

EvoLe 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.



LEAD (Hedged)



LEAD.B (Unhedged)



LEAD (USD)

PORTFOLIO UPDATE:

FINANCE:

The proposed merger of Boston Private Financial Holdings, Inc., a leading provider of integrated wealth management, trust and banking services to individuals, families, businesses and non-profits, into SVB Financial Group (held by the Fund) hit something of a rocky patch late in April. Boston Private adjourned a special meeting of shareholders until May 4, 2021, to solicit additional votes supporting the merger. However, after SVB reiterated that its offer was its “best and final,” the vote was taken, and the merger approved.

News of this merger comes at the same time that SVB announced its best-ever quarterly results. Q1 2021 results included earnings per share of \$10.03, net income of \$532 million and overall return on equity of 27% for the quarter. According to a company statement, these record earnings were driven by “robust client liquidity” in the innovation-heavy sectors that SVB serves. Period-end assets reached \$142 billion, a 90% year-over-year increase, with total client funds of \$288 billion, representing a 71% year-over-year increase.

HEALTHCARE:

The European Union announced plans to negotiate a significant contract extension for Pfizer-BioNTech’s COVID-19 vaccine. US-based Pfizer and German-based BioNTech will provide the EU with an extra 50 million doses in Q2 of this year, making up for shortfalls in delivery of the AstraZeneca vaccine. With only 16.4% of people in the EU having received at least one dose of a COVID-19 vaccine (compared to 47.5% of people in the UK and 36.6% in the US), the Pfizer-BioNTech could well be key to beating the pandemic in Europe. Pfizer and BioNTech are on pace to provide 250 million doses to Europe by the end of June and 600 million by the end of the year.

Intuitive Surgical announced that the use of its minimally invasive ‘da Vinci procedure’ increased 16% year-over-year for the first quarter of 2021, while the company shipped 26% more da Vinci Surgical Systems over the same quarter last year. The growth in system placements and da Vinci procedures (due partly to the easing of pandemic-related restrictions on hospital visits and surgeries early in 2021) helped deliver strong Q1 results for Intuitive Surgical, with total revenues of \$1.29 billion, up by 18% year-over-year.

TECHNOLOGY:

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, representing 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.

MEDIA & ENTERTAINMENT:

Google and 2K Games announced the launch of a jointly developed open-source cloud storage system, Open Saves, that can be integrated into mobile and console games with a simple block of code. The cloud-native Open Saves is a purpose-built storage interface meant to improve how development teams store game data. Open Saves allows developers to store different types of data—such as in-game saves, player inventory, patches, or downloadable content—without deciding which type of storage solution to use.

In an April interview, Nintendo President Shuntaro Furukawa said the company would focus on developing more original IP for the Switch from now on. This new IP will include creating new series and developing new entries in well-known Nintendo franchises like Super Mario and Zelda. "With the expansion of time spent at home, the range of 'entertainment' as an object of consumption is expanding," said Furukawa. "In order for customers to choose games in their finite time, they have to be interesting."

PERFORMANCE ATTRIBUTION:

LEAD invests in a diversified portfolio of leading, global companies across Finance, Healthcare, Technology, and Media & Entertainment where clear trends are driving future growth. The top-performing stocks in the fund for April were SVB Financial Group, Intuitive Surgical Inc, and Alphabet Inc. The Fund's largest exposure to stock by weight was to Thermo Fisher Scientific Inc, SVB Financial Group, and Square Inc.



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SOURCES:

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