

SMCP

AlphaMark Actively Managed Small Cap ETF

Annual Report

March 31, 2022

AlphaMark Actively Managed Small Cap ETF

Ticker: SMCP

AlphaMark Actively Managed Small Cap ETF

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AlphaMark Actively Managed Small Cap ETF

March 31, 2022

Dear Shareholder:

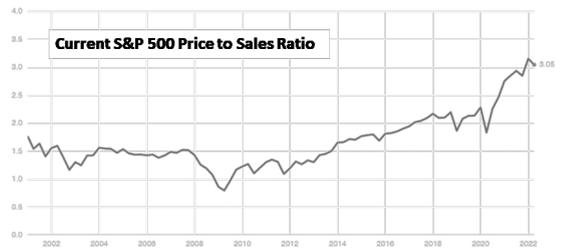
The AlphaMark Actively Managed Small Cap ETF (“SMCP” or the “Fund”) investment philosophy is founded on an appreciation of risk. We attempt to identify for the Fund high quality Exchange Traded Funds (“ETFs”) that invest in a diverse group of small-cap companies. Under normal market conditions, we will 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 twelve months ended March 31, 2022, domestic small-cap value, foreign emerging market and foreign developed market small-cap ETFs outperformed domestic small-cap ETFs. As of March 31, 2022, we have allocated 45.5% of the Fund to domestic small-cap value and 23.8% of the Fund to foreign small-cap ETFs based on their relative value versus domestic blend small-cap ETFs.

Earnings Estimates, Liquidity, TINA and FOMO

Fear of Missing Out (FOMO) and There Is No Alternative (TINA) are great mantras during an ever-expanding pool of liquidity and risk taking. We would like to explore what happens to these mantras when shrinking liquidity and decreasing earnings estimates leads to risk aversion.

Negative Earnings Estimates Revisions

Revisions to first quarter 2022 estimates are mixed, with estimates for 60% of the market’s economic sectors going down since the start of January, with the Consumer Discretionary and Industrial sectors suffering significant estimate cuts. In fact, Q1 estimates for the Transportation sub-sector (sub-sector of Industrials) are down by more than a third since the start of the quarter and Consumer Discretionary estimates have been cut by almost 30%. Offsetting the estimate cuts are positive revisions to other sectors, with the Energy sector enjoying the most positive revisions. Sub-sectors enjoying positive estimate revisions include Medical, Autos, and Construction. Had it not been for the strong earnings growth expected for the Energy sector (up +193.5% from the same period last year), Q1 earnings for the remaining sectors would be down 1.4% from the year-earlier period. Excluding the positive revisions to the Energy sector, total S&P 500® earnings for the full year 2022 would be down 11.9% since the start of January. The biggest declines have been for the Consumer Discretionary, Industrial and



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Utilities sectors. When considering the price of all of the stocks in the stock market, there are various ways to review value. If the sales and earnings of a company are increasing each year and that growth rate is also increasing, you could expect that valuations would expand. In other words, the Price to Sales (P/S) of a stock and the Price to Earnings (P/E) of a stock can grow to reflect the optimism inherent in the growth of the stock price. You can see a slight dip in the P/S of the S&P 500® over the last couple of months. We suspect that if inflationary pressures were not going to increase the absolute level of sales, this drop could have been larger. However, just because the absolute level of sales is increasing, does not mean that a company is more valuable. Inflation also increases input costs and hence we have full year earnings estimates (excluding Energy) that have dropped 11.9%. Historically high valuations for stocks, in the face of decreasing earnings estimates, defies logic.

