

M•CAM International LLC

March 31st, 2021 Rebalance Highlights

Summary:

Economic activity has boomed in the U.S. and some developed countries to start 2021, generating a 6.4% jump in U.S. GDP on an annualized basis in the first quarter. Except for the 2020 Q3 economic re-open GAP surge, the 2021 Q1's GDP growth was the best period since Q3 2003. The tremendous economic growth came across a variety of areas, including increased customer spending, fixed investment, and increased imports. Recently increased government spending (President Biden's \$1.9 trillion American Rescue Plan) has been a significant driver to economic recovery and customer confidence. The enhanced and accelerated precaution programs for COVID-19 also brought about hopes of further economic booms.

However, concerns related to global economic recovery remain moving into Q2 2021. For example, it is unclear whether household savings will continuously turn into spending. There were still 10 million people unemployed in the U.S. in January 2021, among which 4 million have been out of work for over six months. It has been debated whether the economic changes caused by COVID-19 could permanently reduce the value and productivity of existing capital. Besides, the drastic surge in COVID-19 cases in India raised significant concerns on the global production, supply chains, and capital movements for Q2 2021.

During Q1 2021, U.S. and Global innovation indexes have witnessed obvious outperformance relative to their benchmarks. The U.S. innovation index returned 10.31% while the Russell 1000 index returned 7.13%. The Global innovation index returned 9.21% while the MSCI World Index returned 4.72%. The outperformance is largely contributed by the Electronic Technology, Finance, and Health Technology sector, which were overweighted by the innovation indexes relative to their benchmarks based on M-CAM's 2021 Q1 economic forecasts.

Moving into Q2 2021, Electronic Technology and Health Technology still represent the most significant sector weights in both the U.S. and Global Index. These two sectors and their over 40% contribution to the indexes are likely to represent a direct response to COVID-19 and the short-term effects of social distancing and workplace alterations. While the indexes reflect these market exigencies, there is no evidence that fundamentally novel innovations are arising during this time. As a matter of fact, in the diagnostics and testing arena, most of the technologies deployed for COVID-19 are derived from relatively dated patent portfolios. The coronavirus patent landscape of over 5,100 patents on the virus, its detection, treatments, and vaccinations have an average age of over ten years.

