ADIV

The SmartETFs Asia Pacific Dividend Builder ETF

May 2025 Update

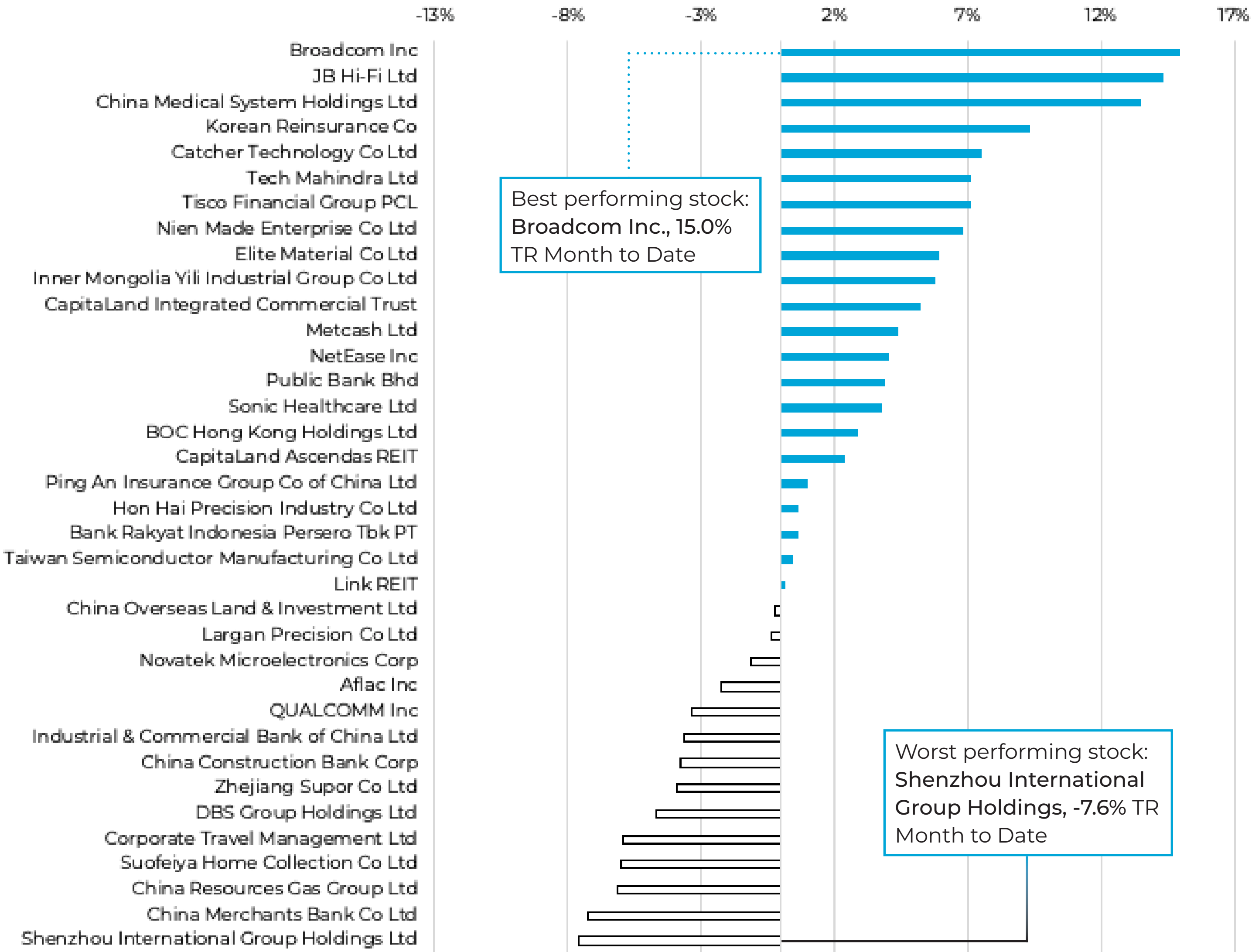
SmartETFs by Guinness Atkinson

Portfolio Performance

as of 4/30/2025

ADIV both out- and underperformed the index in April, delivering 1.32% on a NAV basis, and 0.39% on a market price basis, while the MSCI AC Pacific ex Japan Net Total Return Index benchmark rose 0.88%. The Fund's top three performing stocks were varied, both in terms of geography and sector. These companies include Broadcom (US Technology), JB Hi-Fi (Australian Consumer Discretionary) and China Medical Systems (Chinese Health Care). The weakest names were Chinese, although again, they varied by sector and included Shenzhou International (Consumer Discretionary), China Merchants Bank (Financials) and China Resources Gas (Utilities). Year to date, ADIV has lagged in rising markets and defended in weaker conditions, but markets have moved fast in each direction. 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.

ADIV

The SmartETFs Asia Pacific Dividend Builder ETF

May 2025 Update

SmartETFs
by Guinness Atkinson

Portfolio Performance

Leaders

In April, the Fund's top three performers were **Broadcom** (+15.0%), **JB Hi-Fi** (+14.3%), and **China Medical Systems** (+13.5%).

Like many companies across the world, Broadcom and JB Hi-Fi both saw an initial share price drop after Liberation Day. However, both companies' share prices have since improved as higher rate tariffs were put on hold for 90 days. Broadcom's boost was partly due to news of a $10bn share repurchase program, announced on April 7th.

China Medical Systems was also hit by the tariff escalations. However, share price improvement was driven by news that the company is planning to spin-off its Dermavon subsidiary as a separate Hong Kong Stock Exchange listing. The spin-off is expected to executed in-specie, which would avoid shareholder dilution. Dermavon specializes in dermatology and has a diverse product and pipeline portfolio.

Laggards

In April, the Fund's weakest performers were **Shenzhou International** (-7.6%), **China Merchants Bank** (-7.2%) and **China Resources Gas** (-6.2%).

