

Evolve Global Materials & Mining Enhanced Yield Index ETF

BASE invests directly or indirectly in equity securities of global issuers engaged in the manufacturing, mining and/or integration of metals and materials, with added value of a covered call strategy on up to 33% of the portfolio.

As at September 30, 2019



TICKER: BASE (Hedged); BASE.B (Unhedged)

MACROECONOMIC HIGHLIGHTS:

Precious metals prices gyrated during the month of September on the prospects of slower global economic growth; sporadic market volatility; the trend towards lower interest rates in the US and other developed economies; and the on-off impact of trade tensions between the US and China.

At the end of September, gold, platinum and silver prices declined as a result of a soaring US dollar, which hit multi-year highs. Gold fell below the \$1500 an ounce mark to record its first monthly loss in five months, while silver fell to its lowest level in more than a month. Palladium, which hit a record high in September, declined marginally but was still up about 9% for the month, while platinum also fell to its lowest level in about a month. Regardless of the declines at the end of September, the price of all precious metals have on average trended higher throughout the year.ⁱ

On the base metal front, low demand from China, which consumes roughly half of all base metals, weighed on most base metal prices. The main exception to this trend was nickel, which has benefitted from news that Indonesia would ban nickel exports in January 2020, a move that was originally planned for 2022. Indonesia is the world's largest producer of nickel and the second-largest exporter of nickel ore and concentrate after the Philippines.ⁱⁱ

The deceleration in the Chinese economy has translated into particularly weak demand dynamics for aluminium, while expectations of subdued consumption in the European Union and Japan, together with weak automotive production, also weighed on prices. On the other hand, the hard line taken by China with aluminium producers has delayed production from new smelters, providing some support to prices. Furthermore, the global market for aluminium is projected to remain in deficit this year, and inventories tracked by the Shanghai Futures Exchange are hovering at their lowest since the first half of 2017.ⁱⁱⁱ

With U.S. tariffs on more than US\$125 billion worth of Chinese goods coming into effect on September 1st, and Beijing retaliating by implementing its own tit-for-tat tariffs on an additional US\$75 billion of American exports, global manufacturing activity continued to falter, dampening the demand outlook for copper and weighing heavily on prices.



However, copper prices recovered in September on rising optimism following the announcement that Beijing and Washington agreed to resume trade talks in October.^{iv}

SOURCES:

ⁱ <https://www.cnbc.com/2019/09/30/reuters-america-precious-platinum-gold-slide-as-dollar-soars-palladium-eases-off-record.html>

ⁱⁱ <https://www.focus-economics.com/commodities/base-metals/nickel>

ⁱⁱⁱ <https://www.focus-economics.com/commodities/base-metals/aluminium>

^{iv} <https://www.focus-economics.com/commodities/base-metals/copper>

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.