

MOTO

The SmartETFs Smart Transportation & Technology ETF

January 2021 Update

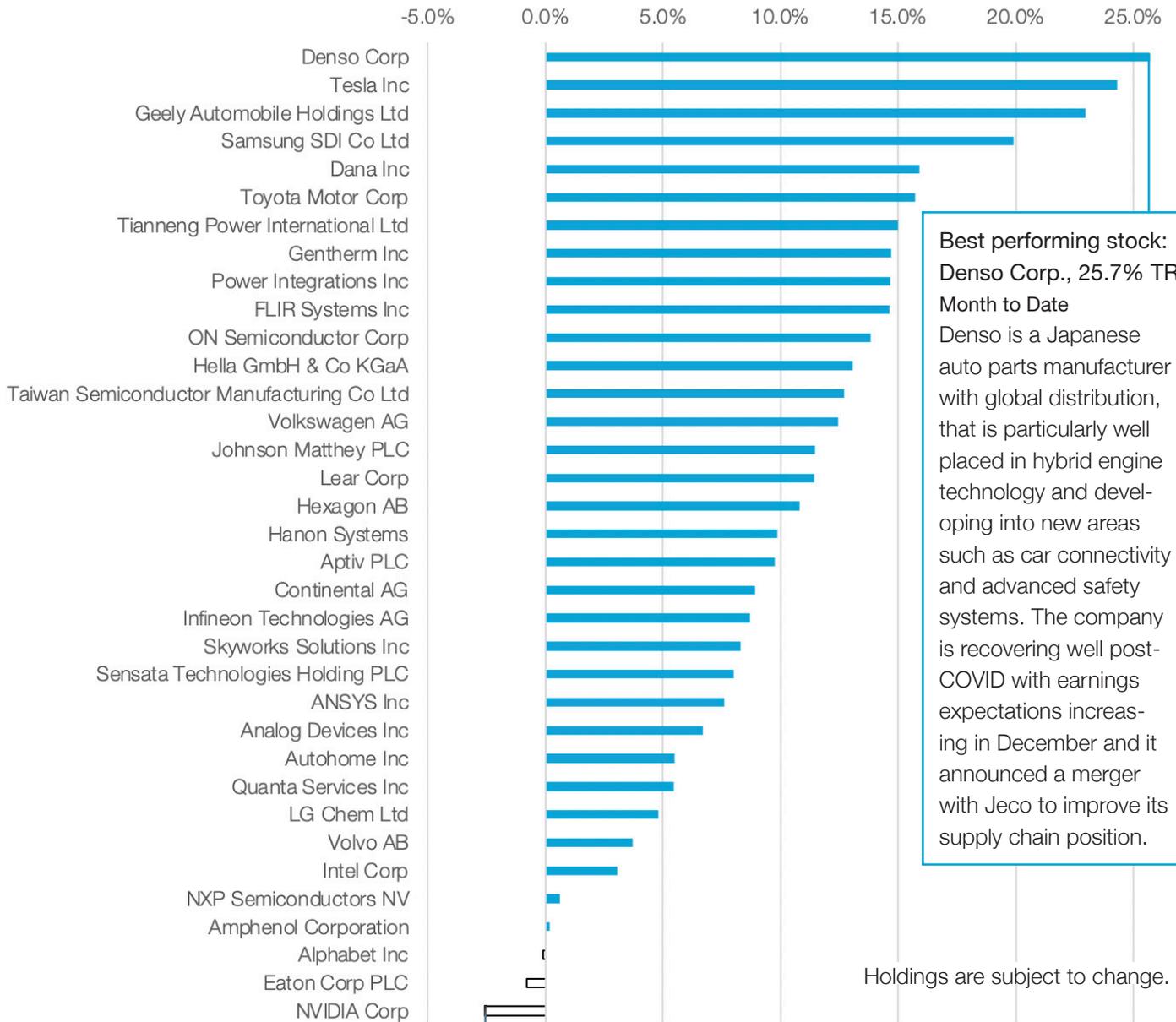


SmartETFs

Portfolio Performance

as of 12/31/2020

2020 is in the books, and what a year it was. MOTO produced a total return of 59.08% on a net asset value basis. For the month of December, MOTO produced a total return of 10.15% (NAV basis). We can't promise returns like this every year, but we do believe the outlook for EVs, AVs and smart transportation is bright. In December, 32 of the 35 MOTO holdings produced a positive return. The cost of batteries continues to fall as battery manufacturing continues to grow. The declining cost of batteries is a key element in the rapid adoption of EVs.



Best performing stock: Denso Corp., 25.7% TR Month to Date
 Denso is a Japanese auto parts manufacturer with global distribution, that is particularly well placed in hybrid engine technology and developing into new areas such as car connectivity and advanced safety systems. The company is recovering well post-COVID with earnings expectations increasing in December and it announced a merger with Jeco to improve its supply chain position.

Holdings are subject to change.

Worst performing stock: NVIDIA Corp., -2.6% TR Month to Date
 Like many mega cap tech companies in December 2020, NVIDIA was a weak performer. There was little that was stock specific behind the weakness in NVIDIA shares.



Portfolio Performance

As of 12/31/2020	1 Month	6 Months	YTD	1 Year	Since Inception (11/15/19)
MOTO at NAV	10.15%	55.03%	59.08%	59.08%	58.13%
MOTO at Market Price	9.72%	54.52%	59.10%	59.10%	57.46%
MSCI World NR	4.24%	23.00%	15.90%	15.90%	19.94%

Expense Ratio: 3.87% (gross) | 0.68% (net)

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 0.68% through June 30, 2021.

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.

Interesting News

2020 was a very strong year for companies associated with the future of transportation. Some key news items and themes from the year are listed below:

- Sharp falls in the cost of manufacturing have been the catalyst for greater lithium-ion battery use. According to Bloomberg New Energy Finance (BNEF), battery costs are down 89% over the decade from 2010 to 2020 (an implied "learning rate" of around 18%) with the average cost being \$137/kWh in 2020.

