



SonicShares™ Global Shipping ETF
Ticker: BOAT

Annual Report
March 31, 2023

SonicShares™ Global Shipping ETF

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SHAREHOLDER LETTER

Market Commentary

U.S. labor markets continue to be secularly tight, while advancements in the Federal Reserve (the “Fed”) funds rate are doing everything but fighting supply-driven inflationary pressures. The Fed funds rate hit 5-5.25%, and the treasury yield curve is as inverted as it’s been in decades. The Fed is attempting to be proactive instead of reactive when it comes to short-term rates, and only time will tell if they are successful. The Fed is applying measures used to slow down a growth market fueled by a booming credit market, except credit markets are as rocky as they’ve ever been. From the perspective of U.S. equity markets, the technology sector led the way in earnings during the quarter ended March 31, 2023, with strong profits driven by mass layoffs.

The information presented in this report relates to the Fund’s performance for the fiscal year ended March 31, 2023 (the “fiscal period”).

The SonicShares™ Global Shipping ETF

The SonicShares™ Global Shipping ETF (“BOAT”) seeks to track the performance, before fees and expenses, of the Solactive Global Shipping Index (the “BOAT Index”).

Index Description:

BOAT is passively managed to provide pure-play exposure to the water transportation industry. The index looks for globally-listed companies that derive significant revenue from cargo shipping, dry-bulk shipping, and oil and natural gas transport. Eligible companies must meet minimum investability and liquidity requirements including a minimum market capitalization of \$250 million. The resulting portfolio is ranked by market-cap, with the top eight stocks allocated 5% portfolio weight each. The remaining securities are weighted by market-cap, subject to a 4% single security cap and a liquidity cap. The index is rebalanced semi-annually.

The BOAT Index consists of global shipping companies engaged in the maritime transportation of goods and raw materials, including consumer and industrial products, vehicles, dry bulk, crude oil and liquefied natural gas. Maritime shipping is considered the lifeline of the U.S. and global economies, as around 90% of the world’s trade is carried by sea. With the economy’s continued reliance on world trade, just-in-time manufacturing and inventory management, our dependence on maritime shipping should continue, which in turn should benefit shipping company stocks.

Fund Description:

BOAT, seeks to track the performance of the BOAT Index, a modified market-cap weighted index of globally-listed companies engaged in maritime shipping.

Performance Overview:

During the fiscal period, BOAT generated a total return of -1.05% (NAV) and -0.52% (Market). This compares to the -1.29% total return of the BOAT Index, and the -7.73% total return of the benchmark, the S&P 500[®] Total Return Index, for the same period.

From a sector perspective, based on performance attribution to the overall portfolio, Energy was the leading contributor, while Industrials was the leading detractor.

Reviewing individual stocks based on performance attribution to the overall portfolio, leading contributors included, Euronav NV, Frontline PLC, and Scorpio Tankers Inc. Conversely, the leading detractors included Matson Inc., ZIM Integrated Shipping Services, Ltd. and HMM Co. Ltd.

Past performance does not guarantee future results.

Must be preceded or accompanied by a prospectus.

Investors buy and sell ETF shares through a brokerage account or an investment advisor. Like ordinary stocks, brokerage commissions, and/or transaction costs or service fees may apply. Please consult your broker or financial advisor for their fee schedule.

There is no guarantee that the Fund’s investment strategy will be successful. Shares may trade at a premium or discount to their NAV in the secondary market, and a fund’s holdings and returns may deviate from those of its index, if applicable. These variations may be greater when markets are volatile or subject to unusual conditions. A high portfolio turnover rate increases transaction costs, which may increase the Fund’s expenses. The Fund is newer and has a limited operating history. You can lose money on your investment in the Fund.

SonicShares™ Global Shipping ETF

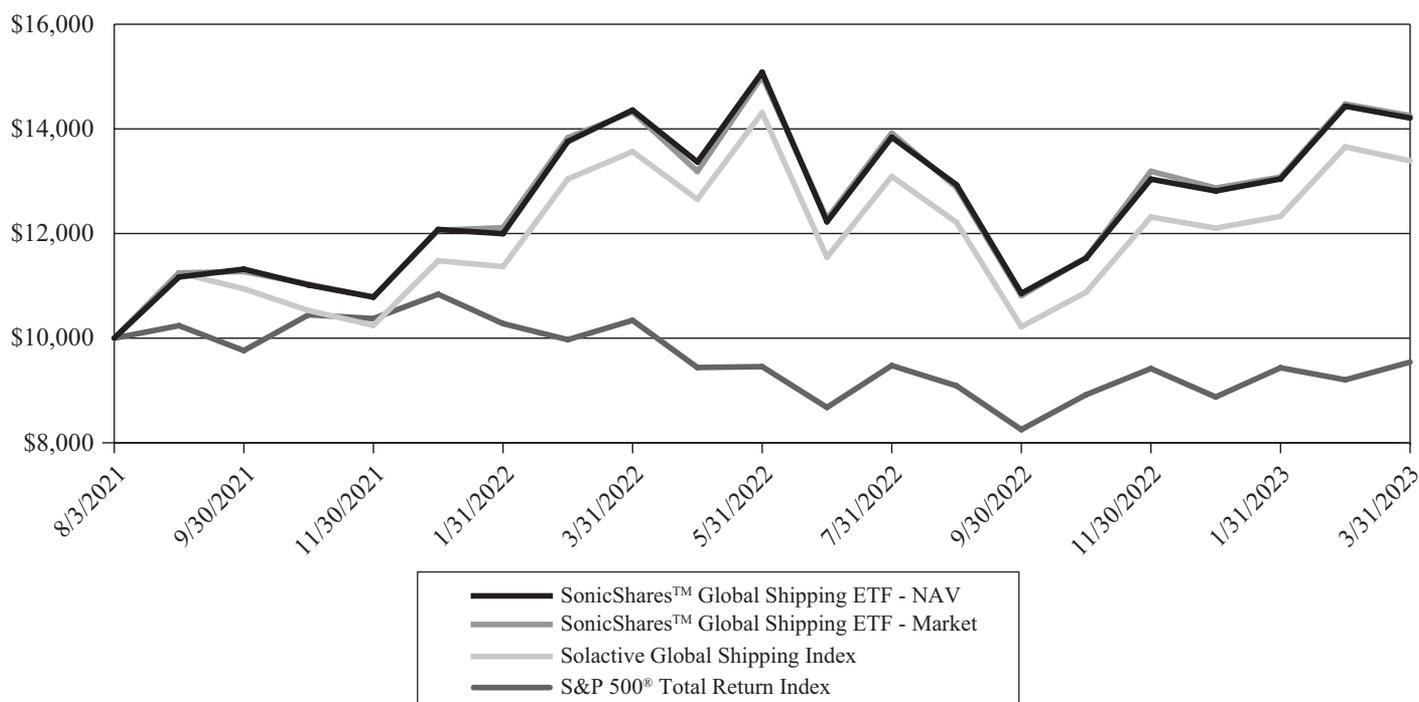
SHAREHOLDER LETTER (Continued)

Diversification does not ensure profit or protect against loss in declining markets. Investments in foreign securities may involve risks such as social and political instability, market illiquidity, exchange-rate fluctuations, a high level of volatility and limited regulation. Investing in emerging markets involves different and greater risks, as these countries are substantially smaller, less liquid and more volatile than securities markets in more developed markets.

The S&P 500® Total Return Index is an index of 500 large-capitalization companies selected by Standard & Poor's Financial Services LLC.

SonicShares™ Global Shipping ETF

PERFORMANCE SUMMARY (Unaudited)



Annualized Returns for the Periods Ended March 31, 2023:

	1 Year	Since Inception (8/3/2021) (Annualized)	Ending Value (3/31/2023)
SonicShares™ Global Shipping ETF - NAV	-1.05%	23.60%	\$ 14,208
SonicShares™ Global Shipping ETF - Market	-0.52%	23.84%	14,252
Solactive Global Shipping Index	-1.29%	19.26%	13,391
S&P 500® Total Return Index	-7.73%	-2.79%	9,542

This chart illustrates the performance of a hypothetical \$10,000 investment made on August 3, 2021 (commencement of operations), 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, dividends, and return of capital, if applicable, for a fund and dividends for an index.

Performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the Fund may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by calling (833) 378-0717. The Fund's expense ratio is 0.69% (as of the Fund's most recently filed Prospectus).

SonicShares™ Global Shipping ETF

PORTFOLIO ALLOCATION at March 31, 2023 (Unaudited)

Sector/Security Type	% of Net Assets
Industrial	96.1%
Cash & Cash Equivalents ⁽¹⁾	3.3
Energy	0.3
Consumer, Non-cyclical	0.3
	<u>100.0%</u>

⁽¹⁾ Represents cash, short-term investments, investments purchased with collateral from securities lending and liabilities in excess of other assets.

SonicShares™ Global Shipping ETF

SCHEDULE OF INVESTMENTS at March 31, 2023

	Shares	Value
Common Stocks – 96.7%		
Commercial Services – 0.3%		
Inui Global Logistics Co. Ltd. ⁽¹⁾	4,823	\$ 64,976
Energy – Alternate Sources – 0.3%		
Eneti, Inc.	7,187	67,199
Transportation – 96.1%⁽²⁾		
AP Moller – Maersk A/S – Class B	491	891,191
Ardmore Shipping Corp.	6,424	95,525
BW LPG Ltd.	26,452	197,889
Cool Co. Ltd.	10,015	121,636
COSCO SHIPPING Energy Transportation Co. Ltd. – H Share ⁽³⁾	242,373	250,093
COSCO SHIPPING Holdings Co. Ltd. – H Share ⁽³⁾	810,134	911,277
Costamare, Inc.	22,725	213,842
D/S Norden A/S	6,914	465,064
d’Amico International Shipping SA	231,899	117,659
Danaos Corp.	3,872	211,489
Dfds A/S	15,668	634,805
DHT Holdings, Inc.	30,419	328,829
Diana Shipping, Inc. ⁽¹⁾	16,107	62,817
Dorian LPG Ltd.	7,543	150,407
Eagle Bulk Shipping, Inc.	2,557	116,343
Euronav NV	43,572	726,650
FLEX LNG Ltd.	9,928	327,043
Frontline PLC ⁽¹⁾	61,999	1,026,703
GasLog Partners L.P.	9,580	80,664
Genco Shipping & Trading Ltd.	7,912	123,902
Global Ship Lease, Inc.	6,785	127,151
Golden Ocean Group Ltd.	36,851	346,656
Grindrod Shipping Holdings Ltd. ⁽¹⁾	3,558	37,430
Hapag-Lloyd AG ⁽¹⁾	4,722	1,549,324
Heung-A Shipping Co. Ltd. ⁽³⁾	45,918	48,639
HMM Co. Ltd.	63,502	992,638
Hoegh Autoliners ASA	35,537	199,858
International Seaways, Inc.	9,178	382,539
Kawasaki Kisen Kaisha Ltd. ⁽¹⁾	55,681	1,265,572
KNOT Offshore Partners L.P.	6,361	34,095
Korea Line Corp. ⁽³⁾	59,618	99,833
Matson, Inc.	7,066	421,628
Mitsui OSK Lines Ltd. ⁽¹⁾	42,984	1,069,029
MPC Container Ships ASA	82,766	131,857
Navigator Holdings Ltd. ⁽³⁾	14,442	202,188
Navios Maritime Partners L.P. ⁽¹⁾	5,640	136,037
Nordic American Tankers Ltd.	39,030	154,559

	Shares	Value
Transportation – 96.1% (Continued)		
NS United Kaiun Kaisha Ltd.	4,485	\$ 138,671
OceanPal, Inc.	1,861	649
Okeanis Eco Tankers Corp.	6,131	150,742
Orient Overseas International Ltd.	57,999	1,109,746
Pacific Basin Shipping Ltd.	983,933	379,788
Pan Ocean Co. Ltd.	99,905	445,864
Safe Bulkers, Inc.	22,555	83,228
Samudera Shipping Line Ltd.	100,885	95,608
Scorpio Tankers, Inc.	16,675	938,969
SFL Corp. Ltd.	25,898	246,031
SITC International Holdings Co. Ltd.	503,861	1,082,185
Star Bulk Carriers Corp. ⁽¹⁾	19,205	405,610
Stolt–Nielsen Ltd.	12,050	383,139
Teekay Corp. ⁽³⁾	19,043	117,686
Teekay Tankers Ltd. – Class A ⁽³⁾	5,458	234,312
Wallenius Wilhelmsen ASA	84,964	614,123
ZIM Integrated Shipping Services Ltd. ⁽¹⁾	22,451	529,395
		<u>21,208,607</u>

Total Common Stocks
(Cost \$23,207,399) 21,340,782

Short-Term Investments – 3.0%

Money Market Funds – 3.0%

First American Government Obligations Fund – Class X, 4.650%⁽⁴⁾ 661,191 661,191

Total Short-Term Investments

(Cost \$661,191) 661,191

Investments Purchased with Collateral from Securities Lending – 22.4%

Mount Vernon Liquid Assets Portfolio, LLC, 5.000%⁽⁴⁾ 4,934,791 4,934,791

Total Investments Purchased with Collateral from Securities Lending

(Cost \$4,934,791) 4,934,791

Total Investments in Securities – 122.1%

(Cost \$28,803,381) 26,936,764

Liabilities in Excess of Other Assets – (22.1%)

(4,875,910)

Total Net Assets – 100.0% \$ 22,060,854

⁽¹⁾ This security or a portion of this security was out on loan as of March 31, 2023. Total loaned securities had a value of \$4,588,759 or 20.8% of net assets as of March 31, 2023. The remaining contractual maturity of all of the securities lending transactions is overnight and continuous.

⁽²⁾ The Fund tracks the Solactive Global Shipping Index (the “Index”). To the extent the Index concentrates in securities of a particular industry or group of related industries, the Fund will concentrate its investments to approximately the same extent as the Index. Please reference the prospectus for additional information.

⁽³⁾ Non-income producing security.

⁽⁴⁾ The rate shown is the annualized seven-day effective yield as of March 31, 2023.

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

SonicShares™ Global Shipping ETF

STATEMENT OF ASSETS AND LIABILITIES at March 31, 2023

Assets:	
Investments in securities, at value (Note 2) ⁽¹⁾	\$ 26,936,764
Cash	4,817
Foreign cash (Cost \$217,534)	216,544
Receivables:	
Dividends and interest	354,234
Securities lending, net (Note 5)	13,286
Total assets	<u>27,525,645</u>
Liabilities:	
Collateral received from securities lending (Note 5)	4,934,791
Payables:	
Investment securities purchased	516,850
Management fees (Note 4)	13,150
Total liabilities	<u>5,464,791</u>
Net Assets	<u><u>\$ 22,060,854</u></u>
Components of Net Assets:	
Paid-in capital	\$ 25,757,183
Total distributable (accumulated) earnings (losses)	(3,696,329)
Net assets	<u><u>\$ 22,060,854</u></u>
Net Asset Value (unlimited shares authorized):	
Net assets	\$ 22,060,854
Shares of beneficial interest issued and outstanding	725,000
Net asset value	<u><u>\$ 30.43</u></u>
Cost of investments	<u><u>\$ 28,803,381</u></u>

⁽¹⁾ Includes loaned securities with a value of \$4,588,759.