Liquidity

By far, the biggest driver of valuation expansions (increasing P/Es and P/Ss) has been the monstrous amount of liquidity that has been pushed into the system. Money, like a river, has to find a place to flow. Currently, the stock market, real estate and speculative investing (Bitcoin, SPACs and Meme stocks) have been the beneficiaries of all this excess liquidity. Thrusting excess capital into the economy creates risk taking. The Federal Reserve creates excess liquidity in a multitude of ways. They lower short-term rates to zero, they lower reserve requirements for banks (this allows banks to lend even more money, creating more excess) and they buy bonds from the U.S. Government (also known as quantitative easing QE). We can measure how much liquidity is in the system by looking at the money supply, otherwise known as M2. M2 consists of all cash in circulation plus all checking and savings accounts plus all money market funds. The 20 years prior to March 2020 (COVID), M2 increased by roughly 6% a year. Post March 2020, M2 has increased by 41%! M2 grew from \$16 trillion to \$22 trillion. That money had to find somewhere to go. At the end of 2019, the national debt stood at \$23 trillion and is currently at \$30 trillion. The amount of bonds that the Federal Reserve has purchased and are on its balance sheet at the end of 2019 was \$4 trillion (left over from the 2008/09 financial crisis). The Fed now holds \$9 trillion in bonds. It is pretty clear how all of these numbers are related. The US Treasury issues \$7 trillion in debt over the last 2 years, The Fed buys \$5 trillion in bonds over the last 2 years and M2 has expanded by \$6 trillion since the start of COVID. This is the definition of how to create excess liquidity and inflation. It is literally printing money, to the tune of \$6-\$7 trillion of it! Now, the sobering reality. The Fed has realized that it was too loose with its policy and the inflation genie is out. It is their mandate to stop it. They have stated in their Federal Reserve Open Market Committee minutes that they will increase short-term rates and decrease their balance sheet (sell bonds on the open market). When the Fed sell bonds on the open market, liquidity will be sucked up to buy them. When the Fed raises interest rates, banks lend less as borrowers do not want to take on higher and

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higher interest rates. If the market rises because of excess liquidity, what do you think will happen to the market with dwindling liquidity? A little more food for thought: during February 2022, M2 actually shrank for the first time since March 2020. March 2022 was the last month that the Fed bought any bonds. It had been reducing its purchases since the Fall of last year.

TINA

When money markets were paying 0% and 10-year US Treasuries were paying 1.50%, there really were not any other alternatives for income investors, other than stocks. The S&P 500® dividend yield is about 1.3%. A quality mix of dividend paying stocks could average about a 3.0% dividend yield. It is understandable why investors were lured to buying stocks versus bonds. There is an old Wall Street saying, “Pigs get fat, hogs get slaughtered.” We are afraid hogs are going to be slaughtered over the next 12 months as interest rates continue to rise. Today, there are plenty of money market accounts paying 0.50% and you can buy 3-year U.S. Treasuries yielding 2.6%. The Utilities Select Sector SPDR ETF (XLU), pays a dividend yield of 2.8% yet carries all of the risk of owning a stock. Why would you own a stock with all of the equity risk to earn 2.8%, when you can own a risk-free U.S. Treasury earning 2.6%?

FOMO

When stock market momentum turns negative, FOMO turns into just plain FEAR. You have probably heard that greed and fear drive the stock market. During momentum driven cycles this is absolutely true. On the way up, aggressive risk is taken. Companies that do not have any earnings skyrocket on hopes and greed. On the way down, stocks of all companies fall prey to the avalanche of selling. Good companies, bad companies, cheap companies and expensive companies will all fall when momentum turns negative. During an up-momentum cycle, risk is an afterthought and foolish trades are made by novice investors. Unfortunately, up-momentum markets last as long as there is excess liquidity. As we have pointed out – this is quickly coming to an end.

Conclusion

No one knows what the market will do for the rest of this year or even next year. Trends are in place and have barely been tested. High growth, high valuation stocks are still the trend. The NASDAQ actually went into a very brief bear market, which ended on March 14th. The Russian invasion of Ukraine exacerbated the downturn, but as soon as the market was bored with that story, the NASDAQ turned course and erased a large portion of that loss. This is known as “buy on the dip” and is still very much part of the up-momentum trade. This type of trading only occurs when there is excess liquidity. We have been very cautious for the last 2 years. We believe we have taken appropriate measures to reduce risk and limit the downside. An up-momentum market can turn at any time. As we have pointed out, the signs are there and have been there. The market is choosing to ignore them, for now.

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During the fiscal year ended March 31, 2022 (the “current fiscal period”), the net asset value per share (“NAV”) of the Fund decreased from \$29.92 to \$28.71, a total return of -3.37%. The market price decreased from \$29.93 to \$28.70, a total return of -3.43%. During this time, the Morningstar US Small Cap Index lost -2.29%. The main contributors of gains in the Fund during this time period came from the following holdings: iShares Russell 2000 Value ETF (IWN) 4.11% and iShares MSCI Emerging Markets Small-Cap ETF (EEMS) 2.97%. The main contributors of losses in the Fund during this time period came from the following holdings: iShares Russell 2000 Growth ETF (IWO) -14.08%, iShares Russell 2000 ETF (IWM) -5.62%, iShares MSCI EAFE Small-Cap ETF (SCZ) -4.70% and Orbital Energy Group, Inc. (OEG) -43.10%.

