DIVS

The SmartETFs Dividend Builder ETF

September 2025 Update

SmartETFs
by Guinness Atkinson

Portfolio Performance

as of 08/31/2025

In August, DIVS was up 1.68% (NAV basis, 1.92% market price), while the MSCI World Index benchmark was up 2.61%. Over the month, the Fund's underperformance versus the benchmark can be attributed to:

- The zero weight allocation to the Materials and Energy sectors detracted from returns, as well as the underweight allocation to the Consumer Discretionary sector. These were three of the four top performing sectors, gaining +6.9%, 4.2%, and 4.1% respectively.
- Additionally, the overweight allocation to Industrials (23.7% vs 11.2% for the MSCI World) was a drag as the sector underperformed the Index by over 2% in August. Alongside this, weaker performance from some of the Fund's Industrial names (namely Emerson Electric and Eaton) also acted as a drag.
- This was offset by the Fund's large underweight allocation to IT (16.3% vs 27.0% for the benchmark). This had a positive allocation effect since the IT sector was the second worst performer over the month, driven by broader weakness from the Software subsector as well as certain IT names with AI exposure as the AI trade lost some steam.
- Finally, good stock selection within Consumer Staples, Health Care and IT was a positive for the Fund, with names like Diageo (+13.0%), AbbVie (+11.3%) and Texas Instruments (+11.8%) performing particularly well.

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

-15% -10% -5% 0% 5% 10% 15%

Diageo PLC
Texas Instruments Inc
AbbVie Inc
Unilever PLC
Johnson & Johnson
Aflac Inc
PepsiCo Inc
Nestle SA
ANTA Sports Products Ltd
Assa Abloy AB
Arthur J Gallagher & Co
Atlas Copco AB
Procter & Gamble Co/The
Haleon PLC
Illinois Tool Works Inc
Roche Holding AG
Medtronic PLC
ABB Ltd
Blackrock Inc
Coca-Cola Co/The
Deutsche Boerse AG
Cisco Systems Inc
Danone SA
Otis Worldwide Corp
Broadcom Inc
Reckitt Benckiser Group PLC
Publicis Groupe SA
Paychex Inc
CME Group Inc
Taiwan Semiconductor Manufacturing Co Ltd
Microsoft Corp
Mondelez International Inc
Schneider Electric SE
Emerson Electric Co
Eaton Corp PLC

Best performing stock:
Diageo, 13.0% TR
Month to Date

Worst performing stock:
Eaton Corp., -9.0% TR
Month to Date

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.

DIVS

The SmartETFs Dividend Builder ETF

September 2025 Update

Portfolio Performance

Diageo was the Fund's best performing stock in August, gaining +13.0%. The world's leading premium spirits producer owns a broad portfolio of brands including Guinness, Johnnie Walker, and Smirnoff. The company has had a tough time recently due to softer global spirits demand amid weakening discretionary spending as well as margin pressures from input cost inflation. However, the stock performed well over August following signs of improvement in its latest half yearly earnings. Organic sales growth of +1.7% came in ahead of consensus, as too did operating profit, with positive performance led by North American brands (Don Julio and Crown Royal Blackberry) and supported by growing business momentum across Latin America and Africa. On the expense front, management raised their cost savings target to $625m over the next three years (up from $500m previously), reflecting confidence in their "Accelerate" program. Savings will come from advertising & promotion efficiencies, supply chain reorganization, and broader cost cutting across the employee base. Half of the savings will be used to reinvest in growth with the other half expected to lift margins and flow through to the bottom line. As a result, management issued more optimistic FY2026 guidance than expected, calling for mid-single-digit operating profit growth and reiterated their $3bn free cash flow outlook, which will comfortably cover the annual dividend payment, allaying fears about the dividend sustainability. However, admittedly, the guidance is H2-weighted and therefore subject to a lot of uncertainty over the coming months given an uncertain consumer environment in Europe and growing concerns over tariffs. The firm's turnaround efforts are still ongoing, but we were encouraged by a good set of earnings results and were pleased to see this rewarded by the market.

