

MRAD

The SmartETFs Advertising & Marketing Technology ETF

October 2021 Update

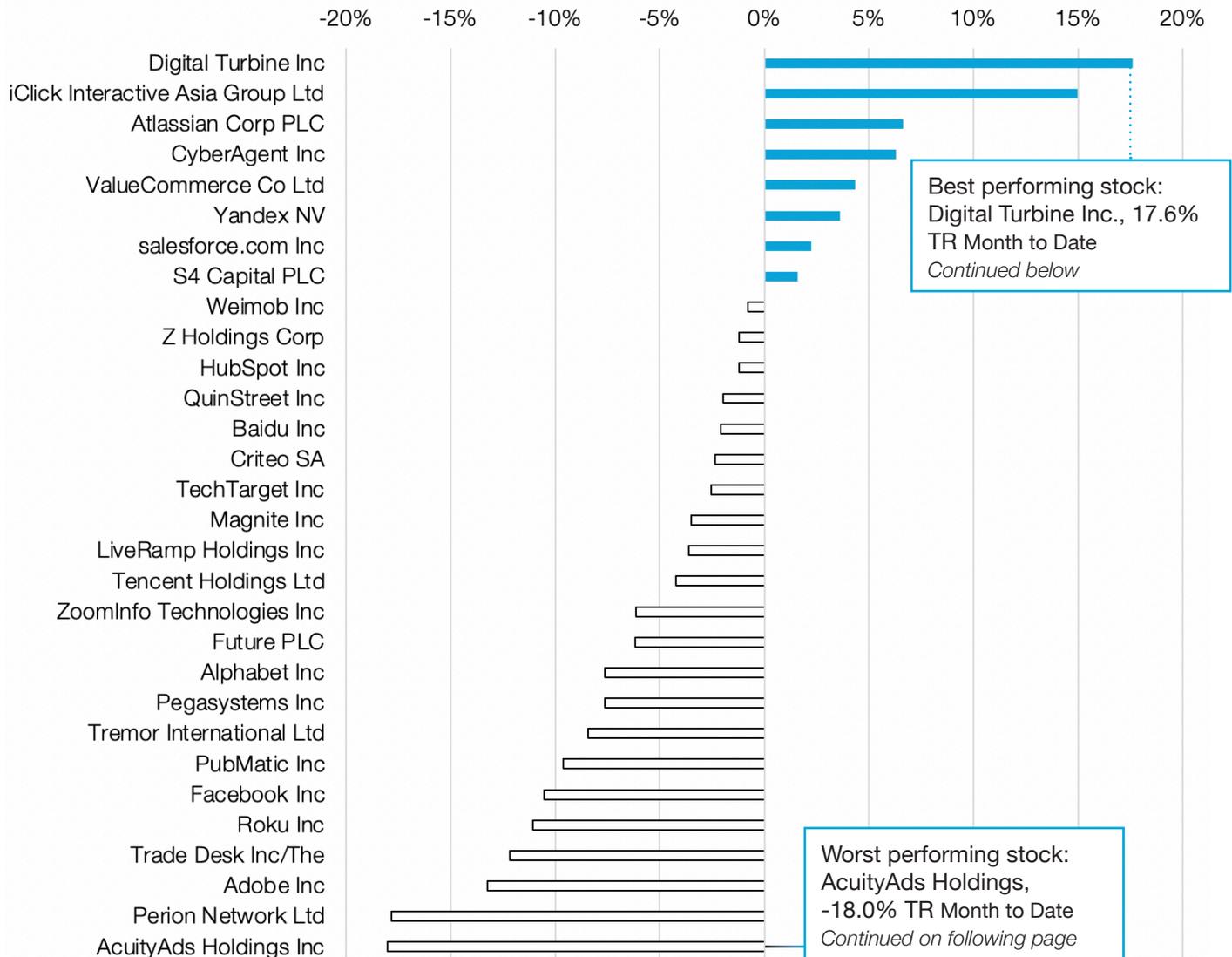


SmartETFs

Portfolio Performance

as of 09/30/2021

MRAD produced a total return of -3.73% on a net asset value basis (-3.73% market basis) in the month of September. Digital Turbine Inc. was the top performing MRAD holding for the month, while AcuityAds was the MRAD laggard for the month. Have you noticed that plenty of companies established in other industries are pivoting towards advertising? Our marketing minute for the month takes a look at the growth of digital ad spending along with the growth of the US open internet industry.



Holdings are subject to change.

