

## Evolve Innovation Index Fund

EDGE provides investors with access to global companies that are involved in innovative or disruptive trends across a broad range of industries.

**EDGE**

ETF TICKERS: EDGE (HEDGED); EDGE.U (USD)

MUTUAL FUND FUNDSERV CODE: EVF160 (CLASS F); EVF161 (CLASS A)

**Investment Thesis:** Innovation is a long-term, key driver of global economic growth. Access 8 themes that are reshaping our world. Data and AI are at the center of technological innovation.

### 8 Themes

- |  |  |
|--|--|
| <p><b>1. Automobile Innovation:</b> The car is becoming digital: Autonomous, Connected &amp; Electric</p> <p><b>2. Cybersecurity:</b> Non-discretionary need to protect our data infrastructure</p> <p><b>3. Cloud Computing:</b> Store and access data through the internet</p> <p><b>4. E-Gaming:</b> Largest and fastest-growing entertainment sector</p> | <p><b>5. 5G:</b> Increasing wireless delivery speeds and efficiencies to connect the world</p> <p><b>6. Robotics and Automation:</b> The rise of robots will boost productivity and economic growth</p> <p><b>7. Fintech:</b> Transforming how financial services are delivered and consumed</p> <p><b>8. Genomics:</b> Better drugs, developed in a fraction of the time at lower costs</p> |
|--|--|

## GENERAL INDUSTRY UPDATE

### Automobile Innovation



Source: [Oxfordshirelive.co.uk/news](https://oxfordshirelive.co.uk/news)

Globally, the demand for electric vehicles remains robust, but the growth of charging stations is lagging behind. According to an in-depth study by Ryan Fisher at BNEF, the number of electric vehicles on the road per public charging point jumped to 9.2. At the end of 2020, this figure was 7.4.

China, one of the biggest and fastest growing markets for electric vehicles, has done well when it comes to charging stations. Since 2018, the growth of charging stations has kept up with the increasing demand for electric cars. The country now has more than half of the world's public charging points.

In the U.S., the number of chargers for every electric vehicle continues to decline. Europe is also lagging behind when it comes to charging infrastructure as electric vehicle sales in the region have surged since 2019. In Germany, for example, the ratio of electric vehicles per charging point in 2019 was eight. In 2021, it was at 20.<sup>1</sup>

### Cybersecurity

In an interview with CNBC's "TechCheck", George Kurtz, the CEO of CrowdStrike Holdings, Inc. said that there are a lot of companies in the cybersecurity space, with big valuations and big expectations. However, the company is taking the wait-and-see approach when it comes to mergers and acquisitions. The CEO believes that given the landscape in the industry, public cybersecurity firms are in a relatively good position, but private companies could be worth watching as their funding rounds are ahead, but their valuations are constricted.<sup>2</sup>



Source: [Envato.com](https://envato.com)



Source: Boeing

## Cloud Computing

Boeing Co. has become a cloud customer. The company is using all three cloud computing giants—Amazon.com Inc., Microsoft Corp. and Alphabet Inc.'s Google to transform its digital footprints.

The aircraft manufacturer signed a multiyear agreement with big tech companies to upgrade its hosting and maintain its software applications through a network of servers. Boeing wants to move its applications to cloud where they will be maintained at data centers operated by cloud service providers.

Boeing is upgrading its technology to avoid delays and glitches that increase the costs of producing new aircrafts. It's investing in tools like digital twins where there is a virtual model of actual hardware that could help the company envision new aircraft concepts and assembly lines that would build these aircrafts.<sup>3</sup>



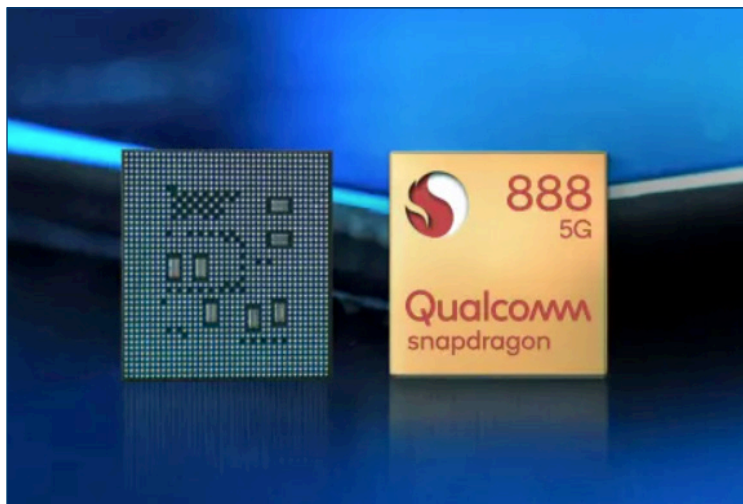
Source: AFP via Getty Images

## E-Gaming

China, the world's largest mobile and video games market, is seeing some signs of relief after the government crackdown on technology ranging from e-commerce, fintech, online education, and online gaming. China's National Press and Publication Administration has approved a batch of new video game licenses for the first time since July 2021.

