



**Annual Report**  
**December 31, 2022**

**LHA Market State™ Alpha Seeker ETF**  
**Ticker: MSVX**

**LHA Market State™ Tactical Beta ETF**  
**Ticker: MSTB**

**LHA Market State™ Tactical Q ETF**  
**Ticker: MSTQ**

# LHA Market State™ Shares

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Dear Shareholder,

This Annual Report reflects the Funds' performance for the period of January 1, 2022 through December 31, 2022 (the "current fiscal period") for the LHA Market State™ Alpha Seeker ETF ("MSVX") and the LHA Market State™ Tactical Beta ETF ("MSTB") and the period from March 14, 2022 to December 31, 2022 (the "current fiscal period") for LHA Market State™ Tactical Q ETF ("MSTQ").

US and Global Equity markets reversed course after a very strong 2021, as the S&P 500® Index posted an -18.11% loss for the year. In contrast to this time a year ago, Global economies are seesawing under the emergence of new COVID strains, continued supply chain disruptions, increased inflation, chaos in Washington, and ongoing conflicts with Russia and China. As we enter this new economic regime, characterized by reduced monetary stimulus and rising interest rates, investors continue to try to adapt to this "new normal". While it is impossible to discern which of these factors will prove impactful in 2023 and how disruptive any or all may be, there are clearly potential sources of concern.

The signs of a possibly of continued volatility in the markets are myriad. The timing of fear routing greed is especially difficult. As in most years, the coming 12 months may also hold at least a few surprises. With luck, they will be predominantly positive. However, it's not certain that anyone saw COVID coming. Fortunately, our process is about responding to markets as they are, not as we think they should or may be.

### **MSVX**

MSVX may be described as an absolute return strategy that seeks to provide positive returns across multiple market cycles for purposes of portfolio diversification. From January 1, 2022 through December 31, 2022 in a challenging year for both equity and fixed income strategies, MSVX's Net Asset Value ("NAV") decreased -0.70%. MSVX's market value fell -0.61% during the same current fiscal period. The S&P 500® Index declined -18.11% during the current fiscal period.

In a variety of different VIX and equity market environments, MSVX is intended to offer valuable diversifying exposure characteristics that can act like a hedge during crisis periods, but also seek to provide return in calm markets when dedicated hedges often suffer substantial losses. This profile has the potential to add distinct optionality that can improve the risk/reward tradeoff of a traditional diversified portfolio.

### **MSTB**

In a year with numerous fluctuations in the S&P 500® Index and the VIX® index averaging close to 26 for the year, MSTB had a net return of -22.09% on a NAV basis during the current fiscal period. MSTB's market value returned -22.68% during the same current fiscal period. The S&P 500® Index declined -18.11% during the current fiscal period.



Periods with periodic volatility spikes in a generally middling VIX® environment can be somewhat problematic for the technology underlying MSTB. Minor corrections can induce minor hedges which are subsequently unwound, negatively impacting returns. More extreme price movements are when the strategy has added its most value in the past and is expected to in the future.

### **MSTQ**

During the current fiscal period the NASDAQ-100 Index declined -15.56% while MSTQ lost -20.17% on a NAV basis and its market value fell -20.43%. Given the signal overlap between MSTB and MSTQ (net and gross exposures should be roughly the same) the shortfall can be attributed to the same market conditions that affected MSTB.

### **Impact of derivatives (MSTB, MSVX, MSTQ)**

Consistent with the funds' mandates, derivatives are used to obtain the desired exposures for the individual funds. They may be used for either speculative or hedging purposes and present a cash efficient and tax efficient method to obtain those exposures. The performance of any derivatives exposures has been consistent with historical experience and current guidelines.

We thank you once again for your support and confidence and are optimistic that MSVX, MSTB, and MSTQ will fulfill expectations in 2023.

Sincerely,

Jeff Landle, CFA  
Chief Investment Officer

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

**Past performance does not guarantee future results.**

*This information is provided for informational purposes only. This is not an offer to sell or a solicitation of an offer to buy an interest in any investment fund or for the provision of any investment management or advisory services. **Investing involves risk. Principal loss is possible.***

Shares of any ETF are bought and sold at market price (not NAV), may trade at a discount or premium to NAV, and are not individually redeemed from the particular fund. Brokerage commissions will reduce returns. MSVX, MSTB, and MSTQ (each referred to as a "Fund") will use future contracts. The potential loss of principal in



regard to futures contracts can be in amounts greater than the initial amount invested in the futures contract. The Fund will invest in other ETFs which involves additional risks such as limited liquidity and greater volatility.

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

The Funds may use leverage which may cause the effect of an increase or decrease in the value of the portfolio securities to be magnified and the Fund to be more volatile than if leverage was not used. Derivatives involve special risks including correlation, counterparty, liquidity, operational, accounting and tax risks. These risks, in certain cases, may be greater than the risks presented by more traditional investments.

The Cboe Volatility Index® (VIX®) is a leading measure of market expectations of near-term volatility conveyed by S&P 500® Index (SPX) option prices. It is not possible to invest directly in an index.

The S&P 500® Index is an unmanaged index containing common stocks of 500 industrial, transportation, utility, and financial companies, regarded as generally representative of the U.S. stock market. The index return reflects the reinvestment of income dividends and capital gain distributions, if any, but does not reflect fees, brokerage commissions, or other expenses of investing. It is not possible to invest directly in an index.

The NASDAQ-100 Index comprises the 100 largest non-financial companies traded on the Nasdaq. It is not possible to invest directly in an index.

Opinions expressed are subject to change at any time, are not guaranteed, and should not be considered investment advice. Diversification does not assure a profit, nor does it protect against a loss in a declining market.

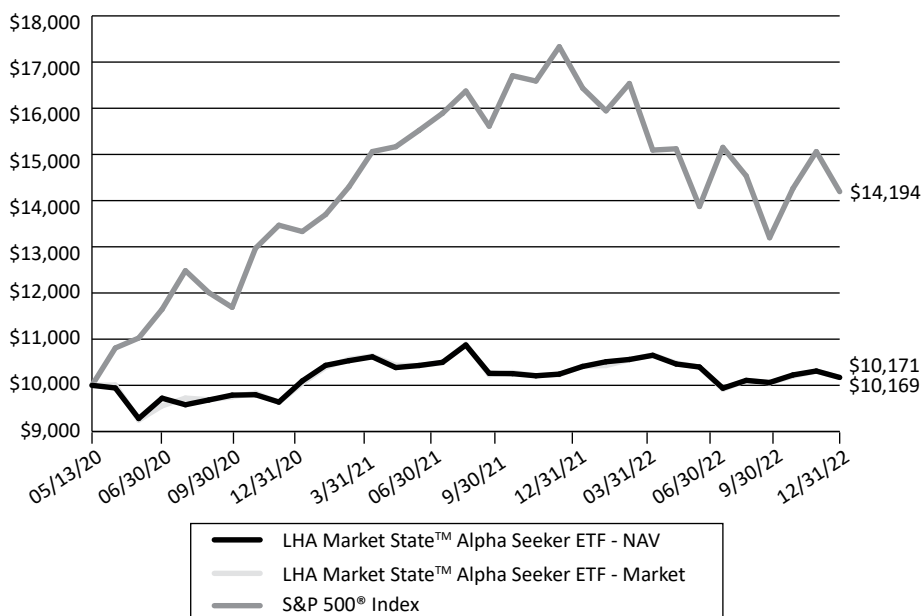
MSVX, MSTB, and MSTQ are distributed by Quasar Distributors, LLC. No other products mentioned are distributed by Quasar Distributors, LLC.

# LHA Market State™ Alpha Seeker ETF

## PERFORMANCE SUMMARY

(Unaudited)

### Growth of \$10,000



Average Annual Returns December 31, 2022	One Year	Since Inception (5/13/2020)
LHA Market State™ Alpha Seeker ETF - NAV	-0.70%	0.64%
LHA Market State™ Alpha Seeker ETF - Market	-0.61%	0.64%
S&P 500® Index	-18.11%	14.21%

This chart illustrates the performance of a hypothetical \$10,000 investment made on May 13, 2020 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. It is not possible to invest directly in an index.

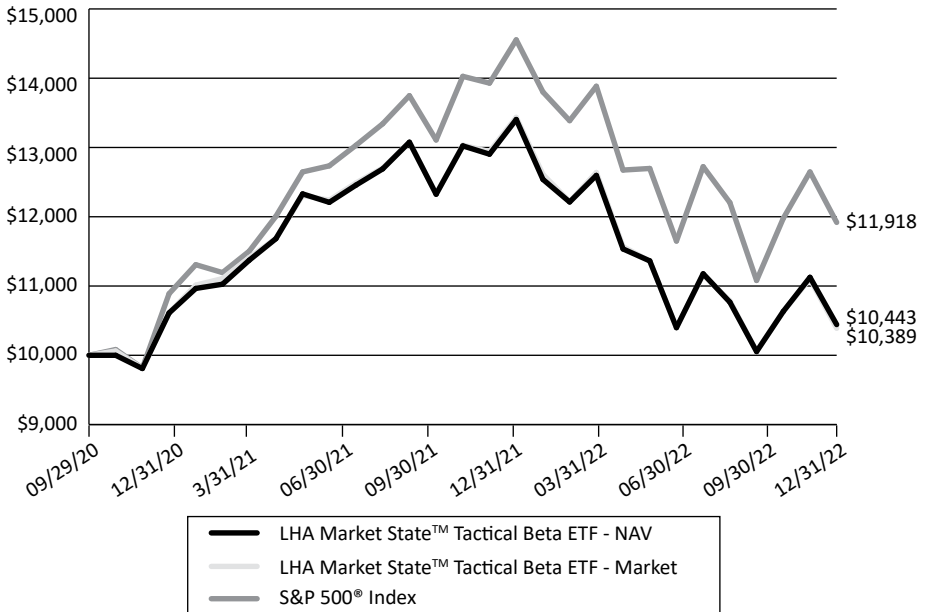
*The Performance data quoted is historical. Past performance is no guarantee of future results. Current performance may be higher or lower than the performance data quoted. The principal value and investment return of an investment will fluctuate so that your shares, when redeemed, may be worth more or less than their original cost. The total operating expenses as stated in the fee table to the Fund's prospectus dated April 30, 2022, is 1.42%. For performance information current to the most recent month-end, please visit the fund's website at [www.lhafunds.com](http://www.lhafunds.com).*

# LHA Market State™ Tactical Beta ETF

## PERFORMANCE SUMMARY

(Unaudited)

### Growth of \$10,000



Average Annual Returns December 31, 2022	One Year	Since Inception (9/29/2020)
LHA Market State™ Tactical Beta ETF - NAV	-22.09%	1.94%
LHA Market State™ Tactical Beta ETF - Market	-22.68%	1.71%
S&P 500® Index	-18.11%	8.09%

This chart illustrates the performance of a hypothetical \$10,000 investment made on September 29, 2020, 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. It is not possible to invest directly in an index.

