

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 September 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 strongly outperformed the benchmark during the third quarter and is exceeding the Index since Addenda took over the portfolio on April 1, 2020. Outperformance was partially driven by the allocation to the satellite Preferred Shares strategy which achieved double digit returns as it benefited from the recent issuance Limited Recourse Capital Notes (LRCN) by Canadian banks into the bond market. The market is now expecting limited preferred supply from the banks and for the overall market to shrink due to these LRCNs. Within the Core Fixed Income component, strong security selection within the Provincial and Corporate sectors were the primary sources of added value.

PORTFOLIO UPDATE:

The global economy staged an impressive recovery in the third quarter fueled by monetary and fiscal stimulus which continued to drive strong equity and corporate credit market performance. 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.

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.