ADIV

The SmartETFs Asia Pacific Dividend Builder ETF

August 2023 Update

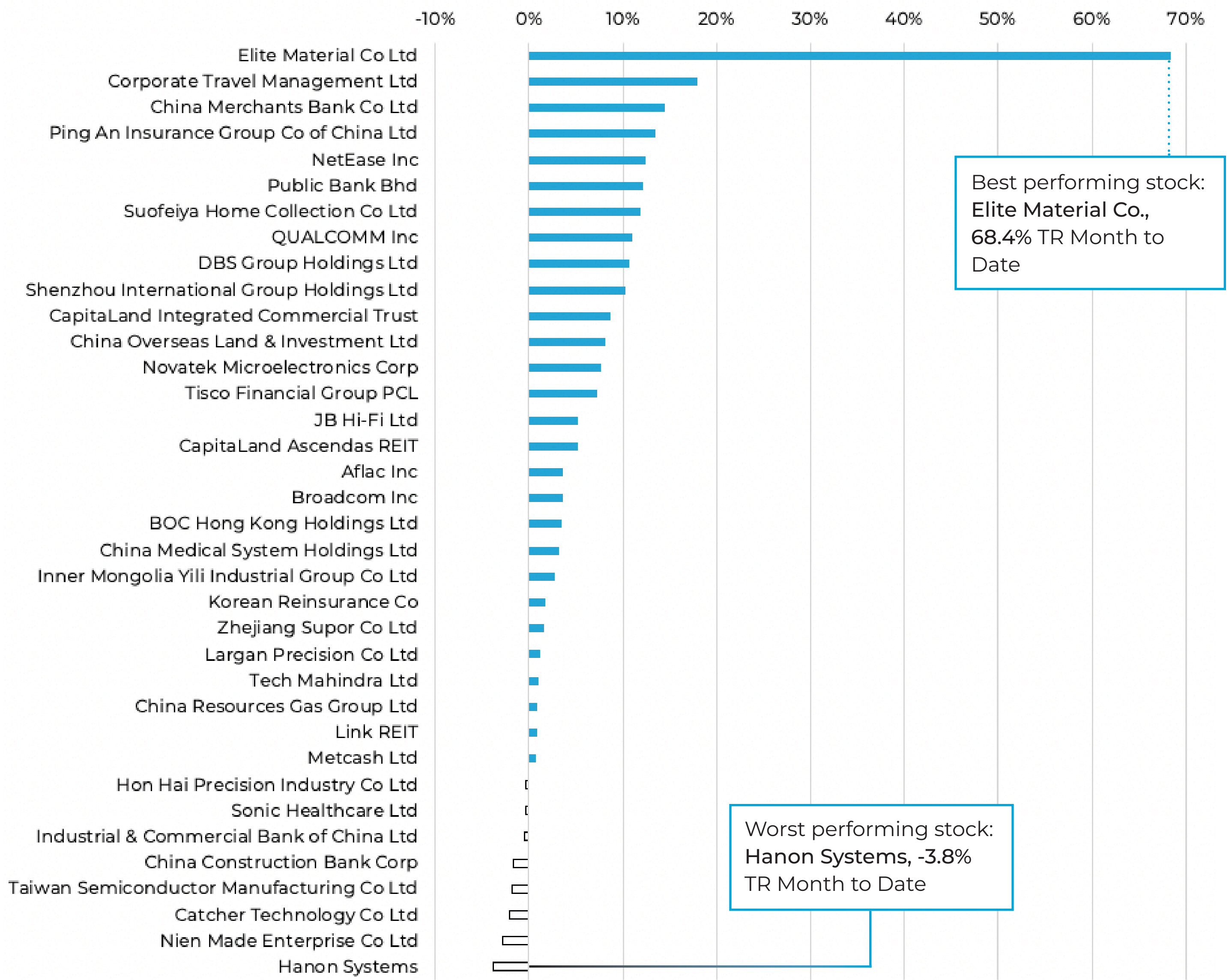
SmartETFs

Portfolio Performance

as of 07/31/2023

ADIV rose 6.43% on a NAV basis in July, 6.28% on a market price basis, outperforming the MSCI AC Pacific ex Japan Net Total Return Index benchmark which rose 3.9%. Asia outperformed its Western counterparts in July, with key markets all showing some form of growth. Taiwan, which saw a strong first half of 2023, was the weakest of the Asian markets in July, with an almost flat performance. This is largely attributed to a weakening outlook in the semiconductor industry as TSMC's management revised down their FY23 guidance during their most recent earnings call. For reference, TSMC makes up 44% of the MSCI Taiwan Index. China was the strongest market, driven by a rebound following a weaker June performance. A closer look at China shows that growth was led primarily by the Consumer Discretionary sector, which was up 20% in July. Year to date, ADIV is outperforming its index. ADIV is up 10.06% (NAV, 10.99 MKT), while the MSCI AC Pacific ex Japan Net Total Return Index is up 9.07%

Holdings are subject to change. Go to SmartETFs.com/ADIV for current holdings.



