

**SMCP**

AlphaMark Actively Managed Small Cap ETF

## **Annual Report**

**March 31, 2023**

**AlphaMark Actively Managed Small Cap ETF**

**Ticker: SMCP**

# AlphaMark Actively Managed Small Cap ETF

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# AlphaMark Actively Managed Small Cap ETF

## SHAREHOLDER LETTER

March 31, 2023 (Unaudited)

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Dear Shareholder:

The AlphaMark Actively Managed Small Cap ETF (“SMCP” or the “Fund”) investment philosophy is founded on an appreciation of risk. We attempt to identify for the Fund high quality Exchange Traded Funds (ETFs) that invest in a diverse group of small-cap companies. Under normal market conditions, we will weight the Fund towards those styles that we feel are undervalued relative to their potential upside. We review economic conditions globally to construct a portfolio of small-cap ETFs. For the fiscal year ended March 31, 2023 (“current fiscal period”), foreign developed market small-cap ETFs outperformed foreign emerging market small-cap ETFs and domestic small-cap ETFs. As of March 31, 2023, we have allocated 25.9% of the Fund to foreign small-cap ETFs based on their relative value versus domestic small-cap ETFs.

### **Speculation Makes a Comeback**

Speculation occurs when there is too much liquidity in the system. We have written about this topic since the aftermath of the financial meltdown of 2009. The current state of excess liquidity is the result of the U.S. Government handing out trillions of dollars of essentially free money, a Federal Reserve (the “Fed”) unwittingly cutting interest rates to 0% and buying all of the debt that the U.S. Government was creating. Starting in the summer of 2020, speculative stocks and cryptocurrency were making all of the headlines. Money had nowhere else to go. There are two main reasons for the return of speculation, and neither of them are fundamentally sound. The first reason is the stock market’s hope that the Fed is going to lower rates before the end of the year. The stock market is not the only indicator predicting this. The 1-year U.S. Treasury Bill is yielding 4.64%. This implies a cut in the Fed Funds Rate of about 0.70% before the end of the year. Fed Funds Futures are traded as a Futures Contract on the CME Exchange. The Fed Funds Futures are predicting a Fed Funds Rate of 4.7% by September and 4.4% by December. The Fed Funds Rate currently stands at 5.0%. Speculative stocks generally gain in value when interest rates go down. NEWS FLASH: The Fed has said they are not lowering rates any time soon. The second reason for the current speculative behavior is Fed credibility. We know it is hard to trust the Fed with all their missteps that we outlined previously; however, it will always make sense to not fight the Fed. In other words, don’t take excess risk when the Fed is in tightening mode. The speculators are gambling on this and driving up valuations on the riskiest assets, in the face of slower growth. It logically does not make sense. One of the Fed’s mandates is price stability. There will come a time when the Fed and the U.S. Government have had enough of the shenanigans revolving around cryptocurrencies. It became apparent during the events that transpired with the collapse of FTX (one of the major cryptocurrency hubs), that

# AlphaMark Actively Managed Small Cap ETF

## SHAREHOLDER LETTER

March 31, 2023 (Unaudited) (Continued)

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either regulators are not up to speed with the inner workings of cryptocurrencies or they are choosing to look the other way. Now, possibly we are the ones speculating on the effects of lobbying efforts by FTX, but, then again, everything about cryptocurrency is speculation. Cryptocurrency could have a place in today's global economy, but not without regulation. The U.S. Government will have no ability to control price stability and their other mandate, maximum employment, if they lose control of the U.S. Dollar. It is our strong position that this will not happen.

It is our opinion that the current speculative run is going to have its day of reckoning. We find it unlikely that the Fed is going to lower rates before they are certain inflation is under control. Because month over month inflation during the last 6 months of 2022 was somewhat benign (2.8% annualized rate), the year over year headline inflation for the next 9 months of 2023 is likely to be much higher than we have been experiencing. It is also our contention that wage inflation is slowly creeping into the system as well. If the Fed does not lower rates and economic growth estimates start to fall, so will the speculative stocks. The downside risk for these types of investments far outweighs the upside potential. The Price to Earnings (P/E) ratio of the S&P 500® Index stands at 22. This is an increase of 10% versus late last year. By all accounts, this is a level that implies strong growth ahead. The historic average is roughly 15. Valuations should not be expanding during a time of rising interest rates and slowing growth.

### **Speculative Markets Require Caution**

Our investment thesis remains the same as market volatility continues, caution and patience. We will continue to make portfolio adjustments as opportunities arise. As we have noted, speculation has had a strong run for the last 3 months. It is our opinion that the markets will punish overpriced stocks as volatility continues. China is the largest economy to affect the emerging stock markets and as China's economy slowly accelerates from the reversal of COVID restrictions, we think that emerging markets are an attractive opportunity. We have been concerned about a credit event gripping the markets for some time. The 2nd and 3rd largest bank failures in U.S. history should qualify for such an event. Unfortunately, we believe those failures to be merely the symptoms of an underlying weakness in the economy to come. If some banks were not prepared for higher interest rates, how many corporations are not prepared? The markets took this in stride and believe that the Fed will come to the rescue any time the markets are in trouble. We believe the Fed is as stretched as they can afford to be, and this is just one more example of the foolish and speculative behavior that we are not going to participate in.

# AlphaMark Actively Managed Small Cap ETF

## SHAREHOLDER LETTER

March 31, 2023 (Unaudited) (Continued)

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During the current fiscal period, the net asset value per share (“NAV”) of the Fund decreased from \$28.71 to \$24.53, a total return of -14.05%. The market price decreased from \$28.70 to \$24.53, a total return of -14.03%. During this time, the Morningstar US Small Cap Index lost -8.84%. The main contributors of losses in the Fund during the current fiscal period came from the following holdings: iShares Russell 2000 Growth ETF (IWO) -11.23%, iShares Russell 2000 ETF (IWM) -14.80%, iShares Russell 2000 Value ETF (IWN) -10.31%, iShares MSCI Emerging Markets Small-Cap ETF (EEMS) -11.23%, iShares MSCI EAFE Small-Cap ETF (SCZ) -5.28% and Orbital Energy Group, Inc. (OEG) -67.29%.

As of March 31, 2023, the Fund’s assets were invested among 5 Exchange Traded Fund positions. The positions were: iShares Russell 2000 Growth ETF (36.7%), iShares Russell 2000 Value ETF (33.9%), iShares MSCI Emerging Markets Small-Cap ETF (14.2%), iShares Russell 2000 ETF (2.3%), iShares MSCI EAFE Small-Cap ETF (11.7%). Cash equivalents represented 1.3% of the Fund’s net assets.

As of March 31, 2023, the Fund had net assets of \$23.3 million.

In conclusion, no investment style will outperform every year. The nature of the market is change and volatility. Because of the excess volatility in the market, we believe that owning a diversified portfolio of small-cap ETFs will decrease risk and allow the Fund to extract value from undervalued assets.