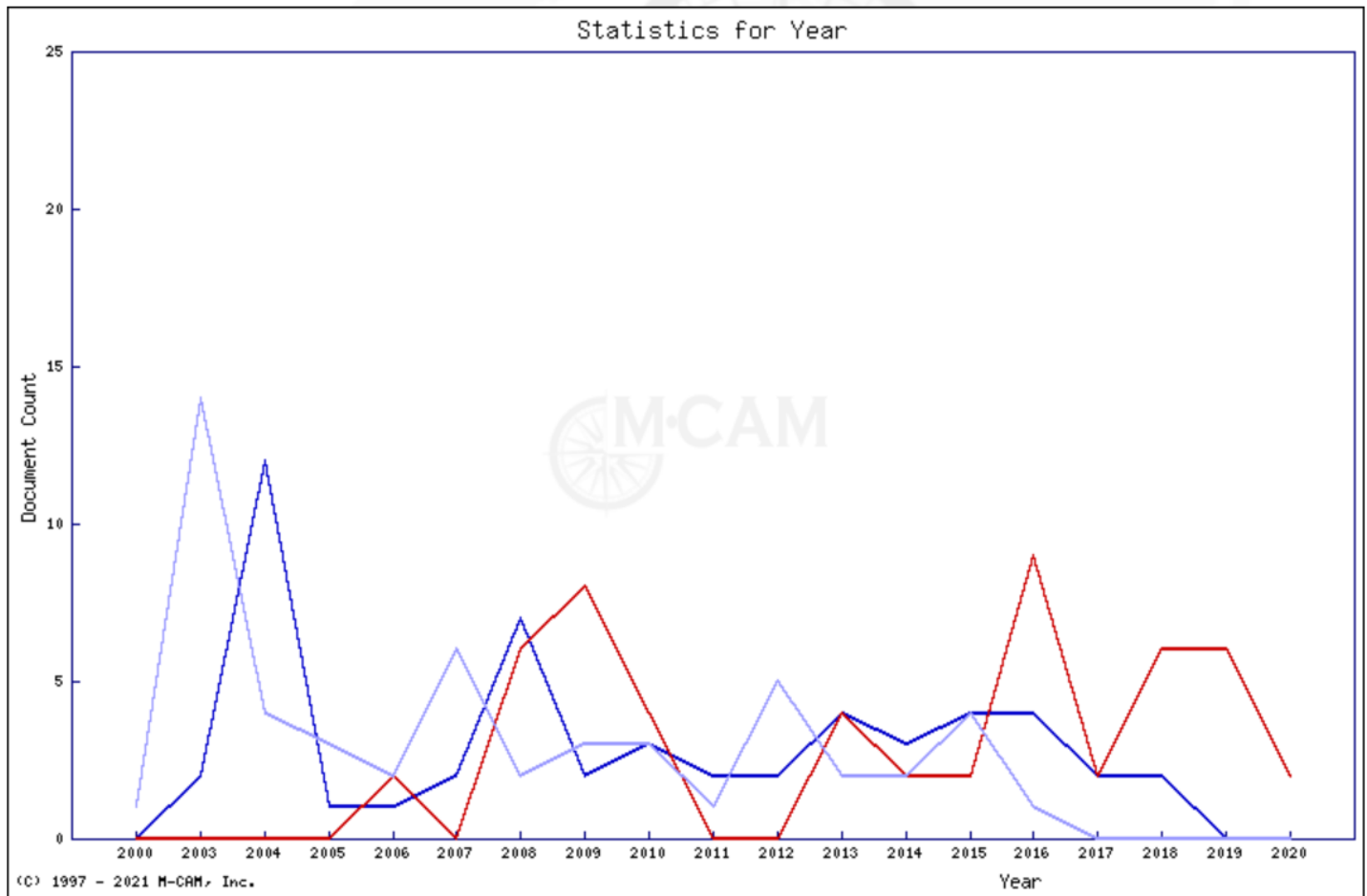


Figure 1. SARS Coronavirus Patenting Activity from 2000 to 2020. The magenta indicates the priority date for first application filing. The blue indicates the formal patent applications in each year. The red indicates the number of patents granted in each year.

In summary, the COVID-19 period is providing business cases for the implementation of aging technology – not necessarily the origination of new innovation. In the coming months, we will be monitoring the emergence of new technology and see when indicators of persistent market changes arise.

Innovation α^* Global Index & Innovation α^* United States Index

For the U.S. innovation index, the Technology Services and Producer Manufacturing sector have increased their weight by 5.71% and 1.77%, representing the top two sectors with highest weight change. The Electronic Technology and Finance sector have decreased by 5.13% and 4.62%, largely due to their peak performance during Q1 2021. The weights of Microsoft Corporation and Alphabet Inc. have increased by the largest moving into Q2 2021, signaling a positive investor prospective based on their favorable financial performance during the last quarter.

Similar to the U.S. index, the weights of the Technology Services and Producer Manufacturing sectors have surged by the largest, and the Electronic Technology and Finance sector have plummeted the largest. For individual companies, Applied Materials, Inc., and Callaway Golf Company are the top two companies with the highest weight change. In general, the expectation for Q2 2020 on market resilience fueled by innovation is generally focused on companies with diversified business sectors and supply chains, feasible and flexible management abilities on intellectual property, and the demonstrated capability in global integration. Joint efforts and innovation cooperation by healthcare technology companies from different countries are expected to face continuous challenges of COVID-19 and economic recovery.