Portfolio Performance

Elite Material was the best performer over the month. The company makes high-end laminates for Printed Circuit Boards (PCBs), dominating in High-density Interconnect PCBs and in Substrate-like PCBs, where it commands 70% and 90% of respective market share. PCBs are used in the most expensive smartphones and are found in switches used in datacenters. As the industry accelerates towards AI, datacenter switches are expected to see their contents increase four-fold to accommodate for the rising computing power requirements.

Hanon Systems was the weakest performer. The company makes auto-components that focus on fuel efficiency for both conventional and electric vehicles, with the latter being the long-term growth driver. In the near term, the company has been facing higher costs and slower demand from customers. However, the order book is strong, and we expect to see demand picking up over the next two years. The company is expected to have secured parts orders for new xEV models from automakers like Hyundai Motor Group, Volkswagen, and Mercedes-Benz. These strategic models will likely hit the market in 2024-2026.

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Portfolio Performance

As of 07/31/2023	YTD	1 Year	3 Year	5 Year	10 Year
ADIV at NAV	10.06%	7.55%	7.14%	3.86%	5.88%
ADIV at Market Price	10.99%	7.10%	7.11%	3.84%	5.87%
MSCI AC Pacific Ex-Japan NR	9.07%	6.47%	0.15%	1.77%	4.36%

As of 06/30/2023	YTD	1 Year	3 Year	5 Year	10 Year
ADIV at NAV	3.40%	-1.18%	6.18%	3.26%	5.18%
ADIV at Market Price	4.43%	-1.72%	6.20%	3.27%	5.18%
MSCI AC Pacific Ex-Japan NR	2.69%	-1.01%	0.61%	0.67%	3.98%

Expense Ratio: 0.78% (net) | 4.94% (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, 2026.

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.

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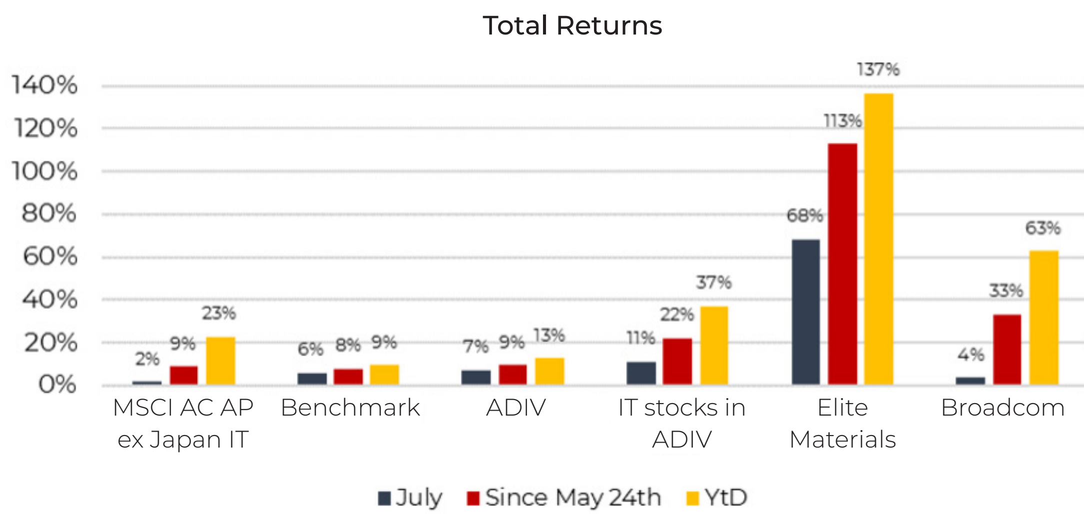
Fund Review

ADIV has been, and continues to be, a beneficiary of the rise in AI enthusiasm, which has boosted the technology sector's performance. When comparing the total returns of the Information Technology stocks in the Fund against the MSCI AC Asia Pacific ex Japan Information Technology Index, we see that our returns outperformed in July, since May 24th (when NVIDIA's earnings announcement accelerated the AI interest), and year-to-date. This has been led by two stocks in particular - Elite Materials and Broadcom.



Source: Bloomberg, MSCI, SmartETFs, Guinness Atkinson Asset Management. Data as of July 31, 2023.

