# SOLR

## The SmartETFs Sustainable Energy II ETF

July 2023 Update

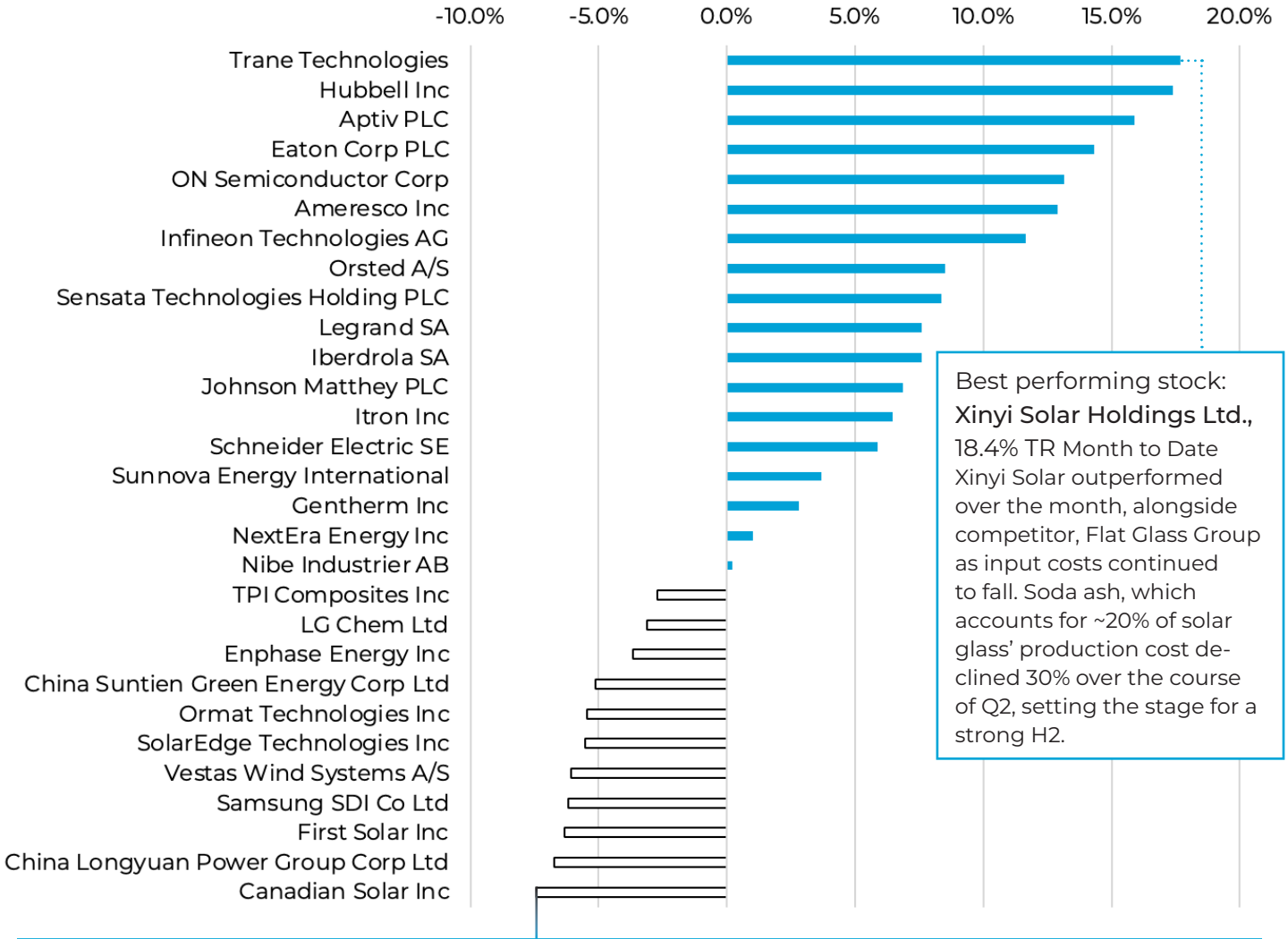
SmartETFs

## Portfolio Performance

as of 06/30/2023

Sustainable energy equities underperformed global stock markets in June, with the MSCI World Index benchmark delivering 6.05% while SOLR was up 3.81% on NAV basis and 3.89% on a market price basis. The Fund's performance in June was led by the efficiency (+16.5%) and electric vehicle (+10.4%) sub-sectors, while battery and IPP-oriented names were underperformers. Year to date, SOLR has returned 8.86% (NAV, 9.05 MKT), behind the MSCI World Index at 5.09%. Read on for more on SOLR, and the latest news in the sustainable energy space.

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




Best performing stock: **Xinyi Solar Holdings Ltd.,** 18.4% TR Month to Date
Xinyi Solar outperformed over the month, alongside competitor, Flat Glass Group as input costs continued to fall. Soda ash, which accounts for ~20% of solar glass' production cost declined 30% over the course of Q2, setting the stage for a strong H2.

Worst performing stock: **Canadian Solar Inc.**, -7.4% TR Month to Date
Canadian solar was the worst performer in the portfolio, selling down during the month as solar module pricing hit record lows, driven by oversupply in the polysilicon market which is now down c.75% YTD.

