



**HIGH 20 DIVIDEND STRATEGY TRUST,  
SERIES 23**

**TAX FREE INCOME TRUST,  
SERIES 32**

**(SMART TRUST 438)**

---

---

**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: JULY 26, 2019

**HENNION & WALSH**

## TABLE OF CONTENTS

	<u>Page</u>
PART A	
Smart Trust, High 20 Dividend Strategy Trust .....	A-3
Smart Trust, Tax Free Income Trust .....	A-9
Statements of Financial Condition .....	A-14
Report of Independent Registered Public Accounting Firm .....	A-15
PART B	
Your Trust .....	B-1
Risk Considerations .....	B-1
Public Offering .....	B-10
Redemption and Sale of Units .....	B-16
Distributions .....	B-17
Trust Administration .....	B-18
Trust Expenses and Charges .....	B-21
Taxes .....	B-22
Other Matters .....	B-27

---

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.

## SMART TRUST, HIGH 20 DIVIDEND STRATEGY 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 intends to pursue its objective through investments in the common stock of 20 companies, 5 from each of the following four Standard & Poor's ("S&P") indices:

- S&P 500® Index
- S&P MidCap 400® Index
- S&P SmallCap 600® Index
- S&P ADR Index

The indices are described in greater detail below. In selecting the stocks of individual companies, the sponsor considered the following criteria relative to each stock's associated index as of the end of the calendar quarter preceding the inception of the trust:

- Current dividend yield; and
- 1 year, 3 year and 5 year total return performance history.

From each of the indices listed above, the sponsor selected the 5 stocks with the highest current dividend yield (calculated using the most recent gross dividend rate annualized and then divided by the current market price), provided that each such stock has outperformed the total return of its associated index over the trailing 1, 3 and 5 year periods. If there were insufficient stocks meeting the above selection criteria, the sponsor selected the stocks that outperformed the S&P 500® Index in the greatest number of the preceding 1, 3 and 5 year periods in order to achieve the necessary number of stocks. In the case of selecting between stocks that outperformed the S&P 500® Index in the same number of periods, the sponsor selected stocks based on the highest total outperformance relative to the S&P 500® Index during the periods of S&P 500® Index outperformance in order to achieve the necessary number of stocks. The sponsor excluded the stock of any company for which (i) a public announcement of the company's acquisition was made prior to the selection date or (ii) the average trading volume of the company's stock over the thirty-day period ending with the selection date was less than \$500,000. In applying the selection criteria, the sponsor also excluded any companies registered under the Investment Company Act of 1940 (including business development companies). If a company was listed in more than one of the indices listed above, the sponsor associated such stock according to the following hierarchy: S&P 500® Index, S&P MidCap 400® Index, S&P SmallCap 600® Index and, finally, S&P ADR Index.

The sponsor sought to allocate the weightings of each security approximately equally as of the trust's inception. The weightings will vary thereafter in accordance with fluctuations in stock prices. 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 initial trust portfolio seeks to invest in securities from each of the four indices in approximately equal weightings. The S&P 500® index includes 500 companies in leading industries of the U.S. economy, capturing approximately 75% coverage of U.S. equities. The S&P MidCap 400® index covers over 7% of the U.S. equity market and seeks to measure the risk and return characteristics of mid-sized companies. The S&P SmallCap 600® index covers approximately 3% of the domestic equities market measuring the small cap segment of the market. The index is designed to be an efficient portfolio of companies that meet specific inclusion criteria to ensure that they are investable and financially viable. The S&P American Depositary Receipts (“ADR”) Index is based on the non-U.S. stocks of the S&P Global 1200 traded in the U.S. exchanges. The index draws constituents from these six indices: S&P Europe 350, S&P/TOPIX 150 (Japan), S&P/TSX 60 (Canada), S&P/ASX All Australian 50, S&P Asia 50, and S&P Latin America 40.

**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 make income and/or principal payments in the future.*** This may reduce the level of distributions the trust or the funds pay which could reduce your income and cause the value of your units to fall.
- ***The trust invests significantly in stocks of small and mid-size companies.*** These stocks are often more volatile and have lower trading volumes than stocks 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 considered to be concentrated in securities issued by companies in the financials and real estate sectors.*** Negative developments in these sectors may affect the value of your investment more than would be the case in a more diversified investment.
  - General risks of companies in the financials sector include developments in financial markets, interest rates, cost of capital funds, credit losses and the impacts of existing and changing government regulations.
  - General risks of companies in the real estate sector include declines in real estate values, increased competition for tenants, oversupply of properties for sale, changing demographics, changes in interest rates and tax rates, liability for environmental hazards and changing government regulations.
- ***The trust may invest in securities of foreign issuers, which may include companies located in emerging markets.*** These risks may include market and political factors related to the company’s foreign market, international trade conditions, less regulation, smaller or less liquid markets, increased volatility, differing accounting practices and changes in the value of foreign currencies.

- ***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.

### **ESSENTIAL INFORMATION**

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

**Initial Date of Deposit:** July 26, 2019

**Mandatory Termination Date:** July 27, 2021

**Record Dates:** 10th day of each month, commencing August 2019

**Distribution Dates:** 25th day of each month, commencing August 2019

**Standard CUSIP Numbers:** Cash: 83204A107

Reinvestment: 83204A115

**Fee Based CUSIP Numbers:** Cash: 83204A123

Reinvestment: 83204A131

**Ticker Symbol:** SMHDWX

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

**Tax Status:** Grantor Trust

**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 .....	2.25	22.50
Creation & Development Fee .....	0.50	5.00
Maximum Sales Charge .....	<u>2.75%</u>	<u>\$27.50</u>
<b>Estimated Organization Costs .....</b>	<u>0.650%</u>	<u>\$ 6.50</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 .....	0.109%	\$1.05
Supervisor Fee .....	0.036	0.35
Other Operating Expenses .....	0.086	0.83
Total .....	<u>0.231%</u>	<u>\$2.23</u>

**Example**

**Cumulative Expenses Paid for Period:**

<u>1 year</u>	<u>2 years (life of trust)</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

\$362	\$385
-------	-------

\* 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 2.75% 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 \$0.225 per unit and is paid in three monthly installments beginning on December 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. The creation and development fee is only assessed to units outstanding 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 2.75% of the public offering price per unit and does not include deferred payments.