Elite Materials is a stock we highlight as an example of a quality name. Over the last decade, revenues have grown 10% per annum leading to dividend compound annual growth rate of 19% in the same time frame. The company makes high-end laminates for Printed Circuit Boards (PCBs), dominating in High-density Interconnect PCBs and in Substrate-like PCBs, where it commands 70% and 90% of respective market share. PCBs are used in the most expensive smartphones and are found in switches used in datacenters. As the industry accelerates towards AI, datacenter switches are expected to see their contents increase four-fold to accommodate for the rising computing power requirements.

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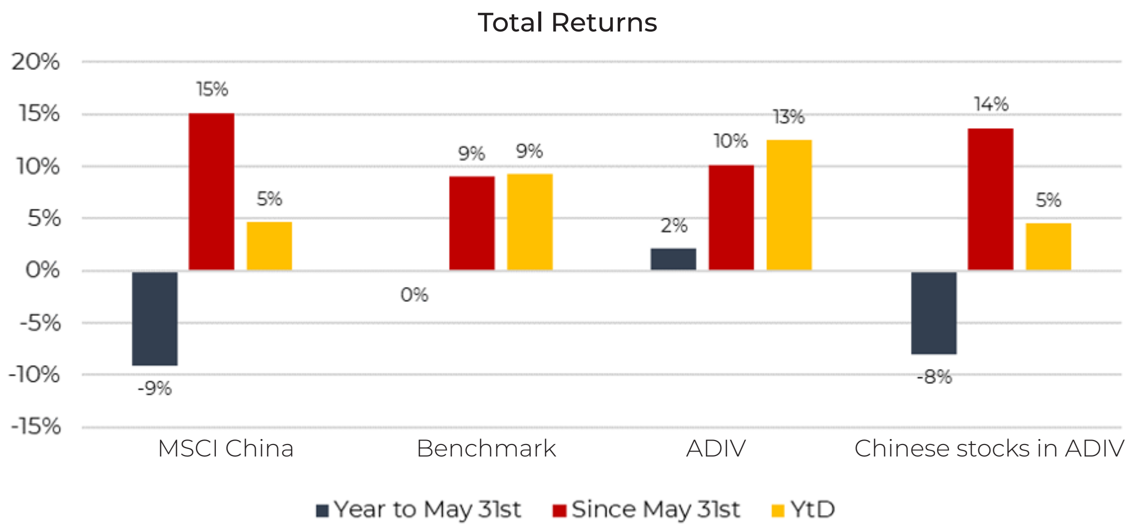
Fund Review (continued)



Source: Bloomberg, MSCI, SmartETFs, Guinness Atkinson Asset Management. Data as of July 31, 2023.

With a portfolio that consists of twelve Chinese companies, it is unsurprising that we are affected by events related to China. China's performance peaked at the beginning of the year before falling and hitting a trough at the end of May. While not immune to this, our Chinese stocks saw an aggregate total return that outperformed the MSCI China Index during this period, falling 8.0% versus the index's 9.1% decline. Our Chinese companies' recovery since the end of May has not been quite as impressive as the index (total returns are up 13.7% versus the MSCI China Index's 15.2%) but we are broadly in line with the MSCI China index on a year-to-date basis.

Since the end of May, we have seen Chinese Consumer Discretionary stocks see a rebound, with the MSCI China Consumer Discretionary Index up 29%. Within our portfolio, Shenzhou International has recovered 32% over the same period on the back of stronger sales from key customers such as Nike, and a post-COVID production recovery at its Vietnamese facilities.

In July, China Merchants Bank (CMB), Ping An Insurance, and NetEase were among the top Chinese performers in the Fund. CMB is historically one of China's most profitable banks but has a meaningful wealth management business which has been hit this year by weak markets. Ping An is an insurance company which holds an investment portfolio substantial enough to meet its future liabilities. Both CMB and Ping An rose as sentiment on China's stock market recovery started to improve.

NetEase is up 13% in July and up 51% year-to-date. We expect this upwards trend to continue. Gaming regulations in China continue to ease leading to recovery in monthly domestic title releases. Chinese gaming companies also continue to take global market share; they now make up 30% of total foreign

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Fund Review (continued)

gaming revenues in the USA and held 10% of global gaming market share in 2022.

It is perhaps then expected that four of our Fund's top five performing stocks in July have been mentioned while talking about AI enthusiasm and China recovery. Our top five performers were Elite Material, Corporate Travel Management, China Merchants Bank, Ping An Insurance, and NetEase, all of which saw double digit returns, with Elite showing an outstanding 68% rise.