Sincerely,



Michael L. Simon

President and Chief Investment Officer

AlphaMark Advisors, LLC

*Past performance is not predictive of future performance. Investment results and principal value will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. Current performance may be higher or lower than the performance data quoted.*

*You can find the Fund’s statutory prospectus, statement of additional information and other information about the Fund online at <http://www.alphamarkadvisors.com/etf/>. You can also get this information at no cost by calling 1-800-617-0004 or by sending an e-mail request to [ETF@usbank.com](mailto:ETF@usbank.com).*

**Must be preceded or accompanied by a prospectus.**

# AlphaMark Actively Managed Small Cap ETF

## SHAREHOLDER LETTER

March 31, 2023 (Unaudited) (Continued)

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The Morningstar US Small Cap Index tracks the performance of the U.S. small-cap stocks that fall between the 90th and 97th percentile in market capitalization of the investable universe. In aggregate, the Small Cap Index represents 7 percent of the investable universe. The index does not incorporate Environmental, Social, or Governance (ESG) criteria.

The Standard & Poor's 500<sup>®</sup> Index (S&P 500) is an index of 500 of the largest U.S. companies, listed on the New York Stock Exchange or NASDAQ, selected by the Standard & Poor's Index Committee based on market capitalization. The S&P 500<sup>®</sup> Index is a widely recognized barometer of the U.S. equity market.

The Price to Earnings (P/E) ratio is the ratio for valuing a company that measures its current share price relative to its earnings per share.

***Investing involves risk. Principal loss is possible. The Fund invests in foreign securities which involve political, economic and currency risks, greater volatility and differences in accounting methods. These risks are greater for investments in emerging markets. The Fund invests in smaller companies, which involve additional risks such as limited liquidity and greater volatility. REITs may have limited financial resources, may trade less frequently and in limited volume, and may be more volatile than other securities. Investing in investment companies, such as ETFs, will subject the Fund to additional expenses of each investment company and risk of owning the underlying securities held by each. ETFs may trade at a premium or discount to their net asset value. Shares of ETFs are bought and sold at market price (rather than NAV) and not individually redeemed from the Fund. Brokerage commissions will reduce returns.***

Market returns are based on the daily NASDAQ Official Close Price ("NOCP") at 4:00p.m. Eastern time and do not represent the returns you would receive if you traded shares at other times.

*AlphaMark Advisors, LLC is the Adviser (the "Adviser") to the AlphaMark Actively Managed Small Cap ETF, which is distributed by Quasar Distributors, LLC.*

The Letter to Shareholders seeks to describe some of the Adviser's current opinions and views of the financial markets. Although the Adviser believes it has a reasonable basis for any opinions or views expressed, actual results may differ, sometimes significantly so, from those expected or expressed.

Fund holdings and allocations are subject to change at any time and should not be considered a recommendation to buy or sell any security. Please see the Schedule of Investments in this report for a complete list of Fund holdings.

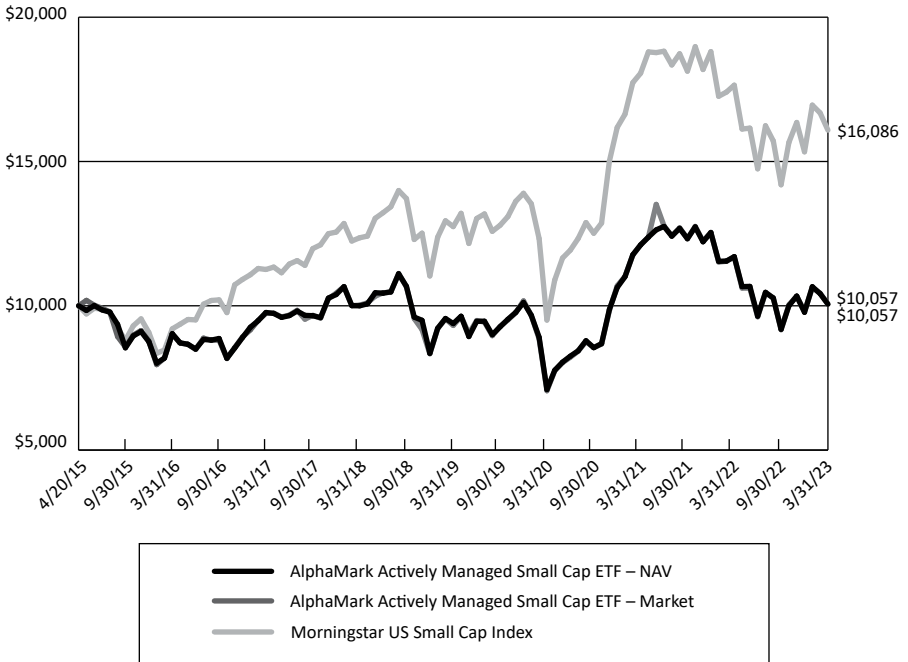
**Diversification does not assure a profit or protect against loss in a declining market.**

# AlphaMark Actively Managed Small Cap ETF

## PERFORMANCE SUMMARY

(Unaudited)

### Growth of \$10,000



Average Annual Returns March 31, 2023	One Year	Three Years	Five Years	Since Inception (4/20/15)
AlphaMark Actively Managed Small Cap ETF - NAV	-14.05%	12.32%	0.12%	0.07%
AlphaMark Actively Managed Small Cap ETF - Market	-14.03%	12.54%	0.07%	0.07%
Morningstar US Small Cap Index	-8.84%	19.17%	5.42%	6.16%

This chart illustrates the performance of a hypothetical \$10,000 investment made on April 20, 2015, and is not intended to imply any future performance. The returns shown do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. The chart assumes reinvestment of capital gains and dividends.

The performance data quoted represents past performance. Past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate. An investor's shares, when redeemed, may be worth more or less than their original cost; current performance may be lower or higher than the performance quoted. Short-term performance, in particular, is not a good indication of the Fund's future performance, and an investment should not be based solely on returns. For the most recent month end performance, please visit the Fund's website at [www.alphamarkadvisors.com/etf](http://www.alphamarkadvisors.com/etf). The gross expense ratio as of the prospectus dated July 31, 2022 was 1.21%.

# AlphaMark Actively Managed Small Cap ETF

## PORTFOLIO ALLOCATION

As of March 31, 2023 (Unaudited)

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<b>Asset Class or Sector</b>	<b>Percentage of Net Assets</b>
U.S. Domestic Equity	72.9%
Emerging Market Equity	14.2
Developed Market Equity	11.7
Short-Term Investments	1.3
Liabilities in Excess of Other Assets	<u>(0.1)</u>
Total	<u>100.0%</u>



# AlphaMark Actively Managed Small Cap ETF

## SCHEDULE OF INVESTMENTS

March 31, 2023

Shares	Security Description	Value
<b>EXCHANGE TRADED FUNDS — 98.8% (a)</b>		
<b>Developed Market Equity — 11.7%</b>		
45,809	iShares MSCI EAFE Small-Cap ETF .....	\$ 2,726,093
<b>Emerging Market Equity — 14.2%</b>		
65,533	iShares MSCI Emerging Markets Small-Cap ETF .....	3,301,389
<b>U.S. Domestic Equity — 72.9%</b>		
3,097	iShares Russell 2000 ETF .....	552,505
37,686	iShares Russell 2000 Growth ETF (b) .....	8,547,938
57,660	iShares Russell 2000 Value ETF (b) .....	7,900,574
		<u>17,001,017</u>
	TOTAL EXCHANGE TRADED FUNDS (Cost \$20,709,826) .....	<u>23,028,499</u>
<b>SHORT-TERM INVESTMENTS — 1.3%</b>		
293,568	First American Government Obligations Fund - Class X, 4.65% (c) .....	<u>293,568</u>
	TOTAL SHORT-TERM INVESTMENTS (Cost \$293,568) .....	<u>293,568</u>
	TOTAL INVESTMENTS — 100.1% (Cost \$21,003,394) .....	23,322,067
	Liabilities in Excess of Other Assets — (0.1)% .....	<u>(16,827)</u>
	NET ASSETS — 100.0% .....	<u>\$ 23,305,240</u>

Percentages are stated as a percent of net assets.