Texas Instruments also performed well over August, gaining +11.8%. The US-based firm is a leading manufacturer of analogue chips and embedded processors, which it sells into a range of end markets from industrial and automotive to personal electronics and communications equipment. Analogue chip markets have been in a structural downturn for several quarters, but there are now signs that we are starting to turn a corner. Texas Instruments reported earnings at the end of July, with the release initially met by a negative market reaction. However, the stock has since rebounded, and we felt there were plenty of encouraging signs from its latest print. Organic sales growth of +16.4% was well ahead of consensus, a clear sign that sales are starting to pick back up from recent troughs. This was led by a continued recovery in its Industrial segment (focused on serving factory automation, energy infrastructure and transportation end markets), which grew in the high teens. There are still reasons to be cautious on the analogue cycle: namely, that demand recovery in the autos segment (c.35% of revenues) is still relatively fragile and next quarter's (Q3) outlook remains cautious as a result, and perhaps a touch below what the market expected. Nonetheless, we remain constructive on the space and are encouraged that the medium-term outlook is positive, with management highlighting their optimism of a broader cyclical recovery given "very low levels" of customer inventory and an uptick in demand as order growth starts to feed through. Texas Instruments is in a strong position given strong manufacturing capacity, low lead times, and a healthy inventory of products that it can sell to customers when there is an upwards inflection in demand. When combined, this should leave it well placed to capitalize from the eventual analogue recovery.

continued on following page...

SmartETFs
by Guinness Atkinson

Portfolio Performance (continued)

Eaton was the Fund's worst performer over August, falling -9.0%. The global power management company makes electrical, mechanical and hydraulic products and has recently grown out its exposure into data center end markets. Having recently acquired modular power provider FibreBond, Eaton now offers comprehensive data center solutions for both the grey space (which refers to data center infrastructure such as power and cooling) and the white space (which refers to the IT gear like servers and racks). Eaton reported a solid set of earnings earlier in the month, beating on organic growth (8.0% vs 7.5% consensus), as well as on segment margins and earnings per share (EPS). Additionally, management raised full-year guidance, now expecting FY25 EPS growth of 12% at the midpoint, alongside a small upgrade to margin expectations, showing the strength of the underlying business. Despite the broadly positive results, the shares pulled back c.8% on the day and failed to recover over the rest of the month. The main cause for the pullback was a small margin decline (c.40bps) for the key Electrical Americas segment, which is responsible for 46% of sales and 58% of firm-wide profits. This was the first year-on-year decline since Q1 2022 and was not well received by the market. However, this short-term blip does not overly concern us given that the firm's outlook remains remarkably strong. The quarterly order numbers were robust, aided by megaproject spending which crossed the $2.4tn mark over the quarter. Roughly 3-5% of this goes on electrical content, with Eaton winning about 40% of the spend. This represents a $40bn sales opportunity for Eaton over the coming decade and with around $16bn of demand in its backlog already, we have good visibility into the future demand picture for Eaton, which looks very healthy at present.

Emerson Electric also performed poorly over the month, falling -8.9%. The US-based firm has been repositioning itself as a pure-play automation and process control leader, selling a range of automation systems, control valves, measurement instruments, and sensors that optimize industrial processes. Emerson reported a generally mixed set of results early in August, with organic growth notably falling short of analyst expectations. The bulk of the firm's revenues come from three end markets (Process/Hybrid, Discrete, and Safety & Productivity), each of which underperformed from a growth perspective. Management cited a reduction in pricing surcharges, which were originally intended to fully offset tariff-related headwinds. However, these plans were moderated, meaning Emerson's pricing levels grew by only 2.5% (instead of the 3% expected by consensus). Moreover, the firm's latest margin figures were flat year-on-year, with the market hoping for some accretion. However, management once again pointed to their pricing actions, which helped reduce the impact of tariff costs but had little incremental benefit to the bottom line. On a more positive note, Emerson reported that its 2025 gross tariff exposure had reduced to $130m, a significant reduction from previous estimates of $245m. Additionally, even as they pared back their full-year growth outlook, management did note that Q4 orders will grow between 5% and 7%, implying an acceleration into next year, as customer order momentum starts to pick up. This bodes well for the medium term with top-line growth led by ongoing investment into automation solutions, as customers look to streamline operations, cut costs, and improve productivity across a range of end markets.