Corporate Travel Management has a more company-specific story. The company resumed dividend payouts last year and has been using the cash conserved during the pandemic to make acquisitions. It has also won key government contracts with the UK and Australia, which will help offset declines in commercial business travel, and management recently pre-announced second half 2023 EBITDA will be twice that of the first half of the year.

The fund's weakest June performers were Hanon Systems, TSMC, Nien Made, Catcher Technology, and China Construction Bank, all down low single digits (-2% to -4%). Taiwanese stocks have come off a bit on previously mentioned weak outlook from TSMC's management and declining export data. Exports to China and Hong Kong, which have historically accounted for more than 50% of all Taiwanese exports fell for the eighth consecutive month.

Outlook

We are incrementally more optimistic on China's recovery and the associated effect it will have on the wider Asian region.

We are encouraged to see that Chinese government has moved towards making accommodations for private companies, with officials announcing 31 new measures to help the private sector. We also saw new measures reducing restrictions on foreign investment, including plans to reduce the negative list, i.e., the list of stocks where foreign ownership is currently banned. In more recent weeks, we have also seen changes to the Politburo statement related to the housing market. In particular, the removal of the line "housing is for living in, not for speculation", is an early signal that greater support for the real estate sector is incoming.

While all this has led to a strong month in China, we still see high quality companies that have not yet fully recovered, for example, Shenzhou International, China Merchants Bank, China Overseas Land and Investment, and Inner Mongolia Yili Industrial, all of which are still down on a year-to-date basis. As China's economy slowly recovers and stock market sentiment improves, we are seeing these companies' returns reverse back to growth and expect this trend to continue.

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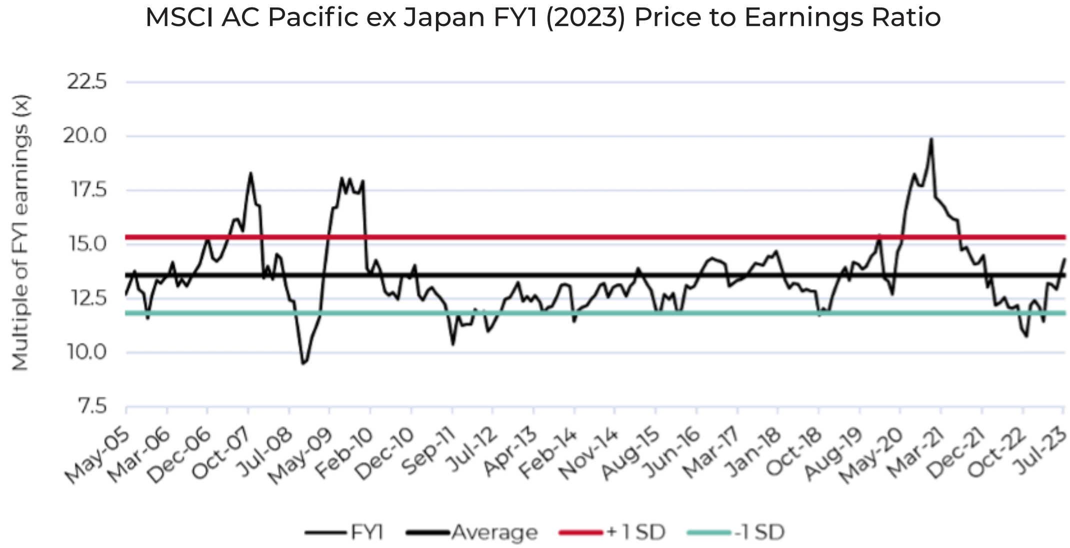
Outlook (continued)

The chart below shows valuations based on a multiple of consensus estimated 2023 earnings (FY1 PER - Price/Earnings Ratio) for the region:



Source: SmartETFs, Bloomberg. Data as of June 30, 2023.
1 SD = One Standard deviation above (red line) or below (green line) the average FY2 PER multiple over the period.

The 2023 valuation multiple of 10.9x is in line with its average since launch of 10.8x and the discount to market of 22% is still below the average discount of 14% since launch. If the portfolio companies achieve an earnings growth trajectory in line with their long run averages, we think there is every reason to hope the valuation will also move back in line.

There's more where that came from!

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Important Information

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.

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 anad demand. The price at which quantity supplied equals quantity demanded is the market price.

Earnings per Share (EPS) is calculated as a company's profit divided by the outstanding shares of its common stock. The resulting number serves as an indicator of a company's profitability.

EBITDA or earnings before interest, taxes, depreciation, and amortization, is an alternate measure of profitability to net income.

Price to Earnings Ratio (PER) is the ratio for valuing a company that measures its current share price relative to its earnings per share.

Risks:
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.

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.