

Evolve Global Healthcare Enhanced Yield ETF

LIFE provides investors with access to top global healthcare companies, with the added value of a covered call strategy applied on up to 33% of the portfolio.

As at December 31, 2018



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

MACROECONOMIC HIGHLIGHTS:

The need for healthcare continued to rise as a result of the ageing population and increasing longevity, benefitting drug companies. Though volatile in line with the broad market, healthcare stocks performed well over the year, resulting in the fund generating a total return of 12.2%. As well, the fund's active covered call strategy neutralized the portfolio's volatility over the year.

In the US, after failing to repeal Obamacare, the Trump administration weakened it by cutting subsidies and halving the insurance enrollment period, while rolling out health plans with reduced benefits, negatively impacting individual drug and insurance costs.

Risks to the drug industry were exposed when the pharmaceutical and chemical giant, Bayer, lost 11% or \$20 billion of its market value in a single day, following an order by a California court to pay \$289 million in damages related to alleged cancer risks caused by its herbicide, Roundup. Incidentally, the number of U.S. lawsuits brought against Bayer, which acquired Monsanto, the maker of Roundup has jumped to about 8,000.

PORTFOLIO ATTRIBUTION:

The best performing stocks in the portfolio for the year were Eli Lilly & Co., with a gain of 53%, followed by Merck & Co. which was up 52.5% and Abbott Laboratories 40.6%.

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.

