ADIV

The SmartETFs Asia Pacific Dividend Builder ETF

December 2022 Update

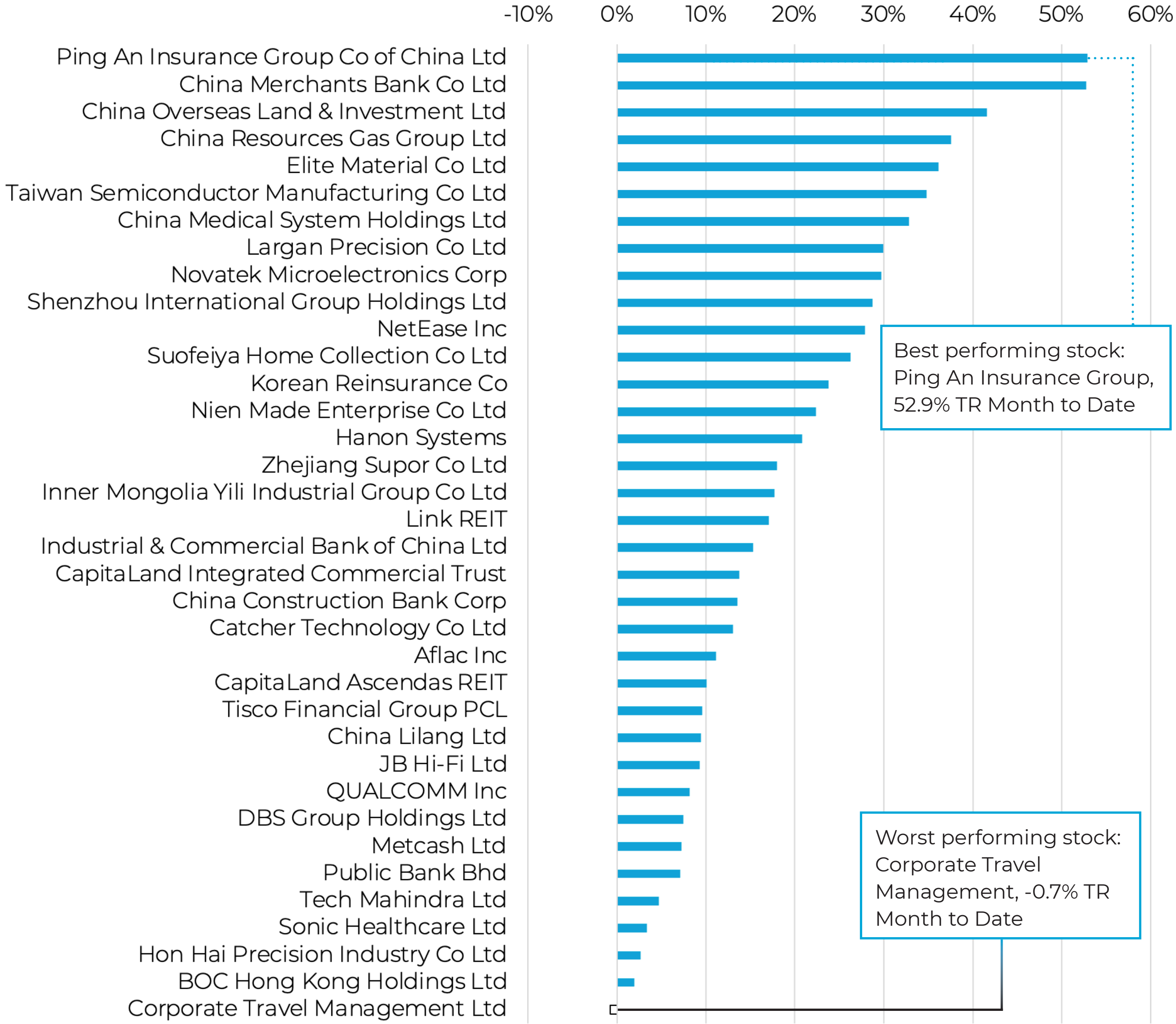
SmartETFs

Portfolio Performance

as of 11/30/2022

ADIV rose 17.45% on a NAV basis in November, 18.43% on a market price basis. Two companies reported results in November. Link REIT reported first half revenue up 4.6% with a resilient Hong Kong portfolio offset somewhat by weakness in China. The company declared a core dividend that was equal to last year's. Metcash, a grocery retailer and wholesaler in Australia reported 9.5% sales growth and 11% growth in operating profit. The reports from these two companies now mean that we have seen all dividend declarations for 2022. Out of our thirty-six holdings, 25 companies increased (including the resumption by Corporate Travel management), four were unchanged and seven fell. The rises were in the 2% to 230% range and the declines were in the range of -2% to -25%. Read on for our latest macroeconomic review, dividends report, and ADIV outlook.

