ADIV

The SmartETFs Asia Pacific Dividend Builder ETF

June 2025 Update

Portfolio Performance

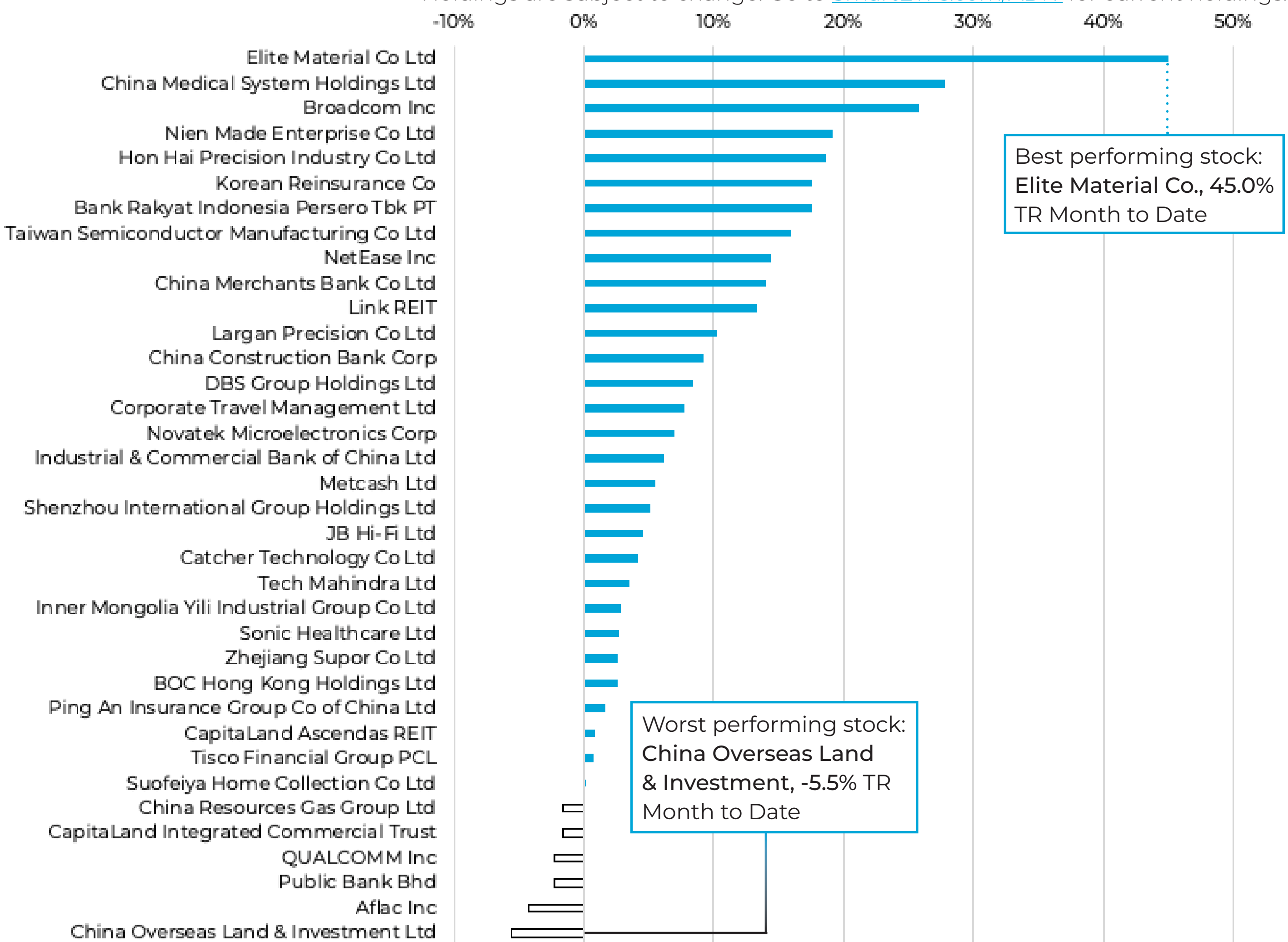
as of 5/31/2025

ADIV outperformed the index in May, delivering 7.92% on a NAV basis and 7.45% on a market price basis, while the MSCI AC Pacific ex Japan Net Total Return Index benchmark rose 6.01 The Chinese portion of the portfolio was the largest contributor to outperformance despite the market being one of the weaker performers over the month. The other main positive contributions came from Indonesia and Taiwan, the latter coming despite the performance of index heavy-weight TSMC. Stock selection, therefore, has been the main factor behind good relative performance this month. Allocation had a minimal (marginally negative) effect.