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

SonicShares™ Global Shipping ETF

STATEMENT OF OPERATIONS For the Year Ended March 31, 2023

Investment Income:

Dividend income (net of foreign withholding tax of \$320,515)	\$ 3,082,276
Securities lending income, net (Note 5)	57,600
Interest income	3,109
Total investment income	3,142,985

Expenses:

Management fees (Note 4)	165,220
Total expenses	165,220
Net investment income (loss)	2,977,765

Realized and Unrealized Gain (Loss)

Net realized gain (loss) on:	
Investments	(441,808)
Foreign currency transactions	8,578
Change in net unrealized appreciation/depreciation on:	
Investments	(3,516,227)
Foreign currency transactions	(276,359)
Net realized and unrealized gain (loss)	(4,225,816)
Net increase (decrease) in net assets resulting from operations	\$ (1,248,051)

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

SonicShares™ Global Shipping ETF

STATEMENT OF CHANGES IN NET ASSETS

	Year Ended March 31, 2023	Period Ended March 31, 2022 ⁽¹⁾
Increase (Decrease) in Net Assets From:		
Operations:		
Net investment income (loss)	\$ 2,977,765	\$ 983,330
Net realized gain (loss)	(433,230)	1,109,838
Change in net unrealized appreciation/depreciation	(3,792,586)	1,921,698
Net increase (decrease) in net assets resulting from operations	<u>(1,248,051)</u>	<u>4,014,866</u>
Distributions to Shareholders:		
Net distributions to shareholders	<u>(2,601,095)</u>	<u>(836,600)</u>
Capital Share Transactions:		
Net increase (decrease) in net assets derived from net changes in outstanding shares ⁽²⁾	<u>(3,516,339)</u>	<u>26,248,073</u>
Total increase (decrease) in net assets	<u>(7,365,485)</u>	<u>29,426,339</u>
Net Assets:		
Beginning of year/period	<u>29,426,339</u>	<u>—</u>
End of year/period	<u>\$ 22,060,854</u>	<u>\$ 29,426,339</u>

⁽¹⁾ The Fund commenced operations on August 3, 2021. The information presented is from August 3, 2021 to March 31, 2022.

⁽²⁾ Summary of share transactions is as follows:

	Year Ended March 31, 2023		Period Ended March 31, 2022 ⁽¹⁾	
	Shares	Value	Shares	Value
Shares sold	500,000	\$ 16,814,520	1,050,000	\$ 32,951,575
Shares redeemed	(625,000)	(20,371,445)	(200,000)	(6,715,407)
Variable fees	—	40,586	—	11,905
Net increase (decrease)	<u>(125,000)</u>	<u>\$ (3,516,339)</u>	<u>850,000</u>	<u>\$ 26,248,073</u>

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

SonicShares™ Global Shipping ETF

FINANCIAL HIGHLIGHTS For a capital share outstanding throughout the period

	Year Ended March 31, 2023	Period Ended March 31, 2022⁽¹⁾
Net asset value, beginning of year/period	\$ 34.62	\$ 25.00
Income (Loss) from Investment Operations:		
Net investment income (loss) ⁽²⁾	3.74	2.30
Net realized and unrealized gain (loss) on investments	(4.60)	8.50
Total from investment operations	<u>(0.86)</u>	<u>10.80</u>
Less Distributions:		
From net investment income	(3.33)	(1.18)
Total distributions	<u>(3.33)</u>	<u>(1.18)</u>
Net asset value, end of year/period	<u>\$ 30.43</u>	<u>\$ 34.62</u>
Total return ⁽⁴⁾	<u>(1.05)%</u>	<u>43.59%⁽³⁾</u>
Ratios / Supplemental Data:		
Net assets, end of year/period (millions)	\$ 22.1	\$ 29.4
Portfolio turnover rate ⁽⁶⁾	47%	39% ⁽³⁾
Ratio of expenses to average net assets	0.69%	0.69% ⁽⁵⁾
Ratio of net investment income (loss) to average net assets	12.44%	11.51% ⁽⁵⁾

⁽¹⁾ The Fund commenced operations on August 3, 2021. The information presented is from August 3, 2021 to March 31, 2022.

⁽²⁾ Calculated using average shares outstanding method.

⁽³⁾ Not annualized.

⁽⁴⁾ The total return is based on the Fund's net asset value. Additional performance information is presented in the Performance Summary.

⁽⁵⁾ Annualized.

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

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

NOTE 1 – ORGANIZATION

The SonicShares™ Global Shipping ETF (the “Fund”) is a non-diversified series of shares of beneficial interest of Tidal ETF Trust (the “Trust”). The Trust was organized as a Delaware statutory trust on June 4, 2018 and is registered with the Securities and Exchange Commission (the “SEC”) under the Investment Company Act of 1940, as amended (the “1940 Act”), as an open-end management investment company and the offering of the Fund’s shares is registered under the Securities Act of 1933, as amended. The Trust is governed by the Board of Trustees (the “Board”). Toroso Investments, LLC (“Toroso” or the “Adviser”), a Tidal Financial Group company, serves as investment adviser to the Fund. The Fund is an investment company and accordingly follows the investment company accounting and reporting guidance of the Financial Accounting Standards Board (“FASB”) Accounting Standard Codification Topic 946 “Financial Services—Investment Companies.” The Fund commenced operations on August 3, 2021.

The investment objective of the Fund is to seek to track the performance, before fees and expenses, of the Solactive Global Shipping Index (the “Index”).

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

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

- A. *Security Valuation.* Equity securities, which may include Real Estate Investment Trusts (“REITs”), Business Development Companies (“BDCs”), and Master Limited Partnerships (“MLPs”), listed on a securities exchange, market or automated quotation system for which quotations are readily available (except for securities traded on the NASDAQ Stock Market, LLC (“NASDAQ”), including securities traded over the counter, are valued at the last quoted sale price on the primary exchange or market (foreign or domestic) on which they are traded on the valuation date (or at approximately 4:00 p.m. EST if a security’s primary exchange is normally open at that time), or, if there is no such reported sale on the valuation date, at the most recent quoted bid price or mean between the most recent quoted bid and ask prices for long and short positions. For a security that trades on multiple exchanges, the primary exchange will generally be considered the exchange on which the security is generally most actively traded. For securities traded on NASDAQ, the NASDAQ Official Closing Price will be used. Prices of securities traded on the securities exchange will be obtained from recognized independent pricing agents (“Independent Pricing Agents”) each day that the Fund is open for business.

Effective September 8, 2022, for securities for which quotations are not readily available, under Rule 2a-5 of the 1940 Act, a fair value will be determined by the Valuation Designee (as defined in Rule 2a-5) in accordance with the Pricing and Valuation Policy and Fair Value Procedures, as applicable, of the Adviser, subject to oversight by 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 Adviser’s Pricing and Valuation Policy and Fair Value Procedures, as applicable. Fair value pricing is an inherently subjective process, and no single standard exists for determining fair value. Different funds could reasonably arrive at different values for the same security. The use of fair value pricing by a fund may cause the net asset value (“NAV”) of its shares to differ significantly from the NAV that would be calculated without regard to such considerations.

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

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that the Fund has the ability to access.
- Level 2 – Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.
- Level 3 – Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available; representing the Fund’s own assumptions about the assumptions a market participant would use in valuing the asset or liability and would be based on the best information available.

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NOTES TO FINANCIAL STATEMENTS March 31, 2023 (Continued)

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.

The following is a summary of the inputs used to value the Fund's investments as of March 31, 2023:

Investments in Securities	Investments Measured at Net Asset				
	Value	Level 1	Level 2	Level 3	Total
Common Stocks ⁽¹⁾	\$ —	\$21,340,782	\$ —	\$ —	\$21,340,782
Short-Term Investments	—	661,191	—	—	661,191
Investments Purchased With Collateral From Securities Lending ⁽²⁾	4,934,791	—	—	—	4,934,791
Total Investments in Securities	<u>\$ 4,934,791</u>	<u>\$22,001,973</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$26,936,764</u>

⁽¹⁾ See Schedule of Investments for the industry breakout.

⁽²⁾ Certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in the table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the Schedule of Investments.

- B. *Federal Income Taxes.* The Fund has elected to be taxed as a “regulated investment company” and intends to distribute substantially all taxable income to its shareholders and otherwise comply with the provisions of the Internal Revenue Code applicable to regulated investment companies. Therefore, no provision for federal income taxes or excise taxes has been made.

