

# Evolve Global Materials & Mining Enhanced Yield Index ETF

BASE invests directly or indirectly in equity securities of global issuers engaged in the manufacturing, mining and/or integration of metals and materials, with added value of a covered call strategy on up to 33% of the portfolio.



BASE (Hedged)



BASE.B (Unhedged)

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## MACROECONOMIC HIGHLIGHTS:

ArcelorMittal SA, the world's leading integrated steel and mining company held by the Fund, announced Q2 2021 operating income of \$4.4 billion compared to \$2.6 billion in 1Q 2021. This represents the company's strongest half year performance since 2008.

With steel demand (a key indicator of economic growth) having surged over the last 12 months, ArcelorMittal—the largest steelmaker outside of China—now expects steel demand to increase by 7.5% to 8.5% over last year. This revises ArcelorMittal's projection in May of 4.5% to 5.5% growth in demand for 2021, following the pandemic-induced contraction in 2020.

ArcelorMittal also announced a new \$2.2 billion share buyback program, in part funded by the sale of its US operations in 2020.

Cleveland-Cliffs Inc., the largest flat-rolled steel producer in North America held by the Fund, announced Q2 results for the period ended June 30, 2021. Consolidated revenues were \$5.0 billion, up significantly from pandemic impacted Q2 2020 revenues of \$1.1 billion.

For the second quarter of 2021, the Cleveland-Cliffs recorded net income of \$795 million, meaning that for the first half of 2021 the company recorded revenues of \$9.1 billion and net income of \$852 million, or \$1.48 per diluted share. This compares favourably to the first six months of 2020, in which Cleveland-Cliffs recorded revenues of \$1.5 billion and a net loss of \$157 million, or a loss of \$0.51 per diluted share.

Steel Dynamics, Inc. (held by the Fund) announced in July it's goal to be carbon neutral by 2050 for its electric arc furnace (EAF) steel mill operations. The company also announced interim emissions reduction and renewable energy milestones to be achieved by 2025 and 2030 on their way to the 2050 target.

The company is planning a 20% reduction in greenhouse gas emissions intensity by 2025 and a 50% reduction by 2030, compared to 2018 levels. Additionally, the company plans to increase the use of renewable electrical energy for its EAF steel mills to 10% by 2025 and 30% by 2030. These goals

expand on Steel Dynamics' existing sustainability focus and plans to be an industry leader in this area.

Steel Dynamics also increased share repurchase authorization of the company's common stock by up to \$1 billion. This is in addition to the previously announced \$500 million, of which \$51 million remained outstanding as of June 30. The buyback plan comes with no expiration date and repurchases will be carried out both on the open market and in private transactions. Since 2016, Steel Dynamics has repurchased \$1.6 billion of its common stock.

## PERFORMANCE ATTRIBUTION:

The top-performing stock in the fund for the month was Ternium SA, followed by Cleveland-Cliffs Inc, and ArcelorMittal SA. The Fund's largest exposure to stock by weight was to Cleveland-Cliffs Inc, Vale SA, and Nucor Corp.

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## SOURCES:

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<https://corporate.arcelormittal.com/media/press-releases/arcelormittal-announces-new-2-2-billion-share-buyback-program>

<https://www.clevelandcliffs.com/news/news-releases/detail/526/cleveland-cliffs-reports-record-second-quarter-2021-results>

<https://finance.yahoo.com/news/steel-dynamics-sets-goal-achieve-120000829.html>

<https://finance.yahoo.com/news/steel-dynamics-increases-shares-buyback-112151433.html>

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