Digital Turbine was the best performer in the month after it was added to the S&P 400 Mid-Cap Index. The company is the middleman between mobile service providers and app creators wishing to advertise. The intermediary technology company negotiates the rates for app placement with advertisers, collects the fee, and then remits about 60% to the service providers (such as AT&T and Verizon) while keeping the rest. The network effect strengthens Digital Turbine's position in the middle. As it deals with 2,000 advertisers, the service providers do not want to deal with so many entities, while on the flip side, as Digital Turbine represents many service



Portfolio Performance

providers, the advertisers do not want to have to handle each of those customers individually.

A particular growth driver for Digital Turbine is its “SingleTap” product. At the start of 2020, this product generated a mere \$1 million in quarterly revenue. Now it’s generating annual revenue north of \$100 million. Additionally, the company just signed a deal with Samsung to take this product into new markets around the world, which could be a further catalyst for growth.

AcuityAds was the worst performer in the month as investors continued to take profits from the fastest growing stocks which face risk from higher inflationary pressures and interest rate hikes. Looking longer term, AcuityAds is a leading programmatic demand side platform (DSP) that provides marketers a one-stop solution for omnichannel digital advertising. The company used to be mostly a service business, running its software for its ad agency and direct advertiser clients, but with the successful introduction of its new “illumin” product in October 2020, it has shifted to more of a run-it-yourself platform, making it much easier (and more profitable) to bring on more small agencies and advertisers who want to run their campaigns themselves. “illumin” offers planning, buying and real-time intelligence in one platform; it brings together an integrated ecosystem of privacy-protected data, inventory, brand safety and fraud prevention partners, offering a trusted solution to advertisers.

As of 09/30/2021	1 Month	6 Months	YTD	Since Inception (12/31/20)
MRAD at NAV	-3.73%	6.71%	10.26%	10.26%
MRAD at Market Price	-3.73%	6.57%	10.42%	10.42%
MSCI World NR	-4.15%	7.74%	13.04%	17.81%

Expense Ratio: 0.68% (net) | 0.71% (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 0.68% through June 30, 2025.

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.



Buys & Sells

Buy

TREMOR

INTERNATIONAL Ltd.

- + Tremor International is a video focused ad-tech business that offers a full stack solution to its clients through an integrated offering (i.e. supply-side and demand-side platform). It has 3 divisions: Tremor Video (DSP), RhythmOne (SSP), and Unrly (SSP).
 - Tremor Video (acquired from Telaria in 2017) uses data and creative to deliver impactful solutions to advertisers/ brands. The DSP is one of the largest video advertising companies in the US.
 - RhythmOne (acquired in 2019) is Tremor's media business which focuses on delivering multiscreen ads across desktop and mobile.
 - Unrly (acquired from NewsCorp in 2020) is a SSP which has 2000+ publisher relationships, plus the exclusive rights to sell outstream video on all NewsCorp titles in the UK, US and Australia.

With Q2 21 revenues up 128% year over year (y/y), connected TV (CTV) revenues up 280% y/y, adjusted EBITDA margins of 50%, and a free cash flow conversion rate of 99%, the company has strong growth and fundamentals, making it a compelling investment.

Sells

Medallia

- Medallia provides a marketing software-as-a-service platform, the Medallia Experience Cloud, which uses AI to capture and analyze structured and unstructured experience data from signal fields emitted by customers and employees. These signal fields are across human, digital and internet of things (IoT) interactions. Our decision to sell comes as Medallia is being taken private by private equity firm Thoma Bravo. At \$34/share, the acquisition price represents a 20% premium to the stock's closing price prior to the news release on June 10, 2021. With no other higher offers in the quarter, the deal was confirmed on September 4th.



Marketing Minute

Food for thought:

- Uber launches Uber Ads.
- Apple launches Search Ads.
- Walmart launches Walmart DSP.
- Instacart launches Instacart Advertising.
- CVS, Target, Gap, Ulta, Home Depot, TripAdvisor, Kroger, and Best Buy launch media networks.

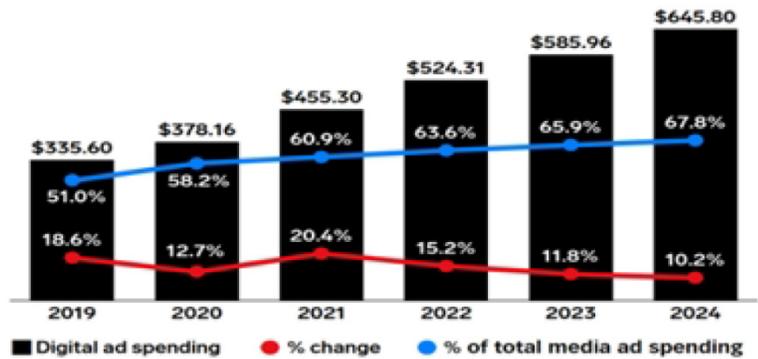
Given enough time, every company is an advertising company.