In order to avoid imposition of the excise tax applicable to regulated investment companies, the Fund intends to declare as dividends in each calendar year at least 98.0% of its net investment income (earned during the calendar year) and at least 98.2% of its net realized capital gains (earned during the twelve months ended October 31) plus undistributed amounts, if any, from prior years.

As of March 31, 2023, the Fund did not have any tax positions that did not meet the threshold of being sustained by the applicable tax authority. Generally, tax authorities can examine all the tax returns filed for the last three years. The Fund identifies its major tax jurisdiction as U.S. Federal and the Commonwealth of Delaware; however, the Fund is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will change materially.

- C. *Securities Transactions and Investment Income.* Investment securities transactions are accounted for on the trade date. Gains and losses realized on sales of securities are determined on a specific identification basis. Discounts/premiums on debt securities purchased are accreted/amortized over the life of the respective securities using the effective interest method. Dividend income is recorded on the ex-dividend date. Dividends received from REITs generally are comprised of ordinary income, capital gains, and may include return of capital. Debt income is recorded on an accrual basis. Other non-cash dividends are recognized as investment income at the fair value of the property received. Withholding taxes on foreign dividends have been provided for in accordance with the Trust's understanding of the applicable country's tax rules and rates.
- D. *Foreign Currency.* Investment securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts at the date of valuation. Purchases and sales of investment securities and income and expense items denominated in foreign currencies are translated into U.S. dollar amounts on the respective dates of such transactions.

The Fund does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net realized and unrealized gain or loss from investments.

SonicShares™ Global Shipping ETF

NOTES TO FINANCIAL STATEMENTS March 31, 2023 (Continued)

The Fund reports net realized foreign exchange gains or losses that arise from sales of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions, and the difference between the amounts of dividends, interest, and foreign withholding taxes recorded on the Fund's books and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in the fair values of assets and liabilities, other than investments in securities at period end, resulting from changes in exchange rates.

- E. *Distributions to Shareholders.* Distributions to shareholders from net investment income, if any, for the Fund are declared and paid at least quarterly. Distributions to shareholders from net realized gains on securities, if any, for the Fund normally are declared and paid on an annual basis. Distributions are recorded on the ex-dividend date.
- F. *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 at the date of the financial statements and the reported amount of revenue and expenses during the reporting period. Actual results could differ from those estimates.
- G. *Share Valuation.* The NAV per share of the Fund is calculated by dividing the sum of the value of the securities held by the Fund, plus cash or other assets, minus all liabilities by the total number of shares outstanding for the Fund, rounded to the nearest cent. The Fund's shares will not be priced on the days on which the New York Stock Exchange ("NYSE") is closed for trading.
- H. *Guarantees and Indemnifications.* In the normal course of business, the Fund enters into contracts with service providers that contain general indemnification clauses. The Fund's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Fund that have not yet occurred. However, based on experience, the Fund expects the risk of loss to be remote.
- I. *Illiquid Securities.* Pursuant to Rule 22e-4 under the 1940 Act, the Fund has adopted a Board-approved Liquidity Risk Management Program (the "Program") that requires, among other things, that the Fund limit its illiquid investments that are assets to no more than 15% of the value of the Fund's net assets. An illiquid investment is any security that a Fund reasonably expects cannot be sold or disposed of in current market conditions in seven calendar days or less without the sale or disposition significantly changing the market value of the investment. If the Fund should be in a position where the value of illiquid investments held by the Fund exceeds 15% of the Fund's net assets, the Fund will take such steps as set forth in the Program.
- J. *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 net asset value per share. For the period ended March 31, 2023, the following reclassification adjustments were made:

Paid-In Capital	Total Distributable (Accumulated) Earnings (Losses)
\$1,758,113	\$(1,758,113)

The reclassification adjustments relate primarily to redemption-in-kind gains.

- K. *Recently Issued Accounting Pronouncements.*
- In June 2022, the FASB issued Accounting Standards Update 2022-03, which amends Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions ("ASU 2022-03"). ASU 2022-03 clarifies guidance for fair value measurement of an equity security subject to a contractual sale restriction and establishes new disclosure requirements for such equity securities. ASU 2022-03 is effective for fiscal years beginning after December 15, 2023 and for interim periods within those fiscal years, with early adoption permitted. The Fund is currently evaluating the impact, if any, of these amendments on the financial statements.

NOTE 3 – PRINCIPAL INVESTMENT RISKS

- A. *Associated Risks of Investing in Global Shipping Companies.* Companies in the shipping industry may be adversely affected by various factors, including, among others, volatile fluctuations in the price and supply of fuels and raw materials, changes in seaborne transportation patterns, downturn in domestic and/or global economies, changes in domestic and/or global consumption patterns, changes in domestic and/or global manufacturing patterns, changes in global demand for particular products or resources,

a decrease in international trade, natural disasters or events, weather delays, weather patterns and weather-related events, including hurricanes, pandemic diseases, the congestion, blockage or shutdown of key ports, channels, canals and shipping routes, commodity prices, taxes, tariffs, sanctions, trade wars, embargoes, enactment of adverse laws, rules and/or regulations, labor shortages, labor strikes, imposition of emissions standards and other environment-related rules and regulations, domestic or international politics and conflicts, including war or threat of war, computer and/or software malfunction, piracy, cyber attacks and terrorism. Any factor or factors adversely affecting companies in the shipping industry could have a significant adverse impact on the Fund's performance.

- B. *Concentration Risk.* The Fund's investments will be concentrated in an industry or group of industries to the extent the Index is so concentrated. In such event, the value of shares of the Fund ("Shares") may rise and fall more than the value of shares that invest in securities of companies in a broader range of industries.
- C. *Currency Exchange Rate Risk.* The Fund's assets may include exposure to investments denominated in non-U.S. currencies or in securities or other assets that provide exposure to such currencies. Changes in currency exchange rates and the relative value of non-U.S. currencies will affect the value of the Fund's investments and the value of your Fund shares. Currency exchange rates can be very volatile and can change quickly and unpredictably. As a result, the value of an investment in the Fund may change quickly and without warning and you may lose money.
- D. *Cybersecurity Risk.* With the increased use of technologies such as the Internet to conduct business, the Fund is susceptible to operational, information security, and related risks. Cyber incidents affecting the Fund or its service providers may cause disruptions and impact business operations, potentially resulting in financial losses, interference with the Fund's ability to calculate its NAV, impediments to trading, the inability of shareholders to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs.
- E. *Depository Receipt Risk.* Depository receipts involve risks similar to those associated with investments in foreign securities and give rise to certain additional risks. Depository receipts listed on U.S. or foreign exchanges are issued by banks or trust companies, and entitle the holder to all dividends and capital gains that are paid out on the underlying foreign shares ("Underlying Shares"). When the Fund invests in depository receipts as a substitute for an investment directly in the Underlying Shares, the Fund is exposed to the risk that the depository receipts may not provide a return that corresponds precisely with that of the Underlying Shares.
- F. *Equity Market Risk.* Common stocks, such as those held by the Fund, are generally exposed to greater risk than other types of securities, such as preferred stock and debt obligations, because common stockholders generally have inferior rights to receive payment from specific issuers. The equity securities held in the Fund's portfolio may experience sudden, unpredictable drops in value or long periods of decline in value. This may occur because of factors that affect securities markets generally or factors affecting specific issuers, industries, or sectors in which the Fund invests.
- G. *Exchange Traded Fund ("ETF") Risks.*
- *Authorized Participants, Market Makers, and Liquidity Providers Concentration Risk.* The Fund has a limited number of financial institutions that are authorized to purchase and redeem Shares directly from the Fund (known as "Authorized Participants" or "APs"). In addition, there may be a limited number of market makers and/or liquidity providers in the marketplace. To the extent either of the following events occur, Shares may trade at a material discount to NAV and possibly face delisting: (i) APs exit the business or otherwise become unable to process creation and/or redemption orders and no other APs step forward to perform these services; or (ii) market makers and/or liquidity providers exit the business or significantly reduce their business activities and no other entities step forward to perform their functions.
 - *Costs of Buying or Selling Shares.* Due to the costs of buying or selling Shares, including brokerage commissions imposed by brokers and bid-ask spreads, frequent trading of Shares may significantly reduce investment results and an investment in Shares may not be advisable for investors who anticipate regularly making small investments.
 - *Shares May Trade at Prices Other Than NAV.* As with all ETFs, Shares may be bought and sold in the secondary market at market prices. Although it is expected that the market price of Shares will approximate the Fund's NAV, there may be times when the market price of Shares is more than the NAV intra-day (premium) or less than the NAV intra-day (discount) due to supply and demand of Shares or during periods of market volatility. This risk is heightened in times of market volatility,

periods of steep market declines, and periods when there is limited trading activity for Shares in the secondary market, in which case such premiums or discounts may be significant. Because securities held by the Fund may trade on foreign exchanges that are closed when the Fund's primary listing exchange is open, the Fund is likely to experience premiums and discounts greater than those of ETFs holding only domestic securities.

