ADIV

The SmartETFs Asia Pacific Dividend Builder ETF

October 2022 Update

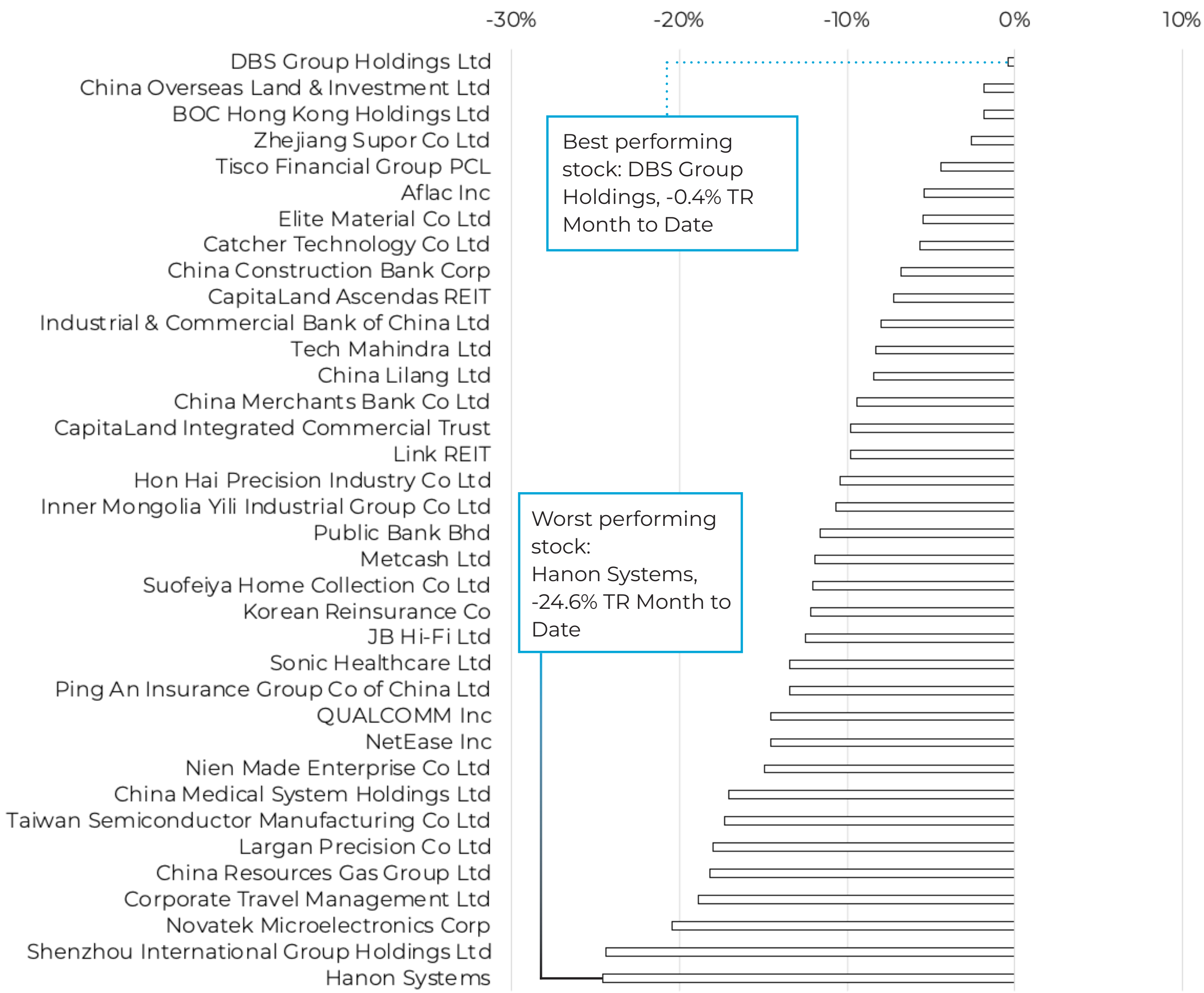
SmartETFs

Portfolio Performance

as of 9/30/2022

ADIV fell -10.90% on a NAV basis in September, -11.62% on a market price basis. Stock performance during the quarter, and during the month reflected some of the broad-based trends we are seeing in the region. Banks and financials have been outperformers while non-financial Chinese stocks have tended to underperform as the domestic economy in China remains under pressure and policy is maintained in holding pattern ahead of the party congress in October. The technology hardware segment in Taiwan and IT services in India also had a better quarter on a relative, and in some cases absolute, basis although we have seen the outlook darken for both processor and memory semiconductor makers in recent weeks. In the third quarter, Asian markets, as measured by the benchmark lagged other regions significantly. Continue reading for our macro-economic review and outlook, starting on page 3.

