

# Evolve Cloud Computing Index Fund

DATA seeks to replicate, to the extent reasonably possible and before fees and expenses, the performance of the Solactive Global Cloud Computing Index Canadian Dollar Hedged, or any successor thereto. DATA invests primarily in equity securities of companies located domestically or internationally that have business operations in the field of cloud computing.



DATA (Hedged)



DATA.B (Unhedged)

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## MACROECONOMIC HIGHLIGHTS:

April was a busy month for quarterly results for high-tech firms held by the Fund.

Amazon.com released quarterly results in late April that showed pandemic-driven online shopping continues to be a boon for the online retail giant. Q1 revenue of \$108.5 billion, beating estimates with a jump of 44% year-over-year. Amazon also projected that Q2 sales would be between \$110 billion and \$116 billion, also better than Wall Street expected.

SAP's first-quarter results benefitted from the growing recovery from pandemic lows and business spending more on information technology. The company announced a 7% rise in first-quarter cloud revenue. Adjusted cloud revenue was 2.15 billion euros (\$2.57 billion) for the period ended March 31. Full-year adjusted cloud sales are projected to be between 9.2 billion and 9.5 billion euros, based on "the strong new cloud business performance," the company said in a statement. First-quarter adjusted operating profit also increased 17% year-over-year to 1.74 billion euros.

Microsoft Corp. reported quarterly sales and profit that beat analysts' estimates for a ninth straight quarter, lifted by booming cloud-computing demand driven by the pandemic. Sales through March 31 rose to \$41.7 billion, the Redmond, Washington-based software maker said Tuesday in a statement. That compared with a \$41.1 billion average estimate of analysts polled by Bloomberg.

Microsoft was also involved in a ruling in April, alongside the US Department of Defense, regarding Amazon Web Services' lawsuit challenging the JEDI Cloud contract awarded to Microsoft in 2019. A federal judge rejected motions that would have partially dismissed AWS's suit. As a result, the litigation is now likely to drag on for years longer and potentially endangers the existence of the multibillion-dollar contract entirely. Microsoft and the DoD had asked the Court of Federal Claims to dismiss the portion of Amazon's suit that claimed the awarding of the JEDI contract involved conflicts of interest, including alleged improper involvement by former President Donald Trump.

In a briefing paper sent to Congress in January, the DoD indicated that in the event of this ruling, the entire JEDI contract would have to be reassessed, given the lengthy timelines likely for the resolution of a court case. In the meantime, the US Army, Navy and Air Force have already begun using different procurement

options to buy services from Amazon, Microsoft and other vendors to pursue multi-cloud approaches of their own.

Okta Inc., an identity verification software maker held by the Fund, announced that it expects 30% Annual Growth to 2024. Okta expects annual revenue of almost \$2 billion by the close of fiscal 2024 without the need for acquisitions beyond Auth0, who last month Okta agreed to purchase for approximately \$6.5 billion.

This projected growth comes from the ongoing dramatic boost Okta experienced thanks to the shift to remote work during the pandemic. Okta's software helps workers access corporate systems and consumers authenticate their identity online, has demand has dramatically increased as more employees logged on from home during the past year. For the 12 months through March 1, Okta was used more than 52 billion times to log into an app or website, almost 200% growth from the same period a year earlier.

Okta also announced that it would be entering two markets that likewise offer increased protections for companies in an era of work-from-home. The first, Identity Governance Administration, generates after-the-fact reports detailing who has access to systems in an organization. The second, Privileged Access Management, controls views of and changes to an organization's critical systems. These new areas bring Okta into direct competition with SailPoint Technologies and CyberArk and expand the size of Okta's potential markets to about \$80 billion, based on company estimates.

## PERFORMANCE ATTRIBUTION:

For the month, Alphabet Inc. made the biggest contribution to the Fund, followed by SAP, and Amazon.com Inc. By weight, the Fund's largest exposure was to Alphabet Inc, followed by Oracle Corp, and Microsoft Corp.

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## SOURCES:

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