

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 July 31, 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 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 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%, the S&P/TSX Preferred Shares Index returned 3.92%, and the Barclays Global Aggregate Credit Index returned 2.39%.

PORTFOLIO UPDATE:

The Evolve Active Canadian Core Fixed Income Fund (FIXD) returned 2.46% during the month of July and is up almost 10% since Addenda took over the portfolio on April 1, 2020. Outperformance during the month was attributable to allocations in the Global Credit and Preferred Shares satellite strategies which outpaced Canadian fixed income. Relative strength from the underlying Core Bonds strategy further added value.

Going forward, Addenda anticipates continued volatility in rates and spreads as the market reacts to a slower-than-expected economic recovery and potentially rising corporate insolvencies. Interest rates will be maintained in a much lower range for quite some time, and Addenda will actively trade portfolio duration to take advantage of any volatility. Preferred share and global credit exposure will be managed defensively and increased opportunistically when the valuation is more attractive.



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.