- *Trading.* Although Shares are listed on a national securities exchange, such as the NYSE Arca, Inc. (the "Exchange"), and may be traded on U.S. exchanges other than the Exchange, there can be no assurance that Shares will trade with any volume, or at all, on any stock exchange. In stressed market conditions, the liquidity of Shares may begin to mirror the liquidity of the Fund's underlying portfolio holdings, which can be significantly less liquid than shares. Also, in stressed market conditions, the market for Shares may become less liquid in response to deteriorating liquidity in the markets for the Fund's underlying portfolio holdings. This adverse effect on liquidity for Shares, in turn, could lead to wider bid/ask spreads and differences between the market price of Shares and the underlying value of those Shares.
- H. *Foreign Securities Risk.* Certain foreign countries may impose exchange control regulations, restrictions on repatriation of profit on investments or of capital invested, local taxes on investments, and restrictions on the ability of issuers of non-U.S. securities to make payments of principal and interest to investors located outside the country, whether from currency blockage or otherwise. In addition, the Fund is subject to risks associated with adverse political and economic developments in foreign countries, including seizure or nationalization of foreign deposits, the imposition of economic sanctions, different legal systems and laws relating to bankruptcy and creditors' rights, and the potential inability to enforce legal judgments, all of which could cause the Fund to lose money on its investments in non-U.S. securities. The cost of servicing external debt will also generally be adversely affected by rising international interest rates, as many external debt obligations bear interest at rates which are adjusted based upon international interest rates. Because non-U.S. securities may trade on days when shares are not priced, NAV may change at times when shares cannot be sold.

Foreign banks and securities depositories at which the Fund holds its foreign securities and cash may be recently organized or new to the foreign custody business and may be subject to only limited or no regulatory oversight. Additionally, many foreign governments do not supervise and regulate stock exchanges, brokers and the sale of securities to the same extent as does the United States and may not have laws to protect investors that are comparable to U.S. securities laws. Settlement and clearance procedures in certain foreign markets may result in delays in payment for or delivery of securities not typically associated with settlement and clearance of U.S. investments.

In recent years, the European financial markets have experienced volatility and adverse trends due to concerns about economic downturns in, or rising government debt levels of, several European countries. These events may spread to other countries in Europe, including countries that do not use the Euro. These events may affect the value and liquidity of certain of each Fund's investments.

- I. *General Market Risk.* Economies and financial markets throughout the world are becoming increasingly interconnected, which increases the likelihood that events or conditions in one country or region will adversely impact markets or issuers in other countries or regions. Securities in the Fund's portfolio may underperform in comparison to securities in the general financial markets, a particular financial market, or other asset classes, due to a number of factors, including inflation (or expectations for inflation), interest rates, global demand for particular products or resources, natural disasters or events, pandemic diseases, terrorism, regulatory events, and government controls.
- J. *Index Risk.* The Index may not reflect all companies meeting the Index's eligibility criteria if certain characteristics of a company are not known at the time the Index is composed or reconstituted.
- K. *Market Capitalization Risk*
- *Large-Capitalization Investing.* The securities of large-capitalization companies may be relatively mature compared to smaller companies and therefore subject to slower growth during times of economic expansion. Large-capitalization companies may also be unable to respond quickly to new competitive challenges, such as changes in technology and consumer tastes.
 - *Mid-Capitalization Investing.* The securities of mid-capitalization companies may be more vulnerable to adverse issuer, market, political, or economic developments than securities of large-capitalization companies. The securities of midcapitalization companies generally trade in lower volumes and are subject to greater and more unpredictable price changes than large-capitalization stocks or the stock market as a whole.

- *Small-Capitalization Investing.* The securities of small-capitalization companies may be more vulnerable to adverse issuer, market, political, or economic developments than securities of large- or mid-capitalization companies. The securities of small-capitalization companies generally trade in lower volumes and are subject to greater and more unpredictable price changes than large- or mid-capitalization stocks or the stock market as a whole. There is typically less publicly available information concerning smaller-capitalization companies than for larger, more established companies.
- L. *Newer Fund Risk.* The Fund is a recently organized management investment company with limited operating history. As a result, prospective investors have a limited track record or history on which to base their investment decisions.
- M. *Non-Diversification Risk.* Because the Fund is “non-diversified,” it may invest a greater percentage of its assets in the securities of a single issuer or a smaller number of issuers than if it was a diversified fund. As a result, a decline in the value of an investment in a single issuer or a smaller number of issuers could cause the Fund’s overall value to decline to a greater degree than if the Fund held a more diversified portfolio.
- N. *Passive Investment Risk.* The Fund invests in the securities included in, or representative of, its Index regardless of their investment merit. The Fund does not attempt to outperform its Index or take defensive positions in declining markets. As a result, the Fund’s performance may be adversely affected by a general decline in the market segments relating to its Index.
- O. *Sector Risk.* To the extent the Fund invests more heavily in particular sectors of the economy, its performance will be especially sensitive to developments that significantly affect those sectors. The Fund may invest a significant portion of its assets in the following sectors and, therefore, the performance of the Fund could be negatively impacted by events affecting each of these sectors.
- *Energy Sector Risk.* Companies operating in the energy sector or issuers in energy-related industries are subject to specific risks, including, among others, fluctuations in commodity prices; reduced consumer demand for commodities such as oil, natural gas, or petroleum products; reduced availability of natural gas or other commodities for transporting, processing, storing, or delivering; slowdowns in new construction; worldwide economic growth; extreme weather or other natural disasters; imposition of taxes, tariffs, sanctions or embargoes; domestic or international conflicts and threats of attack by terrorists, or cyber attacks on energy assets. Additionally, energy sector companies are subject to substantial government regulation and changes in the regulatory environment for energy companies may adversely impact their profitability. Over time, depletion of natural gas reserves and other energy reserves may also affect the profitability of energy companies. Any factors adversely affecting companies in the energy sector could have a significant adverse impact on Global Shipping Companies and the Fund’s performance.
 - *Industrials Sector Risk.* Companies operating in the industrials sector or issuers in industrials-related industries may be significantly affected by, among other things, worldwide economic growth, changes in supply and demand for specific products and services, product obsolescence, rapid technological developments, international, political and economic developments, environmental issues, tax and governmental regulatory policies, claims for environmental damage or product liability and general economic conditions. Any factors adversely affecting companies in the industrials sector could have a significant adverse impact on Global Shipping Companies and on the Fund’s performance.
 - *Transportation Industry Risk.* Companies in the transportation industry, including companies engaged in the water transportation industry, may be adversely affected by economic changes, increases in fuel and operating costs, labor relations and insurance costs. Transportation companies may also be subject to significant government regulation and oversight, which may adversely affect their businesses.
- P. *Third Party Data Risk.* The composition of the Index, and consequently the Fund’s portfolio, is heavily dependent on information and data calculated and published by an independent third party calculation agent (“Third Party Data”). When Third Party Data proves to be incorrect or incomplete, any decisions made in reliance thereon may lead to the inclusion or exclusion of securities from the Index that would have been excluded or included had the Third Party Data been correct and complete. If the composition of the Index reflects such errors, the Fund’s portfolio can also be expected to reflect the errors.
- Q. *Tracking Error Risk.* As with all index funds, the performance of the Fund and its Index may differ from each other for a variety of reasons. For example, the Fund incurs operating expenses and portfolio transaction costs not incurred by the Index. In addition, the Fund may not be fully invested in Index Components at all times or may hold securities not included in the Index.

