

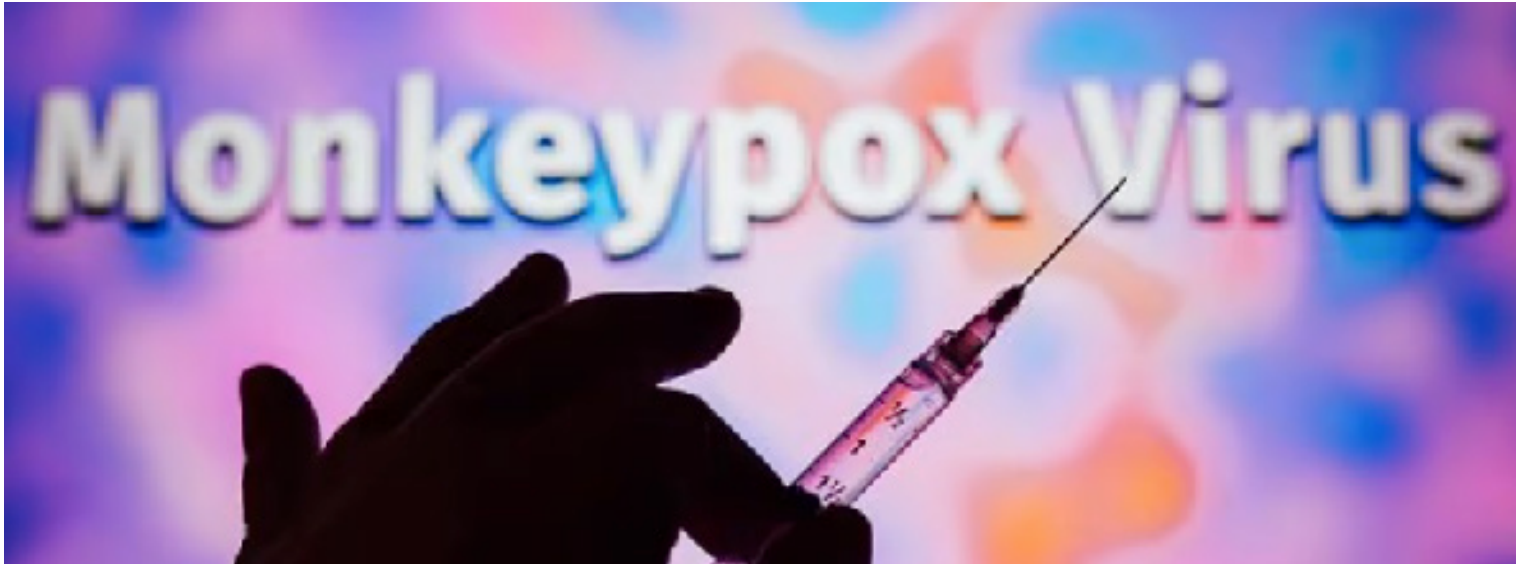
Evolve Global Healthcare Enhanced Yield Fund

LIFE invests in top global healthcare companies, with the added value of a covered call strategy applied on up to 33% of the portfolio. Covered call options have the potential to provide extra income and help hedge long stock positions.

TSX
LIFE

ETF TICKERS: LIFE (HEDGED); LIFE.B (UNHEDGED); LIFE.U (USD)
MUTUAL FUND FUNDSERV CODE: EVF170 (CLASS F); EVF171 (CLASS A)

GENERAL INDUSTRY UPDATE



Source: Gettyimages

Before April 2022, infection of the monkeypox virus in humans rarely occurred outside African regions where it is endemic. Now, in August 2022, the monkeypox virus has been discovered in more than 15 countries with more than 31,000 cases reported globally this year.¹

In early August, the U.S. declared monkeypox a public health emergency.² These declarations triggered more attention, and in the U.S., more funds and other resources to help fight the virus. There is no known treatment or cure for monkeypox, but most cases clear up on their own.³ Canada has not declared monkeypox a health emergency, but like the U.S., it is making the monkeypox vaccine available across the country.

