

Evolve Global Healthcare Enhanced Yield Fund

LIFE invests in top global healthcare companies, with the added value of a covered call strategy applied on up to 33% of the portfolio. Covered call options have the potential to provide extra income and help hedge long stock positions.

TSX
LIFE

ETF TICKERS: LIFE (HEDGED); LIFE.B (UNHEDGED); LIFE.U (USD)
MUTUAL FUND FUNDSERV CODE: EVF170 (CLASS F); EVF171 (CLASS A)

GENERAL INDUSTRY UPDATE



Source: Envatoelements

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.¹ 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. This increasing need is driving innovations, refining processes and procedures, and reshaping how the industry looks at patient care. Cutting-edge technologies such as artificial intelligence (AI), virtual reality (VR), internet of medical technology (IoMT), deep learning, wearable medical devices, and big data, are helping pave the way to quicker, more accurate, predictive and preventative healthcare.

AI, for example, is transforming the future of healthcare. For years now, heart specialists have implanted insertable cardiac monitors (ICMs) to keep track of sporadic heart arrhythmia. These devices have been the most popular diagnostic tool for heart rhythm monitoring since they were first introduced in 1990.²

While ICMs are preferred diagnostic tools, they also have a downside, false alerts. Nowadays, doctors are using AI to reduce the incidence of false positives with ICMs. In 2021, Medtronic PLC, which is held by the fund, used AI algorithms to reduce false starts originating from irregular or rapid heart rhythms and long pauses between heart beats.³

Medtronic is a pioneer when it comes to using advanced technologies in healthcare, for pacemakers, heart valves, and continuous glucose monitoring pumps.⁴

Another technological 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.⁵

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 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.

COMPANY SPECIFIC UPDATES

Eli Lilly & Company

Eli Lilly & Company, which is held by the fund, is using AI to research and create new drugs to treat amyotrophic lateral sclerosis, a motor neuron disease.⁶ The company also recently announced plans to use AI to pinpoint the molecules that have the best chance of making it through the drug discovery, development, and commercialization processes.

Only about 12% of molecules move from phase one to commercialization. AI helps speeds up and narrows down the field to a handful of molecules and cut drug development time by about three years⁷



Source: lilly.com/videoframe

Bristol Myers Squibb

Bristol Myers Squibb, which is also held by the fund, announced plans to acquire Turning Point Therapies for \$4.1 billion. The addition of Turning Point will help strengthen the company's formidable pipeline of cancer drugs. Turning Point's lead drug is Repotrectinib, a mid-stage candidate that tests for first-line lung cancer.⁸

The acquisition is seen as a direct challenge to competitor Roche, which is held by the fund. Turning Point's Repotrectinib targets the same gene mutations as Roche's cancer drug Rozlytrek.



Source: Bristol Myers Squibb and Turning Point Therapeutics logos

PERFORMANCE (%)

TOTAL RETURNS*	1 MTH	6 MTH	YTD	1 YR	2 YR	3 YR	4YR	SI**
LIFE (HEGDGED)	-2.52	-4.26	-4.26	3.21	8.86	11.47	11.60	8.56
LIFE.B (UNHEGDGED)	-1.55	-5.21	-5.21	3.70	5.63	10.66	10.66	9.64
LIFE.U (USD)	-3.26	-6.85	-6.85	-0.14	8.48	-	-	9.52

Source: Bloomberg, as at June 30, 2022.

** Performance since inception of LIFE and LIFE.B on October 23, 2017.

Performance since inception of LIFE.U on November 26, 2019.

Sources:

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3. "Medtronic Announces FDA Clearance and Results of Artificial Intelligence Algorithms for Cardiac Monitoring," Medtronic plc, July 28, 2021; <https://news.medtronic.com/2021-07-28-Medtronic-Announces-FDA-Clearance-and-Results-of-Artificial-Intelligence-Algorithms-for-Cardiac-Monitoring>.
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5. "Analysis of multispectral imaging with the AstroPath platform informs efficacy of PD-1 blockade," Science.com, June 11, 2021; <https://www.science.org/doi/10.1126/science.aba2609>.
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7. "Eli Lilly And Parexel Talk About The ROI Of Practical AI," Forbes, June 9, 2022; <https://www.forbes.com/sites/gilpress/2022/06/09/eli-lilly-and-parexel-talk-about-the-roi-of-practical-ai/?sh=71db6f9220ab>.
8. "Bristol Myers Squibb to Acquire Turning Point Therapeutics, a Leading Precision Oncology Company," Bristol Myers Squibb, June 3, 2022; <https://news.bms.com/news/corporate-financial/2022/Bristol-Myers-Squibb-to-Acquire-Turning-Point-Therapeutics-a-Leading-Precision-Oncology-Company/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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