DIVS

The SmartETFs Dividend Builder ETF

September 2025 Update

SmartETFs
by Guinness Atkinson

Buys & Sells

Sells

- As a reminder, in July we exited our position in **Novo Nordisk** after losing 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 Pharmacy 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 these catalysts into question. Specifically, management reduced FY25 sales guidance by 6% and cut their free cash flow outlook by one third, driven by continued competition from compounded drugs (despite the Food and Drug Administration 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 against the market's expectations (or hope) for an external hire with the technical nous to improve competitiveness in the US market, which was seen as increasing the likelihood of "more of the same". 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, after exiting our position in Novo Nordisk, we entered a position in Anta Sports.

Buys

+ Over August, we bought **Anta Sports**, a leading Chinese sportswear brand and retailer. Anta Sports designs, manufactures, and sells products across a diverse portfolio including its core ANTA brand, Fila, Descente, and international names such as Arc'teryx and Salomon through its majority stake in Amer Sports. This breadth of brands has enabled Anta to serve a wide range of consumers, establishing it as the second-largest sportswear company in China, with more than 21% market share. Founded as a shoe manufacturer, Anta quickly evolved into a fully-fledged brand by developing its own manufacturing capabilities and reducing reliance on third parties. This tight control over its supply chains and facilities remains a key differentiator from domestic rivals such as Li-Ning and has supported Anta's steady share gains in a sportswear market that has grown rapidly since the 2008 Beijing Olympics.

  Anta has strategically employed a "multi-brand, multi-channel" model under which the core ANTA brand captures the mass market while acquisitions such as Fila expand its reach into the premium segment. This approach has fueled strong top-line growth of over 20% per annum in the past five years, and its premium focus has driven a superior margin profile compared to peers, with gross margins consistently exceeding 60%. Growth has been both organic, powered by rising sports participation and a direct-to-consumer transformation of the core brand, and inorganic, through successful integration of international labels such as Fila, which Anta has scaled into a leading premium sports fashion brand in China. Anta's quality profile is equally compelling. The company holds a robust balance sheet which provides both resilience through economic cycles and capacity for future investment. Its disciplined execution, vertical integration, and premiumization strategy have historically delivered consistently high returns on invested capital, cementing its position as a structural winner in the market. In sum, Anta combines high growth, strong profitability, and financial resilience in an industry underpinned by powerful long-term demand drivers.

DIVS

The SmartETFs Dividend Builder ETF

September 2025 Update

Portfolio Performance

As of 8/31/2025	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception (03/30/2012)
DIVS at NAV	9.03%	6.15%	14.37%	12.33%	11.17%	10.70%
DIVS at Market Price	9.35%	6.40%	14.28%	12.31%	11.16%	10.69%
MSCI World NR	13.78%	15.68%	18.48%	12.89%	11.64%	10.98%

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 08/31/2025): 1.08% subsidized | 0.77% 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, 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.

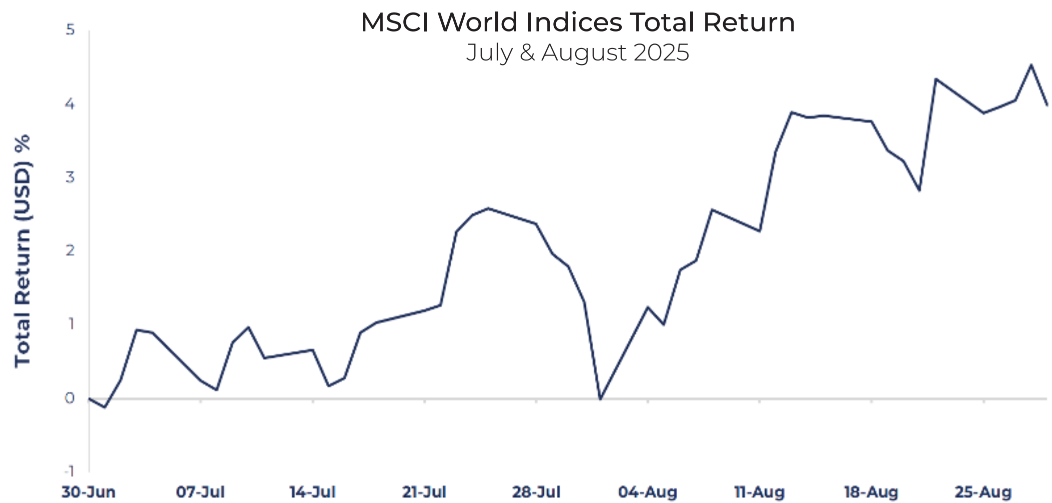
Subsidized yields reflect any fee waivers or reimbursements that may be in effect during a period, while unsubsidized yields do not.

