in the sustainable energy space this year, including KKR's bid for Encavis, EQT acquiring OX2, and Brookfield's recent offer for Neoen.

- October was seismic month for nuclear power generation as both governments and the private sector threw their support behind the technology in order to meet rising energy needs. We saw news of hyperscalers such as Amazon and Microsoft signing long term agreements with nuclear energy companies, supporting the development of small modular reactors and the recommissioning of existing power plants. This trend has also been seen at the national level, with additional support for nuclear announced in Japan, Italy, and the US as governments look to add more carbon-free energy to the grid.

- Last month saw news of additional support for Europe's wind sector with France announcing that it would be launching tenders for 9.2GW (gigawatts) of offshore wind projects as part of the country's target to achieve 45GW of installed capacity by 2050. Similarly, in October, the German government announced a package of measures designed to support the domestic wind industry from the threat of heavily subsidized Chinese competition. The package included state guarantees for wind energy production and a roadmap for reducing dependence on China for critical components.

- Off the back of September's stimulus announcements, China's clean technology industry enjoyed a further boost after the government announced a series of initiatives to bolster domestic production and support profitability. Solar manufacturing names rose following rumors of potential government intervention to reduce oversupply and reverse the trend of declining prices. This echoes the country's prior intervention in coal and steel markets in 2015, in which the government launched policies to reduce capacity as part of wider supply-side structural reform. This followed recent pledges from China's photovoltaic and wind-turbine original equipment manufacturers to halt a vicious price war that has roiled the sector and held back profitability.

- Global electric vehicle (EV) sales recorded another impressive month of growth in September, with Rho Motion reporting a record-breaking 1.7 million units sold, up 31% year on year. Year to date EV sales are now up 22%. China continues to see the fastest rate of adoption, with plug-ins once again accounting for the majority (53%) of sales in the month according to Cleantechnica. In the same month the ACEA (European Automobile Manufacturers Association) also reported positive momentum in Europe, with hybrid sales overtaking traditional internal combustion engine (ICE) vehicles for the first time, growing their market share to ~33%, up ~22% from last year.

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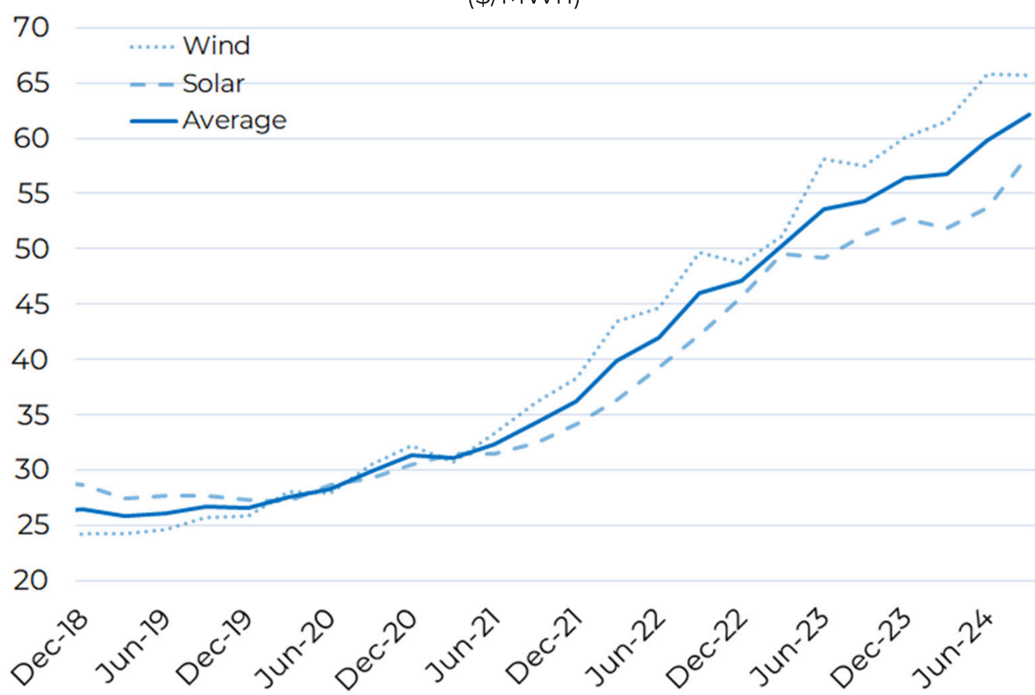
Interesting News (continued)

– North American renewable power purchase agreement (PPA) prices rose to over $62 per megawatt hour in Q3 2024, up over 14% year on year. According to LevelTen Energy, wind and solar PPA prices have risen at an average rate of 19% and 12% per annum respectively since 2018.

North American PPA Prices
($/MWh)



Source: LevelTen, Guinness Atkinson Funds. Data as of October 2024.

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Disclosure

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.

Earnings per Share 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.

Investing involves risk, including possible loss of principal.

The Fund's focus on the energy sector exposes it to greater market risk than if its assets were diversified among various sectors. Sustainable energy businesses are subject to various industry risks such as rapid and evolving changes in technology, demand for energy and economic factors as well as governmental polices and regulations. The Fund may invest in multiple countries including emerging markets and international companies which involves different and additional political, social, legal and regulatory risks. The global interconnectivity of industries and companies can be negatively impacted by economic uncertainties, environmental conditions and global pandemics or crises. These events can contribute to volatility, valuation and liquidity issues which could cause the value of the Fund to decline.

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.

Shares of the Fund are distributed by Foreside Fund Services, LLC.