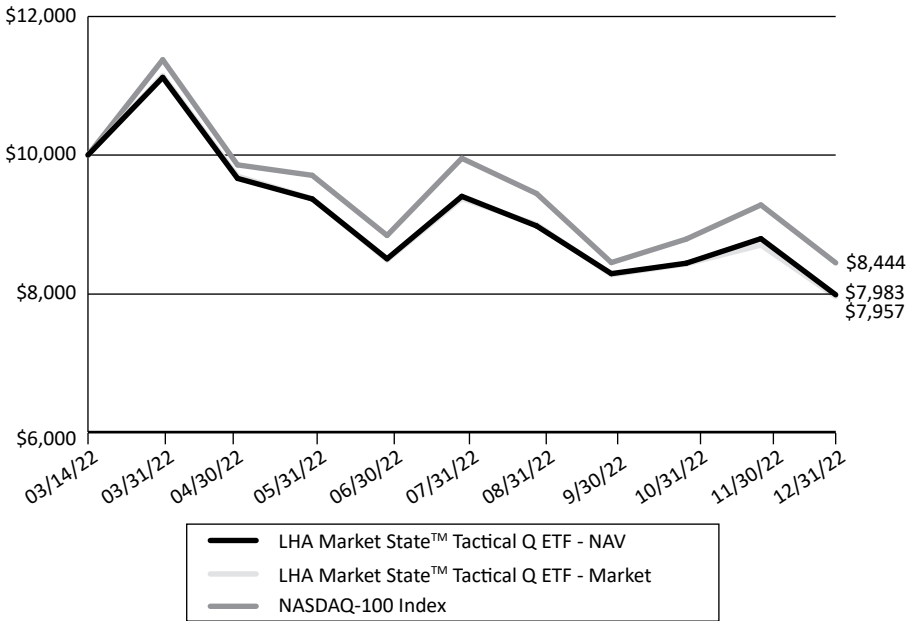
*The Performance data quoted is historical. Past performance is no guarantee of future results. Current performance may be higher or lower than the performance data quoted. The principal value and investment return of an investment will fluctuate so that your shares, when redeemed, may be worth more or less than their original cost. The total operating expenses as stated in the fee table to the Fund's prospectus dated April 30, 2022, is 1.21%. For performance information current to the most recent month-end, please visit the fund's website at [www.lhafunds.com](http://www.lhafunds.com).*

# LHA Market State™ Tactical Q ETF

## PERFORMANCE SUMMARY

(Unaudited)

### Growth of \$10,000



Cumulative Returns December 31, 2022	Since Inception (3/14/2022)
LHA Market State™ Tactical Q ETF - NAV	-20.17%
LHA Market State™ Tactical Q ETF - Market	-20.43%
NASDAQ-100 Index	-15.56%

This chart illustrates the performance of a hypothetical \$10,000 investment made on March 14, 2022, 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. It is not possible to invest directly in an index.

*The Performance data quoted is historical. Past performance is no guarantee of future results. Current performance may be higher or lower than the performance data quoted. The principal value and investment return of an investment will fluctuate so that your shares, when redeemed, may be worth more or less than their original cost. The total operating expenses as stated in the fee table to the Fund's prospectus dated January 28, 2022, is 1.15%. For performance information current to the most recent month-end, please visit the fund's website at [www.lhafunds.com](http://www.lhafunds.com).*



## LHA Market State™ Shares

### PORTFOLIO ALLOCATION\*

As of December 31, 2022 (Unaudited)

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#### LHA Market State™ Alpha Seeker ETF

<b>Security Type</b>	<b>Percentage of Net Assets</b>
Exchange-Traded Funds	4.5%
Purchased Options	0.1
Short-Term Investments	98.9
Liabilities in Excess of Other Assets	<u>(3.5)</u>
<b>Total</b>	<u><u>100.0%</u></u>

#### LHA Market State™ Tactical Beta ETF

<b>Security Type</b>	<b>Percentage of Net Assets</b>
Exchange-Traded Funds	67.8%
Short-Term Investments	34.4
Liabilities in Excess of Other Assets	<u>(2.2)</u>
<b>Total</b>	<u><u>100.0%</u></u>

#### LHA Market State™ Tactical Q ETF

<b>Security Type</b>	<b>Percentage of Net Assets</b>
Exchange-Traded Funds	37.8%
Short-Term Investments	66.8
Liabilities in Excess of Other Assets	<u>(4.6)</u>
<b>Total</b>	<u><u>100.0%</u></u>

\* Portfolio allocation charts do not reflect derivative exposure.

# LHA Market State™ Alpha Seeker ETF

## SCHEDULE OF INVESTMENTS

December 31, 2022

Shares	Security Description	Value
	<b>EXCHANGE-TRADED FUNDS — 4.5%</b> <sup>(a)</sup>	
172,016	ProShares VIX Short-Term Futures ETF <sup>(b)</sup> .....	\$ 1,957,542
	TOTAL EXCHANGE-TRADED FUNDS (Cost \$2,127,029) .....	1,957,542

Contracts		Notional Amount
	<b>PURCHASED OPTIONS — 0.1%</b> <sup>(c)</sup>	
	<b>Call Options — 0.1%</b>	
20	S&P 500 Index, Expiration: 1/3/2023, Exercise Price: \$3,840.00 .....	7,679,000
	TOTAL PURCHASED OPTIONS (Cost \$35,825) ..	46,200

Par		Effective Yield	Maturity	
	<b>SHORT-TERM INVESTMENTS — 98.9%</b>			
	<b>U.S. Treasury Bills -28.8%</b>			
\$ 12,500,000	United States Treasury Bill <sup>(d)(e)</sup> ....	1.98%	4/20/2023	12,337,214

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

# LHA Market State™ Alpha Seeker ETF

## SCHEDULE OF INVESTMENTS

December 31, 2022 (continued)

Shares	Security Description	Value
<b>SHORT-TERM INVESTMENTS — 98.9% (Continued)</b>		
<b>Money Market Funds — 70.1%</b>		
15,004,487	First American Government Obligations Fund, Class X, 4.09% <sup>(f)(g)</sup> .....	\$ 15,004,487
15,004,487	First American Treasury Obligations Fund, Class X, 4.19% <sup>(f)(g)</sup> ...	<u>15,004,487</u>
		<u>30,008,974</u>
	TOTAL SHORT-TERM INVESTMENTS (Cost \$42,435,358) .....	<u>42,346,188</u>
	TOTAL INVESTMENTS — 103.5% (Cost \$44,598,212) .....	44,349,930
	LIABILITIES IN EXCESS OF OTHER ASSETS — (3.5)% .....	<u>(1,511,513)</u>
	NET ASSETS — 100.0% .....	<u>\$ 42,838,417</u>

Percentages are stated as a percentage of net assets.

- (a) The risks of investing in investment companies, such as the underlying ETFs, typically reflect the risks of the types of investments in which the investment companies invest. See Note 9 in Notes to Financial Statements.
- (b) Non-income producing security.
- (c) Exchange-Traded.
- (d) Zero coupon bond.
- (e) All or a portion of this security is held as collateral for written options and futures contracts. At December 31, 2022, the total value of this security held as collateral amounted to \$12,337,214 or 28.8% of net assets.
- (f) Fair value of this security exceeds 25% of the Fund's net assets. Additional information about this security, including the financial statements, is available from the SEC's EDGAR database at [www.sec.gov](http://www.sec.gov).
- (g) Annualized seven-day yield as of December 31, 2022.

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

# LHA Market State™ Alpha Seeker ETF

## SCHEDULE OF OPEN FUTURES CONTRACTS

December 31, 2022

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<b>Number of Short Contracts</b>	<b>Description</b>	<b>Expiration Month</b>	<b>Notional Value</b>	<b>Value &amp; Unrealized Appreciation (Depreciation)</b>
(45)	S&P 500 E-Mini Future <sup>(a)</sup> ...	March 2023	\$ (8,687,250)	\$ 65,101

(a) Exchange-Traded.

