



ISSUER SPOTLIGHT

Q&A

Q. You refer to the coming smart transportation revolution. What do you mean by that?

We see the convergence of three rapidly growing trends which we believe may completely transform transportation. These changes have the potential to profoundly change everything we know about transportation. In short, we believe transportation will become cleaner, safer, cheaper and more inclusive. These changes will touch everyone on the planet.

The three converging trends are the electrification of the vehicle fleet, autonomous vehicles and transportation as a service.



Jonathan Waghorn,
Co-manager



Will Riley,
Co-manager

Q. Let's talk first about the electrification. Where do you see the EV market over the next decade?

The key thing about EVs is that they are inherently superior to the internal combustion engine vehicle in every way imaginable. They are cleaner, quicker, quieter, and, importantly, much cheaper/easier to maintain and repair. What has held back EVs is the cost of batteries. But, battery costs have been on a long term decline and we're now on the cusp of upfront cost parity for batteries—in the next few years it will be cheaper to purchase an EV than an internal combustion vehicle. Cheaper up front and then significantly cheaper to fuel and maintain. This cost advantage, we believe, will lead to a massive shift to EVs. Every major automobile manufacturer is accelerating their electric vehicle plans.

Q. And where are we on autonomy? We see some predictions for fully functioning autonomous vehicles before the end of the year and others saying we're decades away.

The truth is, there are autonomous vehicles in use on public streets today, carrying both passengers—cars and buses-- and delivering goods. You can't yet get into a vehicle in San Diego and enter an address in Boston and have an autonomous vehicle drive you there. That is likely a number of years off. But, that doesn't mean that autonomous vehicles can't be fully autonomous in certain areas. We're already seeing this in a variety of cities both in the US and abroad. And the technology is accelerating and we may see some major advancements in the next couple of years.

Q. How does this get us to a transportation revolution?

Electric vehicles and autonomous vehicles themselves are revolutionary. They have the potential to save millions of lives from reducing auto accidents and dramatically reducing carbon emissions. But, the wild card here is the convergence of these with transportation as a service, more commonly known as ride sharing. There are some estimates that an autonomous electric vehicle will cut transportation costs by 80%--say from \$1.00 per mile to \$0.20 per mile. This is a game changing price reduction and it may well mean people no longer own their own vehicle. If this shift does occur, and some believe it will happen by 2030, the implications are staggering. First, it brings more equality into the economy by allowing the transportation disadvantaged affordable and accessible transportation. Second, it reshapes the way cities operate with the possibility of reducing or eliminating traffic congestion. It also frees up massive amounts of real estate allocated to parking—the average vehicle is parked 95% of the time. Third, it will put billions of dollars into consumers pockets by reducing the amount they currently pay for transportation. And that's just the beginning. There are a lot of other implications deriving from the smart transportation revolution.

Q. And MOTO, the SmartETFs Smart Transportation & Technology ETF invests in the smart transportation theme?

Yes. MOTO invests in 35 stocks that we believe are well positioned to benefit from the smart transportation revolution.

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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.

Investing involves risk, including possible loss of principal. Smart transportation products are subject to technological, cybersecurity, market, and regulatory risks which could adversely affect the value of companies in which the Fund invests. Investing in foreign companies entails additional potential market and regulatory risk.

Shares of the Fund are distributed by Foreside Fund Services, LLC.

FURTHER INFORMATION

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