



**SMART TRUST, ARGUS DIVIDEND GROWERS  
TOTAL RETURN TRUST,  
SERIES 18**

**SMART TRUST, MORNINGSTAR DIVIDEND YIELD  
SELECT TRUST,  
SERIES 7**

**(SMART TRUST 398)**

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**The Securities and Exchange Commission has not approved or disapproved these securities or passed upon the adequacy of this prospectus. Any representation to the contrary is a criminal offense.**

PROSPECTUS DATED: OCTOBER 4, 2018

**HENNION & WALSH**

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No person is authorized to give any information or to make any representations with respect to your trust not contained in this prospectus. Your trust is registered as a unit investment trust under the Investment Company Act of 1940. Such registration does not imply that your trust or any of its units have been guaranteed, sponsored, recommended or approved by the United States or any state or any agency or officer thereof. This prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, securities in any state to any person to whom it is not lawful to make such offer in such state.

**INVESTMENT OBJECTIVE.** The trust seeks to provide investors with the possibility of above-average total return (a total return that exceeds that of the S&P 500 Index over the life of the trust). Total return may include capital appreciation and dividend income. There is no guarantee that the investment objective of the trust will be achieved.

**PRINCIPAL INVESTMENT STRATEGY.** The trust seeks to achieve its objective through investment in equity securities of domestic and/or foreign companies. The portfolio was selected by Argus Investors' Counsel, Inc., the portfolio consultant. The portfolio consultant selected the portfolio from equity securities of the approximately 400 companies included within the "Universe of Coverage" of its affiliate, Argus Research Company. The Universe of Coverage is drawn from the S&P 1500 Index. To get to the final, diversified Universe of Coverage, Argus Research Company starts with the S&P 100 Index and then targets companies its analysts think can eventually move into the S&P 100 Index as they innovate, grow and draw investor attention. Companies selected for the Universe of Coverage pass screens on growth, financial strength, risk and quality of management. The portfolio consultant then eliminates all securities that do not have 1-, 3-, or 5-year compound annual dividend growth rates of 10% or greater. Of the remaining securities, the portfolio consultant then eliminates any security that does not have a current "Buy" rating from Argus Research Company. A "Buy" rating means that Argus Research Company estimates a security to deliver a risk-adjusted return that beats the S&P 500 Index over the next 12 months. Of the remaining securities, the portfolio consultant selects the final portfolio after considering the potential sustainability of maintaining the Argus Research Company's "Buy" rating and making adjustments for sector diversification. If less than 30 securities are remaining, the 30 securities that most closely meet the selection criteria in the opinion of the portfolio consultant are retained. The selected securities are then weighted approximately equally to create the portfolio. The trust may hold securities of companies located in emerging markets and/or may invest in companies with smaller market capitalizations.

**PRINCIPAL RISK CONSIDERATIONS.** Unitholders can lose money by investing in this trust. An investment in units of the trust should be made with an understanding of the risks related to the trust, such as the following:

- ***Security prices will fluctuate.*** The value of your investment may fall over time.
- ***The financial condition of an issuer may worsen or its credit ratings may drop, resulting in a reduction in the value of your units.*** This may occur at any point in time, including during the initial offering period.
- ***The issuer of a security may be unwilling or unable to declare dividends in the future or may reduce the level of dividends declared.*** This may reduce the level of distributions the trust pays which could reduce your income and cause the value of your units to fall.
- ***The trust is not actively managed.*** Except in limited circumstances, the trust will hold, and continue to buy, shares of the same securities even if their market value declines.

**THE PORTFOLIO CONSULTANT.** Argus Investors' Counsel, Inc. is the asset management arm of The Argus Research Group, Inc. and provides equity investment management services for institutional investors, registered funds and private investors. Clients include corporations, public and private pension funds, Taft Hartley organizations, foundations, endowments, and high net-worth individuals. The history of Argus dates back to 1934, with the founding of Argus Research Corporation, one of the first firms to provide independent research and analysis on U.S. equities to the professional market. Argus Investors' Counsel was founded in 1960.

### **ESSENTIAL INFORMATION**

**Unit Price on Initial Date of Deposit:** \$10.00

**Initial Date of Deposit:** October 4, 2018

**Mandatory Termination Date:** January 7, 2020

**Record Dates:** 10th day of each month, commencing November 2018

**Distribution Dates:** 25th day of each month, commencing November 2018

**Standard CUSIP Numbers:** Cash: 83201Y108

Reinvestment: 83201Y116

**Fee Based CUSIP Numbers:** Cash: 83201Y124

Reinvestment: 83201Y132

**Ticker Symbol:** SMARRX

**Minimum Investment:** \$1,000/100 units (may vary by selling firm)

**Tax Status:** Regulated Investment Company

**FEE TABLE**

The amounts below are estimates of the direct and indirect expenses that you may incur based on a \$10 unit price. Actual expenses may vary.

<b>Unitholder Transaction Expenses (fees paid directly from your investment)*</b>	<b>As a % of Initial Unit Price</b>	<b>Amounts per 100 Units</b>
Initial Sales Charge .....	0.00%	\$ 0.00
Deferred Sales Charge.....	1.35	13.50
Creation & Development Fee .....	<u>0.50</u>	<u>5.00</u>
Maximum Sales Charge .....	<u>1.85%</u>	<u>\$18.50</u>
<b>Estimated Organization Costs**</b> .....	<u>0.688%</u>	<u>\$ 6.88</u>

  

<b>Estimated Annual Operating Expenses (expenses deducted from trust assets)</b>	<b>As a % of Net Assets</b>	<b>Amounts per 100 Units</b>
Trustee Fee .....	0.108%	\$1.05
Supervisor Fee .....	0.036	0.35
Other Operating Expenses .....	<u>0.099</u>	<u>0.96</u>
Total .....	<u>0.243%</u>	<u>\$2.36</u>

**Example**

**Cumulative Expenses Paid for Period:**

	<u>1 year</u>	<u>3 years</u>	<u>5 years</u>	<u>10 years</u>
This example helps you compare the cost of this trust with other unit investment trusts and mutual funds. The example assumes that the expenses do not change and that the trust's annual return is 5%. Your actual returns and expenses will vary. Based on these assumptions, you would pay these expenses for every \$10,000 you invest in the trust. The example also assumes that you roll your investment into the next available series of the trust every 15 months (if one is offered) when the current trust terminates.....	\$277	\$850	\$1,184	\$2,531

\* The sales charge has both an initial and a deferred component. The initial sales charge is paid at the time of purchase and is the difference between the total sales charge (maximum of 1.85% of the public offering price) and the sum of the remaining deferred sales charge and the total creation and development fee. The initial sales charge will be approximately 0% of the public offering price per unit depending on the public offering price per unit. The deferred sales charge is fixed at \$0.135 per unit and is paid in three monthly installments beginning on January 20, 2019. The creation and development fee is fixed at \$0.05 per unit and is paid at the end of the initial offering period. When the public offering price per unit is less than or equal to \$10, you will not pay an initial sales charge. When the public offering price per unit is greater than \$10 per unit, you will pay an initial sales charge. If you redeem or sell your units prior to collection of the total deferred sales charge, you will pay any remaining deferred sales charge upon redemption or sale of your units. If you purchase units after the last deferred sales charge payment has been assessed, the secondary market sales charge is equal to 1.85% of the public offering price per unit and does not include deferred payments.

\*\* Estimated organization costs include the portfolio consultant's security selection fee of 0.15%.

**SMART TRUST,  
ARGUS DIVIDEND GROWERS TOTAL RETURN TRUST,  
SERIES 18  
(SMART TRUST 398)**

**PORTFOLIO OF INVESTMENTS**

**AS OF OCTOBER 4, 2018**

Number of Shares	Name of Issuer (1)	Ticker Symbol	Percentage of the Trust (2)	Market Value per Share (3)	Cost of Securities to the Trust (3)
<b>EQUITY SECURITIES — 100.00%</b>					
<i>Communication Services — 3.34%</i>					
44	Activision Blizzard, Inc.	ATVI	3.34%	\$ 83.02	\$ 3,653
<i>Consumer Discretionary — 16.70%</i>					
34	Darden Restaurants, Inc.	DRI	3.35	107.90	3,669
18	The Home Depot, Inc.	HD	3.35	203.74	3,667
44	NIKE, Inc.	NKE	3.31	82.50	3,630
39	V.F. Corporation	VFC	3.34	93.80	3,658
213	The Wendy's Company	WEN	3.35	17.22	3,668
<i>Energy — 6.60%</i>					
53	ONEOK, Inc.	OKE	3.31	68.43	3,627
30	Valero Energy Corporation	VLO	3.29	119.99	3,600
<i>Financials — 13.41%</i>					
122	Bank of America Corporation	BAC	3.34	30.00	3,660
74	BB&T Corporation	BBT	3.31	48.96	3,623
38	Capital One Financial Corporation	COF	3.36	96.73	3,676
19	S&P Global Inc.	SPGI	3.40	195.70	3,718
<i>Health Care — 13.53%</i>					
18	Amgen Inc.	AMGN	3.40	206.90	3,724
34	Danaher Corporation	DHR	3.37	108.53	3,690
34	Quest Diagnostics Incorporated	DGX	3.30	106.24	3,612
14	UnitedHealth Group Incorporated	UNH	3.46	270.90	3,793
<i>Industrials — 19.70%</i>					
9	The Boeing Company	BA	3.23	392.30	3,531
15	FedEx Corporation	FDX	3.30	240.94	3,614
22	Harris Corporation	HRS	3.40	169.09	3,720
22	Honeywell International Inc.	HON	3.32	165.38	3,638
25	Illinois Tool Works Inc.	ITW	3.28	143.70	3,593
10	Lockheed Martin Corporation	LMT	3.17	347.44	3,474
<i>Information Technology — 20.11%</i>					
15	Broadcom Limited	AVGO	3.42	249.42	3,741
16	Mastercard Incorporated	MA	3.26	223.13	3,570
32	Microsoft Corporation	MSFT	3.37	115.17	3,685
29	Motorola Solutions, Inc.	MSI	3.36	126.79	3,677
50	Paychex, Inc.	PAYX	3.34	73.20	3,660
34	Texas Instruments Incorporated	TXN	3.36	108.18	3,678
<i>Materials — 3.23%</i>					
8	The Sherwin-Williams Company	SHW	3.23	442.21	3,538
<i>Utilities — 3.38%</i>					
22	NextEra Energy, Inc.	NEE	3.38	168.24	3,701
			<u>100.00%</u>		<u>\$109,488</u>

See Notes to Portfolio of Investments.

## NOTES TO PORTFOLIO OF INVESTMENTS

- (1) All securities are represented by contracts to purchase such securities. Contracts to purchase the securities were entered into on October 3, 2018. All such contracts are expected to be settled on or about the first settlement date of the trust, which is expected to be October 9, 2018.
- (2) Based on the cost of the securities to the trust.
- (3) Accounting Standards Codification 820, “Fair Value Measurements” establishes a framework for measuring fair value and expands disclosure about fair value measurements in financial statements for the trust. The framework under the standard is comprised of a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the trust has the ability to access as of the measurement date.

