MOTO

The SmartETFs Smart Transportation & Technology ETF

January 2023 Update

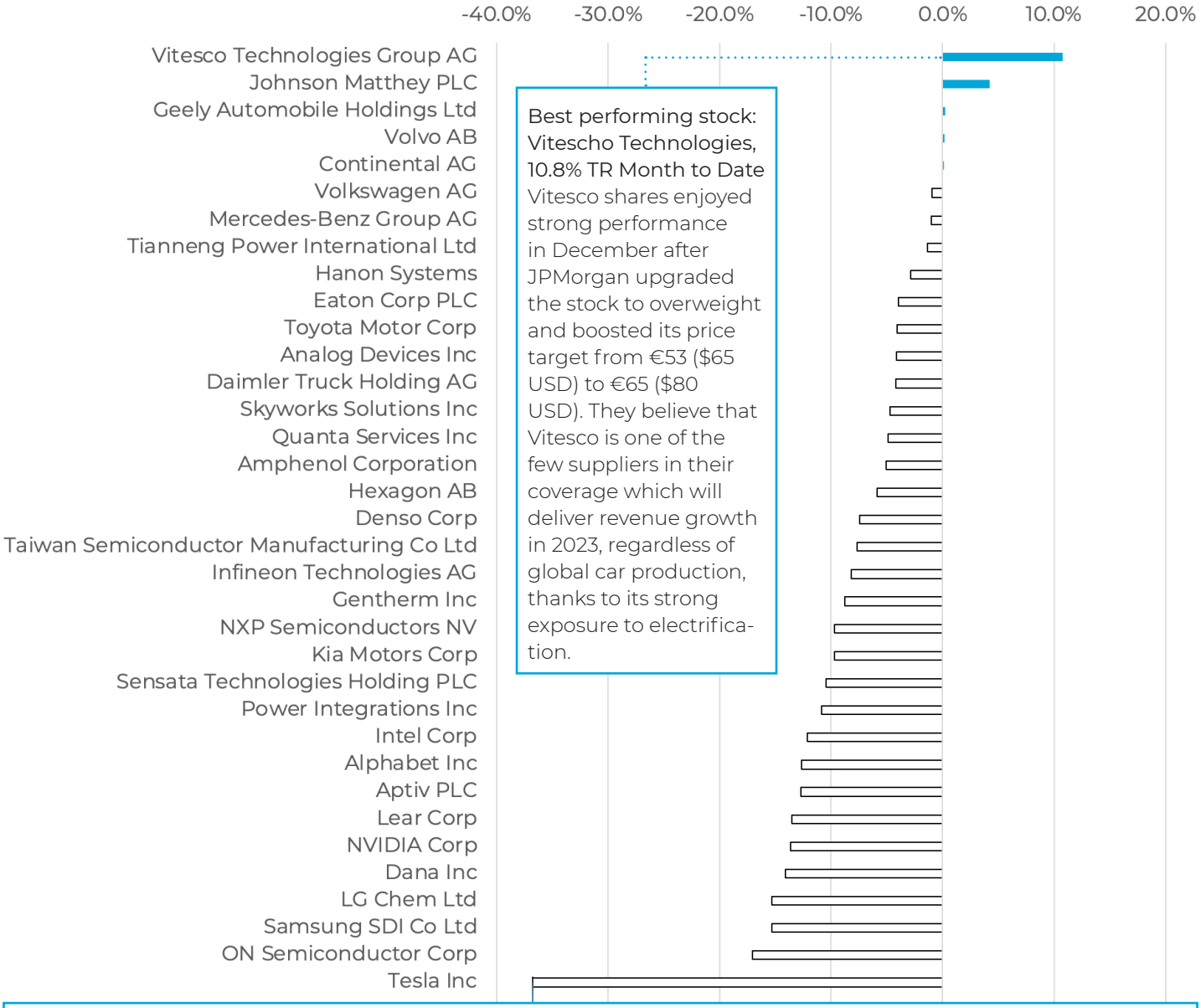
SmartETFs

Portfolio Performance

as of 12/31/2022

On a NAV basis, MOTO produced a total return of -9.04% for the month (-9.48% market price). The top performing MOTO holding was Vitescho Technologies, while Tesla was once again at the bottom of the pack. Electric vehicles made a big impact over 2022 - read our review starting on page two.

Holdings are subject to change. To view current fund holdings visit SmartETFs.com/MOTO



Best performing stock: Vitescho Technologies, 10.8% TR Month to Date

Vitesco shares enjoyed strong performance in December after JPMorgan upgraded the stock to overweight and boosted its price target from €53 ($65 USD) to €65 ($80 USD). They believe that Vitesco is one of the few suppliers in their coverage which will deliver revenue growth in 2023, regardless of global car production, thanks to its strong exposure to electrification.

Worst performing stock: Tesla Inc., -36.7% TR Month to Date

Tesla shares were under pressure in December as CEO Elon Musk continued to sell stock to fund his acquisition of Twitter. Musk has sold around $40bn of his equity stake in 2022 alone. This was exacerbated by concerns around cuts to output and pricing due to slowing electric vehicle demand growth and increasing competition.

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As of 12/31/2022	1 Month	6 Months	YTD	1 Year	3 Years	Since Inception (11/15/19)
MOTO at NAV	-9.04%	0.40%	-26.77%	-26.77%	10.91%	12.32%
MOTO at Market Price	-9.48%	0.25%	-27.15%	-27.15%	10.77%	12.00%
MSCI World NR	-4.25%	2.97%	-18.14%	-18.14%	4.94%	19.60%

Expense Ratio: 0.68% (net) | 0.88% (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.

