



Annual Report
February 28, 2023

NETLease Corporate Real Estate ETF
Ticker: NETL

NETLease Corporate Real Estate ETF

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NETLease Corporate Real Estate ETF

LETTER TO SHAREHOLDERS

(Unaudited)

Dear Shareholders,

Thank you for your investment in NETLease Corporate Real Estate ETF (the “Fund” or “NETL”). The information presented in this report covers the period from March 1, 2022 through February 28, 2023 (the “current fiscal period”). The Fund seeks to provide investment results that, before fees and expenses, correspond to the total return performance of the Fundamental Income Net Lease Real Estate Index (the “Index”). The Index is designed to track the net lease real estate sector of the U.S. equity market.

The Fund had negative performance during the current fiscal period ending on February 28, 2023. The market price for NETL decreased -4.90% and the NAV decreased -4.88% while the S&P 500® Index, a broad market index, returned -7.69% during the current fiscal period. The Dow Jones U.S. Real Estate Total Return Index, a real estate sector index, returned -11.79% over the same period. The Fund’s Index returned -4.28%.

For the current fiscal period, the top three performers were Getty Realty Corporation, Gaming and Leisure Properties, Inc., and VICI Properties, Inc.

The three top detractors from Fund performance for the current fiscal period were Industrial Logistics Properties Trust, Innovative Industrial Properties, Inc., and Gladstone Commercial Corporation.

The performance of the Fund during the current fiscal period was impacted primarily by the rapid rise in interest rates. As a yield-oriented investment, the value of net lease REITs along with other sectors of real estate declined during the current fiscal period. However, the predictable nature of the rent from net lease real estate along with identifiable sources of cash flow growth through contractual rent increases and property acquisitions helped the net lease sector perform better than the broader REIT market.

The Fund began trading on March 21, 2019, and has outstanding shares of 3,850,000 as of February 28, 2023. Upon its launch, NETL was the first and only pure Net Lease REIT ETF on the market.

We appreciate your investment in NETL.

Sincerely,

J. Garrett Stevens
Chief Executive Officer
Exchange Traded Concepts, LLC

NETLease Corporate Real Estate ETF

LETTER TO SHAREHOLDERS

(Unaudited) (Continued)

Must be preceded or accompanied by a prospectus.

Investments involve risk. Principal loss is possible. The Fund may trade at a premium or discount to NAV. Shares of any ETF are bought and sold at market price (not NAV) and are not individually redeemed from the Fund. Brokerage commissions will reduce returns. The Fund is non-diversified, meaning it may concentrate its assets in fewer individual holdings than a diversified fund. Therefore, the Fund is more exposed to individual stock volatility than a diversified fund. The Index, and consequently the Fund, is expected to concentrate its investments in net lease real estate companies. As a result, the value of the Fund's shares may rise and fall more than the value of shares of a fund that invests in securities of companies in a broader range of industries. Investments in real estate companies and REITs involve unique risks, including limited financial resources, they may trade less frequently and in limited volume, and they may be more volatile than other securities. In addition, securities in the real estate sector are subject to certain risks associated with direct ownership of real estate and the risk that the value of their underlying real estate may go down. Companies in the Net Lease Real Estate sector may be affected by unique factors related to leasing properties to single tenants including dependence on the financial performance of its tenants and lease terms related to rent escalations based on economic measurements. The Fund may invest in foreign securities which involves political, economic and currency risks, differences in accounting methods and greater volatility. Investments in small and mid-sized companies have historically been subject to greater investment risk than large company stocks.

Market returns are based on the primary exchange's official close price at 4:00 p.m. Eastern time and do not represent the returns you would receive if you traded shares at other times.

Fundamental Income Net Lease Real Estate Index is a rules-based index that tracks the performance of the U.S. listed net lease real estate sector. The Index identifies real estate companies, including real estate investment trusts ("REITs"), screens each real estate company for property type and tenant, and assigns only those companies identified as net lease to the index. It is not possible to invest directly in an index.

The S&P 500® Index tracks the stocks of 500 U.S. companies.

The Dow Jones U.S. Real Estate Index is designed to track the performance of real estate investment trusts (REIT) and other companies that invest directly or indirectly in real estate through development, management, or ownership, including property agencies.