Level 2: Significant observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect the trust’s own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The inputs or methodologies used for valuing securities are not necessarily an indication of the risk associated with investing those securities.

Changes in valuation techniques may result in transfers in or out of an investment’s assigned level as described above.

The following table summarizes the trust’s investments as of the trust’s inception, based on inputs used to value them:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equity Securities	\$109,488	\$ —	\$ —
Total	<u>\$109,488</u>	<u>\$ —</u>	<u>\$ —</u>

The cost of securities to the sponsor and the sponsor’s profit or (loss) (which is the difference between the cost of the securities to the sponsor and the cost of the securities to the trust) are \$109,488 and \$(0), respectively.

## SMART TRUST, MORNINGSTAR DIVIDEND YIELD SELECT TRUST

**INVESTMENT OBJECTIVE.** The trust seeks to maximize total return potential through capital appreciation and current dividend income. There is no guarantee that the investment objective of the trust will be achieved.

**PRINCIPAL INVESTMENT STRATEGY.** The trust seeks to pursue its objective by investing in a portfolio consisting of the equity securities of the companies comprising the Morningstar® US Dividend Yield Focus 50 Equal Weight Index<sup>SM</sup> (the “Index”) as of September 21, 2018 (the “Security Selection Date”). The Index is described in greater detail below.

The sponsor sought to replicate the composition of the Index as of the Security Selection Date. During the trust’s life, the trust will not change to reflect any change in the component securities of the Index or any change in the weighting of the components within the Index at the time(s) that the Index is reconstituted or reweighted. If the sponsor creates additional units of the trust after the trust’s inception date, the trust will purchase the securities originally selected by applying the strategy. This is true even if a later application of the strategy would have resulted in the selection of different securities. Under normal market conditions, at least 80% of the trust’s net assets will be invested in stocks of companies that pay dividends as of the time of portfolio selection.

The objective of the Index is to track high-yielding, dividend-paying, U.S.-based securities. The Index is a subset of the Morningstar® US Market Index<sup>SM</sup> (the “US Market Index”), a broad market index representing 97% of U.S. equity market capitalization. The Index is a focused benchmark comprising “qualified income” (income that qualifies for federal income taxation at long-term capital gains rates) paying securities screened for superior company quality and financial health. The Index represents the top 50 yielding stocks meeting the screening requirements. The Trust may invest in securities of small market capitalization companies.

**Morningstar® US Market Index<sup>SM</sup> Investable Universe.** To qualify for inclusion in the investable universe of the US Market Index, which is the starting point for the Index selection, a security must meet the following criteria:

1. It must be a common stock, an interest in a real estate investment trust or a tracking stock.
2. It must trade on one of the three major exchanges—the NYSE, NYSE MKT, or NASDAQ exchange.
3. The issuing company’s country of domicile should be the U.S. or the issuing company’s primary stock market activities are carried out in the U.S. as defined by Morningstar®.
4. The following security types do not qualify:
  - American depositary receipts and American depositary shares
  - Fixed-dividend shares
  - Convertible notes, warrants, and rights
  - Limited partnerships and limited liability companies
  - Business development companies
  - Pooled investment vehicles
  - Royalty and statutory trusts



**Morningstar® US Market Index<sup>SM</sup> Eligibility.** To be eligible for the US Market Index, which serves as the starting point for the Index selection, all constituents must meet the following criteria:

1. Securities that have no more than 10 non-trading days in the prior quarter.
2. A security must be among the top 75% of the companies in the investable universe based on its liquidity score, which is the average of its rank on each of the following measures:
  - The average monthly trading volume in U.S. dollars during the six calendar months immediately before reconstitution or, in the case of corporate entities younger than six months, since the security was first issued (partial-month periods are prorated by number of trading days in the month); and
  - The lowest two months' total trading volume during the six calendar months immediately before reconstitution (the months need not be sequential).

Liquidity criterion is waived for corporate takeovers, spin-offs or other corporate actions where the successor entity issues one or more securities that meet the following criteria:

1. The new entity is in either the mid- or large-cap band.
2. The new entity's float value is greater than or equal to the smallest float in the mid-cap band.

The US Market Index is constructed by selecting the largest stocks that constitute 97% of market capitalization of the investable universe.

**Morningstar® US Dividend Yield Focus 50 Equal Weight Index<sup>SM</sup> Selection.**

Morningstar® screens US Market Index constituents for qualified income, company quality, and financial health to construct the Index. Company quality is determined based on Morningstar® Economic Moat™ and Uncertainty™ ratings, where companies are expected to earn above-average profits and sustain their dividend. Additionally, companies are screened for financial health using Morningstar®'s Distance to Default measure. Distance to Default is a structural or contingent claim model that takes advantage of both market information and accounting financial information. The firm's liabilities are viewed as a call option on the value of the firm's assets. If the value of the assets is not sufficient to cover the firm's liabilities (the strike price), default is expected to occur.

Specifically, to qualify for inclusion in the Index, constituents must meet the following eligibility criteria:

- Security's dividend must be qualified income; for example, real estate investment trusts are excluded.
- Company quality and financial health:
  - Companies must have a Morningstar® Economic Moat™ rating of narrow or wide, an Uncertainty™ rating that is not very high or extreme, and have a Morningstar® Distance to Default score in the top 50% within its respective Morningstar® sector.

- Companies that are not assigned a Morningstar® Economic Moat™ rating or Uncertainty rating must have a Morningstar® Distance to Default score in the top 30% within its respective Morningstar® sector.

Companies that meet the eligibility criteria described above are selected for inclusion in the Index in the following manner:

- Rank eligible companies by indicated dividend yield in descending order.
- Current Index constituents are retained in the Index if they are among the top 100 by indicated dividend yield.
- Additional securities are added to the Index in descending order of indicated dividend yield until the component count reaches 50.

If securities fall short of the selection and eligibility criteria or securities are added or deleted as a result of corporate action after reconstitution, the Index can have more or fewer than 50 securities.

**Constituent Weighting.** The Index is equal weighted, where equal weight is assigned to each constituent at reconstitution. The maximum weight of an individual Morningstar® sector is capped at 40%.

**Quarterly Evaluation.** The Index is reconstituted (i.e., the index membership is reset) and rebalanced (i.e., the security weights are adjusted) four times annually (on the Monday following the third Friday of March, June, September, and December), but the trust's portfolio *will not* be reconstituted or rebalanced in connection with the reconstitution or rebalancing of the Index. The trust's portfolio *will not* change in connection with the removal of any security from the Index.

**PRINCIPAL RISK CONSIDERATIONS.** Unitholders can lose money by investing in this trust. An investment in units of the trust should be made with an understanding of the risks related to the trust, such as the following:

- ***Security prices will fluctuate.*** The value of your investment may fall over time.
- ***The financial condition of an issuer may worsen or its credit ratings may drop, resulting in a reduction in the value of your units.*** This may occur at any point in time, including during the initial offering period.
- ***The issuer of a security may be unwilling or unable to declare dividends in the future or may reduce the level of dividends declared.*** This may reduce the level of distributions the trust pays which could reduce your income and cause the value of your units to fall.
- ***The trust invests in securities from the Index selected prior to the date of the trust's formation.*** The securities in the trust's portfolio will not change if the Index components, or their weightings within the Index, change. The performance of the trust may not correspond with the Index for this reason and because the trust incurs a sales charge and expenses.

- **The trust may invest in securities of small and mid-size companies.** These securities are often more volatile and have lower trading volumes than securities of larger companies. Small and mid-size companies may have limited products or financial resources, management inexperience and less publicly available information.
- **The trust is not actively managed.** Except in limited circumstances, the trust will hold, and continue to buy, shares of the same securities even if their market value declines.

**THE INDEX PROVIDER.** Morningstar® and the US Dividend Yield Focus 50 Equal Weight Index<sup>SM</sup> are service marks of Morningstar, Inc. and have been licensed for use for certain purposes by the sponsor. The trust is not sponsored, endorsed, sold or promoted by Morningstar, and Morningstar makes no representation regarding the advisability of investing in the trust.

The trust is not sponsored, endorsed, sold or promoted by Morningstar, Inc. Morningstar makes no representation or warranty, express or implied, to the owners of the trust or any member of the public regarding the advisability of investing in securities generally or in the trust in particular or the ability of the trust to track general stock market performance. Morningstar's only relationship to the sponsor is the licensing of: (i) certain service marks and service names of Morningstar; and (ii) the Index which is determined, composed and calculated by Morningstar without regard to the sponsor or the trust. Morningstar has no obligation to take the needs of the sponsor or the owners of the trust into consideration in determining, composing or calculating the Index. Morningstar is not responsible for and has not participated in the determination of the prices and amount of the trust or the timing of the issuance or sale of the trust or in the determination or calculation of the equation by which the trust is converted into cash. Morningstar has no obligation or liability in connection with the administration, marketing or trading of the trust.

MORNINGSTAR, INC., DOES NOT GUARANTEE THE ACCURACY AND/OR THE COMPLETENESS OF THE INDEX OR ANY DATA INCLUDED THEREIN AND MORNINGSTAR SHALL HAVE NO LIABILITY FOR ANY ERRORS, OMISSIONS, OR INTERRUPTIONS THEREIN. MORNINGSTAR MAKES NO WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY THE SPONSOR, OWNERS OR USERS OF THE TRUST, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE INDEX OR ANY DATA INCLUDED THEREIN. MORNINGSTAR MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE INDEX OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL MORNINGSTAR HAVE ANY LIABILITY FOR ANY SPECIAL, PUNITIVE, INDIRECT, OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS), EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

## ESSENTIAL INFORMATION

**Unit Price on Initial Date of Deposit:** \$10.00

**Initial Date of Deposit:** October 4, 2018

**Mandatory Termination Date:** January 7, 2020

**Record Dates:** 10th day of each month, commencing November 2018

**Distribution Dates:** 25th day of each month, commencing November 2018

**Standard CUSIP Numbers:** Cash: 83201M104

Reinvestment: 83201M112

**Fee Based CUSIP Numbers:** Cash: 83201M120

Reinvestment: 83201M138

**Ticker Symbol:** SMMDGX

**Minimum Investment:** \$1,000/100 units (may vary by selling firm)

**Tax Status:** Regulated Investment Company

## FEE TABLE

The amounts below are estimates of the direct and indirect expenses that you may incur based on a \$10 unit price. Actual expenses may vary.