Shenzhou International is a garment manufacturer with a global clientele including brands such as Nike, Adidas, Target and Uniqlo. The recent share price decline is due to the ongoing trade war between the US and China. However, we highlight that Shenzhou International has mature overseas production capacity in other lower-tariff countries which would be able to take on orders heading to the US. Additionally, direct sales to the US is relatively low (the company reported that only 16% of 2024 sales went to the US).

China Merchants Bank, historically one of the best-managed Chinese banks, saw share price fall due to weaker-than-expected net profit results driven by a rise in bond yields over the first quarter, and a mixed set of asset quality ratios. However, the bank's provisioning remains amongst the best of its peers (non-performing loan coverage of 410%, loan loss reserve ratio of 3.85%), continues to grow retail assets under management (up 12% year-on-year) and has reduced risk-taking real estate exposure down by 11% year-on-year. Strong perception of high-quality services from the retail segment should lead to continued deposit growth, and high provisioning should help to cushion the bank from more surprises in the near term.

China Resources Gas, saw a sharp negative reaction in April due to the US-China tariff escalation, down over 12% during the escalation period. The share price has been slowly recovering since.

ADIV

The SmartETFs Asia Pacific Dividend Builder ETF

May 2025 Update

SmartETFs by Guinness Atkinson

Portfolio Performance

As of 4/30/2025	YTD	1 Year	3 Year	5 Year	10 Year
ADIV at NAV	1.50%	13.86%	5.79%	9.25%	5.48%
ADIV at Market Price	1.50%	15.27%	6.06%	9.30%	5.50%
MSCI AC Pacific Ex-Japan NR	2.92%	11.84%	3.12%	5.05%	3.25%

As of 3/31/2025	YTD	1 Year	3 Year	5 Year	10 Year
ADIV at NAV	0.19%	13.50%	3.61%	11.18%	6.27%
ADIV at Market Price	1.11%	15.40%	4.11%	11.44%	6.40%
MSCI AC Pacific Ex-Japan NR	2.03%	10.90%	0.79%	6.74%	3.83%

Expense Ratio: 0.78% (net) | 4.11% (gross)

