ADIV

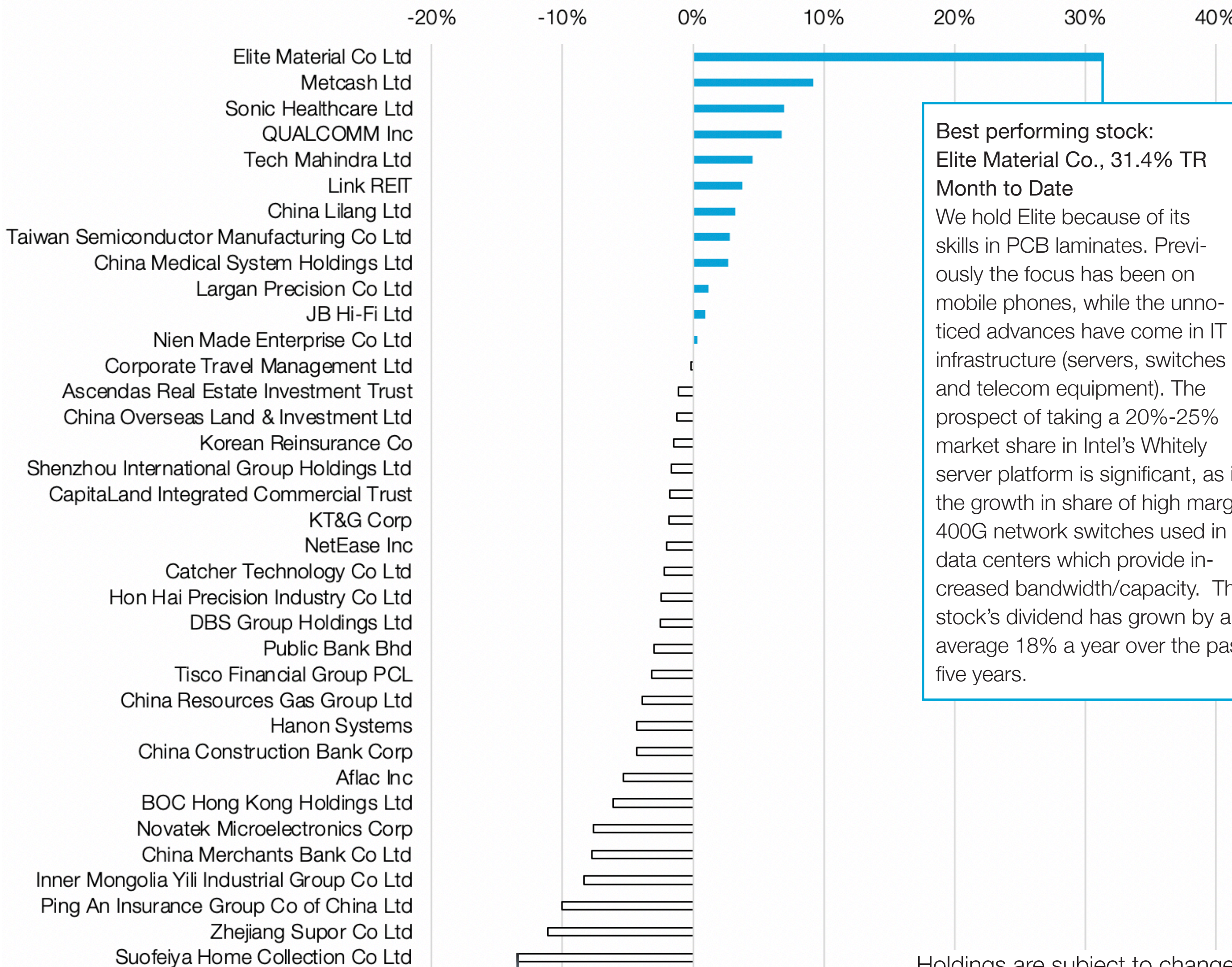
The SmartETFs Asia Pacific Dividend Builder ETF

