

## Evolve Automobile Innovation Index Fund

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.



As at April 30, 2019

**ETF TICKER:** CARS (Hedged); CARS.B (Unhedged); CARS.U (USD)

**MUTUAL FUND FUNDSERV CODE:** EVF140 (Class F); EVF141 (Class A)

### MACROECONOMIC HIGHLIGHTS:

- Developments in autonomous vehicles dominated the automotive sector during the month, with several companies announcing plans to expand production.
- Toyota announced plans to invest \$100 million in early-stage start-ups engaged in the development of disruptive technologies. Toyota's AI venture fund has so far invested in 19 different start-ups over the last two years, bringing its total funding commitment to autonomous driving technology to \$200 million.<sup>i</sup>
- Ford said it aims to have 100 self-driving vehicles on the road by the end of 2019. The company plans to build a new factory in Michigan to focus on self-driving vehicles.
- BMW and Daimler also announced that they are collaborating to develop automated driving technologies.
- Toyota, Denso, and the SoftBank Vision Fund announced that they have finalized a deal to invest a combined \$1 billion in Uber's autonomous vehicle spin-off, Uber's Advanced Technologies Group.<sup>ii</sup>
- Aeva Inc, a start-up company founded by former Apple Inc. and Nikon Corp engineers, has signed a sensor-system deal with an Audi-owned unit that is working on self-driving technology for Volkswagen AG.
- California, a hotbed for autonomous vehicle testing, announced that it would allow for the testing of light-duty autonomous trucks weighing less than 10,001 pounds on public roads. This new development excludes minivans, pickup trucks, utility vans, and step vans.<sup>iii</sup>
- In the electric vehicle (EV) segment, Volkswagen plans to build a fully electric sports utility vehicle for China from 2021, taking on the Chinese market leader, Tesla's Model X. The VW Group is converting 16 factories worldwide to enable mass production of EVs.<sup>iv</sup>





- In company news, Tesla reported substantial first quarter losses amounting to \$4.10 per share, far worse than average analysts' expectations of \$0.69 per share. However, the company's CEO expressed optimism that the company will return to profitability in the second quarter on a rebound in deliveries.<sup>v</sup>
- Canadians will get an incentive worth up to \$5,000 as of May 1 towards the purchase of a zero-emission vehicle - plug-in hybrid, electric battery or hydrogen fuel - as long as the manufacturer's suggested retail price is less than \$45,000. The three-year, \$200 million incentive program was originally unveiled in the March federal budget.

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## PERFORMANCE ATTRIBUTION:

- At the end of the month, the ETF held 67% of its portfolio by weight in companies in the Auto Supply Chain; 17% in Auto Parts and Equipment and 16% in Auto Makers. AMS AG was the best performing auto supply stock, Valeo SA was the best performing auto parts and equipment stock; and Volkswagen AG the best performing auto maker.

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## SOURCES:

<sup>i</sup> <https://www.cnbc.com/2019/05/02/toyota-to-invest-100-million-in-autonomous-driving-and-robotic-startups.html>

<sup>ii</sup> <https://www.nytimes.com/2019/04/18/technology/uber-atg-autonomous-cars-investment.html>

<sup>iii</sup> <https://www.theverge.com/2019/4/12/18308136/california-dmv-self-driving-trucks-light-duty>

<sup>iv</sup> <https://ca.finance.yahoo.com/news/vw-tesla-x-china-2021-electric-suv-133513969--finance.html>

<sup>v</sup> <https://www.forbes.com/sites/neilwinton/2019/04/25/some-tesla-investors-shaken-by-losses/#6adc7ca44077>

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## 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.

