

DIVS

The SmartETFs Dividend Builder ETF

August 2025 Update



SmartETFs
by Guinness Atkinson

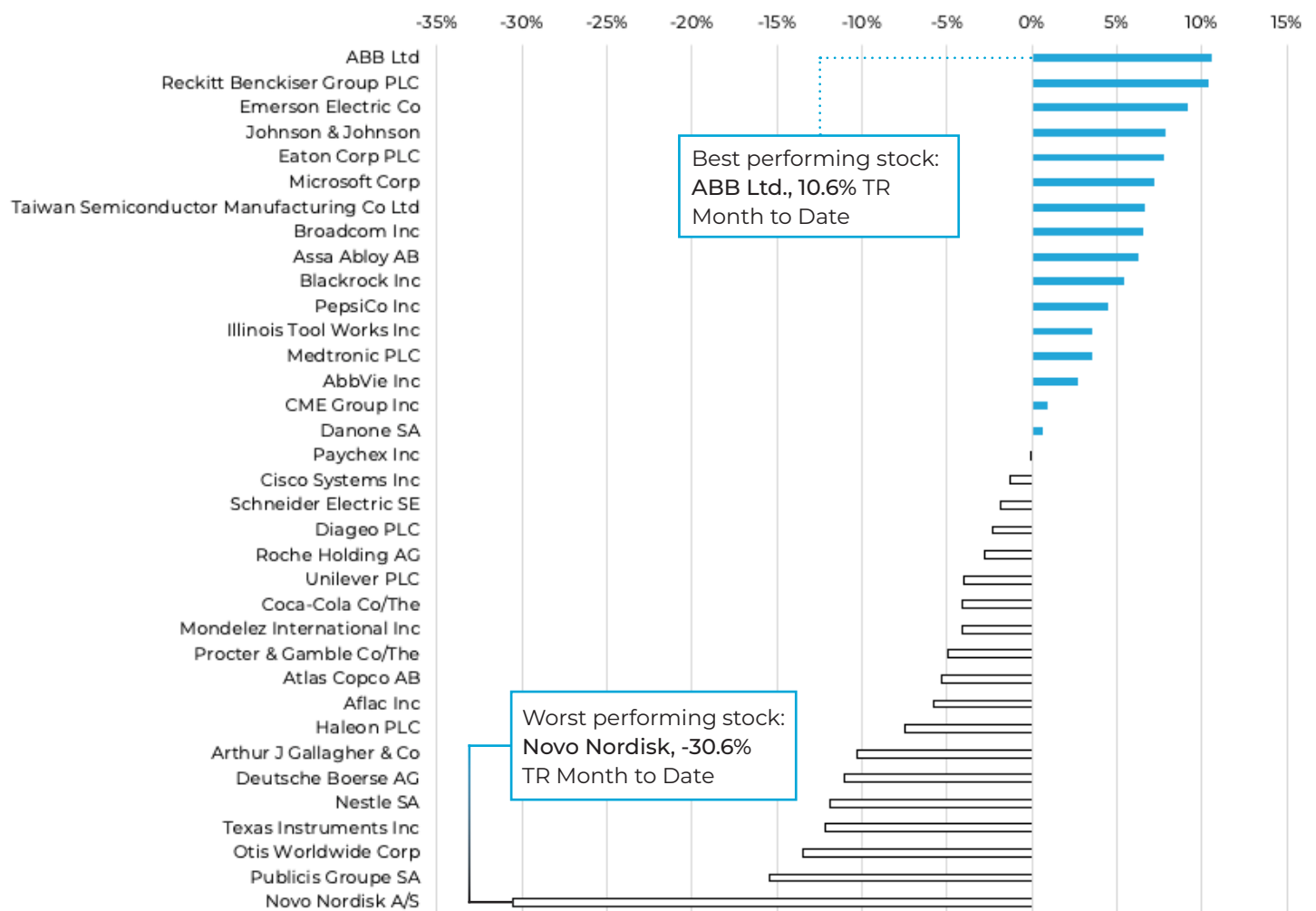
Portfolio Performance

as of 07/31/2025

In July, DIVS was down -1.46% (NAV basis, down -1.72% market price), while the MSCI World Index benchmark was up 1.29%. Over the month, the Fund's underperformance versus the benchmark can be attributed to:

- The underweight allocation to Information Technology (16.2% vs 26.4% for the index) as this was the best performing sector returning +4.1%. Additionally, an overweight allocation to Healthcare (15.9% vs 9.4% in the benchmark) was a headwind with the sector being the worst performer over the month.
- However, the Fund did benefit from its overweight allocation to Industrials (24.3% vs 11.4% for the index), which outperformed, and its zero-weight allocation to Materials and Real Estate, as both sectors underperformed.
- Finally, an overweight allocation to Consumer Staples (23.4% vs 5.9% in the benchmark) was a headwind as this was one of the weaker performing sectors in July. Encouragingly, strong stock selection within Consumer Staples was a positive that partially offset this, with Reckitt Benckiser and PepsiCo gaining +10.6% and +4.5%, respectively, over the month (vs -2.6% for the industry benchmark).

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

Novo Nordisk was our worst performing stock in July (-30.6%). We will be discussing this in the next section further below.

ABB was the Fund's top performer over the month, gaining +10.6%. The Swiss engineering company reported strong second quarter results in July, with robust underlying order growth and both revenue and earnings coming in ahead of expectations. Their Electrification division was driven by strong momentum in data centers, which saw double-digit order growth. Order intake was further supported by ABB winning a large services contract in their Process Automation segment. The operating leverage on their solid sales growth facilitated improving profitability, with operational EBITA delivering an all-time high in absolute terms and margins coming in ahead of consensus forecasts. Robotics and Discrete Automation continued to show softness but, earlier in the year, ABB announced their intention to spin out the Robotics business with a plan to start trading in 2026. This should create a positive mix effect for ABB's portfolio, with the remaining divisions having stronger growth and margin profiles. We await further details about the corporate action, which are due to be given around the Annual General Meeting later this year. The company also continued to return capital to shareholders through the repurchase of ~\$430m worth of shares in the second quarter, as part of their previously stated \$1.5bn share buyback program.

Reckitt Benckiser also performed well over the month (+10.4%). The consumer goods company released a positive set of July results, with organic growth and margins in their core business beating consensus forecasts. Reckitt achieved sequentially improving volumes in Europe and North America despite the consumer environment remaining subdued, plus continued strength in Emerging Markets with a third consecutive quarter of double-digit sales growth. The company also saw steady improvements in competitiveness, with the total category market units that gained or maintained market share up four percentage points over the first half of the year. In the month, Reckitt also announced they had entered into an agreement with Advent International to divest their Essential Home business - which includes brands like Air Wick, Calgon, and Cillit Bang - for an enterprise value \$4.8bn while retaining a 30% equity stake. We see this as a key step for the company to proceed with a higher growth, higher margin core business. The transaction is expected to result in material return to shareholders, with \$2.2bn being paid out to investors in the form of a special dividend.

Publicis had a difficult month (-15.4%), despite posting better-than-expected second quarter results. The French advertising and media company beat consensus forecasts for sales growth by 130bps and upgraded their full year guidance due to strong new business wins. Their superior identification solutions and precision marketing technologies enabled Publicis to take key clients away from competitors - the most notable of which was Mars from WPP. These wins should give Publicis momentum going into 2026, once these new large accounts have been ramped up and start to contribute to revenue. This is positive for their growth mix, with a well-balanced profile between new wins and growing existing accounts. However,

continued on following page...



Portfolio Performance (continued)

the shares sold off amid concerns over the deteriorating macroeconomic backdrop and potential industry disruption from AI advertising tools. We view Publicis as positioned to benefit from the latter, given the influx of new advert generation tools will increase complexity in an already fragmented advertising supply chain. This should mean agencies are needed to quantitatively manage campaign performance; this is corroborated by recent comments from Meta about agencies continuing to add value by helping clients apply new AI tools to drive performance. Looking ahead, we believe Publicis are well-placed given the data they own, their ability to connect with the entire media ecosystem, and the deals they can secure with media owners.