DIVS

The SmartETFs Dividend Builder ETF

September 2025 Update

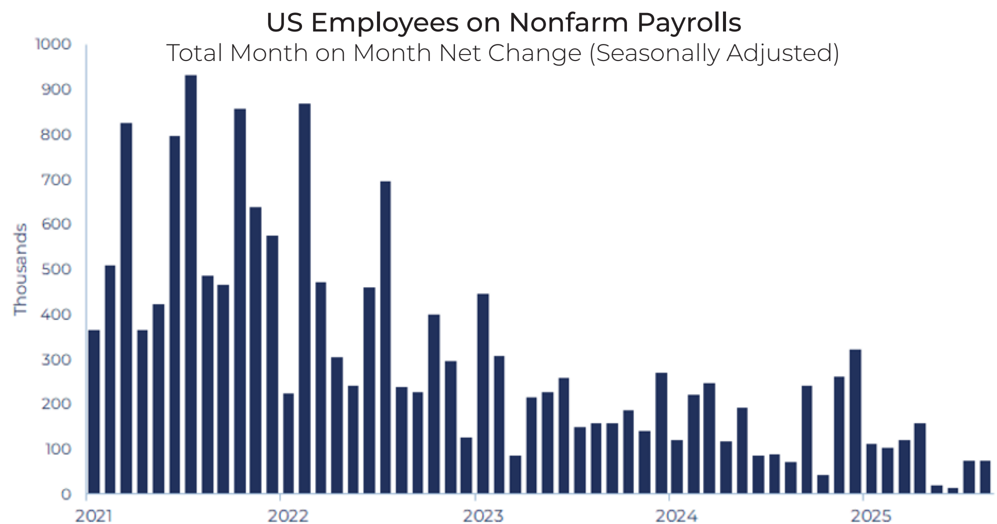
August in Review



Source: Guinness Atkinson Funds, Bloomberg. Data as of August 31, 2025

August began with a sharp reversal in market sentiment triggered by a disappointing US jobs report that cast doubt on so-called US exceptionalism and the macroeconomic backdrop. Non-farm payrolls rose by just 73,000 in July, far short of expectations, while May's and June's figures were revised lower by a combined 258,000 jobs. This left the three-month gain at only 106,000 - the weakest stretch of hiring since 2011 - and a stark contrast to what has appeared to be a relatively robust jobs market this year. The slowdown raised the alarm that labor market strength may be fading more rapidly than thought, with declines evident across government, retail, leisure, and construction. The disappointment was amplified by softer manufacturing surveys and heightened political noise, including the resignation of a member of the Federal Reserve's Board of Governors, Adriana Kugler. The news also spurred President Trump to fire the commissioner of the Bureau of Labor Statistics, driving further uncertainty for investors.

Inflation Check



Source: Guinness Atkinson Funds, Bloomberg. Data as of August 31, 2025

Inflation in August delivered a reminder that the disinflation seen over the past year may be fading, particularly in the US. Headline Consumer Price Index (CPI) inflation came in at 2.7%, in line with expectations, owing to lower energy prices. However, the picture from core goods is less benign. Core goods price changes have turned upwards, and more than 65% of categories registered increases in July, in the broadest rise in over two years. While the overall contribution remains modest, lifting core CPI only by about 0.2%, the shift marks a turning of the trend. Early signs of tariff pass-through are visible in areas such

continued on following page...

