

# Evolve S&P 500® Enhanced Yield Fund

June 30, 2024

Interim Management Report of Fund Performance

This interim management report of fund performance contains financial highlights but does not contain the complete interim financial statements of the investment fund. You can get a copy of the interim 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](http://www.evolveetfs.com) or SEDAR at [www.sedar.com](http://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.

# Evolve S&P 500® Enhanced Yield Fund

June 30, 2024

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## Investment Objective and Strategies

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The Evolve S&P 500® Enhanced Yield Fund (the “Fund”) seeks to provide long-term capital growth by replicating, net of fees and expenses, the performance of the S&P 500 Index, or any successor thereto, while mitigating downside risk. The Fund invests primarily in the equity constituents of the S&P 500 Index, or any successor thereto, while writing covered call options on up to 33% of the portfolio, at the discretion of the Manager. The level of covered call option writing may vary based on market volatility and other factors.

## Risk

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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

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For the six-month period ended June 30, 2024, the Unhedged ETF Units returned 17.4% versus the S&P 500 Index return of 19.4%. The Hedged ETF Units returned 13.3% versus the S&P 500 Hedged Canadian Dollar Total Return Index return of 15.0%. The Unhedged Class A Mutual Fund Units returned 16.7% and the Unhedged Class F Mutual Fund Units returned 17.4% versus the S&P 500 Index return of 19.4%. The Unhedged Class H Mutual Fund Units returned 17.5% versus the S&P 500 Index return of 19.4%. The difference in performance of the hedged units relative to its benchmark can be attributed primarily to management and administration fees plus applicable sales taxes and to portfolio trading and hedging strategies. The difference in performance of the unhedged units relative to its benchmark can be attributed primarily to management and administration fees plus applicable sales taxes and to portfolio trading. Furthermore, the difference can also be attributed to the implementation of the call writing strategy where the Fund tends to outperform in flat or down markets and underperform during sharp market advances. This performance difference can be seen over the period the calls are written, typically with one to two months to expiry, and then resets when new option positions are established. Since the US Dollar Unhedged ETF Units effectively began operations on July 6, 2023, no performance data can be shown. The Fund’s net assets were \$147.9MM as at June 30, 2024.

## Portfolio Manager Commentary

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The S&P 500 has continued to perform strongly in the first half of 2024, setting 31 record closes, half a dozen more than the average number posted over the last fifteen full years<sup>1</sup>. Inflation receded while unemployment held low and steady during the period. Corporate earnings in the first quarter were relatively strong, with around 80% of S&P 500 companies reporting actual earnings per share (EPS) above estimates<sup>2</sup>. The strong performance of the index has primarily been driven by gains in the technology and communications sectors, specifically as it relates to firms who are involved in the development of Artificial Intelligence (AI) technologies or firms who will directly benefit from the application of those AI technologies. Accordingly, the biggest drivers of this growth in the index during the first half of the year have unsurprisingly been NVIDIA Corporation, Microsoft Corporation, Meta Platforms, and Amazon<sup>3</sup>.

Inflation was top of mind for policy makers and investors alike during the period. The Federal Reserve has held the Federal Funds rate steady at all four meetings so far this year and is waiting on more concrete macroeconomic evidence to warrant a cut. Federal Reserve Chair Jerome Powell noted progress on inflation during the period but reiterated that the central bank was not quite ready to cut rates. Analysts anticipate that the likelihood is low that the Federal Reserve will end up cutting rates at their next meeting in July, but market sentiment indicates that the probability of a rate cut in September is high.

## Performance Attribution

For the six-month period ending June 30, 2024, NVIDIA Corporation made the biggest contribution to the Fund, followed by iShares Core S&P 500 ETF. By weight, the Fund’s largest holdings were iShares Core S&P 500 ETF, Apple Inc., and Amazon.com Inc.