Buys & Sells

Sells

- During the month, we exited our position in [Novo Nordisk](#), having lost confidence in the company's ability to capitalize on its most important growth opportunity: the obesity and GLP-1 market.

The stock had been under pressure for much of the past year amid rising concerns about increased competition, disappointing trial data from its next-generation obesity drug CagriSema, and persistent supply chain challenges. We maintained our holding on the expectation that several positive catalysts - including the phasing out of compounded drugs, new partnerships with CVS and telehealth providers, and a belief that the market was overly discounting Novo's long-term position - would ultimately be turning points for the stock.

However, the profit warning during July called into question these assumptions. Specifically, management reduced FY25 sales guidance by 6% and cut its free cash flow outlook by 1/3rd driven by continued competition by compounded drugs (despite the FDA removing Novo's Semaglutide drug from its shortage list), broader competition in both the US and international markets, and a slowing of the overall GLP-1 market. Compounding that was the appointment of a new CEO from within the company versus the market's expectations (or hope) for an external hire (risk of "more of the same"), with the technical nous to improve competitiveness in the US market.

Given these developments, we no longer had sufficient conviction in Novo's ability to deliver attractive risk-adjusted returns, and as a result, we exited the position. In line with our one-in-one out philosophy, we will be replacing the stock in the near future.

DIVS

The SmartETFs Dividend Builder ETF

August 2025 Update



SmartETFs
by Guinness Atkinson

Portfolio Performance

As of 7/31/2025	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception (03/30/2012)
DIVS at NAV	7.23%	9.14%	12.01%	12.68%	10.21%	10.63%
DIVS at Market Price	7.29%	9.17%	11.73%	12.60%	10.17%	10.60%
MSCI World NR	10.88%	15.72%	15.81%	13.77%	10.59%	10.84%

As of 6/30/2025	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception (03/30/2012)
DIVS at NAV	8.82%	13.79%	14.28%	13.88%	10.57%	10.82%
DIVS at Market Price	9.17%	13.84%	14.11%	13.86%	10.56%	10.82%
MSCI World NR	9.47%	16.26%	18.29%	14.54%	10.65%	10.81%

Expense Ratio: 0.66% (net) | 1.01% (gross)

30-Day SEC Yield (as of 07/31/2025): 1.14% subsidized | 0.82% 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, 2028.

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](https://www.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.

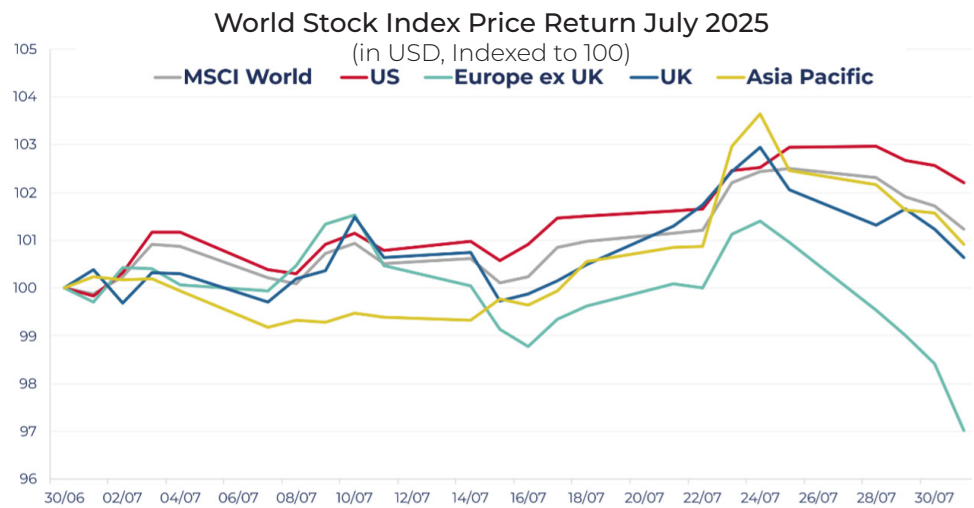
A fund's NAV is the sum of all its assets less any liabilities, divided by the number of shares outstanding. The market price is the most recent price at which the fund was traded.