DIVS

The SmartETFs Dividend Builder ETF

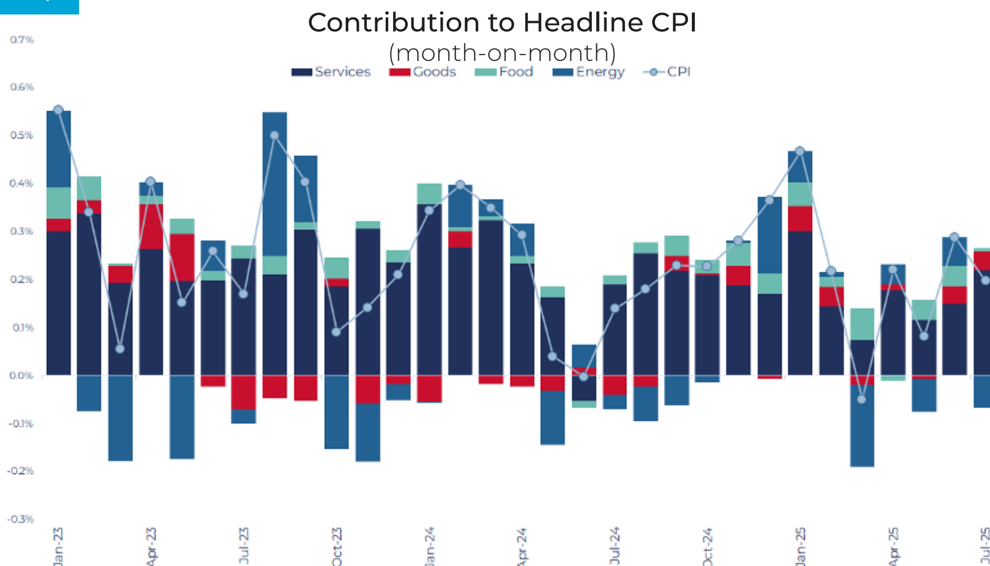
September 2025 Update

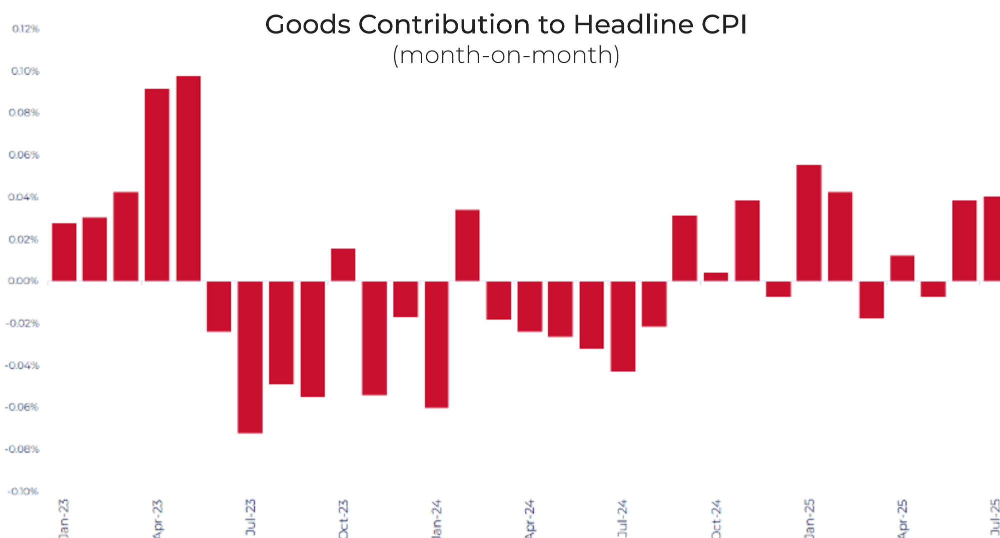
August in Review (continued)

as home furnishings and other consumer durables. The impact of tariffs has also been seen by various businesses with bellwether consumer companies such as Walmart citing visible impacts to supply chains, costs and profit margins on earnings calls:

"But as we replenish inventory at post-tariff price levels, we've continued to see our costs increase each week, which we expect will continue into the third and fourth quarters... The way things have played out so far, the impact of tariffs has been gradual enough that any behavioral adjustments by the customer have been somewhat muted."

Beyond goods, services remained a stubborn driver of inflation. The Federal Reserve's new "Super core" services inflation measure (core services minus shelter) accelerated to 3.2% from 2.7% in April.





