ADIV

The SmartETFs Asia Pacific Dividend Builder ETF

March 2023 Update

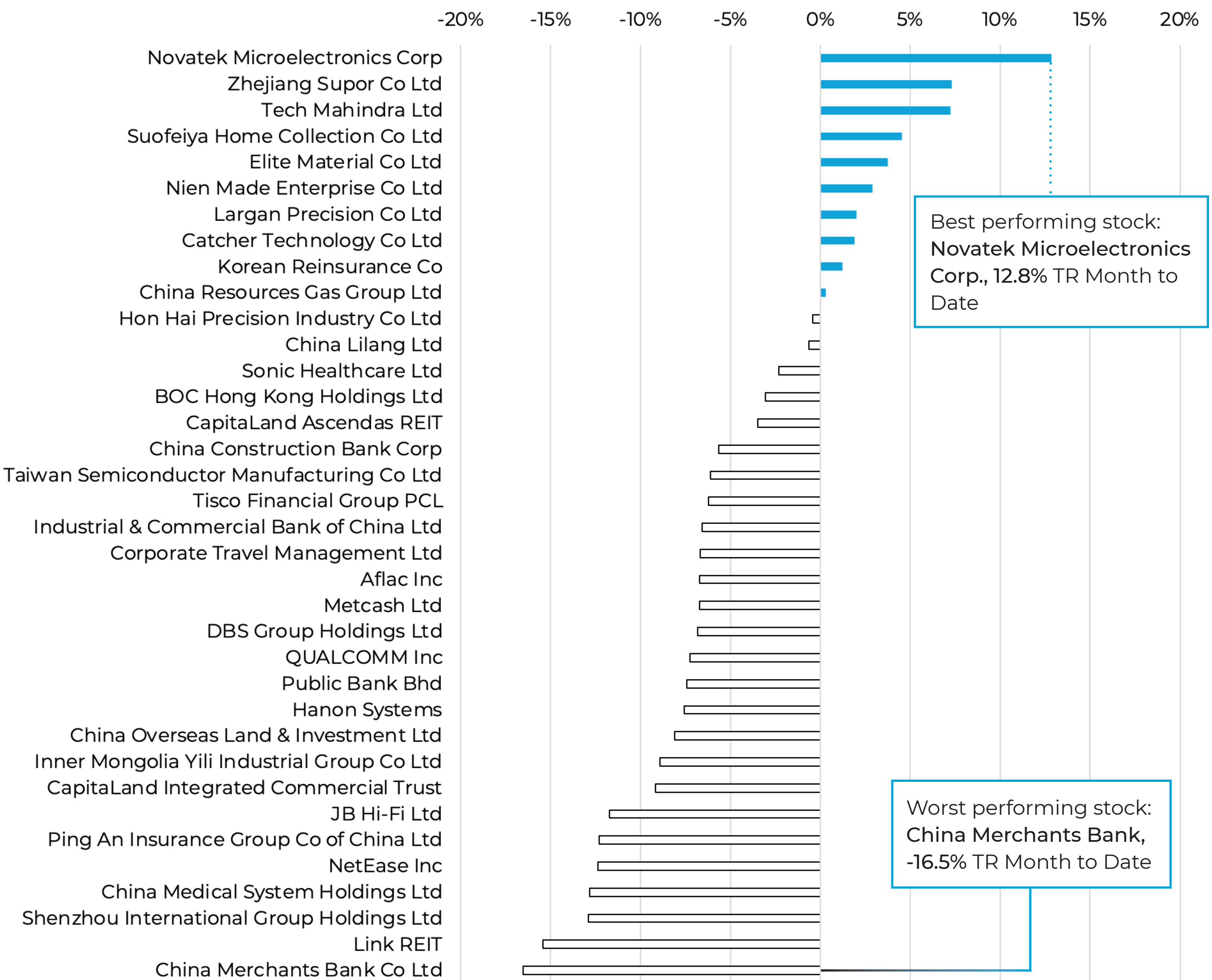
SmartETFs

Portfolio Performance

as of 02/28/2023

ADIV fell 4.76% on a NAV basis in February, 5.18% on a market price basis. ADIV performance was led by Novatek Microelectronics in Taiwan and Tech Mahindra in India, following results that indicate improving conditions for both. Performance was also helped by two of our three China A share holdings, Zhejiang Supor cookware and Suofeiya Home Collection, which rose 7% and 4.5% respectively. ADIV also experienced weaker performance in other Chinese holdings including China Merchants bank and Link REIT, both down over -15%, and in NetEase, China Medical System and Shenzhou International which all fell more than -12%. However, even with our 35% weighting toward China, ADIV still outperformed in February, capturing only 63% of the downside.