Innovation α ® Global Index (INAG Index)

INAG top 5 companies by 2021Q2 weight

FactSet Symbol	Name	Sector	Industry	2021Q2 Weight
SIE-DE	Siemens AG	Producer Manufacturing	Industrial Conglomerates	1.53%
AAL-GB	Anglo American plc	Non-Energy Minerals	Other Metals/Minerals	1.33%
EXPN-GB	Experian PLC	Commercial Services	Miscellaneous Commercial Services	1.33%
IMI-GB	IMI plc	Industrial Services	Engineering & Construction	1.33%
ULVR-GB	Unilever PLC	Consumer Non-Durables	Household/Personal Care	1.33%

INAG 2021Q2 weight alterations by Industry Sector

Sector	2021Q2 Weight	2021Q1 Weight	Change
Electronic Technology	22.21%	24.07%	-1.86%
Industrial Services	4.00%	3.86%	0.14%
Process Industries	6.80%	6.87%	-0.07%
Producer Manufacturing	10.21%	9.25%	0.96%
Non-Energy Minerals	2.93%	3.17%	-0.24%
Communications	1.48%	1.47%	0.01%
Consumer Services	0.92%	0.64%	0.27%
Commercial Services	2.93%	2.91%	0.02%
Retail Trade	0.65%	0.64%	0.01%
Consumer Durables	9.94%	9.38%	0.57%
Consumer Non-Durables	7.36%	7.07%	0.30%
Health Technology	18.08%	18.65%	-0.57%
Finance	3.91%	4.22%	-0.31%
Technology Services	7.10%	6.52%	0.58%
Energy Minerals	1.48%	1.29%	0.19%
All Sectors	100%	100%	0.00%

INAG 2021Q2 weight alterations by Industry Classification

Industry	2021Q2_Weight	2021Q1_Weight	Change
Industrial Conglomerates	3.61%	3.36%	0.25%
Other Metals/Minerals	2.27%	2.26%	0.01%
Pharmaceuticals: Major	8.10%	7.82%	0.28%
Miscellaneous Commercial Services	2.27%	2.26%	0.01%
Engineering & Construction	1.33%	1.22%	0.11%
Medical Specialties	8.67%	9.36%	-0.69%
Household/Personal Care	2.81%	2.77%	0.04%
Tools & Hardware	2.15%	1.86%	0.29%
Packaged Software	2.80%	2.51%	0.30%
Pulp & Paper	1.32%	1.32%	0.00%

Recreational Products	1.88%	1.52%	0.35%
Apparel/Footwear	3.25%	3.00%	0.24%
Chemicals: Major Diversified	2.04%	2.14%	-0.11%
Motor Vehicles	3.36%	3.54%	-0.18%
Aerospace & Defense	5.18%	5.38%	-0.20%
Semiconductors	4.44%	4.34%	0.10%
Telecommunications Equipment	4.15%	6.05%	-1.91%
Industrial Machinery	2.49%	2.11%	0.38%
Oilfield Services/Equipment	2.67%	2.64%	0.03%
Trucks/Construction/Farm Machinery	2.26%	1.90%	0.35%
Other Consumer Services	0.92%	0.64%	0.27%
Internet Software/Services	1.57%	1.47%	0.10%
Computer Processing Hardware	1.57%	1.64%	-0.07%
Electronic Production Equipment	1.52%	1.26%	0.26%
Chemicals: Specialty	0.83%	0.64%	0.18%
Integrated Oil	0.83%	0.64%	0.18%
Data Processing Services	0.83%	0.64%	0.18%
Major Telecommunications	1.48%	1.47%	0.01%
Computer Peripherals	2.31%	2.11%	0.20%
Electronics/Appliances	1.96%	1.84%	0.12%
Property/Casualty Insurance	0.65%	0.64%	0.01%
Investment Banks/Brokers	0.65%	0.82%	-0.17%
Internet Retail	0.65%	0.64%	0.01%
Steel	0.65%	0.91%	-0.25%
Pharmaceuticals: Other	1.30%	1.47%	-0.16%
Multi-Line Insurance	0.65%	0.64%	0.01%
Oil & Gas Production	0.65%	0.64%	0.01%
Information Technology Services	1.90%	1.90%	0.00%
Auto Parts: OEM	1.25%	1.26%	-0.01%
Electronic Components	0.65%	0.82%	-0.17%
Containers/Packaging	2.61%	2.76%	-0.15%
Beverages: Non-Alcoholic	1.30%	1.29%	0.02%
Life/Health Insurance	0.65%	0.82%	-0.17%
Finance/Rental/Leasing	1.30%	1.29%	0.02%
Commercial Printing/Forms	0.65%	0.64%	0.01%
Automotive Aftermarket	0.60%	0.61%	-0.01%
Metal Fabrication	0.60%	0.61%	-0.01%
Electronic Equipment/Instruments	2.40%	2.46%	-0.06%