The performance of the Fund over the last three months, which incorporates the on/off trade tariffs and US domestic upheavals, has held up well. Outperformance through that period has come from China, Taiwan, Indonesia and Thailand. The Fund's three US-listed positions have detracted from relative performance, but only a very little.

Overall, we think that our approach of focusing on companies with strong track records of operating flexibility and performance combined with attractive market valuations is playing out as we would hope. 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.

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SmartETFs
by Guinness Atkinson

Portfolio Performance

Leaders

In May, the Fund's top performers, which rose between 18% and 45% in USD terms, were **Elite Material**, **China Medical System**, **Broadcom**, **Korean Reinsurance**, and **Nien Made Enterprise**.

Elite Material is a manufacturer of specialist materials (copper clad laminates) that cover printed circuit boards being used in data centers. The growth in capital investment to support the expansion of AI services benefits a company like Elite whose niche products are critical to the integrity of the hardware in the data centers that provide AI services. The investment plans of the big AI providers and integrators such as META and Microsoft, continue apace and underpin demand for Elite and for the likes of Broadcom (chip design, software and networks), Hon Hai Precision (server racks for data centers) and TSMC (semiconductor manufacturing).

China Medical System continued its strong run which began in April. Last year the stock was hit by China's volume-based-procurement policy, part of China's drive to lower health costs, that saw prices of significant products drop by up to 90%. But the company has been actively developing its own new products and with the government's drive to reduce reliance on foreign (I.e. US) sourced drugs, the outlook has improved significantly. We added to the position after the stock price drop last year, and this decision is working out for ADIV now.

Korean Reinsurance is the Fund's sole Korean position and trades at very low valuations. It is the leading reinsurance company in Korea and the tenth largest globally. Improvements in underwriting (lower claims), reduced overseas underwriting and higher returns on its investment portfolio have pushed the stock higher. The stock continues to be one of the higher yielders in the portfolio (5%) but has also grown its dividend by 19% a year over the last three years, which has also helped the valuation.

Nien Made Enterprise is a Taiwanese maker of windows, doors and shutters. The company sells into Asia and Europe and into the US from its Mexican production facilities. This stock has been volatile this year on the ebb and flow surrounding tariffs. Operationally however, the company has been stable growing its sales and margins through improving product mix and greater emphasis on bespoke products. Nien Made began investing in Mexican production capacity about five years ago and has been successful and adding further capacity. Now the bulk of capital expenditure has been done the company has begun growing its dividend over the past three years having held it flat for the previous five years.

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Portfolio Performance

Laggards

The Fund's weakest performers in May, which fell -2% to -6% were China Overseas Land & Investment, Aflac, Public Bank, Qualcomm, and CapitaLand Integrated Commercial Trust.

China Overseas Land fell as contracted sales in April declined 7% making it a 19% decline for the first four months of the year, indicating ongoing weakness in the sector. We hold the stock because, as one of the strongest and best financed companies in the sector it is well-positioned to benefit from the contraction in the industry as competitors fall away. Since the month-end the company has won a bid for a land plot in Hong Kong and has also reported a 21% YoY increase in contracted sales for May.

Aflac shares were down 4% in May. There are challenges to new business growth in its Japanese business but margins in both Japan and the US remain strong enabling the company to meet market guidance. This is a story that has persisted for some 18 months. The company is making steady progress toward its 2025 targets and with dividend growth of 17% this year and 14% per annum over the past five years we continue to view this a quality compounding name.