It's still not clear which video games were approved and if they were from industry leaders such as Tencent Holdings Ltd. and NetEase Inc. The media watchdog has been reviewing video games to decide if they meet stricter criteria set by the National Press and Publication Administration around content and child protection.

For companies like Tencent Holdings, the slowdown in video game approval caused by stricter criteria is impacting business. The company's most lucrative business division grew just one percent in the later part of 2021, far behind the 34% increase in Tencent Holding's international business. Its sales growth rate has stalled to the slowest pace since 2004.<sup>4</sup>



Source: Qualcomm

## 5G

Qualcomm Inc., owned by the fund and a leader in 5G technology, reported strong financial performance for its most recent quarter—beating analysts estimates. All four of the company’s segments showed resilience.

The Handsets segment of Qualcomm grew 56% year-over-year in the most recent quarter and registered revenue of \$6.33 billion. RF front-end—the segment focused on 5G connections—increased 28%. The IoT business expanded 61% and the automotive market segment grew 41% annually.<sup>5</sup>

## Robotics & Automation

According to Polaris Market Research, there’s an expected boom in delivery robots within the coming years. Globally, the autonomous delivery robot market was just \$211.5 million in 2021. By 2029, this market is expected to increase to \$2.11 billion. This represents a compound annual growth rate of 34.9%.

The e-commerce sector could be the biggest beneficiary of this market as autonomous delivery robots would help retailers reduce costs associated with last-mile distribution. Furthermore, since there’s demand for contactless delivery, these robots could play a critical role.

When it comes to autonomous delivery robots, the hardware segment is expected to see the biggest boost and remain a dominant part of the industry. However, if there’s increased supply of autonomous delivery robots, this could also improve the software segment of the industry.<sup>6</sup>



Source: Adobe stock



Source: Shopify.com

## Fintech

Shopify, an e-commerce giant held by the fund that offers a selling platform to independent businesses, reported a net loss US\$1.5 billion in the most recent quarter of 2022. Shopify reported results that were below analysts’ expectations, and the stock price has also declined.

During the pandemic, Shopify’s stock had a stellar run. The stock reached a peak of about \$2,140 in November and became the biggest company in Canada.<sup>7</sup>

## Genomics

BeiGene, Ltd., held by the fund, is a biotechnology company that aims to develop and commercialize innovative medicines. For the first quarter of 2022, the company reported revenue of \$261.6 million—a stellar 146% increase year-over-year.

The company's BRUKINSA product revenue surged 372% globally year-over-year.

Regarding the future, the co-founder, chairman, and CEO of BeiGene, John V. Oyler, said that he's never been more confident in the company. He's impressed by the performance in the U.S., Europe, and Asia.<sup>9</sup>



Source: Caixinglobal.com/BeiGenebuilding

## PERFORMANCE (%)

TOTAL RETURNS*	1 MTH	YTD	1 YR	2 YR	3 YR	4 YR	SI**
<b>EDGE (HEDGED)</b>	-10.24	-20.56	-18.15	19.53	13.49	12.51	12.52
<b>EDGE.U (USD)</b>	-12.06	-22.03	-21.44	-	-	-	-11.48

Source: Bloomberg, as at April 29, 2022.

\*\* Performance of EDGE since inception on April 30, 2018.

Performance of EDGE.U since inception on January 7, 2021.

## Sources:

1. McKerracher, C. "Electric Vehicle Growth Outpaces Installation of Battery Chargers," BNN Bloomberg, April 12, 2022; <https://www.bnnbloomberg.ca/electric-vehicle-growth-outpaces-installation-of-battery-chargers-1.1751140>.
2. CNBC, "It's kind of wait and see,' for M&A in cybersecurity, says CrowdStrike CEO," April 8, 2022; <https://www.cnn.com/video/2022/04/08/its-kind-of-wait-and-see-for-ma-in-cybersecurity-says-crowdstrike-ceo.html>.
3. Johnsson, J. and Day, M. "Boeing Taps Amazon, Microsoft and Google for Cloud Mega-Deal," Yahoo! Finance, April 6, 2022; <https://finance.yahoo.com/news/boeing-taps-amazon-microsoft-google-110000719.html>.
4. "China Ends Game Freeze By Handing Out First Licenses Since July," BNN Bloomberg, April 11, 2022; <https://www.bnnbloomberg.ca/china-ends-game-freeze-by-handing-out-first-licenses-since-july-1.1750628>.
5. Leswing, K., "Qualcomm revenue pops 41% driven by Android phone chip sales," CNBC, April 27, 2022; [https://www.cnn.com/2022/04/27/qualcomm-qcom-earnings-q2-2022.html?\\_\\_source=androidappshare](https://www.cnn.com/2022/04/27/qualcomm-qcom-earnings-q2-2022.html?__source=androidappshare).
6. "Autonomous Delivery Robots Market Share, Size, Trends, Industry Analysis Report, By Product (Fully Autonomous Robots, Semi-Autonomous Robots); By Component (Hardware, Software); By End-Use; By Region; Segment Forecast, 2022 - 2029," Polaris Market Research, accessed May 11, 2022; <https://www.polarismarketresearch.com/industry-analysis/autonomous-delivery-robots-market>.
7. Coulton, M., "Shopify founder Tobi Lütke throws shade on the analysts who are down on his company," Financial Post, May 9, 2022; <https://financialpost.com/investing/shopify-founder-tobi-lutke-throws-shade-on-the-analysts-who-are-down-on-his-company>.
8. "BeiGene Reports First Quarter 2022 Financial Results," BeiGene, Ltd., May 5, 2022; <https://ir.beigene.com/news/beigene-reports-first-quarter-2022-financial-results/6394a392-6ae5-4f27-91aa-2b7755655133/>.

