

MRAD

The SmartETFs Advertising and Marketing Technology ETF

June 2023 Update



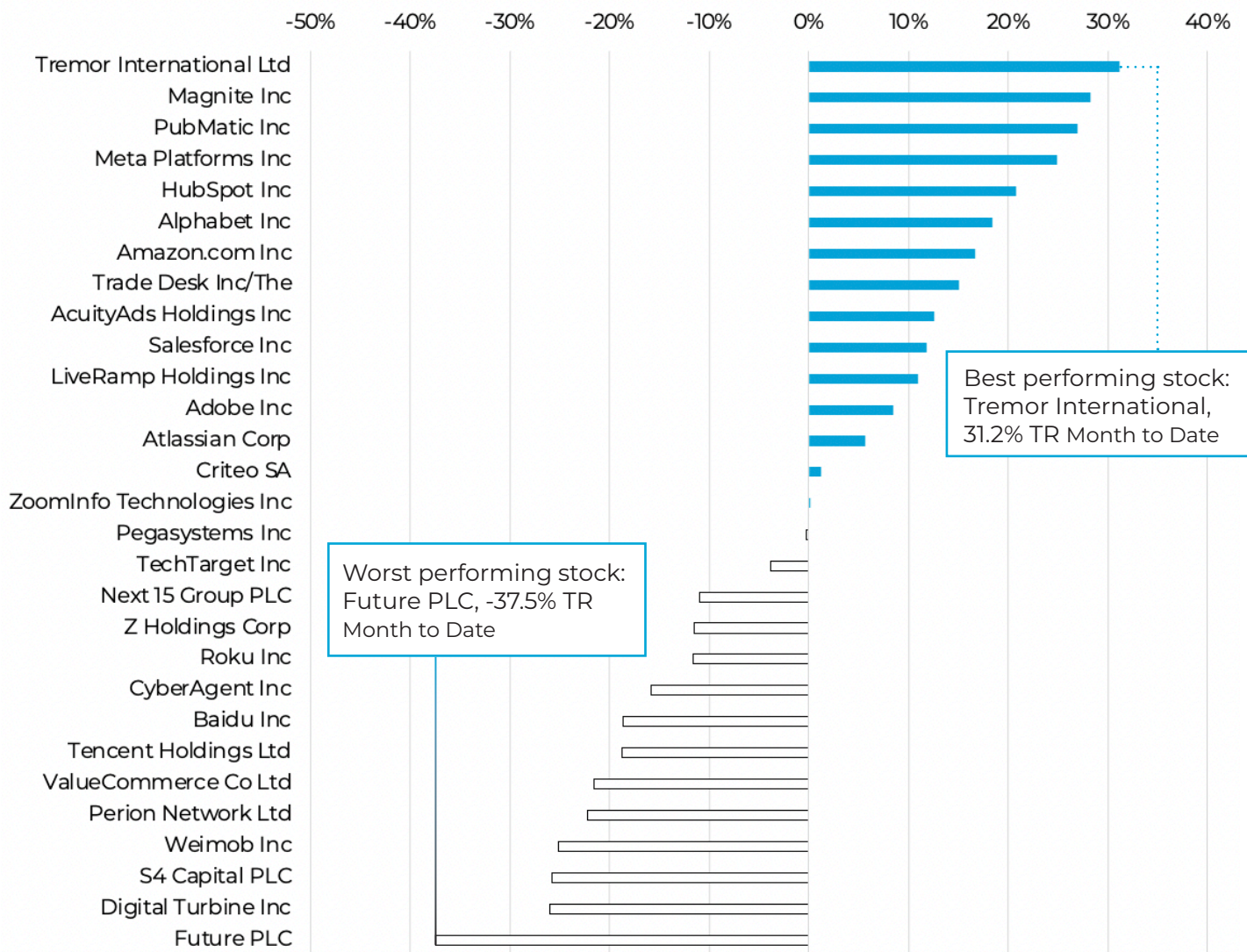
SmartETFs

Portfolio Performance

as of 05/31/2023

MRAD produced a total return of 4.26% on a net asset value basis (4.05% market basis) while the MSCI World Index produced a total return of -1.00% in the month of May. Tremor International led the pack this month, while Future PLC fell behind. Artificial intelligence has been a buzzword on many earnings calls this quarter, and will most likely have an impact on MRAD holdings in the future, but is it just the latest overblown craze or are the stock surges well-deserved? Read on for our take on the situation, up to date MRAD performance, and more.

