ADIV

The SmartETFs Asia Pacific Dividend Builder ETF

April 2023 Update

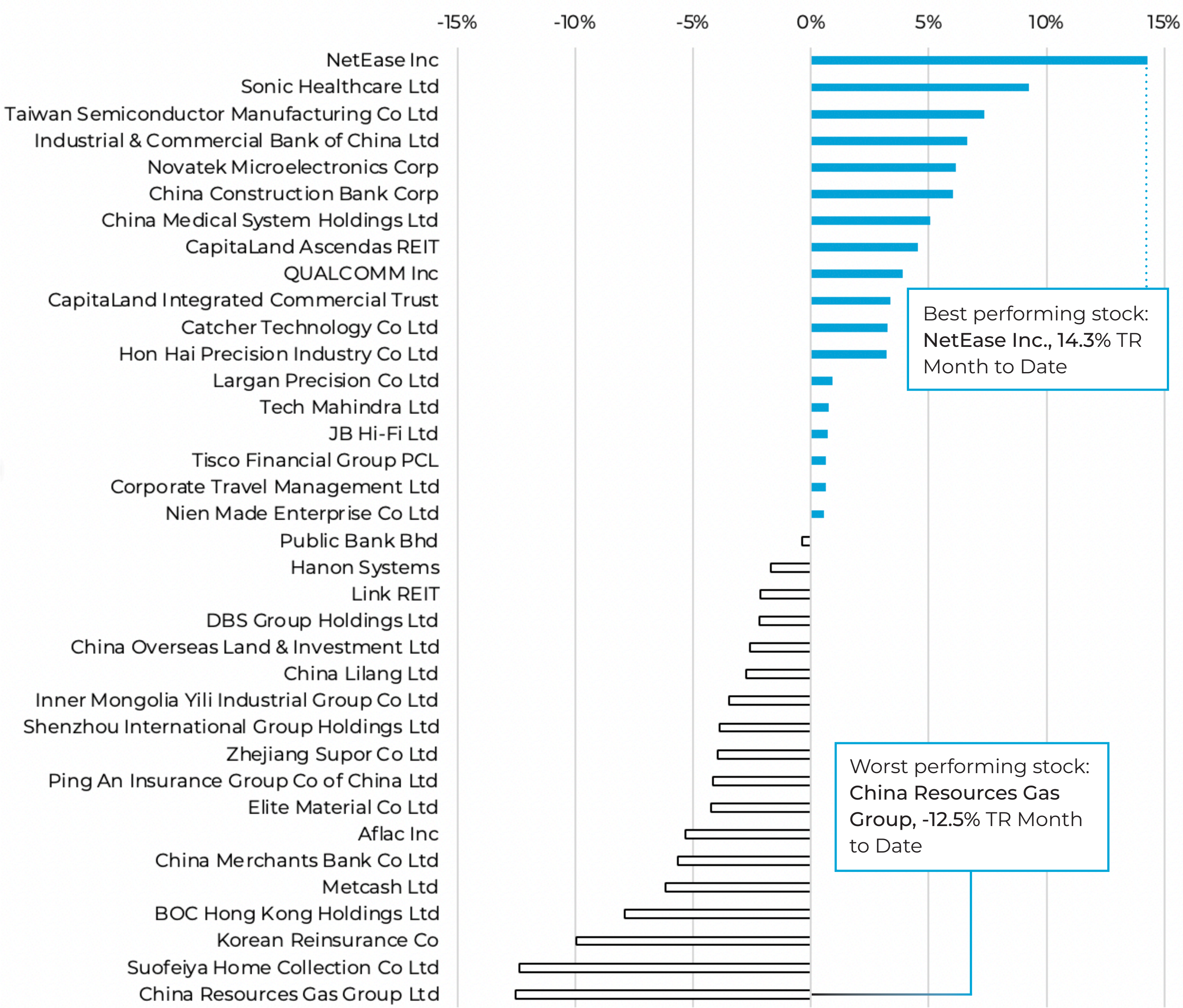
SmartETFs

Portfolio Performance

as of 03/31/2023

ADIV fell -0.43% on a NAV basis in March, -0.22% on a market price basis. ADIV performance over the month was in line with the benchmark until the growth rally which began on March 20th and has since paused. Our best performing stocks over the month were NetEase, Sonic Healthcare, TSMC, Industrial & Commercial Bank of China, and Novatek Microelectronics. Our weakest stocks were China Resources Gas, Suofeiya Home Collection, BOC Hong Kong, and Metcash. The Fund ended the quarter a little behind the benchmark after a strong rally in growth stocks pushed the benchmark higher. Nevertheless, we have seen some good stock performances over the first quarter and the Fund is outperforming as we enter the second.