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



July in Review

July was defined by the kick-off of earnings season and a series of mixed economic data releases that shaped investor sentiment. Despite mounting macroeconomic uncertainty, global equities remained resilient. US Inflation showed an uptick in June, and although economic growth moderated in the first half of the year, the Federal Reserve opted to keep interest rates unchanged at 4.25%-4.5%, citing continued strength in the U.S. labor market. Meanwhile, trade policy remained in focus: the U.S. and Europe finalized a trade agreement, while the anticipated 90-day tariff pause between the U.S. and China was postponed to August 12th.



Source: MSCI, Bloomberg. Data as of July 31, 2025

US exceptionalism – back on track?

So far in 2025, Europe has emerged as a major beneficiary of global capital flows, as investors shifted away from higher-valued U.S. equities in favor of more attractively priced, value-driven European stocks. During the month of July, however, part of this performance gap between the U.S. and Europe has closed, with Europe Ex UK clearly underperforming the rest of the equity markets and most notably, the U.S. This recent U.S. outperformance is likely driven by a stronger-than-expected earnings season in the region, particularly in the technology sector, where AI momentum continues to support robust profit growth and investor enthusiasm. Interestingly, the Mag7 (although NVDA does not report until August 27) grew earnings by 26% year-over-year during the second quarter of the year, significantly above the 4% for the remaining 493 constituents of the S&P500.

Another factor that might have caused the performance gap between the U.S. and Europe to narrow is earnings surprise. In the U.S., 75% of companies that reported in July surprised to the upside, while 21% surprised to the downside. This contrasts with Europe, where 48% of companies reported positive surprises and 45% negative surprises.

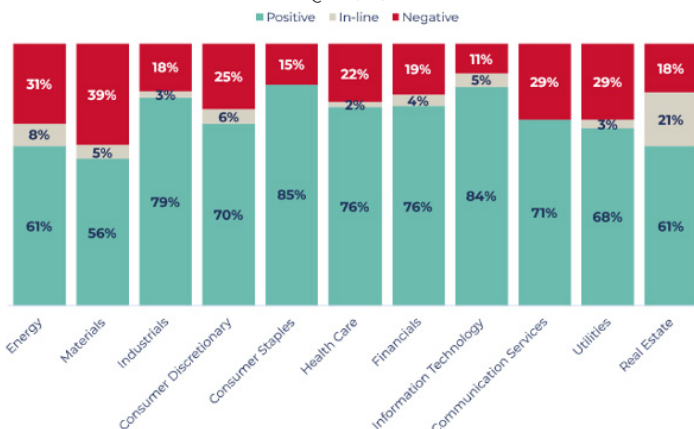
Guidance lift has also been strong in the U.S., with 56% of the S&P500 companies that provide full-year EPS guidance having raised guidance this quarter, nearly double the rate in Q1 and 10 percentage points more than the average since 2007. Were companies being extra conservative during the previous quarter due to the uncertainty around tariffs? Potentially so. Of the companies addressing the impact of tariffs on their operations, 27% explicitly indicated that they now anticipate a smaller profit headwind from tariffs compared to their earlier projections.

continued on following page...