(1) <https://www.spglobal.com/spdji/en/commentary/article/us-equities-market-attributes/>

(2) <https://insight.factset.com/sp-500-earnings-season-update-may-3-2024>

(3) <https://www.cnn.com/2024/06/05/nvidia-briefly-passes-3-trillion-market-cap-on-back-of-ai-boom.html>

# Evolve S&P 500® Enhanced Yield Fund

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## 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 0.45% of the net asset value of the Unhedged, Hedged, and US Dollar Unhedged ETF Units and the Unhedged Class F Mutual Fund Units of the Fund, accrued daily and generally paid monthly in arrears. The Manager is entitled to an annual management fee of 1.45% of the net asset value of the Unhedged Class A Mutual Fund Units of the Fund, accrued daily and generally paid monthly in arrears. The Manager is entitled to an annual management fee of 0.30% of the net asset value of the Unhedged Class H Mutual Fund Units of the Fund, accrued daily and generally paid monthly in arrears. For the six-month period ended June 30, 2024, the Fund incurred \$266,844 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.

## Administration Fees

The administration fees are calculated based on 0.15% per annum of the average daily net asset value of the Fund. The fees are accrued daily and are generally paid monthly. For the six-month period ended June 30, 2024, the Fund incurred \$92,839 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 Unit<sup>1</sup>

	June 30, 2024 (\$)	December 31, 2023 (\$)
For the periods ended:		
<b>Unhedged ETF Units - Net Assets per Unit</b>		
Net Assets per Unit, beginning of period	22.01	20.00
<b>Increase (decrease) from operations:</b>		
Total revenue	0.19	0.31
Total expenses	(0.12)	(0.24)
Realized gains (losses)	1.30	0.62
Unrealized gains (losses)	2.82	4.09
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>4.19</b>	<b>4.78</b>
<b>Distributions:</b>		
From income (excluding dividends)	(0.93)	-
Return of capital	-	(1.86)
<b>Total annual distributions<sup>3</sup></b>	<b>(0.93)</b>	<b>(1.86)</b>
<b>Net Assets per Unit, end of period</b>	<b>24.85</b>	<b>22.01</b>

# Evolve S&P 500® Enhanced Yield Fund

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## The Fund's Net Assets Per Unit<sup>1</sup> (cont'd)

	June 30, 2024 (\$)	December 31, 2023 (\$)
For the periods ended:		
<b>Hedged ETF Units - Net Assets per Unit</b>		
Net Assets per Unit, beginning of period	22.04	20.00
<b>Increase (decrease) from operations:</b>		
Total revenue	0.18	0.37
Total expenses	(0.11)	(0.24)
Realized gains (losses)	0.34	0.50
Unrealized gains (losses)	2.33	2.83
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>2.74</b>	<b>3.46</b>
<b>Distributions:</b>		
From income (excluding dividends)	(0.93)	-
From dividends	-	(0.13)
Return of capital	-	(1.73)
<b>Total annual distributions<sup>3</sup></b>	<b>(0.93)</b>	<b>(1.86)</b>
<b>Net Assets per Unit, end of period</b>	<b>23.98</b>	<b>22.04</b>
<b>US Dollar Unhedged ETF Units - Net Assets per Unit<sup>4</sup></b>		
Net Assets per Unit, beginning of period	29.09	28.52
<b>Increase (decrease) from operations:</b>		
Total revenue	0.24	0.26
Total expenses	(0.16)	(0.17)
Realized gains (losses)	1.29	0.38
Unrealized gains (losses)	3.05	1.61
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>4.42</b>	<b>2.08</b>
<b>Distributions:</b>		
From income (excluding dividends)	(1.26)	-
From dividends	-	(0.13)
Return of capital	-	(1.12)
<b>Total annual distributions<sup>3</sup></b>	<b>(1.26)</b>	<b>(1.25)</b>
<b>Net Assets per Unit, end of period</b>	<b>32.80</b>	<b>29.09</b>
<b>Unhedged Class A - Net Assets per Unit</b>		
Net Assets per Unit, beginning of period	21.80	20.00
<b>Increase (decrease) from operations:</b>		
Total revenue	0.18	0.37
Total expenses	(0.24)	(0.47)
Realized gains (losses)	0.80	0.44
Unrealized gains (losses)	2.88	3.26
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>3.62</b>	<b>3.60</b>
<b>Distributions:</b>		
From income (excluding dividends)	(0.93)	-
From dividends	-	(0.05)
Return of capital	-	(1.81)
<b>Total annual distributions<sup>3</sup></b>	<b>(0.93)</b>	<b>(1.86)</b>
<b>Net Assets per Unit, end of period</b>	<b>24.47</b>	<b>21.80</b>

