ADIV

The SmartETFs Asia Pacific Dividend Builder ETF

July 2022 Update

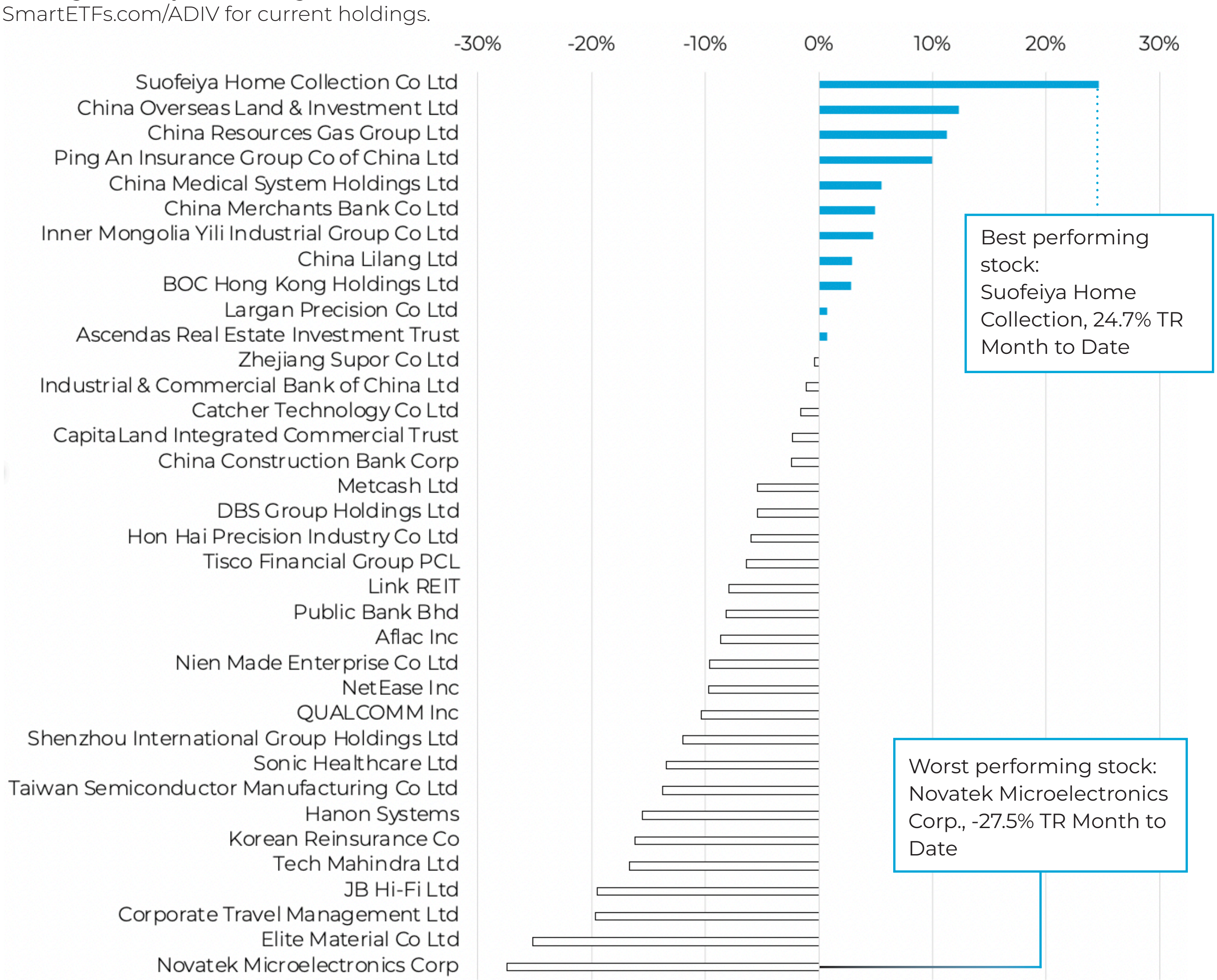
SmartETFs

Portfolio Performance

as of 6/30/2022

ADIV fell -4.76% (NAV basis) in June, and fell -8.55% over the quarter. China, with its low inflation, stable interest rates and comparatively lower level of public debt is in a position to launch counter-cyclical support measures to re-accelerate growth. We can already see the early effects of this in measures of business confidence, with China rising and the developed world falling. The scope to do this is given by the lower rates of inflation in China. Central banks in developed markets are in no position to support growth – they must deal with runaway inflation even at the expense of recession. The need in China is pressing because zero-COVID policy lockdowns have battered consumer confidence, and there is a party congress coming up, at which Xi Jinping is expected to be give. an extended term of office.Our view is that over the next few months, China will be easing and developed markets tightening. With the likelihood of weaker external demand, we think the focus of that growth will be domestic China, which could also exert a positive pull on the Asia region. China's low valuations coupled with expectations of 16% earnings growth in 2023 and 14% in 2024 (well above US, Europe, UK, Japan) sets the scene for good China performance. Read more of our outlook on page four.

