

Evolve Cyber Security Index ETF

CYBR invests primarily in equity securities of companies located domestically or internationally that are involved in the cyber security industry through hardware and software development.

For the one month period ending January 31, 2018



TICKER: CYBR **MANAGEMENT FEE:** 0.40%

MACROECONOMIC HIGHLIGHTS:

- Google Inc. researchers recently identified a feature of some of the world's biggest software companies, including Intel Corp. and Microsoft Corp., that leaves computers and smartphones susceptible to the hacking of sensitive data. Computers and phones with Intel chips from the past 10 years appear to be affected, allowing hackers to read a computer's memory to steal passwords or access secret information.⁵
- As the world becomes more and more connected, and companies and agencies become more dependent on technology, cyber attacks have become more widespread and are causing greater damage. According to the World Economic Forum's latest Global Risks Perception Survey, "large-scale cyber attacks are now ranked third in terms of likelihood, while rising cyber dependency is ranked as the second-most significant driver shaping the global risks landscape over the next 10 years."⁶
- Cyber attacks on businesses have almost doubled in the past five years, and the financial impact of these breaches has risen significantly.⁷ Businesses and governments will have little choice but to invest further in cyber risk management in the future.

ATTRIBUTION:

- Holdings in SailPoint Technologies Holdings Inc. rose 13.4%* over the month, contributing to the Fund's performance. SailPoint was named one of the fastest-growing technology companies on Deloitte's 2017 Technology Fast 500™ list for the fifth consecutive year, and received the Glassdoor Employees' Choice Award for the second consecutive year. In addition, it was named overall market leader in KuppingerCole's Leadership Compass: Identity Provisioning.⁸
- Another contributor to performance was Rapid7 Inc., which saw its stock rise 26.4%* for January after its president and CEO, Corey Thomas, was elected to the Cyber Threat Alliance's board of directors. The Cyber Threat Alliance is a group of cybersecurity practitioners that share threat information and improve defenses against advanced cyber threats.⁹

ESG IMPACT:

Cyber security has become an increasingly important component of ESG as significant breaches like the Equifax Inc. and Uber hacks appear to be just the beginning of cyber attacks on vulnerable institutions and businesses.

*CAD Returns



Evolve Automobile Innovation Index ETF

CARS invests primarily in equity securities of companies that are directly or indirectly involved in developing electric drivetrains, autonomous driving or network connected services for automobiles.



For the one month period ending January 31, 2018

TICKER: CARS

MANAGEMENT FEE: 0.40%

MACROECONOMIC HIGHLIGHTS:

- Autonomous cars featured prominently at the 2018 Consumer Electronics Show (CES) in January, with a number of automotive projects centred around automation. Autonomous cars have gained prominence over the last couple of years, and their being featured at CES 2018 is a strong indicator that autonomous driving is no longer technology of the future but of the present.¹ It is also an indication of how quickly the automotive industry is changing, and the industry's potential for growth.
- The 2018 Detroit Auto Show featured significantly more technology than previous years.² In addition to showcasing electric and self-driving vehicles, this year's events included sessions on artificial intelligence, autonomous vehicle systems, vehicle security and mobility. Mass-market automakers, including Ford Motor Co. and General Motors Co., indicated their intent to work with technology companies, such as Intel Corp. and BlackBerry Ltd., to develop autonomous vehicle technologies.

ATTRIBUTION:

- Holdings in NVIDIA Corp. and Volkswagen AG contributed to the Fund's performance, rising 24.9%* and 8.2%* respectively, over the month. At CES 2018, the companies' CEOs discussed how artificial intelligence (AI) is transforming the automotive industry. Each company's shares performed well on the news that the new I.D. Buzz, Volkswagen's reimagined MicroBus in electric car form, will have new AI technology from NVIDIA on board for self-driving. The companies hope to go into production for the new vehicle in 2022.³
- Ferrari NV holdings also contributed to performance as its shares rose 11.5%* on its CEO's announcement that the company has plans to make an "electric supercar".⁴ Ferrari's move towards electric vehicles

ESG IMPACT:

The Fund invests in several companies that have ESG mandates, including holdings in companies that develop electric vehicles and other clean-driving technologies.

*CAD Returns

Evolve North American Gender Diversity Index ETF

HERS invests in equity securities of companies domiciled in Canada and the United States that have demonstrated commitment to gender diversity as part of their corporate social responsibility strategy.