- R. *Underlying Index Risk.* Neither the Fund's investment adviser nor the Solactive AG (the "Index Provider") is able to guarantee the continuous availability or timeliness of the production of the Index. The calculation and dissemination of the Index values may be delayed if the information technology or other facilities of the Index Provider, calculation agent, data providers and/or relevant stock exchange malfunction for any reason. A significant delay may cause trading in shares of the Fund to be suspended. Errors in Index data, computation and/or the construction in accordance with its methodology may occur from time to time and may not be identified and corrected by the Index Provider, calculation agent or other applicable party for a period of time or at all, which may have an adverse impact on the Fund and its shareholders.

NOTE 4 – COMMITMENTS AND OTHER RELATED PARTY TRANSACTIONS

The Adviser serves as investment adviser to the Fund pursuant to an investment advisory agreement between the Adviser and the Trust, on behalf of the Fund (the "Advisory Agreement"), and, pursuant to the Advisory Agreement, has overall responsibility for the general management and administration of the Fund, subject to the direction and oversight of the Board. The Adviser is also responsible for trading portfolio securities on behalf of the Fund, including selecting broker-dealers to execute purchase and sales transactions, subject to the supervision of the Board.

Pursuant to the Advisory Agreement, the Fund pays the Adviser a unitary management fee (the "Management Fee") based on the average daily net assets of the Fund at the annualized rate of 0.69%. Out of the Management Fee, the Adviser is obligated to pay or arrange for the payment of substantially all expenses of the Fund, including the cost of transfer agency, custody, fund administration, and all other related services necessary for the Fund to operate. Under the Advisory Agreement, the Adviser has agreed to pay all expenses incurred by the Fund except for 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 fees and expenses paid by the Fund under any distribution plan adopted pursuant to Rule 12b-1 under the 1940 Act (the "Excluded Expenses"), and the Management Fee payable to the Adviser. The Management Fees incurred are paid monthly to the Adviser. Management Fees for the fiscal year ended March 31, 2023 are disclosed in the Statement of Operations.

Tidal ETF Services LLC ("Tidal"), a Tidal Financial Group company and an affiliate of the Adviser, serves as the Fund's administrator and, in that capacity, performs various administrative and management services for the Fund. Tidal coordinates the payment of Fund-related expenses and manages the Trust's relationships with its various service providers.

U.S. Bancorp Fund Services, LLC, doing business as U.S. Bank Global Fund Services ("Fund Services"), serves as the Fund's sub-administrator, fund accountant and transfer agent. In those capacities Fund Services performs various administrative and accounting services for the Fund. Fund Services prepares various federal and state regulatory filings, reports and returns for the Fund, including regulatory compliance monitoring and financial reporting; prepares reports and materials to be supplied to the Board; and monitors the activities of the Fund's custodian. U.S. Bank N.A. (the "Custodian"), an affiliate of Fund Services, serves as the Fund's custodian. The Custodian acts as the securities lending agent (the "Securities Lending Agent") for the Fund.

Foreside Fund Services, LLC (the "Distributor") acts as the Fund's principal underwriter in a continuous public offering of the Fund's shares.

Certain officers and a trustee of the Trust are affiliated with the Adviser and Fund Services. Neither the affiliated trustee nor the Trust's officers receive compensation from the Fund.

NOTE 5 – SECURITIES LENDING

The Fund may lend up to 33 1/3% of the value of the securities in its portfolio to brokers, dealers and financial institutions (but not individuals) under terms of participation in a securities lending program administered by the Securities Lending Agent. The securities lending agreement requires that loans are collateralized at all times in an amount equal to at least the market value of the securities loaned by the Fund. The Fund receives compensation in the form of fees and earned interest on the cash collateral. Due to timing issues of when a security is recalled from loan, the financial statements may differ in presentation. The amount of fees depends on a number of factors including the type of security and length of the loan. The Fund continues to receive interest payments or dividends on the securities loaned during the borrowing period. Gain or loss in the value of securities loaned that may occur during the term of the loan will be for the account of the Fund. The Fund has the right under the terms of the securities lending agreements to recall the securities from the borrower on demand.

SonicShares™ Global Shipping ETF

NOTES TO FINANCIAL STATEMENTS March 31, 2023 (Continued)

As of March 31, 2023, the market value of the securities on loan and payable on collateral received for securities lending were as follows:

<u>Market Value of Securities on Loan</u>	<u>Payable on Collateral Received</u>	<u>Percentage of Net Assets of Securities on Loan</u>
\$4,588,759	\$4,934,791	20.8%

The cash collateral is invested in the Mount Vernon Liquid Assets Portfolio, LLC, of which the investment objective is to seek to maximize income to the extent consistent with the preservation of capital and liquidity and maintain a stable NAV of \$1.00. Although risk is mitigated by the collateral, the Fund could experience a delay in recovering its securities and possible loss of income or value if the borrower fails to return the borrowed securities. In addition, the Fund bears the risk of loss associated with the investment of cash collateral received.

During the year ended March 31, 2023, the Fund loaned securities that were collateralized by cash. The cash collateral received was invested in the Mount Vernon Liquid Assets Portfolio, LLC as listed in the Fund's Schedule of Investments. Securities lending income is disclosed in the Fund's Statement of Operations.

The Fund is not subject to a master netting agreement with respect to the Fund's participation in securities lending; therefore, no additional disclosures regarding netting arrangements are required.

NOTE 6 – PURCHASES AND SALES OF SECURITIES

For the year ended March 31, 2023, the cost of purchases and proceeds from the sales or maturities of securities, excluding short-term investments, U.S. government securities, and in-kind transactions were \$11,371,932 and \$11,344,582, respectively.

For the year ended March 31, 2023, there were no purchases or sales of long-term U.S. government securities.

For the year ended March 31, 2023, in-kind transactions associated with creations and redemptions for the Fund were \$14,727,236 and \$18,205,475, respectively.

NOTE 7 – INCOME TAXES AND DISTRIBUTIONS TO SHAREHOLDERS

The tax character of distributions paid during the year ended March 31, 2023, and fiscal period ended March 31, 2022, was as follows:

<u>Distributions paid from:</u>	<u>March 31, 2023</u>	<u>March 31, 2022</u>
Ordinary income	\$2,601,095	\$836,600

As of the most recent fiscal year ended March 31, 2023, the components of accumulated earnings/(losses) on a tax basis was as follows:

Cost of investments ⁽¹⁾	\$ 29,722,864
Gross tax unrealized appreciation	2,514,077
Gross tax unrealized depreciation	(5,304,448)
Net tax unrealized appreciation (depreciation)	(2,790,371)
Undistributed ordinary income (loss)	486,455
Undistributed long-term capital gain (loss)	—
Total distributable earnings	486,455
Other accumulated gain (loss)	(1,392,413)
Total accumulated gain (loss)	<u>\$ (3,696,329)</u>

⁽¹⁾ The difference between book and tax-basis cost of investments was attributable primarily to the treatment of wash sales.

Net capital losses incurred after October 31 and net investment losses incurred after December 31, and within the taxable year, are deemed to arise on the first business day of the Fund's next taxable year. As of March 31, 2023 the Fund had no late year losses, had short-term and long-term capital loss carryovers of \$1,199,004 and \$193,409, respectively, which do not expire.

