

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.

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

Automobile Innovation

ELECTRIC VEHICLE SALES BOOST IN CHINA



Source: Scientificamerican.com, Photo credit: John Lloyd via Flickr CC by 2.0

Back in September of 2014, Beijing announced a tax exemption for buyers of environment-friendly vehicles. Despite the policy boosting sales of electric vehicles in the country over the past decade, the government had planned to end the incentive in 2022. The State Council, China's cabinet, is now considering extending this exemption to boost the electric vehicle sector after it was severely hit by the COVID-19 lockdowns.¹

According to reports by Xinhua News Agency, the State Council is expecting the purchase tax exemption to result in \$29.8 billion in spending by consumers on electric vehicles. This will hopefully boost the Chinese economy and lead to a higher employment rate.

There have also been notable developments in the increasing range of electric vehicle batteries: Contemporary Amperex Technology Co. Ltd. recently said that it has built a car battery that has a range of over 1,000 kilometers on a single charge. Named Qilin, this battery charges faster, is safer, and more durable than existing cells.²

Cybersecurity

CANADIAN GOVERNMENT HAS PROPOSED A CYBER SECURITY BILL



Source: Information-age.com

The list of governments, organizations, and businesses facing cybersecurity threats, incidents, and breaches keeps getting longer.

The Canadian government has proposed a bill where companies in the finance, energy, telecommunications, and transportation sectors will be required to increase their cybersecurity, or they could face hefty penalties ranging from \$1.0 million to \$15.0 million.

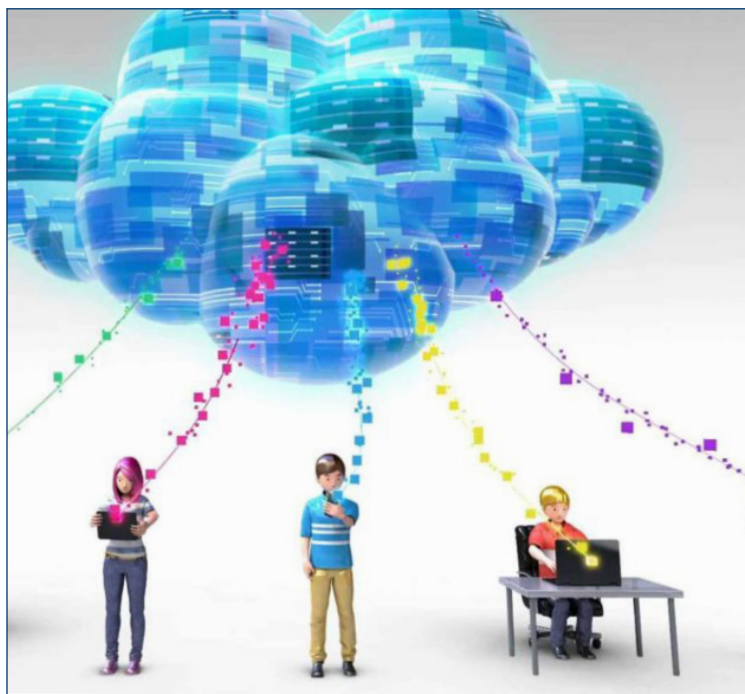
If the bill is passed, the Act Respecting Cyber Security will provide the federal government with more control over how companies in the critical sector of the Canadian economy respond to cybersecurity incidents. Furthermore, companies will also have to report cybersecurity incidents to the government's Cyber Centre and build programs that can detect severe attacks and protect cybersecurity systems.³

Cloud Computing

AWS CONTINUES TO WITNESS ROBUST DEMAND

The future of cloud computing 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)—one of the world's largest cloud computing services providers—said that he believes cloud computing is still in its infancy stages.

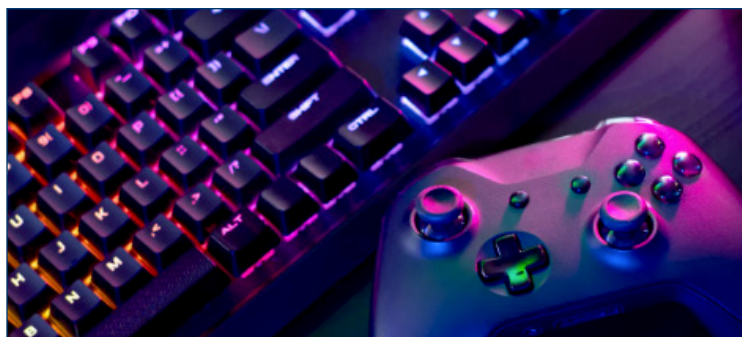
AWS has the potential to become the largest business at Amazon. Despite increasing competition and threats of a recession, AWS continues to witness robust demand as more customers are migrating to the cloud and existing customers are expanding their cloud requirements.⁴



Source: Techjournal.org/thefutureofcloudcomputing

E-Gaming

MEETING THE DEMAND FOR GAME ACCESSORIES



Source: Shutterstock/Ekkaphan Chimpalee

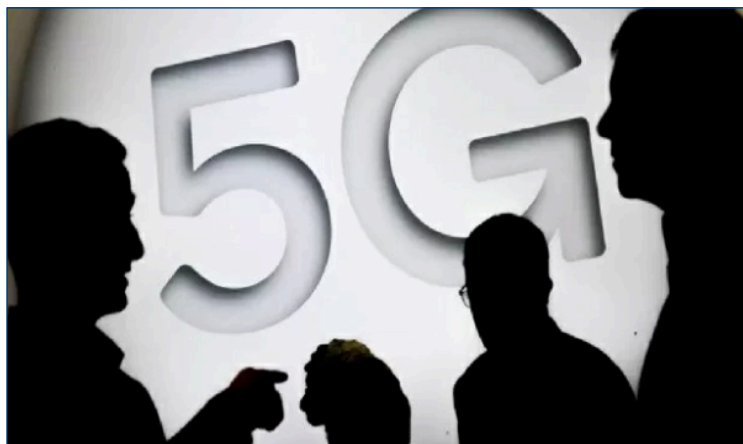
As video games are becoming even more popular, companies that sell consoles, devices, and everything that comes along with it, are catering to the changing needs of gamers' lifestyles.