Past performance is not a guarantee of future results.

Fund holdings and sector allocations are subject to change at any time and should not be considered recommendations to buy or sell any security.

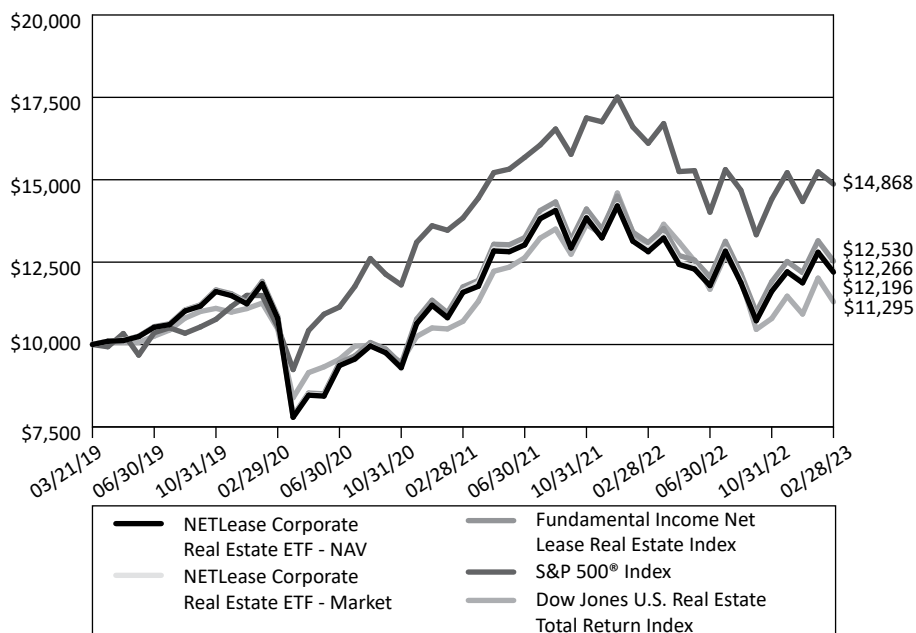
Distributor: Quasar Distributors, LLC.

NETLease Corporate Real Estate ETF

PERFORMANCE SUMMARY

(Unaudited)

Growth of \$10,000



Average Annual Returns

February 28, 2023

	1 Year	3 Years	Since Inception (3/21/2019)
NETLease Corporate Real Estate ETF - NAV	-4.88%	4.15%	5.16%
NETLease Corporate Real Estate ETF - Market	-4.90%	4.29%	5.32%
Fundamental Income Net Lease Real Estate Index	-4.28%	4.87%	5.89%
S&P 500® Index	-7.69%	12.15%	10.58%
Dow Jones U.S. Real Estate Total Return Index	-11.79%	2.54%	3.14%

This chart illustrates the performance of a hypothetical \$10,000 investment made on March 21, 2019, 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.netleaseetf.com. The gross expense ratio as of the prospectus dated June 30, 2022 was 0.60%.

NETLease Corporate Real Estate ETF

PORTFOLIO ALLOCATION

As of February 28, 2023 (Unaudited)

Sector	Percentage of Net Assets
Real Estate and Rental and Leasing ^(a)	92.6%
Finance and Insurance	6.9
Short-Term Investments	0.4
Other Assets in Excess of Liabilities	<u>0.1</u>
Total	<u><u>100.0%</u></u>

^(a) The Fund's Index, and consequently the Fund, is expected to concentrate its investments (i.e. hold more than 25% of its total assets) in real estate companies. The value of the Fund's shares may rise and fall more than the value of shares of a fund that invests in securities of companies in a broader range of industries. See Note 7 in Notes to Financial Statements.

