

## Evolve Marijuana Fund

SEED is an actively managed ETF that provides investors with exposure to a diversified portfolio of companies, both domestic and international, that are involved in the marijuana industry.

As at April 30, 2019



**TICKER:** SEED (Unhedged)

### MACROECONOMIC HIGHLIGHTS:

- The cannabis industry continued to consolidate during the month. Canopy Growth Corp. announced that it has reached an agreement granting it the right to acquire 100% per cent of the shares of New York-based Acreage Holdings Inc., a multi-state cannabis operator that has dispensaries, cultivation sites and processing facilities located across the U.S. for \$3.4 billion.
- Aurora Cannabis Inc. announced plans to acquire the remaining 48 per cent of Hempco Food and Fiber Inc. that it does not already own through an exchange of shares. Under a friendly agreement between the companies, Aurora will pay the equivalent of \$1.04 per Hempco share, payable in Aurora shares.<sup>i</sup>
- CanadaBis Capital, an Alberta-based “capital pool” company, completed its reverse takeover of Stigma Pharmaceuticals, an Alberta-based grower and producer of CBD products.
- Cannaccord Genuity Growth Corp., a special purpose acquisition company, completed its merger with Columbia Care. New York-based Columbia, a vertically integrated cannabis business that operates in 14 U.S. states and territories, subsequently became the first company listed on Canada’s NEO exchange with a market capitalization of more than \$1 billion.
- Organigram signed a letter of intent with the Société québécoise du cannabis (SQDC); one of only three licensed producers in Canada, to be in all ten provinces. The company also signed a multi-year extraction agreement with Valens GroWorks Corporation to extract cannabis from Organigram’s Moncton operation, and hemp purchased from 1812 Hemp to produce extract concentrate for oil production and build up inventory of concentrate in advance of the expected launch of derivative based products this fall.
- A group of alcohol and cannabis companies have formed an industry alliance to push for changes to proposed rules governing pot-infused beverages before edibles become legal in the Fall. The 10-member Cannabis Beverage Producers Alliance is arguing for, among other things, the ability to produce pot-based drinks in the same facilities where non-cannabis beverages are made. Under Health Canada’s proposed rules for edibles, pot-infused drinks and food must be made in a separate facility.<sup>ii</sup>





- In news about stocks held by the portfolio, Shopify Inc. reported Q1 2019 results, indicating that revenue was up 50% YoY, marking the 15th straight quarter that the company beat analysts' consensus estimates. The increase came on the back of increases in subscription solutions revenue and merchant solutions revenue.
- Organigram reported Q2 2019 results, indicating record net revenue of \$26.9m, which was more than double Q1 2019 revenue. Q2 included the first full quarter of adult-use recreational sales.

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## PERFORMANCE ATTRIBUTION:

- The fund produced a positive return in April. The portfolio held a 42% exposure by weight to five of Canada's largest cannabis stocks – Aphria Inc., Aurora Cannabis Inc., Cronos Group Inc., Tilray Inc., and Canopy Growth Corp, plus Charlotte's Web, a new addition to the portfolio, a US company which is the world's leading CBD brand by market share. The portfolio also had a 34% exposure by weight in emerging cannabis companies and a 24% weight in ancillary cannabis-related securities. The best performing stock during the month was Valens Groworks, followed by Neptune Wellness, both emerging companies.

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## SOURCES:

<sup>i</sup> <https://ca.finance.yahoo.com/news/aurora-cannabis-buy-remaining-interest-133229821.html>

<sup>ii</sup> <https://www.cbc.ca/news/business/cannabis-beverage-producers-alliance-1.5108943>

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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.

