

Evolve US Banks Enhanced Yield ETF

Through CALL, investors may benefit from the positive fundamentals of the largest U.S. banks, with the added value of a covered call strategy applied on up to 33% of the portfolio.

As at December 31, 2018



TICKER: CALL (Hedged); CALL.B (Unhedged)

MACROECONOMIC HIGHLIGHTS:

In spite of a decline in the corporate tax rate and higher interest rates, which are typically catalysts for the banking industry, US banks on average did not perform as well in 2018, compared to the two previous years.

Though earnings remained relatively healthy, the market had apparently already priced in the impact of tax and interest rate changes. In addition, huge market swings throughout the year, accompanied by record levels of volatility, weighed heavily on the performance of bank stocks.

Notwithstanding, banks have remained adequately capitalized and there were no threats of failure during the year. Their outlook remained favorable on the back of strong economic fundamentals, a favorable regulatory climate, and access to innovative technologies which will increase their efficiency and lower their operating costs.

PORTFOLIO ATTRIBUTION:

The top performing stock in the ETF for the year was JP Morgan Chase & Co., followed by the retail bank, BB&T Corporation.

DISCLAIMER

Commissions, management fees and expenses all may be associated with exchange traded mutual funds (ETFs). Please read the prospectus before investing. ETFs are not guaranteed, their values change frequently and past performance may not be repeated. There are risks involved with investing in ETFs. Please read the prospectus for a complete description of risks relevant to the ETF. Investors may incur customary brokerage commissions in buying or selling ETF units.