Unitholder Transaction Expenses (fees paid directly from your investment)*	As a % of Initial Unit Price	Amounts per 100 Units
Initial Sales Charge .....	0.00%	\$ 0.00
Deferred Sales Charge .....	1.35	13.50
Creation & Development Fee .....	0.50	5.00
Maximum Sales Charge .....	1.85%	\$18.50
<b>Estimated Organization Costs**</b> .....	<b>0.790%</b>	<b>\$ 7.90</b>
Estimated Annual Operating Expenses (expenses deducted from trust assets)	As a % of Net Assets	Amounts per 100 Units
Trustee Fee .....	0.108%	\$1.05
Supervisor Fee .....	0.036	0.35
Other Operating Expenses .....	0.135	1.31
Total .....	0.279%	\$2.71

### Example

### Cumulative Expenses Paid for Period:

1 year	3 years	5 years	10 years
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This example helps you compare the cost of this trust with other unit investment trusts and mutual funds. The example assumes that the expenses do not change and that the trust's annual return is 5%. Your actual returns and expenses will vary. Based on these assumptions, you would pay these expenses for every \$10,000 you invest in the trust .....

\$291	\$890	\$1,242	\$2,647
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The example also assumes that you roll your investment into the next available series of the trust every 15 months (if one is offered) when the current trust terminates.

\* The sales charge has both an initial and a deferred component. The initial sales charge is paid at the time of purchase and is the difference between the total sales charge (maximum of 1.85% of the public offering price) and the sum of the remaining deferred sales charge and the total creation and development fee. The initial sales charge will be approximately 0% of the public offering price per unit depending on the public offering price per unit. The deferred sales charge is fixed at \$0.135 per unit and is paid in three monthly installments beginning on January 20, 2019. The creation and development fee is fixed at \$0.05 per unit and is paid at the end of the initial offering period. When the public offering price per unit is less than or equal to \$10, you will not pay an initial sales charge. When the public offering price per unit is greater than \$10 per unit, you will pay an initial sales charge. If you redeem or sell your units prior to collection of the total deferred sales charge, you will pay any remaining deferred sales charge upon redemption or sale of your units. If you purchase units after the last deferred sales charge payment has been assessed, the secondary market sales charge is equal to 1.85% of the public offering price per unit and does not include deferred payments.

\*\* Includes a license fee for the use of certain index products, trademarks, trade names and/or other related intellectual property of Morningstar, Inc.

**SMART TRUST,  
MORNINGSTAR DIVIDEND YIELD SELECT TRUST,  
SERIES 7  
(SMART TRUST 398)**

**PORTFOLIO OF INVESTMENTS**

**AS OF OCTOBER 4, 2018**

Number of Shares	Name of Issuer (1)	Ticker Symbol	Percentage of the Trust (2)	Market Value per Share (3)	Cost of Securities to the Trust (3)
<b>EQUITY SECURITIES — 100.00%</b>					
<b>Communication Services — 1.98%</b>					
40	Verizon Communications Inc.	VZ	1.98%	\$ 54.29	\$ 2,172
<b>Consumer Discretionary — 9.99%</b>					
35	Carnival Corporation (4)	CCL	2.00	62.62	2,192
15	Cracker Barrel Old Country Store, Inc.	CBRL	1.98	144.87	2,173
32	Garmin Ltd. (4)	GRMN	2.03	69.40	2,221
36	Las Vegas Sands Corp.	LVS	2.00	60.82	2,189
50	Leggett & Platt, Incorporated	LEG	1.98	43.34	2,167
<b>Consumer Staples — 11.90%</b>					
36	Altria Group, Inc.	MO	2.00	60.86	2,191
15	The Clorox Company	CLX	2.01	147.21	2,208
48	The Coca-Cola Company	KO	2.01	45.87	2,202
19	Kimberly-Clark Corporation	KMB	1.95	112.54	2,138
20	PepsiCo, Inc.	PEP	1.96	107.52	2,150
26	The Procter & Gamble Company	PG	1.97	83.03	2,159
<b>Energy — 14.11%</b>					
18	Chevron Corporation	CVX	2.06	125.31	2,256
26	Exxon Mobil Corporation	XOM	2.04	86.15	2,240
32	ONEOK, Inc.	OKE	2.00	68.43	2,190
19	Phillips 66	PSX	2.05	118.47	2,251
35	Schlumberger Limited (4)	SLB	2.00	62.62	2,192
18	Valero Energy Corporation	VLO	1.97	119.99	2,160
78	The Williams Companies, Inc.	WMB	1.99	27.98	2,182
<b>Financials — 18.03%</b>					
178	Brightspire Investment Group plc (4)	BSIG	1.99	12.28	2,186
54	Cohen & Steers, Inc.	CNS	2.02	40.99	2,213
89	Federated Investors, Inc.	FII	2.00	24.60	2,189
69	Legg Mason, Inc.	LM	2.00	31.80	2,194
44	Mercury General Corporation	MCY	2.02	50.19	2,208
40	Moelis & Company	MC	2.02	55.26	2,210
128	Northwest Bancshares, Inc.	NWBI	2.00	17.16	2,196
146	TFS Financial Corporation	TFSL	1.99	14.92	2,178
105	Waddell & Reed Financial, Inc.	WDR	1.99	20.75	2,179
<b>Health Care — 4.02%</b>					
31	Merck & Co., Inc.	MRK	2.02	71.37	2,212
49	Pfizer Inc.	PFE	2.00	44.81	2,196

Number of Shares	Name of Issuer (1)	Ticker Symbol	Percentage of the Trust (2)	Market Value per Share (3)	Cost of Securities to the Trust (3)
<b>Industrials — 9.89%</b>					
14	Cummins Inc.	CMI	1.92%	\$150.59	\$ 2,108
25	Eaton Corporation plc (4)	ETN	2.00	87.72	2,193
28	Emerson Electric Co.	EMR	2.01	78.52	2,199
19	United Parcel Service, Inc.	UPS	2.04	117.78	2,238
12	Watsco, Inc.	WSO	1.92	175.41	2,105
<b>Information Technology — 6.05%</b>					
45	Cisco Systems, Inc.	CSCO	2.02	49.14	2,211
39	Maxim Integrated Products, Inc.	MXIM	2.03	56.99	2,223
30	Paychex, Inc.	PAYX	2.00	73.20	2,196
<b>Materials — 2.00%</b>					
50	Southern Copper Corporation	SCCO	2.00	43.75	2,188
<b>Utilities — 22.03%</b>					
29	ALLETE, Inc.	ALE	1.98	74.65	2,165
52	Alliant Energy Corporation	LNT	2.02	42.56	2,213
31	American Electric Power Company, Inc.	AEP	1.99	70.22	2,177
45	CMS Energy Corporation	CMS	2.00	48.76	2,194
31	Dominion Energy, Inc.	D	1.99	70.29	2,179
20	DTE Energy Company	DTE	1.98	108.63	2,173
28	Duke Energy Corporation	DUK	2.02	79.19	2,217
49	Portland General Electric Company	POR	2.03	45.34	2,222
42	Public Service Enterprise Group Incorporated	PEG	1.99	52.01	2,184
33	WEC Energy Group, Inc.	WEC	2.01	66.79	2,204
47	Xcel Energy Inc.	XEL	2.02	47.14	2,216
			<u>100.00%</u>		<u>\$109,599</u>

See Notes to Portfolio of Investments.

## NOTES TO PORTFOLIO OF INVESTMENTS

- (1) All securities are represented by contracts to purchase such securities. Contracts to purchase the securities were entered into on October 3, 2018. All such contracts are expected to be settled on or about the first settlement date of the trust, which is expected to be October 9, 2018.
- (2) Based on the cost of the securities to the trust.
- (3) Accounting Standards Codification 820, “Fair Value Measurements” establishes a framework for measuring fair value and expands disclosure about fair value measurements in financial statements for the trust. The framework under the standard is comprised of a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the trust has the ability to access as of the measurement date.

Level 2: Significant observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect the trust’s own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The inputs or methodologies used for valuing securities are not necessarily an indication of the risk associated with investing those securities.

Changes in valuation techniques may result in transfers in or out of an investment’s assigned level as described above.

The following table summarizes the trust’s investments as of the trust’s inception, based on inputs used to value them:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equity Securities	<u>\$109,599</u>	<u>\$ —</u>	<u>\$ —</u>
Total	<u><u>\$109,599</u></u>	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>

The cost of the securities to the sponsor and the sponsor’s profit or (loss) (which is the difference between the cost of the securities to the sponsor and the cost of the securities to the trust) are \$109,599 and \$(0), respectively.

- (4) This is a security issued by a foreign company. Equity securities comprise 100% of the investments in the trust, broken down by country of organization as set forth below:

Curaçao 2.00%  
 Ireland 2.00%  
 Panama 2.00%  
 Switzerland 2.03%  
 United Kingdom 1.99%  
 United States 89.98%



SMART TRUST 398

STATEMENTS OF FINANCIAL CONDITION

AS OF OCTOBER 4, 2018

	<u>Argus Dividend Growers Total Return Trust</u>	<u>Morningstar Dividend Yield Select Trust</u>
<i>Investment in securities</i>		
Contracts to purchase securities (1)(2) .....	\$109,488	\$109,599
Total .....	<u>\$109,488</u>	<u>\$109,599</u>
<i>Liabilities and interest of investors</i>		
Liabilities:		
Organization costs (3) .....	\$ 753	\$ 866
Deferred sales charge (4)(5) .....	1,478	1,480
Creation & development fee (4)(5) .....	<u>547</u>	<u>548</u>
Total liabilities .....	<u>2,778</u>	<u>2,894</u>
Interest of investors:		
Cost to investors (5) .....	109,488	109,599
Less: initial sales charge (4)(5) .....	0	0
Less: deferred sales charge and creation & development fee (4)(5) .....	2,025	2,028
Less: organization costs (3) .....	<u>753</u>	<u>866</u>
Net interest of investors .....	<u>106,710</u>	<u>106,705</u>
Total .....	<u>\$109,488</u>	<u>\$109,599</u>
Number of units .....	<u>10,949</u>	<u>10,960</u>
Net asset value per unit .....	<u>\$ 9.746</u>	<u>\$ 9.736</u>

- (1) Aggregate cost of the securities is based on the evaluations determined by the trustee at the evaluation time on the most recent business day prior to the initial date of deposit.
- (2) Cash or an irrevocable letter of credit has been deposited with the trustee covering the funds (aggregating \$400,000 with \$200,000 allocated to each trust) necessary for the purchase of securities in the trust represented by purchase contracts.
- (3) A portion of the public offering price represents an amount sufficient to pay for all or a portion of the costs incurred in establishing the trust. These costs have been estimated at \$0.069 per unit for the Argus Dividend Growers Total Return Trust and \$0.079 per unit for the Morningstar Dividend Yield Select Trust. A distribution will be made as of the earlier of the close of the initial offering period or six months following the trust's inception date to an account maintained by the trustee from which this obligation of the investors will be satisfied. To the extent the actual organization costs are greater than the estimated amount, only the estimated organization costs added to the public offering price will be reimbursed to the sponsor and deducted from the assets of the trust.
- (4) The total sales charge consists of an initial sales charge, a deferred sales charge and a creation and development fee. The initial sales charge is equal to the difference between the maximum sales charge and the sum of the remaining deferred sales charge and the total creation and development fee. The maximum total sales charge is 1.85% of the public offering price per unit.
- (5) The aggregate cost to investors includes the applicable sales charge assuming no reduction of sales charges.