**SMART TRUST,  
HIGH 20 DIVIDEND STRATEGY TRUST, SERIES 23  
(SMART TRUST 438)**

**PORTFOLIO OF INVESTMENTS**

**AS OF JULY 26, 2019**

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>Consumer Discretionary — 4.95%</i>					
44	Darden Restaurants, Inc.	DRI	4.95%	\$123.59	\$ 5,438
<i>Energy — 15.07%</i>					
33	CNOOC Limited (4)	CEO	5.04	167.80	5,537
148	Pembina Pipeline Corporation (4)	PBA	5.01	37.21	5,507
111	TC Energy Corporation (4)	TRP	5.02	49.66	5,512
<i>Financials — 30.02%</i>					
294	Apollo Commercial Real Estate Finance, Inc.	ARI	5.00	18.68	5,492
334	Invesco Mortgage Capital Inc.	IVR	5.00	16.46	5,498
89	Mercury General Corporation	MCY	5.02	62.05	5,523
900	New York Mortgage Trust, Inc.	NYMT	5.01	6.12	5,508
241	Old Republic International Corporation	ORI	4.99	22.75	5,483
250	PennyMac Mortgage Investment Trust	PMT	5.00	22.00	5,500
<i>Health Care — 5.01%</i>					
129	AstraZeneca PLC (4)	AZN	5.01	42.66	5,503
<i>Industrials — 5.05%</i>					
35	Illinois Tool Works Inc.	ITW	5.05	158.64	5,552
<i>Information Technology — 9.89%</i>					
18	Broadcom Limited	AVGO	4.92	300.39	5,407
64	Paychex, Inc.	PAYX	4.97	85.42	5,467
<i>Materials — 5.00%</i>					
96	Rio Tinto plc (4)	RIO	5.00	57.30	5,501
<i>Real Estate — 25.01%</i>					
38	Alexandria Real Estate Equities, Inc.	ARE	4.94	143.06	5,436
330	Armada Hoffer Properties, Inc.	AHH	5.00	16.67	5,501
52	CoreSite Realty Corporation	COR	5.08	107.36	5,583
69	Lamar Advertising Company	LAMR	4.97	79.22	5,466
105	Liberty Property Trust	LPT	5.02	52.53	5,516
			<u>100.00%</u>	<u>\$109,930</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 July 25, 2019. All such contracts are expected to be settled on or about the first settlement date of the trust, which is expected to be July 30, 2019.
- (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	\$109,930	\$ —	\$ —
Total	\$109,930	\$ —	\$ —

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 \$109,930 and \$(0), respectively.

- (4) This is a security issued by a foreign company. Equity securities comprise 100.00% of investments in the trust, broken down by country of organization as set forth below:

Canada 10.03%  
 Hong Kong 5.04%  
 United Kingdom 10.01%  
 United States 74.92%



**INVESTMENT OBJECTIVE.** The trust seeks to provide investors with income which is generally exempt from regular federal income tax. The possibility of capital growth is a secondary objective. There is no guarantee that the investment objectives of the trust will be achieved.

**PRINCIPAL INVESTMENT STRATEGY.** The trust seeks to achieve its objectives by investing in a portfolio of the common stock of closed-end investment companies, known as “closed-end funds,” whose portfolios consist primarily of municipal bonds. Each of the closed-end funds in the trust portfolio was selected with consideration for its ability, in the view of the sponsor, to maintain consistent dividend distributions exempt from regular federal income taxes. When selecting the closed-end funds for the trust, the following factors, among others, were considered by the sponsor: (i) the credit quality of the municipal bonds in the portfolios of the closed-end funds; and (ii) the yield and price of the shares of the closed-end funds and potential income to unitholders of the trust. The closed-end funds may have policies to invest in securities of varying maturity and/or credit quality. It is a fundamental policy of the trust that, under normal circumstances, the trust will either (1) invest substantially all of its assets in closed-end funds having policies to invest, under normal circumstances, at least 80% of the value of their assets in investments the income from which is exempt from federal income tax or from both federal and state income tax; or (2) invest its assets so that at least 80% of the income that it distributes will be exempt from federal income tax or from both federal and state income tax. However, income distributed may be subject to the alternative minimum tax. Certain closed-end funds held by the trust may invest in high yield debt obligations (“junk bonds”).

**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 make income and/or principal payments in the future.*** This may reduce the level of distributions the trust or the funds pay which could reduce your income and cause the value of your units to fall.
- ***The trust invests in shares of closed-end funds.*** Shares of these funds tend to trade at a discount from their net asset value and are subject to risks related to factors such as the manager’s ability to achieve a fund’s objective, market conditions affecting a fund’s investments. The trust and funds have management and operating expenses. You will bear not only your share of the trust’s expenses, but also the expenses of the funds. By investing in other funds, the trust incurs greater expenses than you would incur if you invested directly in the funds.

- ***The funds held by the trust invest in municipal bonds.*** Municipal bonds are debt obligations issued by state and local governments or by their political subdivisions or authorities. states, local governments and municipalities issue municipal bonds to raise money for various public purposes such as building public facilities, refinancing outstanding obligations and financing general operating expenses. These bonds include general obligation bonds, which are backed by the full faith and credit of the issuer and may be repaid from any revenue source, and revenue bonds, which may be repaid only from the revenue of a specific facility or source.
- ***The municipal bonds held by the funds are fixed-rate obligations and will decline in value with increases in interest rates, an issuer's worsening financial condition or a drop in bond ratings.*** The longer the maturity of a security, the greater the risk of a decline in value with increases in interest rates. The effective maturity of longer term securities may be dramatically different than shorter term obligations. Investors may receive early returns of principal when securities are called or sold before they mature. Investors may not be able to reinvest the proceeds they receive at as high a yield. The default of an issuer in making its payment obligations could result in the loss of interest income and/or principal to investors.
- ***The funds held by the trust may invest in securities rated below investment grade and considered to be "junk" securities.*** These securities are considered to be speculative and are subject to greater market and credit risks. Accordingly, the risk of default is higher than investment grade securities. In addition, these securities may be more sensitive to interest rate changes and may be more likely to make early returns of principal.
- ***A portion of distributions from the trust may be subject to the alternative minimum tax.*** While distributions of interest from the trust are generally exempt from federal income taxes, a portion of such interest may be taken into account in computing the alternative minimum tax.
- ***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.