NETLease Corporate Real Estate ETF

SCHEDULE OF INVESTMENTS

February 28, 2023

Shares	Security Description	Value
COMMON STOCKS — 99.5%		
Finance and Insurance — 6.9%		
33,195	Innovative Industrial Properties, Inc.	\$ 2,934,770
97,145	Spirit Realty Capital, Inc.	4,000,431
		<u>6,935,201</u>
Real Estate and Rental and Leasing — 92.6% ^(a)		
57,523	Agree Realty Corporation	4,071,478
67,392	Alpine Income Property Trust, Inc.	1,228,556
237,119	Broadstone Net Lease, Inc.	4,208,862
96,701	EPR Properties	3,949,269
173,368	Essential Properties Realty Trust, Inc.	4,465,960
129,732	Four Corners Property Trust, Inc.	3,522,224
66,922	Gaming and Leisure Properties, Inc.	3,605,757
121,863	Getty Realty Corporation	4,183,557
211,894	Gladstone Commercial Corporation	2,898,710
297,411	Global Net Lease, Inc.	4,199,443
362,339	Industrial Logistics Properties Trust	1,485,590
373,975	LXP Industrial Trust	3,900,559
173,596	National Retail Properties, Inc.	7,867,371
206,035	NETSTREIT Corporation	4,159,847
116,457	One Liberty Properties, Inc.	2,637,751
227,308	Postal Realty Trust, Inc. - Class A	3,325,516
127,600	Realty Income Corporation	8,160,020
244,539	STAG Industrial, Inc.	8,226,292
235,321	VICI Properties, Inc.	7,890,313
102,131	W.P. Carey, Inc.	8,288,952
		<u>92,276,027</u>
	TOTAL COMMON STOCKS (Cost \$107,703,854)	<u>99,211,228</u>

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

NETLease Corporate Real Estate ETF

SCHEDULE OF INVESTMENTS

February 28, 2023 (Continued)

Shares	Security Description	Value
	SHORT-TERM INVESTMENTS — 0.4%	
413,587	First American Government Obligations Fund - Class X, 4.37% ^(b)	\$ 413,587
	TOTAL SHORT-TERM INVESTMENTS (Cost \$413,587)	<u>413,587</u>
	TOTAL INVESTMENTS — 99.9% (Cost \$108,117,441)	99,624,815
	Other Assets in Excess of Liabilities — 0.1%	57,390
	NET ASSETS — 100.0%	<u>\$ 99,682,205</u>

Percentages are stated as a percent of net assets.

^(a) The Fund's Index, and consequently the Fund, is expected to concentrate its investments (i.e. hold more than 25% of its total assets) in real estate companies. The value of the Fund's shares may rise and fall more than the value of shares of a fund that invests in securities of companies in a broader range of industries. See Note 7 in Notes to Financial Statements.

^(b) Rate shown is the annualized seven-day yield as of February 28, 2023.

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

NETLease Corporate Real Estate ETF

STATEMENT OF ASSETS AND LIABILITIES

February 28, 2023

ASSETS

Investments in securities, at value (Cost \$108,117,441)	\$ 99,624,815
Dividends and interest receivable	<u>104,837</u>
Total assets	<u>99,729,652</u>

LIABILITIES

Management fees payable	<u>47,447</u>
Total liabilities	<u>47,447</u>

NET ASSETS \$ 99,682,205

Net Assets Consist of:

Paid-in capital	\$ 116,897,635
Total distributable earnings (accumulated deficit)	<u>(17,215,430)</u>
Net assets	<u>\$ 99,682,205</u>

Net Asset Value:

Net assets	\$ 99,682,205
Shares outstanding ^	3,850,000
Net asset value, offering and redemption price per share	\$ 25.89

^ No par value, unlimited number of shares authorized.

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

NETLease Corporate Real Estate ETF

STATEMENT OF OPERATIONS

For the Year Ended February 28, 2023

INCOME

Dividends	\$ 4,283,327
Interest	<u>8,333</u>
Total investment income	<u>4,291,660</u>

EXPENSES

Management fees	<u>639,390</u>
Total expenses	<u>639,390</u>

Net investment income (loss)	<u>3,652,270</u>
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REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS

Net realized gain (loss) on investments	(5,346,370)
Change in unrealized appreciation (depreciation) on investments	<u>(5,944,262)</u>
Net realized and unrealized gain (loss) on investments	<u>(11,290,632)</u>
Net increase (decrease) in net assets resulting from operations	<u>\$ (7,638,362)</u>