## **REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

SPONSOR AND UNITHOLDERS  
SMART TRUST 398

### **Opinion on the financial statements**

We have audited the accompanying statements of financial condition, including the trust portfolio on pages A-6 through A-7 and A-14 through A-16, of Smart Trust 398 (the “Trust”) as of October 4, 2018, the initial date of deposit, 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 Trust as of October 4, 2018, in conformity with accounting principles generally accepted in the United States of America.

### **Basis for opinion**

These financial statements are the responsibility of Hennion & Walsh, Inc., the Sponsor. Our responsibility is to express an opinion on the Trust’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Trust 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Trust is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits 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 Trust’s internal control over financial reporting. Accordingly, we express no such opinion.

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 supporting the amounts and disclosures in the financial statements. 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. Our procedures included confirmation of cash or irrevocable letter of credit deposited for the purchase of securities as shown in the statements of financial condition as of October 4, 2018 by correspondence with The Bank of New York Mellon, Trustee. We believe that our audits provide a reasonable basis for our opinion.

/s/ GRANT THORNTON LLP

We have served as the auditor of one or more of the unit investment trusts, sponsored by Hennion & Walsh, Inc. since 2009.

Chicago, Illinois  
October 4, 2018



## YOUR TRUST

Your trust is a unit investment trust registered under the Investment Company Act of 1940. Your trust was created under the laws of the State of New York pursuant to a trust agreement among Hennion & Walsh, Inc., The Bank of New York Mellon and Hennion & Walsh Asset Management, Inc. Hennion & Walsh, Inc. is the sponsor and principal underwriter of your trust. The Bank of New York Mellon is the trustee of your trust. Hennion & Walsh Asset Management, Inc. is the portfolio supervisor of your trust. The sponsor created your trust on the initial date of deposit and your trust will terminate on the mandatory termination date unless terminated earlier as described in this prospectus. The initial date of deposit and mandatory termination date are set forth under “Essential Information” for your trust.

Your trust is a unit investment trust and is not an actively managed fund. Traditional methods of investment management for a managed fund often involve frequent changes in a portfolio of securities on the basis of economic, financial and market analysis. The portfolio of your trust, however, will not be actively managed and therefore the adverse financial condition of an issuer will not necessarily require the sale of its securities from the portfolio.

To create your trust, the sponsor deposited the initial portfolio securities (or contracts to purchase the securities along with an irrevocable letter of credit, cash or other consideration to pay for the securities) with the trustee on the initial date of deposit. In exchange for the deposited securities, the trustee registered the sponsor’s ownership of the initial units of your trust on the registration books of your trust. A unit represents an undivided fractional interest in your trust. As the sponsor sells units, the sponsor will create additional units of your trust by depositing additional portfolio securities (or contracts to purchase securities and/or cash or a letter of credit with instructions for your trust to purchase securities) with the trustee. Units will remain outstanding until redeemed or until your trust terminates. At the close of the New York Stock Exchange on the initial date of deposit (or on the first day units are sold to the public, if later) the number of units may be adjusted so that the public offering price per unit equals \$10. The number of units and fractional interest of each unit in your trust will increase or decrease to the extent of any adjustment.

## RISK CONSIDERATIONS

All investments involve risk. This section describes various risks that can impact the value of the securities in your trust. You should understand these risks before you invest. If the value of the securities falls, the value of the units will also fall. No one can guarantee that your trust will achieve its objective or that your investment return will be positive over any period.

**MARKET RISK.** Market risk is the risk that the value of the securities in your trust will fluctuate. This could cause the value of your units to fall below your original purchase price. Market value fluctuates in response to various factors. These can include changes in interest rates, inflation, the financial condition of a security’s issuer,

perceptions of the issuer, or ratings on a security. Even though the portfolio is supervised, you should remember that the portfolio is not managed. Your trust will not sell a security solely because the market value falls as is possible in a managed fund.

**EQUITY SECURITIES.** Your trust invests in securities representing equity ownership of a company. Investments in such securities are exposed to risks associated with the companies issuing the securities, the sectors and geographic locations they are involved in and the markets that such securities are traded on, among other risks as described in greater detail below.

**DIVIDEND PAYMENT RISK.** Dividend payment risk is the risk that an issuer of a security is unwilling or unable to pay income on a security. Stocks represent ownership interests in the issuers and are not obligations of the issuers. Common stockholders have a right to receive dividends only after the company has provided for payment of its creditors, bondholders and preferred stockholders. Common stocks do not assure dividend payments. Dividends are paid only when declared by an issuer's board of directors and the amount of any dividend may vary over time.

**INDEX CORRELATION RISK.** The Morningstar Dividend Yield Select Trust invests in equity securities from the Index selected prior to the date of the trust's formation. The securities in that trust's portfolio will not change if the Index components, or their weightings within the Index, change. The performance of that trust may not correspond with the Index for this reason and because the trust incurs a sales charge and expenses.

**CONCENTRATION RISK.** Concentration risk is the risk that the value of your trust is more susceptible to fluctuations based on factors that impact a particular sector because the portfolio concentrates in securities issued by companies within that sector. A portfolio "concentrates" in a sector when securities in a particular sector make up 25% or more of the portfolio. Refer to the "Principal Risk Considerations" in Part A for your trust in this prospectus for sector concentrations.

**FOREIGN ISSUER RISK.** An investment in securities of foreign issuers involves certain risks that are different in some respects from an investment in securities of domestic issuers. These include risks associated with future political and economic developments, international trade conditions, foreign withholding taxes, liquidity concerns, currency fluctuations, volatility, restrictions on foreign investments and exchange of securities, potential for expropriation of assets, confiscatory taxation, difficulty in obtaining or enforcing a court judgment, potential inability to collect when a company goes bankrupt and economic, political or social instability. Moreover, individual foreign economies may differ favorably or unfavorably from the U.S. economy for reasons including differences in growth of gross domestic product, rates of inflation, capital reinvestment, resources, self-sufficiency and balance of payments positions. There may be less publicly available information about a foreign issuer than is available from a domestic issuer as a result of different accounting, auditing and financial reporting standards. Some foreign markets are less liquid than U.S. markets which could cause securities to be bought at a higher price or sold at a lower price than would be the case in a highly liquid market.

Securities of certain foreign issuers may be denominated or quoted in currencies other than the U.S. dollar. Foreign issuers also pay dividends and conduct business in foreign currencies. Many foreign currencies have fluctuated widely in value against the

U.S. dollar for various economic and political reasons. Changes in foreign currency exchange rates may affect the value of foreign securities and dividend payments. Generally, when the U.S. dollar rises in value against a foreign currency, a security denominated in that currency loses value because the currency is worth fewer U.S. dollars. Conversely, when the U.S. dollar decreases in value against a foreign currency, a security denominated in that currency gains value because the currency is worth more U.S. dollars. The U.S. dollar value of dividend payments on foreign securities will fluctuate similarly with changes in foreign currency values.

Brokerage and other transaction costs on foreign exchanges are often higher than in the U.S. and there is generally less governmental supervision of exchanges, brokers and issuers in foreign countries. The increased expense of investing in foreign markets may reduce the amount an investor can earn on its investments and typically results in a higher operating expense ratio than investments in only domestic securities. Custody of certain securities may be maintained by a global custody and clearing institution. Settlement and clearance procedures in certain foreign markets differ significantly from those in the U.S. Foreign settlement and clearance procedures and trade regulations also may involve certain risks (such as delays in payment for or delivery of securities) not typically associated with the settlement of domestic securities. Round lot trading requirements exist in certain foreign securities markets which could cause the proportional composition and diversification of the portfolio to vary when your trust buys or sells securities.

Certain foreign securities may be held in the form of American Depositary Receipts (“ADRs”), Global Depositary Receipts (“GDRs”), or other similar receipts. Depositary receipts represent receipts for foreign securities deposited with a custodian (which may include the trustee of your trust). Depositary receipts may not be denominated in the same currency as the securities into which they may be converted. ADRs typically trade in the U.S. in U.S. dollars and are registered with the Securities and Exchange Commission. GDRs are similar to ADRs, but GDRs typically trade outside of the U.S. and outside of the country of the issuer in the currency of the country where the GDR trades. Depositary receipts generally involve most of the same types of risks as foreign securities held directly but typically also involve additional expenses associated with the cost of the custodian’s services. Some depositary receipts may experience less liquidity than the underlying securities traded in their home market. Certain depositary receipts are unsponsored (i.e. issued without the participation or involvement of the issuer of the underlying security). The issuers of unsponsored depositary receipts are not obligated to disclose information that may be considered material in the U.S. Therefore, there may be less information available regarding these issuers which can impact the relationship between certain information impacting a security and the market value of the depositary receipts.

**SMALL AND MID-SIZE COMPANIES.** Your trust may invest in stocks issued by small and mid-size companies. The share prices of these companies are often more volatile than those of larger companies as a result of several factors common to many such issuers, including limited trading volumes, products or financial resources, management inexperience and less publicly available information.

**LIQUIDITY RISK.** Liquidity risk is the risk that the value of a security will fall if trading in the security is limited or absent. No one can guarantee that a liquid trading market will exist for any security.

**LEGISLATION/LITIGATION.** From time to time, various legislative initiatives are proposed in the United States and abroad which may have a negative impact on certain of the securities held by your trust. In addition, litigation regarding any of the issuers of the securities or of the industries represented by these issuers may negatively impact the share prices of these securities. No one can predict what impact any pending or threatened litigation will have on the share prices of the securities.

**SELECTION RISK.** Selection risk is the risk that the securities selected for inclusion in your trust will underperform the markets, relevant indices or the securities selected by other funds with similar investment objectives and investment strategies. This means you may lose money or earn less than other comparable investments.

**UNMANAGED PORTFOLIO.** Your trust is a unit investment trust and is not an actively managed fund. Unlike a managed investment company in which there may be frequent changes in the portfolio of securities based upon economic, financial and market analyses, your trust's portfolio will remain relatively fixed and is not subject to such frequent changes based upon continuous analysis. Your trust will generally sell securities: to pay expenses, in limited circumstances to protect your trust, to take actions in response to corporation actions and other events impacting the portfolio securities, to make required distributions or avoid imposition of taxes on your trust or as permitted by the trust agreement. Since your trust will not sell securities in response to ordinary market fluctuations, the amount realized upon the sale of portfolio securities may not be the highest price attained by an individual security during the life of your trust.

**NO FDIC GUARANTEE.** An investment in your trust is not a deposit of any bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

## **PUBLIC OFFERING**

**OFFERING PRICE.** Units of your trust are offered at the public offering price. The public offering price per unit is equal to the net asset value per unit plus organization costs plus the applicable sales charge described in this prospectus. The "net asset value per unit" is the value of the securities, cash and other assets in your trust reduced by the liabilities of your trust divided by the total units outstanding. The public offering price of units is sometimes referred to as the "offer price" or "purchase price." Unit prices are available at [www.smarttrustuit.com](http://www.smarttrustuit.com) or through your financial professional.