## ESSENTIAL INFORMATION

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

**Initial Date of Deposit:** July 26, 2019

**Mandatory Termination Date:** July 27, 2021

**Record Dates:** 10th day of each month, commencing August 2019

**Distribution Dates:** 25th day of each month, commencing August 2019

**Standard CUSIP Numbers:** Cash: 83203Y106

Reinvestment: 83203Y114

**Fee Based CUSIP Numbers:** Cash: 83203Y122

Reinvestment: 83203Y130

**Ticker Symbol:** STTFDX

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

**Tax Status:** Grantor Trust

**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.....	2.25	22.50
Creation & Development Fee .....	0.50	5.00
Maximum Sales Charge .....	<u>2.75%</u>	<u>\$27.50</u>
<b>Estimated Organization Costs .....</b>	<u>0.277%</u>	<u>\$ 2.77</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 .....	0.023	0.22
Acquired Fund Fees and Expenses** .....	2.523	24.47
Total .....	<u>2.690%</u>	<u>\$26.09</u>

**Example**

**Cumulative Expenses Paid for Period:**

<u>1 year</u>	<u>2 years (life of trust)</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

\$564	\$822
-------	-------

\* 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 2.75% 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 \$0.225 per unit and is paid in three monthly installments beginning on December 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. The creation and development fee is only assessed to units outstanding 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 2.75% of the public offering price per unit and does not include deferred payments.

\*\* Although not an actual trust operating expense, the trust, and therefore the unitholders, will indirectly bear similar operating expenses of the funds in which the trust invests in the estimated amount set forth in the table. These expenses are based on the actual expenses charged in the funds' most recent fiscal year but are subject to change in the future. An investor in the trust will therefore indirectly pay higher expenses than if the funds were held directly.

**SMART TRUST,  
TAX FREE INCOME TRUST,  
SERIES 32  
(SMART TRUST 438)**

**PORTFOLIO OF INVESTMENTS**

**AS OF JULY 26, 2019**

<u>Number of Shares</u>	<u>Name of Issuer (1)</u>	<u>Ticker Symbol</u>	<u>Percentage of the Trust (2)</u>	<u>Market Value per Share (3)</u>	<u>Cost of Securities to the Trust (3)</u>
<b>INVESTMENT COMPANIES — 100.00%</b>					
<i>Closed-End Funds — 100.00%</i>					
532	BlackRock Long-Term Municipal Advantage Trust	BTA	5.99%	\$12.41	\$ 6,602
157	BlackRock Municipal Income Trust	BFK	1.99	13.98	2,195
371	BlackRock Municipal Income Trust II	BLE	4.95	14.70	5,454
1,061	BlackRock MuniVest Fund, Inc.	MVF	9.03	9.38	9,952
450	BlackRock MuniYield Fund, Inc.	MYD	6.00	14.71	6,620
314	BlackRock Strategic Municipal Trust	BSD	3.99	14.03	4,406
159	BNY Mellon Municipal Bond Infrastructure Fund, Inc.	DMB	1.99	13.81	2,196
623	BNY Mellon Municipal Income Inc.	DMF	5.02	8.88	5,532
1,065	BNY Mellon Strategic Municipal Bond Fund, Inc.	DSM	7.99	8.27	8,808
261	BNY Mellon Strategic Municipals, Inc.	LEO	1.99	8.43	2,200
653	DWS Strategic Municipal Income Trust	KSM	6.99	11.80	7,705
584	Invesco Advantage Municipal Income Trust II	VKI	5.99	11.32	6,611
881	Invesco Municipal Opportunity Trust	VMO	10.04	12.57	11,074
762	Invesco Pennsylvania Value Municipal Income Trust	VPV	9.02	13.05	9,944
2,486	MFS High Income Municipal Trust	CXE	12.02	5.33	13,250
312	MFS Municipal Income Trust	MFM	2.01	7.09	2,212
366	Neuberger Berman Municipal Fund Inc.	NBH	4.99	15.03	5,501
			<u>100.00%</u>		<u>\$110,262</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 July 25, 2019. All such contracts are expected to be settled on or about the first settlement date of the trust, which is expected to be July 30, 2019.
- (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>
Investment Companies	<u>\$110,262</u>	<u>\$ —</u>	<u>\$ —</u>
Total	<u>\$110,262</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 \$110,262 and \$(0), respectively.