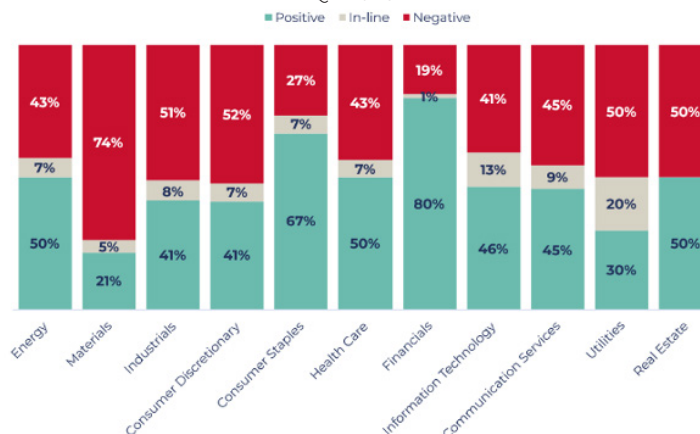


July in Review (continued)

US Earnings Surprise Q2 2025



Europe Earnings Surprise Q2 2025

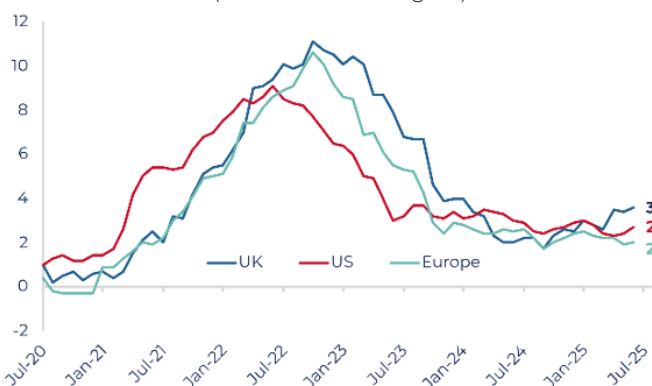


Source: Bloomberg. Data as of July 31, 2025.

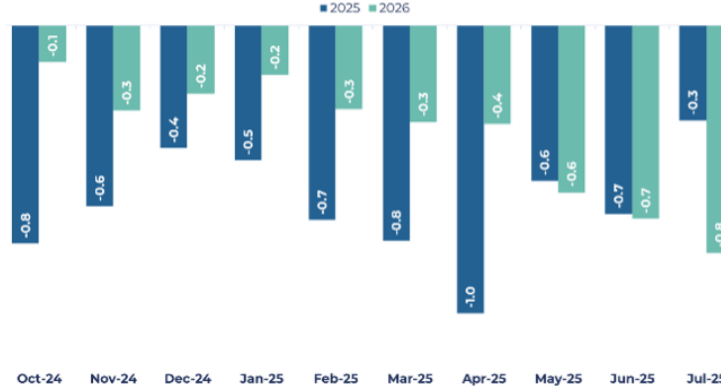
The Fed stays put – again.

The Federal Reserve decided, for the fifth consecutive time, to keep interest rates unchanged at 4.25%-4.5% despite intense pressure from President Donald Trump to lower rates. This did not happen unanimously, as two Board of Governors' members dissented on the Federal Open Market Committee (FOMC) decision, something unseen since 1993. Inflation in the U.S. saw an uptick to 2.7% (CPI, year-over-year change) and interestingly, it was driven by Services inflation, which accounts for more than 60% of the Consumer Price Index and grew at an annualized rate of 3.0% in June 2025, 60bps ahead of Goods inflation (2.4%). We can therefore see that non-tariff inflationary pressures persist in the economy.

Headline CPI (Year on Year Change %)



Expected change in rate (%) by year US FED



Source: Bloomberg. Data as of July 31, 2025.

continued on following page...



July in Review (continued)

What did companies say?

→ **Lower expected tariff headwinds on profits**

A notable trend in second-quarter results is management teams expressing greater confidence in their ability to offset the impact of tariffs on profits. Many attributed this improved outlook to a decline in tariff rates compared to those announced earlier in the year. Actions and tools available to companies to mitigate these effects ranged from restructuring supply chains and negotiating with suppliers to raising prices and cutting other costs.

David Zapico – Chairman of the Board & CFO of Ametek.

“In our last call, we noted we are confident in our ability to offset these direct costs. And now I just add very confident to it.”

Bren Higgins – Executive VP and CFO of KLA Corporation.