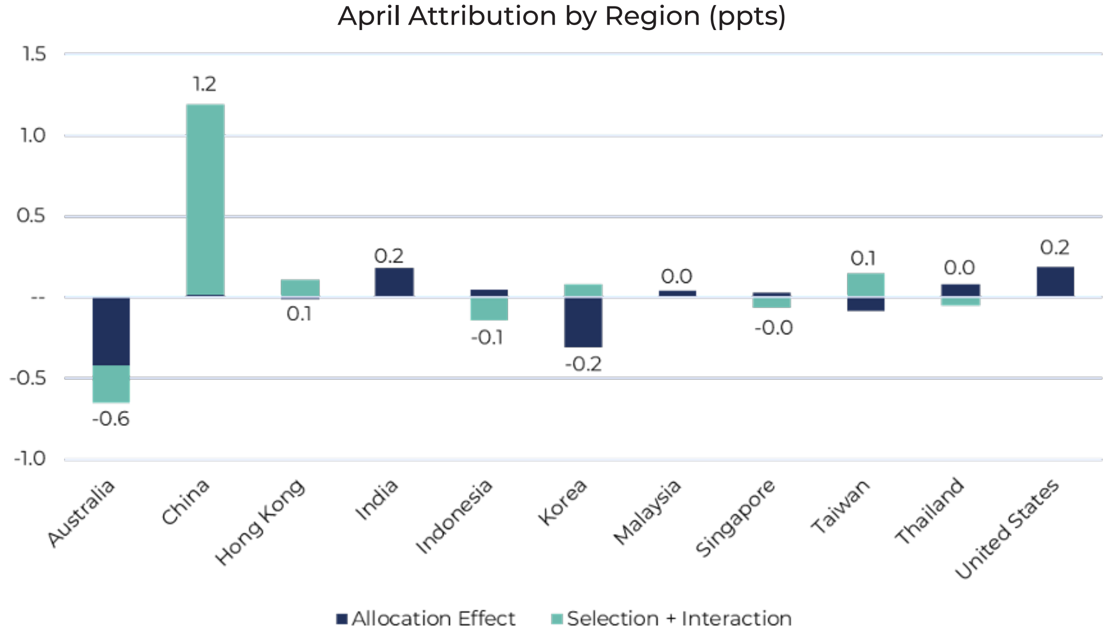
The Adviser has contractually agreed to reduce its fees and/or pay ETF expenses in order to limit the Fund's total annual operating expenses to 0.78% through June 30, 2028.

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.

ADIV Fund Review

19 of the 36 names in the Fund outperformed the benchmark in April.



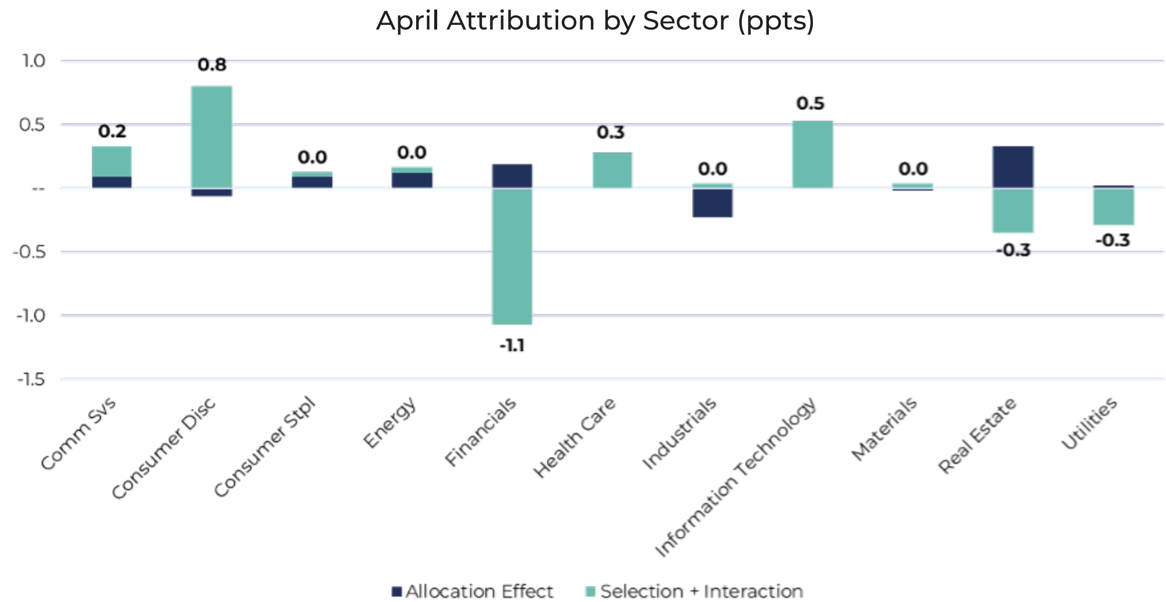
Source: SmartETFs, FactSet. Data as of April 30, 2025