**SMART TRUST 438**

**STATEMENTS OF FINANCIAL CONDITION**

**AS OF JULY 26, 2019**

	<u>High 20 Dividend Strategy Trust</u>	<u>Tax Free Income Trust</u>
<i>Investment in securities</i>		
Contracts to purchase securities (1)(2) .....	\$109,930	\$110,262
Total .....	<u>\$109,930</u>	<u>\$110,262</u>
<i>Liabilities and interest of investors</i>		
Liabilities:		
Organization costs (3) .....	\$ 715	\$ 305
Deferred sales charge (4)(5) .....	2,473	2,481
Creation & development fee (4)(5) .....	<u>550</u>	<u>551</u>
Total liabilities .....	<u>3,738</u>	<u>3,337</u>
Interest of investors:		
Cost to investors (5) .....	109,930	110,262
Less: initial sales charge (4)(5) .....	0	0
Less: deferred sales charge and creation & development fee (4)(5) .....	3,023	3,032
Less: organization costs (3) .....	<u>715</u>	<u>305</u>
Net interest of investors .....	<u>106,192</u>	<u>106,925</u>
Total .....	<u>\$109,930</u>	<u>\$110,262</u>
Number of units .....	<u>10,993</u>	<u>11,026</u>
Net asset value per unit .....	<u>\$ 9.660</u>	<u>\$ 9.698</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 \$0.065 per unit for the High 20 Dividend Strategy Trust and \$0.028 per unit for the Tax Free Income 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 2.75% 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 438

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

We have audited the accompanying statements of financial condition, including the trust portfolio on pages A-7 through A-8 and A-12 through A-13, of Smart Trust 438 (the “Trust”) as of July 26, 2019, 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 July 26, 2019, 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 July 26, 2019 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  
July 26, 2019



## 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. Refer to the “Principal Risk Considerations” in Part A for your trust in this prospectus for a list of the principal risk considerations related to an investment in your trust. 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.

**CLOSED-END FUNDS.** Your trust may invest in shares of closed-end funds. Closed-end funds are a type of investment company that holds an actively managed portfolio of securities. Closed-end funds issue shares in “closed-end” offerings which generally trade on a stock exchange (although some closed-end fund shares are not listed on a securities exchange). Since closed-end funds maintain a relatively fixed pool of investment capital, portfolio managers may be better able to adhere to their investment philosophies through greater flexibility and control. In addition, closed-end funds don’t have to manage fund liquidity to meet potentially large redemptions. Closed-end funds are subject to various risks, including management’s ability to meet the closed-end fund’s investment objective, and to manage the closed-end fund portfolio when the underlying securities are redeemed or sold, during periods of market turmoil and as investors’ perceptions regarding closed-end funds or their underlying investments change.

Shares of closed-end funds frequently trade at a discount from their net asset value in the secondary market. This risk is separate and distinct from the risk that the net asset value of closed-end fund shares may decrease. The amount of such discount from net asset value is subject to change from time to time in response to various factors.

Certain of the closed-end funds included in your trust may employ the use of leverage in their portfolios through the issuance of preferred stock. While leverage often serves to increase the yield of a closed-end fund, this leverage also subjects the closed-end fund to increased risks. These risks may include the likelihood of increased volatility and the possibility that the closed-end fund’s common share income will fall if the dividend rate on the preferred shares or the interest rate on any borrowings rises. The use of leverage may cause a closed-end fund to liquidate portfolio positions when it may not be advantageous to do so to satisfy its obligations or to meet any required asset segregation requirements.

Certain closed-end funds held by your trust may engage in borrowing. Borrowing may exaggerate changes in the net asset value of a closed-end fund’s shares and in the return on a closed-end fund’s portfolio. Borrowing will cost a closed-end fund interest expense and other fees. The costs of borrowing may reduce a closed-end fund’s return. Borrowing may cause a closed-end fund to liquidate positions when it may not be advantageous to do so to satisfy its obligations.

Certain closed-end funds held by your trust may engage in securities lending. Securities lending involves the risk that the borrower may fail to return the securities in a timely manner or at all. As a result, a closed-end fund could lose money and there may be a delay in recovering the loaned securities. A closed-end fund could also lose money if it does not recover the securities and/or the value of the collateral falls, including the value of investments made with cash collateral. These events could trigger adverse tax consequences for a closed-end fund.

Only the trustee may vote the shares of the closed-end funds held in your trust. The trustee will vote the shares in the same general proportion as shares held by other shareholders of each closed-end fund. Your trust may be required, however, to reject any offer for securities or other property in exchange for portfolio securities as described under “Trust Administration—Portfolio Administration”.

**EQUITY SECURITIES.** Your trust and certain funds held by your trust may invest 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.

**FIXED INCOME SECURITIES.** Certain funds held by your trust may invest in fixed income securities and similar securities. Fixed income securities involve certain unique risks such as credit risk and interest rate risk, among other things as described in greater detail below.

**MUNICIPAL BONDS.** Certain funds held by your trust may invest in tax-exempt municipal bonds. Municipal bonds are debt obligations issued by states or by political subdivisions or authorities of states. Municipal bonds are typically designated as general obligation bonds, which are general obligations of a governmental entity that are backed by the taxing power of such entity, or revenue bonds, which are payable from the income of a specific project or authority and are not supported by the issuer's power to levy taxes. Municipal bonds are long-term fixed rate debt obligations that generally decline in value with increases in interest rates, when an issuer's financial condition worsens or when the rating on a bond is decreased. Many municipal bonds may be called or redeemed prior to their stated maturity, an event which is more likely to occur when interest rates fall. In such an occurrence, a closed-end fund may not be able to reinvest the money it receives in other bonds that have as high a yield or as long a maturity.

Many municipal bonds are subject to continuing requirements as to the actual use of the bond proceeds or manner of operation of the project financed from bond proceeds that may affect the exemption of interest on such bonds from federal income taxation. The market for municipal bonds is generally less liquid than for other securities and therefore the price of municipal bonds may be more volatile and subject to greater price fluctuations than securities with greater liquidity.

In addition, an issuer's ability to make income distributions generally depends on several factors including the financial condition of the issuer and general economic conditions. Any of these factors may negatively impact the price of municipal bonds held by a closed-end fund and would therefore impact the price of both the fund shares and the trust units. The funds invest primarily in municipal bonds that pay interest that is exempt from regular federal income tax. Income from these bonds may be subject to the federal alternative minimum tax.

**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.

**CREDIT RISK.** Credit risk is the risk that a borrower is unable to meet its obligation to pay principal or interest on a security. This could cause the value of your units to fall and may reduce the level of dividends a fund pays which would reduce your income.