The Fund's security classifications are defined by the Fund's Adviser.

- (a) The risks of investing in investment companies, such as the underlying ETFs, typically reflect the risks of the types of investments in which the investment companies invest. See Note 7 in Notes to Financial Statements.
- (b) Fair value of this security exceeds 25% of the Fund's net assets. Additional information for this security, including the financial statements, is available from the SEC's EDGAR database at [www.sec.gov](http://www.sec.gov).
- (c) Rate shown is the annualized seven-day yield as of March 31, 2023.

The accompanying notes are an integral part of these financial statements.

# AlphaMark Actively Managed Small Cap ETF

## STATEMENT OF ASSETS AND LIABILITIES

March 31, 2023

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### ASSETS

Investments in securities, at value (Cost \$21,003,394) .....	\$ 23,322,067
Interest receivable .....	<u>922</u>
Total assets .....	<u>23,322,989</u>

### LIABILITIES

Management fees payable .....	<u>17,749</u>
Total liabilities .....	<u>17,749</u>

**NET ASSETS** ..... \$ 23,305,240

### Net Assets Consist of:

Paid-in capital .....	\$ 25,212,738
Total distributable earnings (accumulated deficit) .....	<u>(1,907,498)</u>
Net assets .....	<u>\$ 23,305,240</u>

### Net Asset Value:

Net assets .....	\$ 23,305,240
Shares outstanding ^ .....	950,000
Net asset value, offering and redemption price per share .....	\$ 24.53

^ No par value, unlimited number of shares authorized.

The accompanying notes are an integral part of these financial statements.

# AlphaMark Actively Managed Small Cap ETF

## STATEMENT OF OPERATIONS

For the Year Ended March 31, 2023

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### INCOME

Dividends .....	\$ 343,010
Interest .....	<u>5,438</u>
Total investment income .....	<u>348,448</u>

### EXPENSES

Management fees .....	<u>201,267</u>
Total expenses .....	<u>201,267</u>

<b>Net investment income (loss) .....</b>	<b><u>147,181</u></b>
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### REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS

Net realized gain (loss) on:

Investments .....	(211,377)
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Change in unrealized appreciation (depreciation) on investments .....	<u>(3,279,210)</u>
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<b>Net realized and unrealized gain (loss) on investments .....</b>	<b><u>(3,490,587)</u></b>
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<b>Net increase (decrease) in net assets resulting from operations .....</b>	<b><u>\$ (3,343,406)</u></b>
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The accompanying notes are an integral part of these financial statements.

# AlphaMark Actively Managed Small Cap ETF

## STATEMENTS OF CHANGES IN NET ASSETS

	Year Ended March 31, 2023	Year Ended March 31, 2022
<b>OPERATIONS</b>		
Net investment income (loss) .....	\$ 147,181	\$ 191,611
Net realized gain (loss) on investments .....	(211,377)	777,592
Change in unrealized appreciation (depreciation) on investments .....	(3,279,210)	(1,813,082)
<b>Net increase (decrease) in net assets resulting from operations .....</b>	<b>(3,343,406)</b>	<b>(843,879)</b>
<b>DISTRIBUTIONS TO SHAREHOLDERS</b>		
Net distributions to shareholders .....	(135,676)	(184,453)
<b>Total distributions to shareholders .....</b>	<b>(135,676)</b>	<b>(184,453)</b>
<b>CAPITAL SHARE TRANSACTIONS</b>		
Proceeds from shares sold .....	3,624,790	—
Payments for shares redeemed .....	(1,247,730)	—
<b>Net increase (decrease) in net assets derived from capital share transactions (a) .....</b>	<b>2,377,060</b>	<b>—</b>
<b>Net increase (decrease) in net assets .....</b>	<b>\$ (1,102,022)</b>	<b>\$ (1,028,332)</b>
<b>NET ASSETS</b>		
Beginning of year .....	\$ 24,407,262	\$ 25,435,594
End of year .....	<b>\$ 23,305,240</b>	<b>\$ 24,407,262</b>

(a) A summary of capital share transactions is as follows:

	Shares	Shares
Shares sold .....	150,000	—
Shares redeemed .....	(50,000)	—
<b>Net increase (decrease) .....</b>	<b>100,000</b>	<b>—</b>

The accompanying notes are an integral part of these financial statements.

# AlphaMark Actively Managed Small Cap ETF

## FINANCIAL HIGHLIGHTS

For a capital share outstanding throughout the year

	Year Ended March 31,				
	2023	2022	2021	2020	2019
Net asset value, beginning of year .....	\$ 28.71	\$ 29.92	\$ 17.63	\$ 23.46	\$ 25.00
<b>INCOME (LOSS) FROM INVESTMENT OPERATIONS:</b>					
Net investment income (loss) <sup>(1)(2)</sup> .....	0.16	0.23	0.12	0.25	(0.04)
Net realized and unrealized gain (loss) on investments <sup>(5)</sup> .....	(4.20)	(1.22)	12.32	(5.93)	(1.50)
Total from investment operations .....	(4.04)	(0.99)	12.44	(5.68)	(1.54)
<b>DISTRIBUTIONS TO SHAREHOLDERS:</b>					
From net investment income .....	(0.14)	(0.22)	(0.15)	(0.15)	—
Total distributions to shareholders .....	(0.14)	(0.22)	(0.15)	(0.15)	—
Net asset value, end of year .....	\$ 24.53	\$ 28.71	\$ 29.92	\$ 17.63	\$ 23.46
Total return .....	-14.05%	-3.37%	70.63%	-24.37%	-6.15%
<b>SUPPLEMENTAL DATA:</b>					
Net assets at end of year (000's) .....	\$23,305	\$24,407	\$25,436	\$15,871	\$23,461
<b>RATIOS TO AVERAGE NET ASSETS:</b>					
Expenses to average net assets <sup>(3)</sup> .....	0.90%	0.90%	0.90%	0.90%	0.90%
Net investment income (loss) to average net assets <sup>(2)</sup> .....	0.66%	0.74%	0.51%	1.07%	(0.18)%
Portfolio turnover rate <sup>(4)</sup> .....	17%	38%	44%	62%	360%

<sup>(1)</sup> Calculated based on average shares outstanding during the year.

<sup>(2)</sup> Recognition of net investment income by the Fund is affected by the timing of the declaration of dividends by the underlying investment companies in which the Fund invests. The ratio does not include net investment income of the underlying investment companies in which the Fund invests.