Public Bank in Malaysia is a conservative commercial bank with a 5% yield and dividend growth of 7% a year over the past 5 years. Earnings in the first quarter were slightly below market estimates due to competition in mortgage and small/medium business lending. Nevertheless, they are still generating loan growth, and the 5% growth target remains in place. Asset quality remains stable with more than sufficient loan loss reserves already in place.

Qualcomm's share price has been unexciting this year. Investors remain less interested in smartphone-related stories and there is the overhang from Apple as they move to make their own modems. But this is already well known. In the meantime, Qualcomm has been diversifying with AI at the edge, auto and Internet of Things (IoT) are substantive developments. Today about 75% of the chips business is to handsets but the other ears are growing fast, and the company has a target for these to account for 50% of the business by 2029, which seems a plausible outcome. The stock is very cheap (below 13x PE) and a dividend compounder.

CapitaLand Integrated and Commercial Trust was slightly down this month with Singapore retail sales growth looking flat so far this year but are expected to see a lift in May. It will help also, that net property income should get a boost from two properties following the completion of renovations. The office business remains less variable with the company expecting low- to mid-single digit growth in rent reversions.

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As of 5/31/2025	YTD	1 Year	3 Year	5 Year	10 Year
ADIV at NAV	9.55%	21.01%	8.20%	10.90%	6.38%
ADIV at Market Price	9.06%	21.10%	8.14%	10.85%	6.35%
MSCI AC Pacific Ex-Japan NR	9.11%	16.09%	4.77%	6.30%	4.17%

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.

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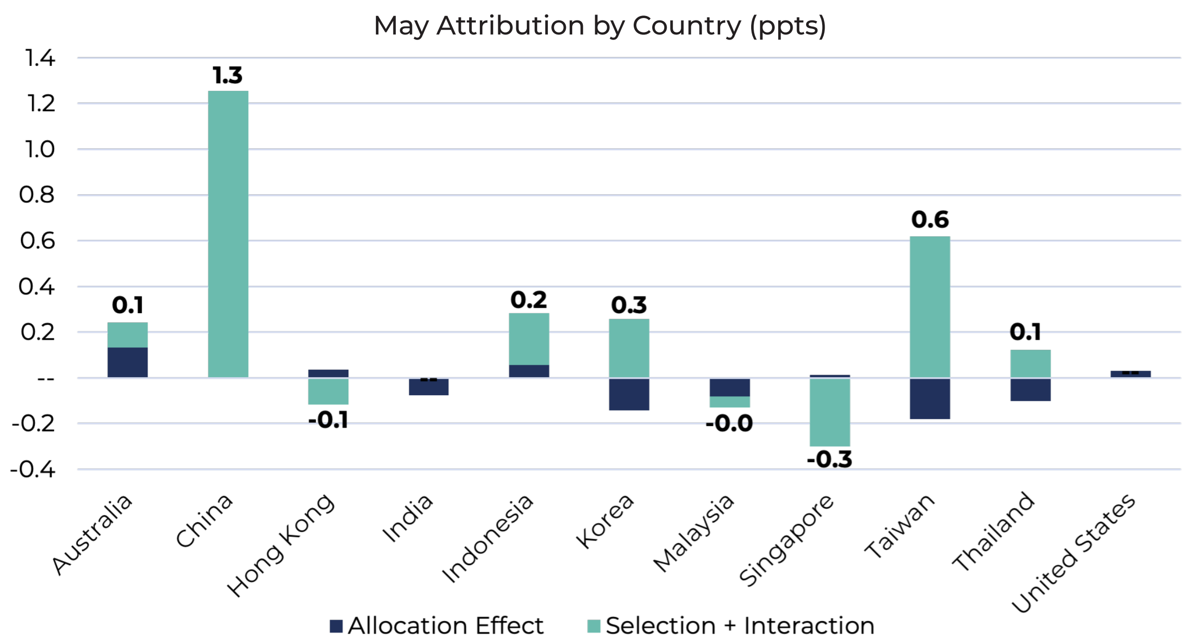
ADIV Fund Review

The following charts show the areas, by country and by sector, which contributed to or detracted from relative performance. The green bars, with the related values shown, indicate the impact of stock selection and the blue sections show the effect of allocation to those countries or sectors.