By region, strong stock selection contributed 1ppt (percentage point) to relative return, which helped to overcome a weaker allocation effect of negative 40bps (basis points). Australia was the weakest region in terms of both allocation and stock selection. Here, it was less about what stocks we held and more to do with what stocks we didn't hold. Of our four Australian holdings, JB Hi-Fi contributed the most to relative returns (+40bps) while the positive contributions from Metcash and Sonic Healthcare were offset by Corporate Travel Management. Additionally, the Australian Financials Sector, where we have no exposure, had a particularly good month. This, and our general underweight to the country versus our benchmark ultimately led to a -40bps allocation effect and -20bps stock selection effect to relative returns from Australia.

Stock selection was strongest in China, where it provided all of China's 1.2ppt contribution to relative return. Within our portfolio, China Medical Systems, NetEase and Inner Mongolia Yili were among the top contributors to relative performance. However, like Australia, stock selection was driven less by our holdings and more by companies that we didn't own. Not holding key benchmark names, such as Alibaba, Tencent and Meituan, led to China being the Fund's strongest contributor to relative returns by region.

continued on following page...

ADIV Fund Review (continued)



Source: SmartETFs, FactSet. Net returns in US dollars. Data as of April 30, 2025

By sector, Consumer Discretionary was our top contributor to relative performance versus benchmark. Half of this contribution came from holding JB Hi-Fi, one of the Fund's top three performers by total returns in April. The other half was secured by avoiding benchmark heavyweights, such as Alibaba. The Fund's next highest contributing sector was Information Technology, where strong performances from Broadcom made up most of the sector's 50bps contribution to relative returns.

Financials, which was the Fund's top contributor to relative performance versus benchmark last month, was our biggest detractor in April. A positive allocation effect was overshadowed by negative stock selection. Within our portfolio, China Merchants Bank made up a third of the detraction on the back of weaker earnings results. The rest of the detraction came from not holding any Australian Financials in the Fund.

Macro

The first half of April was a shocking one for markets. On April 2nd, Donald Trump announced "Liberation Day" – a day when the US would impose "reciprocal" tariffs on countries across the world, escalated a tariff war with China that has effectively created a trade embargo between the two nations, and then on April 9th, the very day that higher rate tariffs kicked in, Trump temporarily postponed those same higher rate tariffs, giving all countries (excluding China) a 90 day reprieve.

The baseline for these tariffs started at 10%, but many were faced with higher rates. Rather than looking

continued on following page...

Macro (continued)

for parity by matching existing tariffs from partnering countries, Trump's tariffs were calculated by looking at the trade deficit between these partnering countries and the US, effectively tying them to existing trade imbalances, and resulting in high tariffs for many emerging economies; Cambodia, for example, was hit with a 49% tariff. Additionally, higher rates were handed out regardless of political alliances - with the EU receiving a 20% tariff, India a 26% tariff and China seeing an additional 34% increase on top of the pre-existing 20% given out earlier this year.

The increase in tariffs on China has led to a trade war between the two nations. Tariffs between the two nations continued to escalate, ultimately ending with China imposing 125% tariffs on US goods while the US imposed a total of 145% tariffs on Chinese goods. This, along with news that the EU had also approved their first round of retaliatory tariffs, led to steep sell-offs in the long end of the US Treasury market and in global equity markets, and it is this market upset that ultimately led to Trump announcing a temporary 90-day pause from higher tariffs for all countries except China.

