

# 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

Fears of a recession are growing as inflation remains persistent and central banks are raising rates. TD Securities believes that there is a 50% chance of a recession in the U.S. within the next 18 months.<sup>1</sup>

In recessionary times, business spending typically declines. But according to a recent report by Equinix Inc, even with economic uncertainty hovering, 72% of the IT decision-makers said that their companies are planning to grow their digital technologies. In addition, more than 70% of decision-makers said that they are moving more functions to the cloud.<sup>1</sup>

Since cloud computing spending isn't showing signs of slowing down, cloud services and solutions providers are taking steps to broaden the use of the cloud. In July, Microsoft Corp. announced the general availability of Oracle Database Service for Microsoft Azure. This offering will allow Azure's customers to provide, access, and monitor Oracle Database services in Oracle Cloud Infrastructure (OCI) with a familiar experience.

Users will also be able to migrate or build new applications on Microsoft's Azure and connect it to Oracle Database services that run on OCI.<sup>2</sup>

Furthermore, Unity Software Inc., a video game software development company, announced that it's partnering with Microsoft's cloud solutions provider Azure to create real-time 3D experiences. Developers will be able to use Azure and Unity together, which gives users access to various new tools and makes it easier for Unity games to be on PC and Xbox.<sup>3</sup>

Amazon Web Services (AWS), a subsidiary of Amazon.com Inc., recently announced a premium paid subscription service for individuals and teams looking to improve their cloud computing skills.

The individual subscription is priced at \$29.00 per month or \$299.00 for the year. It offers three practice exams for the AWS Certification program. Subscribers also get builder labs and practical guided exercises.<sup>4</sup>

AWS has been one of the top profit engines for Amazon.com. This new premium subscription could make the cloud computing solutions provider even more profitable.

## COMPANY SPECIFIC UPDATES



Source: Analyticsindiamag.com

### Snowflake Inc.

Snowflake Inc., held by the fund and one of the biggest contributors to the fund, is a cloud computing solutions provider. The company reported strong financial performance for its most recent quarter with improved revenue and solid profits.

Most notably, remaining performance obligations jumped 78% to \$2.7 billion and net revenue retention was up 171%. Snowflake also said that its total customer count stands at 6,808 and 246 of these customers have trailing revenue of more than \$1 million.

Analysts believe that the company's strong financials are a testament of the strategic business model in place at the company and they expect Snowflake Inc.'s stock to trade up significantly.<sup>5</sup>



Source: Shutterstock

### DocuSign Inc.

DocuSign Inc., a new addition to the fund and electronic signature software provider, recently reported its financial results that were above analysts estimates. The company also increased its outlook for billings this year.

According to analysts, the guidance looks conservative but it doesn't indicate a slowdown in growth for the remainder of the year. In fact, guidance was better than expected, and investors should take a "wait-and-see" approach until a new CEO for the company is announced. Former CEO Dan Springer stepped down in July.<sup>6</sup>

## PORTFOLIO STRATEGY AND ACTIVITY

For the month, Snowflake Inc. made the largest contribution to the Fund, followed by Zoominfo Technologies Inc, and Bill.com Holdings Inc. The largest detractors to performance for the month were Amazon.com Inc., followed by SAP SE, and Salesforce Inc. On last rebalance, these securities were added to the portfolio: Concentrix Corp. and DocuSign Inc. By weight, the Fund's largest geographic exposure was to United States, followed by Germany and Japan.

## PERFORMANCE (%)

TOTAL RETURNS*	1 MTH	3 MTH	6 MTH	YTD	1 YR	SI**
DATA (HEDGED)	-3.95	0.25	-19.50	-33.16	-35.30	-11.30
DATA.B (UNHEGD)	-1.69	3.54	-17.01	-31.05	-33.14	-9.81

Source: Bloomberg, as at August 31, 2022.

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

### Sources:

- Gillin, P., "What recession? Tech spending stays robust as digital transformation plans forge ahead," Silicon Angle, July 27, 2022; <https://siliconangle.com/2022/07/27/recession-tech-spending-stays-robust-digital-transformation-plans-forge-ahead>.
- "Oracle and Microsoft announce availability of Oracle Database Service for Microsoft Azure," Microsoft Corp, July 20, 2022; <https://news.microsoft.com/2022/07/20/oracle-and-microsoft-announce-availability-of-oracle-database-service-for-microsoft-azure>.
- "Unity and Microsoft announced Azure cloud partnership," Venture Beat, August 8, 2022; <https://venturebeat.com/games/unity-and-microsoft-announced-azure-cloud-partnership>.
- Sawers, P., "Amazon launches AWS Skill Builder training subscriptions starting at \$29 per month," Techcrunch, August 2, 2022; <https://techcrunch.com/2022/08/02/amazon-launches-aws-skill-builder-subscriptions-starting-at-29-per-month/?gucounter=1>.
- Savitz, E.J., "Snowflake Stock Soars. Sales Growth Crushed Estimates," Barron's, August 25, 2022; <https://www.barrons.com/articles/snowflake-earnings-stock-price-51661375311>.
- Woelfel, J., "DocuSign Stock Surges on Earnings Beat, Boost to Billings Forecast," Barron's, September 9, 2022; [https://www.barrons.com/articles/docusign-stock-price-earnings-51662710712?mod=md\\_stockoverview\\_news](https://www.barrons.com/articles/docusign-stock-price-earnings-51662710712?mod=md_stockoverview_news).

Commissions, trailing commissions, management fees and expenses all may be associated with exchange traded mutual funds (ETFs) and mutual funds. Please read the prospectus before investing. ETFs and mutual funds are not guaranteed, their values change frequently and past performance may not be repeated. There are risks involved with investing in ETFs and mutual funds. Please read the prospectus for a complete description of risks relevant to the ETF and mutual fund. Investors may incur customary brokerage commissions in buying or selling ETF and mutual fund units. This communication is intended for informational purposes only and is not, and should not be construed as, investment and/or tax advice to any individual.

\*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.

Certain statements contained in this documentation constitute forward-looking information within the meaning of Canadian securities laws. Forward-looking information may relate to a future outlook and anticipated distributions, events or results and may include statements regarding future financial performance. In some cases, forward-looking information can be identified by terms such as "may", "will", "should", "expect", "anticipate", "believe", "intend" or other similar expressions concerning matters that are not historical facts. Actual results may vary from such forward-looking information. Evolve undertakes no obligation to update publicly or otherwise revise any forward-looking statement whether as a result of new information, future events or other such factors which affect this information, except as required by law.