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



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DBS, Singpore's largest commercial bank and wealth manager, was the best performer holding flat in what was a weak month overall in absolute terms. Lending banks tend to do well in rising interest rate environments as the prices they can charge for loans tend to move higher at a faster rate than the interest rates they pay on deposits. This is especially the case for higher quality banks whose reputation for safety means there is less pressure on them to compete for depositors. The bank has a broad regional footprint, has been active in developing its systems which have improved efficiency and lowered costs and it is well capitalized having come through the COVID pandemic with lower non-performing loans than its peers.

Hanon Systems was the weakest performer having reported weak results for the second quarter. The business is being squeezed by lower demand from the carmakers it supplies and by rising costs of both materials and transportation. The company makes thermal control systems applicable to both electric and conventional car engines. Current weakness notwithstanding, the company is very well positioned in our view to participate in the growing share of the global car fleet taken by electric vehicles.

As of 09/30/2022	YTD	1 Year	3 Year	5 Year	10 Year
ADIV at NAV	-25.90%	-20.27%	0.59%	0.37%	4.44%
ADIV at Market Price	-27.14%	-21.15%	0.16%	0.11%	4.31%
MSCI AC Pacific Ex-Japan NR	-28.63%	-29.24%	-2.81%	-1.76%	2.41%

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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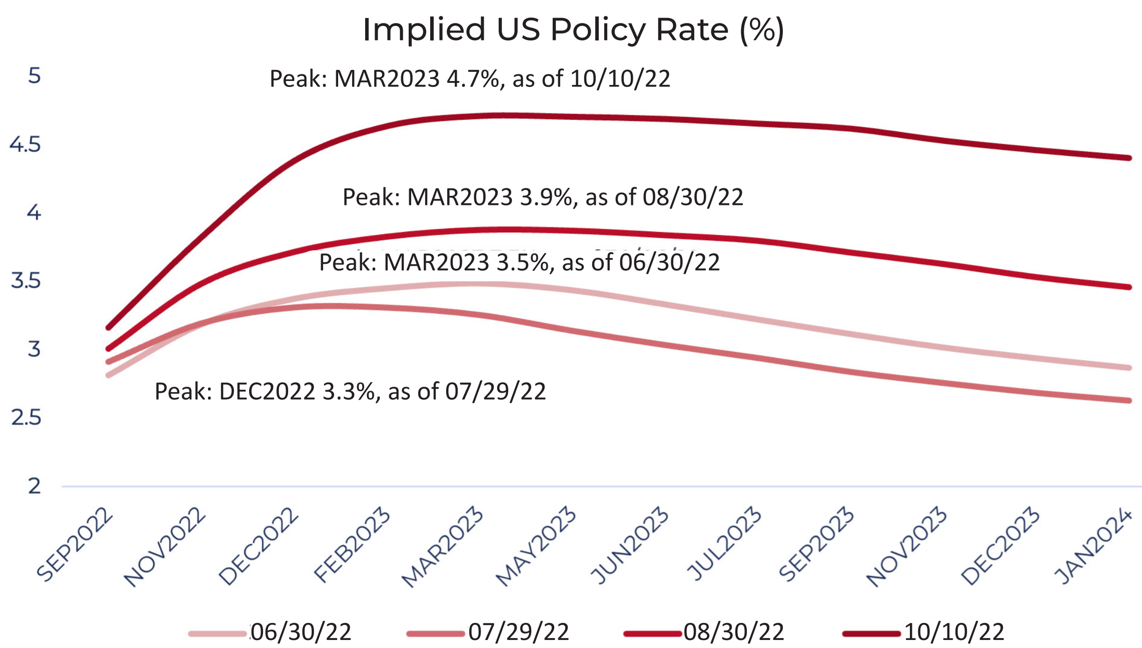
Macro-economic review over 2H 2022

The market has had a tough time accepting the twin notions that inflation pressures remain persistent and that the Federal Reserve will stay hawkish until those pressures show a meaningful and sustained decline. The chart below shows the changes in market expectations for the trajectory of the Fed Funds target rate between now and January 2024. The curves are the rates implied by Fed Funds futures as at the dates shown.

Expectations began to turn positive in July, which prompted a recovery in growth and risk assets but subsequent data points on both inflation and employment prompted a reversal in August followed by a significant shift higher in September following the inflation number on September 13th. Expectations for the peak level in interest rates have continued to climb since then.



Source: Bloomberg World Interest Rate Probability, based on Fed Funds futures

The effects have been clearly seen in dollar strength against both developed and emerging markets currencies, but importantly there has been no evidence destabilizing portfolio flows out of the region. Asian currencies have, for the most part held up well and indeed have strengthened on a relative basis against the Euro and Sterling. We can see from the chart below that only Japan, Korea and New Zealand have seen their currencies weaken more than the Euro, against the dollar.