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

# LHA Market State™ Tactical Beta ETF

## SCHEDULE OF INVESTMENTS

December 31, 2022

Shares	Security Description			Value
<b>EXCHANGE-TRADED FUNDS — 67.8% <sup>(a)</sup></b>				
299,667	SPDR S&P 500 ETF Trust <sup>(b)(c)</sup> .....			<u>\$114,601,651</u>
	TOTAL EXCHANGE-TRADED FUNDS (Cost \$135,119,191) .....			<u>114,601,651</u>
<b>Par</b>		<b>Effective Yield</b>	<b>Maturity</b>	
<b>SHORT-TERM INVESTMENTS — 34.4%</b>				
<b>U.S. Treasury Bills — 26.7%</b>				
\$ 27,366,000	United States Treasury Bill <sup>(c)(d)</sup> .....	0.73%	1/26/2023	27,298,242
18,288,000	United States Treasury Bill <sup>(c)(d)</sup> .....	3.17%	8/10/2023	<u>17,795,283</u>
				<u>45,093,525</u>
<b>Shares</b>				
<b>Money Market Funds — 7.7%</b>				
6,540,365	First American Government Obligations Fund, Class X, 4.09% <sup>(e)</sup> .....			6,540,365
6,540,365	First American Treasury Obligations Fund, Class X, 4.19% <sup>(e)</sup> ...			<u>6,540,365</u>
				<u>13,080,730</u>
	TOTAL SHORT-TERM INVESTMENTS (Cost \$58,376,848) .....			<u>58,174,255</u>
	TOTAL INVESTMENTS — 102.2% (Cost \$193,496,039) .....			172,775,906
	LIABILITIES IN EXCESS OF OTHER ASSETS — (2.2)% .....			<u>(3,701,204)</u>
	NET ASSETS — 100.0% .....			<u>\$169,074,702</u>

Percentages are stated as a percentage of net assets.

- (a) The risks of investing in investment companies, such as the underlying ETFs, typically reflect the risks of the types of investments in which the investment companies invest. See Note 9 in Notes to Financial Statements.
- (b) Fair value of this security exceeds 25% of the Fund's net assets. Additional information about this security, including the financial statements, is available from the SEC's EDGAR database at [www.sec.gov](http://www.sec.gov).
- (c) All or a portion of this security is held as collateral for written options and futures. At December 31, 2022, the total value of securities held as collateral amounted to \$128,472,443 or 76.0% of net assets.
- (d) Zero coupon bond.
- (e) Annualized seven-day yield as of December 31, 2022.

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

# LHA Market State™ Tactical Beta ETF

## SCHEDULE OF OPEN FUTURES CONTRACTS

December 31, 2022

Number of Long Contracts	Description	Expiration Month	Notional Value	Value & Unrealized Appreciation (Depreciation)
226	Cboe VIX Future <sup>(a)</sup> .....	January 2023	\$ 5,220,171	\$ (381,182)
151	Cboe VIX Future <sup>(a)</sup> .....	February 2023	3,706,340	(18,533)
209	S&P 500 E-Mini Future <sup>(a)</sup> ...	March 2023	40,347,450	(2,784,925)
				\$ (3,184,640)

(a) Exchange-Traded.

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

# LHA Market State™ Tactical Q ETF

## SCHEDULE OF INVESTMENTS

December 31, 2022

Shares	Security Description	Value
<b>EXCHANGE-TRADED FUNDS — 37.8% <sup>(a)</sup></b>		
4,961	Invesco QQQ Trust, Series 1 <sup>(b)(c)</sup> .....	\$ 1,321,016
	TOTAL EXCHANGE-TRADED FUNDS (Cost \$1,420,408) .....	<u>1,321,016</u>
<b>Par</b>	<b>Effective Yield</b>	<b>Maturity</b>
<b>SHORT-TERM INVESTMENTS — 66.8%</b>		
<b>U.S. Treasury Bills — 40.1%</b>		
\$1,465,000	United States Treasury Bill <sup>(d)</sup> .....	4.68%      12/28/2023
		<u>1,399,185</u>
		<u>1,399,185</u>
<b>Money Market Funds — 26.7%</b>		
466,821	First American Government Obligations Fund, Class X, 4.09% <sup>(e)</sup> .....	466,821
466,821	First American Treasury Obligations Fund, Class X, 4.19% <sup>(e)</sup> ...	466,821
		<u>933,642</u>
	TOTAL SHORT-TERM INVESTMENTS (Cost \$2,333,709) .....	<u>2,332,827</u>
	TOTAL INVESTMENTS — 104.6% (Cost \$3,754,117) .....	3,653,843
	LIABILITIES IN EXCESS OF OTHER ASSETS - (4.6)% .....	<u>(160,872)</u>
	NET ASSETS — 100.0% .....	<u>\$ 3,492,971</u>

Percentages are stated as a percentage of net assets.

- (a) The risks of investing in investment companies, such as the underlying ETFs, typically reflect the risks of the types of investments in which the investment companies invest. See Note 9 in Notes to Financial Statements.
- (b) Fair value of this security exceeds 25% of the Fund's net assets. Additional information about this security, including the financial statements, is available from the SEC's EDGAR database at [www.sec.gov](http://www.sec.gov).
- (c) All or a portion of this security is held as collateral for written options and futures. At December 31, 2022, the total value of securities held as collateral amounted to \$1,228,083 or 35.2% of net assets.
- (d) Zero coupon bond.
- (e) Annualized seven-day yield as of December 31, 2022.

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

LHA Market State™ Tactical Q ETF

**SCHEDULE OF OPEN FUTURES CONTRACTS**

December 31, 2022

Number of Long Contracts	Description	Expiration Month	Notional Value	Value & Unrealized Appreciation (Depreciation)
4	Cboe VIX Future <sup>(a)</sup> .....	January 2023	\$ 92,392	\$ (8,219)
3	Cboe VIX Future <sup>(a)</sup> .....	February 2023	73,636	(1,122)
8	NASDAQ 100 E-Mini Future <sup>(a)</sup> .....	March 2023	1,763,560	(201,210)
				<u>\$ (210,551)</u>

(a) Exchange-Traded.

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



# LHA Market State™ Shares

## STATEMENTS OF ASSETS AND LIABILITIES

December 31, 2022

	LHA Market State™ Alpha Seeker ETF	LHA Market State™ Tactical Beta ETF	LHA Market State™ Tactical Q ETF
<b>ASSETS</b>			
Investments in securities, at value <sup>(a)</sup> .....	\$ 44,349,930	\$ 172,775,906	\$ 3,653,843
Unrealized appreciation on open futures contracts .....	65,101	—	—
Dividends and interest receivable .....	104,761	648,853	2,962
Receivable for securities sold .....	56,718	7,013,676	73,435
Transaction fees receivable .....	<u>237</u>	<u>83</u>	<u>—</u>
<b>Total Assets</b> .....	<u><b>44,576,747</b></u>	<u><b>180,438,518</b></u>	<u><b>3,730,240</b></u>
<b>LIABILITIES</b>			
Unrealized depreciation on open futures contracts .....	—	3,184,640	210,551
Payable for capital shares redeemed .....	1,241,040	7,430,160	—
Payable to broker for futures and options ..	455,911	569,557	23,311
Management fees payable .....	<u>41,379</u>	<u>179,459</u>	<u>3,407</u>
<b>Total Liabilities</b> .....	<u><b>1,738,330</b></u>	<u><b>11,363,816</b></u>	<u><b>237,269</b></u>
<b>NET ASSETS</b> .....	<u><b>\$ 42,838,417</b></u>	<u><b>\$ 169,074,702</b></u>	<u><b>\$ 3,492,971</b></u>
<b>NET ASSETS CONSIST OF:</b>			
Paid-in capital .....	\$ 44,039,681	\$ 224,395,330	\$ 4,835,807
Total distributable earnings (accumulated deficit) .....	<u>(1,201,264)</u>	<u>(55,320,628)</u>	<u>(1,342,836)</u>
<b>Net assets</b> .....	<u><b>\$ 42,838,417</b></u>	<u><b>\$ 169,074,702</b></u>	<u><b>\$ 3,492,971</b></u>
<b>Net asset value:</b>			
Net assets .....	\$ 42,838,417	\$ 169,074,702	\$ 3,492,971
Shares outstanding <sup>(b)</sup> .....	1,725,000	6,825,000	175,000
Net asset value, offering and redemption price per share .....	\$ 24.83	\$ 24.77	\$ 19.96
<sup>(a)</sup> Identified Cost:			
Investments in securities .....	\$ 44,598,212	\$ 193,496,039	\$ 3,754,117
<sup>(b)</sup> No par value, unlimited number of shares authorized.			

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

# LHA Market State™ Shares

## STATEMENTS OF OPERATIONS

For the Year/Period Ended December 31, 2022

	LHA Market State™ Alpha Seeker ETF	LHA Market State™ Tactical Beta ETF	LHA Market State™ Tactical Q ETF <sup>1</sup>
<b>INVESTMENT INCOME</b>			
Dividends .....	\$ 3	\$ 2,172,725	\$ 16,105
Interest .....	<u>638,810</u>	<u>892,803</u>	<u>34,522</u>
Total investment income .....	<u>638,813</u>	<u>3,065,528</u>	<u>50,627</u>
<b>EXPENSES</b>			
Management fees .....	459,706	2,671,243	45,867
Broker interest expense, net of broker interest income .....	<u>13,406</u>	<u>194,084</u>	<u>11,497</u>
Total expenses .....	<u>473,112</u>	<u>2,865,327</u>	<u>57,364</u>
<b>Net investment income (loss) .....</b>	<u>165,701</u>	<u>200,201</u>	<u>(6,737)</u>
<b>REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS</b>			
Net realized gain (loss) on:			
Investments .....	(1,039,790)	5,459,359	(449,055)
Futures .....	71,609	(29,569,643)	(572,141)
Written options .....	340,856	603,554	284
Change in unrealized appreciation (depreciation) on:			
Investments .....	(247,523)	(41,652,369)	(100,274)
Futures .....	<u>28,797</u>	<u>(5,213,601)</u>	<u>(210,551)</u>
<b>Net realized and unrealized gain (loss) on investments .....</b>	<u>(846,051)</u>	<u>(70,372,700)</u>	<u>(1,331,737)</u>
<b>NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS</b>	<u>\$ (680,350)</u>	<u>\$ (70,172,499)</u>	<u>\$ (1,338,474)</u>

<sup>1</sup> The Fund commenced operations on March 14, 2022. The information presented is for the period from March 14, 2022 to December 31, 2022.