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



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Portfolio Performance

As of 03/31/2023	YTD	1 Year	3 Year	5 Year	10 Year
ADIV at NAV	3.93%	-9.17%	11.52%	1.94%	4.93%
ADIV at Market Price	4.66%	-9.13%	11.43%	1.90%	4.91%
MSCI AC Pacific Ex-Japan NR	5.74%	-8.41%	7.44%	0.47%	3.45%

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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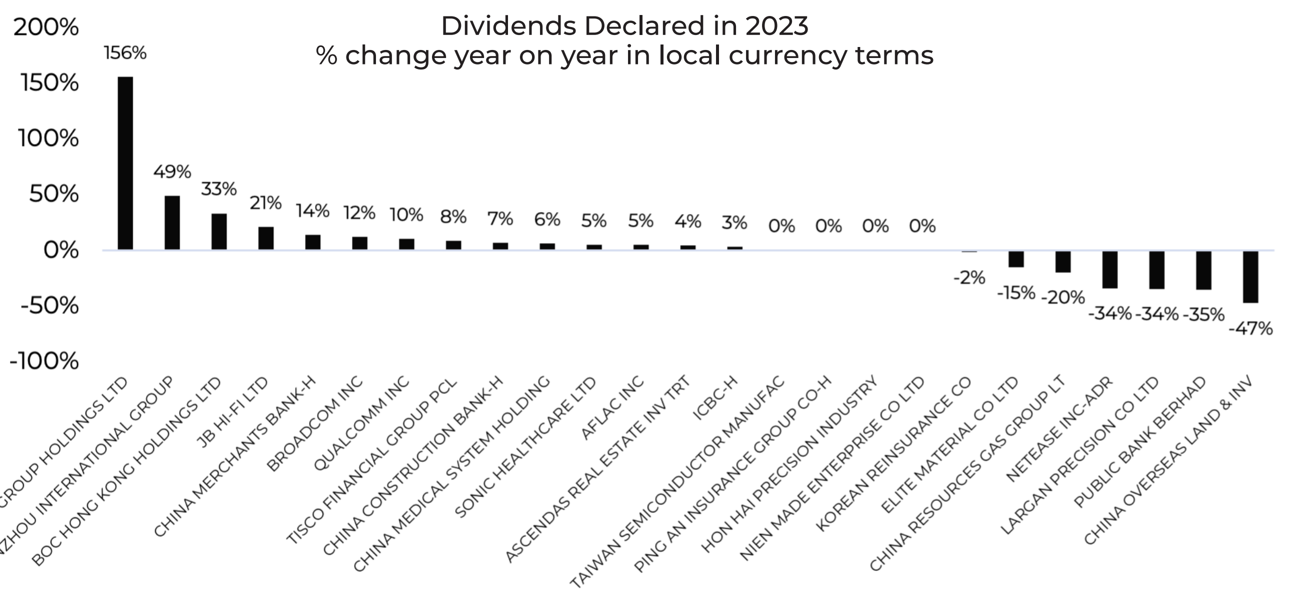
Dividend Review

So far this year twenty-six companies out of the thirty-six declared a dividend. The other ten are expected to declare over the course of the next three months.

- 18 increased
- 3 remained unchanged
- 4 declined
- 1 company resumed

The chart below shows the percentage change against the same period last year:



Source: SmartETFs, Guinness Atkinson Asset Management, Company Data.
Data as of March 31, 2023.

As ever, there are some special considerations we need to consider for certain stocks. For example, DBS shows a 156% jump in its first quarter dividend, but this includes an additional special dividend; but after excluding that we are still receiving a 17% uplift. In the case of Public Bank, the 35% drop is a timing issue with part of the distribution falling into the end of 2022; adjusting for this, the dividend was 12.5% higher. In the case of Largan Precision, last year provided a high base for comparison with a special dividend that was not repeated this year. Adjusting for this, Largan's dividend grew 18% on a like for like basis.

