

Evolve Active Global Fixed Income Fund

EARN seeks to generate positive returns throughout the interest rate and economic cycles, firstly by allocating to different credit asset classes, and also through bottom-up individual security selection.



MUTUAL FUND FUNDSERV CODE: EVF130 (Class F); EVF131 (Class A)

SUB-ADVISOR: ALLIANZ GLOBAL INVESTORS (ALLIANZGI)



AllianzGI is one of the world's leading active investment managers, managing USD 692 billion in assets, including over USD 242 billion in global fixed income (as at December 31, 2020).

PPERFORMANCE ANALYSIS:

Credit markets were well-supported in April as the US posted strong economic growth numbers for Q1 and the Federal Reserve made no suggestion of tapering or reversing its accommodative measures. US longer term interest rates fell slightly after their steep rise in the first quarter, and the US dollar retraced most of its strengthening from March. Oil prices resumed their climb, with WTI crude futures rising from \$59/barrel to \$64. In Europe the picture was less bullish as Covid infections persisted and restrictions were reimposed in many countries; the UK bucked this trend with a strong vaccine rollout and falling cases. German 10-year rates rose slightly while UK 10-year rates finished unchanged.

Global Investment Grade Corporate spreads were 3bps tighter, while Global High Yield narrowed 13bps. Lower-rated issues generally outperformed, and by region sterling outperformed Europe and the US. Emerging markets also generally performed well. Energy issuers had yet another strong month, with high yield spreads decreasing by 36bps.

In this context the portfolio's performance was positive, with high yield, financials and emerging markets contributing most. Investment grade industrials were slightly positive while the Securitised allocation was flat. There were very few individual detractors for the month, and none cost more than ½ a basis point.

PORTFOLIO STRATEGY AND ACTIVITY:

During the month we added substantially to financials, in banking, services, and REITs. We had a couple of bonds redeemed by the issuer in consumer goods and homebuilding. We reduced exposure in technology, airlines, and utilities.

Looking ahead we remain constructive on credit, as economic growth recovers and Central Banks look

set to remain accommodative. Beneath the surface, dispersion between issuer and industry remain high which creates ample opportunity for investors to produce positive excess returns. Despite the recent rise in inflation expectations, we ultimately expect it to be more transitory in nature, however we will continue to monitor the situation very closely for any signs of a sustained increase.

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

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

416.214.4884 | 1.844.370.4884 | www.evolveetfs.com