

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.



FIXD (Unhedged)

MUTUAL FUND FUNDSERV CODE: EVF110 (Class F); EVF111 (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:

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%; however, the Barclays Global Credit Index declined 0.79% as a result of the appreciation of the Canadian dollar. 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%.

During the month of April, the Evolve Active Core Fixed Income Fund outperformed its benchmark, the FTSE Canada Universe Bond Index. Outperformance during the month was largely attributable to being overweight in Preferred Shares (via Evolve Active Canadian Preferred Share Fund) as that asset class continues to provide strong absolute returns.

Economic growth continues to be supported by fiscal stimulus and a historically high saving rate. In addition, the unemployment rate should see a decline as pandemic related closures re-open. Inflation will experience cyclical pressure due to the base effects as measures reflect the rebound from the depths of the pandemic lockdown period. As such, we may see cyclical inflation cause the yield curve to further steepen. Potential risks to our base case include higher personal and corporate taxes due to the significant US fiscal stimulus; inflation being higher than expected due to supportive monetary and fiscal policy which could result in driving longer term interest rates higher. Going forward we will continue to actively manage portfolio duration to take advantage of interest rate volatility and maintain our off benchmark exposures to Preferred Shares and Global credit.

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.

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Evolve ETFs

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Your investments should too.

Evolve ETFs

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