

MRAD

The SmartETFs Advertising and Marketing Technology ETF

June 2024 Update



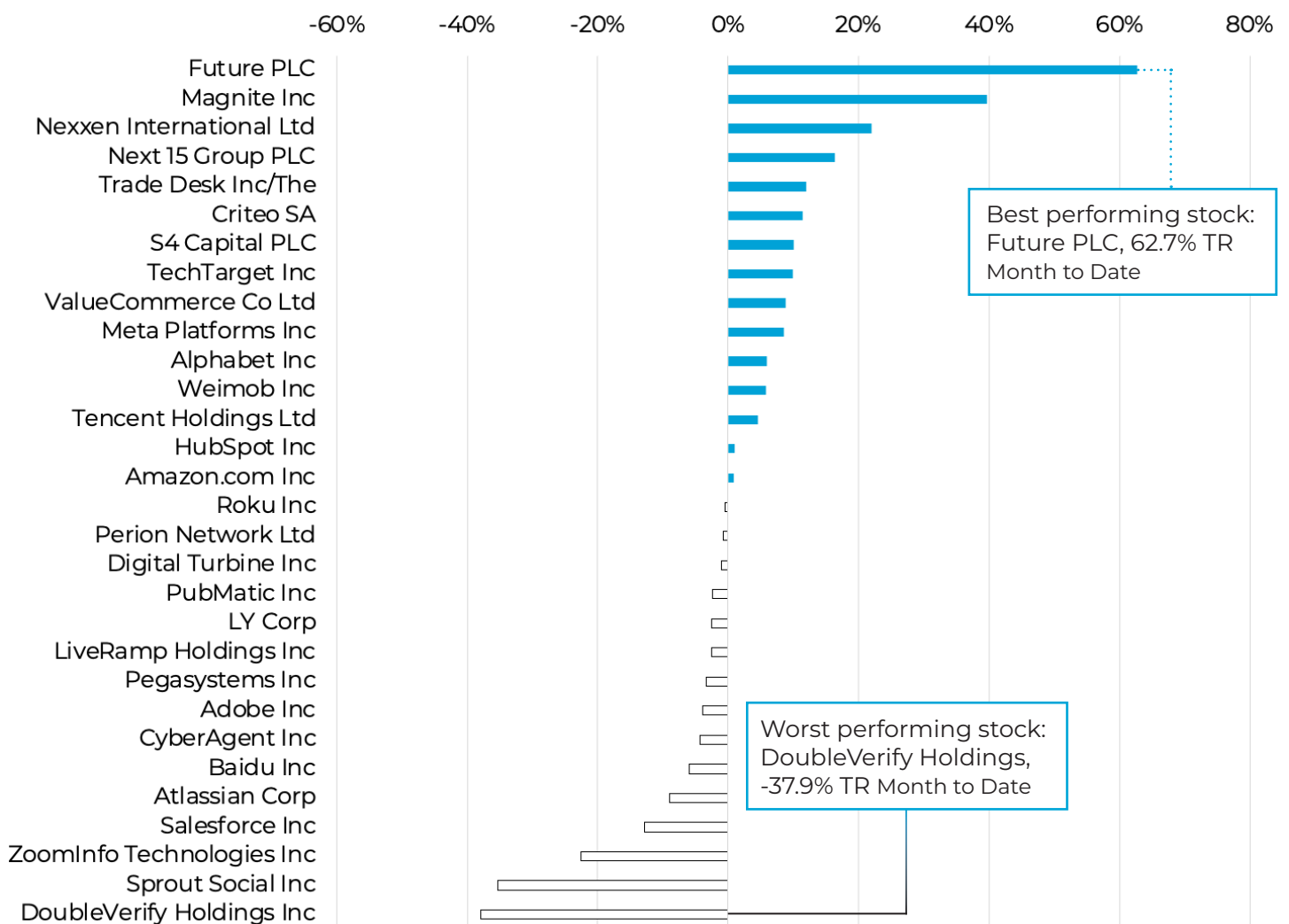
SmartETFs
by Guinness Atkinson

Portfolio Performance

as of 05/31/2024

MRAD underperformed its index in May by producing a total return of 3.11% on a net asset value basis (2.43% market basis), while the MSCI World Index produced a total return of 4.47%. Future emerged as the top performer for the month due to its positive second-quarter revenue growth, improved business reorganization, and strategic focus on optimizing its portfolio and diversifying revenue streams. On the other hand, DoubleVerify was the worst performer over the month as a result of posting weaker-than-expected results and guidance, with a decline in revenue guidance for the year, leading to investor disappointment. 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

Future was the best performer in the month. Future produces special interest magazines and runs websites and events. Fields include computing, games, music, automotive, sports, crafts, and leisure. Brands include Techradar, Gamesradar+, PC gamer, Digital Camera, FourFourTwo, Guitar World, Homebuilding & Renovating, The Photography Show, and others.