July 2021 Update

Portfolio Performance

as of 06/30/2021

ADIV produced a total return of -0.79% (NAV basis) in June. Several holdings reported quarterly results (see more detailed info on page 3). For the month, the top performing holding was Elite Material Co. which advanced 11.4% during the month of June. Elite Material has been the second-best performing stock in the fund over the quarter and the year to date. The weakest holding for the month was Suofeiya Home Collection Co. which fell 13.5% during the month. In Q2 2021, the fund grew 2,56% (NAV basis). Value stocks rose 4.2%, growth stocks rose 3.8%, and high dividend stocks rose 1.4%



Best performing stock: Elite Material Co., 31.4% TR Month to Date

We hold Elite because of its skills in PCB laminates. Previously the focus has been on mobile phones, while the unnoticed advances have come in IT infrastructure (servers, switches and telecom equipment). The prospect of taking a 20%-25% market share in Intel's Whitely server platform is significant, as is the growth in share of high margin 400G network switches used in data centers which provide increased bandwidth/capacity. The stock's dividend has grown by an average 18% a year over the past five years.

Holdings are subject to change.

Worst performing stock: Suofeiya Home Collection Co. Ltd., -13.5% TR Month to Date

Suofeiya stock is weighed down because of its business exposure to indebted real estate conglomerate, China Evergrande. Approximately 20% of accounts receivable are from Evergrande, according to the company. The company says it has already provisioned against some. We estimate the full exposure amounts to RMB356m = 33% of 2020 Net Profit, 5.6% of equity, 1.6% of market cap. The company had RMB2.5bn of cash on the balance sheet in cash and equivalents.

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As of 06/30/2021	YTD	1 Year	3 Year	5 Year	10 Year
ADIV at NAV	11.65%	39.83%	11.10%	12.28%	7.38%
ADIV at Market Price	11.65%	39.83%	11.10%	12.28%	7.38%
MSCI AC Pacific Ex-Japan NR	6.28%	37.80%	11.83%	14.06%	6.81%

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.

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.

Portfolio Changes

Buys

+ **China Overseas Land & Investment** We bought a new position in China Overseas Land & Investment. The stock offers a high yield and has a good track record of dividend growth. Over the past five years it has grown the dividend by an average annual rate of 14%. The business trades on a very cheap valuation despite its good real estate sales and track record of solid cash generation. The company is Hong Kong-based and operates its businesses through three segments. The Property Development segment is engaged in the development of residential and commercial properties. The Property Investment segment is engaged in the investment in properties for rental. Other Operations segment is engaged in the provision of real estate management services, as well as construction and building design consultancy services.

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Stock Review

We provide below a brief comment on the companies that have reported final, semi-annual or quarterly dividends, in order from highest growth to lowest:

- **Nien Made Enterprise** Q1 2021 results were ahead of expectations with a 57% rise in earnings per share (EPS). The key issue is that while revenues are up, margins are under pressure due to rising input costs. The company's solution is to increase bespoke products, but we think the share price will remain under pressure until margins show signs of stabilizing/rising. Meanwhile, housing starts in the US remains strong, sales through Home Depot are up and expansion in Mexico and Dallas facilities has been smooth.

- **Catcher Technology** reported Q1 2021 profits +4% year over year (YoY) which was below consensus. Gross margin expanded, however, on better product mix and lower depreciation charges. There are component shortages for Apple's iPad and MacBook which is likely to hinder performance. The company announced a dividend of NT$12, up from NT$10 last year and has guided NT$10 for 2021-23.

- **Public Bank Malaysia** reported record Q1 2021 results, +15% on Q1 2020. Driven by lower interest costs which more than offset weaker revenue. Credit costs were under control and within management guidance. Gross impaired loans are 0.35%, well under 1% guidance and pre-emptive provisioning means loan loss coverage is 2.47x.