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

NETLease Corporate Real Estate ETF

STATEMENTS OF CHANGES IN NET ASSETS

	<u>Year Ended February 28, 2023</u>	<u>Year Ended February 28, 2022</u>
OPERATIONS		
Net investment income (loss)	\$ 3,652,270	\$ 2,921,799
Net realized gain (loss) on investments	(5,346,370)	7,244,562
Change in unrealized appreciation (depreciation) on investments	<u>(5,944,262)</u>	<u>(4,049,545)</u>
Net increase (decrease) in net assets resulting from operations	<u>(7,638,362)</u>	<u>6,116,816</u>
DISTRIBUTIONS TO SHAREHOLDERS		
Net distributions to shareholders	(3,652,270)	(4,814,836)
Tax return of capital to shareholders	<u>(886,355)</u>	<u>(1,038,004)</u>
Total distributions to shareholders	<u>(4,538,625)</u>	<u>(5,852,840)</u>
CAPITAL SHARE TRANSACTIONS		
Proceeds from shares sold	44,520,965	92,695,030
Payments for shares redeemed	<u>(61,992,920)</u>	<u>(33,709,610)</u>
Net increase (decrease) in net assets derived from capital share transactions (a)	<u>(17,471,955)</u>	<u>58,985,420</u>
Net increase (decrease) in net assets	<u>\$ (29,648,942)</u>	<u>\$ 59,249,396</u>
NET ASSETS		
Beginning of year	\$ 129,331,147	\$ 70,081,751
End of year	<u>\$ 99,682,205</u>	<u>\$ 129,331,147</u>

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

	<u>Shares</u>	<u>Shares</u>
Shares sold	1,675,000	3,075,000
Shares redeemed	<u>(2,375,000)</u>	<u>(1,125,000)</u>
Net increase (decrease)	<u>(700,000)</u>	<u>1,950,000</u>

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

NETLease Corporate Real Estate ETF

FINANCIAL HIGHLIGHTS

For a capital share outstanding throughout the year/period

	Year Ended February 28,			Period Ended
	2023	2022	2021	February 29, 2020 ⁽¹⁾
Net asset value, beginning of year/period	\$ 28.42	\$ 26.95	\$ 26.31	\$ 25.00
INCOME (LOSS) FROM INVESTMENT OPERATIONS:				
Net investment income (loss) ⁽²⁾	0.91	0.77	0.68	0.71
Net realized and unrealized gain (loss) on investments ⁽⁷⁾	(2.30)	2.17	1.00	1.29
Total from investment operations	(1.39)	2.94	1.68	2.00
DISTRIBUTIONS TO SHAREHOLDERS:				
Distributions from:				
Net investment income	(0.92)	(0.98)	(0.69)	(0.63)
Net realized gains	—	(0.23)	—	(0.06)
Tax return of capital to shareholders	(0.22)	(0.26)	(0.35)	—
Total distributions to shareholders	(1.14)	(1.47)	(1.04)	(0.69)
CAPITAL SHARE TRANSACTIONS				
Transaction fees (Note 6)	—	—	0.00 ⁽³⁾	0.00 ⁽³⁾
Net asset value, end of year/period	\$ 25.89	\$ 28.42	\$ 26.95	\$ 26.31
Total return	-4.88%	10.69%	7.29%	7.96% ⁽⁴⁾
SUPPLEMENTAL DATA:				
Net assets at end of year/period (000's)	\$ 99,682	\$ 129,331	\$ 70,082	\$ 44,067
RATIOS TO AVERAGE NET ASSETS:				
Expenses to average net assets	0.60%	0.60%	0.60%	0.60% ⁽⁵⁾
Net investment income (loss) to average net assets	3.43%	2.56%	2.93%	2.75% ⁽⁵⁾
Portfolio turnover rate ⁽⁶⁾	28%	28%	17%	11% ⁽⁴⁾

⁽¹⁾ Commencement of operations on March 21, 2019.

⁽²⁾ Calculated based on average shares outstanding during the period.

⁽³⁾ Represents less than \$0.005 per share.

⁽⁴⁾ Not annualized.

⁽⁵⁾ Annualized.

⁽⁶⁾ Excludes the impact of in-kind transactions.

⁽⁷⁾ Net realized and unrealized gains (losses) per share 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.