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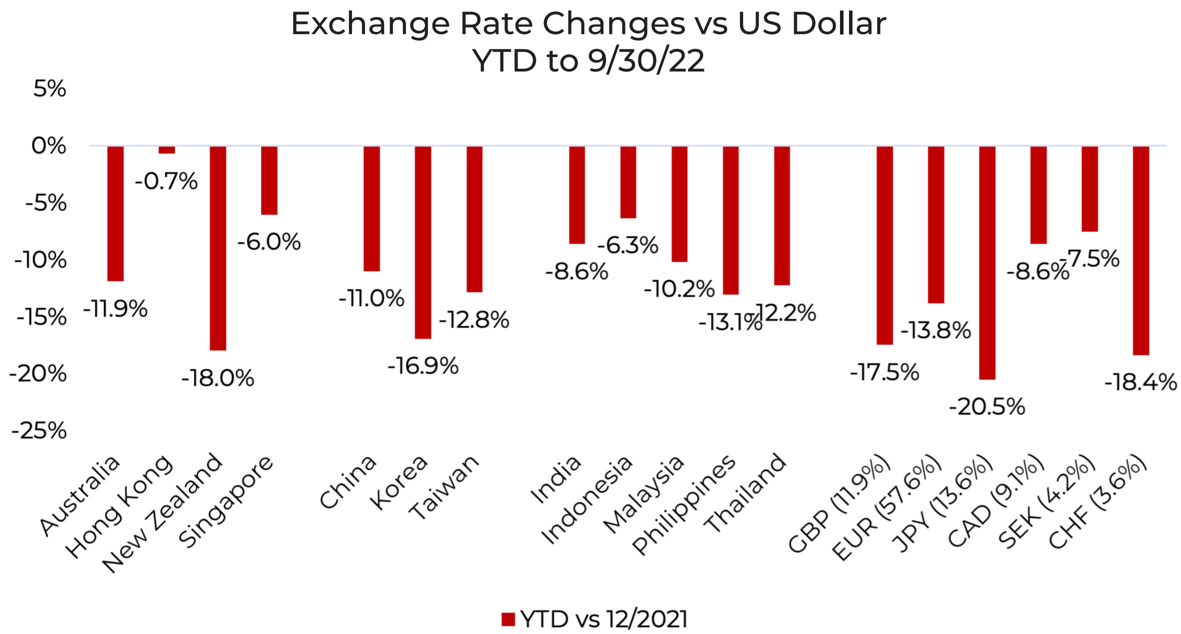
Macro-economic review over 2H 2022 (continued)



Source: Bloomberg, Guinness Atkinson Asset Management

Interest rates in the region began rising from the middle of the year. The two notable exceptions are China, which has marginally lowered interest rates and Japan, which has opted to control interest rates by holding down bond yields and keeping the policy rate unchanged. Australia had been pursuing a similar policy until May. Australia's change in course brought about a recovery in its currency while that of Japan has declined significantly and continues to weaken. Korean currency weakness, like that of China, is linked to a darker economic outlook rather than to interest rate differentials.

Nevertheless, the interest rate picture outlines in the table below shows a generally more benign picture when considered against the quantum of the shifts and the absolute levels. Asia as a region is not as indebted as it once was or more meaningfully, it is not exposed to foreign borrowings as it was. This means there are no longer the enormous mismatches between foreign currency interest payments to be made from local currency revenues that gave rise to the 1998 crisis. Current accounts across the region have been in surplus for many years and reserves have accumulated. In 2021, all of the countries in the Asian benchmark, with the exceptions of India and Indonesia were running a current account surplus: i.e. money was flowing into, not out of, those economies.

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Macro-economic review over 2H 2022 (continued)

Looking down that table, the one country that looks to "light" on interest rate moves is Thailand. Consumer price inflation in the region, as shown in the chart below, is certainly higher as at the latest reading for August but does not appear to have run away. India's inflation rate of 7% is in line with prior years; Korean inflation has run up compared to prior years but appears to have steadied in recent months allowing the bank of Korea to hold interest rates unchanged in September.

But inflation pressures in Thailand are clearly evident and the Bank of Thailand has sought to delay rate increases to give the economy time to recover. The Thai economy relies heavily on tourism, alongside manufacturing. Prior to COVID, Thailand received almost 40 million visitors whose economic multiplier effect is significant. Numbers fell to near zero in 2020/21 and it is expected that they will reach around 6-7 million this year. It is hoped that the numbers will exceed 30 million next year, and a weaker currency (the baht) would make Thailand cheaper for visitors. Nevertheless, the baht is one of the weaker currencies in the region and with interest rates at 1% and expectations for US dollar rates to move close to 5% there are concerns in Thailand that the widening differential could lead to portfolio outflows.

