



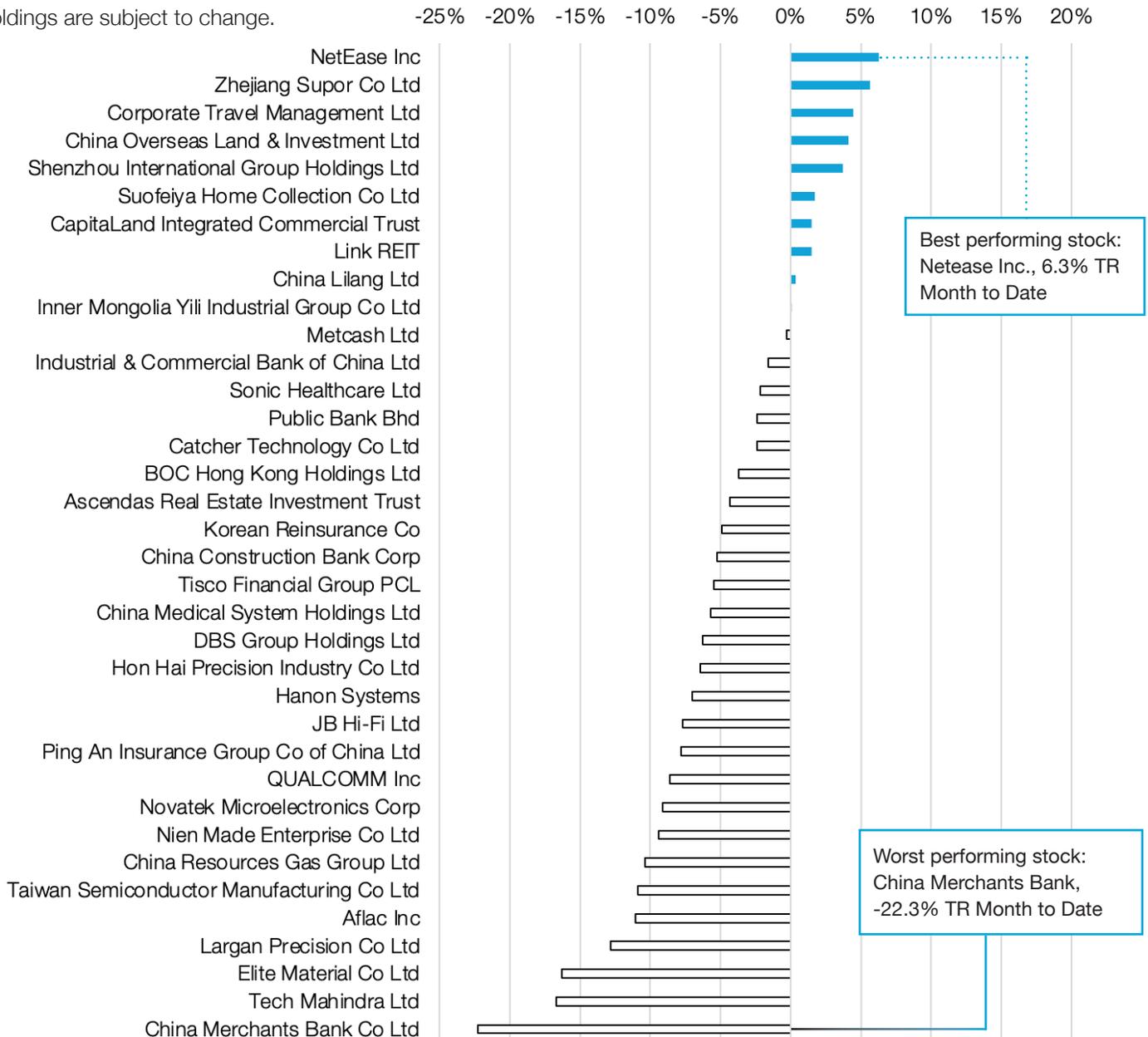
Portfolio Performance

as of 4/30/2022

ADIV fell -4.82% (NAV basis) in April, outperforming its index which fell -5.81%. Volatility spiked during the month across equities, bonds, and currencies. Expectations for rapid rises in US interest rates this year pushed the 2-year US Treasury yield (most sensitive to interest rate policy) up from 2.3% to 2.7%, while the 10-year treasury yield reached 2.9%.

Technology (-10.2%) and Materials (-8.2%) were the two weakest sectors whereas Consumer (staples & discretionary), Energy, and Real estate held up better, falling between -1% and -3%. The three best performing stocks in the portfolio were NeEase, Zhejiang Supor, and Corporate Travel Management; the three weakest were China Merchants Bank, Tech Mahindra, and Elite Material.

Holdings are subject to change.



