



Evolve Innovation Index Fund

EDGE provides investors with access to global companies that are involved in innovative or disruptive trends across a broad range of industries.

ETF TICKERS: EDGE (HEDGED); EDGE.U (USD)

MUTUAL FUND FUNDSERV CODES: EVF160 (Class F); EVF161 (Class A)

Investment Thesis: Innovation is a long-term, key driver of global economic growth. Access 8 themes that are reshaping our world. **Data** and **AI** are at the center of technological

8 Themes

1. **Cybersecurity:** Non-discretionary need to protect our data infrastructure
2. **Cloud Computing:** Store and access data through the internet
3. **5G:** Increasing wireless delivery speeds and efficiencies to connect the world
4. **Automobile Innovation:** The car is becoming digital: Autonomous, Connected & Electric

5. **Genomics:** Better drugs, developed in a fraction of the time at lower costs
6. **Robotics & Automation:** Rise of robots will boost productivity and economic growth
7. **Fintech:** Transforming how financial services are delivered and consumed
8. **eGaming:** Largest and fastest-growing entertainment sector

MACRO ECONOMIC HIGHLIGHTS

Automobile Innovation

The future of the car won't only be electric, but also connected, shared and autonomous. This month, Bloomberg (BNEF) released a study of what vehicles are in each stage of C.A.S.E.

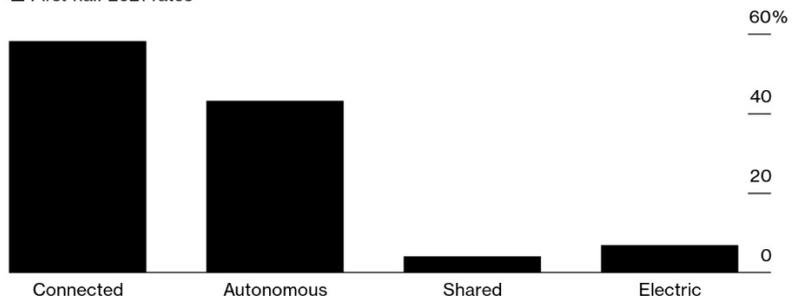
- **Connected:** BNEF estimates that almost 60% of global passenger vehicle sales came with embedded telematics.
- **Autonomous:** No vehicles available today are fully autonomous (level-5) but level-2 autonomy is offered in vehicles with advanced driver assistance. Over 40% of vehicles offer ADAS as at least an option. This could exceed 90% by 2030.
- **Shared:** Shared mobility services include companies like Uber and Zipcar. This sector has the slowest adoption at about 5% but BNEF predicts it could also exceed 90% by 2030.
- **Electric:** Global EV sales hit a new record of 7% of global passenger vehicles. This global share could approach 70% by 2040 as battery prices fall further.

This month BNEF also published their 3Q 2021 Electrified Transport Market Outlook. According to their research, **global passenger electric vehicle sales increased 188% in 2Q 2021 YOY**. China and Europe led the market again as manufacturers try to meet their countries fuel regulations.¹⁵

C.A.S.E. Adoption

How quickly cars are becoming connected, autonomous, shared and electric

■ First-half 2021 rates



Source: BloombergNEF
 Note: Connected, Level-2 autonomous and electric-vehicle values refer to global shares of passenger vehicle sales. Shared-mobility value refers to global share of passenger vehicle kilometers traveled.

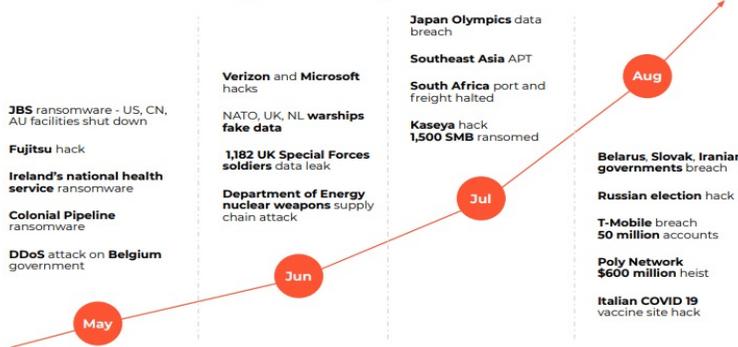
Cybersecurity

In 2020, more than **30 billion records** were compromised in data breaches, and over the past year, the **cost of ransomware attacks has increased by an estimated 300%**.¹⁶ These statistics emphasize how the pandemic has accelerated key technological trends that have increased the risk of cyber-attacks. These trends include work from anywhere, shift to the cloud, and AI/ML enterprise digitization. Below is a recap of some of the largest cyber-attacks over the last four months.