The offer price will be effective for all orders received prior to the close of regular trading on the New York Stock Exchange (normally 4:00 p.m. Eastern time), provided that on the first day units are sold the unit price will be computed as of the time the registration statement filed with the Securities and Exchange Commission becomes effective, if later. If the sponsor receives your order prior to the close of regular trading on the New York Stock Exchange, or authorized financial professionals receive your order prior to that time, then in most instances you will receive the price computed on the date of receipt. If the sponsor receives your order after the close of regular trading on the New York Stock Exchange, or if authorized financial professionals receive your order after that time, then in most instances you will receive the price computed on the date of the next determined offer price provided that your order is received in a timely manner on that date. It is the responsibility of the authorized financial professional to transmit the

orders that they receive to the sponsor in a timely manner. Certain broker-dealers may charge a transaction or other fee for processing unit purchase orders.

The minimum purchase is generally 100 units for individual purchasers and for purchases by certain custodial accounts or Individual Retirement Accounts, self-employed retirement plans, pension funds and other tax-deferred retirement plans. The minimum purchase requirements are subject to waiver and may vary by selling firm.

**VALUE OF SECURITIES.** The trustee determines the value of the securities as of the close of regular trading on the New York Stock Exchange on each day that exchange is open. The trustee generally determines the value of securities using the closing sale price for securities traded on a national or foreign securities exchange. In some cases the trustee will price a security based on its fair value after considering appropriate factors relevant to the value of the security. The trustee will only do this if a security is not principally traded on a national or foreign securities exchange or if current market quotes are unavailable or inappropriate.

The trustee determined the initial prices of the securities shown under “Portfolio of Investments” for your trust as described above at the close of regular trading on the New York Stock Exchange on the business day before the date of this prospectus. On the first day units are sold, the trustee will value the securities as of the close of regular trading on the New York Stock Exchange or the time the registration statement filed with the Securities and Exchange Commission becomes effective, if later.

**ORGANIZATION COSTS.** During the initial offering period, part of the value of the securities represents an amount that will pay the costs of creating your trust. These costs include the costs of preparing the registration statement and legal documents, federal and state registration fees, the portfolio consultant’s security selection fee (if applicable), any one-time license fee (if applicable), the initial fees and expenses of the trustee and the initial audit. Your trust will sell securities to reimburse the sponsor for these costs at the end of the initial offering period or after six months, if earlier. The value of the units will decline when your trust pays these costs.

**SALES CHARGE.** You pay a fee in connection with purchasing units. This is referred to as the “transactional sales charge.” The transactional sales charge has both an initial and a deferred component and equals 1.35% of the public offering price per unit based on a \$10 public offering price per unit. This percentage amount of the transactional sales charge is based on the unit price on the initial date of deposit. The transactional sales charge equals the difference between the total sales charge and the creation and development fee. As a result, the percentage and dollar amount of the transactional sales charge will vary as the public offering price per unit varies. The transactional sales charge does not include the creation and development fee which is described in more detail under “Trust Expenses and Charges” for your trust.

The maximum total sales charge equals 1.85% of the public offering price per unit at the time of purchase. You pay the initial sales charge, if any, at the time you buy units. The initial sales charge is the difference between the total sales charge percentage (maximum of 1.85% of the public offering price per unit) and the sum of the remaining fixed dollar deferred sales charge and the total fixed dollar creation and development fee. The initial sales charge will be approximately 0.00% of the public offering price per unit on a \$10 public offering price per unit. If the public offering price per unit exceeds \$10, you will be charged an initial sales charge equal to the difference between the maximum

sales charge percentage (maximum of 1.85% of the public offering price per unit) and the sum of the remaining fixed dollar deferred sales charge and total fixed dollar creation and development fee. The deferred sales charge is fixed at \$0.135 per unit. Your trust pays the deferred sales charge in equal monthly installments as described in the “Fee Table” for your trust. If you redeem or sell units prior to collection of the total deferred sales charge, you will pay any remaining deferred sales charge upon redemption or sale of units. The creation and development fee is fixed at \$0.05 per unit and is paid at the end of the initial offering period. If you redeem or sell units prior to the end of the initial offering period, you will not pay the remaining creation and development fee. Because the deferred sales charge and creation and development fee are fixed dollar amounts per unit, the actual charges will exceed the percentages shown in the “Fee Table” for your trust if the public offering price per unit falls below \$10 and will be less than the percentages shown in the “Fee Table” for your trust if the public offering price per unit exceeds \$10. In no event will the total sales charge exceed 1.85% of the public offering price per unit.

Since the deferred sales charge and creation and development fee are fixed dollar amounts per unit, your trust must charge these amounts per unit regardless of any decrease in net asset value. However, if the public offering price per unit falls to the extent that the maximum sales charge percentage results in a dollar amount that is less than the combined fixed dollar amounts of the deferred sales charge and creation and development fee, your initial sales charge will be a credit equal to the amount by which these fixed dollar charges exceed the sales charge at the time you buy units. In such a situation, the value of securities per unit would exceed the public offering price per unit by the amount of the initial sales charge credit and the value of those securities will fluctuate, which could result in a benefit or detriment to unitholders that purchase units at that price. The initial sales charge credit is paid by the sponsor and is not paid by your trust. The “Fee Table” for your trust shows the sales charge calculation at a \$10 public offering price per unit and the following examples illustrate the sales charge at prices below and above \$10. If the public offering price per unit fell to \$9, the maximum sales charge would be \$0.1665 (1.85% of the public offering price per unit), which consists of an initial sales charge of -\$0.0185, a deferred sales charge of \$0.135 and a creation and development fee of \$0.05. If the public offering price per unit rose to \$11, the maximum sales charge would be \$0.2035 (1.85% of the public offering price per unit), consisting of an initial sales charge of \$0.0185, a deferred sales charge of \$0.135 and a creation and development fee of \$0.05. The actual sales charge that may be paid by an investor may differ slightly from the sales charges shown herein due to rounding that occurs in the calculation of the public offering price and in the number of units purchased.

If you purchase units after the last deferred sales charge payment has been assessed, the secondary market sales charge is equal to 1.85% of the public offering price and does not include deferred payments.

**DISCOUNTS.** There are a variety of ways for you to reduce the sales charge you pay. It is your financial professional’s responsibility to alert the sponsor of any sales charge discount when you order units. Except as expressly provided herein, you may not combine discounts. Since the deferred sales charge and the creation and development fee are fixed dollar amounts per unit, your trust must charge these fees per unit regardless of any discounts. However, if you are eligible to receive a discount such that your total sales charge is less than the fixed dollar amounts of the deferred sales charge and the



creation and development fee, the sponsor will credit you the difference between your total sales charge and these fixed dollar fees at the time you buy units.

**Employee Discount.** A portion of the sales charge is waived for purchases by officers, directors and employees (including their spouses and children under 21 living in the same household, and trustees, custodians or fiduciaries for the benefit of such persons) of the sponsor and its affiliates and dealers and their affiliates. These purchases may be made at the public offering price per unit less the applicable dealer concession. These discounts apply during the initial offering period and in the secondary market. All employee discounts are subject to the policies of the related selling firm. Only officers, directors and employees of companies that allow their employees to participate in this employee discount program are eligible for the discounts.

**Fee Accounts.** Investors may purchase units through registered investment advisers, certified financial planners or registered broker-dealers who in each case either charge investor accounts (“Fee Accounts”) periodic fees for brokerage services, financial planning, investment advisory or asset management services, or provide such services in connection with an investment account for which a comprehensive “wrap fee” charge (“Wrap Fee”) is imposed. You should consult your financial advisor to determine whether you can benefit from these accounts. To purchase units in these Fee Accounts, your financial advisor must purchase units designated with one of the Fee Based CUSIP Numbers set forth under “Essential Information” for your trust, if available. Please contact your financial advisor for more information. If units of your trust are purchased for a Fee Account and the units are subject to a Wrap Fee in such Fee Account (i.e., your trust is “Wrap Fee Eligible”) then investors may be eligible to purchase units of your trust in these Fee Accounts that are not subject to the transactional sales charge but will be subject to the creation and development fee that is retained by the sponsor. For example, this table illustrates the sales charge you will pay as a percentage of the initial \$10 public offering price per unit (the percentage will vary with the unit price).

Initial sales charge . . . . .	0.00%
Deferred sales charge . . . . .	<u>0.00%</u>
Transactional sales charge . . . . .	<u>0.00%</u>
Creation and development fee . . . . .	<u>0.50%</u>
Total sales charge . . . . .	<u>0.50%</u>

This discount applies only during the initial offering period. Certain Fee Account investors may be assessed transaction or other fees on the purchase and/or redemption of units by their broker-dealer or other processing organizations for providing certain transaction or account activities. The sponsor reserves the right to limit or deny purchases of units in Fee Accounts by investors or selling firms whose frequent trading activity is determined to be detrimental to your trust.

**DISTRIBUTION OF UNITS.** Units will be distributed to the public at the public offering price by the sponsor and through broker-dealers and other selling firms. The sponsor generally qualifies units for sale in various states in the United States. The sponsor does not register units for sale in any foreign country. This prospectus does not constitute an offer of units in any state or country where units cannot be offered or sold lawfully. The sponsor may reject any order for units in whole or in part.

The sponsor compensates broker-dealers and other selling firms when they sell units. This compensation includes the broker-dealer concessions or agency commissions described in the table below and other compensation described in this section. Any sales charge discount is borne by the broker-dealer or selling firm out of the dealer concession unless provided otherwise below. The broker-dealer concession or agency commission for initial offering period transactions is 1.25% of the public offering price per unit.

No dealer concession is paid to broker-dealers or other selling firms in connection with unit sales in Fee Accounts subject to a Wrap Fee that are eligible to receive the “Fee Account” sales charge discount described in this prospectus. The broker-dealer concession or agency commission for secondary market sales is 1.25% of the public offering price per unit, provided however that any sales charge discount is borne by the broker-dealer or selling firm out of the dealer concession for transactions in the secondary market. The sponsor reserves the right to change the amount of concessions or agency commissions from time to time.