- According to BNEF, lithium-ion battery manufacturing is expected to have reached 470 gigawatt hours (GWh) in 2020 (up from 352 GWh in 2019 and 249 GWh in 2018) with most of the capacity additions being taken by auto manufacturers for their new EV models. China dominates manufacturing capacity, with about 70% market share. However, we saw many new lithium-ion battery factory announcements outside of China.

- Despite the growing demand, the prices of the main raw materials were reasonably flat during 2020. Cobalt and Nickel (at \$31,400/ton and \$13,700/ton respectively) in 2020 were broadly flat on 2019 levels, while Lithium carbonate (at \$6,800/ton) was down around 40% on average. While nickel prices were flat on average in 2020, there was strong positive price momentum into year end.

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Interesting News

- By our estimates, the total global electric vehicle passenger vehicle fleet reached nearly 10m vehicles at the end of 2020 with new sales in 2020 being about 2.8m vehicles, a growth of around 25% versus sales of 2.2m in 2019. This growth compares very favorably to overall global light vehicle sales of around 75m vehicles in 2020, down 16% on 2019 levels.
- The global auto industry suffered due to COVID lockdowns at the start of 2020, but global electric vehicle sales growth recovered quickly after the initial lockdowns and turned positive at the end of Q3 2020. The sharp recovery in EV demand was dominated by Europe, with the European EV market being the biggest globally at the end of 2020. A key milestone was achieved in Europe during 2020 as new registrations for the broader category of “electrified vehicles” - including light-hybrid cars (HEVs) as well as PHEVs and BEVs – reached 25% and overtook that of diesel vehicles.



Source: BMW

There's more where that came from!

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Disclosure

Investing involves risk, including possible loss of principal. Smart transportation products are subject to technological, cyber-security, 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.

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.