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| As of 06/30/2023 | 1 Month | 6 Months | YTD | 1 Year | Since Inception (11/11/20) |
|---|---|---|---|---|---|
| SOLR at NAV | 3.81% | 8.86% | 8.86% | 22.28% | 9.43% |
| SOLR at Market Price | 3.89% | 9.05% | 9.05% | 22.70% | 10.39% |
| MSCI World NR | 6.05% | 15.09% | 15.09% | 18.51% | 7.95% |

Expense Ratio: 0.79% (net) | 3.29% (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 0.79% through June 30, 2026.

*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.*

## Interesting News

- According to new estimates from Rystad Energy, battery energy storage installations are set to grow tenfold by the end of the decade. Total installations, which were 43 gigawatt hours (GWh) in 2022, are set to rise by more than 70% this year and to exceed 420GWh by 2030. The growth is set to occur at all levels (utility, microgrid and residential) and can be largely attributed to falling battery storage costs as well as increased incentives in North America, Europe, and China.

- China's non-fossil fuel energy sources now exceed 50% of its total installed electricity generation capacity according to state media outlet, Xinhua. At 50.9% of generation capacity, the current installed base of non-fossil fuel power sources has surpassed targets initially set for 2025, which bodes well for meeting the country's target for peak carbon emissions in 2030.

- Siemens Energy, the world's largest provider of offshore wind turbines, issued a shock profit warning during the month. The company cited quality problems linked to select components from a few suppliers, which impacted 15-30% of the company's installed base and is expected to cost more than EUR 1bn (approximately $1.124 bn USD) to fix. As things stand, these issues appear company-specific and manageable (Siemens Energy has over EUR 5bn in cash on its balance sheet), but the warning does highlight some of the pitfalls associated with ramping up new technologies at pace.

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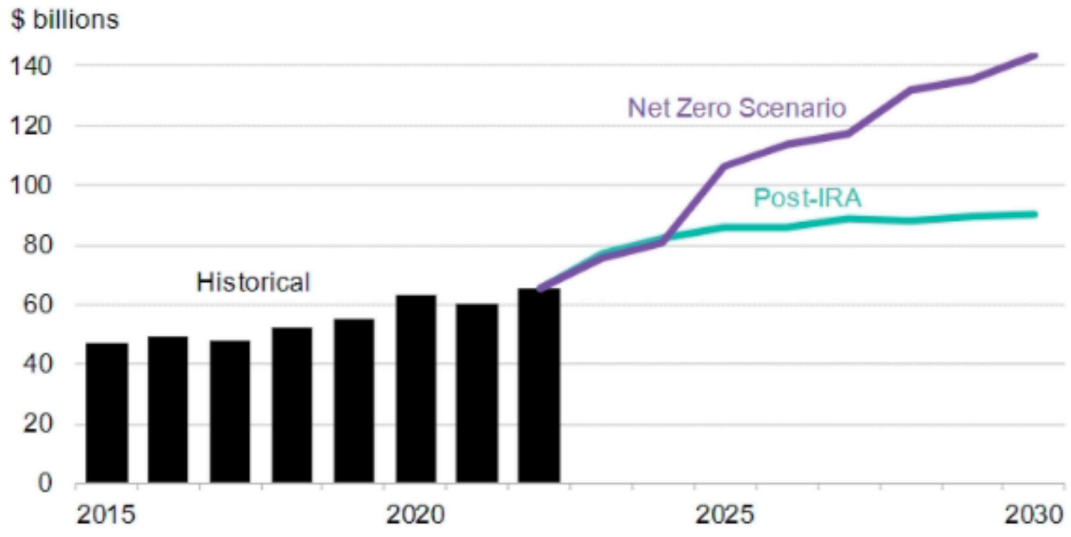
## Interesting News (continued)

- The Biden administration has proposed a new regulation to lower project fees for renewable developments on federal lands by as much as 80% to further improve the economics of development. The proposal would relate to the Bureau of Land Management (BLM), which manages one in every 10 acres of land in the US and are congressionally mandated to permit 25 gigawatts (GW) of renewable energy by 2025.

- The Japanese government announced its intention to invest $107 bn in hydrogen supply over the next 15 years to help decarbonize some of the more difficult-to-abate domestic industries. The move represents a material step change in ambition, with a target to generate 12 million tons per annum (mtpa) in hydrogen by 2040 vs prior plans of 3mtpa by 2030.

- As electrification continues apace and renewables become a greater portion of the energy mix, the grid needs to increase in scale and change in nature (bi-directional smart grids are needed vs analog grids designed for centralized generation). July's chart of the month shows the latest BloombergNEF estimates for historic grid spend vs both forecasted post-IRA (Inflation Reduction Act) spend and what is required to hit net zero. SOLR is well exposed to this theme through companies that own and operate electricity networks (Iberdrola, NextEra Energy), and produce low and medium-voltage equipment (Legrand, Eaton, Schneider and produce smart meters (Hubbell, Itron).

Comparison of US Annual Grid Investment Scenarios




*This graph does not imply any future performance.*
Source: Bloomberg New Energy Finance. Data as of June 30, 2023

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### 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.

The Fund's focus on the energy sector exposes it to greater market risk than if its assets were diversified among various sectors. Sustainable energy businesses are subject to various industry risks such as rapid and evolving changes in technology, demand for energy and economic factors as well as governmental polices and regulations. The Fund may invest in multiple countries including emerging markets and international companies which involves different and additional political, social, legal and regulatory risks. The global interconnectivity of industries and companies can be negatively impacted by economic uncertainties, environmental conditions and global pandemics or crises. These events can contribute to volatility, valuation and liquidity issues which could cause the value of the Fund to decline.

**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.