In addition to the concessions set forth above, broker-dealers and other selling firms will be eligible to receive additional compensation for volume sales of eligible units of certain Hennion & Walsh-sponsored unit investment trusts. This additional volume concession is based on total initial offering period sales of eligible trusts during a calendar quarter as set forth in the following table:

<u>Initial Offering Period Sales During Calendar Quarter</u>	<u>Volume Concession</u>
Less than \$10,000,000 .....	0.000%
\$10,000,000 but less than \$25,000,000 .....	0.050%
\$25,000,000 but less than \$50,000,000 .....	0.075%
\$50,000,000 but less than \$100,000,000 .....	0.100%
\$100,000,000 but less than \$250,000,000 .....	0.110%
\$250,000,000 or greater .....	0.120%

This volume concession will be paid on units of eligible Hennion & Walsh-sponsored trusts sold in the initial offering period. For a trust to be eligible for this additional volume concession for calendar quarter sales, your trust’s prospectus must include disclosure related to this additional concession; a trust is not eligible for this additional volume concession if the prospectus for such trust does not include disclosure related to this additional volume concession. Broker dealers and other selling firms will not receive additional volume compensation unless it sells at least \$10.0 million of units of eligible trusts during a calendar quarter. For example, if a firm sells \$9.5 million of units of eligible trusts in the initial offering period during a calendar quarter, the firm will not receive any additional compensation with respect to such trusts. Except as described below, once a firm reaches a particular breakpoint during a quarter, the firm will receive the stated volume concession on all initial offering period sales of eligible trusts during the applicable quarter. For example, if the firm sells \$17.5 million of units of eligible trusts in the initial offering period during a calendar quarter, the firm will receive additional compensation of 0.05% of \$17.5 million. There will be no additional volume concessions on the sale of units which are not subject to a transactional sales charge. However, such sales will be included in determining whether a firm has met the sales level breakpoints for volume concessions, subject to the policies and instructions of the related selling firm. Eligible broker dealers and other selling firms include clearing firms that place orders with the sponsor and provide the sponsor with information with respect

to the representatives who initiated such transactions. Eligible broker-dealers and other selling firms will not include firms that solely provide clearing services to other broker-dealer firms or firms who place orders through clearing firms that are eligible dealers. Redemptions of units during the initial offering period will reduce the amount of units used to calculate the additional volume concessions. Secondary market sales of all units are excluded for purposes of these additional volume concessions. The sponsor will pay these amounts out of its own assets within a reasonable time following each calendar quarter.

The sponsor may provide, at its own expense and out of its own profits, additional compensation and benefits to broker-dealers and selling firms that sell units of your trust and the sponsor's other products. This compensation is intended to result in additional sales of the sponsor's products and/or compensate broker-dealers, selling firms and financial advisors for past sales. A number of factors are considered in determining whether to pay these additional amounts. Such factors may include, but are not limited to, the level or type of services provided by the intermediary, the level or expected level of sales of our products by the intermediary or its agents, the placing of the sponsor's products on a preferred or recommended product list and access to an intermediary's personnel. The sponsor may make these payments for marketing, promotional or related expenses, including, but not limited to, expenses of entertaining retail customers and financial advisors, advertising, sponsorship of events or seminars, obtaining information about the breakdown of unit sales among an intermediary's representatives or offices, obtaining shelf space in intermediary firms and similar activities designed to promote the sale of the sponsor's products. The sponsor may make such payments to a substantial majority of intermediaries that sell its products. The sponsor may also make certain payments to, or on behalf of, intermediaries to defray a portion of their costs incurred for the purpose of facilitating unit sales, such as the costs of developing or purchasing trading systems to process unit trades. Payments of such additional compensation described in this paragraph and the volume concessions described above, some of which may be characterized as "revenue sharing," may create an incentive for financial intermediaries and their agents to sell or recommend the sponsor's products, including your trust, over other products. These arrangements will not change the price you pay for your units.

The sponsor may gain or lose money when it holds units in the primary or secondary market due to fluctuations in unit prices. The gain or loss is equal to the difference between the price the sponsor pays for units and the price at which it sells or redeems them. The sponsor may also gain or lose money when it deposits securities to create units. The amount of the sponsor's profit or loss on the initial deposit of securities into your trust is shown in the "Notes to Portfolio of Investments" for your trust. The trustee may utilize the services of the sponsor for the purchase or sale of all or a portion of the portfolio securities in your trust and the sponsor may receive brokerage commissions from your trust in connection with these transaction in accordance with applicable law.

## **REDEMPTION AND SALE OF UNITS**

You may sell or redeem units on any business day the New York Stock Exchange is open through your financial professional or the trustee. The sale and redemption price of units is equal to the net asset value per unit, provided that you will not pay any remaining creation and fee and organization costs if you sell or redeem units during the

initial offering period. The sale and redemption price is sometimes referred to as the “liquidation price.” You may pay any remaining deferred sales charge when you sell or redeem units. Certain broker-dealers may charge a transaction or other fee for processing unit redemptions.

**SALES OF UNITS.** The sponsor intends to repurchase units from unitholders throughout the life of your trust at the current net asset value of the units, provided that you will not pay any remaining creation and fee and organization costs if you sell units during the initial offering period. The sponsor may resell repurchased units to other investors at the public offering price or redeem them for the redemption price. The sponsor’s secondary market repurchase price is the same as the redemption price. Certain broker-dealers might also maintain a secondary market in units. You should contact your financial professional for current repurchase prices to determine the best price available. The sponsor is not obligated to maintain a market and may stop doing so without prior notice for any reason. If a market is not maintained, you will be able to redeem units with the trustee at the same price as the sponsor’s repurchase price. If you sell units prior to the collection of the entire deferred sales charge, you will be assessed the amount of the remaining deferred sales charge at the time of sale.

**REDEMPTION OF UNITS.** You may also redeem units directly with the trustee on any day the New York Stock Exchange is open. The redemption price that you will receive for units is equal to the net asset value per unit, provided that you will not pay any remaining creation and development fee or organization costs if you redeem units during the initial offering period. You will pay any remaining deferred sales charge at the time you redeem units. You will receive the net asset value for a particular day if the trustee receives your completed redemption request prior to the close of regular trading on the New York Stock Exchange. Redemption requests received by authorized financial professionals prior to the close of regular trading on the New York Stock Exchange are priced based on the date of receipt in most instances. Redemption requests received by the trustee after the close of regular trading on the New York Stock Exchange, or redemption requests received by authorized financial professionals after that time, are priced based on the date of the next determined redemption price provided they are received in a timely manner by the trustee on such date. It is the responsibility of authorized financial professionals to transmit redemption requests received by them to the trustee so they will be received in a timely manner. If your request is not received in a timely manner or is incomplete in any way, you will receive the next net asset value computed after the trustee receives your completed request.

If you redeem units, the trustee will generally send you a payment for units no later than seven days after it receives all necessary documentation (this will usually only take two business days). The only time the trustee can delay your payment is if the New York Stock Exchange is closed (other than weekends or holidays), the Securities and Exchange Commission determines that trading on that exchange is restricted or an emergency exists making sale or evaluation of the securities not reasonably practicable, and for any other period that the Securities and Exchange Commission permits.

You can request an in-kind distribution of the securities underlying units if you tender at least 2,500 units for redemption (or such other amount as required by your financial professional’s firm). This option is generally available only for securities traded and held in the United States. The trustee will make any in-kind distribution of securities by distributing applicable securities in book entry form to the account of your financial

professional at The Depository Trust Company. You will receive whole shares of the applicable securities and cash equal to any fractional shares or securities not distributed in-kind. You may not request this option in the last 30 days of your trust's life. This option may be discontinued upon 60 days notice.

## DISTRIBUTIONS

Your trust generally pays distributions of its net investment income along with any excess capital on each distribution date to unitholders of record as of the preceding record date. If your trust is a "grantor trust" for federal tax purposes, your trust will generally only make a distribution if the total cash held for distribution equals at least 0.1% of your trust's net asset value as determined under the trust agreement. The record and distribution dates and tax status are shown in the "Essential Information" for your trust. An investor becomes a unitholder of record on the settlement date of the unit purchase (generally two business days following the purchase date). You may elect to either reinvest your distribution proceeds in additional units of your trust (as described below) or receive distributions in cash. In some cases, your trust might pay a special distribution if it holds an excessive amount of cash pending distribution. For example, this could happen as a result of a merger or similar transaction involving a company whose stock is in your trust portfolio. In addition, if your trust is structured as a "regulated investment company" for federal tax purposes, it will generally make required distributions or distributions to avoid the imposition of tax at the end of each year.

The issuers in your trust's portfolio make dividend payments at various times during the year. When your trust receives dividends from issuers, the trustee credits the dividends to your trust's accounts. Because your trust does not necessarily receive dividends or income payments from the issuers at a constant rate throughout the year, your trust's income distributions to unitholders will fluctuate. The amount of your distributions will also vary from time to time as companies change their dividends, securities are liquidated from the portfolio or trust expenses change.

Distributions may be reinvested into additional units of your trust by participating in your trust's reinvestment option. In order to participate in the reinvestment option, investors should purchase units with a "Reinvestment" CUSIP number set forth in the "Essential Information" for your trust. You may also make or change your reinvestment election by contacting your financial professional or the trustee at least 10 days before the next applicable record date. This reinvestment option may be subject to availability or limitation by the broker-dealer or selling firm. In certain circumstances, broker-dealers may suspend or terminate the offering of a reinvestment option at any time. Once you have elected to participate in the reinvestment option, each distribution of income or principal on the participant's units will be automatically applied by the trustee to purchase additional units of your trust. The sponsor reserves the right to modify or terminate the reinvestment plan at any time without prior notice. Distributions on units may be reinvested by participating in your trust's reinvestment plan. Units acquired by reinvestment are not subject to a sales charge as described in "Public Offering."

## TRUST ADMINISTRATION

**PORTFOLIO ADMINISTRATION.** Your trust is a unit investment trust and is not an actively managed fund. Unlike a managed fund, your trust's portfolio will remain relatively fixed. Your trust will generally sell securities: to pay expenses, to issue additional units or redeem units, in limited circumstances to protect your trust, to take actions in response to corporation actions and other events impacting the portfolio securities, to make required distributions or avoid imposition of taxes on your trust or as permitted by the trust agreement.

When your trust sells securities, the composition and diversification of the securities in the portfolio may be altered. If a public tender offer has been made for a security or a merger, acquisition or similar transaction has been announced affecting a security, the sponsor may direct the trustee to sell the security or accept a tender offer if the supervisor determines that the action is in the best interest of unitholders. The trustee will distribute any cash proceeds to unitholders unless it is used to pay expenses or unit redemptions. If an offer by the issuer of any of the portfolio securities or any other party is made to issue new securities, or to exchange securities, for trust portfolio securities, the trustee will reject the offer unless your trust is a "regulated investment company" for tax purposes (see "Essential Information — Tax Structure" for your trust in this prospectus). If your trust is a "regulated investment company" for tax purposes and an offer by the issuer of any portfolio securities or any other party is made to issue new securities, or to exchange securities, for trust portfolio securities, the trustee may either vote for or against, or accept or reject, any offer for new or exchanged securities or property in exchange for a trust portfolio security at the direction of the sponsor. If any such issuance, exchange or substitution occurs (regardless of any action or rejection by your trust), any securities and/or property received will be deposited into your trust and will be promptly sold by the trustee pursuant to the sponsor's direction, unless the sponsor advises the trustee to keep such securities or property. In determining whether to dispose of or hold portfolio securities, new securities or property, the sponsor may be advised by your trust's portfolio supervisor. If any contract for the purchase of securities fails, the sponsor will refund the cash and sales charge attributable to the failed contract to unitholders on or before the next distribution date unless substantially all of the moneys held to cover the purchase are reinvested in substitute securities in accordance with your trust agreement. If your trust is a "regulated investment company" for tax purposes, the sponsor may direct the reinvestment of security sale proceeds if the sale is the direct result of serious adverse credit factors which, in the opinion of the sponsor, would make retention of the securities detrimental to such trusts. In such a case, the sponsor may, but is not obligated to, direct the reinvestment of sale proceeds in any other securities that meet the criteria for inclusion in your trust on the initial date of deposit. The sponsor may also instruct the trustee to take action necessary to ensure that the portfolio continues to satisfy the qualifications of a "regulated investment company" for tax purposes.

