MRAD

The SmartETFs Advertising & Marketing Technology ETF

February 2022 Update

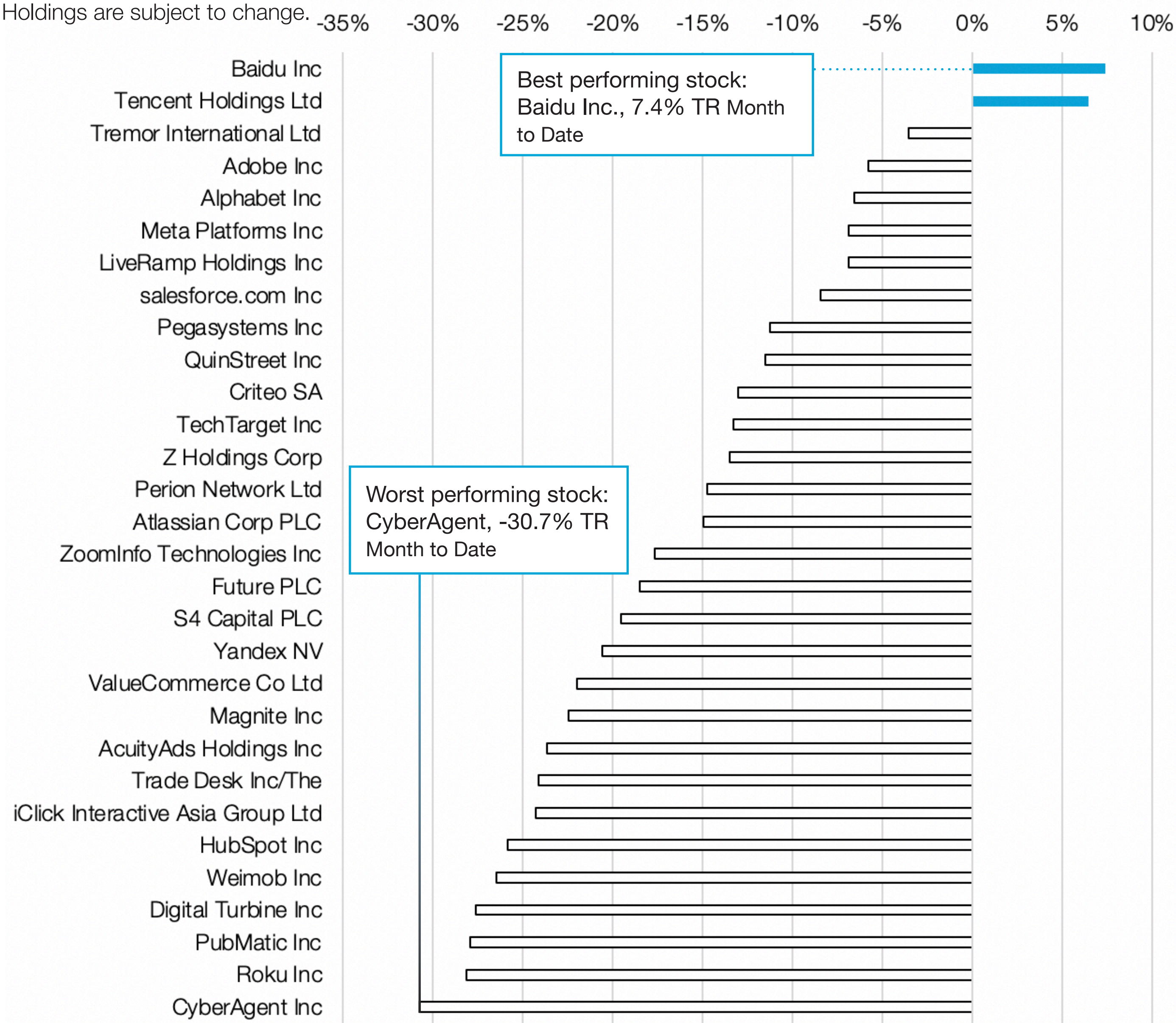
SmartETFs

Portfolio Performance

as of 1/31/2022

MRAD produced a total return of -15.55% on a net asset value basis (-15.52% market basis) in the month of January. Baidu Inc. was the top performing MRAD holding for the month while CyberAgent was the MRAD laggard for the month. The big players in digital advertising released their earnings for 2021 and accounted for 74% of global digital ad spending in the year. Read more on page 3.

Holdings are subject to change.



Baidu is the largest Internet search engine in China, with around 75% mobile traffic share in the search market. The company generates 86% of revenue from online advertising services; Baidu's primary advertising product is called Baidu Tuiguang and is similar to Google Ads: it is a pay per click advertising platform that allows advertisers to have their ads shown in Baidu search results pages and on other websites that are part of Baidu Union.

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CyberAgent is a Japanese integrated web company that focuses on Internet advertising, media, and gaming businesses. The largest business segment, Internet advertising, sells Internet ads to advertisers via smartphone and computer channels and is one of the largest Internet advertising players in Japan. Its media business focuses on Ameba, a popular blogging and social networking site that was launched in 2009 as well as digital efforts such as AmebaTV, a live broadcasting and Internet TV platform.