SonicShares™ Global Shipping ETF

NOTES TO FINANCIAL STATEMENTS March 31, 2023 (Continued)

NOTE 8 – CREDIT FACILITY

U.S. Bank N.A. has made available to the Fund a credit facility pursuant to a Loan Agreement for temporary or extraordinary purposes. Credit facility details for the year ended March 31, 2023, are as follows:

Maximum available credit	\$50,000,000
Largest amount outstanding on an individual day	—
Average daily loan outstanding, when in use	—
Credit facility outstanding as of March 31, 2023	—
Average interest rate, when in use	—
Interest rate terms	Prime
Interest rate as of March 31, 2023	8.00%
Expiration date	June 28, 2023

During the year ended March 31, 2023, the Fund did not utilize the line of credit. Interest expense incurred for the year ended March 31, 2023 is disclosed in the Statements of Operations, if applicable. The credit facility is an uncommitted, senior secured 364-day umbrella line of credit used for the benefit of certain funds in the Trust.

NOTE 9 – SHARE TRANSACTIONS

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

The Fund currently offers one class of shares, which has no front-end sales load, no deferred sales charge, and no redemption fee. A fixed transaction fee is imposed for the transfer and other transaction costs associated with the purchase or sale of Creation Units. The standard fixed transaction fee for the Fund is \$750, payable to the Custodian. The fixed transaction fee may be waived on certain orders if the Fund’s Custodian has determined to waive some or all of the costs associated with the order or another party, such as the Adviser, has agreed to pay such fee. In addition, a variable fee may be charged on all cash transactions or substitutes for Creation Units and Redemption Units for the Fund of up to a maximum of 2% of the value of the Creation Units and Redemption Units subject to the transaction. Variable fees received by the Fund, if any, are disclosed in the capital shares transactions section of the Statements of Changes in Net Assets. The Fund may issue an unlimited number of shares of beneficial interest, with no par value. All shares of the Fund have equal rights and privileges.

NOTE 10 – RECENT MARKET EVENTS

U.S. and international markets have experienced and may continue to experience significant periods of volatility in recent years and months due to a number of economic, political and global macro factors including rising inflation, uncertainty regarding central banks’ interest rate increases, the possibility of a national or global recession, trade tensions, political events, the war between Russia and Ukraine and the impact of the coronavirus (COVID-19) global pandemic. The global recovery from COVID-19 may last for an extended period of time. As a result of continuing political tensions and armed conflicts, including the war between Ukraine and Russia, the U.S. and the European Union imposed sanctions on certain Russian individuals and companies, including certain financial institutions, and have limited certain exports and imports to and from Russia. The war has contributed to recent market volatility and may continue to do so. These developments, as well as other events, could result in further market volatility and negatively affect financial asset prices, the liquidity of certain securities and the normal operations of securities exchanges and other markets, despite government efforts to address market disruptions. Continuing market volatility as a result of recent market conditions or other events may have adverse effects on your account.

NOTE 11 – SUBSEQUENT EVENTS

In preparing these financial statements, the Fund has evaluated events and transactions for potential recognition or disclosure through the date the financial statements were issued. The Fund has determined that there are no subsequent events that would need to be disclosed in the Fund's financial statements.

SonicShares™ Global Shipping ETF

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders of
SonicShares Global Shipping ETF and
The Board of Trustees of
Tidal ETF Trust

Opinion on the Financial Statements

We have audited the accompanying statements of assets and liabilities of SonicShares Global Shipping ETF (“Global Shipping ETF”) (the “Fund”), a series of Tidal ETF Trust (the “Trust”), including the schedule of investments, as of March 31, 2023, the related statement of operations for the year ended March 31, 2023, the statement of changes in net assets and the financial highlights for the year ended March 31, 2023 and for the period August 3, 2021 (commencement of operations) to March 31, 2022 and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as of March 31, 2023, and the results of its operations, the changes in its net assets and the financial highlights for the periods stated above, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Fund’s management. Our responsibility is to express an opinion on the Fund’s financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the 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 have served as the auditor of one or more of the funds in the Trust since 2018.

We conducted our audit 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. The Fund is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Fund’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audit 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 audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our procedures included confirmation of securities owned as of March 31, 2023 by correspondence with the custodian and brokers or through other appropriate auditing procedures when replies from brokers were unable to be obtained. We believe that our audit provides a reasonable basis for our opinion.

Tait, Weller & Baker LLP
TAIT, WELLER & BAKER LLP

Philadelphia, Pennsylvania
May 25, 2023

SonicShares™ Global Shipping ETF

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

As a shareholder of the Fund, you incur two types of costs: (1) transaction costs, including brokerage commissions paid on purchases and sales of the Fund's shares, and (2) ongoing costs, including management fees of the Fund. This example is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other funds. The example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period indicated, which is from October 1, 2022 to March 31, 2023.

Actual Expenses

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

	Beginning Account Value October 1, 2022	Ending Account Value March 31, 2023	Expenses Paid During the Period October 1, 2022 – March 31, 2023⁽¹⁾
Actual	\$1,000.00	\$1,308.80	\$3.97
Hypothetical (5% annual return before expenses)	\$1,000.00	\$1,021.49	\$3.48

⁽¹⁾ Expenses are equal to the Fund's annualized expense ratio for the most recent six-month period of 0.69%, multiplied by the average account value over the period, multiplied by 182/365 (to reflect the most recent six-month period).

SonicShares™ Global Shipping ETF

STATEMENT REGARDING LIQUIDITY RISK MANAGEMENT PROGRAM (Unaudited)

In accordance with Rule 22e-4 under the Investment Company Act of 1940, as amended (“Rule 22e-4”), Tidal ETF Trust (the “Trust”), on behalf of its series, SonicShares™ Global Shipping ETF, has adopted and implemented a liquidity risk management program (the “Program”). The Program seeks to promote effective liquidity risk management for the Fund and to protect the Fund’s shareholders from dilution of their interests. The Trust’s Board of Trustees (the “Board”) has approved the designation of Toroso Investments, LLC, the Fund’s investment adviser, as the program administrator (the “Program Administrator”). The Program Administrator has further delegated administration of the Program to a Program Administrator Committee composed of certain Trust officers. The Program Administrator is required to provide a written annual report to the Board regarding the adequacy and effectiveness of the Program, including the operation of the highly liquid investment minimum, if applicable, and any material changes to the Program.

On November 21, 2022, the Board reviewed the Program Administrator’s written annual report for the period October 1, 2021 through September 30, 2022 (the “Report”). The Program assesses liquidity risk under both normal and reasonably foreseeable stressed market conditions. The risk is managed by monitoring the degree of liquidity of a fund’s investments, limiting the amount of illiquid investments and utilizing various risk management tools and facilities available to a Fund, among other means. The Trust has engaged the services of ICE Data Services, a third-party vendor, to provide daily portfolio investment classification services to assist in the Program Administrator’s assessment. The Report noted that no material changes had been made to the Program during the review period. The Program Administrator determined that the Program is reasonably designed and operating effectively.

SonicShares™ Global Shipping ETF

TRUSTEES AND EXECUTIVE OFFICERS (Unaudited)

Name, Address and Year of Birth	Position Held with the Trust	Term of Office and Length of Time Served	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Trustee	Other Directorships Held by Trustee During Past 5 Years
Independent Trustees⁽¹⁾					
Mark H.W. Baltimore c/o Tidal ETF Services, LLC 234 West Florida Street, Suite 203 Milwaukee, Wisconsin 53204 Born: 1967	Trustee	Indefinite term; since 2018	Co-Chief Executive Officer, Global Rhino, LLC (asset management consulting firm) (since 2018); Chief Business Development Officer, Joot (asset management compliance services firm) (since 2019); Chief Executive Officer, Global Sight, LLC (asset management distribution consulting firm) (2016-2018).	47	None
Dusko Culafic c/o Tidal ETF Services, LLC 234 West Florida Street, Suite 203 Milwaukee, Wisconsin 53204 Born: 1958	Trustee	Indefinite term; since 2018	Retired (since 2018); Senior Operational Due Diligence Analyst, Aurora Investment Management, LLC (2012–2018).	47	None
Eduardo Mendoza c/o Tidal ETF Services, LLC 234 West Florida Street, Suite 203 Milwaukee, Wisconsin 53204 Born: 1966	Trustee	Indefinite term; since 2018	Chief Financial Officer (since 2022), Executive Vice President – Head of Capital Markets & Corporate Development (since 2019), Advisor (2017-2019), Credijusto (financial technology company).	47	None
Interested Trustee and Executive Officer					
Eric W. Falkeis ⁽²⁾ c/o Tidal ETF Services, LLC 234 West Florida Street, Suite 203 Milwaukee, Wisconsin 53204 Born: 1973	President, Principal Executive Officer, Interested Trustee, Chairman, and Secretary	President and Principal Executive Officer since 2019, Indefinite term; Interested Trustee, Chairman, and Secretary since 2018, Indefinite term	Chief Executive Officer, Tidal ETF Services LLC (since 2018); Chief Operating Officer (and other positions), Rafferty Asset Management, LLC (2013 to 2018) and Direxion Advisors, LLC (2017 to 2018).	47	Trustee, Tidal ETF Trust II (8 series) (since 2022); Independent Director, Muzinich BDC, Inc. (since 2019); Trustee, Professionally Managed Portfolios (25 series) (since 2011); Interested Trustee, Direxion Funds, Direxion Shares ETF Trust, and Direxion Insurance Trust (2014–2018).

