

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.

TSX

EDGE**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 innovation.

8 Themes

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|--|---|
| 1. Cybersecurity: Non-discretionary need to protect our data infrastructure | 5. Genomics: Better drugs, developed in a fraction of the time at lower costs |
| 2. Cloud Computing: Store and access data through the internet | 6. Robotics & Automation: Rise of robots will boost productivity and economic growth |
| 3. 5G: Increasing wireless delivery speeds and efficiencies to connect the world | 7. Fintech: Transforming how financial services are delivered and consumed |
| 4. Automobile Innovation: The car is becoming digital: Autonomous, Connected & Electric | 8. eGaming: Largest and fastest-growing entertainment sector |

GENERAL INDUSTRY UPDATE

CARS

Tesla posted record revenue and profits in the company's Q3 earnings this month. This marks the 9th straight quarter of profits for Tesla. Hertz Global Holdings Inc announced it placed an order for 100,000 Tesla's valued at \$4.2 billion. This is one of the largest purchases of electric vehicles ever. The rentals will be available in various cities across the US and parts of Europe. The announcement drove Tesla's valuation over \$1 trillion for the first time and passed Facebook for the 5th spot in the S&P 500. At first only two-way rentals will be permitted to ensure vehicles are adequately charged after being returned. The news fueled a rally in Asian EV stocks on new optimism for the sector.¹

CYBR

October was Cybersecurity awareness month. It is meant to be used as a time to reflect on individuals and companies' cybersecurity practices to ensure safe habits. The number and scale of attacks this year alone has been unprecedented. A Bloomberg report found that ransomware in 2021 might exceed the entire last decade combined. There was \$590 million in suspicious activity related to ransomware in the first six months of 2021, exceeding the entire amount of \$416 million reported in 2020. According to the U.S. Treasury Department's Financial Crimes Enforcement Network, if this trend continues 2021 is "projected to have a higher ransomware-related transaction value than was filed in the previous 10 years".²

DATA

The global shift to remote work continues to fuel the cloud computing industry. An article published by the Wall Street Journal highlighted cloud business as one of the fastest growing sectors in tech right now.³ McKinsey refers to this massive opportunity as the 'Trillion-Dollar Cloud'. Their report projects over a \$1 trillion-dollar opportunity for companies that leverage the full capability of the cloud. McKinsey breaks down this figure into two parts: 'Rejuvenate' and 'Innovate'. The rejuvenate aspect refers to cost optimization and core-business digitization and is believed to be valued at \$440 billion. However, the real opportunity is how the cloud is being used to drive new innovations. This aspect is valued at almost twice as much at \$770 billion. While it's beneficial to reduce costs, the real winners of this shift will be the organizations that use this technological development to transform their current offerings.⁴



Source: Shutterstock

COMPANY SPECIFIC UPDATES CONT.

Robotics

Robotic technologies are being applied to many industries. One example covered this month by CNN is robots being used to assist with mapping the oceans floor. While 70% of the Earth's surface has been covered, remote parts of the ocean have always been impossible to map for numerous logistical and financial reasons. We actually know more about the surface of Mars than we do about the ocean. In fact, only 20% of the ocean is mapped. Robots that can travel to the deepest parts of the sea will help navigate ships safer, create more accurate climate models, lay down telecommunication cables, build offshore wind farms and protect marine species. These activities are part of what is called the Blue Economy and is estimated to be worth \$3 Trillion by 2030. Seatrec is working to develop a robot that dives down, creates a map of the area to send to a satellite and returns to the surface. The robot is charged by the water when it moves from colder to warmer parts of the ocean.⁹