Bavarian Nordic, a small Danish biotech firm, is the only company in the world with an approved vaccine for monkeypox. Since monkeypox is closely related to smallpox, the Centers for Disease Control and Prevention (CDC) have stated that the existing smallpox vaccines are "at least 85% effective in preventing monkeypox."⁴

One of the leading providers of the smallpox vaccine is Sanofi SA, a French multinational pharmaceutical company that is held by the fund. It acquired Acambis back in 2008 for \$546 million. Through the deal, Sanofi acquired the Acambis' smallpox vaccine, which has a supply agreement with the U.S. government.⁵

COMPANY SPECIFIC UPDATES

Johnson & Johnson

Johnson & Johnson, which is held by the fund, said that sales of its cancer drug Darzalex and Chron's disease drug Stelara helped it beat second quarter earnings projections. Total sales increased about three percent to \$24.0 billion, with nearly half of those sales coming from outside the U.S.⁶

The company's COVID-19 vaccine has experienced slowing demand, but still managed to bring in \$544 million in sales during the quarter. Johnson & Johnson's COVID-19 vaccine was named one of Time's best inventions of 2021.⁷



Source: Johnson&Johnson

Zoetis Inc

Zoetis Inc., which is held by the fund, is an animal healthcare company that discovers, develops, manufactures, and commercializes medicines, vaccines, and diagnostic products in the United States and internationally. In 2021, the Fortune 500 company generated \$7.8 billion in sales.⁸

Pet healthcare is a lucrative industry with U.S. pet owners spending \$103.6 billion on their pets in 2020. Of that, 30% goes toward veterinary care products. Moreover, the global animal genetic testing market was valued at \$990 million in 2020 and is expected to continue to experience strong growth.⁹

To that end, Zoetis recently completed the acquisition of Basepaws, a company that sells at-home DNA testing kits for cats. The acquisition advances Zoetis' portfolio in the precision animal health space and will shape its pipeline and future targets.¹⁰



Source: basepaws.com

Pfizer Inc

Pfizer Inc., which is held by the fund, continues to invest some of the cash it generated during the COVID-19 pandemic. The company recently announced it will buy Global Blood Therapeutics for around \$5.4 billion. The acquisition will boost its research in rare hematology. Global Blood Therapeutics makes Oxybryta tablets for treating sickle cell disease.¹¹

The drugmaker has announced deals totaling nearly \$19 billion since late 2021. In May, it announced plans to acquire Biohaven Pharmaceutical Holdings for \$11.6 billion and it spent \$6.7 billion to acquire Arena Pharmaceuticals.^{12,13}

The company said it expects \$25 billion in sales to come from new business developments by 2030.¹⁴



Source: Citybiz.co

PERFORMANCE (%)

| TOTAL RETURNS* | 1 MTH | 6 MTH | YTD | 1 YR | 2 YR | 3 YR | 4 YR | SI** |
|-------------------|-------|-------|-------|-------|------|-------|-------|-------|
| LIFE (HEDGED) | 2.36 | 4.11 | -1.99 | 2.31 | 9.38 | 12.03 | 10.67 | 8.94 |
| LIFE.B (UNHEDGED) | 1.73 | 2.39 | -3.57 | 1.46 | 5.84 | 11.14 | 9.78 | 9.87 |
| LIFE.U (USD) | 2.26 | 1.64 | -4.74 | -1.39 | 8.03 | | | 10.13 |

Source: Bloomberg, as at July 31, 2022.

** Performance since inception of LIFE and LIFE.B on October 23, 2017.
Performance since inception of LIFE.U on November 26, 2019.

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*The indicated rates of return are the historical annual compound total returns net of fees (except for figures of one year or less, which are simple total returns) including changes in per unit value and reinvestment of all dividends or distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any securityholder that would have reduced returns. The rates of return shown in the table are not intended to reflect future values of the ETF or returns on investment in the ETF. ETFs are not guaranteed, their values change frequently, and past performance may not be repeated.

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