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

# LHA Market State™ Alpha Seeker ETF

## STATEMENTS OF CHANGES IN NET ASSETS

	Year Ended December 31, 2022	Year Ended December 31, 2021
<b>OPERATIONS</b>		
Net investment income (loss) .....	\$ 165,701	\$ (267,261)
Net realized gain (loss) on investments, written options and futures .....	(627,325)	1,115,421
Change in unrealized appreciation (depreciation) on investments and futures .....	<u>(218,726)</u>	<u>39,913</u>
<b>Net increase (decrease) in net assets resulting from operations</b> .....	<u>(680,350)</u>	<u>888,073</u>
<b>DISTRIBUTIONS TO SHAREHOLDERS</b>		
Net distributions to shareholders .....	<u>(48,910)</u>	<u>(103,144)</u>
<b>Total distributions to shareholders</b> .....	<u>(48,910)</u>	<u>(103,144)</u>
<b>CAPITAL SHARE TRANSACTIONS</b>		
Proceeds from shares sold .....	21,076,578	11,561,270
Payments for shares redeemed .....	(5,040,295)	(2,551,583)
Transaction fees (Note 8) .....	<u>5,163</u>	<u>2,823</u>
<b>Net increase (decrease) in net assets derived from capital share transactions</b> <sup>(a)</sup> .....	<u>16,041,446</u>	<u>9,012,510</u>
<b>Net increase (decrease) in net assets</b> .....	<u>\$ 15,301,786</u>	<u>\$ 9,797,439</u>
<b>NET ASSETS</b>		
Beginning of year .....	<u>\$ 27,526,231</u>	<u>\$ 17,728,792</u>
End of year .....	<u>\$ 42,838,417</u>	<u>\$ 27,526,231</u>

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

	Shares	Shares
Shares sold .....	825,000	450,000
Shares redeemed .....	<u>(200,000)</u>	<u>(100,000)</u>
Net increase (decrease) .....	<u>625,000</u>	<u>350,000</u>

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

# LHA Market State™ Tactical Beta ETF

## STATEMENTS OF CHANGES IN NET ASSETS

	Year Ended December 31, 2022	Year Ended December 31, 2021
<b>OPERATIONS</b>		
Net investment income (loss) .....	\$ 200,201	\$ (455,905)
Net realized gain (loss) on investments, written options and futures .....	(23,506,730)	9,282,599
Change in unrealized appreciation (depreciation) on investments and futures .....	<u>(46,865,970)</u>	<u>21,628,095</u>
<b>Net increase (decrease) in net assets resulting from operations .....</b>	<b><u>(70,172,499)</u></b>	<b><u>30,454,789</u></b>
<b>DISTRIBUTIONS TO SHAREHOLDERS</b>		
Net distributions to shareholders .....	<u>(2,503,820)</u>	<u>(7,040,398)</u>
<b>Total distributions to shareholders .....</b>	<b><u>(2,503,820)</u></b>	<b><u>(7,040,398)</u></b>
<b>CAPITAL SHARE TRANSACTIONS</b>		
Proceeds from shares sold .....	71,177,390	303,171,275
Payments for shares redeemed .....	(171,647,538)	(20,818,003)
Transaction fees (Note 8) .....	<u>40,351</u>	<u>70,248</u>
<b>Net increase (decrease) in net assets derived from capital share transactions <sup>(a)</sup> .....</b>	<b><u>(100,429,797)</u></b>	<b><u>282,423,520</u></b>
<b>Net increase (decrease) in net assets .....</b>	<b><u><u>\$(173,106,116)</u></u></b>	<b><u><u>\$ 305,837,911</u></u></b>
<b>NET ASSETS</b>		
Beginning of year .....	<u>\$ 342,180,818</u>	<u>\$ 36,342,907</u>
End of year .....	<u><u>\$ 169,074,702</u></u>	<u><u>\$ 342,180,818</u></u>

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

	Shares	Shares
Shares sold .....	2,375,000	9,950,000
Shares redeemed .....	<u>(6,175,000)</u>	<u>(675,000)</u>
Net increase (decrease) .....	<u><u>(3,800,000)</u></u>	<u><u>9,275,000</u></u>

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

# LHA Market State™ Tactical Q ETF

## STATEMENT OF CHANGES IN NET ASSETS

	<u>Period Ended December 31, 2022<sup>(a)</sup></u>
<b>OPERATIONS</b>	
Net investment income (loss) .....	\$ (6,737)
Net realized gain (loss) on investments, written options and futures .....	(1,020,912)
Change in unrealized appreciation (depreciation) on investments and futures .....	<u>(310,825)</u>
<b>Net increase (decrease) in net assets resulting from operations .....</b>	<u><b>(1,338,474)</b></u>
<b>CAPITAL SHARE TRANSACTIONS</b>	
Proceeds from shares sold .....	6,941,293
Payments for shares redeemed .....	(2,110,725)
Transaction fees (Note 8) .....	<u>877</u>
<b>Net increase (decrease) in net assets derived from capital share transactions <sup>(b)</sup> .....</b>	<u><b>4,831,445</b></u>
<b>Net increase (decrease) in net assets .....</b>	<u><b>\$ 3,492,971</b></u>
<b>NET ASSETS</b>	
Beginning of period .....	\$ <u>—</u>
End of period .....	<u><u>\$ 3,492,971</u></u>

(a) The Fund commenced operations on March 14, 2022. The information presented is for the period from March 14, 2022 to December 31, 2022.

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

	<u>Shares</u>
Shares sold .....	275,000
Shares redeemed .....	<u>(100,000)</u>
Net increase (decrease) .....	<u><u>175,000</u></u>

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

# LHA Market State™ Alpha Seeker ETF

## FINANCIAL HIGHLIGHTS

For a capital share outstanding throughout the year/period

	Year Ended December 31, 2022	Year Ended December 31, 2021	Period Ended December 31, 2020 <sup>(a)</sup>
Net asset value, beginning of year/period .....	\$ 25.02	\$ 23.64	\$ 25.00
<b>INCOME (LOSS) FROM INVESTMENT OPERATIONS:</b>			
Net investment income (loss) <sup>(b)(f)</sup> .....	0.10	(0.29)	(0.20)
Net realized and unrealized gain (loss) on investments <sup>(i)</sup> ..	(0.26)	1.76	(0.71)
Total from investment operations .....	(0.16)	1.47	(0.91)
<b>DISTRIBUTIONS TO SHAREHOLDERS:</b>			
From net investment income .....	(0.03)	(0.09)	(0.46)
Total distributions to shareholders .....	(0.03)	(0.09)	(0.46)
<b>CAPITAL SHARE TRANSACTIONS</b>			
Transaction fees (Note 8) .....	0.00 <sup>(i)</sup>	0.00 <sup>(i)</sup>	0.01
Net asset value, end of year/period .....	\$ 24.83	\$ 25.02	\$ 23.64
Total return .....	-0.70%	6.28%	-3.62% <sup>(c)</sup>
<b>SUPPLEMENTAL DATA:</b>			
Net assets at end of year/period (000's) .....	\$ 42,838	\$ 27,526	\$ 17,729
<b>RATIOS TO AVERAGE NET ASSETS:</b>			
Expenses to average net assets <sup>(g)(h)</sup> .....	1.13%	1.17%	1.42% <sup>(d)</sup>
Net investment income (loss) to average net assets <sup>(f)</sup> .....	0.40%	-1.14%	-1.33% <sup>(d)</sup>
Portfolio turnover rate <sup>(e)</sup> .....	11,063%	3,520%	1,603% <sup>(c)</sup>

<sup>(a)</sup> The Fund commenced operations on May 13, 2020.

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

<sup>(c)</sup> Not annualized.

<sup>(d)</sup> Annualized.

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

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

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

<sup>(h)</sup> Includes broker interest expense of 0.03%, 0.07% and 0.32%, respectively.

<sup>(i)</sup> Less than \$0.005.

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

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

# LHA Market State™ Tactical Beta ETF

## FINANCIAL HIGHLIGHTS

For a capital share outstanding throughout the year/period

	Year Ended December 31, 2022	Year Ended December 31, 2021	Period Ended December 31, 2020 <sup>(a)</sup>
Net asset value, beginning of year/period.....	\$ 32.21	\$ 26.92	\$ 25.00
<b>INCOME (LOSS) FROM INVESTMENT OPERATIONS:</b>			
Net investment income (loss) <sup>(b)(f)</sup> .....	0.02	(0.08)	(0.01)
Net realized and unrealized gain (loss) on investments <sup>(i)</sup> .....	(7.13)	6.07	2.41
Total from investment operations .....	(7.11)	5.99	2.40
<b>DISTRIBUTIONS TO SHAREHOLDERS:</b>			
From net investment income .....	—	—	(0.27)
From net realized gains .....	(0.33)	(0.71)	(0.21)
Total distributions to shareholders .....	(0.33)	(0.71)	(0.48)
<b>CAPITAL SHARE TRANSACTIONS</b>			
Transaction fees (Note 8) .....	0.00 <sup>(i)</sup>	0.01	—
Net asset value, end of year/period .....	\$ 24.77	\$ 32.21	\$ 26.92
Total return .....	-22.09%	22.25%	9.65% <sup>(c)</sup>
<b>SUPPLEMENTAL DATA:</b>			
Net assets at end of year/period (000's) .....	\$ 169,075	\$ 342,181	\$ 36,343
<b>RATIOS TO AVERAGE NET ASSETS:</b>			
Expenses to average net assets <sup>(g)(h)</sup> .....	1.18%	1.13%	1.13% <sup>(d)</sup>
Net investment income (loss) to average net assets <sup>(f)</sup> .....	0.08%	-0.27%	-0.11% <sup>(d)</sup>
Portfolio turnover rate <sup>(e)</sup> .....	0%	132%	132% <sup>(c)</sup>

<sup>(a)</sup> The Fund commenced operations on September 29, 2020.