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



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The best performing stock, up 12.8% in February and up 29.9% this year, was Novatek Microelectronics. We have held this company for nine years. Analysts are perennially skeptical about this company, which designs combination semiconductors that are used to drive screens on consumer devices that often incorporate touch controls. Concerns often relate to the demand cycle, competition and the quality of their chip solution. However, the company continues to surprise the market.

The share price hit new highs in 2021. In 2022, on another bout of negative sentiment, the stock fell - bottoming at -57% at the end of September. Since the trough, the stock has risen 95% as sales to Chinese smartphone customers have reaccelerated. During these rallies and declines we have maintained our portfolio rebalancing approach of cutting into strength and adding on weakness. The company was one of the largest individual contributors to dividend income last year as shareholders reaped the benefits of the last three years of strong operational performance. Over the life of the holding, the company has generated an average annual growth rate in sales of 15.9%, in profit before tax of 30.6%, in net profit of 30.1% and dividend per share growth of 30.8%.

The weakest stock was China Merchants Bank which fell -16.5% in February and is down -3.2% for the year to date, compared to the Index which is up 2.6%. The stock has been affected by the arrest of the bank's former president last year, for irregularities in his personal affairs. Although these were unconnected to the bank's operations, the stock has suffered, but the decline has been through valuation compression. The recent decline, however, is more likely to be related to weaker loan growth and wealth management revenues. Asset under management in the wealth management division contracted 8% in the last quarter of the year.

The bank has pre-announced earnings for 2022 and the full results will be out later in March. 2022 looks to have been a good year with loan growth of 9%, deposit growth of 18%, a nonperforming loan ratio of less than 1% of gross loans and 14% earnings growth. The focus, therefore, is on the current operating performance and outlook. Like Novatek, we have held this stock since the Fund was launched. Also, like Novatek, China Merchants Bank has exhibited consistency in financial performance with average dividend growth of 11.8% per year moving in line with average revenue growth of 12% a year, profit before tax of 10.1% and net profit growth of 10.9% a year

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As of 02/28/2023	YTD	1 Year	3 Year	5 Year	10 Year
ADIV at NAV	4.39%	-9.92%	8.09%	1.89%	4.84%
ADIV at Market Price	4.89%	-11.33%	7.39%	1.79%	4.79%
MSCI AC Pacific Ex-Japan NR	2.64%	-12.18%	1.55%	-0.55%	2.96%

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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Macro Review

Interest Rates

Interest rates have remained mostly unchanged in February with the next decisions due in March. The most significant move was a 0.5% increase to 2% from the European Central Bank (ECB) at the beginning of February. In Asia we saw increases of 0.25% in Australia and India, and 0.5% in New Zealand and the Philippines. The table below shows the latest interest rate levels and their path since the beginning of 2022. The numbers in red show the latest peak and the month in which it was reached:

Interest Rate Peaks
January 2022 to February 2023

	Jan-22	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan-23	Feb
China	3.70	3.70	3.70	3.70	3.70	3.70	3.70	3.70	**3.65**	3.65	3.65	3.65	3.65	3.65
Korea	1.25	1.25	1.25	1.50	1.75	1.75	2.25	2.50	2.50	3.00	3.25	3.25	**3.50**	3.50
Taiwan	1.125	1.125	1.375	1.375	1.375	1.50	1.50	1.50	1.63	1.625	1.625	**1.75**	1.750	1.750
Indonesia	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.75	4.25	4.75	5.25	5.50	**5.75**	5.75
Malaysia	1.75	1.75	1.75	1.75	2.00	2.00	2.25	2.25	2.50	**2.75**	2.75	2.75	2.75	2.75
Philippines	2.00	2.00	2.00	2.00	2.25	2.50	3.25	3.75	4.25	4.25	5.00	5.50	5.50	**6.00**
Thailand	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.75	1.00	1.00	1.25	1.25	**1.50**	1.50
India	4.00	4.00	4.00	4.00	4.40	4.90	4.90	5.40	5.90	5.90	5.90	6.25	6.25	**6.50**
Australia	0.10	0.10	0.10	0.10	0.35	0.85	1.35	1.85	2.35	2.85	2.85	3.10	3.10	**3.35**
NZ	0.75	1.00	1.00	1.50	2.00	2.00	2.50	3.00	3.00	3.50	4.25	4.25	4.25	**4.75**
Japan	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10
US	0.25	0.25	0.50	0.50	1.00	1.75	2.50	2.50	3.25	4.00	4.00	4.50	**4.75**	4.75
ECB Deposit	-0.50	-0.50	-0.50	-0.50	-0.50	0.00	0.00	0.00	0.50	1.50	1.50	2.00	2.00	**2.50**
UK	0.25	0.50	0.75	0.75	1.00	1.25	1.25	1.75	2.25	3.00	3.00	3.50	**4.00**	4.00

Source: Central Bank Data. Data as of February 28, 2023.

