ADIV

The SmartETFs Asia Pacific Dividend Builder ETF

January 2023 Update

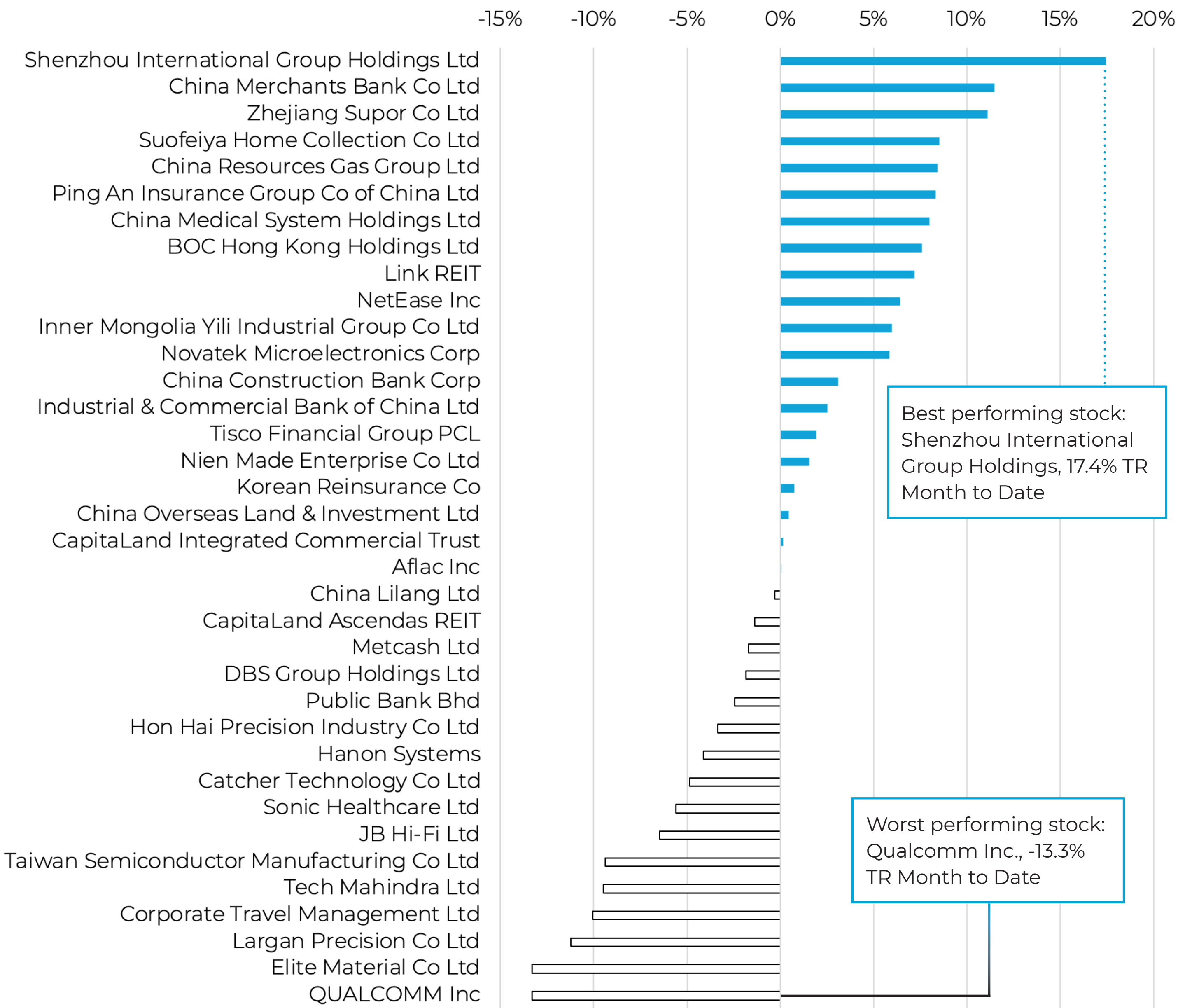
SmartETFs

Portfolio Performance

as of 12/31/2022

ADIV rose 0.61% on a NAV basis in December, -0.60% on a market price basis. The Fund outperformed its benchmark in 2022. Over the year, ADIV produced a total return of -16.92% (NAV), compared to the Fund's benchmark, MSCI AC Pacific ex Japan Net Total Return Index, which fell -18.75%. Nevertheless, the returns were weighed down by weakness in China, to which the Fund has 36% exposure, as domestic and geopolitical concerns caused investors to move away. Policy changes and improving relations on the international stage have brought about a recovery in Chinese markets. These have further to go, in our view, before they fully reflect current operational performance, let alone the earnings recovery we expect to see as economic growth re-accelerates. Read on for our coverage of ADIV dividend performance, fund review, and more.

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



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Portfolio Performance

As of 12/31/2022	YTD	1 Year	3 Year	5 Year	10 Year
ADIV at NAV	-16.92%	-16.92%	1.73%	1.15%	4.85%
ADIV at Market Price	-18.02%	-18.02%	1.42%	0.96%	4.75%
MSCI AC Pacific Ex-Japan NR	-18.75%	-18.75%	-2.00%	-0.65%	3.10%

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.

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Summary Review

- For most of 2022, concerns around China dominated headlines and centered on COVID policy, regulation, the property sector, monetary policy, and geopolitics. China was being discussed in some quarters as being "uninvest-able". In a hectic few weeks following the Party Congress and the confirmation of Xi Jinping's third term as leader, China shifted on all five.

- On COVID, the shift could not have been more profound – from zero-COVID to the removal of all restrictions. In all other areas there were substantive changes: technology regulation retreated with new IPOs permitted and the take-up by the state of "golden shares" giving it board representation; monetary support for the struggling property developers; a re-focus on accelerating economic growth with funds to back it; and a more conciliatory diplomatic drive caused investors to switch their focus from risk to cheap valuations.