Source: Guinness Atkinson Funds, Bloomberg. Data as of August 31, 2025

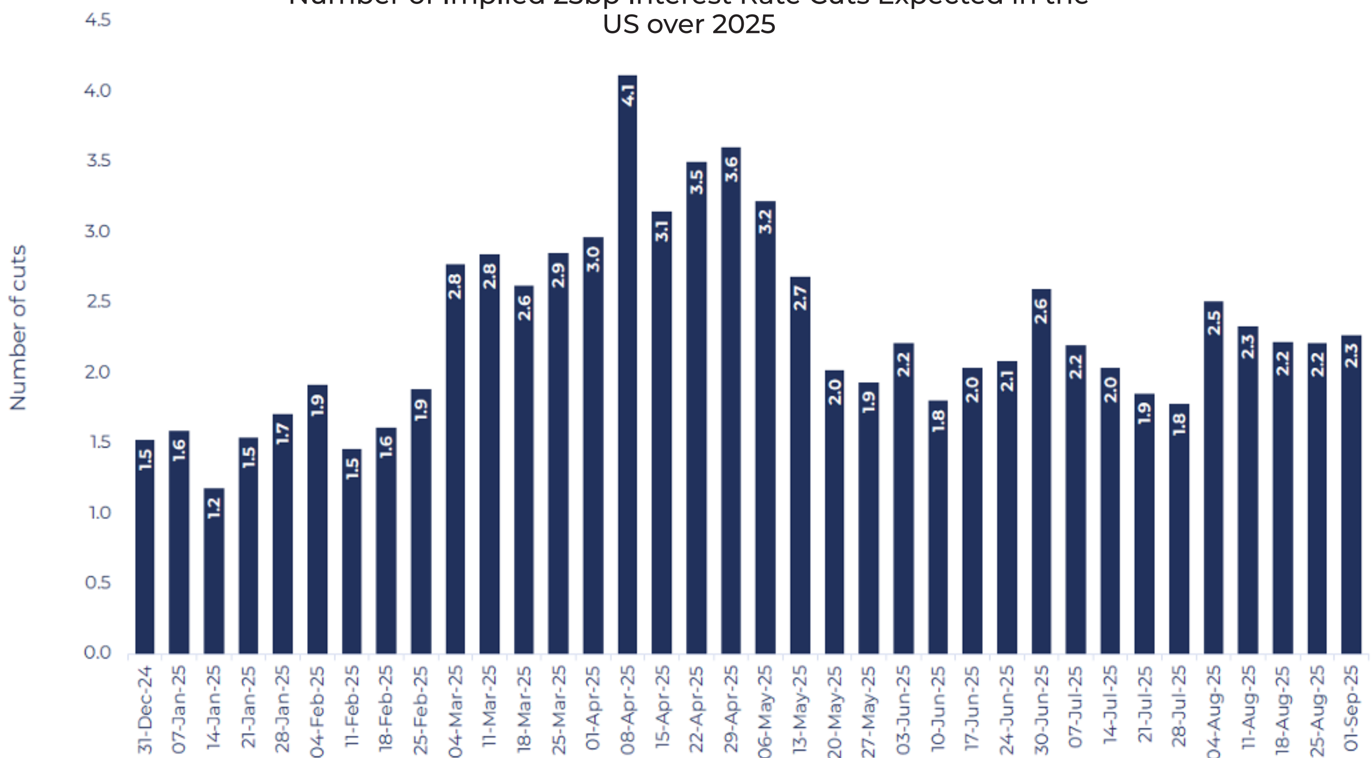
continued on following page...

DIVS
The SmartETFs Dividend Builder ETF
September 2025 Update

August in Review (continued)

Trump and the Fed

Adding to existing tensions, late August brought a new flashpoint in the intersection between politics and market dynamics with President Trump's attempted removal of Fed Governor Lisa Cook, which is now subject to legal challenge. This highlights his apparent determination to reshape the role of the Federal Open Market Committee and has worryingly thrown its independence into question. While the immediate equity market reaction was muted, investors appeared to view the episode as a potential accelerant of policy easing, compounding already mixed macroeconomic signals. Inflation has stalled in its deceleration: core measures are firming in services and tariffs are beginning to filter into goods prices, even as cheaper energy holds down the headline rate. Q2 GDP growth was revised up to 3.3%, highlighting resilient consumption and investment. Against this backdrop of solid growth but sticky inflation, markets are leaning toward easier policy, now pricing in 2.3 cuts by year-end, starting with a 25 basis point move in September, a view reinforced by Chair Jerome Powell's cautious but dovish tone at Jackson Hole.



