ADIV

The SmartETFs Asia Pacific Dividend Builder ETF

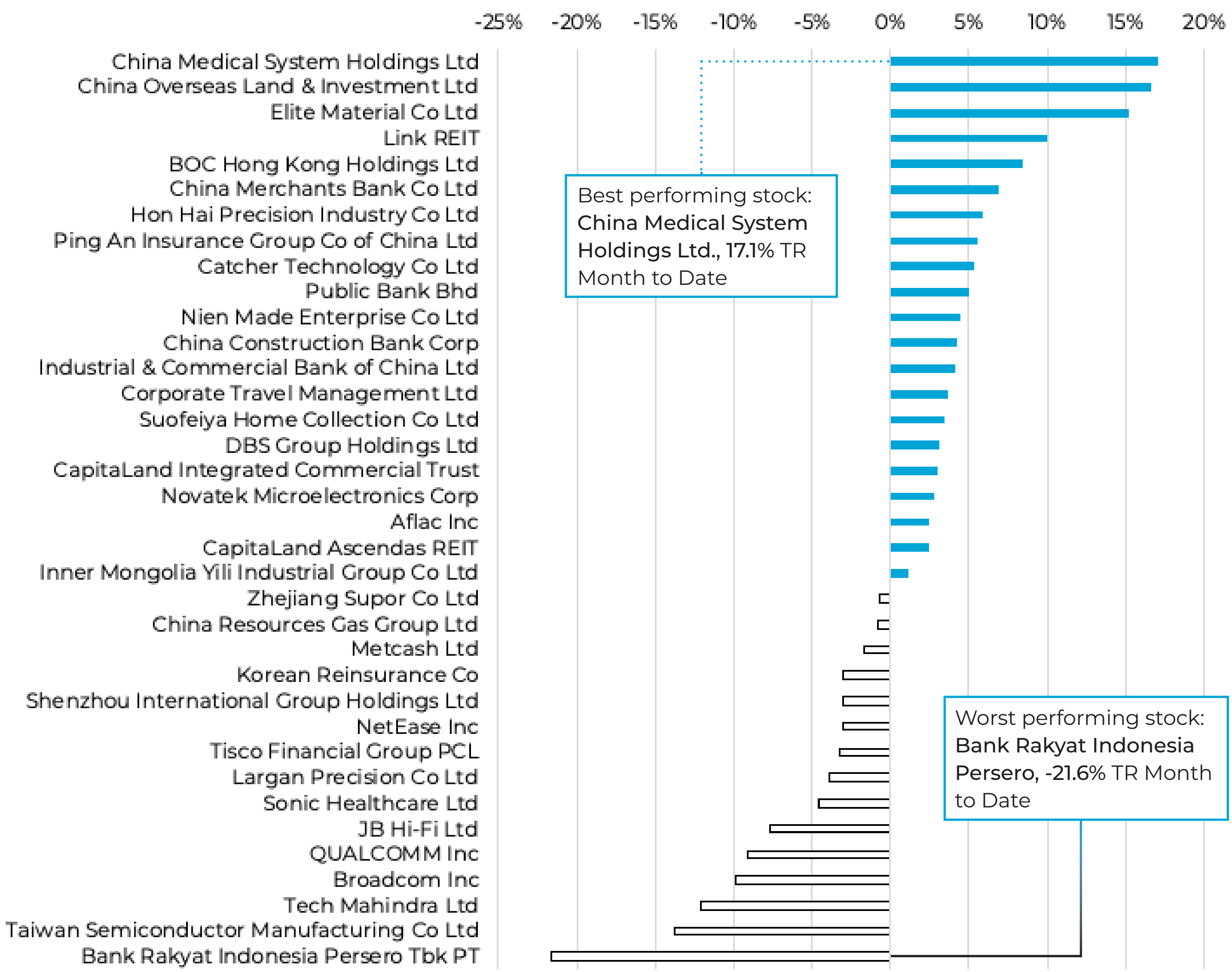
March 2025 Update

Portfolio Performance

as of 2/28/2025

ADIV underperformed the index in February, delivering 0.26% on a NAV basis, and 0.84% on a market price basis, while the MSCI AC Pacific ex Japan Net Total Return Index benchmark rose 1.96%. Over the month, the Asian market rose by 2%, largely due to strong performance in China, even as other emerging markets like India and Indonesia underperformed. Indonesia faced its first annual deflation in over two decades, alongside core inflation pressures, currency weakness, and trade concerns, leading to reduced investor confidence. Meanwhile, China's market was lifted by optimism around its tech sector, including the rise of the "Terrific Ten," with standout contributions from companies in Technology, Consumer Discretionary, and Communication Services. Read on for more ADIV.

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



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.

Portfolio Performance

Contributors

Four of the Fund's top five performers in February were Chinese names, the other being a Taiwanese name. Of the five, two were in Real Estate (**China Overseas Land and Investment**, **Link REIT**), one was in Technology (**Elite Material Co.**), and the last two were in Health Care (**China Medical Systems** - our top performer) and Financials (**Bank of China Hong Kong**).