NETLease Corporate Real Estate ETF

NOTES TO FINANCIAL STATEMENTS

February 28, 2023

NOTE 1 – ORGANIZATION

NETLease Corporate Real Estate ETF (the “Fund”) is a non-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 track the performance, before fees and expenses, of the Fundamental Income Net Lease Real Estate Index (the “Index”). The Fund commenced operations on March 21, 2019.

The end of the reporting period for the Fund is February 28, 2023, and the period covered by these Notes to Financial Statements is the period from March 1, 2022 to February 28, 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.

NETLease Corporate Real Estate ETF

NOTES TO FINANCIAL STATEMENTS

February 28, 2023 (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.

NETLease Corporate Real Estate ETF

NOTES TO FINANCIAL STATEMENTS

February 28, 2023 (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	\$ 99,211,228	\$ —	\$ —	\$ 99,211,228
Short-Term Investments	413,587	—	—	413,587
Total Investments in Securities	<u>\$ 99,624,815</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 99,624,815</u>

[^] See Schedule of Investments for breakout of investments by sector classification.

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 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

NOTES TO FINANCIAL STATEMENTS

February 28, 2023 (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.

Distributions received from the Fund's investments in real estate investment trusts ("REITs") may be characterized as ordinary income, net capital gain, or a return of capital. The proper characterization of REIT distributions is generally not known until after the end of each calendar year. As such, the Fund must use estimates in reporting the character of its income and distributions received during the current calendar year for financial statement purposes. The actual character of distributions to the Fund's shareholders will be reflected on the Form 1099 received by shareholders after the end of the calendar year. Due to the nature of REIT investments, a portion of the distributions received by the Fund's shareholders may represent a return of capital.

- D. *Distributions to Shareholders.* Distributions to shareholders from net investment income are declared and paid by the Fund on a monthly basis and distributions from 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, 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 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.

NETLease Corporate Real Estate ETF

NOTES TO FINANCIAL STATEMENTS

February 28, 2023 (Continued)

- 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 and primarily relate to redemptions in-kind. During the fiscal year ended February 28, 2023, the following table shows the reclassifications made:

Distributable Earnings (Accumulated Deficit)	Paid-In Capital
\$(163,266)	\$163,266

During the fiscal year ended February 28, 2023, the Fund realized \$163,266 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

Exchange Traded Concepts, 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 ("Excluded

NETLease Corporate Real Estate ETF

NOTES TO FINANCIAL STATEMENTS

February 28, 2023 (Continued)

Expenses”). For services provided to the Fund, the Fund pays the Adviser a unified management fee, calculated daily and paid monthly, at an annual rate of 0.60% based on the Fund’s average daily net assets.

The Adviser has entered into an arrangement with Fundamental Income Strategies, LLC (the “Index Provider”) pursuant to which the Adviser is permitted to use the Index. The Adviser is sub-licensing rights to the Index to the Fund at no charge. As part of the arrangement between the Index Provider and the Adviser, the Index Provider has agreed to assume the Adviser’s obligation to pay all expenses of the Fund except Excluded Expenses and, to the extent applicable, pay the Adviser a minimum fee.

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 \$29,646,087 and \$30,332,563, 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 \$44,287,057 and \$60,687,633, respectively.

NETLease Corporate Real Estate ETF

NOTES TO FINANCIAL STATEMENTS

February 28, 2023 (Continued)

NOTE 5 – INCOME TAX INFORMATION

The components of distributable earnings (accumulated deficit) and cost basis of investments for federal income tax purposes at February 28, 2023 were as follows:

Tax cost of investments	<u>\$ 110,009,296</u>
Gross tax unrealized appreciation	\$ 3,537,149
Gross tax unrealized depreciation	<u>(13,921,630)</u>
Net tax unrealized appreciation (depreciation)	(10,384,481)
Undistributed ordinary income	—
Undistributed long-term capital gain	—
Other accumulated gain (loss)	<u>(6,830,949)</u>
Distributable earnings (accumulated deficit)	<u>\$ (17,215,430)</u>

The difference between the cost basis for financial statements and federal income tax purposes is primarily due to timing differences in recognizing losses on 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. At February 28, 2023, the fund deferred, on a tax-basis, no late year ordinary losses or post-October capital losses.