“A 50 to 100 basis points impact from announced global tariffs. This tariff impact estimate is below our original estimate of roughly 100 basis point headwind to gross margin that we discussed last quarter.”

Nico Delvaux – President, CEO & Head of the Global Technologies of Asia Pacific Division at Assa Abloy.

“We are confident we will be able to do so to compensate fully for tariffs and keep the bottom line, that should give us an extra 1% price component on group level for the second half of the year... we will see how things play out with the tariffs.”

→ **Consumer sentiment ticking up**

Following a period of heightened tariff uncertainty in the first quarter U.S., consumer sentiment appears to be stabilizing, showing early signs of improvement.

Ryan McNerney – President, CEO and Director of Visa

“In Q3 and through July 21, even with the continued uncertainty, consumer spending remains resilient. Within the U.S., while spending growth differed among consumer spend bands, all spend bands in Q3 remained resilient and consistent with past quarters. [...] Both U.S. discretionary and nondiscretionary spend growth remains strong, and we see no meaningful impact from tariffs.”

Kris Licht – CEO & Executive Director of Reckitt Benckiser Group

“It’s clear we saw a very sharp reaction in consumer confidence and behavior in the early part of the year. I think we’re seeing that normalize. I’m seeing some of the trends that we see in discretionary spending categories, and it seems like we’re making progress and it’s getting a little more benign. But I think it’s a very uncertain environment, and it’s too early to call it.”

continued on following page...



July in Review (continued)

→ AI momentum continues...

AI momentum and demand for compute continues to be strong, evidenced by strong growth in token volumes and increased capex guides from big tech companies. Alphabet, Amazon, and Microsoft all raised or reaffirmed elevated Capex plans, underscoring confidence in the long-term opportunity across cloud infrastructure and generative AI. Meta has now joined this trend, increasing its 2025 Capex guidance and flagging another year of significant growth in 2026 as it works to alleviate capacity constraints and scale out AI compute clusters.

C. C. Wei – Chairman & CEO of TSMC

“The explosive growth in token volume demonstrates increasing AI model usage and adoption, which means more and more computation is needed, leading to more leading-edge silicon demand. We also see AI demand continuing to be strong, including the rising demand from sovereign AI.”

Sunder Pichai – CEO & Director of Alphabet.

“At [Google] IO in May, we announced that we processed 480 trillion monthly tokens across our surfaces. Since then, we have doubled that number, now processing over 980 trillion monthly tokens, a remarkable increase.”

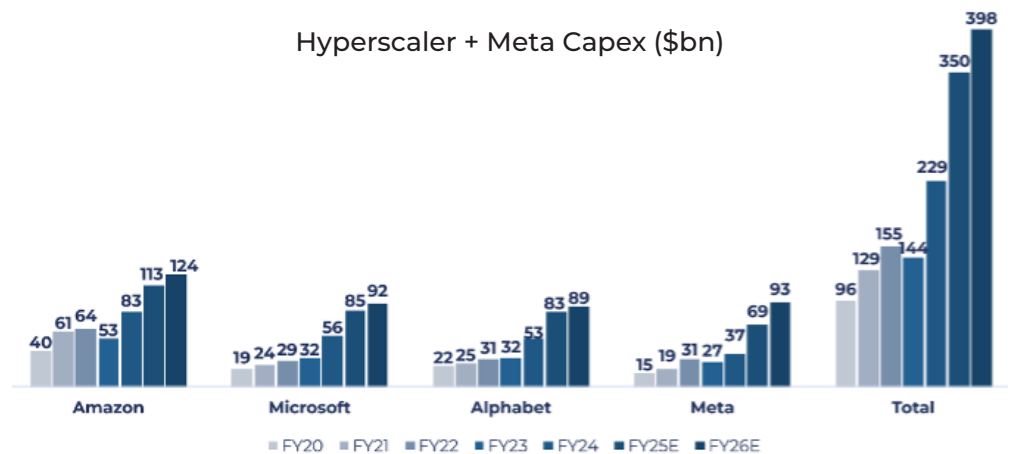
Amy Hood – Executive VP & CFO of Microsoft

“And I talked about [...] in January and said I thought we’d be in better supply-demand shape by June. And now I’m saying I hope I’m in better shape by December. And that’s not because we slowed CapEx. Even with accelerating the spend and trying to pull leases in and get GPUs and CPUs in the system as quickly as we can, we are still seeing demand improve.”