<sup>(3)</sup> Does not include expenses of the investment companies in which the Fund invests.

<sup>(4)</sup> Excludes the impact of in-kind transactions.

<sup>(5)</sup> Net realized and unrealized gains and losses per share in this caption are balancing amounts necessary to reconcile the change in net asset value per share for the period, and may not reconcile with the aggregate gains and losses in the Statement of Operations due to share transactions for the period.

The accompanying notes are an integral part of these financial statements.

# AlphaMark Actively Managed Small Cap ETF

## NOTES TO FINANCIAL STATEMENTS

March 31, 2023

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### NOTE 1 – ORGANIZATION

AlphaMark Actively Managed Small Cap ETF (the “Fund”) is a diversified series of ETF Series Solutions (“ESS” or the “Trust”), an open-end management investment company consisting of multiple investment series, organized as a Delaware statutory trust on February 9, 2012. The Trust is registered with the Securities and Exchange Commission (“SEC”) under the Investment Company Act of 1940, as amended (the “1940 Act”), as an open-end management investment company and the offering of the Fund’s shares is registered under the Securities Act of 1933, as amended (the “Securities Act”). The investment objective of the Fund is to seek long-term growth of capital. The Fund invests primarily in ETFs (“Underlying ETFs”) that invest in equity securities of small-cap companies listed on a U.S. or international exchange (including in emerging markets). The Fund commenced operations on April 20, 2015.

The end of the reporting period for the Fund is March 31, 2023, and the period covered by these Notes to Financial Statements is the fiscal year ended March 31, 2023 (the “current fiscal period”).

### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

The Fund is an investment company and accordingly follows the investment company accounting and reporting guidance of the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 946 Financial Services – Investment Companies.

The following is a summary of significant accounting policies consistently followed by the Fund. These policies are in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

- A. *Security Valuation.* All equity securities, including domestic and foreign common stocks, preferred stocks, and exchange traded funds that are traded on a national securities exchange, except those listed on the Nasdaq Global Market®, Nasdaq Global Select Market® and the Nasdaq Capital Market® exchanges (collectively, “Nasdaq”) are valued at the last reported sale price on the exchange on which the security is principally traded. Securities traded on Nasdaq will be valued at the Nasdaq Official Closing Price (“NOCP”). If, on a particular day, an exchange-traded or Nasdaq security does not trade, then the mean between the most recent quoted bid and asked prices will be used. All equity securities that are not traded on a listed exchange are valued at the last sale price in the over-the-counter market. If a non-exchange traded security does not trade on a particular day, then the mean between the last quoted closing bid and asked price will be used. Prices denominated in foreign currencies are converted to U.S. dollar equivalents at the current exchange rate, which approximates fair value.

# AlphaMark Actively Managed Small Cap ETF

## NOTES TO FINANCIAL STATEMENTS

March 31, 2023 (Continued)

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Investments in mutual funds, including money market funds, are valued at their net asset value (“NAV”) per share.

Securities for which quotations are not readily available are valued at their respective fair values in accordance with pricing procedures adopted by the Fund’s Board of Trustees (the “Board”). When a security is “fair valued,” consideration is given to the facts and circumstances relevant to the particular situation, including a review of various factors set forth in the pricing procedures adopted by the Board. The use of fair value pricing by the Fund may cause the NAV of its shares to differ significantly from the NAV that would be calculated without regard to such considerations.

As described above, the Fund utilizes various methods to measure the fair value of its investments on a recurring basis. U.S. GAAP establishes a hierarchy that prioritizes inputs to valuation methods. The three levels of inputs are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that the Fund has the ability to access.

Level 2 – Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.

Level 3 – Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available; representing the Fund’s own assumptions about the assumptions a market participant would use in valuing the asset or liability and would be based on the best information available.

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3.

# AlphaMark Actively Managed Small Cap ETF

## NOTES TO FINANCIAL STATEMENTS

March 31, 2023 (Continued)

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The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

The following is a summary of the inputs used to value the Fund's investments as of the end of the current fiscal period:

<u>Assets<sup>^</sup></u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Exchange Traded Funds	\$ 23,028,499	\$ —	\$ —	\$ 23,028,499
Short-Term Investments	<u>293,568</u>	<u>—</u>	<u>—</u>	<u>293,568</u>
Total Investments in Securities	<u>\$ 23,322,067</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 23,322,067</u>

<sup>^</sup> See Schedule of Investments for further disaggregation of investment categories.

During the current fiscal period, the Fund did not recognize any transfers to or from Level 3.

- B. *Federal Income Taxes.* The Fund's policy is to comply with the requirements of Subchapter M of the Internal Revenue Code of 1986, as amended, applicable to regulated investment companies and to distribute substantially all net taxable investment income and net capital gains to shareholders. Therefore, no federal income tax provision is required. The Fund plans to file U.S. Federal and applicable state and local tax returns.

The Fund recognizes the tax benefits of uncertain tax positions only when the position is more likely than not to be sustained. Management has analyzed the Fund's uncertain tax positions and concluded that no liability for unrecognized tax benefits should be recorded related to uncertain tax positions. Management is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will change materially in the next 12 months. Income and capital gain distributions are determined in accordance with federal income tax regulations, which may differ from U.S. GAAP. The Fund recognizes interest and penalties, if any, related to unrecognized tax benefits on uncertain tax positions as income tax expense in the Statement of Operations. During the current fiscal period, the Fund did not incur any interest or penalties.

- C. *Security Transactions and Investment Income.* Investment securities transactions are accounted for on the trade date. Gains and losses realized on sales of securities are determined on a specific identification basis. Dividend income is recorded on the ex-dividend date. Non-cash dividends included



# AlphaMark Actively Managed Small Cap ETF

## NOTES TO FINANCIAL STATEMENTS

March 31, 2023 (Continued)

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in dividend income or separately disclosed, if any, are recorded at the fair value of the security received. Interest income is recorded on an accrual basis. Withholding taxes on foreign dividends, if any, have been provided for in accordance with the Fund's understanding of the applicable tax rules and regulations.

- D. *Distributions to Shareholders.* Distributions to shareholders from net investment income and net realized gains on securities are declared and paid by the Fund at least annually. Distributions are recorded on the ex-dividend date.
- E. *Use of Estimates.* The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the current fiscal period. Actual results could differ from those estimates.
- F. *Share Valuation.* The NAV per share of the Fund is calculated by dividing the sum of the value of the securities held by the Fund, plus cash and other assets, minus all liabilities (including estimated accrued expenses) by the total number of shares outstanding of the Fund, rounded to the nearest cent. The Fund's shares will not be priced on the days on which the New York Stock Exchange ("NYSE") is closed for trading. The offering and redemption price per share for creation units of the Fund is equal to the Fund's NAV per share.
- G. *Guarantees and Indemnifications.* In the normal course of business, the Fund enters into contracts with service providers that contain general indemnification clauses. The Fund's maximum exposure under these arrangements is unknown as this would involve future claims that may be against the Fund that have not yet occurred. However, based on experience, the Fund expects the risk of loss to be remote.
- H. *Reclassification of Capital Accounts.* U.S. GAAP requires that certain components of net assets relating to permanent differences be reclassified between financial and tax reporting. These reclassifications have no effect on net assets or NAV per share.

