

## 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 November 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:

Outperformance during the month of November was attributable to the Preferred Shares allocation, which outpaced the broader fixed income market. The underlying Core Fixed Income portfolio also had a positive impact on relative returns.

We have seen a substantial economic recovery attributed to fiscal and monetary stimulus. 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.

### PORTFOLIO UPDATE:

With the election uncertainty almost behind us, and the positive prospects for a COVID-19 vaccine on the horizon, the risk appetite increased materially in November. This reach for risk was evident in equity, credit and commodity/energy markets with WTI reaching \$45 in the month. However, uncertainty remains as this mania in the markets is still enveloped with rising virus cases and weakening economic fundamentals.

The S&P/TSX returned 10.5% in November while the S&P returned 10.9% (USD). With yields stable, returns in the bond market came from corporate spread compression as the reach for yield continues. The FTSE Russell Universe returned 1.03% and the FTSE Corporate Bond Index returned 1.06%. The Preferred Shares market also benefited from this increase in risk appetite, with the S&P/TSX Preferred Shares Index returning 5.17% and bringing its year-to-date results back into positive territory. Finally, the Barclays Global Aggregate Index returned 2.73% (\$USD), but declined 0.34% in \$CAD due to the appreciation of the Canadian dollar.

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