- For Korea and Taiwan, weaker markets reflected a deterioration in the outlook for global growth to which they are more exposed than most. Rising interest rates in the US and weakness in Europe following Russia's invasion of Ukraine followed by supply shortages of gas and oil have increased recession expectations. The semiconductor sector has been impacted by previous inventory build-up by customers running up against weaker consumer demand. However, offsetting this to some degree is the resilience of corporate demand on the technology infrastructure side, such as in cloud computing, datacenters, and automation.

- The Fund outperformed its benchmark over the year, but its long-term average annual return fell as valuations of the portfolio's Chinese holdings were compressed. The operational performance of these companies, however, has held up well as evidenced by the dividends reported and paid during the year. This has set up the Fund to recover as investor sentiment changes and we have seen this in the last two months of 2022 and into January 2023.

- The dividend performance of the companies in the portfolio was very encouraging. The importance to us is the signal it sends about the companies' present operations and management outlook. It is the tangible evidence that sales, margins, and profits are indeed coming through in cash terms which in turn gives us confidence that near term valuation pressure has room to correct. All thirty-six companies in the portfolio pay dividends: 24 increased, 3 were unchanged, 7 declined, and 1 (Corporate Travel Management) resumed. (One Korean holding went ex-dividend at the end of the year but the amount will not be declared until 2023, in line with the market norm.)

- We made two portfolio changes this year with sales of KT&G in January and of China Lilang in September which were replaced respectively by the re-purchase of Industrial & Commercial Bank of China (previously sold in 2019) and by Broadcom.

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Dividend Review

The total return to shareholders, made up of earnings, valuation, and dividend, is a useful framework with which to consider both macro and micro developments. ADIV does not seek to squeeze out every drop of income from the portfolio but to buy into companies that are profitable, are growing, and are supporting that growth through internally generated cash flows which greater than needed for reinvestment. The dividend is therefore an important indicator that our portfolio companies are delivering on that promise. The higher yield reflects the lower valuations that can be found in Asia – simply, we are paying less for each dollar of income than we would for companies of similar quality elsewhere.