Portfolio Performance

As of 1/31/2022	1 Month	6 Months	YTD	1 Year	Since Inception (12/31/20)
MRAD at NAV	-15.55%	-16.36%	-15.55%	-14.92%	-9.14%
MRAD at Market Price	-15.52%	-16.67%	-15.52%	-15.56%	-9.36%
MSCI World NR	-5.29%	0.26%	-5.29%	16.53%	14.09%

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.

Big Year for the Big Players

In 2021, Google, Meta (formerly Facebook) and Amazon accounted for more than $7 in $10 (74%) of global digital ad spending last year, which is 47% of all money spent on advertising in the year.

Google

Revenue generated by advertising spend totaled $75.3 billion in Q4, up 32% from $56.9 billion for the same period a year ago. This was dominated by revenues from Google's "Search and Other" which numbered $43.3 billion in the closing quarter of the year, up 36% annually. Meanwhile, YouTube's advertising revenue totaled $8.6 billion, up 25% during the period, with ads on Google's network of properties generating $9.3 billion during the quarter, up 26%.

Meta

The social network's latest earnings update was mixed. It wasn't the disaster that warranted it losing more than $237 billion in value — that's the biggest one-day drop in value in the history of the U.S. stock market. But the update definitely contained some concerning issues.

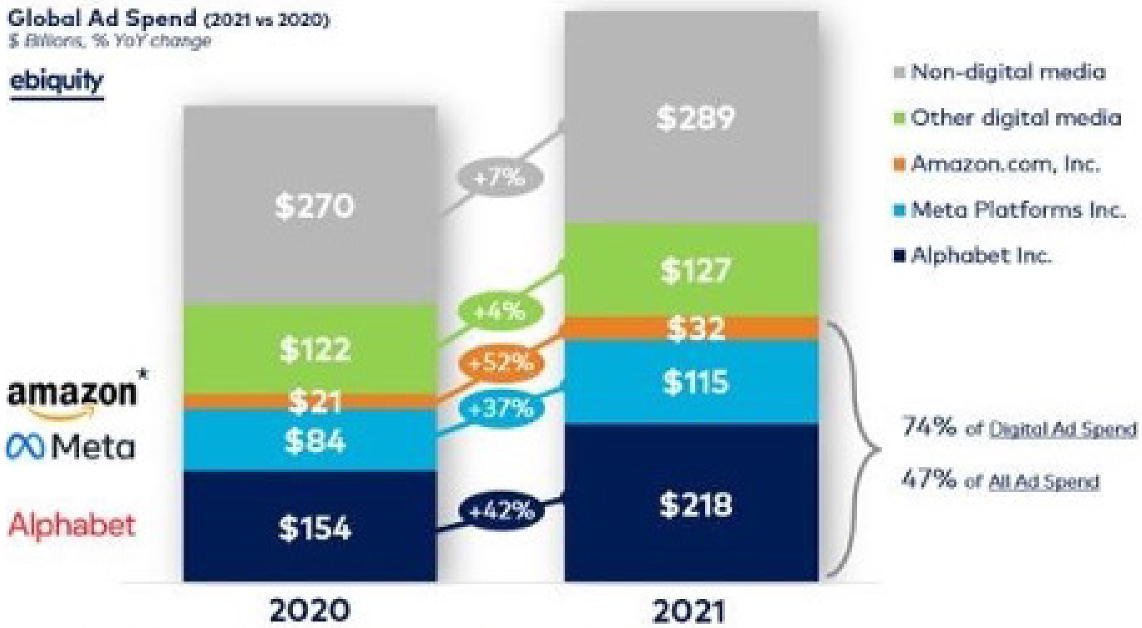
Among them, Apple's bite out of Meta's earnings in the fourth quarter. While the company didn't detail how much revenue was lost to in-app tracking blocked by Apple device users, it did warn that it anticipated $10 billion in lost revenue for the full year. That doesn't mean the business won't grow as evidenced by its fourth-quarter earnings. It made $33.7 billion over the period, which beat analyst expectations. In fact, it's arguable that ad revenue growth could grow by high double digits even as the shadow of Apple's privacy plan looms over. Indeed, advertisers — especially the larger ones — don't tend to pull money from a media owner because of a lack of data. They tend to allocate money to the areas they want and then optimize how it's spent with whatever data is available. Expect the same to happen on Meta. Nevertheless, some deceleration is expected.

Amazon

It's the first time Amazon has broken out its advertising business in its earnings. Usually, it's reported in the "Other" category. Last year, that business made $31 billion in revenue. The year before it was $19 billion. That puts its ad revenue well ahead of its contemporaries like Microsoft ($10 billion), Snap ($4.12 billion) and Pinterest ($2.6 billion)

Despite the size of Amazon's ads business relative to the market, it is still a footnote by Amazon's standards, accounting for 7% of all the revenue made by the company in the fourth quarter, per its earnings statement. And yet, it's larger than the $8.1 billion made by the company's subscription business, which includes Amazon Prime Video's monthly fees.

The Advertising Revenues of Alphabet, Meta and Amazon in 2021 (vs 2020)



Amazon does not report on advertising in isolation, their report states: Primarily includes sales or advertising services, as well as sales related to our other service offerings.
Source: ebiquity

There's more where that came from!

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