Microsoft Corporation, maker of gaming console Xbox and Xbox Cloud Gaming, has announced that it plans to make its browser, Edge, more gamer-friendly. It will have a new gaming-focused homepage and games integration, a "Clarity Boost" that will enhance Xbox Cloud Gaming streams, and an efficiency mode, which will stop the Edge from using resources on the PC when games are being played. The efficient mode will be available to gamers using Windows 10 and Windows 11 operating systems.⁵

Sony, maker of PlayStation (PS) consoles and, most recently, the PS5, has announced that it will also make gaming monitors and headsets under its InZone brand. The InZone M9 gaming monitor is made for PC, but also comes with specifications for gamers to take full advantage of PS5 and Xbox Series X. The InZone HP headsets come with various features and claim to have a battery life of 32 hours per charge.⁶



Source: Rawpixel.com



Source: Jagranjosh.com

5G

5G SERVICES EXPECTED TO GROW

According to Grand View Research, the global 5G services market is expected to grow. In 2021, the 5G services market was valued at \$47.3 billion, will be 58.8 billion in 2022, and is expected to grow at a compound annual growth rate (CAGR) of 52.0% between 2022 and 2030. By year 2030, the 5G market expected to be worth \$1.69 trillion.

It's believed that the biggest catalyst for such robust growth is the soaring demand for high-speed data connectivity for unified Internet of Things (IoT) applications.⁷

Robotics & Automation

MORE COMPANIES ARE ADOPTING AI AS PART OF THEIR BUSINESS

According to market research commissioned by IBM, more and more companies are adopting AI into their business practices. Roughly 35% of companies reported using AI in 2022, which is up 13% since 2021. Chinese and Indian companies are leading the way in AI adoption, with nearly 60% of IT professional saying they consistently use AI in their business practices.

Today, businesses are using AI for a variety of reasons, from IT operations to security and threat detection, to business process automation. AI is believed to be on an upward trajectory and is poised to continue growing as it matures and becomes more accessible.

Business owners are also acknowledging the many challenges they faced during the pandemic and the value AI can have in elevating their business operations. Organizations are using AI to address skills shortages by automating tasks for skilled workers and using AI-assisted learning to improve employee engagement. It's estimated that nearly one-in-four companies today are adopting AI because of labour or skills shortages.⁸



Source: Eetasia.com



Source: itchronicles.com/fintech

Fintech

FINTECH FIRMS SEEING VALUATIONS DECREASE

As technology stocks have dropped in value over the past few months, fintech firms have seen their valuations decrease significantly. While some call it a true test for the fintech firms, others say it's a necessary adjustment.

Recently, a well-known but private fintech company, Klarna—a buy now, pay later lender—witnessed its valuations plunge 85%. It announced that it secured \$800 million at a \$6.7 billion valuation, meanwhile in 2021, it was valued at \$45.6 billion by Japan's SoftBank.⁹

Looking at public companies, they are also seeing their stock prices plummet. Stocks of companies like PayPal Holdings, Inc. and Block, Inc. are down over 60% year-to-date alone. Shopify, Inc., an e-commerce platform provider, has seen its stock price drop over 76% since the beginning of 2022.

Genomics

HEALTHCARE STOCKS TO PERFORM BETTER THAN THE BROAD MARKET

Fears of a recession are driving investors to look for more reliable areas to invest. History shows that in previous recessions, healthcare stocks were more likely to perform better than the broad market. In the last four recessions since 1990, consumer and healthcare stocks were the only two positive sectors in the S&P 500, according to CFRA Research.¹⁰ This is why many investors have strongly considered healthcare as a defensive strategy in their portfolios.

Growth prospects in the healthcare sector remain strong as the effects of the pandemic continue to highlight our need for new technological advancements.

For example, a recent advancement in healthcare involves using a tool—originally designed to map distant galaxies—to analyze cancerous tumors based on algorithms. AstroPath, an imaging platform, can identify how certain tumor cells interact with tissues in the body. This allows doctors to learn more about how patients respond to various treatments.¹¹

Researchers at John Hopkins University's Mark Foundation Center for Advanced Genomics and Imaging received \$10 million from The Mark Foundation and the Bloomberg-Kimmel Institute for Cancer



Source: Kiplinger.com/gettyimages

Immunotherapy to further its work with AstroPath and other cancer research.

The major funding will go toward clinical trials for cancer patients. The ultimate goal is to map the entire immune system and understand how it varies from person to person.

PERFORMANCE (%)

TOTAL RETURNS*	1 MTH	YTD	1 YR	2 YR	3 YR	4YR	SI**
EDGE (HEDGED)	-8.77	-28.43	-28.61	6.46	10.94	8.92	9.22
EDGE.U (USD)	-10.04	-30.00	-31.16	-	-	-	-16.54

Source: Bloomberg, as at June 30, 2022.

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

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

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