ADIV

The SmartETFs Asia Pacific Dividend Builder ETF

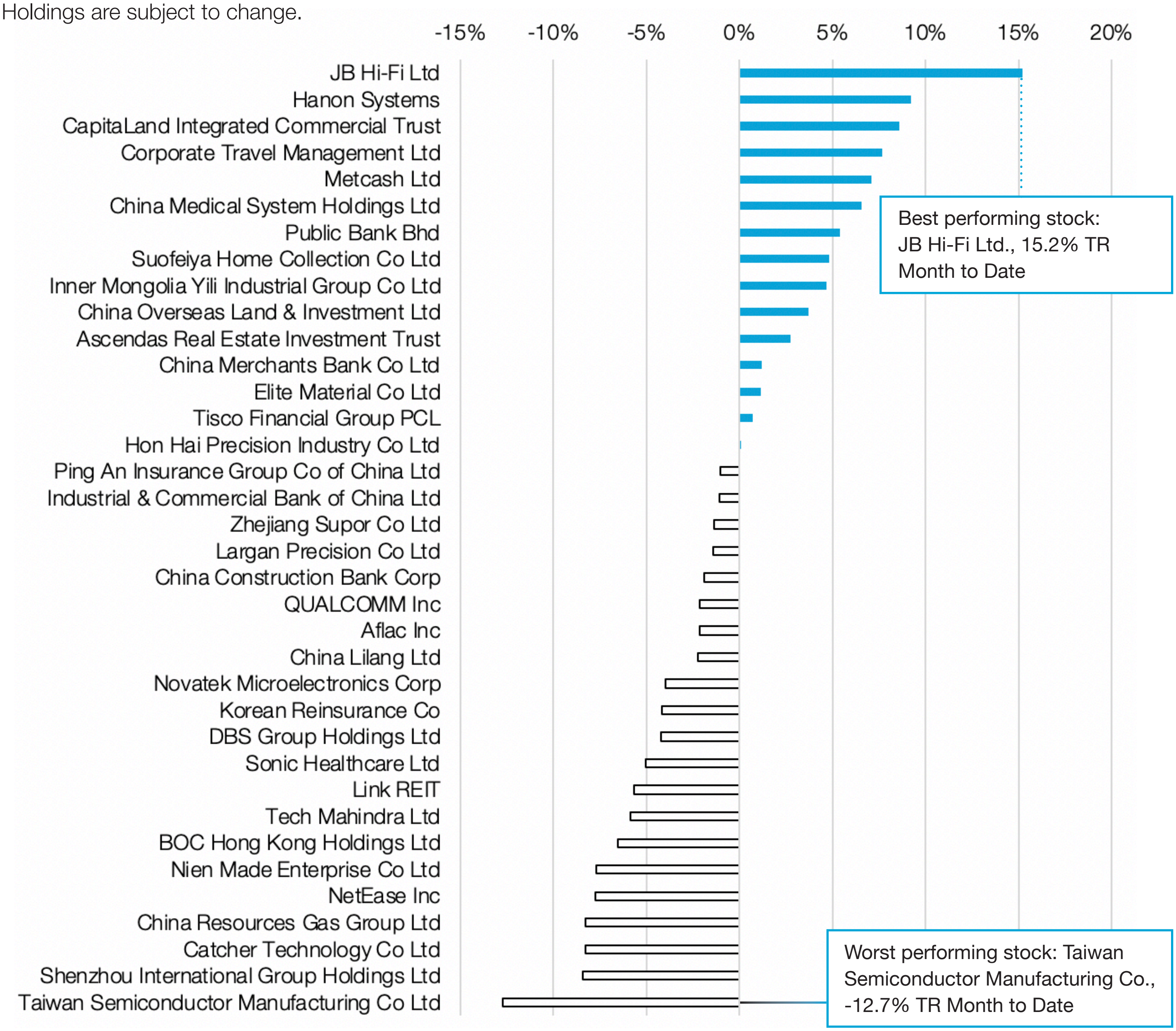
March 2022 Update

Portfolio Performance

as of 2/28/2022

ADIV fell -0.88% (NAV basis) in February, underperforming its index which fell -0.72%. ADIV's outlook has been clouded significantly by Russia's actions in Ukraine. Considering this solely from an investment perspective, we need to be aware of the impact on rising energy and input costs and weaker consumer confidence. The US Federal Reserve has indicated that it will continue to raise interest rates to combat inflation, although the market has reversed its expectation of a 0.5% increase. Inflation continues to creep up in the region. Korea (3.7% inflation) has decided to keep interest rates unchanged, while Singapore (4% inflation) continues to manage the pressure via its exchange rate. Sharper rises are now to be expected from higher energy and food prices. Thailand (5.38% inflation) is the latest to have reported an inflation surge. Against this backdrop we continue to focus on the fundamental characteristics of strong management, operation efficiency, pricing power, and cash flow generation.

Holdings are subject to change.



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JB Hi-Fi rose over 15% in February following a strong set of results. The company sells home office equipment, electricals, and appliances. During the COVID period the company has seen a surge in sales. The most recent earnings for the first half of the financial year ending in June 2022 were down 9% but this was from peak levels. However, the focus is on January and the outlook. Like for like growth has reaccelerated in Australia from 1.2% in the December quarter to 3.6% in January. The company did not provide any trading guidance but announced a share buyback which will bring its balance sheet back to a more normalized position after elevated retained earnings. This suggests greater confidence in the medium-term outlook, even though the rest of year remains uncertain.

The weakest performer was Taiwan Semiconductor Manufactoruing Co., which we believe was due to geopolitical risk. Following Russia's invasion of Ukraine, there have been fears that China might see this as an opportunity to seize Taiwan. We consider this to be a low probability given the economic catastrophe that has been brought down on Russia, and China's long-term requirement for economic stability to achieve its goals. On a fundamental level, the world is still short of semiconductor supply and TSMC is the world's leading foundry with production and pricing advantages over its peers.

Portfolio Performance

As of 02/28/2022	YTD	1 Year	3 Year	5 Year	10 Year