Innovation α ® United States Index (INAU Index)

INAU top 5 companies by 2021Q2 weight

FactSet Symbol	Name	Sector	Industry	2021Q2 Weight
MSFT-US	Microsoft Corporation	Technology Services	Packaged Software	4.88%
BA-US	Boeing Company	Electronic Technology	Aerospace & Defense	3.91%
HAL-US	Halliburton Company	Industrial Services	Oilfield Services/Equipment	3.42%
JNJ-US	Johnson & Johnson	Health Technology	Pharmaceuticals: Major	2.94%
AVGO-US	Broadcom Inc.	Electronic Technology	Semiconductors	2.45%

INAU 2021Q2 weight alterations by Industry Sector

Sector	2021Q2_Weight	2021Q1_Weight	Change
Consumer Durables	4.56%	8.74%	-4.18%
Electronic Technology	26.26%	31.39%	-5.13%
Finance	9.70%	14.33%	-4.62%
Health Technology	16.58%	15.55%	1.03%
Process Industries	6.10%	6.12%	-0.02%
Non-Energy Minerals	0.53%	1.53%	-1.00%
Consumer Services	0.53%	0.11%	0.42%
Distribution Services	0.53%	0.11%	0.42%
Communications	2.50%	1.65%	0.85%
Industrial Services	5.44%	3.90%	1.54%
Health Services	0.00%	0.00%	0.00%
Retail Trade	1.06%	0.23%	0.83%
Producer Manufacturing	8.12%	6.35%	1.77%
Energy Minerals	1.06%	0.23%	0.83%
Consumer Non-Durables	5.09%	3.52%	1.57%
Technology Services	11.95%	6.24%	5.71%
All Sectors	100.00%	100.00%	0%

INAU 2021Q2 weight alterations by Industry Classification

Industry	2021Q2_Weight	2021Q1_Weight	Change
Packaged Software	5.94%	4.25%	1.69%
Aerospace & Defense	9.54%	9.09%	0.45%
Oilfield Services/Equipment	5.44%	3.90%	1.54%
Pharmaceuticals: Major	5.48%	3.83%	1.65%
Semiconductors	4.57%	5.90%	-1.32%
Internet Software/Services	2.45%	0.11%	2.34%
Chemicals: Major Diversified	2.50%	2.18%	0.32%
Trucks/Construction/Farm Machinery	2.50%	0.23%	2.27%
Medical Specialties	11.10%	11.73%	-0.63%
Data Processing Services	1.97%	0.11%	1.86%
Major Banks	2.50%	2.18%	0.32%
Telecommunications Equipment	4.51%	11.12%	-6.61%
Major Telecommunications	2.50%	1.65%	0.85%

