

# 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.

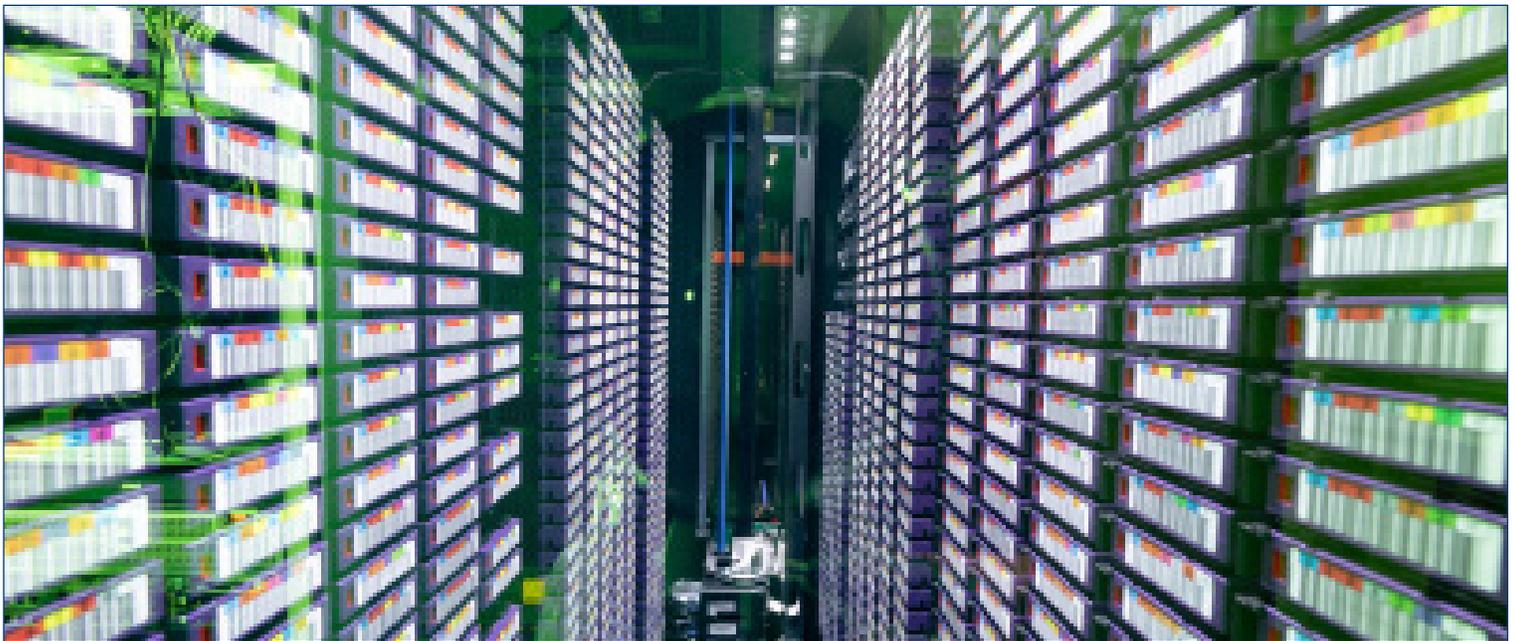
**Cloud Computing advantages include:**

- 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: Wavebreakmedia

The cloud computing market continues to gain traction as more businesses and organizations are opting for cloud services and cloud solutions.

On October 20, global bank UBS and Microsoft Corporation announced an expansion of their partnership to accelerate UBS's public cloud footprint over the next five years. With this expansion, UBS plans to have over 50% of its applications and critical workloads running on Microsoft Azure, solidifying Microsoft as the bank's primary cloud services provider.

In 2018, UBS outlined its cloud strategy and partnered with Microsoft with plans to bring one-third of its application to public cloud within four years. This target was achieved in February 2021.<sup>1</sup>

Recently, Microsoft reported that its Azure cloud business had increased by 35% in the quarter ending in September. Adjusted for currency, the cloud business grew 42%.

Microsoft isn't the only cloud services company reporting growth. Last month, Amazon.com, Inc. reported that its cloud computing business, Amazon Web Services (AWS), had grown by 27% for the quarter ending in September.