As of March 31, 2022, the Fund’s assets were invested among 5 Exchange Traded Fund positions and 1 stock. The investments were: iShares Russell 2000 Growth ETF (23.8%), iShares Russell 2000 Value ETF (45.5%), iShares MSCI Emerging Markets Small-Cap ETF (14.0%), iShares Russell 2000 ETF (4.8%), iShares MSCI EAFE Small-Cap ETF (9.8%) and Orbital Energy Group, Inc. (1.6%). Cash equivalents represented 0.6% of the Fund’s net assets.

As of March 31, 2022, the Fund had net assets of \$24.4 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.

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Must be preceded or accompanied by a prospectus.

The Morningstar US Small Cap Index tracks the performance of the U.S. small-cap stocks that fall between 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.

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. 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 4:00 p.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.

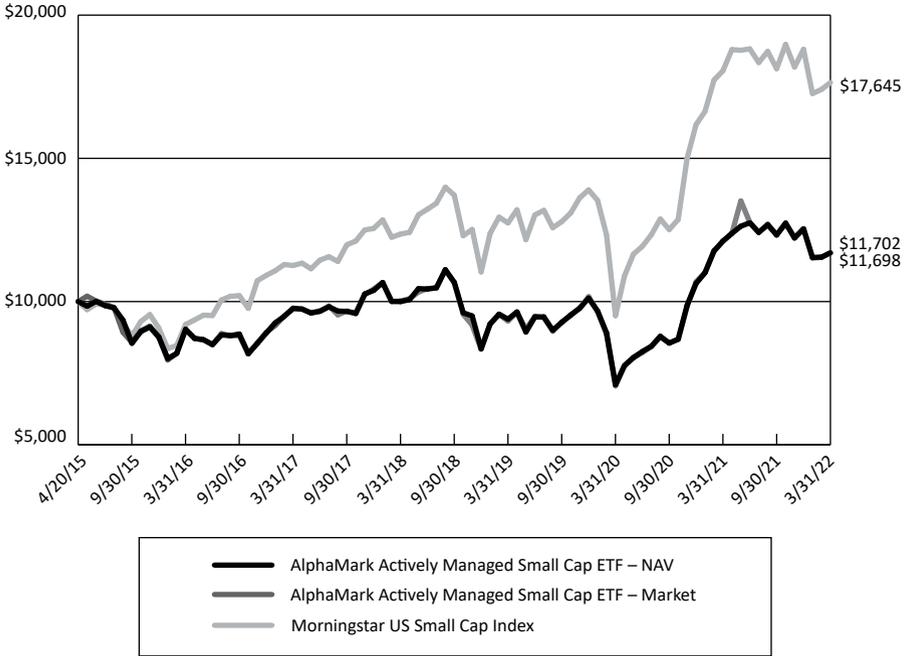
Diversification does not assure a profit or protect against loss in a declining market.

AlphaMark Actively Managed Small Cap ETF

PERFORMANCE SUMMARY

(Unaudited)

Growth of \$10,000



Average Annual Returns March 31, 2022	One Year	Three Years	Five Years	Since Inception (4/20/15)
AlphaMark Actively Managed Small Cap ETF - NAV	-3.37%	7.63%	3.68%	2.29%
AlphaMark Actively Managed Small Cap ETF - Market	-3.43%	7.87%	3.73%	2.28%
Morningstar US Small Cap Index	-2.29%	11.46%	9.40%	8.52%

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.

AlphaMark Actively Managed Small Cap ETF

PORTFOLIO ALLOCATION

As of March 31, 2022 (Unaudited)

Asset Class or Sector	Percentage of Net Assets
U.S. Domestic Equity	74.1%
Emerging Market Equity	14.0
Developed Market Equity	9.8
Industrial	1.6
Short-Term Investments	0.6
Liabilities in Excess of Other Assets	<u>(0.1)</u>
Total	<u><u>100.0%</u></u>