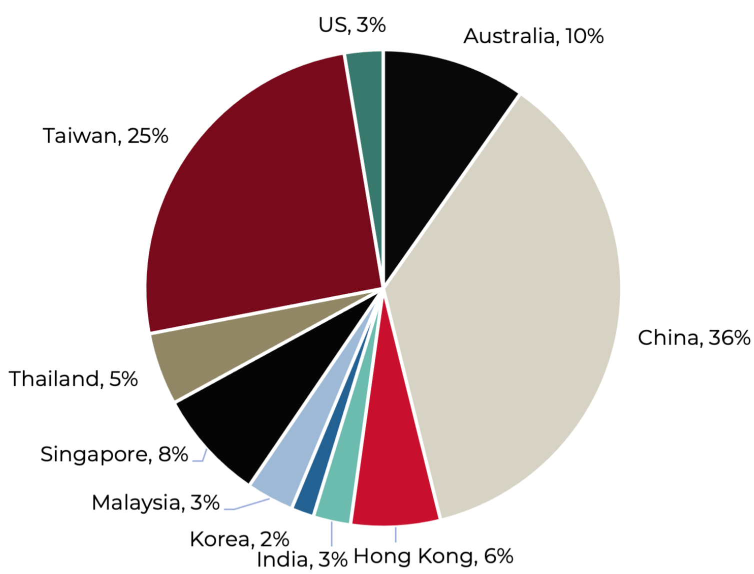
Dividend Sources

All the companies in the portfolio exhibit similar investment characteristics: above average returns on capital sustained over time that we think are likely to persist but are priced by the market as if they won't. They are also all dividend payers, having cash generating capacity over and above their investment needs.

We do not therefore, manage according to a barbell approach taking a mixture of high growth/high value/no dividends at one end and no growth/deep value/high dividends at the other. In an environment of slowing growth, higher inflation, and higher interest rates we would expect both groups to be more vulnerable to the downside. The combination of growing cash-based profitability underpinning a growing dividend stream coupled with a valuation that more closely reflects current operating prospects rather than pricing for growth looks better to us in these conditions.

The geographic sources of dividend income received by the Fund in 2022:

Geographic Sources of Dividend Income Received by ADIV in 2022



Source: SmartETFs. Data as of December 31, 2022.