In terms of allocation effects (the dark blue bars), the 7% underweight position to Australia worked to the Fund's advantage while the 3% underweight to Taiwan and the 8% underweight to Korea cost the Fund. However, in each case the impact was less than 0.2% and was outweighed by the impact of stock selection. Our stock choices have been the primary driver of performance over the life of the Fund. In May, the greatest contribution from this source is evident in the China performance. The Chinese market was one of the weaker performers over the month marked by underperformance of some of the big companies that dominate such as Tencent, Alibaba and Pinduoduo which are not held in the Fund. Thus, the stock selection impact was driven both by what we hold, including China Medical System, China Merchants Bank and NetEase which did well, and those we do not.

The performance of our Taiwanese and Korean holdings has been particularly encouraging. We have been underweight in these outperforming markets yet our Taiwan positions in Elite Material, Nien Made Enterprise and Hon Hai Precision and in Korean Reinsurance have delivered outperformance in both areas. Our stock selection in Hong Kong and Singapore detracted. The property REITS in both countries underperformed and in Hong Kong the strong performances of stocks we do not hold namely, AIA and Hong Kong Exchanges and Clearing (HKEX) accounted for the drag.



Source: SmartETFs, FactSet. Data as of May 31, 2025

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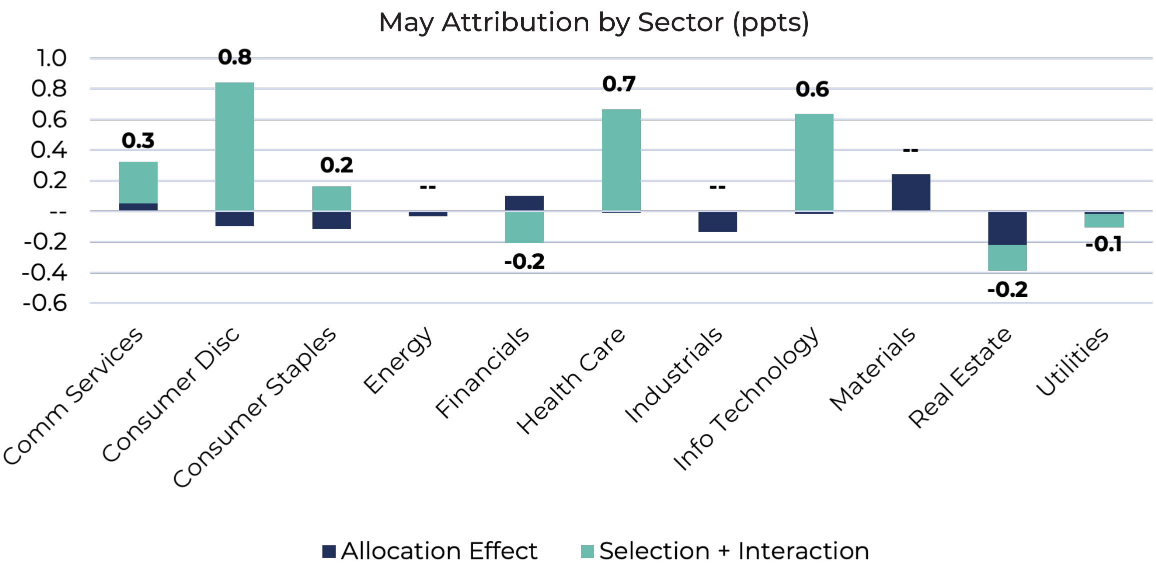
ADIV Fund Review (continued)

On a sector basis, Consumer Discretionary, Health Care and Technology were the main headline contributors. The contribution form Consumer Discretionary was heavily influenced, as was the contribution from China, by stocks not held. JB Hi Fi and Nien Made Enterprises were two holdings that made meaningful contributions while not holding the big Chinese e-commerce businesses also helped. Outperformance in Health Care and Technology was driven by portfolio holdings. In Healthcare, China Medical System was the main contributor (discussed below) while in Technology, Elite Material, Broadcom, Hon Hai Precision and Largan Precision more than offset underweight in TSMC.