AlphaMark Actively Managed Small Cap ETF

SCHEDULE OF INVESTMENTS

March 31, 2022

Shares	Security Description	Value
	COMMON STOCKS — 1.6%	
	Industrial — 1.6%	
213,000	Orbital Energy Group, Inc. (a)	\$ 391,920
	TOTAL COMMON STOCKS (Cost \$554,037)	<u>391,920</u>
	EXCHANGE TRADED FUNDS — 97.9% (b)	
	Developed Market Equity — 9.8%	
36,016	iShares MSCI EAFE Small-Cap ETF	<u>2,389,301</u>
	Emerging Market Equity — 14.0%	
60,126	iShares MSCI Emerging Markets Small-Cap ETF	<u>3,427,182</u>
	U.S. Domestic Equity — 74.1%	
5,686	iShares Russell 2000 ETF	1,167,165
22,734	iShares Russell 2000 Growth ETF	5,814,221
68,798	iShares Russell 2000 Value ETF (c)	<u>11,103,997</u>
	TOTAL EXCHANGE TRADED FUNDS (Cost \$18,141,866)	<u>23,901,866</u>
	SHORT-TERM INVESTMENTS — 0.6%	
131,809	Fidelity® Investments Money Market Funds - Government Portfolio, Class I, 0.12% (d)	<u>131,809</u>
	TOTAL SHORT-TERM INVESTMENTS (Cost \$131,809)	<u>131,809</u>
	TOTAL INVESTMENTS — 100.1% (Cost \$18,827,712)	24,425,595
	Liabilities in Excess of Other Assets — (0.1)%	<u>(18,333)</u>
	NET ASSETS — 100.0%	<u>\$ 24,407,262</u>

Percentages are stated as a percent of net assets.

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

- (a) Non-income producing security.
- (b) 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.
- (c) 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.
- (d) Rate shown is the annualized seven-day yield as of March 31, 2022.

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

AlphaMark Actively Managed Small Cap ETF

STATEMENT OF ASSETS AND LIABILITIES

March 31, 2022

ASSETS

Investments in securities, at value (Cost \$18,827,712)	\$	24,425,595
Interest receivable		<u>5</u>
Total assets		<u>24,425,600</u>

LIABILITIES

Management fees payable		<u>18,338</u>
Total liabilities		<u>18,338</u>

NET ASSETS \$ 24,407,262

Net Assets Consist of:

Paid-in capital	\$	22,601,576
Total distributable earnings (accumulated deficit)		<u>1,805,686</u>
Net assets	\$	<u>24,407,262</u>

Net Asset Value:

Net assets	\$	24,407,262
Shares outstanding ^		850,000
Net asset value, offering and redemption price per share	\$	28.71

^ 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, 2022

INCOME

Dividends	\$	424,109
Interest		<u>26</u>
Total investment income		<u>424,135</u>

EXPENSES

Management fees		<u>232,524</u>
Total expenses		<u>232,524</u>

Net investment income (loss)		<u>191,611</u>
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REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS

Net realized gain (loss) on:

Investments		711,037
Securities litigation		66,555

Change in unrealized appreciation (depreciation) on investments		<u>(1,813,082)</u>
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Net realized and unrealized gain (loss) on investments		<u>(1,035,490)</u>
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Net increase (decrease) in net assets resulting from operations	\$	<u>(843,879)</u>
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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, 2022	Year Ended March 31, 2021
OPERATIONS		
Net investment income (loss)	\$ 191,611	\$ 105,476
Net realized gain (loss) on investments and securities litigation	777,592	(774,608)
Change in unrealized appreciation (depreciation) on investments	<u>(1,813,082)</u>	<u>11,776,300</u>
Net increase (decrease) in net assets resulting from operations	<u>(843,879)</u>	<u>11,107,168</u>
DISTRIBUTIONS TO SHAREHOLDERS		
Net distributions to shareholders	<u>(184,453)</u>	<u>(130,687)</u>
Total distributions to shareholders	<u>(184,453)</u>	<u>(130,687)</u>
CAPITAL SHARE TRANSACTIONS		
Proceeds from shares sold	—	—
Payments for shares redeemed	<u>—</u>	<u>(1,411,970)</u>
Net increase (decrease) in net assets derived from capital share transactions (a)	<u>—</u>	<u>(1,411,970)</u>
Net increase (decrease) in net assets	<u>\$ (1,028,332)</u>	<u>\$ 9,564,511</u>
NET ASSETS		
Beginning of year	\$ 25,435,594	\$ 15,871,083
End of year	<u>\$ 24,407,262</u>	<u>\$ 25,435,594</u>

