

# An Anniversary Worth Celebrating:

## The Evolve Nasdaq Technology Index Fund is Canada's Best Performing Technology ETF over the Past 1 Year<sup>1</sup>

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Misunderstandings happen all the time. In the case of Taylor Swift's song "Blank Space", for example, many people hear 'Starbucks lovers', when in fact she says, 'long line of ex-lovers'. In the world of sports, it's commonly believed that Cooperstown is the birthplace of baseball (it's not). Confusion extends to the world of investing, too. Case in point: Some investors naturally believe the best way to get pure exposure to technology for their portfolios is via the globally recognized Nasdaq-100 Index<sup>®</sup>. Turns out, there's a better approach (more on that in a bit).

The Nasdaq-100<sup>®</sup> comprises some of the world's largest and most successful non-financial businesses listed on the Nasdaq exchange. What may come as a surprise, however, is that just over 40% of the Index's components are classified within the technology sector.

"There's a massive misconception that the Nasdaq-100 is all technology", says Raj Lala, President and CEO of Evolve ETFs. "At least 80-85% of the people I speak to do not know that only 41 companies would be categorized as tech. They don't know that Pepsi, Marriott, Lululemon are part of the index."

A few years ago, Lala had an epiphany. His thinking, as he recounts it today, was simple: "If I can build a product that is just the technology component of the Nasdaq-100, I can position it with investors and advisors in a way that says, "I'm delivering the Nasdaq-100 you thought you were getting in the first place".

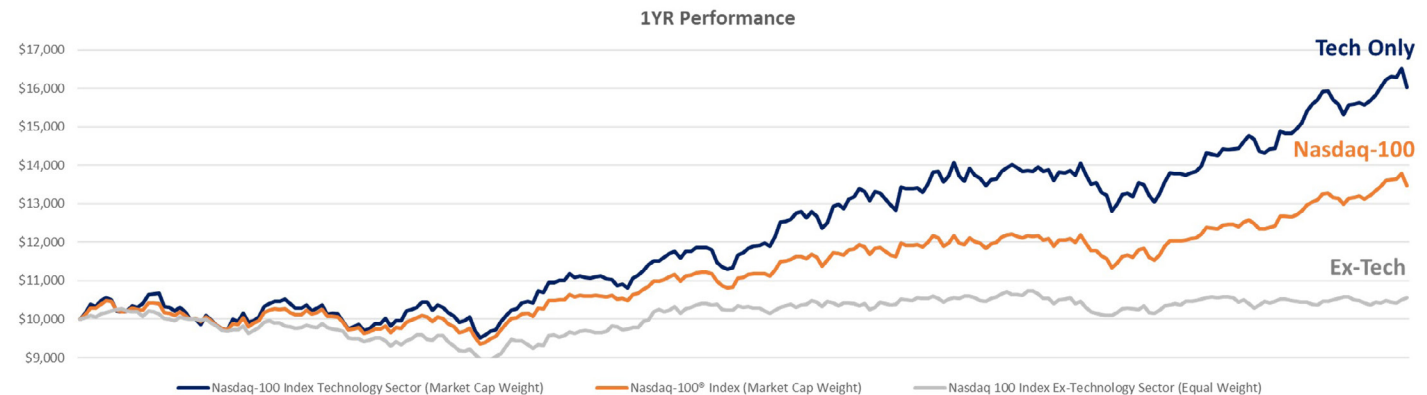
A lunch with Nasdaq executives at an ETF conference proved fortuitous. Turned out, Nasdaq had been running a little known, pure-tech index for the last decade. The Nasdaq-100 Technology Sector Adjusted Market-Cap Weighted™ Index represents the 41 technology companies that are included in the Nasdaq-100<sup>®</sup>.

It's a technology index for technology investors—and for good reason: Today's leading technology companies are demonstrating the ability to generate record growth due to their best-in-class innovation. From artificial intelligence to software (and that's just scratching the surface), the Nasdaq Technology Sector is home to some of today's most dynamic firms.

After the lunch, Nasdaq sent Lala the data on how its pure-play tech index had performed.

"The data looked great. It outperformed the Nasdaq-100 pretty much every period in the last 10 years", he notes.