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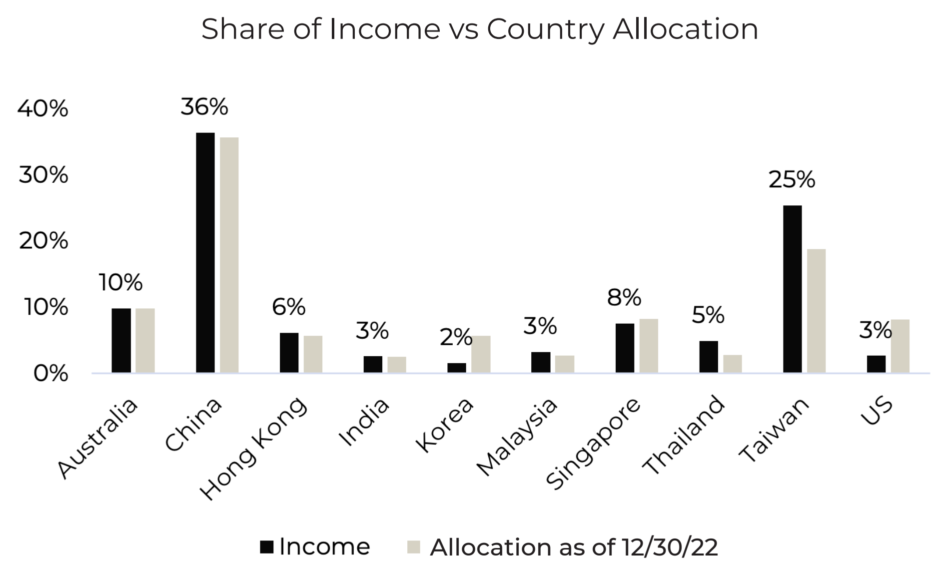
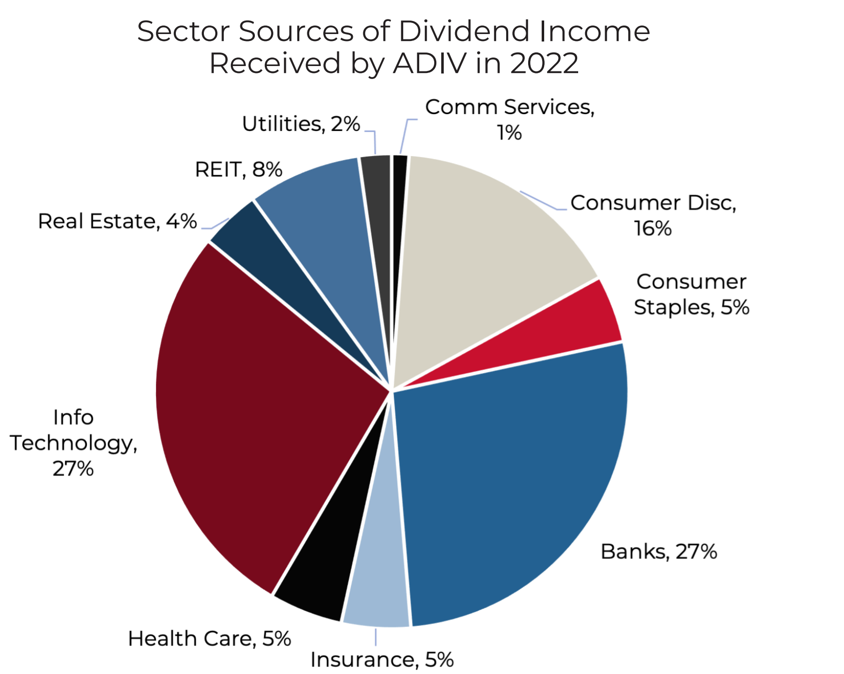
Dividend Review (continued)

The distribution of geographic sources of income aligns with the portfolio's asset allocation as of the end of the year:



Source: SmartETFs. Data as of December 30, 2022.

By sector, the sources of income in 2022 were as follows:



Source: SmartETFs. Data as of December 31, 2022.

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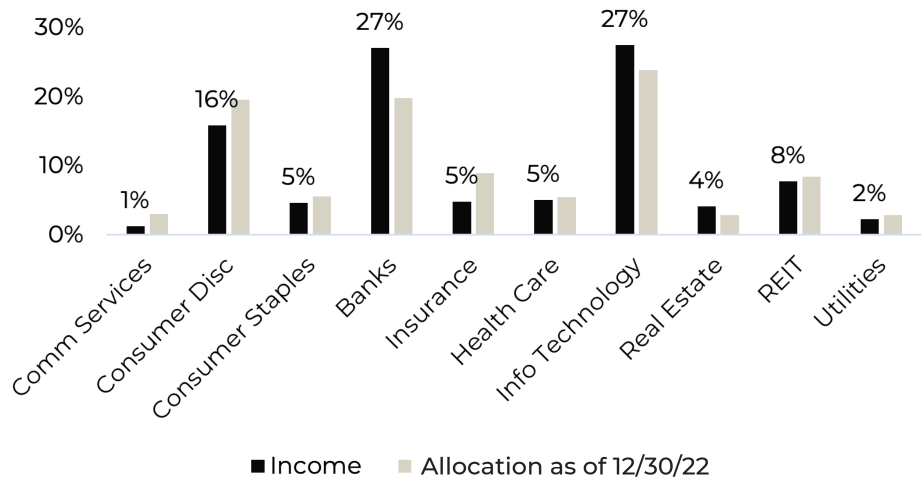
Dividend Review (continued)

And again, this aligns quite closely with sector allocation but with a little more income coming from banking and information technology exposures and a little less coming from consumer discretionary and insurance.