The permanent differences primarily relate to redemptions in-kind. During the fiscal year ended March 31, 2023, the following table shows the reclassifications made:

<b>Distributable Earnings (Accumulated Deficit)</b>	<b>Paid-In Capital</b>
\$(234,102)	\$234,102

# AlphaMark Actively Managed Small Cap ETF

## NOTES TO FINANCIAL STATEMENTS

March 31, 2023 (Continued)

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During the fiscal year ended March 31, 2023, the Fund realized \$234,102 in net capital gains resulting from in-kind redemptions, in which shareholders exchanged Fund shares for securities held by the Fund rather than for cash. Because such gains are not taxable to the Fund, and are not distributed to shareholders, they have been reclassified from distributable earnings (accumulated deficit) to paid-in capital.

- I. *Subsequent Events.* In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through the date the financial statements were issued. There were no events or transactions that occurred during the period subsequent to the end of the current fiscal period that materially impacted the amounts or disclosures in the Fund's financial statements.

### NOTE 3 – COMMITMENTS AND OTHER RELATED PARTY TRANSACTIONS

AlphaMark Advisors, LLC (“the Adviser”), serves as the investment adviser to the Fund. Pursuant to an Investment Advisory Agreement (“Advisory Agreement”) between the Trust, on behalf of the Fund, and the Adviser, the Adviser provides investment advice to the Fund and oversees the day-to-day operations of the Fund, subject to the direction and control of the Board and the officers of the Trust. Under the Advisory Agreement, the Adviser also arranges for the transfer agency, custody, fund administration and accounting, and all other related services necessary for the Fund to operate. Under the Advisory Agreement, the Adviser has agreed to pay all expenses of the Fund, except for: the fee paid to the Adviser pursuant to the Advisory Agreement, interest charges on any borrowings, taxes, brokerage commissions and other expenses incurred in placing orders for the purchase and sale of securities and other investment instruments, acquired fund fees and expenses, accrued deferred tax liability, extraordinary expenses, and distribution (12b-1) fees and expenses. For the services it provides to the Fund, the Fund pays the Adviser a unified management fee, which is calculated daily and paid monthly, at an annual rate of 0.90% on the first \$50 million of the Fund's net assets, 0.80% on the next \$100 million in net assets, 0.70% on the next \$100 million in net assets, and 0.60% on net assets greater than \$250 million.

U.S. Bancorp Fund Services, LLC, doing business as U.S. Bank Global Fund Services (“Fund Services” or “Administrator”), acts as the Fund's Administrator and, in that capacity, performs various administrative and accounting services for the Fund. The Administrator prepares various federal and state regulatory filings, reports and returns for the Fund, including regulatory compliance monitoring and financial reporting; prepares reports and materials to be supplied to the Board; and monitors the activities of the Fund's Custodian, transfer agent, and fund accountant. Fund Services also serves as the transfer agent and fund accountant to the Fund. U.S. Bank N.A. (the “Custodian”), an affiliate of Fund Services, serves as the Fund's Custodian.

# AlphaMark Actively Managed Small Cap ETF

## NOTES TO FINANCIAL STATEMENTS

March 31, 2023 (Continued)

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A Trustee and all officers of the Trust are affiliated with the Administrator and Custodian.

### NOTE 4 – PURCHASES AND SALES OF SECURITIES

During the current fiscal period, purchases and sales of securities by the Fund, excluding short-term securities and in-kind transactions, were \$3,803,401 and \$3,927,035, respectively.

During the current fiscal period, there were no purchases or sales of U.S. Government securities.

During the current fiscal period, in-kind transactions associated with creations and redemptions were \$3,592,624 and \$1,235,127, respectively.

### NOTE 5 – INCOME TAX INFORMATION

The components of distributable earnings (accumulated deficit) and cost basis of investments for federal income tax purposes at March 31, 2023 were as follows:

Tax cost of investments	\$ 21,395,518
Gross tax unrealized appreciation	\$ 2,872,936
Gross tax unrealized depreciation	<u>(946,387)</u>
Net tax unrealized appreciation (depreciation)	1,926,549
Undistributed ordinary income	89,135
Undistributed long-term capital gains	—
Other accumulated gain (loss)	<u>(3,923,182)</u>
Distributable earnings (accumulated deficit)	<u>\$ (1,907,498)</u>

The difference between the cost basis for financial statement and federal income tax purposes is due primarily to timing differences in recognizing wash sales.

A regulated investment company may elect for any taxable year to treat any portion of any qualified late year loss as arising on the first day of the next taxable year. Qualified late year losses are certain capital and ordinary losses which occur during the portion of the Fund's taxable year subsequent to October 31 and December 31, respectively. For the taxable year ended March 31, 2023, the Fund did not elect to defer any post-October capital losses or late-year ordinary losses.

# AlphaMark Actively Managed Small Cap ETF

## NOTES TO FINANCIAL STATEMENTS

March 31, 2023 (Continued)

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As of March 31, 2023, the Fund had a short-term capital loss carryforward of \$3,695,047 and a long-term capital loss carryforward of \$228,135. These amounts do not have an expiration date. The tax character of distributions paid by the Fund during the fiscal years ended March 31, 2023 and March 31, 2022 was \$135,676 and \$184,453 of ordinary income, respectively.

### NOTE 6 – SHARE TRANSACTIONS

Shares of the Fund are listed and traded on The Nasdaq Stock Market, LLC. Market prices for the shares may be different from their NAV. The Fund issues and redeems shares on a continuous basis at NAV generally in large blocks of shares, called “Creation Units.” Creation Units are issued and redeemed principally in-kind for securities included in a specified universe. Once created, shares generally trade in the secondary market at market prices that change throughout the day. Except when aggregated in Creation Units, shares are not redeemable securities of the Fund. Creation Units may only be purchased or redeemed by certain financial institutions (“Authorized Participants”). An Authorized Participant is either (i) a broker-dealer or other participant in the clearing process through the Continuous Net Settlement System of the National Securities Clearing Corporation or (ii) a Depository Trust Company participant and, in each case, must have executed a Participant Agreement with the Distributor. Most retail investors do not qualify as Authorized Participants nor have the resources to buy and sell whole Creation Units. Therefore, they are unable to purchase or redeem the shares directly from the Fund. Rather, most retail investors may purchase shares in the secondary market with the assistance of a broker and are subject to customary brokerage commissions or fees.

The Fund currently offers one class of shares, which has no front-end sales load, no deferred sales charges, and no redemption fee. A fixed transaction fee is imposed for the transfer and other transaction costs associated with the purchase or sale of Creation Units. The standard fixed transaction fee for the Fund is \$300, payable to the Custodian. The fixed transaction fee may be waived on certain orders if the Fund’s Custodian has determined to waive some or all of the costs associated with the order or another party, such as the Adviser, has agreed to pay such fee. In addition, a variable fee may be charged on all cash transactions or substitutes for Creation Units of up to a maximum of 2% of the value of the Creation Units subject to the transaction. Variable fees received by the Fund, if any, are displayed in the capital shares transactions section of the Statements of Changes in Net Assets. The Fund may issue an unlimited number of shares of beneficial interest, with no par value. All shares of the Fund have equal rights and privileges.