Name	Performance (%)							
	YTD	1 YR	2 YR	3 YR	4 YR	5 YR	10 YR	SI*
NASDAQ-100 Technology Sector Adjusted Market-Cap Weighted™ Index	35.90	60.41	50.00	20.41	25.75	27.56	22.11	19.71
Nasdaq-100 Index® (Market Cap Weight)	20.65	34.82	31.63	11.79	17.79	21.68	19.04	19.24
<b>Value Add</b>	<b>15.25</b>	<b>25.60</b>	<b>18.37</b>	<b>8.62</b>	<b>7.95</b>	<b>5.88</b>	<b>3.07</b>	<b>0.47</b>
Nasdaq 100-Index Ex-Technology Sector (Equal Weight)	1.90	5.68	12.73	2.47	9.67	11.44	10.62	13.12



Source: Bloomberg, as at July 11, 2024. NASDAQ-100 Technology Sector Adjusted Market-Cap Weighted™ Index (NDXT10 Index™), Nasdaq-100 Index® (NDX Index®), Nasdaq-100 Ex-Tech Sector Index (NDXM Index™).  
 \*Performance since inception of Nasdaq-100 Technology Sector Adjusted Market-Cap Weighted™ Index as of December 18, 2009

Focusing solely on technology companies has its advantages. Over the last decade, the Nasdaq-100 Technology Sector Adjusted Market-Cap Weighted™ Index **has consistently outperformed its broader counterpart**. This reflects the pivotal role that technology companies play in driving overall market returns.

## Meet the Evolve Nasdaq Technology Index Fund

On July 11, trading on the Toronto Stock Exchange (“TSX”) under the ticker symbol QQQT, the Evolve Nasdaq Technology Index Fund celebrated its first anniversary. This fund, available as an ETF (with CAD hedged, CAD unhedged and USD versions) and as a mutual fund, is derived from the Nasdaq-100 Technology Sector Adjusted Market-Cap Weighted™ Index. It’s market cap weighted and rebalanced quarterly to best reflect its underlying index. QQQT offers investors the ability to obtain exposure to the technology companies of the Nasdaq-100 Index®, without the dilutive effect of the broader benchmark’s non-technology components.

As a result, the Evolve Nasdaq Technology Index Fund is Canada’s best performing technology ETF over the past 1 year<sup>1</sup>.

### Annualized Performance

TSX Tickers	1 Year
QQQT.B (CAD Unhedged)	63.54%
QQQT.U (USD)	58.77%
QQQT (CAD Hedged)	57.46%

Source: Bloomberg, as at July 11, 2024.

\* Since Inception of QQQT.B, QQQT.U and QQQT on July 11, 2023.

<sup>1</sup> Source: Bloomberg, as at July 11, 2024. QQQ.B ranked #1, QQQT.U ranked #3 and QQQT ranked #5 out of 38 Canadian-listed technology ETFs (excluding levered ETFs) over the last 1 year.

Since its inception, QQQT has outperformed the Nasdaq-100 Index® over the past year by 23.95% (QQQT.U compared to NDX Index®, as at July 11, 2024). The ETF's outperformance vindicates the fund's strategy, which is to not settle for keeping pace with the market when it's possible to be the leader. QQQT's track record also dispels the misconception that if an investor wants exposure to a sector, any fund will do.

## QQQY: Technology Exposure Plus Income

While QQQT offers investors growth through capital appreciation, late last year Evolve launched a monthly income version of the same fund, aptly named Evolve Nasdaq Technology Enhanced Yield Index Fund. This fund trades on the TSX under the ticker symbol QQQY and provides investors with exposure to the same portfolio, with the benefits of enhanced yield through an active covered call strategy.

"In Canada we're a little bit more conservative and yield oriented. And there's very few sources in today's world of somewhat tax-efficient yield for investors", Lala observes.

With QQQY, investors can get solid exposure to the tech sector while also enjoying regular income. And though a bit of the upside may be capped by writing calls, this means the downside is also cushioned in the event of a market correction.

Lala suggests to advisors that their clients will be pleased with this trade off.

"If an index is up 30% and you're up 25% but you got income for your clients along the way, I think they will be happy", he says.

### Interested in learning more?

Visit <https://evolveetfs.com/product/qqqt/> and <https://evolveetfs.com/product/qqqy/> or contact your financial advisor.

Commissions, trailing commissions, management fees and expenses all may be associated with exchange traded funds (ETFs) and mutual funds. Please read the prospectus before investing. 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 unit value and reinvestment of all 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. ETFs and mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

The rates of return shown in the table are used only to illustrate the effects of the compound growth rate and is not intended to reflect future values of the ETF and mutual fund or returns on investment in the ETF and mutual fund.

Investors should monitor their holdings, as frequently as daily, to ensure that they remain consistent with their investment strategies.

<sup>1</sup> Source: Bloomberg, as at July 11, 2024. QQQT.B ranked #1, QQQT.U ranked #3 and QQQT ranked #5 out of 38 Canadian-listed technology ETFs (excluding levered ETFs) over the last 1 year.

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