

MRAD

The SmartETFs Advertising and Marketing Technology ETF

September 2022 Update



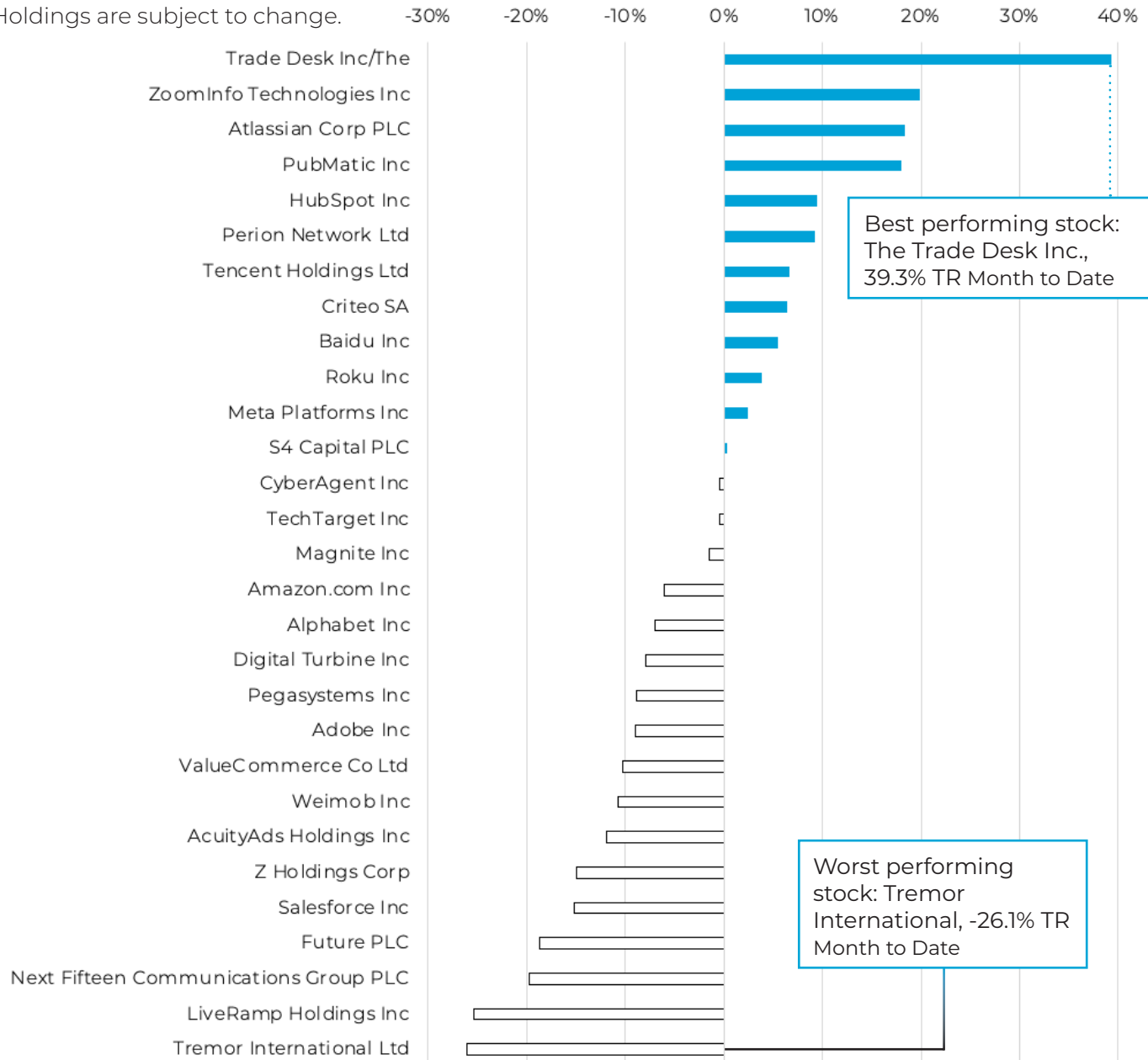
SmartETFs

Portfolio Performance

as of 8/31/2022

MRAD produced a total return of -1.92% on a net asset value basis (-2.21% market basis) in the month of August. The Trade Desk was the top performing MRAD holding for the month after surpassing analyst expectations, while Tremor International was the MRAD laggard for the month. Our incredible detective skills, aka coming across public job listings, have led us to believe that Apple might be building its own Demand-Side Ads Platform. More on page 3.

Holdings are subject to change.