# AlphaMark Actively Managed Small Cap ETF

## NOTES TO FINANCIAL STATEMENTS

March 31, 2023 (Continued)

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### NOTE 7 – RISKS

*Investment Company Risk.* The risks of investing in investment companies, such as the underlying ETFs, typically reflect the risks of the types of instruments in which the investment companies invest. By investing in another investment company, the Fund becomes a shareholder of that investment company and bears its proportionate share of the fees and expenses of the other investment company. The Fund may be subject to statutory limits with respect to the amount it can invest in other ETFs, which may adversely affect the Fund's ability to achieve its investment objective. Investments in ETFs are also subject to the following risks: (i) the market price of an ETF's shares may trade above or below their NAV; (ii) an active trading market for an ETF's shares may not develop or be maintained; and (iii) trading of an ETF's shares may be halted for a number of reasons.

# AlphaMark Actively Managed Small Cap ETF

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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To the Shareholders of AlphaMark Actively Managed Small Cap ETF and  
Board of Trustees of ETF Series Solutions

### Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of AlphaMark Actively Managed Small Cap ETF (the “Fund”), a series of ETF Series Solutions, as of March 31, 2023, the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, the related notes, and the financial highlights for each of the five years in the period then ended (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as of March 31, 2023, the results of its operations for the year then ended, the changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

### Basis for Opinion

These financial statements are the responsibility of the Fund’s management. Our responsibility is to express an opinion on the Fund’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of March 31, 2023, by correspondence with the custodian. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

**AlphaMark Actively Managed Small Cap ETF**

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**  
(Continued)

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We have served as the auditor of one or more of AlphaMark Advisors, LLC's investment companies since 2008.

*Cohen & Company, Ltd.*

COHEN & COMPANY, LTD.  
Milwaukee, Wisconsin  
May 25, 2023

# AlphaMark Actively Managed Small Cap ETF

## TRUSTEES AND OFFICERS

(Unaudited)

Additional information about each Trustee of the Trust is set forth below. The address of each Trustee of the Trust is c/o U.S. Bank Global Fund Services, 615 E. Michigan Street, Milwaukee, WI 53202.

Name and Year of Birth	Position Held with the Trust	Term of Office and Length of Time Served	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Trustee	Other Directorships Held by Trustee During Past 5 Years
<b>Independent Trustees</b>					
Leonard M. Rush, CPA Born: 1946	Lead Independent Trustee and Audit Committee Chairman	Indefinite term; since 2012	Retired; formerly Chief Financial Officer, Robert W. Baird & Co. Incorporated (wealth management firm) (2000–2011).	54	Independent Trustee, Managed Portfolio Series (34 portfolios) (since 2011).
David A. Massart Born: 1967	Trustee and Nominating and Governance Committee Chairman	Indefinite term; since 2012; Committee Chairman since 2023	Partner and Managing Director, Beacon Pointe Advisors, LLC (since 2022); Co-Founder, President, and Chief Investment Strategist, Next Generation Wealth Management, Inc. (2005-2021).	54	Independent Trustee, Managed Portfolio Series (34 portfolios) (since 2011).
Janet D. Olsen Born: 1956	Trustee	Indefinite term; since 2018	Retired; formerly Managing Director and General Counsel, Artisan Partners Limited Partnership (investment adviser) (2000–2013); Executive Vice President and General Counsel, Artisan Partners Asset Management Inc. (2012–2013); Vice President and General Counsel, Artisan Funds, Inc. (investment company) (2001–2012).	54	Independent Trustee, PPM Funds (2 portfolios) (since 2018).



## AlphaMark Actively Managed Small Cap ETF

### TRUSTEES AND OFFICERS

(Unaudited) (Continued)

Name and Year of Birth	Position Held with the Trust	Term of Office and Length of Time Served	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Trustee	Other Directorships Held by Trustee During Past 5 Years
<b>Interested Trustee</b>					
Michael A. Castino Born: 1967	Trustee and Chairman	Indefinite term; Trustee since 2014; Chairman since 2013	Managing Director, Investment Manager Solutions, Sound Capital Solutions LLC (since 2023); Senior Vice President, U.S. Bancorp Fund Services, LLC (2013 -2023); Managing Director of Index Services, Zacks Investment Management (2011 -2013).	54	None

The officers of the Trust conduct and supervise its daily business. The address of each officer of the Trust is c/o U.S. Bank Global Fund Services, 615 E. Michigan Street, Milwaukee, WI 53202. Additional information about the Trust’s officers is as follows:

Name and Year of Birth	Position(s) Held with the Trust	Term of Office and Length of Time Served	Principal Occupation(s) During Past 5 Years
<b>Principal Officers of the Trust</b>			
Kristina R. Nelson Born: 1982	President	Indefinite term; since 2019	Senior Vice President, U.S. Bancorp Fund Services, LLC (since 2020); Vice President, U.S. Bancorp Fund Services, LLC (2014–2020).
Alyssa M. Bernard Born: 1988	Vice President	Indefinite term; since 2021	Vice President, U.S. Bancorp Fund Services, LLC (since 2021); Assistant Vice President, U.S. Bancorp Fund Services, LLC (2018–2021); Attorney, Waddell & Reed Financial, Inc. (2017–2018).
Cynthia L. Andrae Born: 1971	Chief Compliance Officer and Anti-Money Laundering Officer	Indefinite term; since 2022 (other roles since 2021)	Vice President, U.S. Bancorp Fund Services, LLC (since 2019); Compliance Officer, U.S. Bancorp Fund Services, LLC (2015-2019).

## AlphaMark Actively Managed Small Cap ETF

### TRUSTEES AND OFFICERS

(Unaudited) (Continued)

Name and Year of Birth	Position(s) Held with the Trust	Term of Office and Length of Time Served	Principal Occupation(s) During Past 5 Years
Kristen M. Weitzel Born: 1977	Treasurer	Indefinite term; since 2014 (other roles since 2013)	Vice President, U.S. Bancorp Fund Services, LLC (since 2015).
Joshua J. Hinderliter Born: 1983	Secretary	Indefinite term; since 2023	Assistant Vice President, U.S. Bancorp Fund Services, LLC (since 2022); Managing Associate, Thompson Hine LLP (2016 -2022).
Vladimir V. Gurevich Born: 1983	Assistant Treasurer	Indefinite term; since 2022	Assistant Vice President, U.S. Bancorp Fund Services, LLC (since 2023); Officer, U.S. Bancorp Fund Services, LLC (2021-2023); Fund Administrator, UMB Fund Services, Inc. (2015–2021).
Jason E. Shlensky Born: 1987	Assistant Treasurer	Indefinite term; since 2019	Assistant Vice President, U.S. Bancorp Fund Services, LLC (since 2019); Officer, U.S. Bancorp Fund Services, LLC (2014–2019).
Jessica L. Vorbeck Born: 1984	Assistant Treasurer	Indefinite term; since 2020	Assistant Vice President, U.S. Bancorp Fund Services, LLC (since 2022); Officer, U.S. Bancorp Fund Services, LLC (2014-2017, 2018-2021).