Brian Olsavsky – Senior VP & CFO of Amazon.

“We will continue to invest more capital on chips, data centers and power to pursue this unusually large opportunity that we have in generative AI.”

Hyperscaler + Meta Capex (\$bn)



Source: Bloomberg. Data as of July 31, 2025.

continued on following page...



July in Review (continued)

Susan Li – CFO of Meta.

“On the CapEx side, the big driver of our increased CapEx in 2026 will be scaling GenAI capacity as we build out training capacity that’s going to drive higher spend across servers, networking, data centers next year”.

→ ... **powered by big tech capex spend on compute capacity**

As mentioned, capital expenditures on GPU/CPUs and data center infrastructure are expected to remain strong as big tech’s race to capitalize on the AI trend continues. However, management commentary suggests that companies like Alphabet, Meta, and Microsoft are allocating most of their capex toward increasing compute capacity – particularly through short-lived assets such as servers and AI-optimized hardware – to meet growing AI-related demand.

Susan Li – CFO of Meta.

“We also expect a greater mix of our CapEx to be in short-lived assets in 2025 and 2026 than it has been in prior years”.

Anat Ashkenazi – Senior VP & CFO of Alphabet

“The vast majority of our CapEx was invested in technical infrastructure with approximately two-thirds of investments in servers and one-third in data centers and networking equipment.”

Amy Hood – Executive VP & CFO of Microsoft

“And so when you look, and we’ve talked about the growth rate will decline year-over-year, but at its core, our investments, particularly in short-lived assets like servers, GPUs, CPUs, networking storage, is just really correlated to the backlog we see and the curve of demand.”

→ **Cloud as the main driver of data center build out**

Although AI has been a very hot topic for the last couple of years, interestingly, it appears that the big driver of the data center build out has so far been cloud. Oliver Leonetti, Executive VP and CFO of Eaton touched on the topic during their Investor Day on March 11th:

“If we look at our order backlog today, 20% is based upon AI, meaning 80% is not based upon AI. If you look at, today, the cloud penetration in the hyperscale is about 30%. What I’m trying to say is that the Electrical Americas growth in the data center, which we expect to see growing at about 15%, is not going to depend on AI.”

→ **U.S. dollar weakness**

The recent weakness in the U.S. dollar is reshaping competitive dynamics across global markets. For American companies with significant international revenues, foreign exchange translation is providing a

continued on following page...



July in Review (continued)

tailwind to reported earnings. Conversely, European companies with substantial U.S. exposure are seeing margin pressure as dollar-denominated costs rise relative to euro-based revenues.

TSMC, the largest semiconductor manufacturer in the world, experienced notable foreign exchange headwinds during the quarter. The firm generates most of its revenue in USD, while approximately 75% of its cost of goods sold is denominated in New Taiwan Dollars. This currency mismatch created a 220-basis point headwind to gross margin in the quarter, with pressure expected to continue in the next quarter.

Unilever also saw similar currency headwinds. During the first half of 2025, currency was a 4% negative headwind to turnover.

"If currencies remain where they were on July 28th, the currency impact on full year turnover would be between 5% and 6% and around 20 basis points on underlying operating margin. While several currencies contribute to this outlook, it is worth noting that in quarter 2, the currency impact increased primarily due to the depreciation of the U.S. dollar versus the euro." Srinivas Phatak, acting CFO & Group Controller.

There's more where that came from!

Join our newsletter at SmartETFs.co/newsletter or follow us on Instagram [@SmartETFs](https://www.instagram.com/SmartETFs)!



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.