

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.



LEAD (Hedged)



LEAD.B (Unhedged)



LEAD (USD)

PORTFOLIO UPDATE:

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

Finance

PayPal announced plans to allow users to withdraw cryptocurrency held in PayPal accounts off-platform and into third-party wallets. Though PayPal has allowed purchases of Bitcoin and other cryptocurrencies via the online payment service since October 2020, until now customers have been prevented from moving their digital coins out of the PayPal system.

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.

Healthcare

Thermo Fisher Scientific Inc., a holding of the Fund, announced several acquisitions in the first half of this year.

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.

French pharmaceutical company Sanofi announced an investment of more than €600 million to build a new vaccine facility in Toronto to increase supply of its Fluzone High-Dose Quadrivalent influenza vaccine for use in Canada, the United States and Europe. The Fluzone vaccine has four times more antigen than standard-dose vaccine and is specifically designed to provide superior protection against influenza for older adults. Sanofi also announced that in partnership with the Governments of Canada and Ontario, and the City of Toronto, the new facility will also focus on enhancing influenza pandemic preparedness.

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. 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.

Google and Shopify Inc., both held by the Fund, announced a partnership to allow more merchants to sell across Google properties and boost the search giant's e-commerce business. With the new integration, Shopify's 1.7 million merchants can more easily list items on Google's Shopping site, as well as other properties such as Maps and YouTube.

To compete against Amazon.com, Google has already eliminated retailer fees on its shopping service. As a result, Google has seen an 80% jump in the number of vendors on its site. Google is also introducing features like online shopping carts in Chrome and merchant loyalty programs linked directly in Google accounts to improve its e-commerce offerings.

Media & Entertainment

Streaming video services were a major part of how people passed their time in lockdown during 2020, and after a very strong year streaming media provider Roku Inc. confirmed in January that it is expecting a very good 2021, as well.

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

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.

Newzoo is predicting global videogame revenues could reach a record \$189.3 billion in 2021, after an already record-setting 2020. Their study also estimates that cloud gaming alone should generate \$1.4 billion by the end of 2021, which is twice the research firm's estimate for 2020. The increase is attributed to the growth in the number of users, the increase in cloud services from companies like Microsoft, Amazon, and Facebook, and increased interest from consumers in cloud gaming as a result of the pandemic. Newzoo further predicts that cloud gaming will be worth \$5.14 billion by the end of 2023.

SOURCES:

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Evolve ETFs

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Your investments should too.

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