

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: communicationtoday.co

According to Reportlinker, a leading market research solutions firm, the global cloud computing market is expected to be valued at \$405.2 billion in 2022 and grow to \$1.46 trillion by 2028, at a compounded annual growth rate (CAGR) of 23.9%.

A few key factors are helping to drive this stellar growth such as favourable government policies, high-quality cloud computing vendors, and improved internet infrastructure. Many service providers are also working to provide trustworthy and cost-effective cloud-based solutions that can bypass issues like staff expenses, high electricity costs, and downtime-related issues.¹

With more reliable cloud computing solutions, the average spending on computer and storage infrastructure products has also increased. According to International Data Corporation (IDC), a provider of market intelligence, advisory services, and events for the information technology, telecommunications, and consumer technology markets, spending on computer and storage infrastructure products for cloud deployments amounted to \$18.3 billion, up 17.2% year-over-year in the first quarter of 2022.

The firm said that growth remains strong despite issues surrounding the supply of system components and global transport networks.

Furthermore, IDC said that dedicated cloud infrastructure spending increased to \$5.9 billion—a growth rate of 20.5%—and it expects spending to surpass \$90.0 billion in 2022. It also said that it expects spending on shared cloud computing infrastructure to exceed spending on non-cloud infrastructure for the first time in 2022, further proving that cloud computing is gaining in popularity and becoming a preferred solution for businesses worldwide.²

This so-called hybrid approach allows Walmart to both rent computing power and storage from companies like Alphabet Inc.'s Google and Microsoft Corp (and switch from Google and Microsoft's web-bases services seamlessly), while also taking control of its own computing in-house. This system is helping Walmart save up to 18% annually on cloud spending and mitigates problems that arise from outages.

More and more cloud providers are offering hybrid cloud solutions, viewing it as a profitable way to sell both their subscription services and "on-premise" infrastructure.³

COMPANY SPECIFIC UPDATES



Source: www.robin.io

Amazon.Com, Inc.

Amazon.com, Inc., the biggest holding in the fund, recently reported its financial results for the second quarter of the year. The company reported a loss per share and overall revenue came in below expectations.

However, the cloud computing unit, Amazon Web Services (AWS), showed robust growth. Revenue for AWS surged 33% year-over-year to \$19.74 billion with an operating income of \$5.72 billion.⁴ This helps reinforce the importance of the cloud computing business for Amazon.com, and how the demand for cloud computing continues to remain strong.

PERFORMANCE (%)

TOTAL RETURNS ¹	1 MTH	3 MTH	6 MTH	YTD	1 YR	SI ²
DATA (HEDGED)	9.76	-1.99	-21.05	-30.41	-29.82	-9.61
DATA.B (UNHEDED)	9.10	-2.24	-20.70	-29.87	-28.31	-9.36

Source: Bloomberg, as at July 31, 2022.

² Performance of DATA and DATA.B since inception on January 6, 2021.

Sources:

1. "The cloud computing market size is expected to be valued at US\$ 405,295.8 million in 2022 and reach US\$ 1,465,818.2 million by 2028," GlobeNewswire, July 20, 2022; <https://www.globenewswire.com/news-release/2022/07/20/2483111/0/en/The-cloud-computing-market-size-is-expected-to-be-valued-at-US-405-295-8-million-in-2022-and-reach-US-1-465-818-2-million-by-2028.html>.
2. Daws, R., "IDC predicts cloud infrastructure spending this year will hit \$90.2B," CloudTech, July 4, 2022; <https://www.cloudcomputing-news.net/news/2022/jul/04/idc-cloud-infrastructure-spending-this-year-hit-90-2b/>.
3. Carr, A., "Walmart Is Weaning Itself Off of Big Tech," Bloomberg, July 12, 2022; <https://www.bloomberg.com/news/newsletters/2022-07-12/walmart-cloud-weans-itself-off-of-microsoft-azure-google-cloud>.
4. Novet, J., "Amazon says cloud-computing revenue rose 33%, topping Wall Street estimates," CNBC, July 28, 2022; <https://www.cnbc.com/2022/07/28/aws-earnings-q2-2022.html>.

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¹The 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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