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

	Shares	Shares
Shares sold	—	—
Shares redeemed	<u>—</u>	<u>(50,000)</u>
Net increase (decrease)	<u>—</u>	<u>(50,000)</u>

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,				
	2022	2021	2020	2019	2018
Net asset value, beginning of year	\$ 29.92	\$ 17.63	\$ 23.46	\$ 25.00	\$ 24.40
INCOME (LOSS) FROM INVESTMENT OPERATIONS:					
Net investment income (loss) ⁽¹⁾	0.23 ⁽²⁾	0.12 ⁽²⁾	0.25 ⁽²⁾	(0.04) ⁽²⁾	(0.14)
Net realized and unrealized gain (loss) on investments ⁽⁵⁾	(1.22)	12.32	(5.93)	(1.50)	0.74
Total from investment operations	(0.99)	12.44	(5.68)	(1.54)	0.60
DISTRIBUTIONS TO SHAREHOLDERS:					
From net investment income	(0.22)	(0.15)	(0.15)	—	—
Total distributions to shareholders	(0.22)	(0.15)	(0.15)	—	—
Net asset value, end of year	\$ 28.71	\$ 29.92	\$ 17.63	\$ 23.46	\$ 25.00
Total return	-3.37%	70.63%	-24.37%	-6.15%	2.47%
SUPPLEMENTAL DATA:					
Net assets at end of year (000's)	\$24,407	\$25,436	\$15,871	\$23,461	\$26,248
RATIOS TO AVERAGE NET ASSETS:					
Expenses to average net assets	0.90% ⁽³⁾	0.90% ⁽³⁾	0.90% ⁽³⁾	0.90% ⁽³⁾	0.90%
Net investment income (loss) to average net assets	0.74% ⁽²⁾	0.51% ⁽²⁾	1.07% ⁽²⁾	(0.18)% ⁽²⁾	(0.56)%
Portfolio turnover rate ⁽⁴⁾	38%	44%	62%	360%	41%

⁽¹⁾ Calculated based on average shares outstanding during the year.

⁽²⁾ 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.

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

⁽⁴⁾ Excludes the impact of in-kind transactions.

⁽⁵⁾ Realized and unrealized gains (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, 2022

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, 2022, and the period covered by these Notes to Financial Statements is the fiscal year ended March 31, 2022 (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.

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NOTES TO FINANCIAL STATEMENTS

March 31, 2022 (Continued)

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, 2022 (Continued)

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[^]</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common Stocks	\$ 391,920	\$ —	\$ —	\$ 391,920
Exchange Traded Funds	23,901,866	—	—	23,901,866
Short-Term Investments	131,809	—	—	131,809
Total Investments in Securities	<u>\$ 24,425,595</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 24,425,595</u>

[^] 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

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NOTES TO FINANCIAL STATEMENTS

March 31, 2022 (Continued)

income is recorded on the ex-dividend date. Non-cash dividends included 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.

During the fiscal year ended March 31, 2022, the Fund did not make any permanent difference reclassifications.

AlphaMark Actively Managed Small Cap ETF

NOTES TO FINANCIAL STATEMENTS

March 31, 2022 (Continued)

1. *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% of based on the Fund's average daily net assets.

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.

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 \$10,207,280 and \$9,703,832, respectively.

AlphaMark Actively Managed Small Cap ETF

NOTES TO FINANCIAL STATEMENTS

March 31, 2022 (Continued)

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

During the current fiscal period, there were no in-kind transactions associated with creations and redemptions.

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, 2022 were as follows:

Tax cost of investments	<u>\$ 19,316,809</u>
Gross tax unrealized appreciation	\$ 5,795,003
Gross tax unrealized depreciation	<u>(686,217)</u>
Net tax unrealized appreciation (depreciation)	5,108,786
Undistributed ordinary income	77,630
Undistributed long-term capital gains	—
Other accumulated gain (loss)	<u>(3,380,730)</u>
Distributable earnings (accumulated deficit)	<u>\$ 1,805,686</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, 2022, the Fund did not elect to defer any post-October capital losses or late-year ordinary losses.

As of March 31, 2022, the Fund had a short-term capital loss carryforward of \$3,380,730 and no long-term capital loss carryforward. These amounts do not have an expiration date. The Fund utilized \$861,623 of capital loss carry-forward during the current fiscal period.