Source: Guinness Atkinson Funds, Bloomberg. Data as of August 31, 2025

Rising Index Concentration

Over August, concentration in the S&P 500 rose to a historic high, with the "Magnificent 7" among others

continued on following page...

DIVS

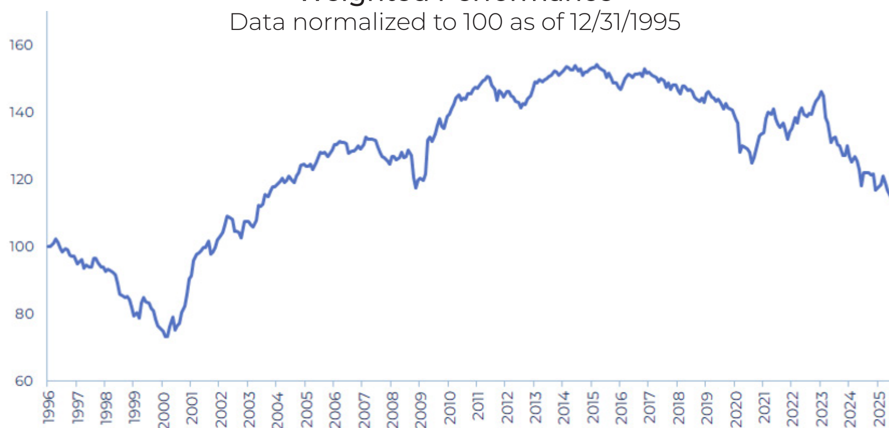
The SmartETFs Dividend Builder ETF

September 2025 Update

August in Review (continued)

S&P 500 Equal-Weight relative to Market-Cap Weighted Performance

Data normalized to 100 as of 12/31/1995

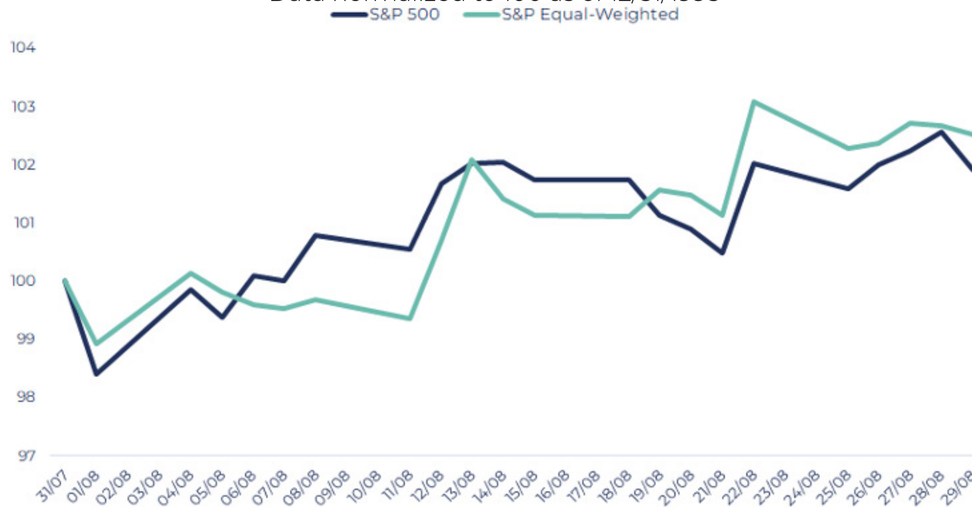


Source: Guinness Atkinson Funds, Bloomberg. Data as of August 31, 2025

dominating index performance. The largest 10 companies now account for roughly 40% of total market value, meaning index moves are increasingly determined by a narrow group of mega-cap tech stocks. The risks of such concentration are not unprecedented: during the dot-com bubble, as technology stocks surged, the more familiar market-cap-weighted S&P 500 meaningfully outpaced the equal-weight version of the index, only to unwind sharply when the bubble burst. A similar pattern played out leading into the Global Financial Crisis, when Financials became heavily concentrated in the index, and again during the COVID-19 pandemic, when lockdown beneficiaries in the Technology sector drove a sharp wedge between the two measures. Each period demonstrated how narrow leadership can amplify downside risk when sentiment shifts.