Holdings are subject to change. Go to SmartETFs.com/MRAD for current holdings.



Best performing stock:
Tremor International,
31.2% TR Month to Date

Worst performing stock:
Future PLC, -37.5% TR
Month to Date

Tremor International was the best performer in the month. The video focused ad-tech business 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).

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CEO Ofer Druker said: "In 2023, we will keep our focus on generating strong profitability and cash flow, deepening revenue relationships with leading brands, agencies, broadcasters, and CTV partners, completing the integration of Amobee, and unifying the company under one brand to more effectively convey the holistic value proposition of our end-to-end technology ecosystem in the market."

Tremor International's undervalued stock is well-positioned for outstanding performance over the next 12-24 months, given a turnaround in the online media advertising market. The company has high gross margins, low debt, and strong cash flow, making it an attractive investment opportunity. Strong recent performance comes after the company's earnings and guidance release beat forecasts.

Future PLC was the worst performer in the month. Future produces special interest magazines and runs websites and events. Fields include computing, games, music, automotive, sports, crafts, and leisure. Brands include Techradar, Gamesradar+, PC gamer, Digital Camera, FourFourTwo, Guitar World, Home-building & Renovating, The Photography Show, and others. More recently, Future completed the acquisition of GoCo and Mozo price comparison sites.

Future had a slow start to its fiscal year, with overall revenue flat from October 2022 to March 2023 year over year, according to its half-year earnings. The U.S. side of the business lagged behind Future's U.K. business, with audience and revenue down. And the company doesn't think the second half of its fiscal year will fare much better. In a recent earnings call, CFO Penny Ladkin-Brand said, "The macro environment and audience performance remains challenging ... so, we're not expecting improvement..." [in the second half of 2023]. Future PLC will focus the next half of its fiscal year on beefing up its U.S. sales strategy and leaning into short-form video.

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As of 05/31/2023	1 Month	6 Months	YTD	1 Year	Since Inception (12/31/20)
MRAD at NAV	4.26%	9.98%	15.35%	-9.02%	-20.67%
MRAD at Market Price	4.05%	9.85%	15.58%	-8.81%	-20.76%
MSCI World NR	-1.00%	3.92%	8.52%	2.07%	3.33%

As of 03/31/2023	1 Month	6 Months	YTD	1 Year	Since Inception (12/31/20)
MRAD at NAV	3.76%	14.80%	14.71%	-27.78%	-22.21%
MRAD at Market Price	3.84%	15.39%	15.02%	-27.49%	-22.29%
MSCI World NR	3.09%	18.25%	7.73%	-7.02%	3.24%

Expense Ratio: 0.68% (net) | 7.51% (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, 2026.

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](https://www.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.



[AI]phabet

According to a 2007 paper authored by John McCarthy, the computer scientist who coined the term and established the Stanford Artificial Intelligence Laboratory, AI is loosely defined as “the science and engineering of making intelligent machines, especially intelligent computer programs”.

“It is related to the similar task of using computers to understand human intelligence, but AI does not have to confine itself to methods that are biologically observable.”