ADIV at NAV	-3.72%	1.72%	9.60%	9.09%	7.20%
ADIV at Market Price	-3.04%	2.85%	10.00%	9.34%	7.34%
MSCI AC Pacific Ex-Japan NR	-5.04%	-14.95%	6.06%	7.21%	5.32%

As of 12/31/2021	YTD	1 Year	3 Year	5 Year	10 Year
ADIV at NAV	11.27%	11.27%	15.10%	11.74%	9.08%
ADIV at Market Price	11.27%	11.27%	15.10%	11.74%	9.08%
MSCI AC Pacific Ex-Japan NR	-5.85%	-5.85%	11.69%	10.28%	7.38%

Expense Ratio: 0.78% (net) | 4.97% (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.

Macro & Market Commentary

Russia's invasion of Ukraine has raised the question of whether China will see this as an opportunity to take over Taiwan. Only a few months ago, the idea of an invasion in Ukraine would have been dismissed as almost inconceivable. Therefore, we cannot rule out a similar move by China. However, we think that while reunification with Taiwan remains a strategic priority for Xi Jinping, it is not the priority. Indeed, there are good reasons to believe that China has been taken by surprise, not the least being the absence of any plan to evacuate its citizens ahead of time.

China's goal over the last forty years has been to restore the country's economic strength and to maintain domestic stability through a steady improvement in the standard of living. This process has increased China's engagement with the world's trade and financial system. China's foreign exchange reserves are over $3 trillion, while the value of merchandise trade last year exceeded $6 trillion. Its economy is estimated to reached $18 trillion in nominal terms in 2021 (CNY 114.4 trillion according to China's National Bureau of Statistics) making it the world's second largest in aggregate, but on a per capita basis, at $13,000 it is still a laggard.

This is something that China is trying to rectify by developing key industries which rely less on labor and more on value-add in. This allows a competitive advantage, from which it can develop a higher-income consumer economy. As part of this program there have been efforts to open up to foreign investors, develop more localized centers of production to secure supply chains (which came in their own during COVID), and create better international access to the capital markets through the Stock and Bond Connect schemes. The currency has been operated as a managed float since 2011, and on a path toward internationalization the Yuan forms part of the International Monetary Fund's Special Drawing Rights. To become a reserve currency, that is one that central banks use as part of their foreign exchange reserves, the Yuan needs to be stable, liquid, and financial assets denominated in that currency (i.e. government bonds) need to be seen as a store of value.