Industrial Machinery	2.01%	3.07%	-1.05%
Finance/Rental/Leasing	2.54%	3.18%	-0.64%
Recreational Products	1.48%	2.07%	-0.58%
Computer Processing Hardware	2.01%	1.65%	0.37%
Containers/Packaging	3.60%	3.94%	-0.34%
Household/Personal Care	2.01%	1.65%	0.37%
Food: Major Diversified	2.01%	1.65%	0.37%
Industrial Conglomerates	2.01%	2.72%	-0.70%
Electronic Production Equipment	2.01%	1.65%	0.37%
Electronics/Appliances	1.48%	1.53%	-0.05%
Real Estate Investment Trusts	1.48%	2.07%	-0.58%
Computer Peripherals	2.01%	0.23%	1.79%
Property/Casualty Insurance	0.53%	0.11%	0.42%
Investment Banks/Brokers	0.53%	1.53%	-1.00%
Internet Retail	0.53%	0.11%	0.42%
Steel	0.53%	1.53%	-1.00%
Other Consumer Services	0.53%	0.11%	0.42%
Medical Distributors	0.53%	0.11%	0.42%
Electronic Components	1.06%	1.65%	-0.59%
Information Technology Services	1.59%	1.76%	-0.17%
Financial Conglomerates	1.06%	3.07%	-2.01%
Integrated Oil	1.06%	0.23%	0.83%
Electrical Products	1.59%	0.34%	1.25%
Motor Vehicles	1.06%	3.60%	-2.54%
Beverages: Non-Alcoholic	0.53%	0.11%	0.42%
Life/Health Insurance	1.06%	2.18%	-1.12%
Apparel/Footwear	0.53%	0.11%	0.42%
Tools & Hardware	0.53%	1.53%	-1.00%
Specialty Stores	0.53%	0.11%	0.42%
Electronic Equipment/Instruments	0.53%	0.11%	0.42%

Martin Global Innovative Equity (MGIE) Trade War Index (TWAR Index)

TWAR top 5 companies by 2021Q2 weight

FactSet Symbol	Name	Sector	Industry	2021Q2 Weight
ELY-US	Callaway Golf Company	Consumer Durables	Recreational Products	1.41%
AAPL-US	Apple Inc.	Electronic Technology	Telecommunications Equipment	1.36%
BA-US	Boeing Company	Electronic Technology	Aerospace & Defense	1.36%
AMAT-US	Applied Materials, Inc.	Producer Manufacturing	Industrial Machinery	1.31%
HAL-US	Halliburton Company	Industrial Services	Oilfield Services/Equipment	1.31%

TWAR 2021Q2 Weight alterations by Industry Sector

Sector	2021Q2_Weight	2021Q1_Weight	Change
Electronic Technology	23.71%	25.85%	-2.14%
Producer Manufacturing	11.30%	10.28%	1.02%
Industrial Services	3.75%	3.71%	0.04%
Process Industries	6.55%	6.56%	-0.01%
Communications	1.63%	1.62%	0.02%
Consumer Services	1.01%	0.71%	0.30%
Retail Trade	0.72%	0.71%	0.01%
Non-Energy Minerals	2.16%	2.42%	-0.26%
Commercial Services	2.16%	2.13%	0.03%
Finance	4.32%	4.66%	-0.34%
Consumer Durables	9.69%	8.96%	0.72%
Technology Services	7.45%	6.79%	0.66%
Energy Minerals	1.63%	1.42%	0.21%
Consumer Non-Durables	6.15%	6.18%	-0.03%
Health Technology	17.77%	17.99%	-0.22%
All Sectors	100%	100%	0.00%