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



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Portfolio Performance

Ping An Insurance led the rebound among our China stocks, climbing 52.9%, just ahead of China Merchants Bank which rose 52.8%. The rally began with the gradual easing of COVID restrictions and the dialing down of geopolitical risks following meetings between Xi Jinping and President Biden. COVID policy easing morphed into policy reversal following widespread protest. Investors now anticipate a switch in official focus away from public health toward promotion of growth. Chinese stocks have seen valuations beaten down to multi-year lows and even following the rebound, both above-named stocks are still below where they were at the start of the year.

Corporate Travel Management was the weakest stock in an otherwise strong month. The price fell -0.72% on moderating expectations for growth in the newly acquired US business, and implication for margins. At present, this appears to be more about sentiment (what if) rather than based on operational data. The US acquisition remains accretive to the company's operations and high frequency travel data in Asia Pacific show ongoing recovery in activity. The company has resumed dividend payments following suspension during the pandemic.

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As of 11/30/2022	YTD	1 Year	3 Year	5 Year	10 Year
ADIV at NAV	-17.43%	-12.70%	2.71%	1.17%	5.17%
ADIV at Market Price	-17.53%	-12.81%	2.81%	1.22%	5.20%
MSCI AC Pacific Ex-Japan NR	-19.02%	-17.69%	-0.13%	-0.14%	3.40%

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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Macroeconomic Review

Chinese stocks have been the weakest performers in the regional benchmark this year, but things are changing fast. Last month we highlighted the conclusion of the Party Congress after which, we argued, Xi Jinping would have the political freedom to move on domestic policy and on international engagement especially with the US. We did indeed see both of these play out. At the G20 meeting in Bali, Xi Jinping met with President Biden for three hours and while there was a restatement of existing positions, there were also common positions adopted on the use of nuclear weapons, Ukraine, and climate, to name a few. Olaf Shulz of Germany was the first foreign leader to visit China after the Congress, and one of the most significant shifts in our view, was the acceptance of foreign-made COVID vaccines -albeit for foreigners only. This marked the beginning of a process to ease domestic zero-COVID measures which we expected to continue gradually into next year alongside the introduction of a domestic mRNA vaccine.

This gradualist scenario was upended by the wave of popular protests across China following the deaths of people in an apartment fire who were unable to escape having been confined to the building as part the COVID lockdown policy. Broad based protests with common cause are the stuff of nightmares for the Chinese government which, following moves to suppress, caved in and went rapidly into reverse. COVID restrictions are easing across China with local officials given firm direction. Once again, we are reminded of the primacy to the leadership of social stability in directing short term policy.

There are fears in some quarters that this will now lead to rapid increases in case numbers. Around 15% of the over-60's population are unvaccinated, and based on the Hong Kong experience, in the event of contracting COVID, 6.3% of that group or up to 2.5 million people could require hospitalization. In that context, the government is making strenuous efforts to address the stalled vaccination program. Longer term policy shaped by the "deal" between the governors and the governed, which is to improve the standard of living in order to remain in power. Following the protests, the government has now made its choice and reversed its priorities. Growth over zero-COVID, is likely to be the leading policy aim, with 5% growth next year being touted as a target.

In any case, economic issues must have been dominating discussions in recent months. Lockdowns and mass testing all cost money and local governments have been running short of cash, unable to supplement revenues through land sales as the clamp down on the residential development sector continues. According to Bloomberg's Shuli Ren, China's fiscal deficit (the gap between tax revenue and spending) this year, if unmanaged, could reach a new high of RMB 4 trillion ($570 billion), over 20% of GDP. It is unlikely to end that way because there are funding options: front load part of 2023's budget, local governments can issue bonds utilizing unused quotas in 2019-21 (up to RMB 1.5 trillion) and there is also around RMB 1.6 trillion available from last year's fiscal budget. This could go a long way toward balancing the books for this year. But the economy now needs to grow to be put back onto a sustainable footing.