The decision by Vladimir Putin has turned Russia into an international pariah in less than a week. The US has demonstrated international leadership and repaired much of the damage to its European relations in the Trump years; the European Union (EU) has adopted a unified stance and Germany has reversed the 75-year post-war consensus on defense; the North Atlantic Treaty Organization (NATO) alliance has renewed relevance and has been rejuvenated. Financial sanctions unprecedented in speed and scope have closed off access to most (but not all) avenues to external funding, and by including the central bank, have denied Russia access to over $400 billion of its $640 billion foreign exchange reserves. The domestic currency has collapsed; there is no access for Russian bond issuers, government, or private, to foreign funding and if they cannot (or will not) pay interest or principal, those bonds will be next to worthless. This, then, is a cautionary tale for China, whose economy is built around an increasing breadth of engagement.

SmartETFs

Macro & Market Commentary

We think, therefore, that China will prioritize mitigation of the economic shock in the immediate term but there will be longer-term considerations too. In the short term, China has just announced an economic growth target of 5.5% in 2022. There are some who will point out that this is the lowest rate since 1990; but note that in 1990 China's GDP was one 50th its current size in real terms and its GDP per capital was $346 (one 37th the size, given the 22% growth in population between then and now). The important things to take away from this are, first, this is a number more consistent with an economy at this stage of development and size; second, it is above the current economic growth run rate and so implies more aggressive monetary easing and support to achieve it. The current economic challenges facing China center on the slowing property market and higher materials prices. The economic shock from the Russian invasion for China is indirect, transmitted through higher energy and commodity prices and by the potential for weaker demand for exports of manufactured goods. China sent 21% of its exports to Europe last year, which is likely to be the most affected area. Russia accounted for just 2% of China's exports in 2021. Imports from Russia (gas, oil, wheat primarily) were 2.9% of China's total in 2021, but with a value of $78 billion take on geopolitical significance as international sanctions tighten.

Over the longer term, China's geopolitical calculations must now factor in a set of western democracies with a more unified sense of purpose. China is also faced with an ally who seems, despite recent apparent warmth, to be pursuing its own very different agenda. In terms of the West, China has thrived in an era of division and a diminished ability of the US and Europe to respond coherently. The speed and nature of the sanctions imposed on Russia will likely lead to changes in the way and where China holds its foreign reserves. We do not expect to see selling of US Treasuries, but they may well be held in places where they are unlikely to be frozen. The exclusion of Russian banks from the SWIFT (Society for Worldwide Interbank Financial Telecommunication) messaging system may push China to develop its own Cross-Border Interbank Payment System (CIPS). The US threat to deny access to the US dollar market, a stick with which it enforces compliance with its sanction policies (against Iran, for example) and with which Chinese banks comply, may also cause China to accelerate the internationalization of the Yuan. But today, the dollar still rules supreme, with over 80% of cross-border transactions dollar denominated and China's Yuan and CIPS system nowhere close to being an alternative.

China also has a Russia problem. As discussed earlier, despite the warm words following Putin's recent meeting with Xi at the Winter Olympics, it is probable that China was not told of the invasion. Furthermore, relations between the two nations seem to be built not so much on mutual trust but on a mutual mistrust of the US. China's belt and road initiative consists of both sea and land routes and is designed not only to open trade routes but also to provide access to the resource-rich nations of central Asia. The land routes considered must pass through central Asia into Kyrgyzstan and then either south through Uzbekistan, Tajikistan, and Turkmenistan, through Turkey and then into Europe or turn north though Kazakhstan and then though Poland into Europe. Ukraine lies in the middle of the proposed entry points into Europe. Furthermore, Russia has been taking steps to pull in Central Asia closer to Moscow's orbit. Pressure has been put on Kazakhstan to reorient back to Russia while Azerbaijan, in a little noticed move two days before the invasion, signed a bilateral military agreement with Russia something they have resisted doing for years.

In sum, we think that China's immediate focus remains on the maintenance of domestic stability which is linked inextricably to domestic economic performance.

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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.

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 anad 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.

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