

US Premium Cash Management Fund

December 31, 2023

Annual Management Report of Fund Performance

This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the investment fund. You can get a copy of the annual financial statements at your request, and at no cost, by calling 1-844-370-4884, by writing to us at Evolve Funds, 40 King Street West, Suite 3404, Toronto, ON, M5H 3Y2 or by visiting our website at www.evolveetfs.com or SEDAR at www.sedar.com. You may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

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Investment Objective and Strategies

The US Premium Cash Management Fund (the "Fund") seeks to maximize current income, while at the same time preserving capital and maintaining liquidity, by investing primarily in U.S. dollar-denominated high-quality short term debt securities (with a term to maturity of 365 days or less).

Risk

There were no changes to the Fund over the period of this report that materially affected the level of risk associated with an investment in the Fund. Prospective investors should read the Fund's most recent prospectus and consider the description of risks contained therein.

Results of Operations

Since the Fund effectively began operations on May 26, 2023, no performance data can be shown. The Fund's net assets were \$6.3MM as at December 31, 2023.

Portfolio Manager Commentary

Throughout 2023, the US money market was shaped by the Federal Reserve's monetary policy stance and inflation trends. The Federal Reserve raised rates by 1.00% during the year, with rate hikes of 0.25% in February, March, May, and July. For the three meetings following July's announcement, the central bank held steady and closed the year out with the Target Rate at 5.50%. This policy action underscores the Fed's determination to address inflation rates that persistently exceeded its long-term target.¹

The rate hiking cycle brought the US market to the highest interest rates it has seen in over two decades. The Federal's Reserves actions have resulted in dampening inflation rates, with inflation levels retreating from 6.4% in January to 3.4% in December.² This downward trend in inflation, however, was challenged by a slight uptick in December, revealing ongoing inflationary pressures. This scenario prompted market actors to recalibrate their expectations for future rate reductions. Jerome Powell, the Federal Reserve Chair, has articulated a methodical and responsive policy approach, indicating that future interest rate decisions will be contingent on incoming economic data and made on a "meeting-by-meeting" basis. This stance is purposed to steer inflation towards the desired target while avoiding the ramifications of an economic downturn.³

(1) <https://www.cnbc.com/2023/07/26/fed-meeting-july-2023-.html>

(2) <https://www.reuters.com/markets/us/traders-pare-bets-fed-will-cut-rates-march-after-inflation-data-2024-01-11/>

(3) <https://www.bls.gov/charts/consumer-price-index/consumer-price-index-by-category-line-chart.htm>

Recent Developments

There are no known changes at this time to the investment strategy of the Fund or the Manager.

Related Party Transactions

Evolve Funds Group Inc. (the "Manager") complies with its current policy and procedures regarding investments in related issuers and reports periodically to the Investment Review Committee.

Management Fees

The Manager is entitled to an annual management fee of 0.20% of the net asset value of the Unhedged ETF Units and the Unhedged Class F Mutual Fund Units and 0.45% of the of the net asset value of the Unhedged Class A Mutual Fund Units of the Fund, accrued daily and generally paid monthly in arrears. Since the Fund's inception, the Manager has waived the management fee on the Unhedged ETF Units and the Unhedged Class F Mutual Fund Units of the Fund until December 31, 2023. The Manager has reduced the management fee on the Unhedged Class A Mutual Fund Units of the Fund to the amount of the trailing commission payable to a Unitholder's dealer until December 31, 2023. The effective annual management fee for the Unhedged Class A Mutual Fund Units is 0.25%. For the year ended December 31, 2023, the Fund incurred \$467 in management fees. These management fees were received by the Manager for the day-to-day operations of the fund, including managing the portfolio, maintaining portfolio systems used to manage the Fund, maintaining the www.evolveetfs.com website, and providing all other services including marketing and promotion.

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Administration Fees

The administration fees are calculated based on 0.05% per annum of the average daily net asset value of the Fund. The fees are accrued daily and are generally paid monthly. For the year ended December 31, 2023, the Fund incurred \$1,646 in administration fees. These administration fees were received by the Manager for the following operating expenses of the Fund including but not limited to: mailing and printing expenses for periodic reports to unitholders; Registrar and Transfer Agent and Custodian; any reasonable out of pocket expenses incurred by the Manager or its agents in connection with their ongoing obligations to the Fund; IRC committee member fees and expenses in connection with the IRC; expenses related to compliance with NI 81-107; fees and expenses relating to voting of proxies by a third party; insurance coverage for the members of the IRC; fees payable to the auditors and legal advisors of the Fund; regulatory filing, stock exchange and licensing fees and CDS fees; costs and expenses of complying with all applicable laws, regulations and policies, including expenses and costs incurred in connection with the continuous public filing requirements such as permitted prospectus preparation and filing expenses; and legal, accounting and audit fees and fees and expenses of the Trustee, Custodian and Manager which are incurred in respect of matters not in the normal course of the Fund's activities. The administration fee paid to the Manager by the Fund may, in any particular period, be less than or exceed the operating expenses that the Manager incurs for the Fund.

Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help readers understand the Fund's financial performance for the period indicated.