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

<sup>(c)</sup> Not annualized.

<sup>(d)</sup> Annualized.

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

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

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

<sup>(h)</sup> Includes broker interest expense of 0.08%, 0.03% and 0.03%, respectively.

<sup>(i)</sup> Less than \$0.005.

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

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

# LHA Market State™ Tactical Q ETF

## FINANCIAL HIGHLIGHTS

For a capital share outstanding throughout the period

	<b>Period Ended December 31, 2022<sup>(a)</sup></b>
Net asset value, beginning of period .....	\$ 25.00
<b>INCOME (LOSS) FROM INVESTMENT OPERATIONS:</b>	
Net investment income (loss) <sup>(b)(f)</sup> .....	(0.03)
Net realized and unrealized gain (loss) on investments <sup>(i)</sup> .....	<u>(5.01)</u>
Total from investment operations .....	<u>(5.04)</u>
<b>CAPITAL SHARE TRANSACTIONS</b>	
Transaction fees (Note 8) .....	<u>0.00<sup>(i)</sup></u>
Net asset value, end of period .....	<u>\$ 19.96</u>
Total return .....	-20.17% <sup>(c)</sup>
<b>SUPPLEMENTAL DATA:</b>	
Net assets at end of period (000's) .....	\$ 3,493
<b>RATIOS TO AVERAGE NET ASSETS:</b>	
Expenses to average net assets <sup>(g)(h)</sup> .....	1.38% <sup>(d)</sup>
Net investment income (loss) to average net assets <sup>(f)</sup> .....	-0.16% <sup>(d)</sup>
Portfolio turnover rate <sup>(e)</sup> .....	138% <sup>(c)</sup>

<sup>(a)</sup> The Fund commenced operations on March 14, 2022.

<sup>(b)</sup> Calculated based on average shares outstanding during the period.

<sup>(c)</sup> Not annualized.

<sup>(d)</sup> Annualized.

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

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

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

<sup>(h)</sup> Includes broker interest expense of 0.28%.

<sup>(i)</sup> Less than \$0.005.

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

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



# LHA Market State™ Shares

## NOTES TO FINANCIAL STATEMENTS

December 31, 2022

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### NOTE 1 – ORGANIZATION

LHA Market State™ Alpha Seeker ETF, LHA Market State™ Tactical Beta ETF and LHA Market State™ Tactical Q ETF (individually each a “Fund” or collectively the “Funds”) are 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 Funds’ shares is registered under the Securities Act of 1933, as amended (the “Securities Act”). LHA Market State™ Alpha Seeker ETF is an actively-managed exchange-traded fund (“ETF”) that seeks to provide positive returns across multiple market cycles that are generally not correlated to the U.S. equity or fixed income markets by investing long or short in instruments linked directly or indirectly to the performance and/or volatility of the S&P 500® Index based on models and analyses that seek to estimate the direction of the U.S. equity market. LHA Market State™ Tactical Beta is an actively-managed ETF and seeks long-term out-performance relative to the large-capitalization U.S. equity market by investing long or short in instruments linked directly or indirectly to the performance and/or volatility of the S&P 500 Index based on models and analyses that seek to estimate the direction of the S&P 500® Index. LHA Market State™ Tactical Q ETF is an actively-managed ETF that seeks long-term out-performance relative to the large-capitalization U.S. growth equity market by investing in equity instruments linked directly or indirectly to the performance of U.S.-listed, large capitalization, growth-oriented companies. LHA Market State™ Alpha Seeker ETF commenced operations on May 13, 2020, LHA Market State™ Tactical Beta ETF commenced operations on September 29, 2020, and LHA Market State™ Tactical Q ETF commenced operations on March 14, 2022.

The end of the reporting period for the Funds is December 31, 2022. The period covered by these Notes to Financial Statements is the period from January 1, 2022 through December 31, 2022 for LHA Market State™ Alpha Seeker ETF and LHA Market State™ Tactical Beta ETF and the period from March 14, 2022 to December 31, 2022 for LHA Market State™ Tactical Q ETF (each, respectively, the “current fiscal period”).

### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

The Funds are investment companies and accordingly follow the investment company accounting and reporting guidance of the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 946 Financial Services - Investment Companies.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2022 (Continued)

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The following is a summary of significant accounting policies consistently followed by the Funds. 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 Exchange™ (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.

Futures contracts will be valued at the settlement price from the exchange on which they are traded.

Exchange traded options are valued at the composite mean price, which calculates the mean of the highest bid price and lowest asked price across the exchanges where the option is principally traded. On the last trading day prior to expiration, expiring options will be priced at intrinsic value.

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

Debt securities, including short-term debt instruments having a maturity of less than 60 days, are valued in accordance with prices provided by a pricing service. Pricing services may use various valuation methodologies such as the mean between the bid and asked prices, matrix pricing and other analytical pricing models as well as market transactions and dealer quotations.

Securities for which quotations are not readily available are valued at their respective fair values in accordance with pricing procedures adopted by the Funds’ 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

## NOTES TO FINANCIAL STATEMENTS

December 31, 2022 (Continued)

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procedures adopted by the Board. The use of fair value pricing by the Funds may cause the NAV of their shares to differ significantly from NAV that would be calculated without regard to such considerations.

As described above, the Funds utilize various methods to measure the fair value of their investments on a recurring basis. U.S. GAAP establishes a hierarchy that prioritizes inputs to valuations methods. The three levels of inputs are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that the Funds have 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 Funds' 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.

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.

## LHA Market State™ Shares

### NOTES TO FINANCIAL STATEMENTS

December 31, 2022 (Continued)

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

#### LHA Market State™ Alpha Seeker ETF

Assets <sup>^</sup>	Level 1	Level 2	Level 3	Total
Exchange-Traded Funds	\$ 1,957,542	\$ —	\$ —	\$ 1,957,542
Purchased Options	—	46,200	—	46,200
Short-Term Investments	30,008,974	12,337,214	—	42,346,188
Total Investments in Securities	<u>\$ 31,966,516</u>	<u>\$ 12,383,414</u>	<u>\$ —</u>	<u>\$ 44,349,930</u>

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

#### Other Financial Instruments <sup>(a)</sup>

Instruments <sup>(a)</sup>	Level 1	Level 2	Level 3	Total
Futures Contracts	<u>\$ 65,101</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 65,101</u>

<sup>(a)</sup> Other financial instruments are derivative instruments not reflected in the Schedule of Investments, such as futures contracts which are reflected at the unrealized appreciation (depreciation) on the instrument.

#### LHA Market State™ Tactical Beta ETF

Assets <sup>^</sup>	Level 1	Level 2	Level 3	Total
Exchange-Traded Funds	\$ 114,601,651	\$ —	\$ —	\$ 114,601,651
Short-Term Investments	13,080,730	45,093,525	—	58,174,255
Total Investments in Securities	<u>\$ 127,682,381</u>	<u>\$ 45,093,525</u>	<u>\$ —</u>	<u>\$ 172,775,906</u>

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

#### Other Financial Instruments <sup>(a)</sup>

Instruments <sup>(a)</sup>	Level 1	Level 2	Level 3	Total
Futures Contracts	<u>\$ (3,184,640)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (3,184,640)</u>

<sup>(a)</sup> Other financial instruments are derivative instruments not reflected in the Schedule of Investments, such as futures contracts which are reflected at the unrealized appreciation (depreciation) on the instrument.

## LHA Market State™ Shares

### NOTES TO FINANCIAL STATEMENTS

December 31, 2022 (Continued)

#### LHA Market State™ Tactical Q ETF

Assets <sup>^</sup>	Level 1	Level 2	Level 3	Total
Exchange-Traded Funds	\$ 1,321,016	\$ —	\$ —	\$ 1,321,016
Short-Term Investments	933,642	1,399,185	—	2,332,827
Total Investments in Securities	<u>\$ 2,254,658</u>	<u>\$ 1,399,185</u>	<u>\$ —</u>	<u>\$ 3,653,843</u>

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

#### Other Financial

Instruments <sup>(a)</sup>	Level 1	Level 2	Level 3	Total
Futures Contracts	<u>\$ (210,551)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (210,551)</u>

<sup>(a)</sup> Other financial instruments are derivative instruments not reflected in the Schedule of Investments, such as futures contracts which are reflected at the unrealized appreciation (depreciation) on the instrument.

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

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

The Funds recognize the tax benefits of uncertain tax positions only when the position is more likely than not to be sustained. Management has analyzed the Funds' 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 Funds recognize interest and penalties, if any, related to unrecognized tax benefits on uncertain positions as income tax expenses in the Statements of Operations. During the current fiscal period, the Funds did not incur any interest or penalties.

## LHA Market State™ Shares

### NOTES TO FINANCIAL STATEMENTS

December 31, 2022 (Continued)

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- C. *Security Transactions and Investment Income.* Investment securities transactions are accounted for on the trade date. Gains and losses realized from sales of securities are determined on a specific identification basis. Dividend income is recorded on the ex-dividend date. Non-cash dividends included in dividend income or separately disclosed, if any, are recorded at fair value of the security received. Interest income is recorded on an accrual basis. Discounts and premiums on securities purchased are accreted and amortized using the effective yield method.
- D. *Distributions to Shareholders.* Distributions to shareholders from net investment income and net realized gains on securities are declared and paid at least on an annual basis. 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 each Fund is calculated by dividing the sum of the value of the securities held by the Funds, plus cash and other assets, minus all liabilities (including estimated accrued expenses) by the total number of shares outstanding of each Fund, rounded to the nearest cent. The Funds' 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 each Fund is equal to each Fund's NAV per share.
- G. *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.