- **Hanon Systems** Q1 2021 results were weaker than expected on higher shipping costs, but EV components sales were strong. Order books remain strong at 5 years+ and are diversified across vehicle and customer type. Customers include Hyundai, BMW, Audi, Geely, VW & GM. Private equity business Hahn & Co is preparing to sell its 50.5% stakes; Hankook Tire has a 19.49% stake and right to tag along. The company has increased its dividend to KRW90 (+13% above the prior adjusted run rate, +32% YoY).

- **KT&G** Q1 2021 earnings were below expectations with operating profit up 1.2% vs revenue growth of 7.3%. Domestic volumes of normal cigarettes remain flat while heat not burn and export sales are both up. Overseas growth is the main driver; cost of sales and marketing is something to watch.

- **Hon Hai Precision** has had to halve Indian production of the iPhone 12 due to COVID. Q1 2021 net income was 15% ahead of consensus and gross margin rose to 5.8% on sales growth. The company noted component supply shortage may persist into Q2 2022.

- **Korean Reinsurance** reported Q1 2021 profit +26%. A favorable pricing environment in domestic commercial and overseas market is behind the rise.

- **NetEase** Q1 2021 results were up strongly and on a high Q1 2020 base for comparison. The dividend was up 30% on the same period last year. Overall, revenue was up +20% and Net Profit up +21%. Online game revenue was +11% YoY on a high base, Mobile games +15%, and the company is about to enter strong launch cycle of new games this year. There are 30 new games in the pipeline. Innovative Business revenues (Advertising, Cloud Music etc) +40%. NetEase Cloud Music has signed a direct digital distribution partnership with Sony which, following an earlier agreement with

continued on next page...

Stock Review

Universal Music means they have signed with 2 out of the big 3. The education business, Youdao is still small (6.5% of revenues) but growing fast at 150% YoY, 21% QoQ and its gross margin rose 13% to 57% as scale economies kick in.

Tech Mahindra reported a mixed final quarter with lower revenue than expected but ahead on margins, a very strong pipeline of new business and an increased dividend payout.. The company increased its final dividend by 100% with a special dividend and has said that it aims to distribute 70% of Free Cash Flow every year. For us, it is the strong outlook for its largest business areas, Telecom and Manufacturing, that continue to underpin the investment case.

Novatek Microelectronics reported results earlier in the year that surprised the market with the strength in demand for its Display Driver chips across all business areas – smartphones, PCs, Televisions and Autos. The jump in margins looks set to continue and the share price responded positively. Now the company has declared a 49% increase in its dividend in line with its profit growth in 2020.

Catcher Technology declared a 20% increase in dividend. The business has changed significantly since the disposal of its smartphone case manufacturing facilities. Gross margins for the remaining business improved to 30% on a better product mix but the key issue now is how they deploy the cash raised from last year's disposal.

Suofeiya Home Collection reported revenue growth of 9% and EPS growth of 10%. The dividend rose in line, by 9%. The company is a manufacturer of wardrobes and kitchen cabinets. To help target the different segments of the market, Suofeiya has established a new brand called Milana, targeting the mass market. Existing brands Schmidt and Huahe will target the premium end of the market, while Suofeiya will cover the mid-to-high-end. We believe the company can take advantage of rising household incomes which should drive demand for home improvements.

Inner Mongolia Yili reported revenue growth of 7%, EPS growth of 2% and a dividend per share up 1%. Management thinks Yili now ranks as the fifth largest dairy company in the world and is aiming to become the third largest by 2025. Margins for the core business were stable but the group margin was dragged down by newer segments such as fresh milk and cheese which need to scale up Yili is to achieve its growth targets.

Zhejiang Supor's dividend was down 3% on last year, slightly better than the 6% profit decline for 2020. The company had a weak first half in 2020 but has been on an accelerating trend since June. Its results for the first quarter this year

SmartETFs

Disclosure

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.

Shares of the Fund are distributed by Foreside Fund Services, LLC.