Best performing stock:
Netease Inc., 6.3% TR
Month to Date

Worst performing stock:
China Merchants Bank,
-22.3% TR Month to Date



Stock Commentary

The best performing stock in April was **Netease**, a Chinese videogame developer. The company reported good results earlier in the year with a significant dividend increase. There is a strong pipeline of new videogame titles coming through and sales in April rose 15% compared to the prior month driven by two titles in particular: Fantasy Westward Journey where 27% growth in April followed a 31% increase in March, and Night Falls: Survival whose sales doubled. Videogame companies have been in the regulatory spotlight in recent months, but Netease has been notable in its proactive stance, especially with respect to applying robust usage limits on younger players. Earnings estimates have been cut by 3% in past month, but earnings are still forecast to grow an average 16% a year over the next three years.

The weakest stock was **China Merchants Bank** whose share price fell following the arrest of its former President by the country's anti-corruption body. Details are scarce, but we do not think this will have an impact on the fundamental operations of the bank, which now generates a return on equity of 17%. Results from the first quarter were good with net interest margin expansion delivering operating profit growth (before credit costs) of 9% and net profit growth of 13% year on year. There was, however, a deterioration in asset quality from real estate and credit card loans. Management made a point of providing detailed disclosure on property exposure. Total real estate exposure is 5.5% of total assets, of which, domestic real estate loans account for 70%.

Largan Precision reported first quarter sales were down 14% year on year, but profits increased by 4%. April sales showed further evidence of stabilization following sales and profit declines over the past year.

TSMC continued to report strong sales and profit growth as chip supplies remained tight. Revenues for the first four months of 2022 grew 40% of the same period last year and the company announced plans to raise prices by 6% in 2023.

Results from **Tisco Financial** for the first quarter saw profit up 2% year on year, ahead of forecasts. Loan growth was positive for the first time in three years, while credit costs and the non-performing loan ratio continued to fall. Net interest margins rose to 5.09% on changes to the loan mix (used-car hire-purchase loans rose 2.3%) and a falling cost of funds.

Ping An Insurance group results now look more encouraging with post-tax profit up 10% in the first quarter, ahead of expectations. Both the life insurance business and the bank delivered strong profit growth (15% and 27% respectively). The company did not say much about its progress in reorganizing its sales force, but the zero-covid policy is an obstacle. We continue to monitor this.

Qualcomm surprised the market, which had feared the effects of chip supply disruptions, with a strong set of results. The company saw growth across all segments led by share gains in the premium Android segment and increased content in smartphones.

Aflac results for the first quarter came at the top end of market expectations but weakness in Japan sales continues to weigh on the longer-term outlook. As with Ping An, limits on the ability to meet customers face to face is having an impact on new business.

Chinese dairy company, **Inner Mongolia Yili**, reported first quarter sales up 13% and profit up 24% and it was a similar picture for the full year 2021. The dividend was increased by 17%. The 14% sales growth in 2021 growth was the combination of 8% volume growth, 4% product mix and 2% price hike. First quarter results included margin improvement at both gross and net profit levels.

Elite Material reported 24% year on year sales growth in the first quarter and 37% profit growth. More importantly, we think we shall see sequential growth in the second quarter despite the effects of lockdowns. Infrastructure equipment is



likely to be main driver and it seems that underlying demand across the product range remains firm.

Suofeiya Home Collection has been affected by the slowdown in the China real estate sector and was exposed to Evergrande (to whom Suofeiya supplied furnishings). Nevertheless, despite the profit drop in 2021 the company maintained its dividend, indicating confidence in core business momentum. Revenue growth of 6.5% for the first quarter came in ahead of market expectations with the retail channel especially strong.

DBS Group in Singapore reported first quarter net profit down 10% but this had more to do with high base for comparison in wealth management and treasury market a year ago with lower fees and commissions the main culprits. The market had already factored this in, and results were better than expected. Asset quality remained steady and while net interest margin was down a little, management stuck to the guidance of \$18-20 million of net interest income per basis point increase in USD interest rates.

Novatek Microelectronics, a Taiwanese chip designer, reported first quarter results that were ahead of forecasts. Revenues were 38% higher than the same period last year, profits were up 90% but the market focus is on the cycle, ability to pass on cost increases as much as they did in 2021 and increased competition from Chinese peers.

Zhejiang Supor, a Chinese cookware and small appliance manufacturer, reported 9% year on year revenue growth and operating margin expansion of 0.6% to 11.8% which delivered 7% net profit growth after a slight increase to effective tax rate. The company noted its exposure to the continued lockdowns and intensifying competition.

ADIV

The SmartETFs Asia Pacific Dividend Builder ETF

May 2022 Update



SmartETFs

Portfolio Performance

As of 04/30/2022	YTD	1 Year	3 Year	5 Year	10 Year
ADIV at NAV	-9.53%	-9.11%	5.85%	6.84%	6.70%
ADIV at Market Price	-10.34%	-10.33%	5.68%	6.73%	6.64%
MSCI AC Pacific Ex-Japan NR	-11.66%	-21.35%	2.60%	4.76%	4.78%

As of 03/31/2022	YTD	1 Year	3 Year	5 Year	10 Year
ADIV at NAV	-4.94%	-2.84%	8.52%	8.18%	7.26%
ADIV at Market Price	-5.59%	-3.75%	8.42%	8.12%	7.23%
MSCI AC Pacific Ex-Japan NR	-6.20%	-13.82%	5.32%	6.35%	5.50%

Expense Ratio: 0.78% (net) | 4.27% (gross)

The Adviser has contractually agreed to reduce its fees and/or pay ETF expenses in order to limit the Fund's total annual operating expenses to 0.78% through June 30, 2025.

Performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment in the Fund will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the Fund may be lower or higher than the performance data quoted. Performance data current to the most recent month-end may be obtained by visiting SmartETFs.com, or calling (866) 307-5990. The returns shown are cumulative for the period, not annualized. Market prices return is based on the market price of Fund shares as of the close of trading on the exchange where the shares are listed. Performance would have been lower without fee waivers and or reimbursements in effect.

Effective as of the close of business on March 26, 2021, the fund acquired the assets and assumed the performance, financial and other historical information of the Guinness Atkinson Asia Pacific Dividend Builder Fund, an open-end mutual fund (incepted March 31, 2006). The fund's investment objectives, strategies and policies are substantially similar to those of the predecessor mutual fund and it was managed by the same portfolio managers. Performance information for periods prior to March 26, 2021 is the historical performance of the predecessor mutual fund and reflects the higher operating expenses of the predecessor mutual fund. The fund has lower expenses than the predecessor mutual fund (including a lower management fee). For periods prior to March 29, 2021, the fund's performance would have been higher than shown had it operated with the fund's current expense levels.



Relevant Issues & Events

- Consumer price Inflation (CPI), which continues to climb in the US and Europe, is now evident in Asia, albeit at lower levels. Interest rates have increased this year in Korea and Taiwan while Singapore has increased the permitted rate of currency appreciation. Indonesia and Thailand are likely, we think, to begin raising rates in the second half of the year.
- China's commitment to a zero-COVID policy is being sorely tested. Rising cases have resulted in lockdowns affecting up to 400 million people and an estimated 30% of GDP. Cases in Shanghai are now coming down.
- China's economic growth target of 5.5% looks increasingly hard to attain although the government has recently re-iterated it. After stock price falls and weakened confidence, the government has also retreated its commitment to supporting growth. They also said the regulatory crack down on the technology/e-commerce sector will soon conclude.
- US consumer price inflation (CPI) for March reached 8.5% while Producer Price Inflation (PPI) accelerated to 15.2%. Agricultural commodity prices (sunflower oil, wheat, and fertilizers) also reached new highs. Natural gas prices in Europe are below their March highs but still twice the 2021 average. In the US, natural gas prices are 1/5 those in Europe but are still 70% above 2021 levels.
- Expectations grew that the Federal Reserve would increase interest rates by 0.5% at the next meeting, and duly did so on 4th May to 1% up from 0.25% at the start of the year.
- The dollar strengthened against the world's leading currencies by 4% in April as measured by the US Dollar Index (DXY) and is up 7.6% this year. In Asia, the notable currency moves were the 6% decline in the Japanese Yen, which is now 11% lower since the start of the year; the other big change is the 4.3% decline in the Chinese Yuan which happened quickly in the last nine trading days of the month.

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ADIV

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May 2022 Update



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Disclosure

MSCI AC Pacific ex Japan Index captures large and mid cap representation across 4 Developed Markets countries and 7 Emerging Markets countries in the Pacific region. With 1,176 constituents, the Index covers approximately 85% of the free float-adjusted market capitalization in each country.

MSCI China Index captures large and mid cap representation across China A shares, H shares, B shares, Red chips, P chips and foreign listings. With 740 constituents, the index covers about 85% of this China equity universe. Currently, the index includes Large Cap A and Mid Cap A shares represented at 20% of their free float adjusted market capitalization.

US Dollar Index (DXY) is an index of the value of the United States dollar relative to a basket of foreign currencies.

Earnings Growth is the annual compound annual growth rate of earnings from investments.

Characteristics of a company as an underlying security in the Fund's portfolio do not represent or predict the performance of the fund or any security.

NAV is the dollar value of a single share, based on the value of the underlying assets of the fund minus its liabilities, divided by the number of shares outstanding. Calculated at the end of each business day.

Market Price is the current price at which an asset or service can be bought or sold. The market price of an asset or service is determined by the forces of supply and demand. The price at which quantity supplied equals quantity demanded is the market price.

Investing involves risk, including possible loss of principal. The Fund invests in securities that pay dividends, and there is no guarantee that the securities held by the Fund will declare or pay dividends in the future, or that dividends will remain at current levels or increase. Investments in foreign securities involve greater volatility, political, economic and currency risks and differences in accounting methods. These risks are greater for emerging markets countries. For more information on the risks of investing in this Fund, please see the prospectus.

Consider the investment objectives, risks, charges and expenses of the Fund carefully before investing. For a prospectus or summary prospectus with this and other information, please call (866) 307-5990 or visit our website at www.SmartETFs.com. Read the prospectus or summary prospectus carefully before investing.

Shares of the Fund are distributed by Foreside Fund Services, LLC.