The main detractor in May was in real estate Our exposure is made up of three REITS and one Chinese property developer. The Link REIT, listed in Hong Kong was the only outperformer, beating both sector and market on an encouraging set of results that indicated a marked improvement in performance compared to last year. However, the two Singapore REITs and China Overseas Land detracted from performance. Financials, in which the Fund has significant exposure was weaker in May. Within the portfolio, the Chinese, Hong Kong, Singapore and Indonesian banks along with Korean Reinsurance were contributors. Insurers Aflac and Ping An, banks BOC Hong Kong, Public Bank in Malaysia and Tisco in Thailand were modest detractors. Combined with the strong performance of AIA and HKEX mentioned above this was enough to tip the overall financials contribution into a drag on relative performance.



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

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SmartETFs
by Guinness Atkinson

Macro

The circus that is US trade and domestic economic policy continues and will carry on for a while yet. The fundamental weakness in the US position, constituted by government debt was laid bare by the bond market "wobble" over sky high tariffs. The agreement with the Chinese to de-escalate tariffs, the weakening of the US dollar, elevated treasury yields and the obvious disinterest of Russia to engage in any US-brokered peace deal with Ukraine tells us all we need to know.

The Big Beautiful Bill to set the budget and push through the extension of tax cuts enacted during Trump's first term is grinding through Congress. It passed the House of Representatives by one vote but looks unlikely to make it through the Senate in its current from. From any objective standpoint, this Bill will further increase the gap between government revenue and spending and the debt level will continue to rise. Critical voices are being heard from the Senate, from bankers like Jamie Dimon of JP Morgan, from market participants and even Elon Musk (although his priorities appear conflicted).

As an aside, within the Bill people have latched onto a small item, Section 899. This provision would allow an additional tax to be levied on foreign outright or majority owners of US assets who are citizens of countries deemed to have 'unfair tax' policies. The nature of these assets needs to be defined as does the list of countries with unfair taxes. But at a time when the US is in need of capital, not least to fund new debt issuance and roll-over existing this year, it adds to the unease.

The Asian response, as for everyone else, is to seek to make alternative arrangements as quickly as they can. If the US is becoming less dependable as a political partner, a trade partner and as a place of safety in which to preserve capital then countries need to look elsewhere. This does not mean that Asia will simply turn its back; the US is too big a country to ignore but the relationship is changing. The region is creditor holding a surplus of net foreign assets; the US is a debt a growing set on net foreign liabilities which leaves it weaker but it is still able to inflict significant damage as it seeks a way out.

The trend in Asia to diversify production, supply chains and markets has been underway for more than a decade. The proportion of overall exports to US from China has been coming down and April's figures show the continuation. Latest China trade data show exports to the US declined 21% compared to April last year, or by $9 billion, but this was more than offset by growth to Southeast Asia (ASEAN), Africa, Latin America and to Europe.

China's overall economy continues to exhibit a mixture of signals: first quarter economic growth was robust but helped by the front-loading of exports ahead of tariffs; retail sales were up as sales of electric vehicles which point to some strengthening of consumer demand. At the same time, manufacturing confidence remains fragile given trade uncertainties evidenced by rising manufacturing unemployment and inventories. Inflation is absent with deflationary pressures in the ascendant. So far, policy response to lift domestic demand remains modest and nothing material is expected before the next Part conference in July.

