

APRIL 2022

## MONTHLY UPDATE



REFINITIV LIPPER  
FUND AWARDS  
2021 WINNER  
CANADA

FUNDGRADE A+  
ACHIEVED FOR THE YEAR 2021

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

### Automobile Innovation



Source: Oxfordshirelive.co.uk/news

Globally, the demand for electric vehicles remains robust, but the growth of charging stations is lagging behind. According to an in-depth study by Ryan Fisher at BNEF, the number of electric vehicles on the road per public charging point jumped to 9.2. At the end of 2020, this figure was 7.4.

China, one of the biggest and fastest growing markets for electric vehicles, has done well when it comes to charging stations. Since 2018, the growth of charging stations has kept up with the increasing demand for electric cars. The country now has more than half of the world's public charging points.

In the U.S., the number of chargers for every electric vehicle continues to decline. Europe is also lagging behind when it comes to charging infrastructure as electric vehicle sales in the region have surged since 2019. In Germany, for example, the ratio of electric vehicles per charging point in 2019 was eight. In 2021, it was at 20.<sup>1</sup>

### Cybersecurity

In an interview with CNBC's "TechCheck", George Kurtz, the CEO of CrowdStrike Holdings, Inc. said that there are a lot of companies in the cybersecurity space, with big valuations and big expectations. However, the company is taking the wait-and-see approach when it comes to mergers and acquisitions. The CEO believes that given the landscape in the industry, public cybersecurity firms are in a relatively good position, but private companies could be worth watching as their funding rounds are ahead, but their valuations are constricted.<sup>2</sup>



Source: Envato.com



Source: Boeing

## Cloud Computing

AcBoeing Co. has become a cloud customer. The company is using all three cloud computing giants—Amazon.com Inc., Microsoft Corp. and Alphabet Inc.'s Google to transform its digital footprints.

The aircraft manufacturer signed a multiyear agreement with big tech companies to upgrade its hosting and maintain its software applications through a network of servers. Boeing wants to move its applications to cloud where they will be maintained at data centers operated by cloud service providers.

Boeing is upgrading its technology to avoid delays and glitches that increase the costs of producing new aircrafts. It's investing in tools like digital twins where there is a virtual model of actual hardware that could help the company envision new aircraft concepts and assembly lines that would build these aircrafts.<sup>3</sup>



Source: AFP via Getty Images

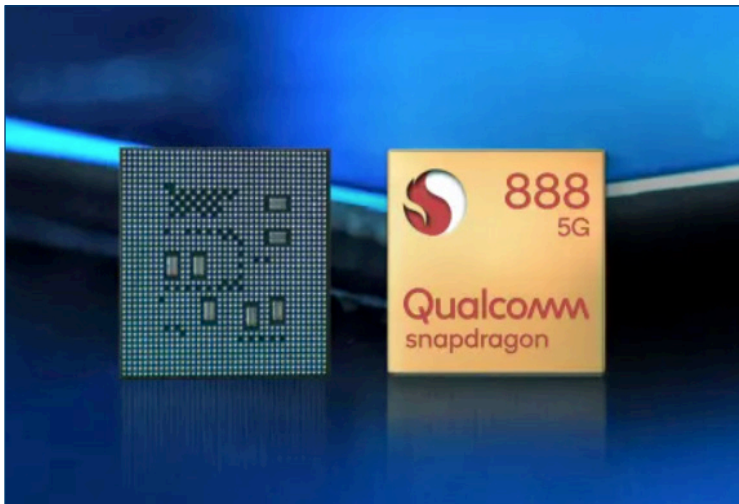
## E-Gaming

China, the world's largest mobile and video games market, is seeing some signs of relief after the government crackdown on technology ranging from e-commerce, fintech, online education, and online gaming. China's National Press and Publication Administration has approved a batch of new video game licenses for the first time since July 2021.

It's still not clear which video games were approved and if they were from industry leaders such as Tencent Holdings Ltd. and NetEase Inc. The media watchdog has been reviewing video games to decide if they meet stricter criteria set by the National Press and Publication Administration around content and child protection.

For companies like Tencent Holdings, the slowdown in video game approval caused by stricter criteria is impacting business. The company's most lucrative business division grew just one percent in the later part of 2021, far behind the 34% increase in Tencent Holding's international business. Its sales growth rate has stalled to the slowest pace since 2004.<sup>4</sup>





Source: Qualcomm

## 5G

Qualcomm Inc., owned by the fund and a leader in 5G technology, reported strong financial performance for its most recent quarter—beating analysts estimates. All four of the company's segments showed resilience.

The Handsets segment of Qualcomm grew 56% year-over-year in the most recent quarter and registered revenue of \$6.33 billion. RF front-end—the segment focused on 5G connections—increased 28%. The IoT business expanded 61% and the automotive market segment grew 41% annually.<sup>5</sup>

## Robotics & Automation

According to Polaris Market Research, there's an expected boom in delivery robots within the coming years. Globally, the autonomous delivery robot market was just \$211.5 million in 2021. By 2029, this market is expected to increase to \$2.11 billion. This represents a compound annual growth rate of 34.9%.

The e-commerce sector could be the biggest beneficiary of this market as autonomous delivery robots would help retailers reduce costs associated with last-mile distribution. Furthermore, since there's demand for contactless delivery, these robots could play a critical role.

When it comes to autonomous delivery robots, the hardware segment is expected to see the biggest boost and remain a dominant part of the industry. However, if there's increased supply of autonomous delivery robots, this could also improve the software segment of the industry.<sup>6</sup>



Source: Adobe stock



Source: Shopify.com

## Fintech

Shopify, an e-commerce giant held by the fund that offers a selling platform to independent businesses, reported a net loss US\$1.5 billion in the most recent quarter of 2022. Shopify reported results that were below analysts' expectations, and the stock price has also declined.

During the pandemic, Shopify's stock had a stellar run. The stock reached a peak of about \$2,140 in November and became the biggest company in Canada.<sup>7</sup>

## Genomics

BeiGene, Ltd., held by the fund, is a biotechnology company that aims to develop and commercialize innovative medicines. For the first quarter of 2022, the company reported revenue of \$261.6 million—a stellar 146% increase year-over-year.

The company's BRUKINSA product revenue surged 372% globally year-over-year.

Regarding the future, the co-founder, chairman, and CEO of BeiGene, John V. Oyler, said that he's never been more confident in the company. He's impressed by the performance in the U.S., Europe, and Asia.<sup>8</sup>



Source: Caixinglobal.com/BeiGenebuilding

## PERFORMANCE (%)

TOTAL RETURNS*	1 MTH	YTD	1 YR	2 YR	3 YR	4YR	SI**
EDGE (HEDGED)	-10.24	-20.56	-18.15	19.53	13.49	12.51	12.52
EDGE.U (USD)	-12.06	-22.03	-21.44	-	-	-	-11.48

Source: Bloomberg, as at April 29, 2022.

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

Performance of EDGE.U since inception on January 7, 2021.

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