“A rising tide lifts all boats” is an accurate characterization of ad tech in 2021, as the relatively small size of AdTech companies compared to their total available market suggests many years of growth runway ahead of them.

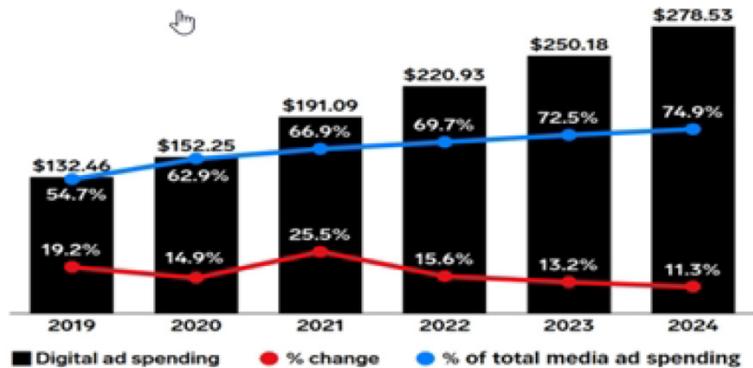
Generally, AdTech companies sell software that allows the purchase or sale of digital advertising units in the Open Internet segment of the online digital advertising ecosystem. Digital advertising revenue is divided between Walled Gardens (eg, YouTube, FB, Amazon, Roku, etc.) and the Open Internet.

- Total digital advertising in the US in 2020 was \$152B, according to eMarketer, and they estimate that Open Internet ad revenue in the US represented \$30B (20%) of that total.
- Globally, total digital advertising in 2020 was \$378B, according to eMarketer, and Jounce Media (“2020 State of the Open Internet” report) estimated that Open Internet ad revenue represented \$65B (17%) of the global total.

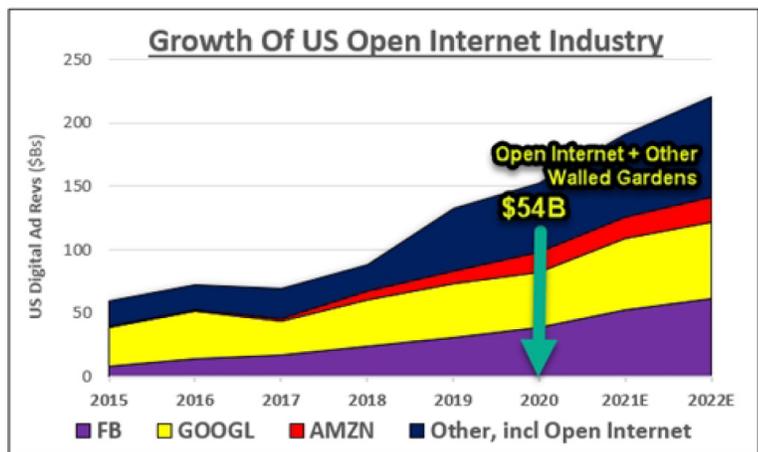
Digital Ad Spending Worldwide, 2019-2024
billions, % change, and % of total media ad spending



Digital Ad Spending in the US, 2019-2024
billions, % change, and % of total media ad spending



Note: includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets, and other internet-connected devices, and includes all the various formats of advertising on those platforms; includes ads such as Facebook’s News Feed Ads and Twitter’s Promoted Tweets
Source: eMarketer, March 2021



Source: eMarketer, Needham & Company estimates as of March 2021

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There's more where that came from!

Have you signed up for our FREE monthly newsletter? We send out great content (like this monthly update) that lots of people love. Sign up today and you could win a free subscription to our newsletter! Join us at SmartETFs.co/newsletter.

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Disclosure

MSCI World Index is a broad global equity index that represents large and mid-cap equity performance across 23 developed markets countries. It covers approximately 85% of the free float-adjusted market capitalization in each country and MSCI world index does not offer exposure to emerging markets.

Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA) is a measure of a company's overall financial performance and is used as an alternative to net income in some circumstances.

S&P MidCap 400 Index is designed to measure the performance of 400 mid-sized companies, reflecting the distinctive risk and return characteristics of this market segment.

Indexes are unmanaged. Direct investment in an index is not possible.

Investing involves risk, including possible loss of principal.

The companies in which the Fund invests may be subject to rapid changes in technology, intense competition, rapid obsolescence of products and services, evolving industry standards, and changes in business cycles and government regulations. These risks can adversely affect the value of companies in which the fund invests.

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.