MRAD

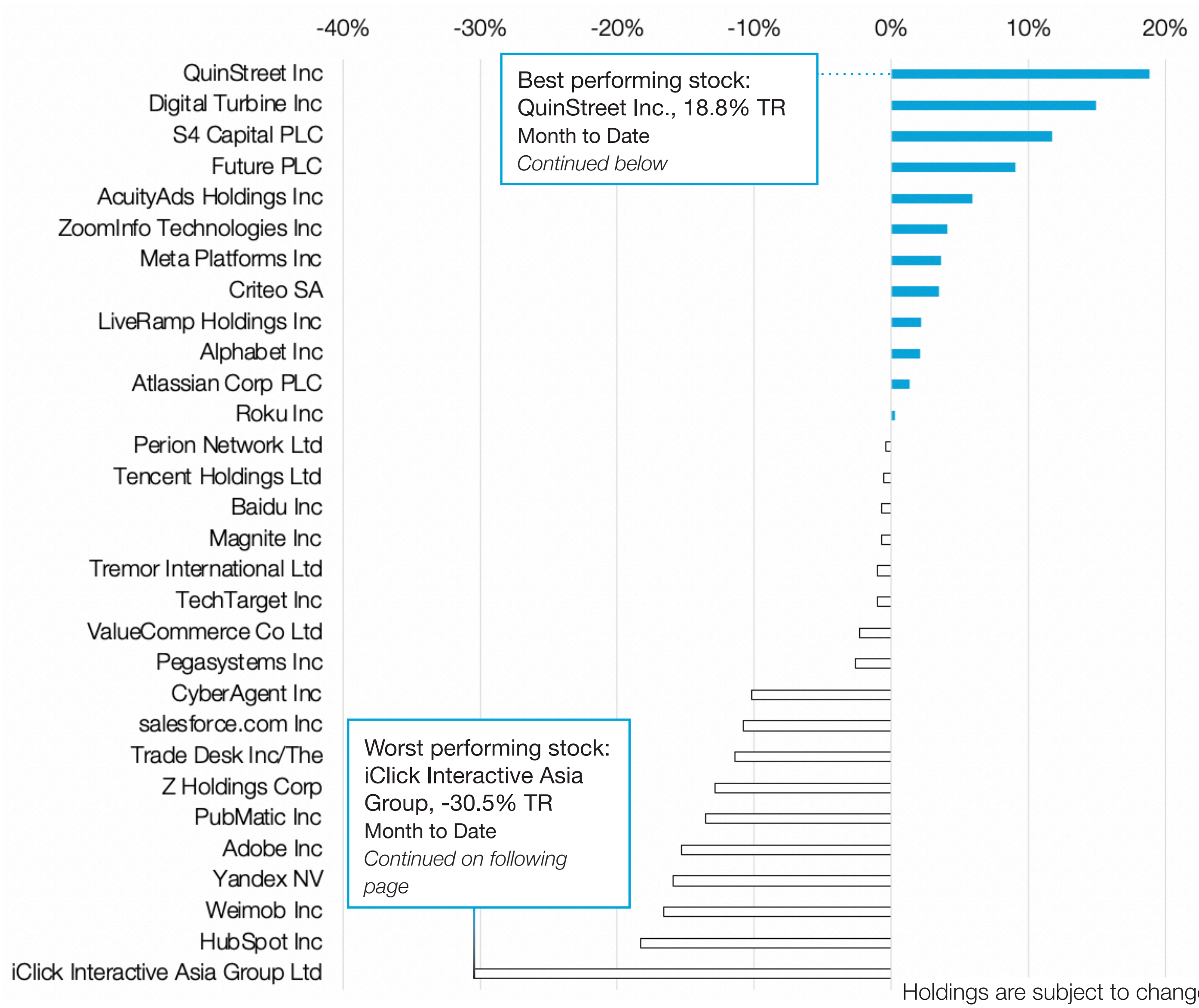
The SmartETFs Advertising & Marketing Technology ETF

January 2022 Update

Portfolio Performance

as of 12/31/2021

MRAD produced a total return of -3.09% on a net asset value basis (-3.42% market basis) in the month of December. QuinStreet Inc. was the top performing MRAD holding for the month after an earnings release that beat analyst expectations. On the other hand, iClick Interactive Asia Group was the MRAD laggard for the month thanks to tough regulations in the education and gaming sectors in China. Read on for a review of MRAD over the year, as well as our outlook for 2022.



Holdings are subject to change.