The tax character of distributions paid by the Fund during the fiscal years ended March 31, 2022 and March 31, 2021 was \$184,453 and \$130,687 of ordinary income, respectively.

AlphaMark Actively Managed Small Cap ETF

NOTES TO FINANCIAL STATEMENTS

March 31, 2022 (Continued)

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 blocks of 50,000 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 \$250, 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.

NOTE 7 – RISKS

Covid-19 Risk. The recent global outbreak of COVID-19 has disrupted economic markets and the prolonged economic impact is uncertain. The operational and financial performance of the issuers of securities in which the Fund invests depends on future developments, including the duration and spread of the outbreak, and such uncertainty may in turn impact the value of the Fund’s investments.

AlphaMark Actively Managed Small Cap ETF

NOTES TO FINANCIAL STATEMENTS

March 31, 2022 (Continued)

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

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, 2022, 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, 2022, 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, 2022, 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)

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, 2022

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
Independent Trustees					
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).	59	Independent Trustee, Managed Portfolio Series (34 portfolios) (since 2011).
David A. Massart Born: 1967	Trustee	Indefinite term; since 2012	Partner and Manager Director, Beacon Pointe Advisors, LLC (since 2022); Co-Founder, President, and Chief Investment Strategist, Next Generation Wealth Management, Inc. (2005-2021).	59	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).	59	Independent Trustee, PPM Funds (3 portfolios) (since 2018).
Interested Trustee					
Michael A. Castino Born: 1967	Trustee and Chairman	Indefinite term; Trustee since 2014; Chairman since 2013	Senior Vice President, U.S. Bancorp Fund Services, LLC (since 2013); Managing Director of Index Services, Zacks Investment Management (2011–2013).	59	None

AlphaMark Actively Managed Small Cap ETF

TRUSTEES AND OFFICERS

(Unaudited) (Continued)

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
Principal Officers of the Trust			
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).
Kristen M. Weitzel Born: 1977	Treasurer	Indefinite term; since 2014 (other roles since 2013)	Vice President, U.S. Bancorp Fund Services, LLC (since 2015); Assistant Vice President, U.S. Bancorp Fund Services, LLC (2011–2015); Manager, PricewaterhouseCoopers LLP (accounting firm) (2005–2011).
Isabella K. Zoller Born: 1994	Secretary	Indefinite term; since 2021 (other roles since 2020)	Assistant Vice President, U.S. Bancorp Fund Services, LLC (since 2021); Regulatory Administration Attorney, U.S. Bancorp Fund Services, LLC (since 2019); Regulatory Administration Intern, U.S. Bancorp Fund Services, LLC (2018–2019); Law Student (2016–2019).
Elizabeth A. Winske Born: 1983	Assistant Treasurer	Indefinite term; since 2017	Vice President, U.S. Bancorp Fund Services, LLC (since 2020); Assistant Vice President, U.S. Bancorp Fund Services, LLC (2016–2020).
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	Officer, U.S. Bancorp Fund Services, LLC (since 2018; 2014–2017).
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)

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, or by accessing the Fund’s website at www.alphamarkadvisors.com/etf/.

AlphaMark Actively Managed Small Cap ETF

EXPENSE EXAMPLE

For the Six-Months Ended March 31, 2022 (Unaudited)

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, 2021	Ending Account Value March 31, 2022	Expenses Paid During the Period ⁽¹⁾
Actual	\$1,000.00	\$ 949.60	\$4.37
Hypothetical (5% annual return before expenses)	\$1,000.00	\$1,020.44	\$4.53

⁽¹⁾ 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)

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, 2021. 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)

Pursuant to Section 15(c) of the Investment Company Act of 1940 (the “1940 Act”), at a meeting held on October 13-14, 2021 (the “Meeting”), the Board of Trustees (the “Board”) of ETF Series Solutions (the “Trust”) considered the approval of the continuation 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 from the Adviser (the “Materials”) regarding, among other things: (i) the nature, extent, and quality of the services provided by the Adviser; (ii) the historical performance of the Fund; (iii) the cost of the services provided and the profits realized by the Adviser from services rendered to the Fund; (iv) comparative fee and expense data for the Fund and other investment companies with similar investment objectives; (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; and (vi) other factors the Board deemed to be relevant.

