

MRAD

The SmartETFs Advertising and Marketing Technology ETF

May 2024 Update



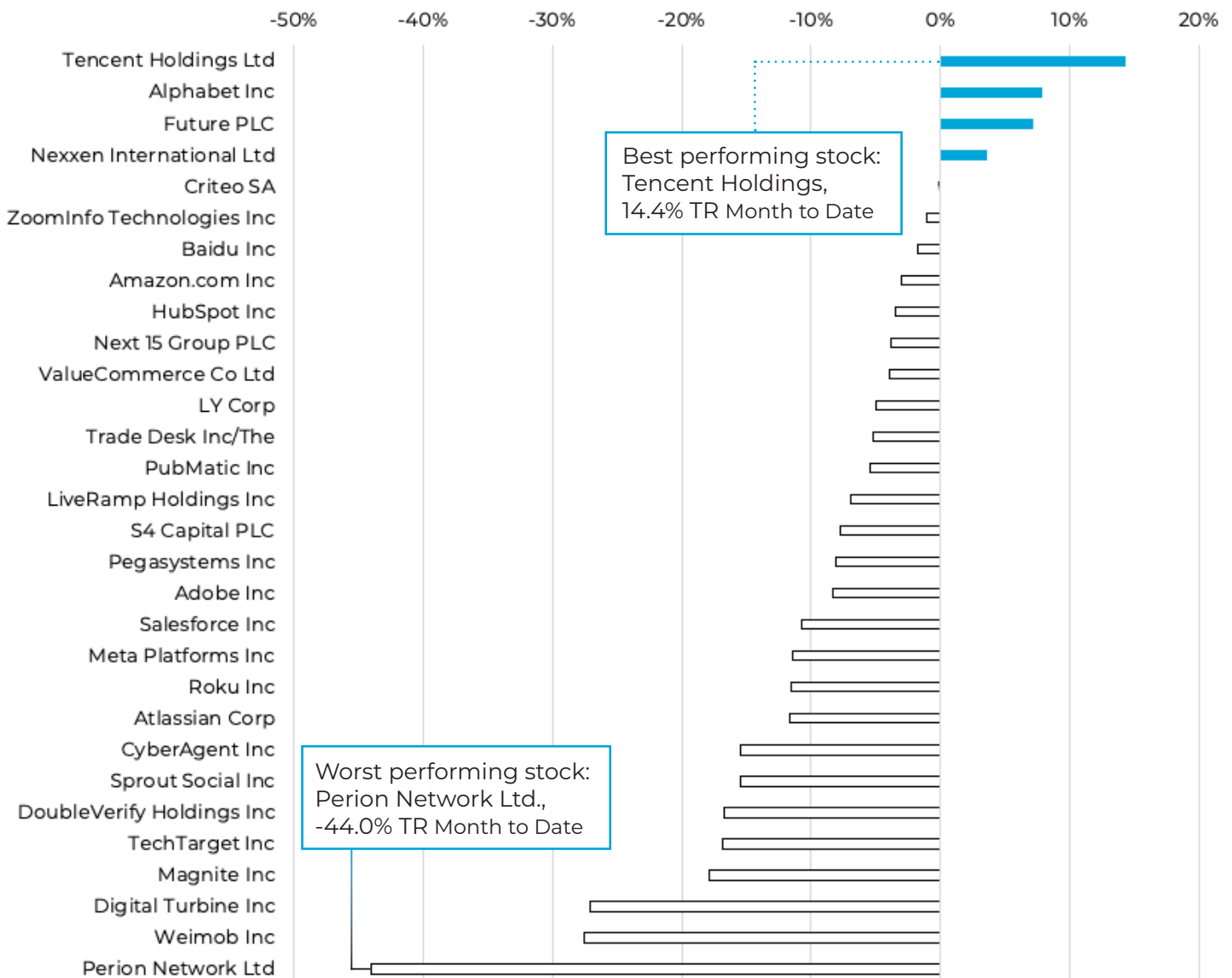
SmartETFs
by Guinness Atkinson

Portfolio Performance

as of 04/30/2024

MRAD underperformed its index in April by producing a total return of -7.83% on a net asset value basis (-8.09% market basis), while the MSCI World Index produced a total return of -3.71%. Tencent Holdings emerged as the top performer for the month due to a record \$6.3 billion share repurchase in 2023, plans to double this in 2024, and analysts' confidence in its gaming pipeline, AI, and advertising business. On the other hand, Perion Network was the worst performer over the month due to a 40% stock drop following weaker-than-expected preliminary Q1 2024 results and a reduced full-year outlook. Read on for more on MRAD!

