

# 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).

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## MARKET UPDATE:

Risk markets continue to be fueled by the euphoria of spending and the re-opening of the economy; driven largely by the US. This is heavily contrasted by further lockdowns here at home as well as select countries abroad. Economic data continues to look promising as we compare to a very low base from the beginning of the pandemic this time last year.

The S&P/TSX returned 2.39% in April while the S&P returned 5.33% (USD). In fixed income, the rise in yields took a break as a lot of the good news seems to be priced into the rates market. The FTSE Russell Universe returned 0.06% and the FTSE Russell Short Term Universe came in at 0.18%. The S&P/TSX Preferred Shares Index on the other hand continued its rally higher, returning 2.06% and bringing its YTD performance to 11.08%.

The Evolve Active Canadian Preferred Share Fund outperformed the S&P/TSX Preferred Share Index in the month of April. This performance was attributable to strong selection in Bank securities 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.

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**Evolve ETFs**

The world is evolving.  
Your investments should too.

Evolve ETFs

Scotia Plaza, 40 King Street West, Suite 3404, Toronto ON M5H3Y2

416.214.4884 | 1.844.370.4884 | [www.evolveetfs.com](http://www.evolveetfs.com)