

Evolve Active Core Fixed Income Fund

FIXD invests primarily in domestic and international high quality fixed income securities, and to a lesser extent, adding yield or enhancing returns on the portfolio by opportunistically investing in international fixed income securities, emerging market debt, preferred shares, convertible bonds and non-investment grade bonds.



As at October 30, 2020

ETF TICKER: FIXD (Unhedged)

MUTUAL FUND FUNDSERV CODE: EVF110 (Class F); EVF111 (Class A)

SUB-ADVISOR: Addenda Capital



Fixed income allocations remain a core component of many investor portfolios as a source of income and portfolio diversification. Addenda Capital is one of Canada's largest multi-asset investment firms, with over \$31.7 billion in assets under management, including \$20.8 billion in fixed income (as at December 31, 2019).

MARKET UPDATE:

The Evolve Active Core Fixed Income Fund (FIXD) declined modestly during the month of October, which outperformed the benchmark return. Since Addenda took over management of the Fund on April 1, 2020, the portfolio has returned over 9.5% which has significantly outperformed the benchmark by 511 bps. We have seen a substantial economic recovery attributed to fiscal and monetary stimulus. Both equity and credit valuations now appear fundamentally stretched which will make them vulnerable to continuing pandemic, economic and geopolitical shocks. Interest rates are expected to remain in the current lower range for quite some time, and we will actively trade portfolio duration to take advantage of any volatility. Portfolio credit exposure will be managed defensively and increased opportunistically when spreads widen.

PORTFOLIO UPDATE:

The month of October saw a return of volatility back to the markets; across 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 they're currently faced with.

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 Barclays Global Aggregate Credit Index declined -0.27%, and the Canadian Preferred Shares market performed similarly, modestly declining by -0.38%, and is 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.