**INTEREST RATE RISK.** Interest rate risk is the risk that the value of fixed income securities and similar securities will fall if interest rates increase. Bonds and other fixed income securities typically fall in value when interest rates rise and rise in value when interest rates fall. Securities with longer periods before maturity are often more sensitive to interest rate changes. The securities held by the funds may be subject to a greater risk of rising interest rates than would normally be the case due to the current period of relatively low rates.

**BOND QUALITY RISK.** Bond quality risk is the risk that a bond will fall in value if a rating agency decreases or withdraws the bond's rating.

**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.

**EMERGING MARKETS.** Your trust and certain funds held by your trust may invest in certain securities issued by entities located in emerging markets. Emerging markets are generally defined as countries in the initial states of their industrialization cycles with low per capita income. The markets of emerging markets countries are generally more volatile than the markets of developed countries with more mature economies. All of the risks of investing in foreign securities described above are heightened by investing in emerging markets countries.

**CALL/PREPAYMENT RISK.** Certain funds held by the trust may invest in securities that include call provisions which expose the trust or funds to call risk. Call risk is the risk that the issuer prepays or “calls” a security before its stated maturity. An issuer might call a security if interest rates, in general fall and the security pays a higher interest rate or if it no longer needs the money for the original purpose. If an issuer calls a security, the investor holding such security will receive principal but future interest distributions will fall. Investors might not be able to reinvest this principal at as high a yield. A security’s call price could be less than the price paid for the security and could be below the security’s par value. Certain securities may also be subject to extraordinary optional or mandatory redemptions if certain events occur, such as certain changes in tax laws, the substantial damage or destruction by fire or other casualty of the project for which the proceeds of the securities were used, and various other events.

**EXTENSION RISK.** When interest rates rise, among other factors, issuers of a security may pay off obligations more slowly than expected causing the value of such obligations to fall.

**MARKET DISCOUNT.** Certain funds held by your trust may invest in bonds whose current market values were below the principal value on the purchase date. A primary reason for the market value of such bonds being less than the principal value is that the interest rate of such bonds is at a lower rate than the current market interest rates

for comparable bonds. Bonds selling at market discounts tend to increase in market value as they approach maturity.

**PREMIUM BONDS.** Certain funds held by your trust may invest in bonds whose current market values were above the principal value on the purchase date. A primary reason for the market value of such bonds being higher than the principal value is that the interest rate of such bonds is at a higher rate than the current market interest rates for comparable bonds. The current returns of bonds trading at a market premium are initially higher than the current returns of comparable bonds issued at currently prevailing interest rates because premium bonds tend to decrease in market value as they approach maturity when the principal value becomes payable. Because part of the purchase price is effectively returned not at maturity but through current income payments, early redemption of a premium bond at par or any other amount below the purchase price will result in a reduction in yield. Redemption pursuant to call provisions generally will, and redemption pursuant to sinking fund provisions may occur at times when the bonds have a market value that represents a premium over par or, for original issue discount securities, a premium over the accreted value.

**HIGH YIELD OR “JUNK” SECURITIES.** Certain funds held by your trust may invest in high yield securities or unrated securities. High yield, high risk securities are subject to greater market fluctuations and risk of loss than securities with higher investment ratings. The value of these securities will decline significantly with increases in interest rates, not only because increases in rates generally decrease values, but also because increased rates may indicate an economic slowdown. An economic slowdown, or a reduction in an issuer’s creditworthiness, may result in the issuer being unable to maintain earnings at a level sufficient to maintain interest and principal payments. High yield or “junk” securities, the generic names for securities rated below “BBB” by Standard & Poor’s or “Baa” by Moody’s, are frequently issued by corporations in the growth stage of their development or by established companies who are highly leveraged or whose operations or industries are depressed. Securities rated below BBB or Baa are considered speculative as these ratings indicate a quality of less than investment grade. Because high yield securities are generally subordinated obligations and are perceived by investors to be riskier than higher rated securities, their prices tend to fluctuate more than higher rated securities and are affected by short-term credit developments to a greater degree. The market for high yield securities is smaller and less liquid than that for investment grade securities. High yield securities are generally not listed on a national securities exchange but trade in the over-the-counter markets. Due to the smaller, less liquid market for high yield securities, the bid-offer spread on such securities is generally greater than it is for investment grade securities and the purchase or sale of such securities may take longer to complete.

**SMALL AND MID-SIZE COMPANIES.** Your trust and certain funds held by your trust may invest in securities 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.

**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.

***Financials Sector.*** Your trust may invest significantly in securities of financials companies. Companies in the financials sector may include banks and their holding companies, finance companies, investment managers, broker-dealers, insurance and reinsurance companies and mortgage real estate investment trusts (“REITs”). Banks and their holding companies are especially subject to the adverse effects of economic recession; volatile interest rates; portfolio concentrations in geographic markets and in commercial and residential real estate loans; and competition from new entrants in their fields of business. In addition, banks and their holding companies are extensively regulated at both the federal and state level and may be adversely affected by increased regulations. Banks face increased competition from nontraditional lending sources as regulatory changes permit new entrants to offer various financial products. Technological advances allow these nontraditional lending sources to cut overhead and permit the more efficient use of customer data. Banks are already facing tremendous pressure from mutual funds, brokerage firms and other providers in the competition to furnish services that were traditionally offered by banks.

Companies engaged in investment management and broker-dealer activities are subject to volatility in their earnings and share prices that often exceeds the volatility of the equity market in general. Adverse changes in the direction of the stock market, investor confidence, equity transaction volume, the level and direction of interest rates and the outlook of emerging markets could adversely affect the financial stability, as well as the stock prices, of these companies. Additionally, competitive pressures, including increased competition with new and existing competitors, the ongoing commoditization of traditional businesses and the need for increased capital expenditures on new technology could adversely impact the profit margins of companies in the investment management and brokerage industries. Companies involved in investment management and broker-dealer activities are also subject to extensive regulation by government agencies and self-regulatory organizations, and changes in laws, regulations or rules, or in the interpretation of such laws, regulations and rules could adversely affect the stock prices of such companies.

