

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.



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 \$34.4 billion in assets under management, including \$1 billion in preferred shares (as at October 30, 2020).

MARKET UPDATE:

In March the S&P/TSX Preferred Shares Index returning 8.84%, which outpaced the major equity and fixed income markets during the quarter. The lack of new preferred share supply (only \$450M) and several redemptions (\$1,770M), coupled with the expectations of future redemptions because of Limited Recourse Capital Notes (LRCN), contributed to the positive returns for the market. In addition, rising yields and the expectation of higher inflation has made the preferred share market a sought-after asset class, which further has caused the market to rally. The Index's quarterly sector returns for Perpetuals, Fixed Resets and Floating Rates were 2.9%, 12.5%, and 22.9%, respectively.

PORTFOLIO UPDATE:

The Evolve Active Canadian Preferred Share Fund outperformed its benchmark in March. Outperformance during the first quarter was attributable to strong security selection and being overweight in low rate Fixed-Rate Resets.

Looking forward, we expect interest rates to be range bound with the possibly of higher rates in the short term. We believe the low preferred share supply and higher inflation expectations is supportive for the asset class; however, the evolution of the LRCN and Hybrid fixed income market could potentially become a risk to the preferred share market. Going forward, we expect performance to be primarily driven by dividend income and less from price appreciation like we saw during the last 12 months.

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.

Certain statements contained in this documentation constitute forward-looking information within the meaning of Canadian securities laws. Forward-looking information may relate to a future outlook and anticipated distributions, events or results and may include statements regarding future financial performance. In some cases, forward-looking information can be identified by terms such as “may”, “will”, “should”, “expect”, “anticipate”, “believe”, “intend” or other similar expressions concerning matters that are not historical facts. Actual results may vary from such forward-looking information. Evolve undertakes no obligation to update publicly or otherwise revise any forward-looking statement whether as a result of new information, future events or other such factors which affect this information, except as required by law.



Evolve ETFs

The world is evolving.
Your investments should too.

Evolve ETFs

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