

Evolve E-Gaming Index ETF

HERO invests in equity securities of companies listed domestically and globally with business activities in the electronic gaming industry.



As at July 31, 2019

TICKER: HERO (Hedged)

MACROECONOMIC HIGHLIGHTS:

E-gaming has grown into one of the most dominant forms of entertainment in the 21st century, eclipsing the film and music sectors. According to a report by Newzoo, a global leader in games and e-sports analytics, gaming market revenues are expected to grow by 9.6% in 2019 to reach \$152.1 billion, up from \$138.7 billion in 2018.ⁱ

It is estimated that 75 percent of North American households have at least one gamer and that there are 2.2 billion gamers worldwide. In fact, the growing adoption of this form of entertainment has resulted in eSports leagues creating a professional gaming ecosystem, supported by sold-out arenas and big-name sponsorship opportunities.

In July, for instance, Epic Games, the developer of Fortnite – regarded as the largest game in the world — if not in terms of pure player count, then surely in terms of cultural influence – hosted the Fortnite World Cup at the Arthur Ashe Stadium in Queens, New York in July. With US\$30 million in prize money at stake, Epic claims that more than 40 million people from 30 countries played during the 10 weeks of qualifying for the finals, highlighting the growing popularity of e-gaming and e-sports.ⁱⁱ

In an effort to deter game-influenced violence, Walmart employees in the US have been instructed to remove signage, demos, and displays for entertainment products, including video games, that include violence or aggressive imagery in the wake of two shootings at its stores.ⁱⁱⁱ

As well, ESPN and ABC which had planned to air highlights from the recent Apex Legends EXP Invitational contest also postponed their tournament coverage due to the recent shootings in Texas and Ohio. ESPN still plans to air the tournament highlights in October.^{iv}

PERFORMANCE ATTRIBUTION:

Launched on June 14, 2019, the ETF holds a diversified pool of gaming companies, with its largest exposure by weight to Nintendo Co. Ltd., followed by Activision Blizzard Inc.



**SOURCE:**

- ⁱ <https://techcrunch.com/2019/06/19/global-gaming-market-2019/>
- ⁱⁱ <https://www.theverge.com/2019/7/29/8934329/fortnite-world-cup-finals-epic-games-esports-ninja-tfue-bugha-marshmello>
- ⁱⁱⁱ <https://www.gamesindustry.biz/articles/2019-08-08-walmart-taking-down-violent-video-game-demos-displays>
- ^{iv} <https://www.gamesindustry.biz/articles/2019-08-09-espn-abc-pull-apex-legends-tournament-show-in-wake-of-mass-shootings>

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.