Share of Income vs Sector Allocation



Source: SmartETFs. Based on dividend income received and due to the Fund included in 2022 Fund distribution, converted into the Fund's base currency, USD . Data as of December 30, 2022.

Dividend Actions

In 2022, out of our 36 holdings:

- 24 companies grew their dividends.
- 3 companies kept dividends flat.
- 7 companies reported lower dividends.
- 1 company resumed the dividend.

The chart on the following page shows the percentage change in dividend per share for each of our portfolio companies. Corporate Travel Management resumed dividend payments, but the absence of a payment last year means a year-on year comparison is not possible. Korean Reinsurance went ex-dividend at the end of the year but in line with Korea market norms, the amount will be declared in 2023. (We expect it to decline in line with earnings compared to the prior year.)

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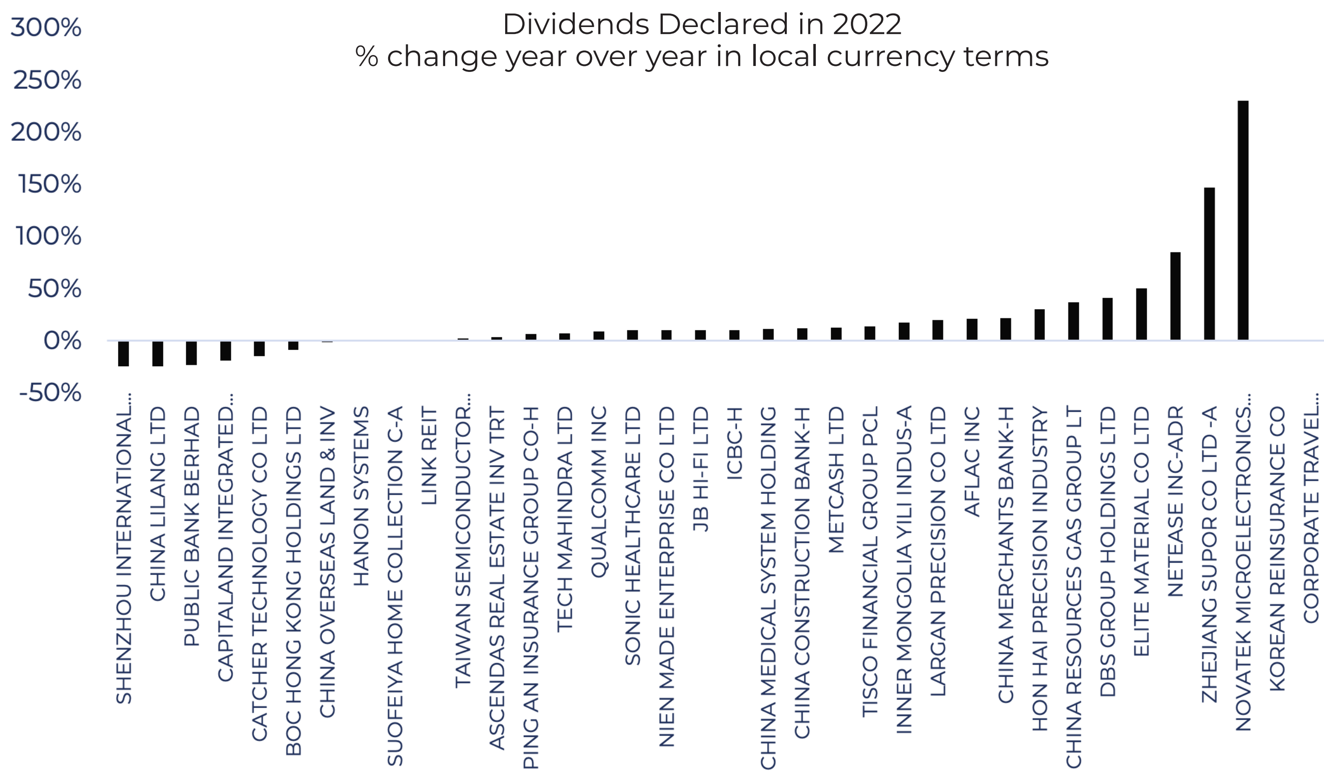
Dividend Actions (continued)



