

## Evolve Active Canadian Preferred Share Fund

DIVS seeks to provide holders of Units with stable income and long-term capital appreciation by investing primarily in a diversified mix of preferred shares of primarily Canadian issuers, in addition to U.S. and international issuers.

As at November 30, 2020



**ETF TICKER:** DIVS (Unhedged)

**MUTUAL FUND FUNDSERV CODE:** EVF100 (Class F); EVF101 (Class A)

**SUB-ADVISOR:** Addenda Capital



Active management in Canadian Preferred Shares continue to be an attractive investment opportunity. Addenda Capital is one of Canada's largest multi-asset investment firms, with over \$31.7 billion in assets under management, including \$1.1 billion in preferred shares (as at December 31, 2019).

### MARKET UPDATE:

We have seen a substantial economic recovery attributed to fiscal and monetary stimulus. This has created a supportive environment for risk assets, including preferred shares. In the short term, the market is vulnerable to the continuing pandemic and economic shocks. Interest rates will remain in the current low range. We are cautious on the outlook, but still believe yields are attractive longer term. We have been cautiously adding to Fixed Resets and reducing Perpetuals. We are overweight in P2's, focusing on issuers with strong credit fundamentals.

### PORTFOLIO UPDATE:

With the election uncertainty almost behind us, and the positive prospects for a COVID-19 vaccine on the horizon, the risk appetite increased materially in November. This reach for risk was evident in equity, credit and commodity/energy markets with WTI Oil reaching \$45 in the month. However, uncertainty remains as this mania in the markets is still enveloped with rising virus cases and weakening economic fundamentals.

The S&P/TSX returned 10.5% in November while the S&P returned 10.9% (USD). With yields stable, returns in the bond market came from corporate spread compression as the reach for yield continues. The FTSE Russell Universe returned 1.03% and the FTSE Corporate Bond Index returned 1.06%. The Preferred Shares market also benefited from this increase in risk appetite, with the S&P/TSX Preferred Shares Index returning 5.17% and bringing its year-to-date results back into positive territory.

*Commissions, trailing commissions, management fees and expenses all may be associated with exchange traded mutual funds (ETFs) and mutual funds. Please read the prospectus before investing. ETFs and mutual funds are not guaranteed, their values change frequently and past performance may not be repeated. There are risks involved with investing in ETFs and mutual funds. Please read the prospectus for a complete description of risks relevant to the ETF and mutual fund. Investors may incur customary brokerage commissions in buying or selling ETF and mutual fund units. This communication is intended for informational purposes only and is not, and should not be construed as, investment and/or tax advice to any individual.*