

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.

TSX

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

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

GENERAL INDUSTRY UPDATE

Automobile Innovation

71% OF AMERICANS SHOWED INTEREST IN ELECTRIC VEHICLES



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

A recently released *Consumer Reports* survey revealed that 71% of Americans showed some interest in buying or leasing an electric vehicle, with 22% saying they would “seriously consider” and 14% saying they would “definitely” buy or lease an electric vehicle. Interestingly, the survey was conducted prior to the gas price surge in the U.S. In 2020, only 4% of survey respondents said they would “definitely” consider an electric vehicle.¹

With more people interested in electric vehicles now than ever before, automakers are preparing to meet the demand. In an interview with CNBC, the CEO of Volkswagen, Herbert Diess, revealed that the company is witnessing solid demand for electric vehicles in Asia, Europe, and the U.S. Furthermore, Volkswagen is ramping up production with five new assembly plants and trying to keep delivery times short.²

Cybersecurity

GOVERNMENTS ARE TAKING CYBER ATTACKS MORE SERIOUSLY



Source: Information-age.com

With all the cybersecurity attacks worldwide, governments are taking cybersecurity precautions more seriously. For example, the Cyberspace Administration of China (CAC) served the country’s ride-hailing giant, Didi Global, with fines of \$1.2 billion for violating China’s cybersecurity, data, and information protection laws based on how it was handling customer data.

Furthermore, the chairman and CEO of Didi Global, Cheng Wei, and the president of the company, Liu Qing, were also personally fined \$147,000.³

In the U.S., the Biden administration is working tirelessly to fill thousands of cybersecurity jobs. There’s a huge talent shortage in the U.S., and it’s being dubbed as both a national security issue and an economic opportunity.

Around mid-July, the administration announced a multi-agency plan that will create hundreds of registered apprenticeship programs with private firms in an attempt to reduce the cybersecurity professional shortages as data breaches, ransomware attacks, and hacking incidents become a normal occurrence.⁴

Cloud Computing

DEDICATED CLOUD INFRASTRUCTURE SPENDING INCREASED TO \$5.9 BILLION—A GROWTH RATE OF 20.5%



Source: www.dailyhostnews.com

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.⁵



Source: Shutterstock.com

E-Gaming

SONY ACQUIRES REPEAT.GG



Source: Sony.com

Sony Interactive Entertainment, maker of PlayStation, continues to make solid strides to increase its footprint in the video game market beyond just consoles. Recently, the company announced that it is acquiring Repeat.gg, one of the biggest e-gaming tournament platforms in the world. Repeat.gg allows users to compete for cash prizes across online games in asynchronous esports tournaments.

Since its inception, Repeat.gg has hosted over 100,000 tournaments that had more than 2.3 million participants.

The acquisition will give Repeat.gg more resources, game titles, and technology that could help the company grow significantly in the next couple of years.⁶



Source: Forbes.com

5G

5G SERVICES EXPECTED TO GROW

T-Mobile, which is held by the fund, recently announced that it was able to send audio faster than the speed of sound. Mixhalo, one of the startups in T-Mobile's 5G Open Innovation Lab, used T-Mobile's 5G network to send musician audio directly to smartphones faster than it would take to send the music to the audience's ears via speakers.

The startup's technology is able to send audio over Wi-Fi and cellular networks, and it could be more reliable on 5G networks. The technology is also interesting because next-generation mobile networks haven't been able to improve events, although they have certainly increased signal speeds in sports stadiums.⁷

Robotics & Automation

MORE COMPANIES ARE ADOPTING AI AS PART OF THEIR BUSINESS

Meta Platforms recently announced an AI-powered tool recently called Sphere. This tool is focused on tackling rampant misinformation online. The Sphere can automatically scan hundreds of thousands of citations at once and check for factual errors.

According to Meta's research team, Sphere's dataset includes 134 million public webpages.

Furthermore, the company said that Sphere is already scanning pages on Wikipedia to test its ability to flag sources that don't support the claims made. If a questionable source is found, the AI tool can recommend using a stronger source to improve accuracy of the claims made.⁸



Source: Analyticsinsight.net/meta



Source: MX/Twitter

Fintech

FINTECH FIRMS SEEING VALUATIONS DECREASE

Recently, the Canadian Imperial Bank of Commerce (CIBC) entered into a data access agreement with Utah-based Fintech firm MX to let its clients share financial information.

CIBC said that by using MX's application program interface (API) technology, its 11 million clients will no longer need to share banking credentials to connect their banking information with third-party applications for personal financial management, budget tracking, and credit-building tools.

In June, Royal Bank of Canada (RBC) entered a similar agreement with Yodlee and Plaid—two Fintech firms. Meanwhile the Toronto-Dominion Bank (TD) has been working with Fincity since 2020.⁹

Genomics

U.S. PET OWNERS SPENDING \$103.6 BILLION ON THEIR PETS IN 2020

Pet healthcare is a lucrative industry with U.S. pet owners spending \$103.6 billion on their pets in 2020. Of that, 30% goes toward veterinary care products. Moreover, the global animal genetic testing market was valued at \$990 million in 2020 and is expected to continue to experience strong growth.¹⁰

Zoetis, an animal healthcare company that discovers, develops, manufactures, and commercializes medicines, vaccines, and diagnostic products in the United States and internationally, recently completed the acquisition of Basepaws, a company that sells at-home DNA testing kits for cats. The acquisition advances Zoetis' portfolio in the precision animal health space and will shape its pipeline and future targets.¹¹



Source: Zoetisus

PERFORMANCE (%)

TOTAL RETURNS*	1 MTH	YTD	1 YR	2 YR	3 YR	4 YR	SI**
EDGE (HEDGED)	9.29	-21.78	-21.67	7.30	13.01	10.79	11.34
EDGE.U (USD)	9.61	-23.28	-24.15	-	-	-	-10.66

Source: Bloomberg, as at July 31, 2022.

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

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

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