As of February 28, 2023, the Fund has \$3,205,015 of short-term capital loss carryforward, and \$3,625,934 of long-term capital loss carryforward available. These amounts do not have an expiration date.

The tax character of distributions paid by the Fund during the fiscal year ended February 28, 2023, was:

Ordinary Income	\$ 3,652,270
Return of Capital	886,355

The tax character of distributions paid by the Fund during the fiscal year ended February 28, 2022, was:

Ordinary Income	\$ 3,893,010
Long-Term Capital Gain	921,826
Return of Capital	1,038,004

NETLease Corporate Real Estate ETF

NOTES TO FINANCIAL STATEMENTS

February 28, 2023 (Continued)

NOTE 6 – SHARE TRANSACTIONS

Shares of the Fund are listed and traded on the New York Stock Exchange Arca, Inc. (“NYSE Arca”). 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 charge, 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% as a percentage 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 Statement of Changes in Net Assets. All shares of the Fund have equal rights and privileges.

NOTE 7 – RISKS

Concentration Risk. The Index, and consequently the Fund, is expected to concentrate its investments in real estate companies. As a result, the value of the Fund’s shares, may rise and fall more than the value of shares of a fund that invests in securities of companies in a broader range of industries.

Non-Diversification Risk. Although the Fund intends to invest in a variety of securities and instruments, the Fund will be considered to be non-diversified, which means that it may invest more of its assets in the securities of a single issuer or a

NETLease Corporate Real Estate ETF

NOTES TO FINANCIAL STATEMENTS

February 28, 2023 (Continued)

smaller number of issuers than if it were a diversified fund. As a result, the Fund may be more exposed to the risks associated with and developments affecting an individual issuer or a smaller number of issuers than a fund that invests more widely. This may increase the Fund's volatility and cause the performance of a relatively smaller number of issuers to have a greater impact on the Fund's performance.

REIT Investment Risk. Investments in REITs involve unique risks. REITs may have limited financial resources, may trade less frequently and in limited volume, and may be more volatile than other securities. In addition, to the extent the Fund holds interests in REITs, it is expected that investors in the Fund will bear two layers of asset-based management fees and expenses (directly at the Fund level and indirectly at the REIT level). The risks of investing in REITs include certain risks associated with the direct ownership of real estate and the real estate industry in general. These include risks related to general, regional and local economic conditions; fluctuations in interest rates and property tax rates; shifts in zoning laws, environmental regulations and other governmental action such as the exercise of eminent domain; cash flow dependency; increased operating expenses; lack of availability of mortgage funds; losses due to natural disasters; overbuilding; losses due to casualty or condemnation; changes in property values and rental rates; and other factors.

In addition to these risks, REITs are dependent upon management skills and generally may not be diversified. REITs are also subject to heavy cash flow dependency, defaults by borrowers and self-liquidation. In addition, REITs could possibly fail to qualify for the beneficial tax treatment available to REITs under the Internal Revenue Code of 1986, or to maintain their exemptions from registration under the Investment Company Act of 1940, as amended (the "1940 Act"). The Fund expects that dividends received from a REIT and distributed to Fund shareholders generally will be taxable to the shareholder as ordinary income, but may be taxable as return of capital. In the event of a default by a borrower or lessee, the REIT may experience delays in enforcing its rights as a mortgagee or lessor and may incur substantial costs associated with protecting investments.

NETLease Corporate Real Estate ETF

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders of NETLease Corporate Real Estate 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 NetLease Corporate Real Estate ETF (the “Fund”), a series of ETF Series Solutions, as of February 28, 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 four periods 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 February 28, 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 four periods 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 February 28, 2023, by correspondence with the custodian. Our audits also included evaluating the accounting

NETLease Corporate Real Estate ETF

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM (Continued)

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.

We have served as the auditor of one or more of Exchange Traded Concepts, LLC's investment companies since 2012.

Cohen & Company, Ltd.

COHEN & COMPANY, LTD.
Milwaukee, Wisconsin
April 27, 2023

NETLease Corporate Real Estate 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).	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).

NETLease Corporate Real Estate 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
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).	54	None

The officers of the Trust conduct and supervise its daily businesses. The address of each officer of the Trust is c/o U.S. Bank Global 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
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).
Kristen M. Weitzel Born: 1977	Treasurer	Indefinite term; since 2014 (other roles since 2013)	Vice President, U.S. Bancorp Fund Services, LLC (since 2015).

