MRAD

The SmartETFs Advertising and Marketing Technology ETF

March 2023 Update

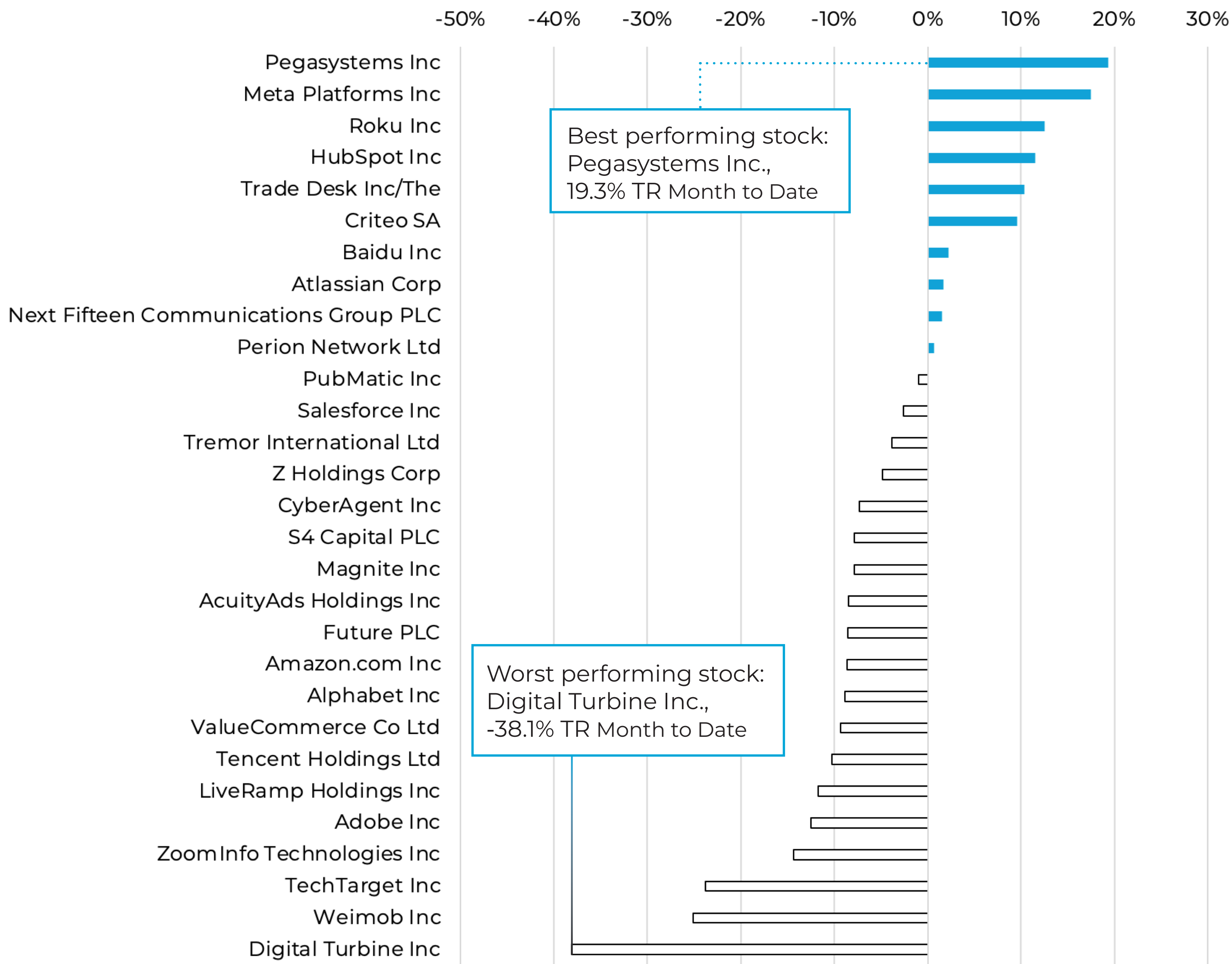
SmartETFs

Portfolio Performance

as of 02/28/2023

MRAD produced a total return of -3.82% on a net asset value basis (-3.57% market basis) in the month of February. Pegasystems was the top performer this month, while Digital Turbine was the laggard. Check out MRAD's performance, and more, below.

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



Pegasystems was the best performer in the month. Pegasystems develops software for customer relationship management (CRM), digital process automation, and business process management (BPM). The flagship AI-powered Pega platform automates customer interactions across transaction-intensive enterprises, such as financial services, insurance, health care, and telecommunications, in turn helping people open bank accounts, change phone plans, get healthcare, manage insurance claims, apply for permits, and more.

Strong recent performance comes after the application software company reported stronger-than-expected fourth quarter results and issued an upbeat earnings forecast for 2023. The company generated adjusted earnings of $0.82 per share on revenue of $396.5M that grew 25% year over year (y/y). The results topped analyst expectations for $333.78M in revenue and $0.15 per share earnings. In Q4, annual contract value grew 16% year-over-year in constant currency and 13% as reported, reaching $1.1B. The company attributed the growth to its go-to-market strategy which focuses heavily on cross-selling and upselling to existing clients. Another highlight was subscription revenue that topped $1B in 2022 and now represents 81% of Pega's total revenue. Focusing just on subscription services, which includes Pega Cloud and maintenance, backlog grew 13% Y/Y, in line with the company's reported ACV growth rate. Attributing its solid bottom line performance to disciplined expense management, the company stated that it expects to see another significant increase in profitability in 2023. For 2023, it guides annual contract value growth of 11% - 13%, revenue of $1.4B vs. $1.4B consensus and adjusted EPS of $1.50 vs. $0.74 consensus. Free cash flow is expected to increase to $150M.

Digital Turbine was the worst performer in the month. Digital Turbine 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 providers, the advertisers do not want to have to handle each of those customers individually. Weak recent performance comes after management guided for -22% year-on-year revenue decline for Q4 2023, following revenue decline of 25% in Q3 2023.

Discussing the macro headwinds in digital ad spending, CEO Bill Stone, said in the recent earnings call:

> *“We believe this trend [decline in digital ad spending] is temporary and will rebound for a very simple reason. Since the beginning of the first ad dollar spend hundreds of years ago, continuing to today and ultimately tomorrow, ad dollars have always followed where our eyeballs are. And today, our eyeballs are on our digital devices, and we don't see that changing. In fact, we see that growing. In addition, the company extended its contracts with Verizon and AT&T.”*

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As of 02/28/2023	1 Month	6 Months	YTD	1 Year	Since Inception (12/31/20)
MRAD at NAV	-3.82%	-3.22%	10.55%	-35.67%	-24.28%
MRAD at Market Price	-3.57%	-2.68%	10.76%	-35.44%	-24.38%
MSCI World NR	-2.40%	4.04%	4.50%	-7.33%	1.92%

As of 12/31/2022	1 Month	6 Months	YTD	1 Year	Since Inception (12/31/20)
MRAD at NAV	-4.65%	-12.46%	-53.56%	-53.56%	-29.58%
MRAD at Market Price	-4.96%	-12.26%	-53.65%	-53.65%	-29.75%
MSCI World NR	-4.25%	2.97%	-18.14%	-18.14%	-0.14%

Expense Ratio: 0.68% (net) | 4.90% (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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