

Evolve Cloud Computing Index Fund

DATA invests primarily in equity securities of companies located domestically or internationally that have business operations in the field of cloud computing.

TSX
DATA

ETF TICKERS: DATA (HEDGED); DATA.B (UNHEDGED)

Investment Thesis: Cloud computing is revolutionizing every industry. Data is our most precious resource - the new oil.

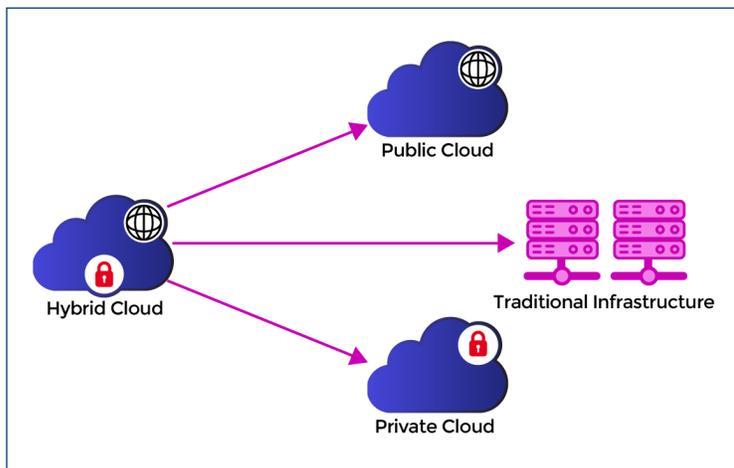
Cloud Computing advantages include:

- Cost reduction/time to market
- Global accessibility
- Easy to implement and upgrade
- Centralized security
- Save energy

Cloud computing services include:

- Infrastructure as a Service (IaaS)
- Software as a Service (SaaS)
- Platform as a Service (PaaS)
- Games as a Service (GaaS)

GENERAL INDUSTRY UPDATE



Source: EvolveETFs

According to Equinix, a digital infrastructure company, 93% of enterprises have shown interest or have already implemented hybrid cloud solutions. In 2017, this figure was only 81%. This indicates that more and more companies are opting to use a combination of public and private cloud solutions.

In addition, the adoption of public cloud is also increasing. According to Equinix, in the next two years, there's going to be an increase of 45% in the number of organizations running more than 30% of their production applications on the public cloud.¹

But with cloud adoption, specifically to the public cloud, there are also security concerns. According to the 2022 Thales Cloud Security Report by 451 Research, 45% of businesses have experienced a cloud-based data breach or failed an audit in the past 12 months. This was five percent higher than the previous year.

In addition to data security issues, complexities with cloud-related services are also increasing. In fact, 51% of IT professionals claim that it's becoming more complex to manage privacy and data protection in the cloud.

COMPANY SPECIFIC UPDATES



Source: SAP

SAP

SAP, a leading cloud services provider in Europe, which is held by the fund, recently announced an integration between the company's flagship S/4HANA Cloud and Google Workspace. The integration will allow SAP users to access data from S/4HANA and use it collaboratively in Google Docs and Sheets. This will allow users to import and export data between the two systems seamlessly.

Regarding the integration, Philipp Herzig, the SVP and head of Intelligent Enterprise and Cross Architecture at SAP said that this two-way integration is something customers have been asking for and it could be critical for big companies.⁵



Source: Foxbusiness

VM Ware Inc.

VMware Inc., held by the fund and one of its top 10 holdings, is a software solutions provider around cloud management and infrastructure, security and digital workspaces. The company was recently acquired by Broadcom, a semiconductor company, in a cash and stock transaction of \$61.0 billion.

Once complete, it would be one of the largest deals in the technology sector behind Microsoft’s \$69-billion-dollar deal to purchase Activision Blizzard, and Dell’s \$67-billion-dollar purchase of EMC back in 2016.

Broadcom is known for being an active acquisition company among semiconductor companies. It bought CA Technologies in 2018 for \$18.9 billion and Symantec in 2019 for \$10.7 billion.⁴ This deal for Broadcom will help diversify the business to have exposure to cloud-related businesses.



Source: Snowflake Inc.

Snowflake Inc.

Snowflake Inc., held by the fund, is a cloud-based data platform provider. Recently, it reported year-over-year growth of 85% in revenue in the first quarter of fiscal year 2023, ended on April 30th. Sales for the quarter amounted to \$422.4 million.

The company has 6,322 customers and 206 customers with trailing 12-month product revenue of greater than \$1.0 million.⁵

In addition, the company recently announced a new cybersecurity workload for Snowflake’s Data Cloud—a solution that lets cybersecurity teams protect their enterprise data. By using Snowflake’s platform, cybersecurity teams can essentially break down data silos to gain better visibility of data, get advanced analytics, and get clearer insights into risks and threats.⁶

PERFORMANCE (%)

TOTAL RETURNS*	1 MTH	3 MTH	6 MTH	YTD	1 YR	SI**
DATA (HEDGED)	-6.55	-20.09	-35.65	-33.64	-24.48	-13.63
DATA.B (UNHEDEDGED)	-7.18	-19.84	-35.91	-33.41	-21.11	-13.63

Source: Bloomberg, as at May 31, 2022.

** Performance of DATA and DATA.B since inception on January 6, 2021.

Sources:

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2. MacRae, D., "Cloud data breaches and cloud complexity on the rise," Cloudtech, June 7, 2022; <https://www.cloudcomputing-news.net/news/2022/jun/07/cloud-data-breaches-and-cloud-complexity-on-the-rise/>.
3. Lardinois, F., "Google Cloud and SAP launch a native integration between Workspace and S/4HANA Cloud," Techcrunch, May 4, 2022; <https://techcrunch.com/2022/05/04/google-cloud-and-sap-launch-a-native-integration-between-workspace-and-s-4hana-cloud/>.
4. Leswing, K., "Broadcom announces plans to buy VMware in \$61 billion deal," CNBC, May 26, 2022; <https://www.cnbc.com/2022/05/26/broadcom-announces-plans-to-buy-vmware.html>.
5. "Snowflake Reports Financial Results for the First Quarter of Fiscal 2023," Snowflake Inc., May 25, 2022; <https://investors.snowflake.com/news/news-details/2022/Snowflake-Reports-Financial-Results-for-the-First-Quarter-of-Fiscal-2023/default.aspx>.
6. "Snowflake Launches New Cybersecurity Workload to Detect and Respond to Threats with the Data Cloud," Snowflake Inc., June 7, 2022; <https://investors.snowflake.com/news/news-details/2022/Snowflake-Launches-New-Cybersecurity-Workload-to-Detect-and-Respond-to-Threats-with-the-Data-Cloud/default.aspx>.

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*The indicated rates of return are the historical annual compound total returns net of fees (except for figures of one year or less, which are simple total returns) including changes in per unit value and reinvestment of all dividends or distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any securityholder that would have reduced returns. The rates of return shown in the table are not intended to reflect future values of the ETF or returns on investment in the ETF. ETFs are not guaranteed, their values change frequently, and past performance may not be repeated.

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