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SmartETFs
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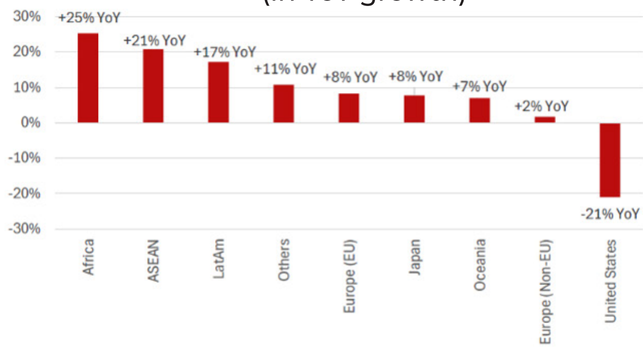
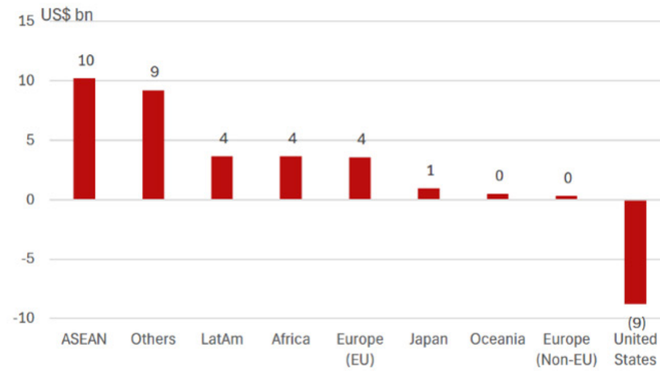
Macro (continued)

Top 5 export destinations in April (in YoY growth)



YoY incremental export value in April - destination breakdown



Source: UBS Evidence Lab. Data as of May 31, 2025.

In Korea, the Presidential election was won (on June 3) by the Democratic Party which secured 49% of the vote on a record 79% turnout. The Democratic Party now controls both Presidency and the Assembly ending one of the most turbulent periods in Korea's recent political history. This is welcome given the slowing economy affected by both slower trade and slower domestic demand. A supplementary budget including $10bn of spending is planned and the Bank of Korea recently cut interest rates to 2.5% to try and stimulate consumer and business expenditure.

Indian economic indicators all point to a strong domestic picture with accelerating overall growth in the most recent quarter associated with strength in infrastructure, consumer and services activity. Goods and Sales tax collections, car sales and demand for fast moving consumer goods all point to a healthy back-drop. The valuation of Indian stocks, however, remains high and well above that of the region and their own history. This helps explain why, despite the bullish macro environment, the Indian stock market has underperformed the region this year.

Economic growth forecasts for 2025 from the IMF put regional growth at 3.9% compared to 4.6% in 2024. China's growth is forecast to be 4%, down from 5% last year although the government has pledged to keep growth 'around' 5% so we will expect policy support to kick in should growth start to fall short. South Korea's growth is expected to fall to 1% from 2% in 2024. ASEAN (the Association of Southeast Asian Nations) is expected to produce 4.1% growth with Indonesia at 4.7%, Malaysia at 4.1% and Vietnam at 5.2%. Singapore and Thailand are forecast at ~2%. India remains the fastest growing economy in Asia Pacific, forecast to produce 6.2% growth.

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Macro (continued)

There has been a meaningful change in the value of the US dollar this year, down around 9% against a basket of developed market currencies and about half that against Asian currencies. Against the Indian rupee the dollar is largely unchanged this year while against the Chinese Yuan it has weakened by less than 2%. In May, the dollar value has been stable against most currencies.

But there were some big moves in the Taiwan dollar which strengthened by 7% over the month. This was triggered by Taiwanese life companies which were over-exposed to US dollar assets, based on earlier expectations of US dollar strength, and moved together to hedge these positions. It serves as a reminder that after a long period of a strong dollar or low rates, positions are built up such that when conditions change the unwind can be swift and dramatic. So, when commentators opine that they see a further 10% downside in the dollar this takes no account of what additional actions that might trigger and therefore the downside in the short term could turn out to be rather more. This provides an additional argument for diversification.

Outlook

There is a bullish macro case building for Asia that centers on new industries in which Asia can compete head-to-head with their developed market peers. These new industries include 5G telecoms, industrial automation, EVs and batteries, renewable energy equipment, big data and now AI.

Valuations in the region are still cheap versus their own history and certainly well below the stretched levels prevailing in the US.

Our approach identifies companies that have long track records of converting structural themes, either regional or global, into superior cash-based profitability. The dividend streams these companies produce, stemming from the generation of excess cash over and above that required for re-investment, continue to grow and provide a fundamental underpinning for these stocks in more uncertain times.

The combination of a macro story, attractive valuations, profitable companies and growing dividend streams keeps us very positive on the outlook for the Fund.

There's more where that came from!

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

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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.