Amazon's Chief Financial Officer, Brian Olsavsky said that due to current macroeconomic pressures, customers are focusing on controlling cloud-related costs and the company is working to help customers optimize those costs. Similar comments were made by Microsoft, as well.<sup>2</sup>

## COMPANY SPECIFIC UPDATES

# ORACLE



Source: Oracle

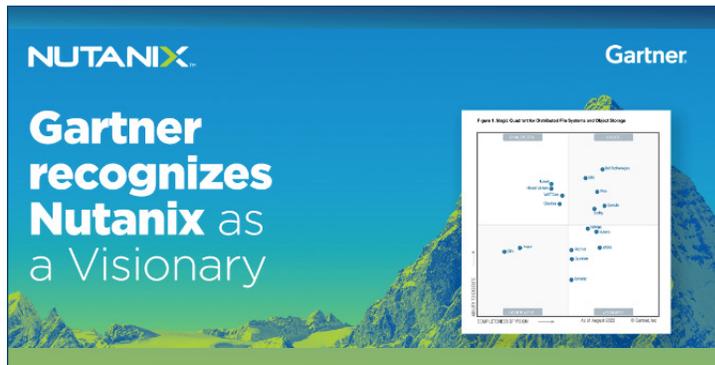
### Oracle Corp.

Oracle Corp., held by the fund and one of the biggest contributors to the return, is a leading cloud services provider. Recently, the company announced that it has been getting a lot of traction and is seeing growth rates the company hasn't witnessed in over a decade.

The company grew eight percent organically in the quarter ending in August and it expected to grow double digits organically in the near future.

Regarding the fear of economic slowdown, the company is being vigilant and careful about expenses. However, if there was a slowdown, the company would likely see it.<sup>3</sup>

# NUTANIX



Source: Nutanix.com

### Nutanix Inc.

Nutanix, a new addition to the fund and a leading hybrid multi-cloud computing provider, was recently named as a Visionary at the Gartner October 2022 Magic Quadrant for Distributed File Systems and Objects Storage. This was the second consecutive year that Nutanix has been recognized with this title.

At its core, Nutanix believes that new applications provide a competitive advantage to customers who don't have time to plan, manage, and secure separate block, file, and object platforms. The recognition by Gartner suggest that the company's products are consistent, challenge storage norms, and help high-capacity storage users.<sup>4</sup>

## PORTFOLIO STRATEGY AND ACTIVITY

For the month, Oracle Corp. made the largest contribution to the Fund, followed by SAP SE and Salesforce Inc. The largest detractors to performance for the month were Datadog Inc., followed by Snowflake Inc. and Amazon.Com Inc. On last rebalance, these securities were added to the portfolio: Dropbox Inc., Fortinet Inc, and Nutanix Inc. By weight, the Fund's largest geographic exposure was to the United States, followed by Germany and Israel.

## PERFORMANCE (%)

TOTAL RETURNS <sup>*</sup>	1 MTH	3 MTH	6 MTH	YTD	1 YR	SI <sup>**</sup>
DATA (HEDGED)	5.79	-9.44	-11.25	-36.98	-41.26	-13.18
DATA.B (UNHEDED)	4.49	-3.91	-6.05	-32.61	-35.90	-10.09

Source: Bloomberg, as at October 31, 2022.

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

### Sources:

1. "UBS and Microsoft announce landmark expansion of cloud partnership," Microsoft Corporation, October 20, 2022; <https://news.microsoft.com/2022/10/20/ubs-and-microsoft-announce-landmark-expansion-of-cloud-partnership/>.
2. Savitz, E.J., "Cloud Stocks Fall After Earnings Results From Amazon, Microsoft," Barron's, October 28, 2022; <https://www.barrons.com/articles/snowflake-stock-price-amazon-microsoft-51666985106?noredirect=y>.
3. Savitz, E.J., "Oracle's Stock Looks Cheap Again. 'We've Got a Plan,' CEO Says," Barron's, October 17, 2022; <https://www.barrons.com/articles/oracle-stock-price-buy-safra-catz-51665779058?noredirect=y>.
4. "Nutanix is Named a Visionary in the 2022 Gartner® Magic Quadrant™ for Distributed File Systems and Objects Storage for the Second Year," Yahoo! Finance, October 28, 2022; <https://finance.yahoo.com/news/nutanix-named-visionary-2022-gartner-150000659.html>.

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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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