The 47% decline in China Overseas Land's dividend might give rise to concern given the stresses we know are present in the Chinese property sector. However, the company gave a detailed discussion at its results briefing. Revenues were down because property completions were delayed in the second

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SmartETFs

Dividend Review

half of 2022, but we were given a detailed set of expectations for property deliveries over the next nine months, which was well-received by the market. We expect, therefore, to see a recovery in sales, margin, profits, and dividend over the coming year.

The overall dividend performance looks fine; special dividends may be harder to come by this year, and year-on-year (YoY) comparisons will probably be more modest given the moderated impact of COVID-related disruption in 2022-23. We continue to see dividend policies consistent with history. It is still too early in the year to give much of an idea for how the full year dividend will play out but so far, we are happy with what we have seen.

Stock Commentary

The following are some short results comments on some or our stocks over the quarter:

Aflac

Q4 results were not well received by sell side investors, particularly for the Japan business. Japan revenue growth was slower than expected due to the COVID wave seen during the quarter, and margins missed expectations due to higher expenses and lower investment income. Management's commentary caused further concern with the CFO claiming that maintaining the expense ratio in Japan is becoming harder due to shrinking revenues and policy base. However, dividend growth continued, and the company declared a quarterly dividend of $0.42, 5% higher YoY.

Broadcom

Q1 revenues and EPS results beat consensus expectations. Guidance for the upcoming quarter also beat expectations as management expect the semiconductor portfolio to grow in the high single digits despite a continued Chinese demand-driven slowdown in the Industrial segment. Management declared a quarterly dividend of $4.6 per share, up 11% YoY.

CapitaLand Integrated Commercial Trust

FY22 results were largely in-line with sell side consensus but dividend per unit was lower than forecast due to higher borrowing costs and more lease incentives for tenants. Given the ongoing macro environment, CICT are expecting a rise in cost of borrowing for FY23. However, this should not have too great an impact on the business given that 81% of the company's debt is fixed rate. Distribution for the year rose 2% to SGD0.1058 ($0.80 USD).

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Stock Commentary

CapitaLand Ascendas REIT

FY22 results were better than sell side expected, driven by improving portfolio occupancy, rent reversion, lower borrowing costs, and higher performance fees. Cost of borrowing is expected to rise in FY23, but the company is somewhat protected from this as 79% of their debt is fixed rate. Full year dividends rose 4% to SGD0.158 ($0.12 USD).

Catcher Technology

Q4 results were below sell-side expectations with consumer demands driving weaker shipments, and FX losses driving EPS decline. While Q1 2023 is expected to be the trough, management believe FY23's environment will remain difficult due to continued weak consumer demand and rising pricing competition.

Corporate Travel Management

H1 results were mixed as revenues came in above sell side expectations while profit before interest and tax missed both management guidance and sell side expectations. Labor investments and integration costs of the Helloworld Travel acquisition both came in higher than expectations. The company declared a $0.06 dividend per share after resuming dividend payments last year. In recent news, the company won a significant contract with the UK government to handle travel for the Home Office, worth £1.5 billion ($1.86 billion USD).

DBS Group Holdings

Q4 results were mixed as net interest income came in below sell-side expectations but net profit after tax came in above. Expectations of rising rates have also caused management to become more cautious stating a risk to net interest margins as the bank sees outflows to Treasury Bills, and higher funding costs. Quarterly dividends were raised by 17% and management also plan to pay out a special dividend of SGD0.50 per share. However, there is some discontent on the sell-side as investors believe that DBS can pay even higher dividends as the company has seen capital rising faster than risk-weighted assets.

Hanon Systems

Q4 results saw increases to revenue and operating profit margin but a net loss that was driven by a one-off tax expense. Order wins of $1.9bn exceeded management's $1.5bn target, and the electric vehicle market made up 90% of all new wins and now accounts for roughly 60% of the total order backlog, highlighting Hanon's ability to shift with changing consumer demand. Final dividend per share of KRW90 ($0.069 USD) was declared, in-line with the prior year's dividend per share. Management have also declared their intention to pay an interim dividend.

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Stock Commentary

Hon Hai Precision Industry

Q4 margin results missed consensus expectations due to higher pandemic costs and disruptions at the Zhengzhou park. Management also painted a cautious picture for FY23, with expectations of flat revenue growth as weak demand in smart consumer business continues to offset growth in other key segments (cloud, PC, and autos). Additionally, with no clear strategy presented by management, investors remain cautious of the company's ability to meet 2025 margin targets. Dividends per share rose (DPS) 2% YoY to NTD5.3 ($0.17 USD).