QuinStreet Inc. provides a broad range of Internet marketing tools to clients in large, information-intensive industries (education, home services, healthcare, and financial services). QuinStreet partners with search engine companies to help build websites with flexible content and offerings that are customizable according to the user base. It generates revenue via a pay-for-performance model of pricing in which customers are charged based on the client's lead performance results. Its product offerings comprise a full range of performance marketing products: Clicks, Inquiries, Calls, Applications, and Full Customer Acquisitions. Strong recent performance comes after QuinStreet's Q3 earnings release revealed that revenues 14.6% year-over-year (yoy), beating analyst estimates, and management also raised full-year 2022 guidance.

iClick Interactive Asia Group is an online marketing and enterprise data solutions provider in China. It serves as an integrated cross-channel gateway that provides marketers with innovative and cost-effective ways to optimize their online marketing efforts and achieve their branding and performance-based marketing goals. The Company provides digital marketing, data analysis, display solutions, software development, and other services. Recent poor performance comes in light of the broad tech sell-off impacting the fastest growing companies the hardest, as investors digest the prospects of higher interest rates. Further, the company revealed in its 3rd quarter earnings that it was facing some margin pressures due to lower revenues from the education and gaming sector in China amid greater regulation.

Nonetheless, revenue for Q3 2021 grew 26% yoy, attributable to the increase in contributions for Marketing Solutions and Enterprise Solutions. Revenue for Marketing Solutions grew 11%, primarily as a result of growing market demand from specific Asian marketing campaigns. Revenue from Enterprise Solutions was up 131%, primarily due to the increasing bids for online and offline consumer behavior data integration and digital transformation. Gross profit was up 8% mainly due to contribution from higher margin Enterprise Solutions.

Portfolio Performance

As of 12/31/2021	1 Month	6 Months	YTD	1 Year	Since Inception (12/31/20)
MRAD at NAV	-3.09%	-6.39%	6.69%	6.69%	6.67%
MRAD at Market Price	-3.42%	-6.90%	6.38%	6.38%	6.36%
MSCI World NR	4.27%	7.76%	21.82%	21.82%	21.82%

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.

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SmartETFs

Review of 2021

In 2021, the SmartETFs Advertising & Marketing Technology ETF produced a total return of 6.69% (NAV, in USD), versus the MSCI World Index (net return) of 21.82% (in USD). The Fund therefore underperformed by 15.1%.

At quarter end, the Fund's AUM was $2.69mn.

Q1 In the first quarter of 2021, the Fund returned 3.60% (in USD) vs the MSCI World Index return of 4.92% (underperformance of 1.32%).

Global equities advanced in the first quarter in 2021, supported by (1) the roll-out of COVID-19 vaccines, (2) news of further US fiscal stimulus, and (3) a pledge by the Fed Chairman, Jerome Powell, to keep interest rates lower-for-longer to help support the economic recovery. One year on from when equity markets bottomed, the MSCI World Index has rallied 79% (in USD) and is 18% above its pre-COVID highs.

Over Q1, the MSCI World Index rose 5% (in USD) and all regions registered gains, though markets were choppy and repeatedly tested as optimism drove bond yields higher. Despite the Fed's reassurances that interest rates will remain low, the sharp rise in yields sparked selloffs in global equity markets due to fears that rates may not remain supportively lower-for-longer if there is a material spike in inflation. This particularly dragged on the outlook for growth stocks which are expected to see earnings growth further out into the future and so are more vulnerable to higher discount rates. In contrast, value stocks performed relatively better as the "stay-at-home" trade gave way to the "re-opening" trade.

Equity markets' advance was fueled by value stocks and cyclical sectors, i.e. those which are most sensitive to the economic cycle. Energy, Financials, and Industrials performed best over the quarter, and this dragged on the Fund's performance.

Q2 In the second quarter of 2021, the Fund returned 10.28% (in USD) vs the MSCI World Index return of 7.74% (outperformance of 2.54%).

Global equity markets rallied strongly in the second quarter, building on first quarter gains, and closing out one of the best first half starts in history. Over Q2, the MSCI World Index rose 7.74% (in USD) and all regions registered gains. The US market delivered the best return, thanks to the rebound of growth stocks, strong first-quarter earnings growth (47% year-on-year), and the prospect of more fiscal stimulus as Joe Biden reached a bipartisan deal to boost infrastructure spending by $600 billion. Q2 marked the S&P 500 Index's fifth consecutive quarter of gains, and best first-half performance since 1998. Overall, the economic picture remained rosy too. The US economy accelerated in Q1 2021, recording an annualized GDP increase of 6.4%.

Growth equities led in the quarter, supported by strong earnings releases from mega-cap technology companies, reversing some of the year-to-date underperformance versus value. Large cap companies generally outperformed their small-cap counterparts during the quarter, also breaking from recent trends. IT and Communication Services were the best performing sectors in Q2, and this benefitted the Fund's performance.

Nonetheless the largest positive contributor to the Fund was news released by Google announcing that it is extending its deadline to remove third-party cookies from Chrome, from its original date of January 2022 until late 2023. Google also

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Review of 2021 (cont.)

said it will conclude its initial trial of Federated Learning of Cohorts or FLoC, its most well-known and criticized Privacy Sandbox ad method, on July 13th. Share prices of several demand-side and sell-side advertising platform companies increased for 2 reasons: (1) significantly more time to plan for the removal of cookies and, (2) increased likelihood that cookies could not be removed at all.