The Trade Desk (TTD) was the best performer in the month after its quarterly earnings figures beat analyst expectations. The company is the world's largest independent demand-side platform (DSP), operat-



ing an online advertising platform that manages display, social, mobile, and video advertising campaigns in real-time. Through live programmatic ad pricing and placement, media buyers can target specific audiences with customized interactions across a variety of sell-side platforms and devices. The recent rally in share price comes as the company posted stronger than expected results for Q2 2021 - a quarter which represented TTD's toughest pandemic-rated year over year (YoY) comp as it grew sales by over 100% in Q2 2021. Regardless, revenue grew by 34.6% YoY in Q2 2022, and TTD sported a gross retention rate of over 95%. Further, The Trade Desk guided to "at least" \$364 million in revenue for the quarter while analysts were expecting \$365.2 million. It posted \$377.0 million in sales, beating analyst estimates by 3.2%. Regarding profitability, The Trade Desk guided to \$121 million in adjusted EBITDA for the quarter while analysts were looking for \$123.3 million. It earned \$138.9 million, beating its guide by 14.8% and analyst estimates by 12.7%.

Tremor International was the worst 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). Recent weak performance comes after the company missed consensus estimates for Q2 2022. For AdTech companies like Tremor, there are traffic acquisition costs (TAC) that distort revenue. Therefore, looking at the contribution ex-TAC can be helpful. In the first quarter, management guided for a Q2 contribution ex-TAC of \$75 - \$80 million. However, it came up short of this guidance with just \$70.8 million. Further, Tremor guided for EBITDA of \$40 million, and delivered \$39.1 million. In the meantime, Tremor is still very profitable with 51% margin and has a healthy balance sheet. Management also believes stock is undervalued given it spent \$45 million in the second quarter alone repurchasing shares.



Portfolio Performance

As of 8/31/2022	1 Month	6 Months	YTD	1 Year	Since Inception (12/31/20)
MRAD at NAV	-1.92%	-33.53%	-46.96%	-50.59%	-28.91%
MRAD at Market Price	-2.21%	-33.66%	-47.24%	-51.07%	-29.27%
MSCI World NR	-4.18%	-10.94%	-17.78%	-15.08%	0.09%
As of 6/30/2022	1 Month	6 Months	YTD	1 Year	Since Inception (12/31/20)
MRAD at NAV	-9.90%	-46.96%	-46.96%	-50.35%	-31.60%
MRAD at Market Price	-10.08%	-47.17%	-47.17%	-50.81%	-31.92%
MSCI World NR	-8.66%	-20.51%	-20.51%	-14.34%	-2.12%

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.

Apple Ads: Is Apple Building a DSP?

If recent job listings are to be believed, then Apple is building a demand-side ad platform. Specifically, it is looking for a senior manager for a DSP in its ads platforms business. Whoever gets the job will be asked to "drive the design of the most privacy-forward, sophisticated demand side platform possible," according to the job listing. Moreover, the ideal candidate would have experience building a mobile-centric DSP and know-how when it comes to optimizing "mobile campaigns using measurement and attribution."

It remains unclear if the intended DSP is geared toward serving ads solely on Apple's owned and operated properties, such as the App Store itself or on the millions of iOS apps, or even on third-party properties such as the mobile web. But the job posting is a clear signal of intent for the business that has left the impression (at least publicly) that building ad tech is the last thing it wanted to do. This is a company, after all, with a business model geared toward kneecapping advertising rather than embracing it.

continued on following page



Apple Ads: Is Apple Building a DSP? (continued)

In its public posturing, Apple has long been an advocate of user privacy. This began with the introduction of Intelligent Tracking Prevention which effectively disabled the use of third-party cookies in the Safari web browser and then the rollback of its mobile advertising identifier, a.k.a. IDFA in the iOS ecosystem. More recently, Apple began to usher in a series of tools such as its App Tracking Transparency tools, which it claimed placed the user in control of any ad experience by opting in or out of any tracking.

Over the years, Apple has built a vast walled garden of connected products and Apple services. What connects all these products and services creating seamless consumer experiences is user data. Apple building their own DSP is the next logical step in this evolution. They have been building their advertising business behind the scenes, leveraging their scale and ecosystem assets. With its own DSP, Apple will also have full control of how and where the data is used, preventing leakage of this very valuable data outside of their walled garden.

There's more where that came from!

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Disclosure

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S&P 500 is a market-capitalization-weighted index of 500 leading publicly traded companies in the U.S.

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

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 before interest, taxes, depreciation, and amortization (EBITDA) is a widely used measure of core corporate profitability. EBITDA is calculated by adding interest, tax, depreciation, and amortization expenses to net income.

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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