The Eurozone represents as big a marketplace for Asian goods as the US. Therefore, having looked last month at the US interest rate outlook it would be worthwhile to look at that for the Euro and the ECB. The ECB Deposit Facility Rate is the policy rate for the Eurozone, and this has risen from a negative rate of -0.5% in May 2022 to stand at 2.5% today. The consensus expects another increase of 0.5% in March to 3% and then the debate turns heated about whether 0.25% of 0.5% in May is appropriate.

The European story is very similar to that in the US. The ECB's inflation target is 2% and while headline inflation of 8.6% in January was down more than expected, this was largely attributable to lower energy and food prices. A concerning issue remains a tightening labor market with a sharp drop in unemployment for the four largest economies (GDP weighted) to 6.8% from a pre-pandemic level of 8% and the lowest level since 1981. This is reflected in "stickier" core inflation both in goods and services:

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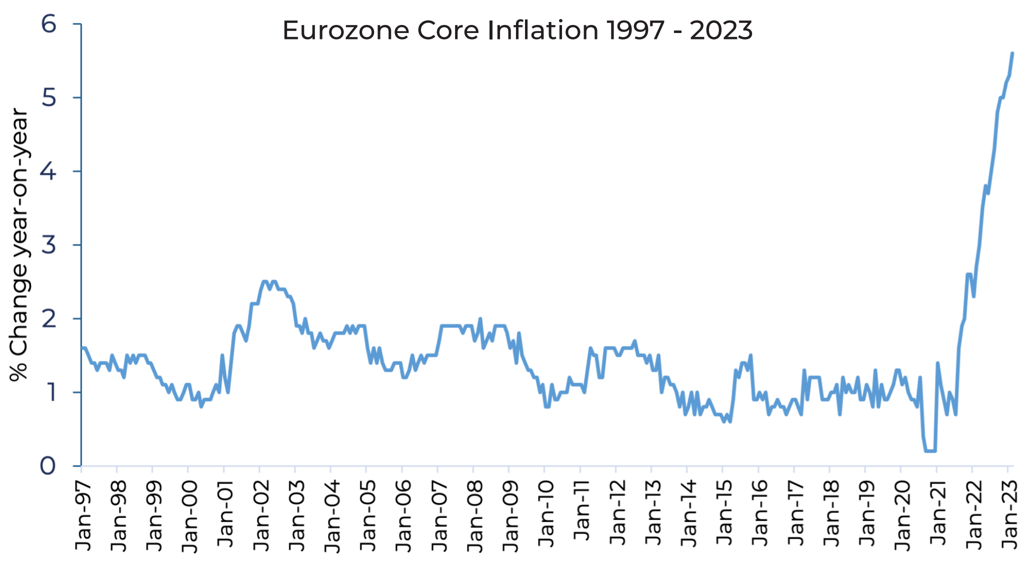
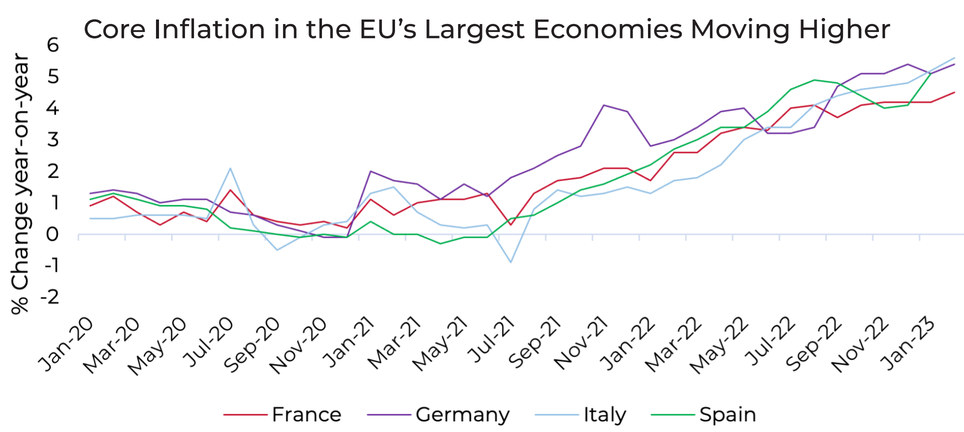
Macro Review (continued)



Source: Eurostat Eurozone Core Monetary Union Index of Consumer Prices (MUICP).
Data as of February 28, 2023.