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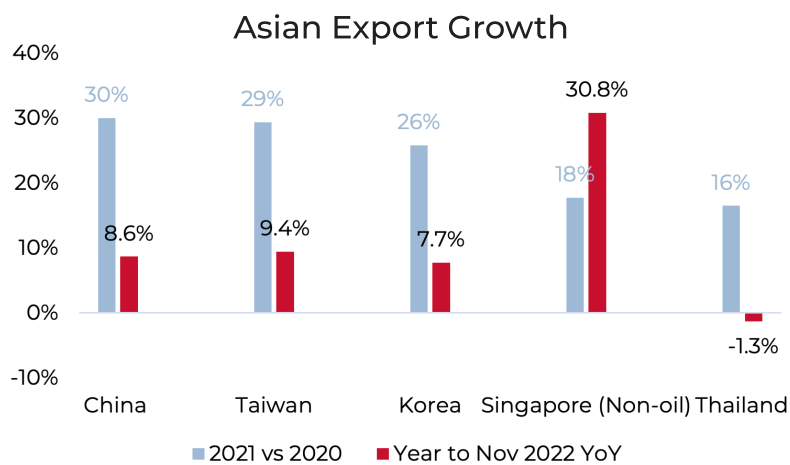
Macroeconomic Review

The two other weakest markets in the region this year have been Korea and Taiwan. Trade numbers may still be positive for the year to November but figures for the most recent month were down -13% for Taiwan and -14% for Korea, compared with the same period last year. China policies have been cited as a drag, but company managements are focusing more attention on global demand conditions which are weakening.



Source: China Customs, Taiwan Ministry of Finance, Korea Ministry of Trade, Enterprise Singapore, Bank of Thailand. In USD Terms.

Another trend we are seeing develop is the diversification of supply chains turning into localization of production: globalization going partially into reverse. It is too early to say how far this will go. The process appears to be addressed at concerns over security of supply chains either to minimize supply disruptions or to preserve intellectual property, or both. The core supply issues being talked about are in the technology area where the Taiwanese are especially skilled, and these changes are not necessarily to their disadvantage. Taiwan Semiconductor Manufacturing (TSMC) for example, had already committed to build a new plant in Arizona and has now scaled this up to incorporate $40 billion of spending and using the most advanced production processes which had hitherto remained in Taiwan. We hardly need to add that they are receiving significant financial incentives to do so.

Nevertheless, we also see other industries seeking to secure supply as China concentration risk became evident from the lockdowns. Emerging markets in Latin America and, in time, Europe could benefit as security from proximity to end markets is seen to outweigh higher costs. The implications of this could be a pickup in the capital spending cycle and with higher supply chain costs, a reduction of the disinflationary forces that helped keep product prices lower from the mid-1990s up to the pandemic.

Another, more positive view could be that this process is not one of fragmentation but the creation of more complex production network whose benefits include higher latency (meaning alternative routes are available in times of stress) and therefore greater robustness. Many, but not all, of the manufacturers we hold in the Fund already incorporate this: aside from TSMC, Nien Made Enterprises services the US

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Macroeconomic Review (continued)

market from Mexico; Shenzhou International operates factories in Vietnam and Cambodia; and Hon Hai Precision has been investing heavily in India and the US. Elite Material Co., is one company we hold that has yet to make that shift with 3 factories in Taiwan and two in China. The company's operations have experienced disruption this year especially.