TWAR 2021 Q2 Weight alterations by Industry Classification

Industry	2021Q2_Weight	2021Q1_Weight	Change
Industrial Conglomerates	3.56%	3.41%	0.15%
Other Metals/Minerals	1.44%	1.42%	0.02%
Pharmaceuticals: Major	7.64%	7.10%	0.54%
Miscellaneous Commercial Services	1.44%	1.42%	0.02%
Engineering & Construction	0.81%	0.80%	0.01%
Medical Specialties	8.69%	9.27%	-0.58%
Household/Personal Care	2.35%	2.42%	-0.07%
Tools & Hardware	2.05%	1.71%	0.34%
Packaged Software	2.65%	2.33%	0.32%
Pulp & Paper	1.01%	0.91%	0.11%
Recreational Products	2.13%	1.71%	0.42%
Apparel/Footwear	2.35%	2.33%	0.02%
Chemicals: Major Diversified	1.63%	1.81%	-0.18%
Motor Vehicles	2.25%	2.51%	-0.26%
Aerospace & Defense	5.38%	5.85%	-0.46%
Semiconductors	4.50%	4.44%	0.06%
Telecommunications Equipment	4.12%	6.15%	-2.03%
Industrial Machinery	2.75%	2.33%	0.42%
Oilfield Services/Equipment	2.94%	2.91%	0.03%
Trucks/Construction/Farm Machinery	2.64%	2.23%	0.42%
Other Consumer Services	1.01%	0.71%	0.30%
Internet Software/Services	1.73%	1.62%	0.11%
Computer Processing Hardware	1.73%	1.81%	-0.08%
Electronic Production Equipment	1.73%	1.42%	0.31%
Chemicals: Specialty	1.03%	0.80%	0.23%
Integrated Oil	0.91%	0.71%	0.20%
Data Processing Services	0.91%	0.71%	0.20%

Major Telecommunications	1.63%	1.62%	0.02%
Computer Peripherals	2.55%	2.33%	0.22%
Electronics/Appliances	2.44%	2.23%	0.22%
Property/Casualty Insurance	0.72%	0.71%	0.01%
Investment Banks/Brokers	0.72%	0.91%	-0.19%
Internet Retail	0.72%	0.71%	0.01%
Steel	0.72%	1.00%	-0.28%
Pharmaceuticals: Other	1.44%	1.62%	-0.18%
Multi-Line Insurance	0.72%	0.71%	0.01%
Oil & Gas Production	0.72%	0.71%	0.01%
Information Technology Services	2.16%	2.13%	0.03%
Auto Parts: OEM	1.53%	1.51%	0.02%
Electronic Components	0.72%	0.91%	-0.19%
Containers/Packaging	2.88%	3.04%	-0.16%
Beverages: Non-Alcoholic	1.44%	1.42%	0.02%
Life/Health Insurance	0.72%	0.91%	-0.19%
Finance/Rental/Leasing	1.44%	1.42%	0.02%
Commercial Printing/Forms	0.72%	0.71%	0.01%
Automotive Aftermarket	0.81%	0.80%	0.01%
Metal Fabrication	0.81%	0.80%	0.01%
Electronic Equipment/Instruments	2.97%	2.94%	0.03%

Index Performance

	2019Q1 Return 1/2/2019 - 3/29/2019	2019Q2 Return 3/29/2019 - 6/27/2019	2019Q3 Return 6/27/2019 - 9/26/2019	2019Q4 Return 9/26/2019 - 12/27/2019	2020Q1 Return 12/27/2019 - 3/27/2020	2020Q2 Return 3/27/2020 - 6/26/2020	2020Q3 Return 6/26/2020 - 9/25/2020	2020Q4 Return 9/25/2020 - 12/28/2020	2021Q1 Return 12/28/2020 - 3/26/2021	Last Year Return 3/26/2020 - 3/26/2021	Year-to- Date Return 1/4/2021 - 3/26/2021
Innovation α[®] US Index	14.61%	2.21%	1.59%	6.98%	-23.06%	13.52%	8.84%	18.24%	8.82%	53.56%	10.31%
Russell 1000 Index	13.36%	3.11%	1.62%	8.75%	-22.05%	19.55%	10.15%	14.99%	6.02%	55.17%	7.13%
Innovation α[®] Global Index	13.44%	2.34%	0.92%	8.64%	-24.35%	17.14%	6.94%	19.84%	9.29%	60.28%	9.21%
MGIE Trade War Index	11.88%	2.30%	1.66%	8.21%	-23.70%	16.66%	7.21%	19.60%	9.87%	60.70%	9.92%
MSCI ACWI Index	11.89%	2.43%	0.18%	8.62%	-22.97%	18.14%	7.64%	15.44%	5.06%	57.48%	4.72%