Source: Company reports. Dividends declared and the shares gone ex-dividend in 2022, in local currency terms.. Data as of December 31, 2022.

Novatek Microelectronics delivered the highest dividend growth this year and follows a substantial increase in revenues and earnings over the past three years. It is a fabless chip designer. It relies on other wafer fabrication plants to manufacture the chips it designs. There has been a step change in revenues with its growing range of screen driver chips applicable to TVs, Monitors, Notebook PCs, and cars as well as for its combined System on Chip designs for use in handheld devices. We had been concerned that the company had reached a point where growth is about to stop but a reacceleration in demand, especially from Chinese customers, suggests there is more to come.

Dividends from Zhejiang Supor (cookware) and NetEase (video games) were the other two fastest growers. In the case of Supor, capital management prompted the announcement of a surprise special dividend. In the case of NetEase, underlying profit growth and a positive contribution from foreign exchange translation, as opposed to last year, delivered a year-on-year boost.

Among those companies which reported dividend declines, there were no emergency cuts. Distributions remained in line with earnings and with their dividend policies. China Lilang, a designer and retailer of men's clothing, has had a challenging period which we think is likely to continue, although

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Dividend Actions (continued)

the company itself is very well-managed in our view. We decided to sell the position this year. Shenzhou International, a textile maker with production centers in China and in South-east Asia, reported the biggest dividend decline after production in Vietnam was interrupted by COVID-related lockdowns. Production has long since resumed and we expect dividends to recover accordingly.

Fund Review

Over the year, ADIV fell -16.92% (NAV) vs the benchmark, which fell -18.75%.. For the first three quarters of the year, markets were weak, and the Fund outperformed but only by 2%. This outperformance was less than we might have expected in such conditions but the 36% exposure to China and 19% exposure to Taiwan over the year weighed on performance, primarily through valuation compression. The companies did rather better operationally, reflected in the dividend performance and this set up the Fund for a better absolute performance in the last two months of the year when China turned, and global markets rallied. The Fund captured all the upside in that period, rising 16.9% in line with the benchmark.

Stock selection contributed positively to outperformance in 2022 whereas asset allocation was a detractor, which is in line with our stated focus on bottom-up stock analysis. Across sectors, the main contributions to relative performance came from financials, both in allocation and selection and from our stock selection in technology and real estate. In financials there were positive contributions from Aflac, DBS, Public Bank and Tisco; the positions in China Merchants Bank and Ping An detracted before turning sharply positive in the last two months of the year. In technology, the biggest contributors were Catcher Technology, Hon Hai Precision and Largan Precision; Elite Material, Qualcomm and Tech Mahindra were detractors. In Real Estate, Chinese developer China Overseas Land was the biggest contributor followed by the two Singapore REITs, Ascendas and CapitaLand Integrated Commercial Trust.

The main detractors were the zero allocations to energy and materials whose cyclical characteristics do not conform to our investment philosophy and process. Among the consumer discretionary names, the big detractors were Corporate Travel Management in Australia, Korean auto parts maker, Hanon Systems and textile maker Shenzhou International. On a country basis, our stock selection in China and Taiwan contributed even as the allocation detracted, although the allocation to China turned into a positive contributor by year end. The allocation to Singapore was marginally positive but the stock selection into banks and real estate investment trusts (REITs) was a big positive. The main country detractors were an underweight allocation to Australia and no holdings there in energy, financials or materials and our single holding in India which under-performed significantly.