Companies involved in the insurance, reinsurance and risk management industry underwrite, sell or distribute property, casualty and business insurance. Many factors affect insurance, reinsurance and risk management company profits, including interest rate movements, the imposition of premium rate caps, a misapprehension of the risks involved in given underwritings, competition and pressure to compete globally, weather catastrophes or other disasters and the effects of client mergers. Already extensively regulated, insurance companies’ profits may be adversely affected by increased government regulations or tax law changes.

Mortgage REITs engage in financing real estate, purchasing or originating mortgages and mortgage-backed securities and earning income from the interest on these investments. Such REITs face risks similar to those of other financial firms, such as changes in interest rates, general market conditions and credit risk, in addition to risks associated with an investment in real estate. Risk associated with real estate investments include, among other factors, changes in general U.S., global and local economic conditions, declines in real estate values, changes in the financial health of tenants,

overbuilding and increased competition for tenants, oversupply of properties for sale, changing demographics, changes in interest rates, tax rates and other operating expenses, changes in government regulations, faulty construction and the ongoing need for capital improvements, regulatory and judicial requirements including relating to liability for environmental hazards, changes in neighborhood values and buyer demand, and the unavailability of construction financing or mortgage loans at rates acceptable to developers.

The financial services sector was adversely affected by global developments over the last several years stemming from the financial crisis including recessionary conditions, deterioration in the credit markets and recurring concerns over sovereign debt. These events led to considerable write-downs in the values of many assets held by financial services companies and a tightening of credit markets that was marked by a general unwillingness of many entities to extend credit. These factors caused a significant need for many financial services companies to raise capital to meet obligations and to satisfy regulatory and contractual capital requirements. Many well-established financial services companies were forced to seek additional capital through issuances of new preferred or common equity and certain companies were forced to agree to be acquired by other companies (or sell some or all of their assets to other companies). In some cases government assistance, guarantees or direct participation in investments or acquisitions were necessary to facilitate these transactions. In addition, concerns regarding these issues and their potential negative impact to the U.S. and global economies resulted in extreme volatility in securities prices and uncertain market conditions.

In response to these issues, government authorities in the U.S. and other countries have initiated and may continue to engage in administrative and legislative action, including the Dodd-Frank Wall Street Reform and Consumer Protection Act and resulting rulemaking. These government actions include, but are not limited to, restrictions on investment activities; increased oversight, regulation and involvement in financial services company practices; adjustments to capital requirements; the acquisition of interests in and the extension of credit to private entities; and increased investigation efforts into the actions of companies and individuals in the financial service industry. No one can predict any action that might be taken or the effect any action or inaction will have. It is possible that any actions taken by government authorities will not address or help improve the state of these difficulties as intended. No one can predict the impact that these difficulties will have on the economy, generally or financial services companies. These difficulties and corresponding government action or inaction may have far reaching consequences and your investment may be adversely affected by such developments.

***Real Estate Sector.*** Your trust may invest significantly in securities of real estate companies. Real estate companies include REITs and real estate management and development companies. Companies in the real estate sector may be exposed to the risks associated with the ownership of real estate which include, among other factors, changes in general U.S., global and local economic conditions, declines in real estate values, changes in the financial health of tenants, overbuilding and increased competition for tenants, oversupply of properties for sale, changing demographics, changes in interest rates, tax rates and other operating expenses, changes in government regulations, faulty construction and the ongoing need for capital improvements, regulatory and judicial requirements including relating to liability for environmental hazards, changes in

neighborhood values and buyer demand, and the unavailability of construction financing or mortgage loans at rates acceptable to developers.

Many factors can have an adverse impact on the performance of a REIT, including its cash available for distribution, the credit quality of the REIT or the real estate industry generally. The success of a REIT depends on various factors, including the occupancy and rent levels, appreciation of the underlying property and the ability to raise rents on those properties. Economic recession, overbuilding, tax law changes, higher interest rates or excessive speculation can all negatively impact REITs, their future earnings and share prices. Variations in rental income and space availability and vacancy rates in terms of supply and demand are additional factors affecting real estate generally and REITs in particular. Properties owned by a REIT may not be adequately insured against certain losses and may be subject to significant environmental liabilities, including remediation costs. You should also be aware that REITs may not be diversified and are subject to the risks of financing projects. The real estate industry may be cyclical, and, if REIT securities are acquired at or near the top of the cycle, there is increased risk of a decline in value of the REIT securities. At various points in time, demand for certain types of real estate may inflate the value of real estate. This may increase the risk of a substantial decline in the value of such real estate and increase the risk of a decline in the value of the securities. REITs are also subject to defaults by borrowers and the market's perception of the REIT industry generally. Because of their structure, and a current legal requirement that they distribute at least 90% of their taxable income to shareholders annually, REITs require frequent amounts of new funding, through both borrowing money and issuing stock. Thus, REITs historically have frequently issued substantial amounts of new equity shares (or equivalents) to purchase or build new properties. This may adversely affect REIT equity share market prices. Both existing and new share issuances may have an adverse effect on these prices in the future, especially if REITs issue stock when real estate prices are relatively high and stock prices are relatively low.

Mortgage REITs engage in financing real estate, purchasing or originating mortgages and mortgage-backed securities and earning income from the interest on these investments. Such REITs face risks similar to those of other financial firms, such as changes in interest rates, general market conditions and credit risk, in addition to risks associated with an investment in real estate.

Real estate management and development companies often are dependent upon specialized management skills, have limited diversification and are subject to risks inherent in operating and financing a limited number of projects. To the extent such companies focus their business on a particular geographic region of a country, they may be subject to greater risks of adverse developments in that area. These companies may also be subject to heavy cash flow dependency and defaults by borrowers. Certain real estate management and development companies have a relatively small market capitalization, which may tend to increase the volatility of the market price of these securities.

**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.



**ALTERNATIVE MINIMUM TAX RISK.** While certain distributions from the Tax Free Income Trust are generally exempt from federal income tax, a portion of such distributions may be taken into account in computing the alternative minimum tax.