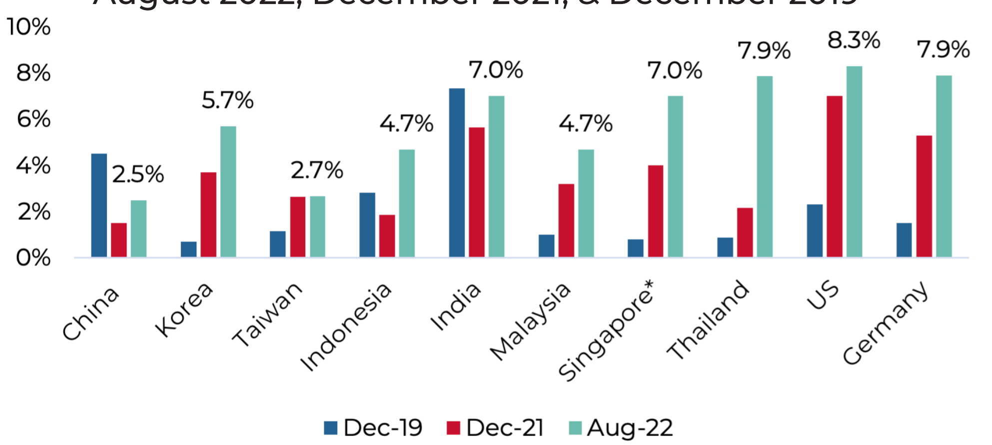
Policy Interest Rate Moves in 2022

		2022								
		Jan.	Feb.	Mar.	April	May	June	July	Aug.	Sept.
East Asia	China	3.70	3.70	3.70	3.70	3.70	3.70	3.70	**3.65**	3.65
	South Korea	1.25	1.25	1.25	1.50	1.75	1.75	2.25	**2.50**	2.50
	Taiwan	1.125	1.125	1.375	1.375	1.375	1.50	1.50	1.50	**1.625**
	Japan	−0.10	−0.10	−0.10	−0.10	−0.10	−0.10	−0.10	−0.10	−0.10
Southeast Asia	Vietnam	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	**5.00**
	Indonesia	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.75	**4.25**
	Philippines	2.00	2.00	2.00	2.00	2.25	2.50	3.25	3.75	**4.25**
	Malaysia	1.75	1.75	1.75	1.75	2.00	2.00	2.25	2.25	**2.50**
	Thailand	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.75	**1.00**
South Asia	Pakistan	9.75	9.75	9.75	12.25	13.75	13.75	**15.00**	15.00	15.00
	India	4.00	4.00	4.00	4.00	4.40	4.90	4.90	5.40	**5.90**
Others	New Zealand	0.75	1.00	1.00	1.50	2.00	2.00	2.50	**3.00**	3.00
	U.S.	0.00–0.25	0.00–0.25	0.25–0.50	0.25–0.50	0.75–1.00	1.50–1.75	2.25–2.50	2.25–2.50	**3.00–3.25**
	Australia	0.10	0.10	0.10	0.10	0.35	0.85	1.35	1.85	**2.35**
	U.K.	0.25	0.50	0.75	0.75	1.00	1.25	1.25	1.75	**2.25**
	ECB	−0.50	−0.50	−0.50	−0.50	−0.50	−0.50	**0.00**	0.00	0.00

The red number signifies the month in which rates moved to the peak rate so far in 2022.

Source: Nikkei Asia, Data as of October 4, 2022

Consumer Price Inflation % Year over Year
August 2022, December 2021, & December 2019



Source: Bloomberg, Guinness Atkinson Asset Management

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Outlook

At a time when markets around the world have been struggling to adapt to the economic landscape, Asia has had more than its fair share of weakness. Most of that has come from China as a result of what is in essence a policy vacuum: no room to change until the political process of leadership succession is resolved. However, we think that conditions could change quite suddenly and will be fast when they do. On a global level, Asia is a creditor region while western economies overall are debtors. We think this will soon begin to matter to markets. Median economic forecasts point to GDP growth in 2023 of 5% in Asia ex Japan compared to 0.5% in US, 0.2% in the Eurozone and -02% in the UK. We think this will begin to matter too.

We also see the past development of Asia that has seen it become not only a supplier but also a consumer to be supportive. This evolution has created an environment characterized by slower growth than in the past, but with a higher velocity of cash flows from more diverse sources that underpin broader investment universe. The number of companies, which we deem to be of good quality, trading at highly attractive valuations has risen substantially. Our focus, as ever, remains on the operational performance and outlook for our companies and we think the market once again significantly underprices their potential, even after considering the challenging conditions. Today the portfolio trades on price earnings multiple of 9.2 times estimated earnings for 2022 and 8.5 times 2023 estimated earnings.

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.

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.