The size of your trust will increase as units are sold and your trust will acquire additional portfolio securities. When additional units are created, the existing portfolio will be replicated to the extent practicable. When your trust buys securities, it may pay brokerage or other acquisition fees. You could experience a dilution of your investment because of these fees and fluctuations in security prices between the time units are created and the time your trust buys the securities. When your trust buys or sells

securities, it may place orders with and pay brokerage commissions to certain directed brokers that sell units or are affiliated with your trust or the trustee.

**REPORTS.** The trustee or your financial professional will make available to you a statement showing income and other receipts of your trust for each distribution. Each year the trustee will also provide an annual report on your trust's activity and certain tax information. You can request copies of security evaluations to enable you to complete your tax forms and audited financial statements for your trust, if available.

**AMENDING THE TRUST AGREEMENT.** The sponsor and the trustee can change the trust agreement without your consent to correct any provision that may be defective or to make other provisions that will not materially adversely affect your interest (as determined by the sponsor and the trustee). The sponsor and trustee cannot change the trust agreement to reduce your interest in your trust without your consent. Investors owning two-thirds of the units in your trust may vote to change the trust agreement.

**TRUST TERMINATION.** Your trust will terminate on the mandatory termination date set forth under "Essential Information" for your trust. The trustee may terminate your trust early if the value of your trust is less than 40% of the original value of the securities in your trust at the time of deposit. At this size, the expenses of your trust may create an undue burden on your investment. Investors owning 100% of the units in your trust may also vote to terminate your trust early. The trustee will liquidate your trust in the event that a sufficient number of units not yet sold to the public are tendered for redemption so that the net worth of your trust would be reduced to less than 40% of the value of the securities at the time they were deposited in your trust. If this happens, the sponsor and your financial professional will refund any sales charge that you paid.

The trustee will notify you of any termination and sell any remaining securities. The trustee will send your final distribution to you within a reasonable time following liquidation of all the securities after deducting final expenses. Your termination distribution may be less than the price you originally paid for your units. When your trust terminates, you may be able to roll your investment into a subsequent series of your trust as described under "Rollover" below.

**ROLLOVER.** The sponsor may offer a subsequent series of your trust when your trust offered in this prospectus terminates. In this case, when your trust terminates you will have the option to (1) participate in a rollover and have your units reinvested into a subsequent trust series through a rollover as described in this section, if available, or (2) receive a cash distribution as described above under "Trust Termination."

If you elect to participate in a rollover, your units will be redeemed on your trust's termination date. As the redemption proceeds become available, the proceeds (including dividends) will be invested in a new trust series, if available, at the applicable public offering price for the new trust. The trustee will attempt to sell securities to satisfy the redemption as quickly as practicable on the termination date. The sponsor does not anticipate that the sale period will be longer than one day, however, certain factors could affect the ability to sell the securities and could impact the length of the sale period. The liquidity of any security depends on the daily trading volume of the security and the amount available for redemption and reinvestment on any day.

The sponsor intends to make subsequent trust series available for sale at various times during the year. Of course, the sponsor cannot guarantee that a subsequent trust or sufficient units will be available or that any subsequent trusts will offer the same investment strategies or objectives as your current trust. The sponsor cannot guarantee that a rollover will avoid any negative market price consequences resulting from trading large volumes of securities. Market price trends may make it advantageous to sell or buy securities more quickly or more slowly than permitted by your trust's procedures. The sponsor may, in its sole discretion, modify a rollover or stop creating units of a trust at any time regardless of whether all proceeds of unitholders have been reinvested in a rollover. The sponsor may decide not to offer the rollover option upon 60 days notice. Cash which has not been reinvested in a rollover will be distributed to unitholders shortly after the termination date. Rollover participants may receive taxable dividends or realize taxable capital gains which are reinvested in connection with a rollover but may not be entitled to a deduction for capital losses due to the "wash sale" tax rules. Due to the reinvestment in a subsequent trust, no cash will be distributed to pay any taxes. See "Taxes."

**THE SPONSOR.** The sponsor is Hennion & Walsh, Inc., a New Jersey corporation. The sponsor is a full service broker-dealer, registered under the Securities Exchange Act of 1934. The sponsor was established in 1989 and is a member of the Financial Industry Regulatory Authority, Inc. and the Securities Investor Protection Corporation. The sponsor maintains its principal business office in Parsippany, New Jersey. If the sponsor fails to or cannot perform its duties as sponsor or becomes bankrupt, the trustee may replace the sponsor, continue to operate your trust without a sponsor or terminate your trust. The sponsor may also resign by notifying the trustee.

The sponsor and your trust have adopted a code of ethics requiring the sponsor's employees who have access to information on trust transactions to report personal securities transactions. The purpose of the code is to avoid potential conflicts of interest and to prevent fraud, deception or misconduct with respect to your trust.

The sponsor or an affiliate may use the list of securities in your trust in its independent capacity (which may include acting as an investment adviser or broker-dealer) and distribute this information to various individuals and entities. The sponsor or an affiliate may recommend or effect transactions in the securities. This may also have an impact on the price your trust pays for the securities and the price received upon unit redemption or trust termination. For example, some or all of the securities in your trust may also be owned by other clients of the sponsor and its affiliates. However, because your trust is not a managed fund or because these clients have differing investment objectives, the sponsor or its affiliates may sell or recommend the sale of certain securities from those accounts in instances where a sale by your trust would not occur or would be impermissible, such as to maximize return by taking advantage of market fluctuations. The sponsor may act as agent or principal in connection with the purchase and sale of securities, including those held by your trust, and may act as a specialist market maker in the securities. The sponsor may also issue reports and make recommendations on the securities in your trust. The sponsor or an affiliate may have participated in a public offering of one or more of the securities in your trust. The sponsor, an affiliate or their employees may have a long or short position in these securities or related securities. An officer, director or employee of the sponsor or an affiliate may be an officer or director for the issuers of the securities.



**THE SUPERVISOR.** The supervisor is Hennion & Walsh Asset Management, Inc., a New Jersey corporation. The supervisor is an affiliate of the sponsor and is an investment adviser registered with the Securities and Exchange Commission. The sponsor may remove and replace the supervisor in some cases without your consent. The supervisor may also resign by notifying the sponsor and trustee.

**THE TRUSTEE.** The Bank of New York Mellon is the trustee of your trust with its principal unit investment trust division offices located at 2 Hanson Place, 12th Floor, Brooklyn, New York 11217. You can contact the trustee by calling the telephone number on the back cover of this prospectus or by writing to its unit investment trust office. The sponsor may remove and replace the trustee in some cases without your consent. The trustee may also resign by notifying the sponsor.

## **TRUST EXPENSES AND CHARGES**

Your trust will pay various fees and expenses to conduct its operations. The “Fee Table” for each trust in this prospectus shows the estimated amount of these fees and expenses.

The sponsor will receive a fee from your trust for creating and developing your trust, including determining your trust’s objectives, policies, composition and size, selecting service providers and information services and for providing other similar administrative and ministerial functions. This “creation and development fee” is a charge of \$0.05 per unit outstanding at the end of the initial offering period. The trustee will deduct this amount from your trust’s assets as of the close of the initial offering period. The sponsor does not use this fee to pay distribution expenses or as compensation for sales efforts. This fee will not be deducted from proceeds received upon a repurchase, redemption or exchange of units before the close of the initial public offering period.

Your trust will pay a fee to the trustee for its services. The trustee also benefits when it holds cash for your trust in non-interest bearing accounts.

The supervisor will be compensated for providing portfolio supervisory services as well as bookkeeping and other administrative services to your trust. This fee may exceed the actual cost of providing portfolio supervisory, bookkeeping and administrative services for your trust, but at no time will the total amount received for such services rendered to all series of the Smart Trusts in any calendar year exceed the aggregate cost to the portfolio supervisor of supplying such services in such year.

The sponsor may receive brokerage fees when your trust uses it as agent in buying or selling securities. As authorized by the trust indenture, the trustee may employ a subsidiary or affiliate of the trustee to act as broker to execute certain transactions for a trust. Your trust will pay for such services at standard commission rates.

The portfolio supervisor fee for bookkeeping and other administrative services and the trustee’s fee are based on the largest aggregate number of units of your trust outstanding at any time during the period for which the compensation is paid. These fees may be adjusted for inflation without unitholders’ approval, but in no case will the annual fee paid to the sponsor or its affiliates for providing services to all unit investment trusts be more than the actual cost of providing such services in such year.

Your trust will also pay general operating expenses, such as trustee expenses (including legal and auditing expenses), various governmental charges, fees for extraordinary trustee services, costs of taking action to protect your trust, costs of indemnifying the trustee and the sponsor, legal fees and expenses, and expenses incurred in contacting you. Your trust may pay the costs of updating its registration statement each year. The trustee will generally pay trust expenses from distributions received on the securities but in some cases may sell securities to pay trust expenses.

If your trust holds funds, your trust will also indirectly bear the expenses of any funds in your trust portfolio. While your trust will not pay these expenses directly out of its assets, these expenses are shown in your trust's annual operating expenses in the "Fee Table" for your trust in this prospectus to illustrate the impact of these expenses.

## TAXES

**REGULATED INVESTMENT COMPANIES.** This section summarizes some of the main U.S. federal income tax consequences of owning units of your trust if your trust qualifies as a "regulated investment company" under federal tax laws. The tax structure of your trust is set forth under "Essential Information — Tax Structure" for your trust in this prospectus.

This section is current as of the date of this prospectus. Tax laws and interpretations change frequently, and these summaries do not describe all of the tax consequences to all taxpayers. For example, these summaries generally do not describe your situation if you are a corporation, a non-U.S. person, a broker/dealer, or other investor with special circumstances. In addition, this section does not describe your state, local or foreign tax consequences.

This federal income tax summary is based in part on the advice of counsel to the sponsor. The Internal Revenue Service could disagree with any conclusions set forth in this section. In addition, our counsel was not asked to review, and has not reached a conclusion with respect to the federal income tax treatment of the assets to be deposited in your trust. This may not be sufficient for you to use for the purpose of avoiding penalties under federal tax law.

