

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:

TECHNOLOGY

The US Department of Defense announced the cancellation of its \$10 billion Joint Enterprise Defense Infrastructure (JEDI) contract, which was a flash point between Microsoft and Amazon (both held by the Fund) and which had been mired in litigation. While Microsoft had been awarded the 10-year contract to modernize the US military's cloud-computing systems, Amazon had challenged the decision in court, arguing undue political influence by the Trump administration on the outcome of the contract.

JEDI was intended to provide next-generation cloud capability and artificial intelligence-based analysis to the military. A Biden administration review found that the delays caused by legal wrangling would cause JEDI to be outdated as soon as it was deployed and so the decision was taken to cancel.

The Department of Defense (DoD) said it would seek new proposals "from a limited number of sources", including both Amazon and Microsoft. The Pentagon said the two tech giants are the only suppliers capable of meeting the proposed brief, but that they would consider other firms.

FINANCE

Mastercard Inc (held by the Fund) announced two moves related to the cryptocurrency space in July.

First, Mastercard plans to enhance its card program for cryptocurrency wallets and exchanges, making it simpler for partners to convert cryptocurrency to traditional fiat currency. Currently, when people spend cryptocurrency such as Bitcoin, Bitcoin Cash, Ether, or Litecoin, it must enter and settle on Mastercard's network as traditional fiat currency, such as the US dollar. Until now, crypto providers planning to launch or expand card programs could find it operationally challenging to perform the currency conversion, a critical step preceding the settlement on Mastercard's network. Work with trusted partners in blockchain infrastructure and regulated stablecoin issuance, Mastercard and its partners will test this new capability to enable more banks and crypto companies to offer a card option to people wanting to spend their digital assets anywhere Mastercard is accepted.

Second, Mastercard announced today a new Start Path global startup engagement program dedicated to supporting fast-growing digital assets, blockchain, and cryptocurrency companies. As a continuation of Mastercard's digital assets work, seven startups have joined the program and hope to expand and accelerate innovation around digital asset technology, making it safer and easier for people and institutions to buy, spend, and hold cryptocurrencies and digital assets.

HEALTHCARE

Intuitive Surgical Inc, a global leader in robotic-assisted surgery held by the Fund, announced Q2 financial results for the quarter ended June 30, 2021. Revenue increased to \$1.46 billion for the quarter, representing 72% growth compared with \$0.85 billion in the second quarter of 2020, which was heavily disrupted by the outbreak of the COVID-19 pandemic.

As well as continued recovery from the pandemic, Intuitive's Q2 revenue was driven by growth in sales and use of its da Vinci Surgical Systems. Intuitive shipped 328 da Vinci Surgical Systems for the quarter, an increase of 84% compared with 178 in the second quarter of 2020. The company grew its da Vinci Surgical System installed base to 6,335 systems as of June 30, 2021, an increase of 10% compared with 5,764 as of the end of the second quarter of 2020. Globally, the number of da Vinci-assisted procedures grew approximately 68% in Q2 2021 compared with the same period in 2020.

Novo Nordisk entered into global collaboration and licencing agreement with Heartseed Inc to develop, manufacture, and commercialize that company's stem cell-based therapy for heart failure. Under the terms of the agreement, Novo Nordisk gains exclusive rights to develop, manufacture and commercialise Heartseed's HS-001 asset—a treatment for treatment of heart failure caused by ischemic heart disease—worldwide except in Japan. Heartseed will maintain the rights to solely develop HS-001 within Japan and co-commercialise it with Novo Nordisk in Japan on a 50/50 profit and cost sharing basis. Heartseed plans to begin Phase 1 and 2 clinical trials in Japan during the second half of 2021.

MEDIA & ENTERTAINMENT

Digital entertainment and e-commerce company Sea Ltd (held by the Fund) continued its strong performance in July, with shares up 9.7% on positive sentiment and investor optimism for the company. This follows first quarter results from May, in which Sea Ltd's revenue jumped nearly 148% from the year-ago quarter and gross profit skyrocketed 212%. Overall, Sea Ltd is up 38% in the first half of 2021, according to data provided by S&P Global Market Intelligence.

The stock's strong performance comes thanks to its continued expansion in both Asia and Latin America. Garena, the company's digital entertainment arm, had the highest-grossing game in Latin America, Southeast Asia, and India for the first quarter of 2021 with the title Free Fire. The game continued to rank as the highest-grossing mobile game on Google's Play Store through the end of June.

And Netflix announced in July that it would be expanding its entertainment offerings to include video games, focusing on mobile games to start. These games will be part of a regular Netflix subscription as part of a play to drive overall subscription growth and retention.

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 the month were Intuit Inc, Intuitive Surgical Inc, and Alphabet Inc. The Fund's largest exposure to stock by weight was to Thermo Fisher Scientific Inc, Intuit Inc, and Intuitive Surgical Inc.

SOURCES:

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Your investments should too.

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