Net Asset Value (NAV) represents the net value of an entity and is calculated as the total value of the entity's assets minus the total value of its liabilities.

Electric Vehicle Review over 2022

Electric vehicle (EV) adoption continued apace in 2022 with just under 8 million plug-in vehicles sold between January and October, more than in 2019 and 2020 combined. Battery electric vehicles (BEVs) made up just under 10% of new car sales with total plug-in penetration (BEV + Plug-in Hybrids) reaching 13%. Global sales are currently growing 60% year-over-year driven largely by China, which now accounts for 60% of sales. Europe is a distant second, with around one quarter of overall EV sales, while the US trails at under 10%.

Much of this growth has been driven by policy, with governments now subsidizing 10-30% of the price of an electric vehicle, while bringing forward the timeline on banning internal combustion (ICE) sales. Governments cannot maintain subsidies long-term, and it will be interesting to see how the Chinese market develops in 2023 now that the long-existing New Energy Vehicles (NEV) subsidy program has completely ended, meaning that no NEVs purchased after January 1st, 2023 will be subsidized. Nonetheless, looking ahead, we believe that we are now at a tipping point where improving economics, driving range, and charging times begin to drive mass adoption.

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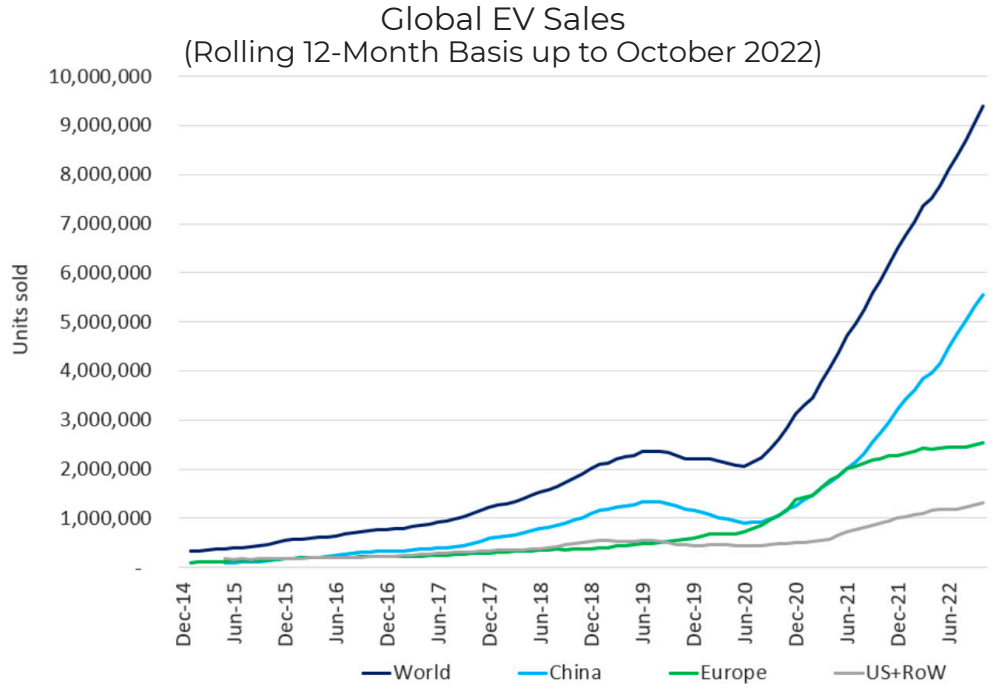
Electric Vehicle Review over 2022



Source: SmartETFs, EV-Sales, Cleantechnica

- **Economics:** Electric vehicles cost more to buy but have lower overall running costs. Excluding China, the International Energy Agency (IEA) suggest that BEVs are typically $15,000 more expensive to purchase. Assuming normalized fuel and electricity prices, we estimate that lifecycle running costs for an electric vehicle in Europe and the US are $23,000 and $13,000 lower respectively than the ICE equivalent, broadly justifying the upfront price premium.
- **Range:** The average range of a battery electric vehicle sold in 2021 was around 215 miles, just under half of an ICE equivalent. This is clearly inferior, yet average daily driving distances are only 25-55 miles, meaning that most EVs are easily capable of handling everyday distances, and the market is rapidly waking up to this reality.
- **Charge Time:** Level one and two chargers (available in residential and commercial environments) are cheap and can replenish 5-30 miles of range per hour. Level three fast chargers, however, offer fast charging on longer trips, delivering at a significantly higher rate of 200-600 miles of range per hour. Once again, China is leading the regional charging infrastructure roll out with seven electric vehicles per charger whereas the EU and US lag behind at 15-20 EVs per charger.

The recent rapid growth in electric vehicle sales has caught many forecasters by surprise, leading to swift revisions to long-term adoption rates. For example, Bloomberg New Energy Finance revised its 2025 forecast for EV sales penetration up to 23% in its 2022 outlook report, up from 16% in 2021. Our long-held forecast is that electric vehicles will make up 20% of new global vehicle sales by 2025, 50% by 2030 and predominantly all new vehicle sales by 2040. At that point, it implies an overall population of one billion EVs, over 60 times greater than the global stock in 2021 of 16.5 million.

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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 free newsletter! Join us at SmartETFs.co/newsletter.

Disclosure

MSCI World Index captures large and mid cap representation across 23 Developed Markets countries. With 1,583 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

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.

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.