

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: Techjournal.org/thefutureofcloudcomputing

The future of the cloud is expected to reach new heights as cloud adoption continues to accelerate in the coming years. In an interview with CNBC, Adam Selipsky, the CEO of Amazon Web Services (AWS)— the world’s leading cloud service provider—said that he believes cloud computing is still in its infancy stages and that “most of it is yet to come.”

AWS has the potential to become the largest business at Amazon. Despite increasing competition and threats of a recession, AWS continues to witness robust demand as more customers are migrating to the cloud and existing customers are expanding their cloud requirements.¹

Governments have started to take a more active approach towards the industry, as the demand for cloud computing grows. Last year, the Bank of England asked the government

to police the country’s financial industry as it switched to cloud computing. The UK’s financial firms are moving their sensitive IT systems to the cloud and relying on the security of the cloud computing firms.²

According to the statement issued by the UK Treasury, 65% of UK firms use the same four cloud providers for cloud infrastructure services. The global cloud computing market is dominated by technology giants such as Amazon (AWS), and Microsoft (Azure).

COMPANY SPECIFIC UPDATES



Source: AWS logo

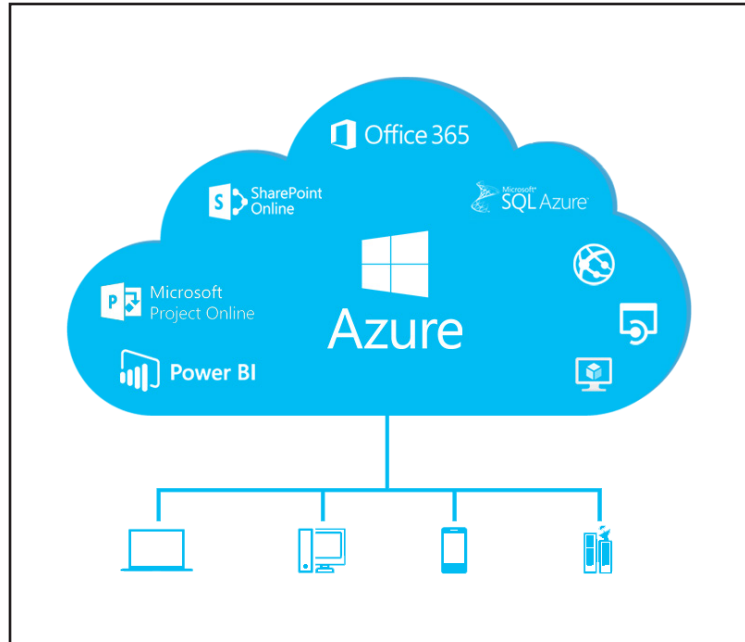
Amazon.Com, Inc.

Amazon.com Inc., an online retailer and owner of Amazon Web Services (AWS), which is held by the fund, has been gaining attention from analysts.

In a recent report, Alex Haissl, an analysts at Redburn, which is an equity research firm, said that AWS could be on the path towards a US\$3.00 trillion valuation. If true, that's three times what the entire company is worth currently.

Although no timeline was provided for how long it could take to reach those valuations, the report also stated that since AWS is such a powerhouse for Amazon.com that it might choose to split off from the slow-growing online retailer.

Furthermore, the report stated that the cloud computing unit at Amazon is well-positioned compared to its rivals such as Microsoft and Alphabet Inc. because AWS has lower costs and better technology. AWS accounts for 20% of Amazon.com's current revenue but is expected to contribute all of its earnings this year.³



Source: Microsoft Azure Cloud

Microsoft Corporation

Microsoft Corporation (one of the largest holdings in the fund) together with its cloud services unit Microsoft Azure, is expected to see its cloud computing unit continue to grow faster than AWS.⁴

The research analyst team at Credit Suisse said that Microsoft Azure will benefit as more enterprises move towards cloud computing. They believe that Azure will continue to narrow the revenue gap between Amazon.com's AWS.

PERFORMANCE (%)

TOTAL RETURNS*	1 MTH	3 MTH	6 MTH	YTD	1 YR	SI**
DATA (HEDGED)	-4.91	-24.02	-36.59	-36.59	-33.20	-15.57
DATA.B (UNHEDEDGED)	-3.46	-22.03	-35.72	-35.72	-31.05	-14.98

Source: Bloomberg, as at June 30, 2022.

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

Sources:

1. Hur, K., "AWS CEO says the move to cloud computing is only just getting started," CNBC, June 28, 2022; <https://www.cnbc.com/2022/06/28/aws-ceo-says-the-move-to-cloud-computing-is-only-just-getting-started.html>.
2. Shaw, W. and Levingston, I., "UK Wants to Regulate Tech Firms Deemed 'Critical' to Finance," BNN Bloomberg, June 8, 2022; <https://www.bnnbloomberg.ca/uk-wants-to-regulate-tech-firms-deemed-critical-to-finance-1.1775997>.
3. Patnaik, S., "Amazon cloud unit on course for US\$3T value, Redburn says," BNN Bloomberg, June 29, 2022; <https://www.bnnbloomberg.ca/amazon-cloud-unit-on-course-for-us-3t-value-redburn-says-1.178544>.
4. "Microsoft Azure to Disproportionately Benefit from Shift to Public Cloud- Analysts," Investing.com, June 16, 2022; <https://www.investing.com/news/stock-market-news/microsoft-azure-to-disproportionately-benefit-from-accelerated-to-public-cloud-credit-suisse-says-432SI-2838038>.

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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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