**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 or funds. 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 or by a fund's management 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 the last asked or bid price in the over-the-counter market or by using other recognized pricing methods. 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 2.25% 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 2.75% 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 2.75% 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 2.75% 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 \$0.225 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 2.75% 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 \$0.2475 (2.75% of the public offering price per unit), which consists of an initial sales charge of  $-\$0.0275$ , a deferred sales charge of \$0.225 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 \$0.3025 (2.75% of the public offering price per unit), consisting of an initial sales charge of \$0.0275, a deferred sales charge of \$0.225 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 2.75% 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 (and immediate family members) of the sponsor and its affiliates and dealers and their affiliates. Immediate family members include spouses, children or step-children under 21 living in the same household, parents or step-parents, and trustees, custodians or fiduciaries for the benefit of such persons.

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><u>0.50%</u></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 2.00% 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 2.00% 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, expenses incurred in contacting you and any applicable license fee for the use of certain service marks, trademarks and/or trade names. 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.

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

**GRANTOR TRUSTS.** This section summarizes some of the main U.S. federal income tax consequences of owning units of your trust if your trust is structured as a grantor trust under the 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 and opinion 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.

***Assets of the Trust.*** Your trust is expected to hold one or more of the following: (i) shares of stock in corporations (the "Stocks") that are treated as equity for federal income tax purposes, (ii) equity interests (the "REIT Shares") in real estate investment trusts ("REITs") that constitute interests in entities treated as real estate investment trusts for federal income tax purposes, and (iii) shares (the "RIC Shares") in funds qualifying as regulated investment companies ("RICs") that are treated as interests in regulated investment companies for federal income tax purposes.

It is possible that your trust will also hold other assets, including assets that are treated differently for federal income tax purposes from those described above, in which case you will have federal income tax consequences different from or in addition to those described in this section. All of the assets held by your trust constitute the "Trust Assets." Neither our counsel nor we have analyzed the proper federal income tax treatment of the Trust Assets and thus neither our counsel nor we have reached a conclusion regarding the federal income tax treatment of the Trust Assets.

**Trust Status.** Your trust is considered a grantor trust under federal income tax laws. In grantor trusts, investors are deemed for federal income tax purposes, to own the underlying assets of the trust directly. All taxability issues are taken into account at the unit owner level. Income passes through to unit owners as realized by the trust.

Income is reported gross of expenses. Expenses are separately reported based on a percentage of distributions. Generally, the cash received by unit owners is the net of income and expenses reported.

The grantor trust structure is a widely held fixed investment trust (“WHFIT”), and falls under what is commonly referred to as the WHFIT regulations.

If your trust is at all times operated in accordance with the documents establishing your trust and certain requirements of federal income tax law are met, your trust will not be taxed as a corporation for federal income tax purposes. As a unit owner, you will be treated as the owner of a pro rata portion of each of the Trust Assets, and as such you will be considered to have received a pro rata share of income (e.g., dividends and capital gains, if any) from each Trust Asset when such income would be considered to be received by you if you directly owned the Trust Assets. This is true even if you elect to have your distributions reinvested into additional units. In addition, the income from Trust Assets that you must take into account for federal income tax purposes is not reduced by amounts used to pay sales charges or trust expenses. Income from the 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. Interest that is excluded from gross income, including exempt-interest dividends from any RIC Shares held by the trust, are generally not included in your net investment income for purposes of this tax.

**Your Tax Basis and Income or Loss upon Disposition.** If your trust disposes of Trust Assets, you will generally recognize gain or loss. If you dispose of your units or redeem your units for cash, you will also generally recognize gain or loss. To determine the amount of this gain or loss, you must subtract your tax basis in the related Trust Assets from your share of the total amount received in the transaction. You can generally determine your initial tax basis in each Trust Asset by apportioning the cost of your units, including sales charges, among the Trust Assets ratably according to their values on the date you acquire your units. In certain circumstances, however, you may have to adjust your tax basis after you acquire your units (for example, in the case of certain dividends that exceed a corporation’s accumulated earnings and profits, or in the case of certain distributions with respect to any REIT Shares that represent a return of capital, as discussed below).

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 capital gains, including some portion of the capital gain dividends from the RIC Shares, may be taxed at a higher stated federal tax rate. Some portion of any capital gain dividends you receive might be attributable to a RIC’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. 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, however, treats certain capital gains as ordinary income in special situations.

***Dividends from Stocks.*** Certain dividends received with respect to the Stocks held by the trust, if any, may qualify to be taxed at the same rates that apply to net capital gain (as discussed above), provided certain holding period requirements are satisfied.

***Dividends from RIC Shares and REIT Shares.*** Some dividends on REIT Shares or RIC Shares, if any, held by the trust, may be reported by the REIT or RIC as “capital gain dividends,” generally taxable to you as long-term capital gains. Some dividends on RIC Shares may qualify as “exempt-interest dividends,” which generally are excluded from your gross income for federal income tax purposes. Some or all of the exempt-interest dividends, however may be taken into account in determining your alternative minimum tax, and may have other tax consequences (e.g., they may affect the amount of your social security benefits that are taxed). Other dividends on the REIT Shares or the RIC Shares will generally be taxable to you as ordinary income. Certain ordinary income dividends from a RIC may qualify to be 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 the RIC itself. Regulated investment companies are required to provide notice to their shareholders of the amount of any distribution that may be taken into account as a dividend that is eligible for the capital gains tax rates. In limited circumstances, some of the ordinary income dividends from a REIT may also qualify to be taxed at the same rates that apply to net capital gains. If you hold a unit for six months or less or if your trust holds a RIC Share or REIT Share for six months or less, any loss incurred by you related to the disposition of such RIC Share or REIT Share will be disallowed to the extent of the exempt-interest dividends you received. To the extent, if any, it is not disallowed, it will be treated as a long-term capital loss to the extent of any long-term capital gain distributions received (or deemed to have been received) with respect to such RIC Share or REIT Share. Distributions of income or capital gains declared on the REIT Shares or the RIC Shares in October, November or December will be deemed to have been paid to you on December 31 of the year they are declared, even when paid by the REIT or the RIC during the following January. Some dividends on the REIT Shares or RIC Shares may be eligible for a deduction for qualified business income provided certain holding period requirements are satisfied.