For our Chinese names, encouraging signs of local government support for the property market, a renewed interest in domestic drug development, and broader signs of recovery from both the continued influence of last September's measures, as well as recent government capital injections, has led to strong outperformance this month. Elite Material on the other hand reported good fiscal year 2024 results, driving gains in February. Additionally, the company noted that they continue to see high-end AI server demand, with no order cuts despite recent market worries around the sustainability of the AI trend acceleration.

Detractors

By far, the Fund's worst performer was **Bank Rakyat**, down -21.6% in February. Results for the month of January showed a -58% drop in earnings as credit costs reached a high of 5.46%, suggesting a tougher recovery environment than markets were expecting, especially given management's 2025 credit cost guidance of 3.0% to 3.2%. We note that this includes a management overlay (an automatic and systematic process) which is part of management's systems and controls (not a regulatory requirement). While the Indonesian banks are all going through a tough period in the credit cycle, Rakyat is also clearing up excess bad debt accumulated through 2023. This is a headwind specific to Rakyat whose loan book skews heavily towards Micro/Ultra Micro financing, areas that are particularly sensitive to periods of high inflation. While the transitory period provides less visibility, management have historically been able to manage through tough macro periods and continue to run the bank in a prudent manner. Paired with a Price/Book 12m valuation that is currently 2 standard deviations below the 10yr historical average, we remain optimistic on the longer-term opportunity.

Tech Mahindra, **Broadcom**, **Qualcomm** and **JB Hi-Fi** rounded out the bottom five in portfolio. Following a year-long period of AI interest and demand, the market appears to have started to temper its excitement with a recent NVIDIA earnings call leading to a decline in share price despite beating the market's expectations. The negative sentiment spread across AI-beneficiaries, explaining the declines in Broadcom and Qualcom. For Tech Mahindra and JB Hi-Fi, the sell-offs were more to do with broader investor anxiety around the Indian and Australian domestic economies and growing global trade tensions rather than stock specific weaknesses.

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SmartETFs
by Guinness Atkinson

Portfolio Performance

As of 2/28/2025	YTD	1 Year	3 Year	5 Year	10 Year
ADIV at NAV	1.64%	15.14%	3.67%	9.33%	6.58%
ADIV at Market Price	2.35%	16.99%	3.61%	9.54%	6.68%
MSCI AC Pacific Ex-Japan NR	4.52%	16.99%	1.18%	4.32%	4.09%

As of 12/31/2024	YTD	1 Year	3 Year	5 Year	10 Year
ADIV at NAV	14.01%	14.01%	1.81%	5.99%	6.68%
ADIV at Market Price	14.46%	14.46%	1.76%	6.04%	6.70%
MSCI AC Pacific Ex-Japan NR	10.14%	10.14%	-2.00%	1.74%	4.07%

Expense Ratio: 0.78% (net) | 5.08% (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, 2027.

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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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ADIV Performance Review

Performance from ADIV was mixed over the month, with 20 companies outperforming the benchmark, and 16 underperforming. Historically, our performance has been driven by strong stock selection. However, this month our selection effect was a drag to overall performance. This is broadly due to our process which focuses on quality, cash generative companies that pay out a sustainable and growing dividend. China, which was the highest contributor to total returns for the Fund, had the most negative relative contribution and attribution effects. While we saw positive allocation in China, our selection effect was overwhelmingly negative largely due to not holding highly weighted growthy names, particularly those in the Terrific Ten (Alibaba, BYD, Tencent, Meituan, Xiaomi, NetEase, Geely, Baidu, SMIC, and JD.com). It is important to note that many of the Terrific Ten do not meet our requirements. We look for companies that persistently return real returns on capital from which they can pay out dividends. Of the Terrific Ten, seven do not meet our returns requirement, and up until last year, nine of the ten names did not pay dividends (Alibaba only started to pay dividends in the last 18 months). In fact, there is only one company that makes it through our investment process - NetEase, a Chinese internet and gaming services company that we have held in the Fund since 2020.

On the flip side, Taiwan and Australia, which were both detractors to the Fund's performance this month, had positive attribution driven by both positive allocation and selection effects. In particular, our equal weighting constraints was beneficial to the portfolio - our underweighting to TSMC cushioned the impact of negative returns from the company this month.

From a sector point of view, the Consumer Discretionary sector was the worst contributor to the Fund, and also the most negative in terms of attribution impact. Again, while we saw a positive allocation impact here, selection effect was negative due to not holding those growthier Chinese Terrific Ten names. Elsewhere in the Fund, Financials, Health Care and the Real Estate sectors were the top contributors to relative performance, as well having the most positive effect to attribution. All three sectors benefited from positive stock selection effect, with Real Estate bringing about the highest stock selection effect, driven by our allocation to Chinese companies China Overseas Land & Investment and Link REIT.

