

Evolve Innovation Index Fund

EDGE provides investors with access to global companies that are involved in innovative or disruptive trends across a broad range of industries.

As at January 29, 2021



ETF TICKER: EDGE (Hedged)

MUTUAL FUND FUNDSERV CODE: EVF160 (Class F); EVF161 (Class A)

In the cybersecurity sector, January saw stunning takedowns of online criminal operations running two of the most pernicious malwares on the web today. Police in Canada, the United States, the Netherlands, Germany, the United Kingdom, France, Lithuania, and Ukraine coordinated the seizure of the infrastructure behind the Emotet botnet and disrupted the Netwalker ransomware in separate actions. Of the 50 command and control servers behind Emotet, 13 were located and seized in Canada

Law enforcement gained control of the Emotet infrastructure from the inside using a “unique and new approach.” First discovered as a banking Trojan in 2014, Emotet has by some estimates been responsible for delivering up to 60 per cent of all malware online. Law enforcement officials in the Netherlands plan to deliver an update through captured Emotet servers in April that will erase any malware previously delivered through the botnet.

The Netwalker ransomware-as-a-service operation was also disrupted by law enforcement as authorities seized control of the Netwalker web site. The Netwalker group has collected over \$30 million in ransoms since their first significant attacks in March 2020. Netwalker often targeted the healthcare sector, taking advantage of COVID-19 fears to extort victims.

January was a busy month for the electric and autonomous vehicles industry.

The Japanese government announced plans to eliminate fully gas-powered cars and other vehicles within the next 15 years, as part of a \$2 trillion-a-year green growth strategy aimed at the country reaching net zero emissions by 2050. The plans allow for conventional hybrids as well as fully electric vehicles. The government plans investments and subsidies to halve the cost of vehicle batteries to \$97 or less per kilowatt-hour by 2030. Provisions were also included to boost the role of hydrogen vehicles, especially for trucks and buses.

The January inauguration of President Joe Biden had positive implications for the EV industry, with announcements that the United States was rejoining the Paris Agreement on climate change, and the President’s pledge to support new tax credits for purchases of electric vehicles and to spend billions of dollars to build a network of 550,000 charging stations across America for such vehicles. He also vowed to replace the US government fleet of roughly 650,000 vehicles with electrics made in the United States. The cost of this initiative could be north of \$20 billion.





General Motors moved into electric vehicles in a major way in January, announcing its plans to invest \$27 billion US in electric and autonomous vehicles in the next 5 years on its way to producing primarily electric vehicles by 2035. GM also announced that the entire company aims to be carbon neutral by 2040. By the end of 2025, GM projects that 40 per cent of its US models will be battery electric vehicles, including crossovers, SUVs, sedans, and trucks. The company plans to offer 30 all-electric models worldwide at a variety of price points by the mid-2030s. GM also announced a new partnership with Microsoft aimed at accelerating its roll-out of electric, self-driving cars.

Final 2020 tallies for the gaming industry were released in January by NPD Group, and showed record US games spending \$56.9 billion during the year. That represents a 27% increase year-on-year from 2019. These figures were driven in part by increasing numbers of people turning to gaming as a pastime during the pandemic lockdowns.

Software represented the lion's share (86%) of this figure, with game content spending reaching \$48.9 billion in 2020. This represents a 26% increase over 2019 software sales. Hardware sales were \$5.3 billion last year, up 35% from \$3.9 billion in 2019, marking the best year for console sales since 2011. And gaming accessories sales of \$2.6 billion marked an increase of 21% in 2020.

PERFORMANCE ATTRIBUTION:

The EDGE ETF tracks a benchmark index designed to expose investors to returns in seven sectors: big data and cloud computing, robotics and automation, cybersecurity, automotive innovation, blockchain, 5G and social media, which together accounted for approximately 85% of the weight of the portfolio in January 2021; and genomics, which accounted for approximately 13% of the weight. The best-performing stocks in the ETF for the month were BioNTech SE, BeiGene Ltd, from the genomics segment of the portfolio, and Baidu Inc., from the social media segment.

SOURCES:

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- <https://www.gamesindustry.biz/articles/2021-01-15-2020-sees-record-us-games-spending-at-usd56-9bn-us-annual-report>

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