

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 October 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:

The Evolve Active Canadian Preferred Share Fund (DIVS) declined during the month of October, which slightly outperformed the benchmark return. However, since Addenda took over management of the Fund on April 1, 2020, the portfolio has returned approximately 25%. Investors have experienced 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:

The month of October saw a return of volatility back to the markets across most asset classes. With the U.S. Election looming combined with a fall in oil prices and an onslaught of earnings, investors took some risk off the table to prepare for the overwhelming uncertainty.

The S&P TSX returned -3.1% in October while the S&P 500 returned -2.7% (USD). With yields rising, mostly in the longer end of the yield curve, the FTSE Russell Universe returned -0.76% and the FTSE Short Term Universe gained 0.01% where yields were relatively stable. The Preferred Shares market performed similarly, modestly declining by -0.38%, and still down -1.45% year-to-date despite having a very strong Q3.

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.