The Statement of Additional Information (“SAI”) includes additional information about the Trustees and is available without charge, upon request, by calling toll free at (800) 617-0004, or by accessing the SEC’s website at [www.sec.gov](http://www.sec.gov), or by accessing the Fund’s website at [www.alphamarkadvisors.com/etf/](http://www.alphamarkadvisors.com/etf/).

# AlphaMark Actively Managed Small Cap ETF

## EXPENSE EXAMPLE

For the Six-Months Ended March 31, 2023 (Unaudited)

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As a shareholder of the Fund, you incur two types of costs: (1) transaction costs, including brokerage commissions on purchases and sales of Fund shares, and (2) ongoing costs, including management fees and other Fund expenses. This example is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other funds. The example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire six-month period as indicated in the following Expense Example Table.

### Actual Expenses

The first line of the table provides information about actual account values based on actual returns and actual expenses. You may use the information in this line, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then, multiply the result by the number in the first line under the heading entitled “Expenses Paid During the Period” to estimate the expenses you paid on your account during this period.

### Hypothetical Example for Comparison Purposes

The second line of the table provides information about hypothetical account values based on a hypothetical return and hypothetical expenses based on the Fund’s actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund’s actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds. Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs, such as brokerage commissions paid on purchases and sales of Fund shares. Therefore, the second line of the table is useful in comparing ongoing costs only and will not help you determine the relative total costs of owning different funds. If these transactional costs were included, your costs would have been higher.

	Beginning Account Value October 1, 2022	Ending Account Value March 31, 2023	Expenses Paid During the Period <sup>(1)</sup>
Actual	\$1,000.00	\$1,094.70	\$4.70
Hypothetical (5% annual return before expenses)	\$1,000.00	\$1,020.44	\$4.53

<sup>(1)</sup> The dollar amounts shown as expenses paid during the period are equal to the annualized expense ratio, 0.90%, multiplied by the average account value during the six-month period, multiplied by 182/365 to reflect the one-half year period.

## **AlphaMark Actively Managed Small Cap ETF**

### **REVIEW OF LIQUIDITY RISK MANAGEMENT PROGRAM**

(Unaudited)

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Pursuant to Rule 22e-4 under the Investment Company Act of 1940, the Trust, on behalf of the series of the Trust covered by this shareholder report (the “Series”), has adopted a liquidity risk management program to govern the Trust’s approach to managing liquidity risk. Rule 22e-4 seeks to promote effective liquidity risk management, thereby reducing the risk that a fund will be unable to meet its redemption obligations and mitigating dilution of the interests of fund shareholders. The Trust’s liquidity risk management program is tailored to reflect the Series’ particular risks, but not to eliminate all adverse impacts of liquidity risk, which would be incompatible with the nature of such Series.

The investment adviser to the Series has adopted and implemented its own written liquidity risk management program (the “Program”) tailored specifically to assess and manage the liquidity risk of the Series.

At a recent meeting of the Board of Trustees of the Trust, the Trustees received a report pertaining to the operation, adequacy, and effectiveness of implementation of the Program for the period ended December 31, 2022. The report concluded that the Program is reasonably designed to assess and manage the Series’ liquidity risk and has operated adequately and effectively to manage such risk. The report reflected that there were no liquidity events that impacted the Series’ ability to timely meet redemptions without dilution to existing shareholders. The report further noted that no material changes have been made to the Program since its implementation.

There can be no assurance that the Program will achieve its objectives in the future. Please refer to the prospectus for more information regarding the Series’ exposure to liquidity risk and other principal risks to which an investment in the Series may be subject.

# AlphaMark Actively Managed Small Cap ETF

## APPROVAL OF ADVISORY AGREEMENT & BOARD CONSIDERATIONS (Unaudited)

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Pursuant to Section 15(c) of the Investment Company Act of 1940 (the “1940 Act”), at a meeting held on October 26, 2022 (the “Meeting”), the Board of Trustees (the “Board”) of ETF Series Solutions (the “Trust”) approved the continuance of the Investment Advisory Agreement (the “Advisory Agreement”) between AlphaMark Advisors, LLC (the “Adviser”) and the Trust, on behalf of AlphaMark Actively Managed Small Cap ETF (the “Fund”).

Prior to the Meeting, the Board, including the Trustees who are not parties to the Advisory Agreement or “interested persons” of any party thereto, as defined in the 1940 Act (the “Independent Trustees”), reviewed written materials (the “Materials”), including information from the Adviser regarding, among other things: (i) the nature, extent, and quality of the services provided to the Fund by the Adviser; (ii) the historical performance of the Fund; (iii) the cost of the services provided and the profits realized by the Adviser or its affiliates from services rendered to the Fund; (iv) comparative fee and expense data for the Fund and other investment companies with similar investment objectives, including a report prepared by Barrington Partners, an independent third party, that compares the Fund’s investment performance, fees and expenses to relevant market benchmarks and peer groups (the “Barrington Report”); (v) the extent to which any economies of scale realized by the Adviser in connection with its services to the Fund are shared with Fund shareholders; (vi) any other financial benefits to the Adviser and its affiliates resulting from services rendered to the Fund; and (vii) other factors the Board deemed to be relevant.

The Board also considered that the Adviser, along with other service providers of the Fund, had provided written and oral updates on the firm over the course of the year with respect to its role as investment adviser to the Fund, and the Board considered that information alongside the Materials in its consideration of whether the Agreement should be continued. Additionally, a representative from the Adviser provided an oral overview of the Fund’s strategy, the services provided to the Fund by the Adviser, and additional information about the Adviser’s personnel and business operations. The Board then discussed the Materials and the Adviser’s oral presentation, as well as any other relevant information received by the Board at the Meeting and at prior meetings, and deliberated on the approval of the continuation of the Agreement in light of this information.

### **Approval of the Continuation of the Advisory Agreement with the Adviser**

*Nature, Extent, and Quality of Services Provided.* The Trustees considered the scope of services provided under the Advisory Agreement, noting that the Adviser had provided and would continue to provide investment management services to the Fund. In considering the nature, extent, and quality of the services provided by the Adviser, the Board considered the quality of the Adviser’s compliance program and past reports from the Trust’s Chief Compliance Officer (“CCO”) regarding the CCO’s review of the

## AlphaMark Actively Managed Small Cap ETF

### APPROVAL OF ADVISORY AGREEMENT & BOARD CONSIDERATIONS (Unaudited) (Continued)

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Adviser's compliance program. The Board also considered its previous experience with the Adviser providing investment management services to the Fund. The Board noted that it had received a copy of the Adviser's registration form and financial statements, as well as the Adviser's response to a detailed series of questions that included, among other things, information about the Adviser's decision-making process, the background and experience of the firm's key personnel, and the firm's compliance policies, marketing practices, and brokerage information.

The Board also considered other services provided by the Adviser to the Fund, monitoring the Fund's adherence to its investment restrictions and compliance with the Fund's policies and procedures and applicable securities regulations, as well as monitoring the extent to which the Fund achieves its investment objective as an actively managed fund.