For the one month period ending January 31, 2018



TICKER: HERS

MANAGEMENT FEE: 0.40%

MACROECONOMIC HIGHLIGHTS:

- McKinsey & Company's new report supports the case for gender diversity, showing that gender-diverse companies are likely to see more financial returns than non-gender-diverse companies.¹⁰ The analysis examined more than 1,000 companies covering 12 countries, measuring profitability and longer-term value creation. McKinsey found that "companies in the top quartile for gender diversity on their executive teams were 21% more likely to experience above-average profitability than companies in the fourth quartile."¹¹
- Kellie Huennekens, an associate director at Ernst & Young's Center for Board Matters, recently commented that board diversity, along with climate change, will be of major concern to investors in the coming earnings seasons, with growing interest in and demand for more diversity in experience, gender, age and ethnicity.¹²

ATTRIBUTION:

- Holdings in Advanced Micro Devices Inc. (AMD) rose 31.4%* over the month, contributing to the Fund's performance. Its shares benefited from the company's introduction of Ryzen accelerated processing units (APU) for desktops, which offer the power of its popular Ryzen processor with fast embedded graphics. The launch opens up new opportunities for AMD and its customers to offer high performance and mainstream desktop performance with a single chip.¹³
- Amazon.com Inc. holdings also contributed, as they rose 22%* in January. The company opened an automated, checkout-free grocery store, Amazon Go, in Seattle, which has the potential to disrupt the traditional grocery industry. Late in January, Amazon also announced its move into the health care sector, in a partnership with Berkshire Hathaway Inc. and JPMorgan Chase & Co., which aims to lower the cost of employee health coverage.¹⁴

ESG IMPACT:

The Fund's holdings are focused on U.S. and Canadian companies that have demonstrated commitment to gender diversity as part of their corporate social responsibility strategy, which satisfies ESG mandates. All companies held within the Solactive Equileap North American Gender Equality Index are ranked according to Equileap's 19-point gender diversity criteria.

*CAD Returns



Evolve ESG Funds

SOURCES:

¹ <https://www.digitaltrends.com/cars/autonomous-cars-self-driving-ces-2018/>

² <https://www.technewsworld.com/story/85067.html>

³ <https://nvidianews.nvidia.com/news/volkswagen-and-nvidia-to-infuse-ai-into-future-vehicle-lineup>

⁴ <https://www.bloomberg.com/news/articles/2018-01-16/ferrari-has-plans-to-make-an-electric-supercar-marchionne-says>

⁵ <https://www.bloomberg.com/news/articles/2018-01-04/intel-microsoft-grapple-with-widespread-computer-chip-weakness>

⁶ <https://www.itweb.co.za/content/j5alrMQg54NvpYQk>

⁷ <https://www.itweb.co.za/content/j5alrMQg54NvpYQk>

⁸ <https://securitybrief.co.nz/story/last-year-phenomenal-sailpoint-9any-fronts-ceo/>

⁹ <https://globenewswire.com/news-release/2018/01/10/1286525/0/en/Cyber-Threat-Alliance-Elects-Rapid7-CEO-Corey-Thomas-to-Board-of-Directors.html>

¹⁰ <https://techcrunch.com/2018/01/18/diverse-teams-are-still-really-good-for-business-mckinsey-says/>

¹¹ <https://www.mckinsey.com/business-functions/organization/our-insights/delivering-through-diversity-group=3045&keyword=ft500noi&source=impactradius&medium=affiliate>

¹² <http://www.pionline.com/article/20180108/PRINT/180109889/climate-change-diversity-will-be-on-agenda-for-2018>

¹³ <https://www.forbes.com/sites/patrickmoorhead/2018/01/08/amd-continues-their-2017-momentum-with-new-ryzen-and-vega-announcements-at-ces-2018/#3f16f22e12ca>

¹⁴ <https://www.bloomberg.com/gadfly/articles/2018-01-30/amazon-berkshire-jpmorgan-health-venture-incumbents-should-fear>

DISCLAIMER

Commissions, management fees and expenses all may be associated with exchange traded mutual funds (ETFs). Please read the prospectus before investing. ETFs are not guaranteed, their values change frequently and past performance may not be repeated. There are risks involved with investing in ETFs. Please read the prospectus for a complete description of risks relevant to the ETF. Investors may incur customary brokerage commissions in buying or selling ETF units.



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