These differences are primarily due to differing book and tax treatments for in-kind transactions and net operating losses. For the fiscal year ended December 31, 2022, the following table shows the reclassifications made:

	<b>Distributable Earnings (Accumulated Deficit)</b>	<b>Paid-In Capital</b>
LHA Market State™ Alpha Seeker ETF	\$ 48,252	\$ (48,252)
LHA Market State™ Tactical Beta ETF	\$ (5,892,768)	\$ 5,892,768
LHA Market State™ Tactical Q ETF	\$ (4,362)	\$ 4,362

## LHA Market State™ Shares

### NOTES TO FINANCIAL STATEMENTS

December 31, 2022 (Continued)

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During the fiscal period ended December 31, 2022, the Funds realized the following net capital gains (losses) from in-kind redemptions, in which shareholders exchanged Fund shares for securities held by the Funds rather than for cash. Because such gains (losses) are not taxable to the Funds, and gains are not distributed to shareholders, they have been reclassified from distributable earnings (accumulated deficit) to paid-in capital.

LHA Market State™ Alpha Seeker ETF	\$	(2,285)
LHA Market State™ Tactical Beta ETF	\$	5,436,863
LHA Market State™ Tactical Q ETF	\$	11,099

- H. *Guarantees and Indemnifications.* In the normal course of business, the Funds enter into contracts with service providers that contain general indemnification clauses. The Funds' maximum exposure under these arrangements is unknown as this would involve future claims that may be against the Funds that have not yet occurred. However, based on experience, the Funds expect the risk of loss to be remote.
- 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 Funds' financial statements.

### NOTE 3 – ADDITIONAL DISCLOSURES ABOUT DERIVATIVE INSTRUMENTS

*Futures Contracts.* Each Fund may invest in futures contracts to hedge or manage risks associated with the Fund's investments in securities or to gain exposure to certain asset classes or markets. Each Fund may purchase or sell futures contracts only if the Fund's liabilities for the futures position are "covered" by an offsetting position in a futures contract or by the Fund segregating liquid assets equal to the Fund's liabilities on the futures contract. Upon entering into a financial futures contract, a Fund is required to pledge to the broker an amount of cash, U.S. government securities or other assets, equal to a certain percentage of the contract amount (initial margin deposit). Subsequent payments, known as "variation margin," are made or received by the Funds on an as needed basis. The Funds record an unrealized gain or loss by marking each futures contract to market. A realized gain or loss is recorded when the contract is closed. Should market conditions move unexpectedly, the Funds may not achieve the anticipated benefits of the financial futures contracts and may realize a loss. The use of futures transactions involves the risk of imperfect correlation in movements in the price of futures contracts, interest rates and the underlying assets. Futures contracts

## NOTES TO FINANCIAL STATEMENTS

December 31, 2022 (Continued)

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may have off-balance sheet risk. Off-balance sheet risk exists when the maximum potential loss on a particular financial instrument is greater than the value of such financial instrument, as reflected in the Schedules of Open Futures Contracts.

Positions in futures contracts may be closed out only on an exchange that provides a secondary market for such futures. However, there can be no assurance that a liquid secondary market will exist for any particular futures contract at any specific time. Thus, it may not be possible to close a futures position. In the event of adverse price movements, the Funds may be required to make cash payments to maintain the required margin. In such situations, if a Fund had insufficient cash, it might have to sell portfolio securities to meet margin requirements at a time when it would be disadvantageous to do so. In addition, the Fund might be required to make delivery of the underlying instruments of futures contracts it holds. The inability to close positions in futures could also have an adverse impact on the Funds' ability to hedge or manage risks effectively. Cash collateral held by the Funds is presented on the Statements of Assets and Liabilities under segregated cash at broker for futures and options, if any.

*Options Contracts.* The Funds may also purchase put or call options (or options spreads) on the VIX Index, the S&P 500, or in ETNs or ETFs that seek exposure to short-term VIX Index futures contracts.

Purchasing a call option gives the buyer the right to purchase shares of the reference asset at a specified price ("strike price") until a specified date ("expiration date") (American-style options) or at the expiration date (European-style options). The buyer of the call option pays an amount (premium) for buying the option. In the event the reference asset appreciates above the strike price, the buyer can exercise the option and receive the reference asset (for American-style options) or receive the difference between the value of the reference asset and the strike price (for European-style options) (which gain is offset by the premium initially paid), and in the event the reference asset declines in value, the call option may end up worthless and the Funds' loss is limited to the amount of premium it paid. The Funds' investments in call options and put options on the S&P 500 or the VIX Index are generally expected to be European-style options.

Purchasing a put option gives the buyer the right to sell shares of a reference asset at a strike price until the expiration date (American-style options) or at the expiration date (European-style options). The buyer of the put option pays an amount (premium) for buying the option. In the event the reference asset declines in value below the strike price and a Fund exercises its put option, the Fund will be entitled to deliver the reference asset (for American-style options) or receive the difference between the strike price and the value of the reference asset (for European-style options)



## NOTES TO FINANCIAL STATEMENTS

December 31, 2022 (Continued)

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(which gain is offset by the premium originally paid by the Fund), and in the event the reference asset closes above the strike price as of the expiration date, the put option may end up worthless and the Fund's loss is limited to the amount of premium it paid.

A call spread entails the purchase of a call option and the sale of a call option on the same reference asset with the same expiration date but a higher strike price. A put spread entails the purchase of a put option and the sale of a put option on the same reference asset with the same expiration date but a lower strike price. The premium received from the sale of the call or put options is generally expected to offset the cost to the Fund of the purchased options in exchange for limiting the maximum return from such options.

The Funds may also write options. A written (sold) call option gives the seller the obligation to sell shares of the underlying asset at a specified price ("strike price") at a specified date ("expiration date"). The writer (seller) of the call option receives an amount (premium) for writing (selling) the option. In the event the underlying asset appreciates above the strike price as of the expiration date, the writer (seller) of the call option will have to pay the difference between the value of the underlying asset and the strike price (which loss is offset by the premium initially received), and in the event the underlying asset declines in value, the call option may end up worthless and the writer (seller) of the call option retains the premium.

A written (sold) put option gives the seller the obligation to buy shares of the underlying asset at a specified price ("strike price") at a specified date ("expiration date"). The writer (seller) of the put option receives an amount (premium) for writing (selling) the option. In the event the underlying asset depreciates below the strike price as of the expiration date, the writer (seller) of the put option pays the difference between the value of the underlying asset and the strike price (which loss is offset by the premium initially received), and in the event the underlying asset appreciates in value, the put option may end up worthless and the writer (seller) of the call option retains the premium.

When the Funds write an option, an amount equal to the premium received by the Funds is recorded as a liability and is subsequently adjusted to the current fair value of the options written. Premiums received from writing options that expire unexercised are treated by the Funds on the expiration date as realized gains from options written. The difference between the premium and the amount paid on effecting a closing purchase transaction, including brokerage commissions, is also treated as a realized gain, or, if the premium is less than the amount paid for the closing purchase transaction, as a realized loss. If a call option is exercised, the premium is added to the proceeds from the sale of the underlying security in determining whether the Funds have realized a gain or loss. The Funds, as a writer of an option, bear the market risk of an unfavorable change in the price of the security underlying the written option.

## LHA Market State™ Shares

### NOTES TO FINANCIAL STATEMENTS

December 31, 2022 (Continued)

For financial statement purposes, cash held at or due to the broker for futures and options is included in the Statements of Assets and Liabilities as deposits at broker for futures and options or payable to broker for futures and options. Broker interest paid by the Funds, if any, is included as broker interest expense in the Statements of Operations. As collateral for written options, the Funds maintain segregated assets consisting of cash, cash equivalents, or liquid securities (e.g. Permissible Assets). Segregated cash, if any, is included as segregated cash at broker for futures and options in the Statements of Assets and Liabilities. The Advisor may earmark or instruct the Funds' custodian to segregate Permissible Assets in an amount at least equal to the market value, calculated on a daily basis, of the written options. Alternatively, a written call option contract can be "covered" through (a) ownership of the underlying instruments or (b) ownership of an option on such instruments at an exercise price equal to or lower than the exercise price of the short option, and a written put option contract can be "covered" (a) through ownership of a put option with an exercise price at least equal to the Funds' delivery or purchase obligation or (b) through selling short the underlying instrument at a price at least equal to the Funds' purchase obligation.

The effect of derivative instruments on the Statements of Assets and Liabilities as of the end of the current fiscal period was as follows:

Fund	Derivatives Not Accounted For as Hedging Instruments	Asset Derivatives	
		Statement of Assets and Liabilities Location	Value
LHA Market State™ Alpha Seeker ETF	Equity Contracts - Purchased Options	Investments in securities, at value	\$ 46,200
LHA Market State™ Alpha Seeker ETF	Equity Contracts - Futures	Unrealized appreciation on open futures contracts	65,101

Fund	Derivatives Not Accounted For as Hedging Instruments	Liability Derivatives	
		Statement of Assets and Liabilities Location	Value
LHA Market State™ Tactical Beta ETF	Equity Contracts - Futures	Unrealized depreciation on open futures contracts	\$ 3,184,640
LHA Market State™ Tactical Q ETF	Equity Contracts - Futures	Unrealized depreciation on open futures contracts	210,551

## LHA Market State™ Shares

### NOTES TO FINANCIAL STATEMENTS

December 31, 2022 (Continued)

The effect of derivative instruments on the Statements of Operations for the current fiscal period was as follows:

Fund	Derivatives Not Accounted For as Hedging Instruments	Net Realized Gain (Loss)	Change in Unrealized Appreciation (Depreciation)
LHA Market State™ Alpha Seeker ETF	Equity Contracts - Futures	\$ 71,609	\$ 28,797
LHA Market State™ Alpha Seeker ETF	Equity Contracts - Purchased Options	(634,347)*	10,375**
LHA Market State™ Alpha Seeker ETF	Equity Contracts - Written Options	340,856	—
LHA Market State™ Tactical Beta ETF	Equity Contracts - Futures	(29,569,643)	(5,213,601)
LHA Market State™ Tactical Beta ETF	Equity Contracts - Purchased Options	2,375*	—
LHA Market State™ Tactical Beta ETF	Equity Contracts - Written Options	603,554	—
LHA Market State™ Tactical Q ETF	Equity Contracts - Futures	(572,141)	(210,551)
LHA Market State™ Tactical Q ETF	Equity Contracts - Written Options	284	—

\* Included in net realized gain (loss) on investments as reported on the Statement of Operations.

