

Evolve Future Leadership Fund

LEAD seeks to provide investors with long-term capital appreciation by investing primarily in a diversified mix of equity securities of companies located domestically or internationally that are determined to be leaders in sectors that stand to benefit from medium and long term economic trends.

As at January 29, 2021



ETF TICKERS: LEAD

MARKET UPDATE:

The Evolve Future Leadership Fund (LEAD) was established in September 2020 to provide investors with access the leading companies of today, and the future companies of tomorrow through four categories of leadership: Finance, Healthcare, Technology, and Media & Entertainment.

PORTFOLIO UPDATE:

HEALTHCARE:

Thermo Fisher Scientific Inc., a holding of the Fund, had a busy January as it announced several acquisitions.

Mesa Biotech, Inc., a privately held molecular diagnostic company, was acquired for approximately \$450 million in cash, and a potential additional \$100 million upon completion of certain milestones. Mesa Biotech has developed and commercialized a PCR-based rapid point-of-care testing platform for detecting various infectious diseases, including SARS-CoV-2. This patented technology expands the availability of PCR-based rapid testing to point-of-care diagnostics. The San Diego, CA-based company has approximately 500 employees and 2020 revenues of approximately \$45 million.

Thermo Fisher also acquired Henogen S.A., Novasep's viral vector manufacturing business for approximately \$877 million in cash. Novasep provides contract manufacturing services for vaccines and therapies to biotechnology companies and large biopharma customers. The Belgium-based company has approximately 400 employees and 2020 revenues of approximately \$95 million.

Thermo Fisher also announced an extension and expansion of its SARS-CoV-2 GlobalAccess Sequencing Program, begun in May 2020. In light of new COVID-19 variants of concern emerging from the UK,

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South Africa, and Brazil and beginning to spread quickly around the world, Thermo Fisher Scientific is expanding access to its next-generation Ion Torrent Genexus System and Ion GeneStudio S5 Series sequencers at subsidized prices to help accelerate multi-institutional efforts to analyze new strains of the virus and mapping coronavirus transmission.

MEDIA & ENTERTAINMENT:

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.

Streaming video services were also a major part of how people passed their time in lockdown during 2020, and with their January 2021 update, streaming media provider Roku Inc. confirmed that it had a very good 2020. Roku ended the year with 51.2 million active accounts, up from 36.9 million the prior year. While not yet Netflix-sized, this subscriber base puts Roku on par with Amazon's Fire TV.

Because Roku is an AVOD (advertising video on demand) platform—meaning that they show commercials during their programs, unlike Netflix—this growth in consumer adoption is good news for Roku's ad-based revenue in 2021. Projections are for between 12% and 15% advertising growth for the year.

To continue making itself an attractive platform, Roku inked a major content deal with Quibi in January to bring exclusive premium content to The Roku Channel. This comes on the heels of a December 2020 deal with AT&T to bring WarnerMedia's HBO Max to the Roku channel store.

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PERFORMANCE ATTRIBUTION:

The top-performing stocks in the fund for January were Roku Inc., followed by Invitae Corp., and Thermo Fisher Scientific Inc. The Fund's largest exposure to stocks by weight was to Thermo Fisher Scientific Inc., followed by Intuitive Surgical Inc., and Stryker Corp.

SOURCE:

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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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SOURCE: Bloomberg, company websites

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