The Refinitiv Lipper Fund Awards, granted annually, highlight funds and fund companies that have excelled in delivering consistently strong risk-adjusted performance relative to their peers.

The Refinitiv Lipper Fund Awards are based on the Lipper Leader for Consistent Return rating, which is a risk-adjusted performance measure calculated over 36, 60 and 120 months. The fund with the highest Lipper Leader for Consistent Return (Effective Return) value in each eligible classification wins the Refinitiv Lipper Fund Award. For more information, see [lipperfundawards.com](http://lipperfundawards.com). Although Refinitiv Lipper makes reasonable efforts to ensure the accuracy and reliability of the data contained herein, the accuracy is not guaranteed by Refinitiv Lipper. Refinitiv Lipper Fund Awards, ©2021 Refinitiv. All rights reserved. Used under license.

The FundGrade A+® rating is used with permission from Fundata Canada Inc., all rights reserved. Fundata is a leading provider of market and investment funds data to the Canadian financial services industry and business media. The Fund-Grade A+® rating identifies funds that have consistently demonstrated the best risk-adjusted returns throughout an entire calendar year. For more information on the rating system, please visit [www.Fundata.com/ProductsServices/FundGrade.aspx](http://www.Fundata.com/ProductsServices/FundGrade.aspx).

FundGrade A+® is used with permission from Fundata Canada Inc., all rights reserved. The annual FundGrade A+® Awards are presented by Fundata Canada Inc. to recognize the “best of the best” among Canadian investment funds. The FundGrade A+® calculation is supplemental to the monthly FundGrade ratings and is calculated at the end of each calendar year. The FundGrade rating system evaluates funds based on their risk-adjusted performance, measured by Sharpe Ratio, Sortino Ratio, and Information Ratio. The score for each ratio is calculated individually, covering all time periods from 2 to 10 years. The scores are then weighted equally in calculating a monthly FundGrade. The top 10% of funds earn an A Grade; the next 20% of funds earn a B Grade; the next 40% of funds earn a C Grade; the next 20% of funds receive a D Grade; and the lowest 10% of funds receive an E Grade. To be eligible, a fund must have received a FundGrade rating every month in the previous year. The FundGrade A+® uses a GPA-style calculation, where each monthly FundGrade from “A” to “E” receives a score from 4 to 0, respectively. A fund’s average score for the year determines its GPA. Any fund with a GPA of 3.5 or greater is awarded a FundGrade A+® Award. For more information, see [www.FundGradeAwards.com](http://www.FundGradeAwards.com). Although Fundata makes every effort to ensure the accuracy and reliability of the data contained herein, the accuracy is not guaranteed by Fundata.

Commissions, trailing commissions, management fees and expenses all may be associated with exchange traded mutual funds (ETFs) and mutual funds. Please read the prospectus before investing. ETFs and mutual funds are not guaranteed, their values change frequently and past performance may not be repeated. There are risks involved with investing in ETFs and mutual funds. Please read the prospectus for a complete description of risks relevant to the ETF and mutual fund. Investors may incur customary brokerage commissions in buying or selling ETF and mutual fund units. This communication is intended for informational purposes only and is not, and should not be construed as, investment and/or tax advice to any individual.

The indicated rates of return are the historical annual compound total returns net of fees (except for figures of one year or less, which are simple total returns) including changes in per unit value and reinvestment of all dividends or distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any securityholder that would have reduced returns. The rates of return shown in the table are not intended to reflect future values of the ETF or returns on investment in the ETF. ETFs are not guaranteed, their values change frequently, and past performance may not be repeated.

Certain statements contained in this documentation constitute forward-looking information within the meaning of Canadian securities laws. Forward-looking information may relate to a future outlook and anticipated distributions, events or results and may include statements regarding future financial performance. In some cases, forward-looking information can be identified by terms such as “may”, “will”, “should”, “expect”, “anticipate”, “believe”, “intend” or other similar expressions concerning matters that are not historical facts. Actual results may vary from such forward-looking information. Evolve undertakes no obligation to update publicly or otherwise revise any forward-looking statement whether as a result of new information, future events or other such factors which affect this information, except as required by law.