\*\* Included in net change in unrealized appreciation (depreciation) on investments as reported in the Statements of Operations.

The average monthly values of outstanding purchased and written options during the current fiscal period were as follows:

	Purchased Options	Written Options
LHA Market State™ Alpha Seeker ETF	\$ 6,390	\$ (2,251)
LHA Market State™ Tactical Beta ETF	—	(192)
LHA Market State™ Tactical Q ETF	—	(5)

## LHA Market State™ Shares

### NOTES TO FINANCIAL STATEMENTS

December 31, 2022 (Continued)

The average monthly notional amount of short and long futures during the current fiscal period were as follows:

	Long Futures	Short Futures
LHA Market State™ Alpha Seeker ETF	\$ 4,987,123	\$ (1,983,174)
LHA Market State™ Tactical Beta ETF	104,876,847	—
LHA Market State™ Tactical Q ETF	2,872,810	—

#### Offsetting of Financial Assets and Derivatives Assets:

During the ordinary course of business, the Funds may enter into transactions subject to enforceable netting agreements or other similar arrangements (“netting agreements”). Generally, the right to offset in netting agreements allows the Funds to offset any exposure to a specific counterparty with any collateral received or delivered to that counterparty based on the terms of the agreement. Generally, the Funds manage their cash collateral and securities collateral on a counterparty basis.

The following table provides a summary of offsetting financial assets and derivatives and the effect of derivative instruments on the Statements of Assets and Liabilities as of the end of the current fiscal period.

#### LHA Market State™ Alpha Seeker ETF

Description / Counterparty	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Statement of Assets and Liabilities	Net Amounts Presented in the Statement of Assets and Liabilities	Gross Amounts not offset in the Statement of Assets and Liabilities		Net Amount
				Financial Instruments	Collateral Pledged	
<b>Assets</b>						
Goldman Sachs						
Futures						
Contracts	\$ 65,101	\$ —	\$ 65,101	\$ —	\$ —	\$ 65,101
	<u>\$ 65,101</u>	<u>\$ —</u>	<u>\$ 65,101</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 65,101</u>

## LHA Market State™ Shares

### NOTES TO FINANCIAL STATEMENTS

December 31, 2022 (Continued)

#### LHA Market State™ Tactical Beta ETF

Description / Counterparty	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Statement of Assets and Liabilities	Net Amounts Presented in the Statement of Assets and Liabilities	Gross Amounts not offset in the Statement of Assets and Liabilities	Financial Instruments	Collateral Pledged	Net Amount
<b>Liabilities</b>							
Goldman Sachs							
Futures							
Contracts	\$(3,184,640)	\$ —	\$(3,184,640)	\$ 3,184,640	\$ —	\$ —	\$ —
	<u>\$(3,184,640)</u>	<u>\$ —</u>	<u>\$(3,184,640)</u>	<u>\$ 3,184,640</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

#### LHA Market State™ Tactical Q ETF

Description / Counterparty	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Statement of Assets and Liabilities	Net Amounts Presented in the Statement of Assets and Liabilities	Gross Amounts not offset in the Statement of Assets and Liabilities	Financial Instruments	Collateral Pledged	Net Amount
<b>Liabilities</b>							
Goldman Sachs							
Futures							
Contracts	\$ (210,551)	\$ —	\$ (210,551)	\$ 210,551	\$ —	\$ —	\$ —
	<u>\$ (210,551)</u>	<u>\$ —</u>	<u>\$ (210,551)</u>	<u>\$ 210,551</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

In some instances, the collateral amounts disclosed in the tables were adjusted due to the requirement to limit the collateral amounts to avoid the effect of overcollateralization. Actual collateral received/pledged may be more than the amounts disclosed herein.

#### NOTE 5 – COMMITMENTS AND OTHER RELATED PARTY TRANSACTIONS

Little Harbor Advisors, LLC (“the Adviser”), serves as the investment adviser to the Funds. Pursuant to an Investment Advisory Agreement (“Advisory Agreement”) between the Trust, on behalf of the Funds, and the Adviser, the Adviser provides

## LHA Market State™ Shares

### NOTES TO FINANCIAL STATEMENTS

December 31, 2022 (Continued)

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investment advice to the Funds and oversees the day-to-day operations of the Funds, subject to the direction and control of the Board and the officers of the Trust. Under the Advisory Agreement, the Adviser is also responsible for arranging transfer agency, custody, fund administration, and all other related services necessary for the Funds to operate. Under the Advisory Agreement, the Adviser has agreed to pay all expenses incurred by the Fund, except for: the fee paid to the Adviser pursuant to the Advisory Agreement, interest charges on any borrowings, dividends and other expenses on securities sold short, 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 Funds, the Funds each pay the Adviser a unified management fee, which is calculated daily and paid monthly, at an annual rate of 1.10% of each Fund's average daily net assets.

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

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

#### NOTE 6 – PURCHASES AND SALES OF SECURITIES

During the current fiscal period, purchases and sales of securities by the Funds, excluding short-term securities and in-kind transactions, were as follows:

	<u>Purchases</u>	<u>Sales</u>
LHA Market State™ Alpha Seeker ETF	\$ 118,498,792	\$ 117,048,870
LHA Market State™ Tactical Beta ETF	—	—
LHA Market State™ Tactical Q ETF	3,412,624	4,537,696

## LHA Market State™ Shares

### NOTES TO FINANCIAL STATEMENTS

December 31, 2022 (Continued)

During the current fiscal period, there were no purchases or sales of long-term U.S. Government securities by the Funds. The Funds held U.S. Treasury Bills during the current fiscal period which are considered short-term securities.

During the current fiscal period, in-kind transactions associated with creations and redemptions were as follows:

	In-Kind Purchases	In-Kind Sales
LHA Market State™ Alpha Seeker ETF	\$ 1,274,273	\$ 122,432
LHA Market State™ Tactical Beta ETF	35,103,218	82,364,742
LHA Market State™ Tactical Q ETF	4,674,765	292,168

### NOTE 7 – INCOME TAX INFORMATION

The components of distributable earnings/(accumulated deficit) and cost basis of investments for federal income tax purposes as of December 31, 2022 in the Funds, were as follows:

	LHA Market State™ Alpha Seeker ETF	LHA Market State™ Tactical Beta ETF	LHA Market State™ Tactical Q ETF
Tax cost of investments	\$ 44,608,587	\$ 193,525,523	\$ 3,961,893
Gross tax unrealized appreciation	\$ —	\$ —	\$ —
Gross tax unrealized depreciation	(258,657)	(20,749,617)	(308,050)
Net tax unrealized appreciation (depreciation)	(258,657)	(20,749,617)	(308,050)
Undistributed ordinary income	116,791	200,169	—
Undistributed long-term gain	—	—	—
Other accumulated gain (loss)	(1,059,398)	(34,771,180)	(1,034,786)
Distributable earnings (accumulated deficit)	<u>\$ (1,201,264)</u>	<u>\$ (55,320,628)</u>	<u>\$ (1,342,836)</u>

The difference between book and tax-basis cost is attributable to wash sales and Section 1256 mark-to-market on purchased options.

At December 31, 2022, the Funds deferred, on a tax basis, no post-October capital losses or late-year ordinary losses.

## LHA Market State™ Shares

### NOTES TO FINANCIAL STATEMENTS

December 31, 2022 (Continued)

As of December 31, 2022, the Funds had the following capital loss carryforwards with no expiration:

	Short-Term	Long-Term
LHA Market State™ Alpha Seeker ETF	\$ 953,908	\$ 105,490
LHA Market State™ Tactical Beta ETF	13,816,406	20,954,774
LHA Market State™ Tactical Q ETF	565,170	469,616

The tax character of distributions paid by the Funds during the fiscal year ended December 31, 2022 and December 31, 2021, were as follows:

	Year Ended December 31, 2022		Year Ended December 31, 2021	
	Ordinary Income	Long-Term Capital Gain	Ordinary Income	Long-Term Capital Gain
LHA Market State™ Alpha Seeker ETF	\$ 48,910	\$ —	\$ 103,144	\$ —
LHA Market State™ Tactical Beta ETF	2,503,820	—	—	7,040,398
LHA Market State™ Tactical Q ETF	—	—	N/A	N/A

#### NOTE 8 – SHARE TRANSACTIONS

Shares of the Funds are listed and traded on the Cboe BZX Exchange, Inc. (“Cboe”). Market prices for the shares may be different from their NAV. The Funds issue and redeem shares on a continuous basis at NAV generally in blocks of 25,000 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 Funds. Shares of the Funds 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 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.



## NOTES TO FINANCIAL STATEMENTS

December 31, 2022 (Continued)

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The Funds currently offer 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 creation or redemption of Creation Units. The standard fixed creation and redemption transaction fee for the Funds are \$300 payable to the Custodian. The fixed transaction fee may be waived on certain orders if the Funds' 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 Funds, if any, are displayed in the Capital Shares Transactions section of the Statements of Changes in Net Assets. The Funds may issue an unlimited number of shares of beneficial interest, with no par value. All shares of the Funds have equal rights and privileges.

### NOTE 9 – PRINCIPAL RISKS

*Investment Company Risk.* The risks of investing in investment companies, such as the Underlying ETFs, typically reflect the risks of the types of instruments in which the investment companies invest. By investing in another investment company, the Funds become a shareholder of that investment company and bear their proportionate share of the fees and expenses of the other investment company. The Funds may be subject to statutory limits with respect to the amount they can invest in other ETFs, which may adversely affect the Funds' ability to achieve their 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.

