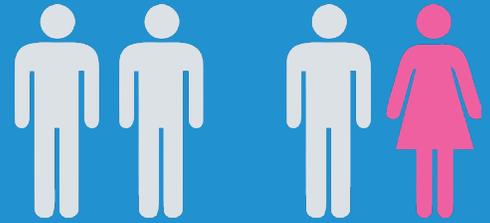


## Evolve North American Gender Diversity Index Fund

HERS invests in equity securities of North American companies that have demonstrated commitment to gender diversity as part of their corporate social responsibility strategy.

As at April 30, 2019

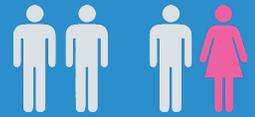


**TICKER:** HERS (Hedged); HERS.B (Unhedged)

### MACROECONOMIC HIGHLIGHTS:

- Gender diversity research in the workplace and in specific industries highlighted on-going issues in the widely followed space.
- Research conducted by the Equality and Human Rights Commission (EHRC) in the UK found that companies in the construction, finance and insurance, mining, education and communication sectors have the widest pay gap; while the health, education and food sectors have the lowest pay gap.
- Among large firms with the largest pay gap are Easyjet, Lloyds Bank, Clydesdale Bank and British Gas.
- But the pay gap identified is not simply based on the difference in pay between men and women for performing the same job, as in Canada. In fact, it is illegal to do so in the UK. Rather, the median pay gap is the difference in pay between the middle-ranking woman and the middle-ranking man while the mean pay gap is the difference between a company's total wage spend-per-woman and its total spend-per-man. Using the median pay measure is helpful in understanding the number of women in companies who hold senior roles.<sup>i</sup>
- New findings published by AI Now Institute, a New York University research center, show that the lack of diversity in the artificial intelligence field has reached "a moment of reckoning." The study states that the "diversity disaster" has contributed to flawed systems that perpetuate gender and racial biases.
- It states that the AI field, which is overwhelmingly white and male, is at risk of replicating or perpetuating historical biases and power imbalances.<sup>ii</sup>
- Following a protest by a group employees over the treatment of women across the corporation, Microsoft's CEO and its Chief People Officer promised to implement changes to prevent discrimination and improve transparency. The group brought awareness to discrimination women face with regard to career advancement opportunities, the wage gap, widespread sexual harassment, among others issues. The corporation's CEO expressed disappointment in the issues that were brought to light.<sup>iii</sup>





- In news about stocks held by the ETF, Johnson & Johnson announced its Q1 2019 results which beat quarterly profit estimates on higher pharmaceutical sales. The company's total revenue rose by 4.1%.
- Eli Lilly completed the acquisition of common shares of Loxo Oncology, representing an 84.6% stake. The company plans to acquire the remaining non-tendered shares through a second-step merger. This is the largest acquisition conducted by Eli Lilly, enabling it to broaden its cancer treatment efforts, and allowing it to expand into precision medicines that target cancers that are caused by specific gene abnormalities. The company's Q1 2019 earnings beat estimates.

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## PERFORMANCE ATTRIBUTION:

- The fund produced a positive return in April. It held a widely diversified portfolio, with exposure of less than 1% to each holding. The top performing stock was Qualcomm Inc., which was also the largest holding by weight in the portfolio. PG&E Corp. was the next best performing stock.

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## SOURCE:

<sup>i</sup> <https://www.bbc.com/news/business-47801794>

<sup>ii</sup> <https://www.theguardian.com/technology/2019/apr/16/artificial-intelligence-lack-diversity-new-york-university-study>

<sup>iii</sup> <https://www.forbes.com/sites/shavonlindley/2019/04/11/the-microsoft-problem-building-trust-and-gender-equity-in-a-toxic-workplace/#4b224e464e27>

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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.

