

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: Cbirt.net/amazon-bioinformatics

As the global recession noise gets louder, cloud computing companies are starting to face some challenges as well.

According to Amazon Web Services (AWS), one of the biggest money-makers for Amazon.com Inc., customers are beginning to question their spending on cloud-related expenses. The National Football League (NFL), for example, which uses AWS to generate statistics and schedules, is reviewing its cloud computing costs. The NFL's senior vice president of health and innovation, Jennifer Langton, said that the NFL isn't recession-proof, and the league is negotiating terms with AWS.¹

While the bad news may dominate the headlines, there's a lot of good news as well around cloud computing that continues to make a strong case for long-term growth.

Despite facing some challenges with consumer spending, AWS is making headwinds in the healthcare sector. Recently, the cloud computing business launched general availability for Amazon Omics—a service that helps researchers store and analyze omic data like sequences of DNA, RNA, and proteins. This service offers the infrastructure customers need when working with large amounts of data. According to a report from Straits Research, the

global genomic data analysis market could reach \$2.15 billion by 2030.²

On the other hand, Microsoft is planning to buy four percent ownership in the London Stock Exchange Group (LSEG) for \$2.0 billion in hopes of expanding its cloud business among European financial institutions.

The specific details of this partnership have yet to be announced by the LSEG, but the exchange wants to use Microsoft products such as Azure, AI, and Teams to boost profit. Microsoft's executive vice president, Scott Guthrie, will be made a non-executive director of LSEG, and the exchange will invest \$2.8 billion in Microsoft's cloud products over the next decade.³

In other cloud-related news, the Pentagon recently announced that Amazon, Google, Microsoft, and Oracle received a cloud computing contract that could be worth as much as \$9.0 billion through 2028. This cloud computing contract is a result of Joint Warfighting Cloud Capability or JWCC for short, where the U.S. Defense Department is trying to depend on several cloud service providers versus just one company.⁴

COMPANY SPECIFIC UPDATES



Source: Siliconangle.com/2022/06/04/mongoddb

MongoDB Inc.

MongoDB, which is held by the fund and was one of the largest contributors to the return, offers a general-purpose database platform globally. In recent weeks, the company has been getting a lot of attention from research analysts regarding its price targets and ratings.

According to analysts at Credit Suisse, MongoDB's stock is undervalued. Meanwhile, analysts at Citigroup have labelled the stock as one of the top picks in the software industry.⁵

Amid fears of a recession, MongoDB revealed that new business has not been impacted by the recent economic uncertainty and that the company has over \$20 billion of market opportunity to address each year. In addition, the company is expected to earn between \$45 million and \$55 million in post-COVID normalization expenses throughout 2023.⁶



Source: Businesswire.com

Dropbox Inc.

Dropbox, a recent addition to the fund, offers a content collaboration platform that allows individuals, families, teams, and organizations to store files in one location and share them securely. Dropbox has over 700 million registered users.

On December 16th, Dropbox announced that it has acquired FormSwift, a cloud-based service that allows individuals and business solutions to create, complete, edit, and save business forms and agreements. Dropbox purchased FormSwift for \$95.0 million in cash and said it plans to discuss the relevant impact on financials in the Q4 2022 earnings call.⁷

PORTFOLIO STRATEGY AND ACTIVITY

For the month, MongoDB Inc. made the largest contribution to the Fund, followed by Okta Inc. and DocuSign Inc. The largest detractors to performance for the month were Salesforce Inc., followed by Alphabet Inc. and Amazon.com Inc. On last rebalance, these securities were added to the portfolio: Dropbox Inc., Fortinet Inc., and Nutanix Inc.

PERFORMANCE (%)

TOTAL RETURNS ¹	1 MTH	3 MTH	6 MTH	YTD	1 YR	SI ²
DATA (HEDGED)	-6.94	-1.82	-7.76	-41.51	-41.51	-15.38
DATA.B (UNHEGD)	-5.90	-2.37	-2.04	-37.03	-37.03	-12.33

Source: Bloomberg, as at December 31, 2022.

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

Sources:

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2. Capoot, A., "How Amazon's cloud unit is helping researchers analyze genetics," CNBC, December 31, 2022; <https://www.cnbc.com/2022/12/28/how-amazons-cloud-unit-is-helping-researchers-analyze-genetics.html>.
3. Nieto, P., "Microsoft purchases 4% stake in London Stock Exchange for 10-year cloud deal," Fox Business, December 12, 2022; <https://www.foxbusiness.com/technology/microsoft-purchases-stake-london-stock-exchange-year-cloud-deal>.
4. Novet, J., "Google, Oracle, Amazon and Microsoft awarded Pentagon cloud deal of up to \$9 billion combined," CNBC, December 7, 2022; <https://www.cnbc.com/2022/12/07/google-oracle-amazon-and-microsoft-awarded-9-billion-pentagon-cloud-deals.html>.
5. Volkman, E., "Why MongoDB Stock Triumphed On Tuesday," The Motley Fool, December 20, 2022; <https://www.fool.com/investing/2022/12/20/why-mongodb-stock-triumphed-on-tuesday>.
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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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