Organizations continue to increase their cybersecurity spend. Last month, some of the largest tech companies in the US committed billions of dollars to new cybersecurity spends. **Microsoft** committed the most at **\$20 Billion over the next 5 years** – 4x its current rate of investment. This month **Moody's**, the credit rating company, announced it will be investing **\$250 million in BitSight**, which uses an algorithm to assess the likelihood an organization will be hacked.¹⁸

Blackberry, held by the fund, announced at the end of the month that the former McAfee president, John Giamatteo, will be the new president of its cyber security business. In a recent interview, John Chen, BlackBerry's CEO, said that blackberry is now a security software company. In fact, **60% of Blackberry's revenue comes from cyber security**.¹⁹

Significant cyber incidents



Cloud Computing

Migration of assets to the cloud has become one of the key business priorities globally during COVID-19. **Google** announced it will invest **\$1.2 billion by 2030** to expand its cloud computing infrastructure in Germany and it will also increase its use of renewable energy. Google aims to use 100% renewable energy in Germany by 2030.²⁰

AWS plans to launch its first data center in New Zealand by 2024. The investment of around **USD \$5.3 billion** will stretch over the next 15 years. The new Auckland-based center will join the existing 81 centers AWS offers in 25 regions. This is AWS's largest investment in New Zealand yet and will help the country position itself at the forefront of digital commerce.²¹

Google's electricity use in Germany

2022 Without the ENGIE agreement, Google's CFE mirrors the German electricity grid



62% Carbon-free energy Existing carbon-free energy

Google's electricity use in Germany

2030 Google is aiming to operate on 24/7 CFE everywhere we operate



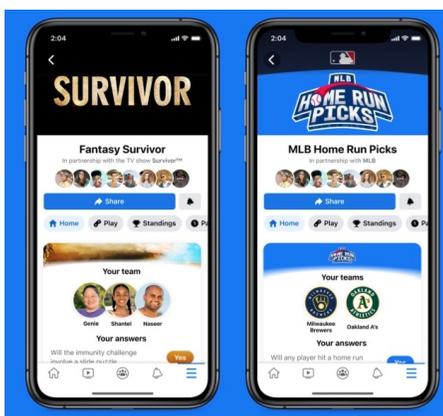
100% Carbon-free energy Existing carbon-free energy + Wind + Solar + Next-generation technologies

Salesforce is entering into streaming media with Salesforce+, a digital media network with a focus on video chat. Think about your LinkedIn feed brought to life, but in video form.²² Salesforce would like to do what brands like Disney, Netflix and Peloton have done with streaming services but for business professionals.²³

Mastercard announced it will be working with Accenture and Salesforce to enhance their visibility on carbon emission data. Mastercard is one of the first global companies to use Salesforce Sustainability Cloud to track and analyze the carbon emissions of its value chain.²⁴

eGaming

As the metaverse continues to grow and connect people from all over the globe, some are predicting big gaming will eventually become big tech. The big tech giants are increasingly looking for ways into the gaming industry as another avenue to extract data from consumers.²⁵ In September, **Facebook** announced the company is looking to expand into fantasy gaming including fantasy sports and other types of games linked to popular TV shows like Survivor and The Bachelorette.²⁶ **Netflix** purchased video game creator Night School Studio and rolled out 5 mobile games in some European markets. **Microsoft** began testing its Xbox cloud gaming service this month, which will let players stream games instead of having to download them onto their devices. **Amazon** released its new video game for PCs in September called “New World” with already hundreds of thousands of people playing.²⁷



Roblox, held by the fund, is a global gaming platform. In September, Roblox announced a new voice chat system called “**Spatial Voice**” that will aim to replicate real life. It will allow players avatars to have realistic conversations mirroring how humans listen and respond to the world. As the metaverse continues to grow, Roblox believes communication will be a key part of the experience.^{28,29}

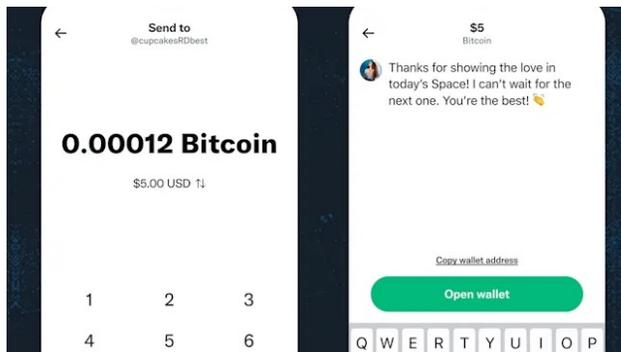
5G

The developments in 5G are making it possible to build a cellular system that can connect virtually everyone in the world. There are now over 175 mobile operators with commercial 5G services globally. **Qualcomm** sees 5G and AI as synergistic and essential ingredients to fuel future innovations. AI will improve 5G efficiency and more 5G connected devices will enable greater opportunities for enhancements in AI learning. In fact, Qualcomm is working on standardizing machine learning to accelerate 5G advancements across different technologies.¹

