

## 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 July 31, 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 month of July proved to be “more of the same” even though virus cases globally have continued to grow. The continued “opening up” of the economy has given the risk markets more assurance of the V-shaped recovery expected in coming quarters. The fixed income and preferred shares markets give us reason to be cautious; interest rates continued to fall as the growth and inflation picture in the coming months does still appear to be quite anemic.

The S&P/TSX Index returned 4.48% in July while the S&P 500 returned 5.63% (USD). Interest rates were steady in July, but the narrowing in credit spreads continued, which was evidenced by positive bond and preferred share returns once again. The FTSE Russell Universe returned 1.27%, and the S&P/TSX Preferred Shares Index returned 3.92%.

### PORTFOLIO UPDATE:

The Evolve Active Canadian Preferred Shares Fund (DIVS) performance during the quarter was driven by our overweight Floaters and from Fixed Reset security selection. The Bank Fixed Resets were large outperformers during the month of July. The Addenda Portfolio Management team has been transitioning the portfolio from the previous manager and is close to being complete.

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