JB Hi-Fi

First half results beat sell-side expectations as demand for consumer electronics and home appliances remained elevated, allowing for lower promotional activity and better product mix. DPS also grew 20% YoY to $1.97 per share. Despite a good set of results, investors remained skeptical of JB Hi-Fi's ability to sustain the rate of growth. Management intends to increase promotional activity leading to some moderation of recent margin gains from both the JB Australia business and The Good Guys line.

Korean Reinsurance

FY22 saw a mixture of results with gross premiums rising 9% YoY, net premiums rising 10%. Underwriting losses increased YoY but saw sequential improvements in all business lines. Declared dividend per share of KRW430 ($0.33 USD) was well received by investors.

Largan Precision

Q4 2022 gross margins beat sell side expectations, but EPS missed due to a NTD2.4bn ($78,640,824 USD) foreign exchange loss. Management presented a cautious outlook for 1H23 citing continued weak consumer demand leading to expectations of sequential monthly declines through February. They also expect an increase in competition driven by the fact that customers are slowing their product launches, choosing instead to focus on flagship models. However, this focus on flagship models could actually be beneficial for Largan as their portfolio skews towards higher end lenses. DPS rose 18% YoY to NTD46 ($1.51 USD).

Nien Made Enterprise

Q4 revenues and EPS results missed consensus expectations but beat margins due to improved mix and lower materials cost. Investors remain cautious in the near term as the wider housing demand environment remains uncertain, and Nien Made's customers continue with their destocking strategies, keeping revenues suppressed.

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Novatek Microelectronics

Q4 revenue and operating margin results beat consensus expectations. The company benefitted from rush orders for TV and smartphone related LDDIs and OLEDs and inventory days declined 30% YoY to 100 days. However, this positive news was somewhat tempered by management's guidance for the upcoming quarters. Customer inventory correction is still ongoing, consumer demand is still relatively weak and importantly, gross margins look to be impacted by pricing pressures as Novatek sees increasing competition from Tier 2 and Tier 3 Chinese peers.

Public Bank Berhad

FY22 results were fine with net interest margin improving 17bps to 2.39% and net profit growing 8% to MYR6.1bn (approximately $1.4bn USD). As with many other financial institutions in the region, fund management fees fell the most, down 11%. FY22 dividend came in at MYR0.17 ($0.039 USD), a 12% increase YoY.

Qualcomm

Q1 results were roughly in-line with sell side expectations. However, management remained cautious around outlook for the first half of 2023 with revenue and EPS guidance for the upcoming quarter coming in below sell side expectations. As is the case in the broader industry, management seem optimistic that inventory destocking will trough in H1 with expectations of seeing a rebound in handsets in the second half of the year. DPS rose 10% YoY to $0.17.

Sonic Healthcare

H1 results were largely in line with consensus expectations. As expected, revenues and profits saw a YoY decline as the company saw a marked decrease in COVID testing revenue and a rise in labor costs. Importantly, the non-COVID business was ahead of pre-pandemic results and this performance seems to be continuing in 2023 with January revenues 10% ahead of January 2020. Management also declared a fully franked dividend of AUD0.42 ($0.28 USD) per share, 5% higher YoY.

Taiwan Semiconductor Manufacturing

Q4 revenues missed consensus expectations but both gross and operating margins, and EPS beat. As expected, the digital consumer electronics segment was particularly weak (-23% YoY). Management expects 1H23 to be difficult but sees improvements in the second half of the year resulting in low growth for the full FY23. For reference, the foundry industry is expected to decline 3% and the semiconductor market is expected to decline 4% in the same period.

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Stock Commentary

Tech Mahindra
Despite Q3 revenues increasing 20% YoY, EBITDA margins declined 2.4% which management blamed on higher subcontractor labor costs and greater amortization impacts from previous acquisitions. While industry peers are also experiencing longer decision cycles as clients move towards higher cuts in discretionary spend, Tech Mahindra also suffers greater key client risk. Revenue derived from the company's top five clients fell 14% YoY, leading to a drop in total revenues contributed from 23% in Q3 2022 to 18% this quarter.

Tisco Financial Group
The loan portfolio saw a return to growth in FY22, leading to net interest income growth of 2% YoY. However, it was unable to offset the 12% drop in non-interest income. Annual DPS of THB7.75 (up 7% YoY) has been proposed by management.

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.

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.