

## Evolve Metaverse ETF

MESH provides investors with an actively managed diversified portfolio of companies involved in the development of the metaverse.

**TSE**  
**MESH**

ETF TICKER: MESH (HEDGED)

**Investment Thesis:** The metaverse is an immersive next-generation digital universe with vast opportunities in the software, VR/AR hardware and virtual platforms involved in its development.

### GENERAL INDUSTRY UPDATE



Source: [smartprix.com/bytes/apple](https://smartprix.com/bytes/apple)

Insiders at Apple (held by the Fund) say the company is currently developing intuitive software that will make it much easier for people to create augmented reality (AR) apps for use on Apple's upcoming mixed-reality headset. The primary objective of this software is to allow individuals with no programming experience to use voice commands to direct the Siri voice assistant in constructing their desired app. These apps can then be uploaded and made available for purchase on Apple's App Store. This software would represent a significant breakthrough in AR app development, which will provide a continuous stream of fresh app content, making the Apple headset an enticing consumer product.<sup>1</sup>

Microsoft recently released a blog post regarding its Industrial Metaverse team, following reports of job cuts in both that team and the Mixed Reality team. The blog post emphasizes the Industrial Metaverse's potential as a "transformative catalyst for innovation", including in areas like data management, the Internet of Things, digital collaboration tools like Teams, Azure Cloud, and mixed reality. Industry speculation is that the layoffs mainly affect areas that will not generate significant revenue in

the foreseeable future, such as Microsoft's HoloLens 2 AR headset. Instead, Microsoft is planning to launch its Office software to Meta-XR headsets as part of its commitment to augmented reality, virtual reality, and the Metaverse, which Microsoft CEO Satya Nadella has called the "next wave of the Internet."<sup>2</sup>

Also in February, Colombia became possibly the first nation on Earth to hold a legal trial in the Metaverse. A two-hour hearing about a traffic dispute was held by Colombia's Magdalena Administrative court—and also streamed live to YouTube—with the participants and the local magistrate appearing in a virtual courtroom in avatar form (the judge's avatar sporting black legal robes).

The judge in the case described the experience as feeling "more real than a video call," and highlighted its usefulness for trials involving abuse, for example, when having participants confront one another in person could be problematic. She also said that such Metaverse trials could be a step toward alleviating Colombia's backlogged justice system.<sup>3</sup>

## COMPANY SPECIFIC UPDATES



Source: Nvidia

### Nvidia Corp.

Nvidia Corp. reported better-than-expected revenue (\$6.05 billion) and net income for Q4, despite an overall year-over-year decrease in both. Prior to the February earnings report, Nvidia was up about 45% overall for 2023 to date.<sup>4</sup> Increasingly seen as one of the chip manufacturers best positioned to weather a recession, Nvidia’s CEO Jensen Huang said that breakthroughs like ChatGPT mean AI is now at “inflection point,” with businesses of all sizes and across all sectors racing to incorporate AI and machine learning into their businesses.<sup>5</sup> Ongoing growth in Nvidia’s data center division, which includes chips utilized in artificial intelligence, along with the suitability of Nvidia’s graphics processors for training and operating machine learning software, means the emergence of AI applications such as ChatGPT and Microsoft Bing’s AI chatbot offer serious upside for Nvidia.<sup>6</sup>

Nvidia also announced that Huang will deliver the opening keynote at GTC 2023 this March. Huang will present the latest developments in AI as well as discuss NVIDIA Omniverse, a platform for creating and operating metaverse applications.<sup>7</sup> Huang will also sit down for a fireside chat with OpenAI co-founder Ilya Sutskever on the power of generative AI, large language models, and the role they will play in the Metaverse and other cutting-edge technologies.<sup>8</sup>



Source: Drew Angerer/Getty Images

### Meta Platforms Inc.

Calling 2023 the “Year of Efficiency,” Meta Platforms Inc. CEO Mark Zuckerberg said during an investor call in February that Meta’s goal for the year is to flatten its organizational structure to make the social media company faster and more decisive in taking decisions. Zuckerberg also outlined plans to leverage AI to improve the way the platform recommends new content to users—part of a strategy to boost not only user engagement but to make Meta more attractive to advertisers. While digital ads from the finance and technology sectors make up the majority of Meta’s ad sales, Zuckerberg highlighted the growth in spending from the health and travel industries and the need to capture those ad dollars. Meta also projected lower overall expenses for 2023, reassuring investors while Meta awaits return on its investments in the development of the Metaverse.<sup>9</sup>

## PORTFOLIO STRATEGY AND ACTIVITY

For the month, Nvidia Corp made the largest contribution to the Fund, followed by Meta Platforms Inc. and Coinbase Global Inc. The largest detractors to performance for the month were eXp World Holdings Inc., followed by Alibaba Group Holding Ltd, and Matterport Inc.

## PERFORMANCE (%)

TOTAL RETURNS*	1 MTH	3 MTH	6 MTH	YTD	1 YR	SI**
MESH (HEDGED)	-6.34	7.99	-9.08	12.54	-31.43	-37.87

Source: Bloomberg, as at February 28, 2023.

\*\* Performance of MESH since inception on November 24, 2021.

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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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