EVOLVE ETFs
www.evolveetfs.com

Evolve's Covered Call Program

Evolve's covered call approach is active, designed to maximize income while preserving upside. Our team selects calls based on market conditions and fund objectives, rather than following preset rules. Each fund has its own distribution target, guided by underlying dividends, option premiums, volatility, and a full market cycle perspective. At its core, the strategy aims to capture volatility by selling call option premium in order to enhance the yield investors receive.

Key Features of Our Active Covered Call Strategy:

1 Active Portfolio Coverage

- We adjust coverage levels based on market conditions and each fund's specific target (usually around 33% or 50%).
- In strong markets we may scale back options writing to preserve upside.
- After sharp selloffs we may pause writing to participate in rebounds.
- In prolonged downtrends we may increase coverage to generate more premium and help cushion the downside.

2 Individual Stock Call-Writing

- We are active on the amount of covered call writing per holding, as long as the overall portfolio coverage is within our target.
- When appropriate, we write calls on individual stocks rather than solely on a broad market index. This is because an index, by construction, is less volatile than the individual stocks that make it up. Since option premiums are largely driven by volatility, writing calls on single stocks typically provides higher premiums than writing calls only on the index.
- This allows us to take advantage of higher volatility names that offer higher premiums.

3 Active Strike Selection

- We typically select strike prices that are 2-5% out of the money with one month to expiry, but we vary this based on market conditions.
- With higher volatility names, we can write calls further out of the money to maximize upside, while still delivering meaningful income.
- For lower volatility names, we tend to stay closer to the 2-5% range.

4 Active Call Monitoring and Adjustments

- We may actively close out our call positions to lock in premium, reset strikes, or reposition when market conditions change.
- After sharp market drawdowns, we may close out our call positions when we can lock in a large majority of the initial premium.

Our Covered Call Line Up

Equity

Leverage[1]	Target Portfolio Coverage Ratio	CANADA	USA	GLOBAL
–	33%	Evolve S&P/TSX 60 Enhanced Yield Fund TSX ETSX	Evolve S&P/500® Enhanced Yield Fund TSX ESPX	Evolve Global Healthcare Enhanced Yield Fund TSX LIFE
			Evolve US Banks Enhanced Yield Fund TSX CALL	Evolve Global Materials & Mining Enhanced Yield Index ETF TSX BASE
				Evolve Future Leadership Fund TSX LEAD
				Evolve European Banks Enhanced Yield ETF TSX EBNK
–	50%		Evolve NASDAQ Technology Enhanced Yield Index Fund TSX QQQY	
25%	33%	Evolve Canadian Banks and Lifecos Enhanced Yield Index Fund TSX BANK		
		Evolve Canadian Utilities Enhanced Yield Index Fund TSX UTES		
		Evolve Canadian Energy Enhanced Yield Index Fund TSX OILY		
33%	50%	Evolve Canadian Equity UltraYield ETF TSX CANY	Evolve US Equity UltraYield ETF TSX BIGY	Evolve International Equity UltraYield ETF TSX INTY
		Evolve Big Six Canadian Banks UltraYield Index ETF TSX SIXY		
33%	50%	Evolve All-in-One UltraYield ETF TSX EASY		

UltraYield™ by Evolve ETFs

Our UltraYield ETFs are managed with a stronger emphasis on income generation. For these funds, we write calls close to at the money, which allows us to collect higher premiums than traditional out of the money call writing. We also incorporate shorter dated options, including weekly expiries, to capture additional premium and build a more diversified expiry ladder.

Fixed income

Target Portfolio Coverage Ratio	CANADA	USA
50%	Evolve Canadian Aggregate Bond Enhanced Yield Fund TSX AGG	Evolve Enhanced Yield Bond Fund TSX BOND
		Evolve Enhanced Yield Mid Term Bond Fund TSX MIDB

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[1] Leverage increases risk.

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Evolve ETFs
TD Place, 161 Bay Street, Suite 1210, Toronto ON M5J 2S1
416.214.4884 | 1.844.370.4884 | www.evolveetfs.com

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