Source: Meta

HERO

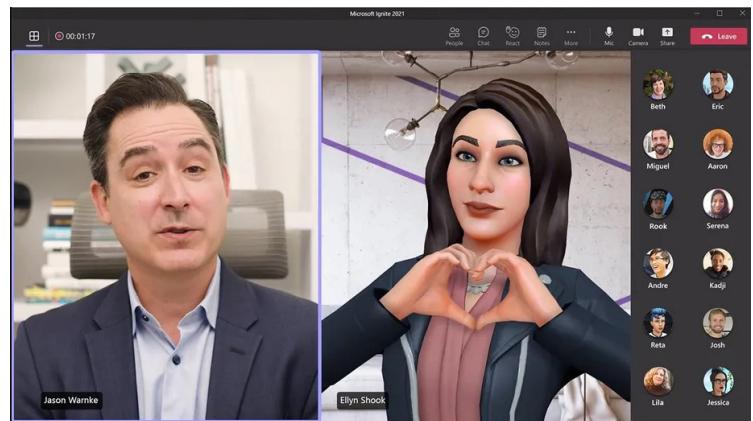
The metaverse was a hot topic this month with Facebook changing its name to Meta to reflect their commitment to building out the metaverse. Mark Zuckerberg, CEO, commented that they are a company that builds technology to connect people and the name Facebook didn't fully reflect everything the company is currently doing.⁵ Bloomberg estimates that the metaverse's global revenue opportunity could be \$800 billion in 2024. The size of this opportunity is attracting companies other than just Meta (or Facebook). Microsoft, Tencent, Roblox and Nvidia are all making significant investments in this new virtual world. Microsoft announced they are bringing Mesh, a collaborative virtual platform, to Microsoft Teams next year. Video game makers are working to elevate their 3D online worlds to resemble social networks and integrate other aspects like e-commerce and live events into the games.⁶

Fintech

The growth and popularity of Fintech has created somewhat of a divide between nimble tech-startups that can integrate this cutting-edge technology easily and business that use more traditional financial institutions. Rapyd is a fintech company that is trying to bridge this gap with Fintech-as-a-Service (FaaS). FaaS is software that companies can integrate into their systems through APIs (application programming interfaces).¹⁰ Customers such as financial institutions can leverage FaaS to integrate ready to deploy fintech created by specialists. One example is Robotic Process Automation (RPA) that uses robots to automate monotonous business tasks. This service is allowing traditional financial players and other companies to leverage the latest financial technology cost efficiently.¹¹

5G

5G coverage across the globe is growing rapidly. Forbes predicts that by the end of 2021, 5G mobile subscriptions are estimated to be over 580 million and by 2026 this figure could jump to 3.5 billion.⁷ The application of 5G is impacting the full spectrum of technologies. As an example, Verizon published an article highlighting how 5G speeds are attracting more gamers to the cloud. Cloud gaming removes the need to purchase expensive consoles and lets users access any games that are hosted in the cloud. Gaming analytics from Newzoo predicts that cloud gaming revenues will hit \$1.4 billion in 2021 and exceed \$5 billion by 2023.⁸

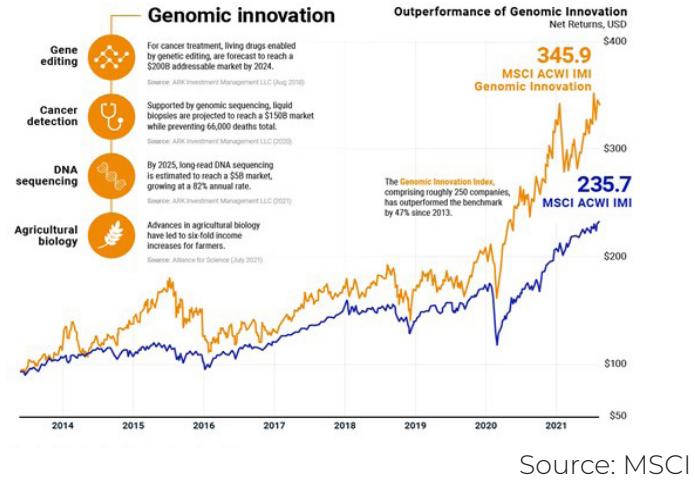


Source: Microsoft

COMPANY SPECIFIC UPDATES CONT.

Genomics

Big data and DNA are at the center of the genomic revolution. Visual Capitalist published an infographic this month outlining why genomics is poised for growth and how it will reshape medicine. As an example, faster cancer detection could save 66,000 lives annually in the US alone. Genomics is also being used for gene editing, DNA sequencing and agricultural biology. According to data from the MSCI, the Genomic Innovation Index outperformed the benchmark by almost 50% since 2013.¹²



Source: MSCI

PERFORMANCE (%)

TOTAL RETURNS*	1 MTH	YTD	1 YR	2 YR	3 YR	SI**
EDGE (HEDGED)	5.42	14.09	36.35	38.93	32.39	22.82

Source: Bloomberg, as at October 29, 2021.

** Performance of EDGE since inception on April 30, 2018.

Sources:

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