Strong performance comes following the company's half-year results. While revenue was down 3% year on year to £391.5m (approximately \$420.5m USD) and adjusted operating profit down 19% to £105.8m (approximately \$113.6m USD), Future said it returned to revenue growth in the second quarter (up 3% year on year), and that it was at an "inflection point" and it is confident about prospects for the rest of the year. CEO Steinberg said: "In December we set out plans to ensure that Future is best positioned to capitalize on opportunities in our markets. These plans are centered on growing a highly engaged audience, diversifying and increasing revenue per user and optimizing our portfolio. I'm pleased to report that in the early stages of this two-year plan we have made good progress, which will enable us to drive accelerating revenue growth. Overall trading in the first-half was in line with our expectations. While the market environment remains challenging, we are encouraged by a return to organic revenue growth in Q2, progress which has continued into Q3. Our focus for the balance of the year is on continued implementation of the growth acceleration strategy, with a particular focus on optimizing the portfolio and accelerating value creation for shareholders."

Future said it has reorganized the business into three areas:

- B2C brands (ex. Marie Claire, PC Gamer and Ideal Home) – drove 67% of group revenue and were down 13% in the period to £263.4m (approximately \$282.9m USD).
- B2B brands (ex. Smart Brief and IT Pro) – drove 8% of revenue and were up 7% to £32m (approximately \$34m USD)
- Financial price comparison site Go Compare, which Future bought for £594m (approximately \$638m USD) in 2020, was the star performer with revenue rising 30% to £96.1m (approximately \$103m USD) (25% of total revenue).

Overall, group website traffic has stabilized since January, despite Google algorithm updates which have hurt many publishers. Future's Tech Radar was one of the big winners in the last major Google search update in March, with discoverability on the platform rising 45% according to Sistrix data. Future said it reached 222 million online users in the period, down 10% from 247 million in the same period in 2023.

The company said it is taking its "first steps" in expanding email, social commerce and digital subscriptions as revenue drivers.

Revenue from e-commerce product sales fell 24% in the period and advertising revenue fell 10% in the UK and 14% in the US. The advertising revenue trend improved in the second quarter.



Portfolio Performance

Future has rapidly expanded in recent years, spending well more than £1.3bn (\$1.4bn) on acquisitions including: Dennis Publishing (£300m) (\$322m), Go Compare (£594m) (\$638m), TI Media (£140m) (\$150m), Smartbrief (£53.5m) (\$57.5m), Purch Group LLC (£102m) (\$109.5m), Home Interest (£32m) (\$34m), Barcroft Studios (£23.5m) (\$25m) and Mozo (£16m) (\$17m). It said it believes the “businesses making up the group are significantly undervalued”.

It said acquisitions were no longer a priority and surplus cash will instead be spent on:

- investment in the business (up to 2% of revenue)
- reducing current debt (down from £296.7m) (\$318.7m)
- returning money to shareholders (via a new £45m (\$48m) share buyback scheme and increased dividends).

DoubleVerify was the worst performer in the month after the company posted weaker than expected results and guidance. While revenues for Q1 beat expectations, and saw a 15% year on year increase, revenue guidance for the year declined to 17% and net income also declined.

DoubleVerify is a leading software platform for digital media measurement, data, and analytics. DoubleVerify provides online media verification and campaign effectiveness solutions for brand marketers, agencies, advertising networks, demand-side platforms, exchanges, and digital publishers looking to ensure quality advertising environments, campaign transparency, and performance. DoubleVerify's technology platform provides advertisers with consistent and unbiased data and analytics that can be used to optimize the quality and return on digital ad investments. The company's reach is enabling it to become like a “currency” or an accepted standard for measuring authenticity and effectiveness of ads across platforms. The company enjoys a sticky revenue stream of large, stable brands given DoubleVerify is not easily extracted or removed, because the workflow becomes part of how customers buy, and the metrics become part of the system of their media buying process. It is therefore difficult for new market entrants to take meaningful share because a network effect, requiring accreditation and a critical mass of brands plus advertisers, poses a hurdle.

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As of 05/31/2024	1 Month	6 Months	YTD	1 Year	3 Years	Since Inception (12/31/20)
MRAD at NAV	3.11%	3.82%	-2.86%	3.47%	-16.74%	-14.25%
MRAD at Market Price	2.43%	3.14%	-3.72%	2.64%	-17.08%	-14.52%
MSCI World NR	4.47%	14.89%	9.52%	24.92%	6.66%	9.23%

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.

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