***Dividends Received Deduction.*** Generally, a domestic corporation owning units in a trust may be eligible for the dividends received deduction with respect to such unit owner’s pro rata portion of certain types of dividends received by the trust. However, a

corporation generally will not be entitled to the dividends received deduction with respect to dividends from most foreign corporations or from REITs or RICs. However, certain dividends on RIC Shares that are attributable to dividends received by the RIC itself from certain domestic corporations may be reported by the RIC as being eligible for the dividends received deduction.

***In-Kind Distributions.*** Under certain circumstances as described in this prospectus, you may request an In-Kind Distribution of Trust Assets when you redeem your units or at your trust's termination. By electing to receive an In-Kind Distribution, you will receive Trust Assets plus, possibly, cash. You will not recognize gain or loss if you only receive whole Trust Assets in exchange for the identical amount of your pro rata portion of the same Trust Assets held by your trust. However, if you also receive cash in exchange for a Trust Asset or a fractional portion of a Trust Asset, you will generally recognize gain or loss based on the difference between the amount of cash you receive and your tax basis in such Trust Asset or fractional portion.

***Rollovers and Exchanges.*** If you elect to have your proceeds from your trust rolled over into a future trust, it is considered a sale for federal income tax purposes and any gain on the sale will be treated as a capital gain, and any loss will be treated as a capital loss. However, any loss you incur in connection with the exchange of your units of your trust for units of the next series will generally be disallowed with respect to this deemed sale and subsequent deemed repurchase, to the extent the two trusts have substantially identical Trust Assets under the wash sale provisions of the Internal Revenue Code.

***Treatment of Trust Expenses.*** Generally, for federal income tax purposes, you must take into account your full pro rata share of your trust's income, even if some of that income is used to pay trust expenses. You may deduct your pro rata share of each expense paid by your trust to the same extent as if you directly paid the expense. You may not be able to deduct some or all of these expenses.

If any of the RICs pay exempt-interest dividends, which are treated as tax-exempt interest for federal income tax purposes, you will not be able to deduct some of your share of the trust expenses. In addition, you will not be able to deduct some of your interest expense for debt that you incur or continue to purchase or carry your units.

***Foreign Investors, Taxes and Investments.*** Distributions by your trust that are treated as U.S. source income (e.g., dividends received on Stocks of domestic corporations) will generally be subject to U.S. income taxation and withholding in the case of units held by nonresident alien individuals, foreign corporations or other non-U.S. persons, subject to any applicable treaty. 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 may not be subject to U.S. federal income taxes, including withholding taxes, on some or all of the income from your trust or on any gain from the sale or redemption of your units, provided that certain conditions are met. You should consult your tax advisor with respect to the conditions you must meet in order to be exempt for U.S. tax purposes. In addition, distributions to, and the gross proceeds from dispositions of units by, (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, may be subject to a U.S. withholding tax of 30%. However, proposed regulations may eliminate the requirement to withhold on payments of gross proceeds from dispositions. You should also consult your tax advisor with respect to other U.S. tax withholding and reporting requirements.

Some distributions by your trust may be subject to foreign withholding taxes. Any income withheld will still be treated as income to you. Under the grantor trust rules, you are considered to have paid directly your share of any foreign taxes that are paid. Therefore, for U.S. tax purposes, you may be entitled to a foreign tax credit or deduction for those foreign taxes.

Under certain circumstances, a RIC may elect to pass through to its shareholders certain foreign taxes paid by the RIC. If a RIC makes this election with respect to RIC Shares, you must include in your income for federal income tax purposes your portion of such taxes and you may be entitled to a credit or deduction for such taxes.

If any U.S. investor is treated as owning directly or indirectly 10 percent or more of the combined voting power of the stock of a foreign corporation, and all U.S. shareholders of that corporation collectively own more than 50 percent of the vote or value of the stock of that corporation, the foreign corporation may be treated as a controlled foreign corporation (CFC). If you own 10 percent or more of a CFC (through your trust and in combination with your other investments) or possibly if your trust owns 10 percent or more of a CFC, you will be required to include certain types of the CFC's income in your taxable income for federal income tax purposes whether or not such income is distributed to your trust or to you.

A foreign corporation will generally be treated as a passive foreign investment company ("PFIC") if 75 percent or more of its income is passive income or if 50 percent or more of its assets are held to produce passive income. If your trust purchases shares in a PFIC, you may be subject to U.S. federal income tax on a portion of certain distributions or on gains from the disposition of such shares at rates that were applicable in prior years and any gain may be recharacterized as ordinary income that is not eligible for the lower net capital gains tax rate. Additional charges in the nature of interest may also be imposed on you. Certain elections may be available with respect to PFICs that would limit these consequences. However, these elections would require you to include certain income of the PFIC in your taxable income even if not distributed to the trust or to you, or require you to annually recognize as ordinary income any increase in the value of the shares of the PFIC, thus requiring you to recognize income for federal income tax purposes in excess of your actual distributions from PFICs and proceeds from dispositions of PFIC stock during a particular year. Dividends paid by PFICs are not eligible to be taxed at the net capital gains tax rate.

***New York Tax Status.*** Under the existing income tax laws of the State and City of New York, your trust will not be taxed as a corporation subject to the New York state franchise tax or the New York City general corporation tax. You should consult your tax advisor regarding potential foreign, state or local taxation with respect to your units.

## 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, HIGH 20 DIVIDEND STRATEGY TRUST,  
SERIES 23**

**SMART TRUST, TAX FREE INCOME TRUST,  
SERIES 32**

**(SMART TRUST 438)**

PROSPECTUS

DATED: JULY 26, 2019

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. 333-231057), 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)