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



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The best performing stock in June was **Suofeiya Home Collection**. Suofeiya sells home furnishings to both retail and commercial customers. The commercial customers are real estate developers who offer full-, partly furnished, and unfurnished units for sale. Evergrande was a significant commercial customer, and given its travails, was unable to pay money owed to Suofieya, which was forced to write off these debts. The amounts took out most of 2021 profit. However, ongoing operations remained good and there was minimal effect on the cash flow and liquidity of the business. The company felt sufficiently confident to maintain its dividend at the same level as the prior year and investors have rewarded the company with a 50% increase in the share price. We bought into the stock in 2020 and through the rebalancing process, were adding to the position in recent months. The stock is a significant outperformer in 2022, over the past twelve months and since we first bought it in mid-2020.

The weakest stock was **Novatek Microelectronics** which, along with other technology-related holdings, fell due to a mixture of concerns on semiconductor demand, existing inventories, and the outlook for consumer electronics. Nevertheless, we think that Novatek has a sound operating outlook (cash generation, product development, market position, etc.) even if the market does not like them today.

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As of 06/30/2022	YTD	1 Year	3 Year	5 Year	10 Year
ADIV at NAV	-8.73%	-9.76%	9.20%	6.37%	7.73%
ADIV at Market Price	-9.12%	-9.97%	9.19%	6.37%	7.73%
MSCI AC Pacific Ex-Japan NR	-15.71%	-25.33%	1.39%	2.80%	5.04%

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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Dividends over the 1H 2022

35 companies declared dividends during the first half of the year:

- 23 companies increased
- 3 were unchanged
- 9 fell
- 1 omitted

There were no negative surprises during the quarter. The main changes have been on the positive side, with a substantial increase from Novatek Microelectronics, which follows two years of very strong earnings growth, and from DBS in Singapore whose dividend has now been fully restored and then increased. In addition, mainland China companies Zhejiang Supor (kitchenware) and Inner Mongolia Yili (dairy) reported 50% and 17% dividend growth, respectively. Perhaps more significantly, Suofeiya Home Collection, as discussed on page 2, maintained its dividend at the same level as last year.

Outlook

The big story in Asia is the easing of conditions in China as the lockdowns imposed during the first half are lifted. Inflation in China is more moderate than in the rest of the world with producer prices rising 6.4% year over year (YoY), well below the peak rate of 13% YoY hit in October 2021, and consumer prices rising 2.1% YoY. This compares favorably to the US where producer prices and consumer prices were running at 16.7% and 8.6% YoY respectively and to Europe.

There is an unpleasant mix of factors coming together in developed markets. Inflation pressures are not solely the result of strong demand, which interest rates are best suited to address, but also a product of supply side shortages which interest rates will not help to resolve. The mix of higher prices from the supply side and weaker demand resulting from higher interest rates is the basis for a potentially stagflationary environment. Added to that, rising bond yields increase the interest burden on public finances following a significant increase in public debt during recent years of low interest rates and lifted further by COVID support programs in 2020. This limits the options available for cyclical support and indeed could see a higher tax burden on business and consumers.

Our conclusion from this is that China's monetary and cyclical position gives room to the government and central bank to direct policy toward reacceleration of growth whereas the US and Europe are forced to direct policy toward fighting inflation and accepting the real possibility of recession. There is of course, the probability that Chinese inflation pressures may emerge as demand recovers but we think this will take time; the lockdowns were extensive and have had a significant impact on consumer confidence so we believe this issue is unlikely to arise until next year by which time higher interest rates and weaker demand elsewhere may have reduced price pressures.

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Outlook (continued)

The region may well benefit from a "China-pull" as activity picks up, but it is likely to be domestic activity, rather than exports that is the driver in the short term. Fundamentally, it is our view that the Asian region, which is a global creditor rather than a debtor, is in a stronger position relative to other regions.

Domestic or regionally focused companies account for 70% of the portfolio. Of the remaining 30%, technology accounts for 21%, 5% is exposed to non-tech consumer discretionary manufacturing where the US and Europe are meaningful end-markets, and 4% is in two Australian names, in travel and health care. The technology exposure can be further split between products aimed at commercial & infrastructure customers (6%) and those for consumer electronics (15%).

In this environment we will, therefore, be keeping a close eye on the 5% in non-tech export manufacturers and on the 15% exposed to consumer electronics. Exposure to external factors does not mean we think we should exit. We believe we are in businesses that are centres of excellence in terms of management, production processes, product design and customers relationships which is evidenced by their long-term return on capital metrics. Further, we see that because of the cyclical headwinds their stock valuations are either in line or well below the average valuations over the last 15 years. If the headwinds are cyclical, as we believe, then this is the opportunity to add to these positions. Only structural changes to the business or sector, where we think returns on capital above the cost of capital can no longer be sustained would changes be justified.

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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.

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.

US Dollar Index (DXY) is an index of the value of the United States dollar relative to a basket of foreign currencies.

Basis Points (BPS) refers to a common unit of measure for percentages in finance. One basis point is equal to 1/100th of 1%, or 0.01%, or 0.0001, and is used to denote the percentage change in a financial instrument.

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.

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.