S&P 500 Equal-Weighted vs Market-Cap Weighted Performance over August

Data normalized to 100 as of 12/31/1995



Source: Guinness Atkinson Funds, Bloomberg. Data as of August 31, 2025

That dynamic returned to focus in August, when an MIT report suggested that corporate AI pilots were not yet translating into revenue growth, raising questions around the sustainability of the current rally. Investor sentiment soured quickly, sparking a three-day sell-off in the Nasdaq and dragging the S&P 500 lower, even as more defensive areas such as Healthcare and Utilities held firm. Nvidia alone slipped 3.5% in a single session, highlighting just how dependent index performance has become on AI optimism. The equal-weighted S&P 500 outperformed its market-cap-weighted counterpart over the month, as weakness in the mega-caps created space for broader market participation. This divergence may serve as a reminder that the dominance of a few stocks not only elevates concentration risk but can also leave investors vulnerable to abrupt

continued on following page...

DIVS

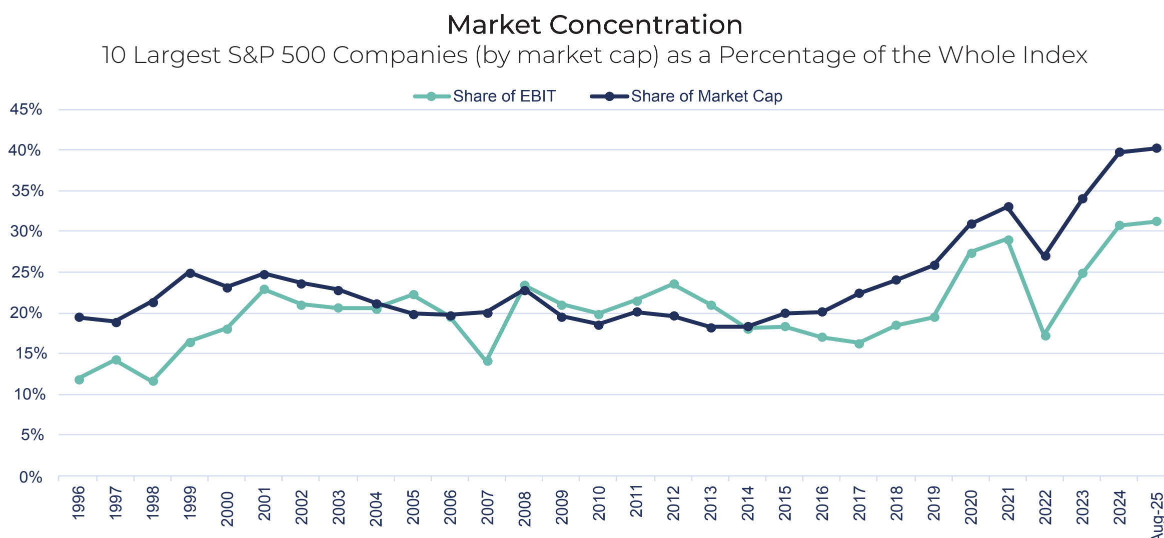
The SmartETFs Dividend Builder ETF

September 2025 Update

August in Review (continued)

reversals when sentiment toward those leaders turns.

However, unlike previous episodes of heightened market concentration, today's top 10 companies in the S&P 500 command not only a record share of market capitalization, but also an elevated share of earnings before interest and tax (as a measure of profitability). This distinction points to the higher quality of current market leaders relative to previous cycles, when dominance often rested on less profitable or more cyclical sectors. Many of today's mega-cap technology firms, such as Nvidia, operate business models that are highly cash generative, supported by durable competitive advantages and strong balance sheets. This profitability backdrop highlights that while concentration risk persists, the underlying fundamentals are notably stronger than in past eras.



Source: Guinness Atkinson Funds, Bloomberg. Data as of August 31, 2025

There's more where that came from!

Join our newsletter at SmartETFs.co/newsletter or follow us on Instagram @SmartETFs!

DIVS

The SmartETFs Dividend Builder ETF

September 2025 Update

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.