In September, the **NFL** named **Verizon 5G** as a partner in a 10-year deal that will enhance fan experiences by allowing fans to view seven different live camera angles. Verizon’s CEO said that the alliance should improve player training, overall venue operations, team scouting and health guidelines. It will be offered in 90% of stadiums.²



Twitter Tipping in Bitcoin



Fintech

The **buy-now-pay-later** service has diverted as much as **\$10 billion in annual revenue away from banks**, according to McKinsey & Co.⁶ Back in July, Square acquired **Afterpay** for US\$29 billion. Last month, **Amazon** announced a partnership with **Affirm**, the buy-now-pay-later platform. Affirm's CEO Max Levchin thinks the industry still has lots of room to grow. The alternative payment plan makes up less than 5% of total US ecommerce according to Levchin.⁷ This month, **Mastercard** announced it would be launching its own buy-now-pay-later service. MasterCard said this service increased average sales by 45% and reduced the risk of consumers abandoning their shopping cart before checking out.⁸

Technology companies are announcing new ways to integrate cryptocurrencies onto their platforms. **Robinhood** announced that testing of its crypto wallet will begin next month. The wallet will allow users to move their crypto in and out of accounts in a couple taps and consolidate all coins in one account.⁹ **Twitter** also announced this month enabling **tipping for services in Bitcoin**. This will be facilitated through **Strike**, a Bitcoin wallet app, and run on the **Lightning network protocol**. The lightning network allows users to instantaneously transfer bitcoin around the world for free. This partnership is an exciting opportunity for Bitcoin to be used as a payment rail.¹⁰

Robotics

Robots powered by Artificial Intelligence are disrupting industries. AI makes it possible for robots to perform tasks that were previously thought impossible. The use of medical robots continues to grow as hospitals strive to increase efficiencies and accuracies in patient care. The global **medical robots** market size is expected to grow at a **CAGR of 144% by 2027**. **Intuitive Surgical** and **Stryker** are two companies that are leaders in the space and are well positioned to benefit from this growth.³

Amazon has been using robots to transform its warehouses for years. The company currently has **350,000 robots** working in fulfillment centers around the world. That figure is 75% higher than it was 2 years ago.⁵ At the end of September, Amazon announced its first at-home robot "**Astro**". Astro is designed to help with home surveillance by driving around the house at a speed of up to 2mph with a built-in camera. This home robot will cost first day purchasers \$999 or \$1,499 once it is widely released.⁷



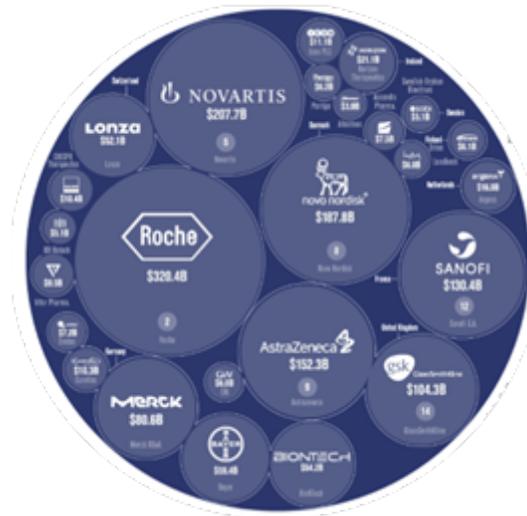
Genomics

The global pharmaceutical industry is expected to continue to grow as the largest pharma companies remain front and center in the fight against COVID-19. The **US accounts for over 46% of the global pharmaceutical market** and is home to 6 of the top 10 largest pharmaceutical companies. Companies with successful COVID-19 drugs are leading the pack on revenue growth.¹²

Seagen and **Genmab**, both held by the fund, announced this month that the FDA granted accelerated approval for TIVDAK, the first and only approved antibody-drug to treat cervical cancer with disease progression during or after chemotherapy.¹³ **BeiGene**, another global biotechnology company held by the fund, was included in several FTSE Russell indices last month. The company's inclusion in these indices could increase their visibility among global investors.¹⁴

North America

Europe



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PERFORMANCE ATTRIBUTION:

For the month, Robotics and Automation made the biggest contribution to the fund. The largest detractors were FinTech, Cybersecurity and eGaming.

PERFORMANCE (%)

TOTAL RETURNS*	1 MTH	YTD	1 YR	2 YR	3 YR	SI**
EDGE (HEDGED)	-4.94	8.22	31.69	37.28	22.36	23.99

Source: Bloomberg, as at September 30, 2021. ** Performance since inception on April 30, 2018.



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