

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:

All asset classes ended May in the green; lead by Canadian equities. The materials and energy sectors were the top performers as commodity prices remain extremely elevated. Interest rates also saw a small reversal after the substantial move higher we saw earlier in the year appears to have run out of steam for the time being.

The S&P TSX returned 3.45% in May while the S&P 500 returned 0.70% (USD). In Fixed Income, Provincial and Corporate bonds outperformed Federals as the tone in risk remains solid. The FTSE Russell Universe returned 0.63% and the FTSE Russell Short Term Universe came in at 0.09%. The S&P/TSX Preferred Shares Index continued its climb higher, returning 3.13% and bringing its YTD performance to 14.55%. The Evolve Active Canadian Preferred Shares Fund underperformed its benchmark in May but continues to outperform on a year-to-date basis.

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.

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Evolve ETFs

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Your investments should too.

Evolve ETFs

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