In February, 13 of our 26 companies declared dividends. Of these, one saw dividends per share (DPS) fall (Corporate Travel Management), two were flat (CICT, Tisco), and ten grew their dividends. While CICT's declared dividend is flat year over year, we note that actual payment in 2025 will be lower as management chose to distribute some of this on a pro rata basis in October 2024. Corporate Travel Management's DPS decline of -41% year-on-year, is due to the unwinding of its humanitarian projects, a key revenue driver which resulted in Europe contributing 45% of total revenues over the last two years. Post-unwind, European revenue contribution is expected to fall to 25%, something that should happen by the end of the fiscal year. The unwinding so far led to a 32% drop in Earnings per Share, leading to the sharp drop in DPS in February. Despite this, Corporate Travel Management's stock performance is up year to date, suggesting that the unwind is now well understood. Notable dividend growers include Elite Material Co, Largan Precision and TSMC, up 70%, 40% and 22% respectively on the back of continued AI tailwinds.

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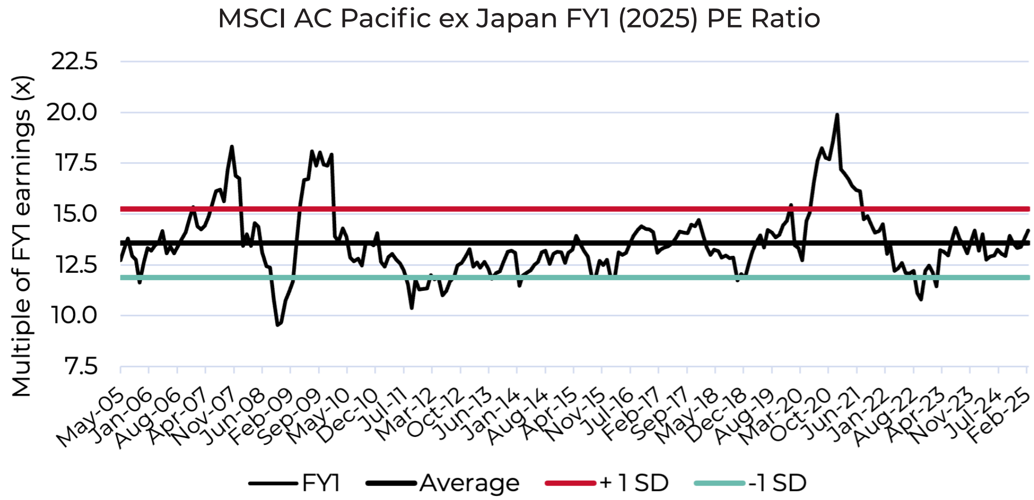
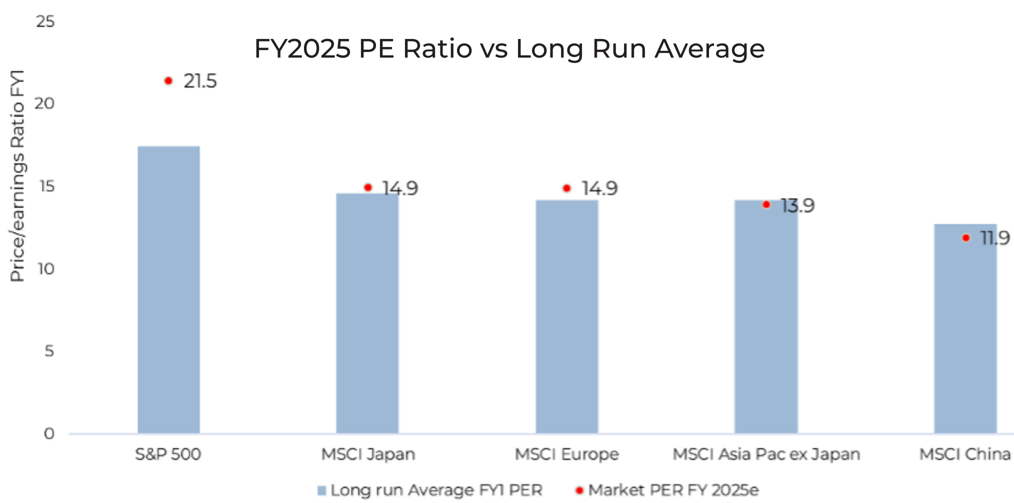
Outlook



Source: Bloomberg, MSCI. Data as of February 28, 2025. 1 SD = One Standard deviation above (red line) or below (green line) the average FY2 PER multiple over the period.



Source: Bloomberg, MSCI. Data as of March 7, 2025.

During this year's "Two Sessions," a week-long gathering of the National People's Congress, where key policy decisions for the coming year are made, China reaffirmed its economic growth target of around 5%, with a focus on consumption over investment. While achieving these goals will be challenging, recent displays of skill and ambition, combined with attractive valuations should generate investor interest.

There is a growing appreciation among investors that China, and by extension Asia, is about to enter an upturn. China assets are now starting to be seen as desirable especially against a more challenging outlook for the US. In the ongoing assessments of tariffs likely tariff impacts, China's lower dependence on trade with the US and overall, is also being noted. The Asian story is moving toward one of intraregional growth. It may still be too early to call it a decoupling, but the region is now developing its own drivers of growth and opportunities are opening.

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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.

Dividends per Share (DPS) is the sum of declared dividends issued by a company for every ordinary share outstanding.

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.