The Board also considered that the Adviser, along with other service providers of the Fund, presented written information to help the Board evaluate the Adviser’s fees and other aspects of the Advisory Agreement. 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 operations. The Board then discussed the written materials and oral presentation that it had received and any other information that the Board received at the Meeting and deliberated on the approval of the Advisory 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 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 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 previously received a copy of the Adviser’s registration form, as well as the response of the Adviser to a detailed series of questions which included, among other things, information about the background and experience of the firm’s key personnel, the firm’s cybersecurity policy, and the services provided by the Adviser.

AlphaMark Actively Managed Small Cap ETF

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

The Board also considered other services currently provided by the Adviser to the Fund, such as monitoring adherence to the Fund's investment restrictions, monitoring compliance with various Fund policies and with applicable regulatory requirements, and monitoring the extent to which the Fund achieves its investment objective as an actively managed fund. The Board further considered the oral information provided by the Adviser with respect to the impact of the COVID-19 pandemic on the Adviser's operations.

Historical Performance. The Board noted that information regarding the Fund's performance for various time periods had been included in the Materials. The Board considered the Fund's past investment performance, including for periods ended June 30, 2021. The Board noted that, for the one-year, three-year, five-year and since inception periods, the Fund underperformed the Russell 2000 Index and the Morningstar US Small Cap Total Return Index (the "Indexes").

The Board further noted that, for the one-year period ended June 30, 2021, the Fund outperformed the median for funds in the universe of actively managed U.S. Small Growth ETFs as reported by Morningstar (the "Category Peer Group"). The Board also considered that, for the one-year, three-year and five-year periods ended June 30, 2021, the Fund's performance was at the bottom of the range of returns of its most direct competitors that employ a similar investing approach, as identified by the Adviser at the Board's request (the "Selected Peer Group"). The Board took note of the Adviser's assertion that the Fund's overweight exposure to value-oriented and international securities detracted from the Fund's performance as compared to the returns of the Indexes during the prior year. The Board determined to continue to monitor the performance of the Fund and noted the Fund's improved performance relative to the Indexes for the calendar year-to-date period ended June 30, 2021.

Cost of Services to be Provided and Economies of Scale. The Board then reviewed the Fund's advisory fee, which was structured as a "unified fee" as described below, and compared the Fund's advisory fee to its Category Peer Group and Selected Peer Group. The Board noted that the advisory fee for the Fund was higher than the median of the Category Peer Group, and was toward the top of the range of advisory fees for the Selected Peer Group. However, the Board also considered that the Fund's fee schedule would be amended effective November 1, 2021 to include breakpoints beginning at \$50 million in net assets.

The Board took into consideration that the Adviser would continue to charge a "unified fee," meaning the Fund pays no expenses other than the advisory fee and 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 continued to be responsible for compensating the Trust's other service

AlphaMark Actively Managed Small Cap ETF

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

providers and paying the Fund's other expenses out of its own fee and resources. The Board recognized that, as a "fund of funds," the Fund indirectly incurs the expenses of the underlying funds in which it invests and noted that such indirect expenses are not covered by the Adviser's unitary fee. The Board also evaluated the compensation and benefits received by the Adviser from its relationship with the Fund, taking into account analyses of the Adviser's profitability with respect to the Fund.

The Board considered the Fund's expenses and the structure of the Fund's advisory fee with respect to potential economies of scale. The Board noted that the Fund's fee structure contained breakpoints as the Fund's assets grow and considered that the Fund's fee structure is a unitary fee. The Board concluded that the current fee structure reflects a sharing of economies of scale between the Adviser and the Fund at the Fund's current asset level.

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 a majority of the Independent Trustees, determined that the Advisory Agreement, including the compensation payable under the agreement, was fair and reasonable to the Fund. The Board, including a majority of the Independent Trustees, therefore 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)

For the fiscal year ended March 31, 2022, 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, 2022 was 94.59%.

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)

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 or the Fund's website at www.alphamarkadvisors.com/etf/. The Fund's portfolio holdings are posted on its website at www.alphamarkadvisors.com/etf/ daily.

INFORMATION ABOUT PROXY VOTING

(Unaudited)

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, or by accessing the Fund's website at 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.

FREQUENCY DISTRIBUTION OF PREMIUMS AND DISCOUNTS

(Unaudited)

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/.

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AlphaMark Actively Managed Small Cap ETF

Symbol – SMCP
CUSIP – 26922A834