As with any investment, you should seek advice based on your individual circumstances from your own tax advisor.

**TRUST STATUS.** Your trust intends to qualify as a "regulated investment company" under the federal tax laws. If your trust qualifies as a regulated investment company and distributes its income as required by the tax law, your trust generally will not pay federal income taxes. If your trust invests in a partnership, an adverse federal income tax audit of that partnership could result in the trust being required to pay federal income tax or pay a deficiency dividend (without having received additional cash).

**DISTRIBUTIONS.** Trust distributions are generally taxable. After the end of each year, you will receive a tax statement that separates your trust's distributions into three categories: ordinary income distributions, capital gain dividends and return of capital. Ordinary income distributions are generally taxed at your ordinary tax rate, however, as further discussed below, certain ordinary income distributions received from your trust

may be taxed at the capital gains tax rates. Generally, you will treat all capital gain dividends as long-term capital gains regardless of how long you have owned your units. To determine your actual tax liability for your capital gain dividends, you must calculate your total net capital gain or loss for the tax year after considering all of your other taxable transactions, as described below. In addition, your trust may make distributions that represent a return of capital for tax purposes and thus will generally not be taxable to you. A return of capital, although not initially taxable to you, will result in a reduction in the basis in your units and subsequently result in higher levels of taxable capital gains in the future. In addition, if the non-dividend distribution exceeds your basis in your units, you will have long-term or short-term gain depending upon your holding period. The tax status of your distributions from your trust is not affected by whether you reinvest your distributions in additional units or receive them in cash. The income from your trust that you must take into account for federal income tax purposes is not reduced by amounts used to pay a deferred sales charge, if any. The tax laws may require you to treat distributions made to you in January as if you had received them on December 31 of the previous year. Income from your trust may also be subject to a 3.8 percent “medicare tax.” This tax generally applies to your net investment income if your adjusted gross income exceeds certain threshold amounts, which are \$250,000 in the case of married couples filing joint returns and \$200,000 in the case of single individuals.

**DIVIDENDS RECEIVED DEDUCTION.** A corporation that owns units generally will not be entitled to the dividends received deduction with respect to many dividends received from your trust because the dividends received deduction is generally not available for distributions from regulated investment companies. However, certain ordinary income dividends on units that are attributable to qualifying dividends received by your trust from certain corporations may be reported by the trust as being eligible for the dividends received deduction.

**SALE OR REDEMPTION OF UNITS.** If you sell or redeem your units, you will generally recognize a taxable gain or loss. To determine the amount of this gain or loss, you must subtract your tax basis in your units from the amount you receive in the transaction. Your tax basis in your units is generally equal to the cost of your units, generally including sales charges. In some cases, however, you may have to adjust your tax basis after you purchase your units.

**CAPITAL GAINS AND LOSSES AND CERTAIN ORDINARY INCOME**  
**DIVIDENDS.** If you are an individual, the maximum marginal stated federal tax rate for net capital gain is generally 20% (15% or 0% for taxpayers with taxable incomes below certain thresholds). Some portion of your capital gain dividends may be subject to higher maximum marginal stated federal income tax rates. Some portion of your capital gain dividends may be attributable to the trust’s interest in a master limited partnership which may be subject to a maximum marginal stated federal income tax rate of 28%, rather than the rates set forth above. In addition, capital gain received from assets held for more than one year that is considered “unrecaptured section 1250 gain” (which may be the case, for example, with some capital gains attributable to equity interests in real estate investment trusts that constitute interests in entities treated as real estate investment trusts for federal income tax purposes) is taxed at a maximum stated tax rate of 25%. In the case of capital gain dividends, the determination of which portion of the capital gain

dividend, if any, is subject to the 28% tax rate or the 25% tax rate, will be made based on rules prescribed by the United States Treasury. Capital gains may also be subject to the “medicare tax” described above.

Net capital gain equals net long-term capital gain minus net short-term capital loss for the taxable year. Capital gain or loss is long-term if the holding period for the asset is more than one year and is short-term if the holding period for the asset is one year or less. You must exclude the date you purchase your units to determine your holding period. However, if you receive a capital gain dividend from your trust and sell your unit at a loss after holding it for six months or less, the loss will be recharacterized as long-term capital loss to the extent of the capital gain dividend received. The tax rates for capital gains realized from assets held for one year or less are generally the same as for ordinary income. The Internal Revenue Code treats certain capital gains as ordinary income in special situations.

Ordinary income dividends received by an individual unitholder from a regulated investment company such as your trust are generally taxed at the same rates that apply to net capital gain (as discussed above), provided certain holding period requirements are satisfied and provided the dividends are attributable to qualifying dividends received by your trust itself. Distributions with respect to shares in real estate investment trusts are qualifying dividends only in limited circumstances. Your trust will provide notice to its unitholders of the amount of any distribution which may be taken into account as a dividend which is eligible for the capital gains tax rates.

**IN KIND DISTRIBUTIONS.** Under certain circumstances, as described in this prospectus, you may receive an in-kind distribution of trust securities when you redeem units or when your trust terminates. This distribution will be treated as a sale for federal income tax purposes and you will generally recognize gain or loss, generally based on the value at that time of the securities and the amount of cash received. The Internal Revenue Service could however assert that a loss could not be currently deducted.

**ROLLOVERS AND EXCHANGES.** If you elect to have your proceeds from your trust rolled over into a future trust, the exchange would generally be considered a sale for federal income tax purposes.

**TREATMENT OF TRUST EXPENSES.** Expenses incurred and deducted by your trust will generally not be treated as income taxable to you. In some cases, however, you may be required to treat your portion of these trust expenses as income. You may not be able to deduct some or all of these expenses.

**FOREIGN TAX CREDIT.** If your trust invests in any foreign securities, the tax statement that you receive may include an item showing foreign taxes your trust paid to other countries. In this case, dividends taxed to you will include your share of the taxes your trust paid to other countries. You may be able to deduct or receive a tax credit for your share of these taxes.

**INVESTMENTS IN CERTAIN FOREIGN CORPORATIONS.** If your trust holds an equity interest in any “passive foreign investment companies” (“PFICs”), which are generally certain foreign corporations that receive at least 75% of their annual gross income from passive sources (such as interest, dividends, certain rents and royalties or capital gains) or that hold at least 50% of their assets in investments producing such passive income, the trust could be subject to U.S. federal income tax and additional interest charges on gains and certain distributions with respect to those equity interests, even if all the income or gain is timely distributed to its unitholders. Your trust will not be able to pass through to its unitholders any credit or deduction for such taxes. Your trust may be able to make an election that could ameliorate these adverse tax consequences. In this case, your trust would recognize as ordinary income any increase in the value of such PFIC shares, and as ordinary loss any decrease in such value to the extent it did not exceed prior increases included in income. Under this election, your trust might be required to recognize in a year income in excess of its distributions from PFICs and its proceeds from dispositions of PFIC stock during that year, and such income would nevertheless be subject to the distribution requirement and would be taken into account for purposes of the 4% excise tax. Dividends paid by PFICs are not treated as qualified dividend income.

**FOREIGN INVESTORS.** If you are a foreign investor (i.e., an investor other than a U.S. citizen or resident or a U.S. corporation, partnership, estate or trust), you should be aware that, generally, subject to applicable tax treaties, distributions from your trust will be characterized as dividends for federal income tax purposes (other than dividends which your trust properly reports as capital gain dividends) and will be subject to U.S. income taxes, including withholding taxes, subject to certain exceptions described below. However, distributions received by a foreign investor from your trust that are properly reported by your trust as capital gain dividends may not be subject to U.S. federal income taxes, including withholding taxes, provided that your trust makes certain elections and certain other conditions are met. Distributions from your trust that are properly reported by the trust as an interest-related dividend attributable to certain interest income received by the trust or as a short-term capital gain dividend attributable to certain net short-term capital gain income received by the trust may not be subject to U.S. federal income taxes, including withholding taxes when received by certain foreign investors, provided that the trust makes certain elections and certain other conditions are met. In addition, distributions in respect of units may be subject to a U.S. withholding tax of 30% in the case of distributions to (i) certain non-U.S. financial institutions that have not entered into an agreement with the U.S. Treasury to collect and disclose certain information and are not resident in a jurisdiction that has entered into such an agreement with the U.S. Treasury and (ii) certain other non-U.S. entities that do not provide certain certifications and information about the entity’s U.S. owners. Dispositions of units by such persons may be subject to such withholding after December 31, 2018. You should also consult your tax advisor with respect to other U.S. tax withholding and reporting requirements.

## OTHER MATTERS

**LEGAL MATTERS.** Chapman and Cutler LLP acts as counsel for the sponsor and your trust. Dorsey & Whitney LLP acts as counsel for the trustee.

**INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM.** The “Statements of Financial Condition” and each of the “Portfolio of Investments” in this prospectus are included herein in reliance upon the report of Grant Thornton LLP, independent registered public accounting firm, and upon the authority of that firm as experts in accounting and auditing.

**ADDITIONAL INFORMATION.** This prospectus does not contain all the information in the registration statement that your trust filed with the Securities and Exchange Commission. The Information Supplement, which was filed with the Securities and Exchange Commission, includes more detailed information about the investment risks and certain information about your trust. You can obtain the Information Supplement by contacting the sponsor or the Securities and Exchange Commission as indicated on the back cover of this prospectus. This prospectus incorporates the Information Supplement by reference (it is legally considered part of this prospectus).



**SMART TRUST, ARGUS DIVIDEND GROWERS  
TOTAL RETURN TRUST,  
SERIES 18**

**SMART TRUST, MORNINGSTAR DIVIDEND YIELD  
SELECT TRUST,  
SERIES 7**

**(SMART TRUST 398)**

PROSPECTUS

DATED: OCTOBER 4, 2018

SPONSOR:

**HENNION & WALSH**

2001 Route 46, Waterview Plaza  
Parsippany, New Jersey 07054  
973-299-8989

TRUSTEE:

**THE BANK OF NEW YORK MELLON**  
2 Hanson Place, 12th Floor  
Brooklyn, New York 11217  
877-363-3613

*This prospectus does not contain all of the information set forth in the registration statement, filed with the Securities and Exchange Commission under the Securities Act of 1933 (file no. 333-226552), and the Investment Company Act of 1940 (file no. 811-21429), and to which reference is made. Information, including the information supplement, may be reviewed and copied at the Securities and Exchange Commission's Public Reference Room in Washington, D.C., and information on the Public Reference Room may be obtained by calling the Securities and Exchange Commission at 1-202-551-8090. Copies may be obtained from the Securities and Exchange Commission by:*

- visiting the Securities and Exchange Commission Internet address:  
<http://www.sec.gov>
- electronic request (after paying a duplicating fee) at the following E-mail address:  
[publicinfo@sec.gov](mailto:publicinfo@sec.gov)
- writing: Public Reference Section of the Securities and Exchange Commission,  
100 F Street, N.E., Washington, D.C. 20549 (after paying a duplicating fee)