Q3 In the third quarter of 2021, the Fund returned -3.28% (in USD) vs the MSCI World Index return of -0.01% (underperformance of 3.27%).

After a strong start to the quarter in July and August (+4.32% in USD), the MSCI World Index fell 4.15% in September as several risks surfaced, and volatility spiked towards the end of the quarter. This was down to numerous factors including increasing Delta-variant COVID cases, ongoing debt ceiling negotiations, fiscal and monetary policy uncertainty, global supply chain bottlenecks, slowing economic and earnings growth projections, ongoing inflation fears, and regulatory uncertainty in China.

The MSCI World Index ended flat for the quarter, whilst the Asia-Pac ex Japan and EM markets were markedly the worst performing after negative news from China weighed heavily on performance. Greater regulation on the education and tech sectors, and the potential default of Evergrande – a large indebted Chinese property developer – all contributed to spooking investors.

In the US, equities notched up a small positive return in Q3: strong earnings had lifted US stocks in the run up to August, when the Fed seemed to strike a dovish tone, confirming its hesitance to tighten policy too fast. However, growth and inflation concerns late in the quarter meant US equities retraced their steps in September. This was exacerbated late in the month after the Fed stated that tapering of quantitative easing (i.e. a slowdown in the pace of asset purchases) will be announced in November, as expected, and will finish by mid-2022.

The above resulted in a sharp style rotation at the end of the quarter, away from growth stocks and towards value. Value's outperformance coincided with rate-sensitive stocks leading the gains, as the Financials and Energy sectors fared best over the quarter. This proved a drag on the Fund's performance.

Q4 In the fourth quarter of 2021, the Fund returned -3.25% (in USD) vs the MSCI World Index return of 7.77% (underperformance of 11.01%).

Stocks remained subdued in early October, with increasingly disrupted supply chains, hawkish Fed rhetoric, and higher persistent inflation. However, markets soon regained momentum following the onset of a strong Q3 earnings season, with over 80% of S&P 500 companies beating earnings expectations in the month.

Further evidence of an economic rebound and sustained strong earnings releases continued to drive equities higher during November. However, the World Health Organization labeled the new Omicron strain as a "variant of concern" in the final week of the month, spooking the market to one of the largest selloffs of the year. Equities were dealt another blow as Fed chair Jerome Powell also offered a more hawkish tone.

Volatility continued into December though fears over Omicron eventually waned as investors were encouraged by data in-

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Review of 2021 (cont.)

dicating a lower risk of hospitalization. Investors showed a preference for more defensive stocks as coronavirus infections surged past previous peaks across the US and Europe.

Over the quarter, Central Banks become more hawkish. In late November, Jay Powell told congress that the Fed was retiring the word "transitory". Powell's change of tact represented a significant turning point in Central Bank thinking – that inflation now takes top priority and the need to stimulate the economy had "clearly diminished". The market is now expecting three rate hikes of 0.25% over 2022 and an earlier timeline to the tapering of assets. The ECB also scaled back their asset purchasing programming, and the UK went a step further – raising rates to 0.25% from 0.10%.

While growth outperformed by 0.8% during Q4, December saw a strong rotation into value. This followed what was perceived as a hawkish "pivot" by the Fed, reversing much of the strength seen by growth in the prior two months. The sharp style rotation at the end of the quarter proved a drag on the Fund's performance given it holds high growth AdTech and MarTech names. Higher rates used to discount future growth, reduces the valuation of such fast-growing companies. Further, the Fund is predominantly exposed to the Communications sector, which was the only sector with negative returns in the quarter.

Outlook

The table below shows the Fund's 1-year forward earnings and sales growth (analyst consensus estimates) versus the MSCI World Index.

As of 12/31/2021	1-year Forward Earnings Growth	1-year Forward Sales Growth
MRAD	15.0%	16.0%
MSCI World Index	6.7%	6.1%

Source: Bloomberg, SmartETFs

The Fund at year end has higher expected sales and earnings growth vs the broad market and this is characteristic of the secular growth that the advertising tech/marketing tech industries are expected to experience.

While there may be volatility in equity markets and for advertising tech companies, there is good reason to be optimistic as we continue into 2022. A build-up of cash for both the average consumer and corporation, and government continuing to push through large stimulus packages should translate into robust near-term GDP growth. In particular, we continue to see an acceleration in technological transformations post-COVID that will have a lasting effect on how consumers and businesses operate. As such, we believe this Fund and its holdings are well positioned to benefit from such transformations, which include the move from traditional to digital advertising.

Thank you for your continued support.

Sagar Thanki
Fund Manager

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.

Not an email type of person? Follow us on Twitter @SmartETFs! We've always got something to say.

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.

Forward Earnings are an estimate of the next period's earnings of a company, usually till the completion of the current fiscal year and sometimes to the following fiscal year.

Forward Sales are a method for hedging price risk that involves an agreement between a lender and an investor to sell particular kinds of loans at a specified price and future time.

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.