We made two portfolio changes this year with sales of KT&G in January and of China Lilang in September which were replaced respectively by the re-purchase of Industrial & Commercial Bank of China (previously sold in 2019) and by Broadcom.

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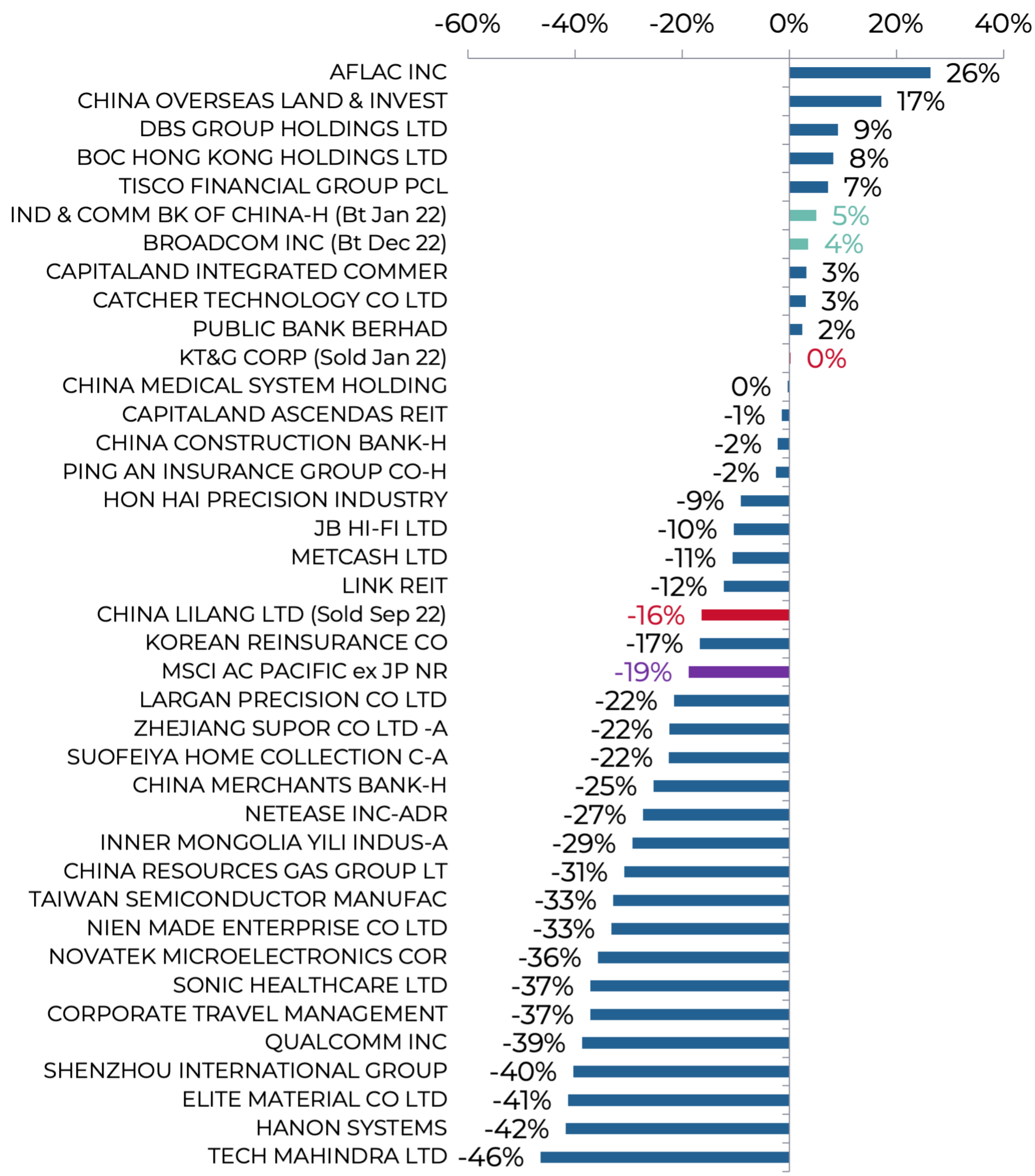
Individual Stock Performance

The chart below shows the total return for each position in the portfolio for the period it was held in 2022.