*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 Funds invest depends on future developments, including the duration and spread of the outbreak, and such uncertainty may in turn impact the value of the Funds' investments.

# LHA Market State™ Shares

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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To the Shareholders of LHA Market State Shares and  
Board of Trustees of ETF Series Solutions

### Opinion on the Financial Statements

We have audited the accompanying statements of assets and liabilities, including the schedules of investments and open futures contracts, of LHA Market State Shares comprising the Funds listed below (the “Funds”), each a series of ETF Series Solutions, as of December 31, 2022, the related statements of operations, the statements of changes in net assets, the related notes, and the financial highlights for each of the periods indicated below (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of each of the Funds as of December 31, 2022, the results of their operations, the changes in net assets, and the financial highlights for each of the periods indicated below in conformity with accounting principles generally accepted in the United States of America.

Fund Name	Statements of Operations	Statements of Changes in Net Assets	Financial Highlights
LHA Market State Alpha Seeker ETF	For the year ended December 31, 2022	For the years ended December 31, 2022 and 2021	For the years ended December 31, 2022 and 2021 and for the period from May 13, 2020 (commencement of operations) to December 31, 2020
LHA Market State Tactical Beta ETF	For the year ended December 31, 2022	For the years ended December 31, 2022 and 2021	For the years ended December 31, 2022 and 2021 and for the period from September 29, 2020 (commencement of operations) to December 31, 2020
LHA Market State Tactical Q ETF	For the period from March 14, 2022 (commencement of operations) to December 31, 2022		

### Basis for Opinion

These financial statements are the responsibility of the Funds’ management. Our responsibility is to express an opinion on the Funds’ financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting

## LHA Market State™ Shares

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

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Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Funds 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 December 31, 2022, by correspondence with the custodian and brokers; when replies were not received from brokers, we performed other auditing procedures. 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.

We have served as the auditor of one or more of Little Harbor Advisors LLC’s investment companies since 2018.

*Cohen & Company, Ltd.*

COHEN & COMPANY, LTD.  
Milwaukee, Wisconsin  
February 24, 2023

# LHA Market State™ Shares

## 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.

<b>Name and Year of Birth</b>	<b>Position Held with the Trust</b>	<b>Term of Office and Length of Time Served</b>	<b>Principal Occupation(s) During Past 5 Years</b>	<b>Number of Portfolios in Fund Complex Overseen by Trustee</b>	<b>Other Directorships Held by Trustee During Past 5 Years</b>
<b>Independent Trustees</b>					
Leonard M. Rush, CPA Born: 1946	Lead Independent Trustee and Audit Committee Chairman	Indefinite term; since 2012	Retired; formerly Chief Financial Officer, Robert W. Baird & Co. Incorporated (wealth management firm) (2000–2011).	57	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	Partner and Managing Director, Beacon Pointe Advisors, LLC (since 2022); Co-Founder, President, and Chief Investment Strategist, Next Generation Wealth Management, Inc. (2005–2021).	57	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).	57	Independent Trustee, PPM Funds (2 portfolios) (since 2018).
<b>Interested Trustee</b>					
Michael A. Castino Born: 1967	Trustee and Chairman	Indefinite term; 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).	57	None

## LHA Market State™ Shares

### 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
<b>Principal Officers of the Trust</b>			
Kristina R. Nelson Born: 1982	President	Indefinite term; since 2019	Senior Vice President, U.S. Bancorp Fund Services, LLC (since 2020); Vice President, U.S. Bancorp Fund Services, LLC (2014–2020).
Alyssa M. Bernard Born: 1988	Vice President	Indefinite term; since 2021	Vice President, U.S. Bancorp Fund Services, LLC (since 2021); Assistant Vice President, U.S. Bancorp Fund Services, LLC (2018–2021); Attorney, Waddell & Reed Financial, Inc. (2017–2018).
Cynthia L. Andrae Born: 1971	Chief Compliance Officer and Anti-Money Laundering Officer	Indefinite term; since 2022 (other roles since 2021)	Vice President, U.S. Bancorp Fund Services, LLC (since 2019); Compliance Officer, U.S. Bancorp Fund Services, LLC (2015-2019).
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).
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).
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).
Vladimir V. Gurevich Born: 1983	Assistant Treasurer	Indefinite term; since 2022	Officer, U.S. Bancorp Fund Services, LLC (since 2021); Fund Administrator, UMB Fund Services, Inc. (2015 -2021).

## LHA Market State™ Shares

### TRUSTEES AND OFFICERS

(Unaudited) (Continued)

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

# LHA Market State™ Shares

## EXPENSE EXAMPLE

For the Six-Months Ended December 31, 2022

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

### 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 Funds’ actual expense ratios and an assumed rate of return of 5% per year before expenses, which is not the Funds’ actual returns. 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 each 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 Funds 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.

## LHA Market State™ Shares

### EXPENSE EXAMPLE

For the Period Ended December 31, 2022 (Continued)

#### LHA Market State™ Alpha Seeker ETF

	Beginning Account Value July 1, 2022	Ending Account Value December 31, 2022	Expenses Paid During the Period <sup>(1)</sup>
Actual	\$1,000.00	\$ 978.30	\$5.67
Hypothetical (5% annual return before expenses)	\$1,000.00	\$ 1,019.47	\$5.79

#### LHA Market State™ Tactical Beta ETF

	Beginning Account Value July 1, 2022	Ending Account Value December 31, 2022	Expenses Paid During the Period <sup>(2)</sup>
Actual	\$1,000.00	\$ 1,004.20	\$5.91
Hypothetical (5% annual return before expenses)	\$1,000.00	\$ 1,019.30	\$5.96

#### LHA Market State™ Tactical Q ETF

	Beginning Account Value July 1, 2022	Ending Account Value December 31, 2022	Expenses Paid During the Period <sup>(3)</sup>
Actual	\$1,000.00	\$ 938.90	\$7.19
Hypothetical (5% annual return before expenses)	\$1,000.00	\$ 1,017.79	\$7.48

<sup>(1)</sup> The dollar amounts shown as expenses paid during the period are equal to the annualized expense ratio, 1.14%, multiplied by the average account value during the six-month period, multiplied by 184/365, to reflect the one-half year period.

<sup>(2)</sup> The dollar amounts shown as expenses paid during the period are equal to the annualized expense ratio, 1.17%, multiplied by the average account value during the six-month period, multiplied by 184/365, to reflect the one-half year period.

<sup>(3)</sup> The dollar amounts shown as expenses paid during the period are equal to the annualized expense ratio, 1.47%, multiplied by the average account value during the six-month period, multiplied by 184/365, to reflect the one-half year period.



**REVIEW OF LIQUIDITY RISK MANAGEMENT PROGRAM**  
(Unaudited)

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

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

At a recent meeting of the Board of Trustees of the Trust, the Trustees received a report pertaining to the operation, adequacy, and effectiveness of implementation of the Program for the period ended December 31, 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.

## LHA Market State™ Shares

### FEDERAL TAX INFORMATION

(Unaudited)

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#### QUALIFIED DIVIDEND INCOME/DIVIDENDS RECEIVED DEDUCTION

For the fiscal period ended December 31, 2022, certain dividends paid by the Funds may be subject to a 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 as follows:

LHA Market State™ Alpha Seeker ETF	0.00%
LHA Market State™ Tactical Beta ETF	53.98%
LHA Market State™ Tactical Q ETF	0.00%

For corporate shareholders, the percent of ordinary income distributions qualifying for the corporate dividend received deduction for the period ended December 31, 2022 was as follows:

LHA Market State™ Alpha Seeker ETF	0.00%
LHA Market State™ Tactical Beta ETF	55.23%
LHA Market State™ Tactical Q ETF	0.00%

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 each Fund was as follows:

LHA Market State™ Alpha Seeker ETF	0.00%
LHA Market State™ Tactical Beta ETF	100.00%
LHA Market State™ Tactical Q ETF	0.00%

## LHA Market State™ Shares

### INFORMATION ABOUT PORTFOLIO HOLDINGS

(Unaudited)

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

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

When available, information regarding how the Funds voted proxies relating to portfolio securities during the twelve-months ending June 30 will be (1) available by calling toll-free at (800) 617-0004 and (2) the SEC's website at [www.sec.gov](http://www.sec.gov).

### FREQUENCY DISTRIBUTION OF PREMIUMS AND DISCOUNTS

(Unaudited)

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Information regarding how often shares of the Funds trade on the exchange at a price above (i.e., at a premium) or below (i.e., at a discount) the daily net asset value (NAV) is available, without charge, on the Funds' website at [www.lhafunds.com](http://www.lhafunds.com).

***Adviser***

Little Harbor Advisors, LLC  
30 Doaks Lane  
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***Distributor***

Quasar Distributors, LLC  
111 East Kilbourn Avenue, Suite 2200  
Milwaukee, Wisconsin 53202

***Custodian***

U.S. Bank National Association  
1555 North Rivercenter Drive, Suite 302  
Milwaukee, Wisconsin 53212

***Transfer Agent***

U.S. Bancorp Fund Services, LLC  
615 East Michigan Street  
Milwaukee, Wisconsin 53202

***Independent Registered Public Accounting Firm***

Cohen & Company, Ltd.  
342 North Water Street, Suite 830  
Milwaukee, Wisconsin 53202

***Legal Counsel***

Morgan, Lewis & Bockius LLP  
1111 Pennsylvania Avenue, NW  
Washington, DC 20004-2541

**LHA Market State™ Alpha Seeker ETF**

Symbol – MSVX  
CUSIP – 26922A156

**LHA Market State™ Tactical Beta ETF**

Symbol – MSTB  
CUSIP – 26922B105

**LHA Market State™ Tactical Q ETF**

Symbol – MSTQ  
CUSIP – 26922B733