

Evolve Automobile Innovation Index Fund

CARS invests primarily in equity securities of companies that directly or indirectly involved in developing electric drivetrains, autonomous driving or network connected services for automobiles.

TSX

CARS

ETF TICKERS: CARS (HEDGED); CARS.B (UNHEDGED); CARS.U (USD)
MUTUAL FUND FUNDSERV CODE: EVF140 (CLASS F); EVF141 (CLASS A)

Investment Thesis: The car is becoming digital. Autonomous, Connected, Electric and Shared ('ACES')

Electrification

- Technological advances
- Improved vehicle experiences
- EVs becoming cost competitive with ICE (Internal Combustion Engine) counterparts
- Government mandates on carbon
- Charging network build-out
- Re-charge times
- Battery capacities/range

Autonomous Technology

- Smarter chips
- Better and cheaper sensors
- Smart infrastructure
- Government mandates for safety
- Only Level 2 (partial automation) is available today
- Advanced Driver Assist ('ADAS') in most cars
- Level 3 (conditional), 4 (high) and 5 (full) years away

GENERAL INDUSTRY UPDATE



Source: Compositesworld.com, "What is the role of composites in electric vehicles?" Photo credit: Getty images

Electric vehicle (EV) adoption continues. The evidence that the automotive industry is experiencing an immense transformation keeps mounting higher. Consumer preferences are changing, new products and solutions are being introduced, and governments are supporting this innovation. The electrification of the automobile is becoming nothing short of a global phenomenon.

In the coming years, EV sales are expected to grow significantly.

According to a KPMG survey of auto industry executives, EV sales could amount to 52% of total sales by 2030 in the U.S., China, and Japan.

77% percent of the survey respondents said that mass adoption of EV technology could be possible within 10 years, and that's without government aid.¹

With more EVs on the roads, there's going to be an increasing

global need for infrastructure changes to accommodate the changes in the automotive landscape—specifically, a large number of EV charging stations will be required.

According to the Department of Energy, there are 46,000 EV public charging sites in the U.S.

Industry insiders say a million fast chargers will be required, as the Biden Administration wants to see EVs making up 50% of total auto sales by 2030. Currently, EV sales account for just two percent of the market.²

With this growing demand for charging infrastructure, the U.S. government is expected to lay out the EV Charging Action Plan. The goal is to lay out a plan on how the Department of Energy and the Department of Transportation could work together to make the Biden Administration's EV sales target a reality.

COMPANY SPECIFIC UPDATES



Source: Vox.com, Photo credit: Toru Hanai/Bloomberg via Getty Images

Tesla Inc

Tesla, held by the fund, remains a dominant EV maker. Recently, the company reported its fourth quarter and full-year delivery figures. There were impressive figures across the board.

During the fourth quarter, Tesla delivered 308,000 vehicles. Wall Street analysts had estimated that this figure would be about 266,000 vehicles. For the entire year of 2021, Tesla delivered 936,000 vehicles, up from 500,000 vehicles in 2020. Most of the 911,209 vehicles sold in 2021 were “Model 3” sedans and “Model Y” SUVs.³ Nevertheless, in the statement, the company added that the figures posted could be based on conservative estimates, so the final figure could be higher. Actual figures will be available once Tesla reports its financial performance.



Source: Blinkcharging.com

Blink Charging Co

Blink Charging, held by the fund, offers the industry’s only complete end-to-end solution for the EV charging ecosystem in the U.S. The company provides solutions for consumers, businesses, fleets, retailers, developers, and municipalities. Blink Charging recently unveiled seven new products at the Consumer Electronics Show (CES). The new products included the MQ 200, HQ 200 (Smart and Basic models), Vision IQ 200, and 50kW DC Fast Charger, which offer next-generation EV charging technology across the EV ecosystem, including home, fleet, multifamily, and retail.⁴



Source: Seekingalpha.com, Nvidias autonomous vehicle opportunity.⁷ Photo credit: Jae Young Ju/Istock via Getty images

NVIDIA Corporation

NVIDIA Corporation is held by the fund. Its flagship products for automobiles are the DRIVE Hyperion 8 platform and DRIVE Orin system-on-a-chip (SoC). Hyperion DRIVE 8, at its core, is a production-ready platform for autonomous vehicles. It is outfitted with a sensor suite that includes cameras, radars, LiDAR, and ultrasonics. Drive Orin is an SoC that performs 254 trillion operations per second, acting as the central computer specifically designed for autonomous vehicle applications. Volvo’s new automated driving (AD) features will be powered by Nvidia’s Drive Orin, which is already being used by other car manufacturers including Polestar, IM Motors, Li Auto, NIO, R Auto and Xpeng.⁵ Baidu’s EV company, JiDU Auto, will also be using Drive Orin for its next-gen vehicle with Level 4 autonomous driving capability expected to debut at the Beijing Auto Show in April, followed by mass production and delivery by 2023.⁵

PERFORMANCE (%)

TOTAL RETURNS*	1 MTH	YTD	1 YR	2 YR	3 YR	4 YR	SI**
CARS (HEDGED)	-9.83	5.53	5.53	42.75	45.75	25.62	24.95
CARS.B (UNHEDGED)	-10.48	4.12	4.12	44.44	44.33	27.08	26.56
CARS.U (USD)	-9.60	4.77	4.77	46.32	48.02	26.76	24.65

Source: Bloomberg, as at December 31, 2021.

** Performance since inception of CARS and CARS.B on September 27, 2017.

Performance since inception of CARS.U on November 1, 2017.

Sources:

1. White, J., "EVs will own half of U.S. market by 2030, auto execs tell survey," Driving, December 1, 2021; <https://driving.ca/auto-news/industry/evs-will-own-half-of-u-s-china-markets-by-2030-auto-execs-tell-survey>.
2. Korn, M., "Biden administration accelerates plans for a national EV charging network," ABC News, December 13, 2021; <https://abcnews.go.com/Business/biden-administration-accelerates-plans-national-ev-charging-network/story?id=81719883>.
3. Murphy, M., "Tesla stock soars as deliveries surge 87% in 2021, smash quarterly record," Market Watch, January 3, 2022; <https://www.marketwatch.com/story/tesla-smashes-quarterly-delivery-record-sees-sales-surge-87-in-2021-11641150700>.
4. "Blink Charging Launches Seven Next-Generation Electric Vehicle Charging Products at CES, Powering the Electrification of Transportation Globally," Seeking Alpha, January 5, 2022; <https://seekingalpha.com/pr/18619851-blink-charging-launches-seven-next-generation-electric-vehicle-charging-products-ces-powering>
5. "The best (and weirdest) future car tech at CES 2022," TechCrunch, January 7, 2022; <https://techcrunch.com/2022/01/07/ces-2022-best-weirdest-car-tech/>

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