Since then, we have seen both the US and China quietly exempt selected goods from these higher tariffs. In the case of the US, exemptions were handed out to several consumer electronics products, including smartphones, laptops and memory chips. All in, the exemptions are expected to be equivalent to 22% of US imports from China last year. The list of products that have been exempted cover an estimated 24% of Chinese imports from the US last year. China too is reported to have quietly given out exemptions, to mitigate supply shocks. There does, however, seem to be some difference in how the two countries have approached tariffs, with China choosing to exempt select products rather than whole subindustries. For example, there are reports that exemptions on US ethane have been given to some plastics producers who are heavily reliant on it as a fuel source for operations. Similarly, in the chips industry, China has purportedly lifted tariffs on eight specific types of microchips on where domestic production remains insufficient.

Outside of the ongoing stalemate between China and the US, other countries and regions have started to approach the US in the hopes of negotiating better trade terms, however, it is unclear how far along these deals are; Trump has repeatedly said for weeks now that the US was nearing resolutions with several trading partners including Japan, India and Korea. However, nothing official has come to fruition yet and the official deadline of the tariff pause, July 8th, draws ever closer. The evolution of US trade policy remains uncertain and will likely contribute to greater volatility, at least in the near term.

Outlook

US-China trade tensions will likely continue to be the main topic of conversation for the coming months. As it stands, companies have one of three choices; find a way to absorb the tariff costs, slow down imports to either country until trade tensions subside and tariffs come down or look to shift manufacturing

continued on following page...

Outlook (continued)

and trade to other countries. Those that will be able to weather the storm best, are companies that are more easily able to opt for the third option because they have already shifted manufacturing reliance away from China. Apple, for example, announced at their most recent earnings call that most US-bound iPhones are being made in India, while Vietnam will be the key manufacturer for other US-bound Apple products (iPads, Macbooks, Apple Watches etc.). This, in turn, is only possible due to their suppliers' own manufacturing expansion. Hon Hai, a key manufacturer of Apple products, which we hold in the Fund, has been expanding their business into India and Vietnam since 2005 and 2007 respectively, and have fully operational productions sites in both countries.

Of course, not all companies are able to do this, and so we are already starting to hear about the potential of a supply-driven contraction. The last pre-tariff ships from China should be landing or have already landed in the US, and ports across the US are already expecting sharp shipping volume declines from China. As customers cut down on inventory to manage the impact of tariffs on their businesses, shipping companies are in turn reducing their capacity by using smaller vessels, cancelling scheduled sailings, and suspending entire weekly service loops (predefined routes that call at specific ports in sequence). In the last two weeks of April, more than 27% of the weekly service loops have already been cancelled vs a 24% cancellation rate during the start of COVID. Less volume leads to higher shelf prices and usually, to rising inflation.

However, reversals of tariffs would not immediately fix inflation pressures. The environment here is similar to that of the COVID era. Due to the sharp drop off in shipping volumes, reversals in tariffs will likely lead to bottlenecking as businesses scramble to re-adjust inventory levels while shipping companies try to ramp capacity back up to match pace. This in turn leads to higher shipping costs, which can lead to demand-driven inflation.

As mentioned in previous notes, we believe the strength in Asia, and indeed in our portfolio is the accelerating number of domestically- and intra-regionally driven growth stories. The timings and evolution of the current trade embargo between the US and China is nigh on impossible to forecast in the short term. Indeed, how does one go about forecasting policies apparently based upon personal whim? Nevertheless, we can see that the Treasury market acts as a material constraint. We will continue to focus on companies who have had the management foresight, balance sheet health, and operational strength to insulate themselves from wider macro concerns, whether that is via regional expansion (e.g. Hon Hai, Nien Made), or by focusing on domestic growth (e.g. Inner Mongolia Yili, China Medical Systems).

ADIV

The SmartETFs Asia Pacific Dividend Builder ETF

May 2025 Update

SmartETFs
by Guinness Atkinson

There's more where that came from!

Join our newsletter at SmartETFs.co/newsletter or follow us on Instagram @SmartETFs!

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.