The average core inflation rate from 1997 to beginning of 2022 was 1.3%. The last reported number was 5.3% and Eurostat's provisional number for February is 5.6%. This continued upward pressure is evident from recent upticks in inflation from Germany, France, and Spain.



Source: Eurostat Eurozone Core Monetary Union Index of Consumer Prices (MUICP).
Data as of February 28, 2023.

As we have seen in the US, market estimates for the timing and level of an interest rate peak have extended, from topping out at 3% in March to 4% in June. We note however, that a 4% nominal interest rate still represents a negative, or "loose" policy rate. We note that Core Inflation in Europe exhibits

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Macro Review (continued)

significant seasonality bringing with it a month-on-month increase of over 1% in recent years. This could mean core inflation could hit 6% before base effects could see it fall back below 4% by September, assuming inflationary pressures subside.

Monetary policy in both the US and Europe appear to be focused on core inflation and underlying that the tightness of the labor markets and consequent upward pressure on wages. Both the Federal Reserve and the ECB have been forecasting a reasonably imminent peak in interest rates while reminding us that these forecasts are data dependent. As core inflation has proved more stubborn and as labor markets show no sign of easing, we hear a narrative building from officials that rates may need to go higher than previously thought. For investors, the message is clear that the economic growth trajectory for these regions must be lower, and that monetary policy will be directed to that end.

Implications for Asia

For Asia, the impact is likely to be felt in exports, through weaker demand for manufactured goods and in regional interest rates which may have to stay higher than underlying inflation pressures might warrant, to keep currencies stable.

Looking at exports first: we have already seen cuts in demand for consumer electronics especially in smartphones and PCs and this has manifested in the technology supply chains especially in memory chips and in processors. There has also been some scaling back of demand in capital spending on data centers from the e-commerce segment. Nevertheless, the outlook for technology spending in infrastructure and capital equipment looks brighter and the market leaders, rather than the mid-tier, will be the ones who benefit. We also expect a similar story to emerge in consumer durables, homeware/fixtures and fittings, and apparel. The car industry, however, is showing signs of accelerating growth but from lower levels after the headwinds of the last three years.

However, the domestic growth outlook for the region looks substantially better than that for its export markets. China's recovery appears to be gaining momentum. The government's forecast of 5% growth this year may appear somewhat modest but this a political number serving at least two purposes: firstly, it is one they probably feel they can beat and secondly, it lowers expectations for massive stimulus spending. To this second point, it may cap the price rises we have seen in industrial commodities like copper and iron ore, and it also moderates the risk of a global inflationary "pulse" caused by breakneck Chinese growth.

Elsewhere, Thailand's economic recovery to 3.7% growth this year is expected to be driven by tourist arrivals, not least from China. Indonesia is a beneficiary of higher commodity prices, but it is also pursuing an industrial policy of retaining value-added activity within the country. This approach began five years ago with a ban on the export of unrefined nickel. Indonesia has some of the world's largest nickel

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Macro Review (continued)

reserves and now requires refining to be carried out within the country causing the value of nickel export to increase tenfold since 2017. The policy began with nickel but will roll out to oil and gas and then to agricultural commodities. In 2023, the economy is forecast to grow 4.8%.

For Asian investors, we think the macro backdrop suggests a focus on domestic Asia over the export manufacturing sector. There are of course, still good businesses to be found among exporters and 30% of the portfolio is in businesses serving developed markets, but 70% is pointed at domestic or regionally oriented firms.

Looking at currencies: we noted that higher-for-longer interest rates, in the US especially, could keep Asian rates elevated for longer as well. The concern is that if the interest rate differential (i.e. the gap between local interest rates and those of the US) narrows too much then Asian currencies could come under pressure. This problem emerged briefly in Korea, according to the Bank of Korea, in September 2022, but has since receded and it remains an issue for Indonesia.

We expect to see that a positive growth differential, with higher growth in Asia, will offset some of the pressure on Asian exchange rates caused by a narrower interest rate differential. We are encouraged in this belief by the behavior of Asia currencies in 2022 and so far this year. Following the recent bout of dollar strength that we saw in February, Asia ex Japan currencies were down only 0.6%, on a GDP-weighted basis. The notable exception remains the Korean Won where the central bank has expressed concerns about domestic economic stress caused by higher rates on higher levels of debt accumulated in recent years. This, therefore, reduces the scope for the Central bank to respond much further either to inflation or currency pressure, and while we do not believe Korea is in crisis, we expect to see greater Won exchange rate volatility this year.

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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.

Consumer Price Index measures the average change in prices paid by consumers over a period of time for a basket of goods and services.

Financial Stress Index is a daily market-based snapshot of stress in global financial markets. It is constructed from 33 financial market variables, such as yield spreads, valuation measures, and interest rates.

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.