*Historical Performance.* The Trustees next considered the Fund's performance. The Board observed that additional information regarding the Fund's past investment performance, for periods ended June 30, 2022, had been included in the Materials, including the Barrington Report, which compared the performance results of the Fund with the returns of a group of ETFs selected by Barrington Partners as most comparable (the "Peer Group") as well as with funds in the Fund's Morningstar category – U.S. Fund Small Blend (the "Category Peer Group"). Additionally, at the Board's request, the Adviser identified the funds the Adviser considered to be the Fund's most direct competitors (the "Selected Peer Group") and provided the Selected Peer Group's performance results. The funds included by the Adviser in the Selected Peer Group include small-cap ETFs with less than \$100 million in assets under management that, based on a combination of quantitative and qualitative considerations made by the Adviser, have similar investment objectives and principal investment strategies as the Fund. However, the Board took into consideration that there are few actively managed small-cap ETFs in the market available for comparison, and even fewer small-cap fund of funds ETFs available for comparison. As a result, the Fund's expenses appear higher than those of ETFs that invest directly in small-cap equities, and the Fund's performance is also impacted by the expenses related to its fund of funds strategy.

The Board noted that, for the one-year period ended June 30, 2022, the Fund performed within the range of its broad-based benchmarks: the Russell 2000 Total Return Index and the Morningstar US Small Cap Total Return USD Index, each of which measures the performance of the small-cap segment of the U.S. equity market. The Board further noted, however, that the Fund underperformed these benchmark indices during the three-year and since inception periods.

## AlphaMark Actively Managed Small Cap ETF

### APPROVAL OF ADVISORY AGREEMENT & BOARD CONSIDERATIONS (Unaudited) (Continued)

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The Board also considered that, for the one-year, three-year, five-year and since inception periods ended June 30, 2022, the Fund underperformed the median return of its Peer Group and Category Peer Group. The Board noted, however, that the Fund generally performed within the range of the Selected Peer Group for the one- and three-year periods ended June 30, 2022.

*Cost of Services Provided and Economies of Scale.* The Board then reviewed the Fund's fees and expenses. The Board took into consideration that the Adviser had charged, and would continue to charge, a "unified fee," meaning the Fund pays no expenses other than the advisory fee and, if applicable, certain other costs such as interest, brokerage, acquired fund fees and expenses, extraordinary expenses, and, to the extent it is implemented, fees pursuant to a Distribution and/or Shareholder Servicing (12b-1) Plan. The Board noted that the Adviser had been and would continue to be responsible for compensating the Trust's other service providers and paying the Fund's other expenses out of the Adviser's own fee and resources.

The Board noted that the Fund's net expense ratio was equal to its unified fee (described above). The Board compared the Fund's net expense ratio to its Peer Group and Category Peer Group as shown in the Barrington Report, as well as its Selected Peer Group. The Board noted that the Fund's net expense ratio was within the range of net expense ratios of the funds in its Peer Group and Category Peer Group but slightly lower than the median net expense ratio of its Category Peer Group and slightly higher than the median net expense ratio of its Peer Group. In addition, the Board noted that the Fund's net expense ratio was within the range of net expense ratios of the funds in its Selected Peer Group.

The Board then considered the Adviser's financial resources and information regarding the Adviser's ability to support its management of the Fund and obligations under the unified fee arrangement, noting that the Adviser had provided its financial statements for the Board's review. The Board also evaluated the compensation and benefits received by the Adviser from its relationship with the Fund, taking into account an analysis of the Adviser's profitability with respect to the Fund at various actual and projected Fund asset levels.

The Board expressed the view that it currently appeared that the Adviser might realize economies of scale in managing the Fund as assets grow in size. The Board also considered that the Fund's advisory fee structure contains breakpoint reductions as the Fund's assets grow. The Board noted that, should the Adviser realize economies of scale in the future, the Board would evaluate whether those economies were appropriately shared with Fund shareholders, whether through the structure and amount of the fee, the breakpoints, or by other means.

## AlphaMark Actively Managed Small Cap ETF

### APPROVAL OF ADVISORY AGREEMENT & BOARD CONSIDERATIONS (Unaudited) (Continued)

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*Conclusion.* No single factor was determinative of the Board's decision to approve the continuation of the Advisory Agreement; rather, the Board based its determination on the total mix of information available to it. Based on a consideration of all the factors in their totality, the Board, including the Independent Trustees, unanimously determined that the Advisory Agreement, including the compensation payable under the agreement, was fair and reasonable to the Fund. The Board, including the Independent Trustees, unanimously determined that the approval of the continuation of the Advisory Agreement was in the best interests of the Fund and its shareholders.



# AlphaMark Actively Managed Small Cap ETF

## FEDERAL TAX INFORMATION

(Unaudited)

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For the fiscal year ended March 31, 2023, certain dividends paid by the Fund may be subject to a maximum rate of 23.8%, as provided for by the Jobs and Growth Tax Relief Reconciliation Act of 2003. The percentage of dividends declared from ordinary income designated as qualified dividend income was 100.00%.

For corporate shareholders, the percent of ordinary income distributions qualifying for the corporate dividend received deduction for the fiscal year ended March 31, 2023 was 96.16%.

The percentage of taxable ordinary income distributions that are designated as short-term capital gain distributions under Internal Revenue Section 871(k)(2)(C) for the Fund was 0.00%.

## INFORMATION ABOUT PORTFOLIO HOLDINGS

(Unaudited)

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The Fund files its complete schedules of portfolio holdings for its first and third fiscal quarters with the SEC on Part F of Form N-PORT. The Fund's Part F of Form N-PORT is available without charge, upon request, by calling toll-free at (800) 617-0004. Furthermore, you may obtain the Part F of Form N-PORT on the SEC's website at [www.sec.gov](http://www.sec.gov) or the Fund's website at [www.alphamarkadvisors.com/etf/](http://www.alphamarkadvisors.com/etf/). The Fund's portfolio holdings are posted on its website at [www.alphamarkadvisors.com/etf/](http://www.alphamarkadvisors.com/etf/) daily.

## INFORMATION ABOUT PROXY VOTING

(Unaudited)

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A description of the policies and procedures the Fund uses to determine how to vote proxies relating to portfolio securities is provided in the SAI. The SAI is available without charge, upon request, by calling toll-free at (800) 617-0004, by accessing the SEC's website at [www.sec.gov](http://www.sec.gov), or by accessing the Fund's website at [www.alphamarkadvisors.com/etf/](http://www.alphamarkadvisors.com/etf/).

When available, information regarding how the Fund voted proxies relating to portfolio securities during the twelve-months ending June 30 is available by calling toll-free at (800) 617-0004 or by accessing the SEC's website at [www.sec.gov](http://www.sec.gov).

## AlphaMark Actively Managed Small Cap ETF

### FREQUENCY DISTRIBUTION OF PREMIUMS AND DISCOUNTS (Unaudited)

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Information regarding how often shares of the Fund trade on the exchange at a price above (i.e., at a premium) or below (i.e., at a discount) the NAV of the Fund is available, without charge, on the Fund's website at [www.alphamarkadvisors.com/etf/](http://www.alphamarkadvisors.com/etf/).

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***Independent Registered Public Accounting Firm***

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***AlphaMark Actively Managed Small Cap ETF***

Symbol – SMCP  
CUSIP – 26922A834