Source: Bloomberg. Total returns in USD in 2022 Data as of December 31, 2022.

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Summary Outlook

- Our global view focuses on the US and the outlook for inflation and interest rates. We think the market's expectation for rapid cuts in interest rates as the rate of inflation comes down is overly optimistic. Inflation numbers will certainly come down as a function of base effects, but this is not what the Fed is looking for, in our view. Their focus instead is on underlying price pressures and long-term inflation expectations. The inflation double-header in the 1970's when headline Consumer Price inflation rose 11.8% in 1975 then fell back before breaking out again to peak at 14.8% by 1980, serves as a warning. We expect the Fed will keep rates higher for longer which has implications for growth, bond yields and equity valuations through a higher risk-free rate.

- World growth expectations have come down this year with the recent publication of the World Bank's Global Economic Prospects, published in January 2023, forecasting 1.7% GDP growth in 2023, half the rate of the June 2022 forecast with the US to grow by 0.5% and the Euro Area to record zero growth. The bright spot, in their view, is Asia. China's re-opening provides a significant impetus and is forecast to grow 4.3% but other regional economies are also expected to relatively better than the US and Europe. Thailand for example, is forecast to grow 3.6%, Malaysia by 4%, Indonesia 4.8%, India by 6.6%. This reflects, in our view, the growing proportion of economic activity taking place and remaining within the region.

- Asian inflation presents less of a challenge in Asia because, we would argue, underlying price pressures that are evident in developed markets are not so pressing in Asia. The greatest pressures can be seen in Korea, Indonesia and perhaps Malaysia, but there are signs these are rolling over. At the end of the year, Asia ex Japan Consumer Price inflation was running at 2% with China at 1.8% and Korea was at 5%. Interest rate increases in the region have been required to dampen inflation but also to ensure the interest rate differential with the dollar does not widen sufficiently to cause pressure on the currencies. It would seem we are close to, if not past the peak of interest rate rises in the region and the narrowing of sovereign bond yield spreads over equivalent US Treasury suggests that is how the market sees it.

- At the end of 2022 the forward price earnings multiple for the benchmark index was 13x consensus estimated earnings compared to the 20-year average of 13.5x. China's valuation was 11.5x estimated earnings compared to its long-term average of 12.6x. Average annual earnings growth for the next 2 years (2023 and 2024) is estimated to be 8% per annum for the region and for China is forecast to be 13.4% per annum. Earnings forecasts for the region come against a background of accelerating regional growth and may be accompanied by upward revisions to forecasts; these are in contrast to a slowdown in developed markets which may be accompanied by downward forecast revisions.

- We think the Fund is well positioned to deal with conditions. The portfolio is 71% exposed to domestic Asia and 29% to global markets and is made up of companies which have demonstrated an ability to compete effectively against weaker peers. Average annual earnings growth for the portfolio based on current consensus estimates is 6.6% per annum which is in line with the long run average annual

Summary Outlook (continued)

growth rate for this portfolio and thus we have high confidence in their ability to deliver. At the same time, the portfolio valuation is at a 19% discount to the market after weaker conditions this year, 5% below the 14% average valuation discount since the Fund was launched in 2013. We think a combination of a possible return to the average for the Fund's valuation together with earnings growth and a yield in line with its average of the last nine years provides very attractive upside prospects from these levels.

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.

Compound Annual Growth Rate (CAGR) is the mean annual growth rate of an investment over a specified period of time longer than one year. It represents one of the most accurate ways to calculate and determine returns for individual assets, investment portfolios, and anything that can rise or fall in value over time.

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

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.