The Fund's Net Assets Per Unit¹

	December 31, 2023 (\$)
For the period ended:	
Unhedged ETF Units - Net Assets per Unit	
Net Assets per Unit, beginning of period ²	100.01
Increase (decrease) from operations:	
Total revenue	3.31
Total expenses	(0.03)
Realized gains (losses)	(0.01)
Total increase (decrease) from operations³	3.27
Distributions:	
From income (excluding dividends)	(3.05)
From capital gains	(0.14)
Total annual distributions⁴	(3.19)
Net Assets per Unit, end of period	100.06
Unhedged Class A - Net Assets per Unit	
Net Assets per Unit, beginning of period ²	10.00
Increase (decrease) from operations:	
Total revenue	0.33
Total expenses	(0.02)
Total increase (decrease) from operations³	0.31
Distributions:	
From income (excluding dividends)	(0.27)
Total annual distributions⁴	(0.27)
Net Assets per Unit, end of period	10.00

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The Fund's Net Assets Per Unit¹ (cont'd)

	December 31, 2023 (\$)
For the period ended:	
Unhedged Class F - Net Assets per Unit	
Net Assets per Unit, beginning of period ²	10.00
Increase (decrease) from operations:	
Total revenue	0.33
Total increase (decrease) from operations³	0.33
Distributions:	
From income (excluding dividends)	(0.29)
Total annual distributions⁴	(0.29)
Net Assets per Unit, end of period	10.00

- 1 This information is derived from the Fund's audited annual financial statements as at December 31, 2023. The Unhedged ETF Units, and the Unhedged Class A and F Mutual Fund Units effectively began operations on May 26, 2023.
- 2 This amount represents the initial launch price.
- 3 Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of units outstanding over the period.
- 4 Distributions were paid in cash or reinvested in additional units of the Fund, or both. Actual distributions may vary slightly owing to rounding.

The Fund's Ratios/Supplemental Data

	December 31, 2023
For the period ended:	
Unhedged ETF Units - Ratios/Supplemental Data	
Total Net Asset Value (\$) ⁵	5,003,088
Number of units outstanding ⁵	50,000
Management expense ratio ^{6,8}	0.06%
Trading expense ratio ⁷	0.00%
Net Asset Value per unit (\$)	100.06
Closing market price (\$)	100.11
Unhedged Class A - Ratios/Supplemental Data	
Total Net Asset Value (\$) ⁵	947,977
Number of units outstanding ⁵	94,770
Management expense ratio ^{6,8}	0.34%
Trading expense ratio ⁷	0.00%
Net Asset Value per unit (\$)	10.00
Unhedged Class F - Ratios/Supplemental Data	
Total Net Asset Value (\$) ⁵	328,416
Number of units outstanding ⁵	32,831
Management expense ratio ^{6,8}	0.06%
Trading expense ratio ⁷	0.00%
Net Asset Value per unit (\$)	10.00

- 5 This information is provided as at December 31, 2023.
- 6 Management expense ratio ("MER") is based on total expenses plus harmonized sales tax (excluding distributions, commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.
- 7 The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of average daily net assets during the period.
- 8 Since the Fund's inception, the Manager has waived the management fee on the Unhedged ETF Units and the Unhedged Class F Units of the Fund until December 31, 2023. The Manager has reduced the management fee on the Unhedged Class A Units of the Fund to the amount of the trailing commission payable to a Unitholder's dealer until December 31, 2023. The effective annual management fee for the Unhedged Class A Units is 0.25%.

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Past Performance

Since the Fund is a reporting issuer for less than one year, with inception date May 26, 2023, providing performance data for the period is not permitted.

Summary of Investment Portfolio

All Positions

	Percentage of Net Asset Value (%)
Security	
CDN Master Trust, 5.676%, 3/12/2024	9.1
U.S., Treasury Bill, 2.783%, 1/16/2024	8.8
U.S., Treasury Bill, 5.372%, 3/5/2024	8.3
Merit Trust, 6.002%, 2/26/2024	7.7
Zeus Receivables Trust, 6.002%, 2/26/2024	7.6
Banner Trust, 6.032%, 3/25/2024	7.6
Reliant Trust, 6.063%, 4/25/2024	7.5
Primus Corporation, 6.052%, 5/28/2024	7.5
U.S., Treasury Bill, 5.359%, 2/15/2024	6.8
Ridge Trust, 5.678%, 3/22/2024	6.5
U.S., Treasury Bill, 5.384%, 2/22/2024	6.3
Province of Quebec, 5.462%, 1/8/2024	3.1
Fusion Trust, 6.002%, 2/12/2024	2.8
Fusion Trust, 6.072%, 3/12/2024	2.8
Fusion Trust, 6.123%, 4/12/2024	2.8
Merit Trust, 5.809%, 6/28/2024	2.0
Zeus Receivables Trust, 5.582%, 1/16/2024	1.3
Banner Trust, 5.63%, 2/13/2024	1.3
Prime Trust, 5.701%, 1/25/2024	0.5
Total	100.3

Industry Allocation

Portfolio by Category	Percentage of Net Asset Value (%)
Short-Term Investments	
Commercial Paper	67.0
Treasury Bills	33.3
Cash and Cash Equivalents	0.1
Other Assets, less Liabilities	(0.4)
Total	100.0

The summary of Investment Portfolio may change due to the ongoing portfolio transactions of the Fund. Updates are available quarterly by visiting our website at www.evolveefunds.com.



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