NETLease Corporate Real Estate 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
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 (since 2021); 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 (since 2018; 2014-2017).

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, by accessing the SEC’s website at www.sec.gov, or by accessing the Fund’s website at www.netleaseetf.com.

NETLease Corporate Real Estate ETF

EXPENSE EXAMPLE

For the Six-Months Ended February 28, 2023 (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 below 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 September 1, 2022	Ending Account Value February 28, 2023	Expenses Paid During the Period ⁽¹⁾
Actual	\$ 1,000.00	\$ 1,026.60	\$ 3.01
Hypothetical (5% annual return before expenses)	\$ 1,000.00	\$ 1,021.82	\$ 3.01

⁽¹⁾ The dollar amounts shown as expenses paid during the period are equal to the annualized expense ratio, 0.60%, multiplied by the average value during the period, multiplied by 181/365 to reflect the one-half year period.

NETLease Corporate Real Estate 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, 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.

NETLease Corporate Real Estate 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 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 Exchange Traded Concepts, LLC (the “Adviser”) and the Trust, on behalf of NETLease Corporate Real Estate 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, representatives 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 Adviser’s compliance program. The Board also considered its previous experience with the Adviser providing investment management services to the Fund. The Board noted

NETLease Corporate Real Estate ETF

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

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 a passively managed fund. Additionally, the Board considered that the Adviser does not serve as the index provider to the Fund; rather, the Fund tracks an index created and owned by Fundamental Income Strategies, LLC.

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 Real Estate (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 Board considered that the funds included in the Selected Peer Group were described by the Adviser as ETFs that employ their own unique REIT investment index strategies.

The Board noted that, for each of the one-year, three-year, and since inception periods ended June 30, 2022, the Fund's performance on a gross of fees basis (i.e., excluding the effect of fees and expenses on Fund performance) slightly underperformed, but was generally consistent with, the performance of its underlying index, indicating that the Fund tracked its underlying index closely and in an appropriate manner. The Board also noted that the Fund outperformed its broad-based benchmark, the S&P 500 Index, during the one-year period, but underperformed its benchmark for the three-year and since inception periods. The S&P 500 Index provides an indication of the performance of U.S. large-cap companies. The Board noted, however, that the Fund seeks to track the performance of a very specific subset of real estate-related equities and, accordingly, the Fund's investors seek exposure to the net lease real estate sector, not broad exposure to the large-cap equity market.

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

NETLease Corporate Real Estate ETF

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

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 for funds in the Peer Group, and lower than the median net expense ratio of funds in the Category Peer Group. The Board noted, however, that the Fund's net expense ratio was higher than the net expense ratios of the other 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 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 or by other means.

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.

NETLease Corporate Real Estate ETF

FEDERAL TAX INFORMATION

(Unaudited)

For the fiscal year ended February 28, 2023, certain dividends paid by the Fund may be subject to the maximum tax 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 0.47%.

For corporate shareholders, the percentage of ordinary income distributions qualifying for the corporate dividends received deduction for the fiscal year ended February 28, 2023 was 2.94%

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 or by accessing the Fund's website at www.netleaseetf.com. Furthermore, you may obtain the Part F of Form N-PORT on the SEC's website at www.sec.gov. The Fund's portfolio holdings are posted on its website at www.netleaseetf.com 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.netleaseetf.com.

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.

NETLease Corporate Real Estate ETF

FREQUENCY DISTRIBUTION OF PREMIUMS AND DISCOUNTS (Unaudited)

Information regarding how often shares of the Fund trade on an 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.netleaseetf.com.

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Adviser

Exchange Traded Concepts, LLC
10900 Hefner Pointe Drive, Suite 400
Oklahoma City, Oklahoma 73120

Index Provider

Fundamental Income Strategies, LLC
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Phoenix, Arizona 85016

Distributor

Quasar Distributors, LLC
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Milwaukee, Wisconsin 53202

Custodian

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Legal Counsel

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Washington, DC 20004

NETLease Corporate Real Estate ETF

Symbol – NETL
CUSIP – 26922A248