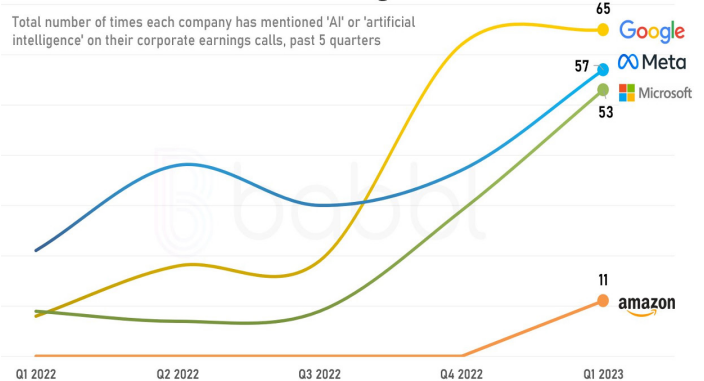
December’s sudden surge in popularity was sparked by the release of OpenAI’s ChatGPT. With many believing that AI has at last found its “killer app,” or reached its “iPhone moment,” it sparked a race among AdTech giants on how to capitalize on this new phenomenon.

On May 10, Google parent Alphabet Inc. unveiled a fresher version of its popular search engine, which uses artificial intelligence tools that have been trained to answer queries conversationally. The company also made its AI chatbot, Bard, available for much of the world to use online while announcing plans to incorporate AI into products like Gmail and Docs.

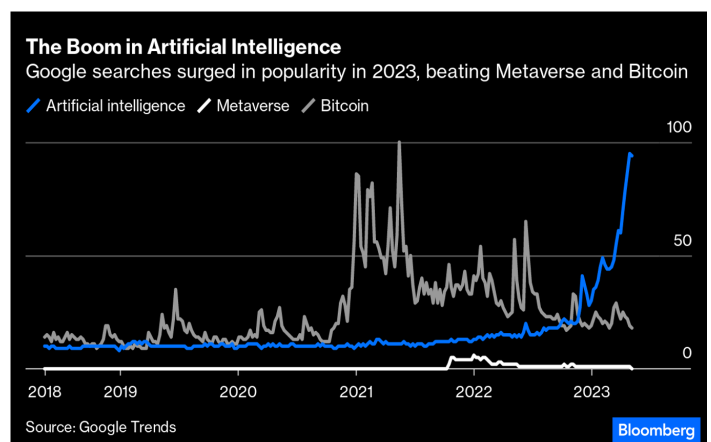
These are exciting developments, and Alphabet’s stock surged as these AI announcements were made. For context, in the space of a few trading hours, the company gained \$122 billion dollars, a sum equivalent to the entire market capitalizations of Starbucks Corp. and Intel Corp. Such a staggering gain illustrates the relentless appetite surrounding AI.

The issue, as ever with new technologies whose profits lie in the future, is whether the market is overdoing it. Does talking about AI have the same overblown effect once wielded by putting “.com” at the end of the company name, or changing the name to include blockchain, as Long Island Iced Tea Corp. once did? That concern is particularly intense because the companies expected to benefit most from AI happen to be the largest on the planet, and they’ve dominated this year’s recovery of the US stock market.

'AI' mentions on earnings calls



Source: Babbl. Data as of May 31, 2023



Source: Bloomberg. Data as of May 31, 2023. Y-axis values are scaled from 0 to 100, with 100, representing the peak popularity or highest search volume for the selected topic within the specified time frame.



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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.

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

Net Asset Value (NAV) represents the net value of an investment fund's assets less its liabilities, divided by the number of shares outstanding.

Price to Earnings (P/E) Ratio is the ratio for valuing a company that measures its current share price relative to its earnings per share. The price to earnings ratio is also sometimes known as the price multiple or earnings multiple.

Basis Point (BP) refers to a common unit of measure for interest rates and other percentages in finance. One basis point is equal to 1/100th of 1%, or 0.01%.

Earnings Per Share (EPS) is a company's net profit divided by the outstanding shares of its common stock.

Consumer Price Index (CPI) measures the monthly change in prices paid by U.S. consumers based on a representative basket of goods and services over time.

Beta is a measure of the volatility of a security compared to the market as a whole.

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.

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