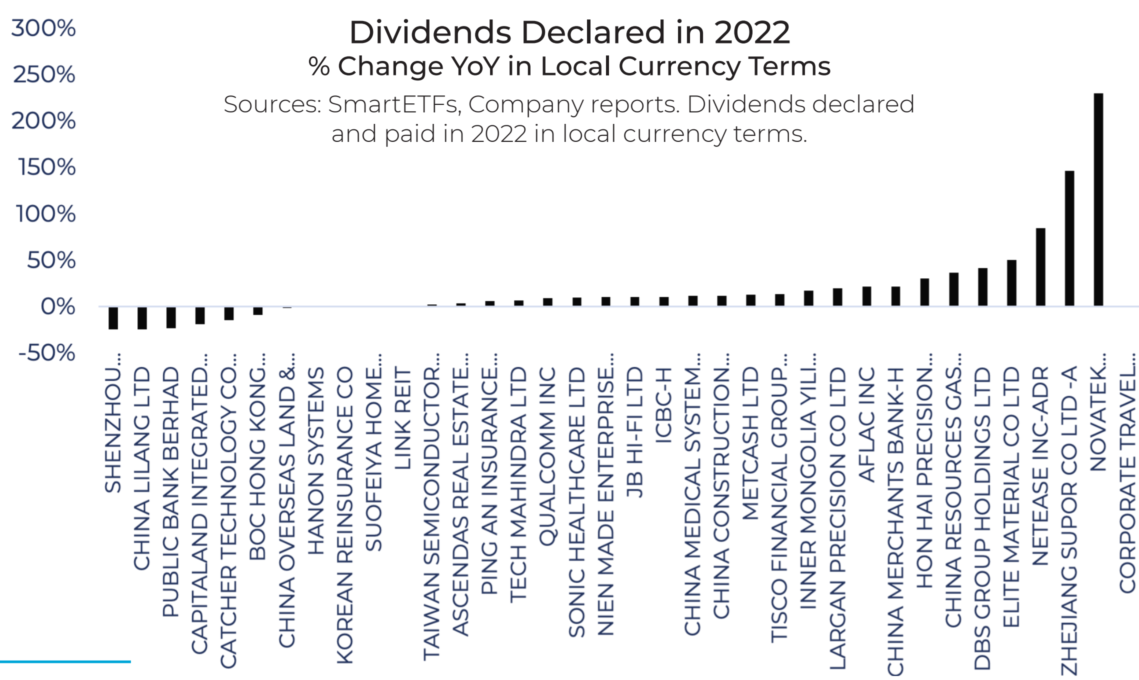
Stock & Dividend Updates

Two stocks, Link REIT and Metcash reported results and declared interim dividends over the month.

- **Link REIT** reported in-line results with first half revenue up 4.6% and a resilient Hong Kong portfolio offset somewhat by weakness in China. The headline distribution was down 3% year on year (YoY), but that included a special return of capital. The basic dividend per share was unchanged on last year.

- **Metcash** results for the first half of its financial year, which ends in June. The dividend per share rose +9.5% YoY bringing full calendar year distribution, up 12.5% YoY. Local store format was a beneficiary in COVID conditions, and it looks like they have managed to hold on to customers. The company has been developing its branded grocery store retail chain alongside its wholesale business. The acquisition of a hardware business has added extra growth and increased margins but is more capital intensive. In spite of the extra working capital requirement, debt ratios are coming down on stronger free cash flow generation.

Following the dividend declarations by all the companies in the portfolio the year on year comparison for company dividends in local currency terms is below:



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Outlook

China's sharp change in direction now creates the possibility of a return to faster economic growth with a 5% growth figure being touted. There is, however, the risk of a rapid increase in COVID cases. While China's domestic vaccine exhibits similar efficacy to western versions with three doses, the problem is one of low vaccine take-up especially among the older generation. Now that the government's hand has been forced, they are seeking to accelerate the vaccination program, but in the meantime, they also need to prepare for a sharp rise in hospitalizations and fatalities..

North Asian stocks have begun to move, and across the region the stock focus is more heavily oriented toward domestic plays and specialized manufacturers into the export market. There is a real possibility that the developed world could be in recession next year and although it could be comparatively shallow that will not necessarily protect stocks. The dynamic here needs to be understood in terms of operational impact on earnings (and dividends) and then on valuations. A drawn-out earnings correction could have a significant long-term impact of stock returns, especially if valuations remain too high to begin with.

Asia has an advantage in this respect in that the downdraft exerted by China has already been felt widely on earnings and forecast have already been adjusted down. Valuations also remain at the low end of the range since 2005. We think that a lot has been priced in and that while the rest of the world slows, we could see a counter-cyclical recovery in China. We do not expect market valuations to drive returns (they haven't ben contributed positively since the Fund launched, though we live in hope) but for core earnings and dividends to drive portfolio stock prices.

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.

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.

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.