SonicShares™ Global Shipping ETF

TRUSTEES AND EXECUTIVE OFFICERS (Unaudited) (Continued)

Name, Address and Year of Birth	Position Held with the Trust	Term of Office and Length of Time Served	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Trustee	Other Directorships Held by Trustee During Past 5 Years
Executive Officers					
Aaron J. Perkovich c/o Tidal ETF Services, LLC 234 West Florida Street, Suite 203 Milwaukee, Wisconsin 53204 Born: 1973	Treasurer, Principal Financial Officer, and Principal Accounting Officer	Indefinite term; since 2022	Head of Fund Administration (since 2023), Fund Administration Manager (2022 to 2023), Tidal ETF Services LLC; Assistant Director – Investments, Mason Street Advisors, LLC (2021 to 2022); Vice President, U.S. Bancorp Fund Services, LLC (2006 to 2021).	Not Applicable	Not Applicable
William H. Woolverton, Esq. c/o Tidal ETF Services, LLC 234 West Florida Street, Suite 203 Milwaukee, Wisconsin 53204 Born: 1951	Chief Compliance Officer and AML Compliance Officer	AML Compliance Officer since 2023, Indefinite term; Chief Compliance Officer since 2021, Indefinite term	Chief Compliance Officer (since 2023), Compliance Advisor (2022 to 2023), Toroso Investments, LLC; Chief Compliance Officer, Tidal ETF Services LLC (since 2022); Senior Compliance Advisor, Cipperman Compliance Services, LLC (2020 to 2022); Operating Partner, Altamont Capital Partners (private equity firm) (since 2021); Managing Director and Head of Legal - US, Waystone (global governance solutions) (2016 to 2019).	Not Applicable	Not Applicable
Ally L. Mueller c/o Tidal ETF Services, LLC 234 West Florida Street, Suite 203 Milwaukee, Wisconsin 53204 Born: 1979	Assistant Treasurer	Indefinite term; since 2022	Head of ETF Launches and Client Success (since 2023), Head of ETF Launches and Finance Director (2019 to 2023), Tidal ETF Services LLC.	Not Applicable	Not Applicable
Melissa Breitzman c/o Tidal ETF Services, LLC 234 West Florida Street, Suite 203 Milwaukee, Wisconsin 53204 Born: 1983	Assistant Treasurer	Indefinite term; since 2023	Fund Administration Manager, Tidal ETF Services LLC (since 2023); Assistant Vice President, U.S Bancorp Fund Services, LLC (2005 to 2023).	Not Applicable	Not Applicable
Lissa M. Richter c/o Tidal ETF Services, LLC 234 West Florida Street, Suite 203 Milwaukee, Wisconsin 53204 Born: 1979	Assistant Secretary	Indefinite term; since 2023	ETF Regulatory Manager (since 2021), Tidal ETF Services LLC; Senior Paralegal, Rafferty Asset Management, LLC (2013 to 2020); Senior Paralegal, Officer, U.S Bancorp Fund Services LLC (2005 to 2013).	Not Applicable	Not Applicable

⁽¹⁾ All Independent Trustees of the Trust are not “interested persons” of the Trust as defined under the 1940 Act (“Independent Trustees”).

⁽²⁾ Mr. Falkeis is considered an “interested person” of the Trust due to his positions as President, Principal Executive Officer, Chairman and Secretary of the Trust, and Chief Executive Officer of Tidal ETF Services LLC, a Tidal Financial Group company and an affiliate of the Adviser.

SonicShares™ Global Shipping ETF

ADDITIONAL INFORMATION

QUALIFIED DIVIDEND INCOME/DIVIDENDS RECEIVED DEDUCTION (Unaudited)

For the year ended March 31, 2023, certain dividends paid by the Fund 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 and the Tax Cuts and Jobs Act of 2017. The percentage of dividends declared from ordinary income designated as qualified dividend income was as follows:

SonicShares™ Global Shipping ETF	67.39%
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For corporate shareholders, the percent of ordinary income distributions qualifying for the corporate dividends received deduction for the year ended March 31, 2023, was as follows:

SonicShares™ Global Shipping ETF	0.51%
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The percentage of taxable ordinary income distributions that are designated as short-term capital gain distribution under Internal Revenue Section 871(k)(2)(c) for the year ended March 31, 2023, was as follows:

SonicShares™ Global Shipping ETF	0.00%
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INFORMATION ABOUT PROXY VOTING (Unaudited)

A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities is available upon request without charge, by calling (833) 378-0717 or by accessing the Fund's website at www.sonicshares.com. Furthermore, you can obtain the description on the SEC's website at www.sec.gov.

Information regarding how the Fund voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is available upon request without charge by calling (833) 378-0717 or by accessing the SEC's website at www.sec.gov.

INFORMATION ABOUT THE PORTFOLIO HOLDINGS (Unaudited)

The Fund's portfolio holdings are posted on the Fund's website daily at www.sonicshares.com. The Fund files its complete schedule of portfolio holdings with the SEC for its first and third fiscal quarters on Part F of Form N-PORT. The Fund's Part F of Form N-PORT is available without charge, upon request, by calling (833) 378-0717. Furthermore, you can obtain the Part F of Form N-PORT on the SEC's website at www.sec.gov.

FREQUENCY DISTRIBUTION OF PREMIUMS AND DISCOUNTS (Unaudited)

Information regarding how often shares of the Fund trade on the Exchange at a price above (i.e., at a premium) or below (i.e., at a discount) to its daily NAV is available, without charge, on the Fund's website at www.sonicshares.com.

INFORMATION ABOUT THE FUND'S TRUSTEES (Unaudited)

The Statement of Additional Information ("SAI") includes additional information about the Fund's Trustees and is available without charge, upon request, by calling (833) 378-0717. Furthermore, you can obtain the SAI on the SEC's website at www.sec.gov or the Fund's website at www.sonicshares.com.

Investment Adviser

Toroso Investments, LLC
234 West Florida Street, Suite 203
Milwaukee, Wisconsin 53204

Independent Registered Public Accounting Firm

Tait, Weller & Baker LLP
Two Liberty Place
50 South 16th Street, Suite 2900
Philadelphia, Pennsylvania 19102

Legal Counsel

Godfrey & Kahn, S.C.
833 East Michigan Street, Suite 1800
Milwaukee, Wisconsin 53202

Custodian

U.S. Bank N.A.
Custody Operations
1555 North RiverCenter Drive, Suite 302
Milwaukee, Wisconsin 53212

Fund Administrator

Tidal ETF Services LLC
234 West Florida Street, Suite 203
Milwaukee, Wisconsin 53204

Transfer Agent, Fund Accountant and Fund Sub-Administrator

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

Distributor

Foreside Fund Services, LLC
Three Canal Plaza, Suite 100
Portland, Maine 04101

Fund Information

Fund	Ticker	CUSIP
SonicShares™ Global Shipping ETF	BOAT	886364645