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



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.



Portfolio Performance

Tencent was the best performer in the month, after the company's annual results showed that Tencent spent a record 49 billion Hong Kong dollars (\$6.3 billion) repurchasing shares in 2023, more than it had spent in total over the past decade. The social media giant also pledged to "at least double" the size of its share repurchase to over 100 billion Hong Kong dollars (\$12.8 billion) in 2024.

Despite Tencent having missed some forecasts in its FY23 results, analysts remained positive about the long-term potential of the stock, citing a strong gaming pipeline, confidence in its AI model Hunyuan, and its strength in the advertising business. Tencent provides digital entertainment and internet value-added services to more than 1 billion customers. The company owns products such as WeChat and QQ and is also a world-leading video game company. Tencent's stock has been facing challenges from the ongoing macroeconomic pressures affecting Chinese stocks in the market, regardless of its financial performance. In 2023, the company witnessed a turnaround as the gaming industry saw a resurgence following the resumption of game license issuance by Chinese regulators. The preceding year had presented significant challenges for Tencent, characterized by an eight-month freeze on new game licenses and other regulatory constraints. Consequently, Tencent reported a decline in its annual revenue in 2022, marking a historic first for the company.

Perion Network was the worst performer in the month, after the company's stock plummeted more than 40% after the company announced far weaker-than-expected preliminary first-quarter 2024 results. Perion also reduced its full-year outlook.

Perion said it expects first-quarter 2024 revenue to be \$157mn, up 8% year over year -- far below Wall Street's models for revenue of \$175.5mn, or growth of nearly 21%. Perion also said that adjusted earnings before interest, taxes, depreciation, and amortization (EBITDA) for the quarter will be down 36% year over year to \$20mn. Perion blamed its relative underperformance in Q1 on "changes in advertising pricing and mechanisms implemented by Microsoft Bing in its Search Distribution marketplace," which hurt search advertising volume and (to a lesser extent) web video activity. Perion CEO Tal Jacobson insisted that the company's relationship with Microsoft "remains strong," adding that the two companies are exploring additional opportunities for collaboration "on a variety of digital advertising solutions."

In the meantime, however, Perion also reduced its full-year guidance to call for 2024 revenue of \$590mn to \$610mn -- down 19% year over year at the midpoint of the range. Perion's previous outlook, provided in early February, called for revenue in the range of \$860mn to \$880mn, or growth of 17% year over year at the midpoint. Perion Network also reduced its outlook for 2024 adjusted EBITDA to be in the range of \$78mn to \$82mn, down from previous guidance for a range of \$178mn to \$182mn. Jacobson added that Perion's management and board of directors approved a \$25mn increase to their existing share buyback authorization -- reflecting their confidence "that Perion is competitively well positioned for continued success in the digital advertising landscape."

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As of 04/30/2024	1 Month	6 Months	YTD	1 Year	3 Years	Since Inception (12/31/20)
MRAD at NAV	-7.83%	14.74%	-5.79%	4.62%	-19.34%	-15.36%
MRAD at Market Price	-8.09%	14.08%	-6.00%	4.27%	-19.47%	-15.47%
MSCI World NR	-3.71%	20.29%	4.84%	18.39%	5.62%	8.05%
As of 03/31/2024	1 Month	6 Months	YTD	1 Year	3 Years	Since Inception (12/31/20)
MRAD at NAV	0.96%	15.60%	2.21%	9.48%	-15.56%	-13.58%
MRAD at Market Price	0.71%	15.88%	2.28%	9.57%	-15.67%	-13.61%
MSCI World NR	3.21%	21.31%	8.88%	25.11%	8.60%	9.53%

Expense Ratio: 0.68% (net) | 9.63% (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, 2027.

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A fund's NAV is the sum of all its assets less any liabilities, divided by the number of shares outstanding. The market price is the most recent price at which the fund was traded.

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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.

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.