# Evolve S&P 500® Enhanced Yield Fund

June 30, 2024

## The Fund's Net Assets Per Unit<sup>1</sup> (cont'd)

	June 30, 2024	December 31, 2023
	(\$)	(\$)
For the periods ended:		
<b>Unhedged Class F - Net Assets per Unit</b>		
Net Assets per Unit, beginning of period	22.02	20.00
<b>Increase (decrease) from operations:</b>		
Total revenue	0.18	0.37
Total expenses	(0.11)	(0.25)
Realized gains (losses)	0.79	0.56
Unrealized gains (losses)	2.80	3.00
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>3.66</b>	<b>3.68</b>
<b>Distributions:</b>		
From income (excluding dividends)	(0.93)	-
From dividends	-	(0.14)
Return of capital	-	(1.72)
<b>Total annual distributions<sup>3</sup></b>	<b>(0.93)</b>	<b>(1.86)</b>
<b>Net Assets per Unit, end of period</b>	<b>24.86</b>	<b>22.02</b>
<b>Unhedged Class H - Net Assets per Unit</b>		
Net Assets per Unit, beginning of period	22.29	20.00
<b>Increase (decrease) from operations:</b>		
Total revenue	0.19	0.37
Total expenses	(0.10)	(0.21)
Realized gains (losses)	0.91	0.52
Unrealized gains (losses)	2.61	3.04
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>3.61</b>	<b>3.72</b>
<b>Distributions:</b>		
From income (excluding dividends)	(0.93)	-
From dividends	-	(0.19)
Return of capital	-	(1.36)
<b>Total annual distributions<sup>3</sup></b>	<b>(0.93)</b>	<b>(1.55)</b>
<b>Net Assets per Unit, end of period</b>	<b>25.20</b>	<b>22.29</b>

- 1 This information is derived from the Fund's unaudited interim financial statements as at June 30, 2024, and the audited annual financial statements as at December 31, 2023. The Hedged and Unhedged ETF Units and the Unhedged Class A, F, and H Mutual Fund Units effectively began operations on January 9, 2023. The US Dollar Unhedged ETF Units effectively began operations on July 6, 2023.
- 2 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.
- 3 Distributions were paid in cash or reinvested in additional units of the Fund, or both. Actual distributions may vary slightly owing to rounding.
- 4 Per unit figures are stated in CAD equivalent.

## The Fund's Ratios/Supplemental Data

	June 30, 2024	December 31, 2023
For the periods ended:		
<b>Unhedged ETF Units - Ratios/Supplemental Data</b>		
Total Net Asset Value (\$) <sup>5</sup>	7,455,119	550,349
Number of units outstanding <sup>5</sup>	300,000	25,000
Management expense ratio excluding proportion of expenses from underlying investment funds <sup>6</sup>	0.66%	0.68%
Management expense ratio <sup>7,10</sup>	0.67%	0.69%
Trading expense ratio <sup>8</sup>	0.12%	0.23%
Portfolio turnover rate <sup>9</sup>	58.02%	127.99%
Net Asset Value per unit (\$)	24.85	22.01
Closing market price (\$)	24.89	22.00

# Evolve S&P 500® Enhanced Yield Fund

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## The Fund's Ratios/Supplemental Data (cont'd)

For the periods ended:	June 30, 2024	December 31, 2023
<b>Hedged ETF Units - Ratios/Supplemental Data</b>		
Total Net Asset Value (\$)⁵	77,926,200	46,824,481
Number of units outstanding⁵	3,250,000	2,125,000
Management expense ratio excluding proportion of expenses from underlying investment funds⁶	0.67%	0.68%
Management expense ratio⁷,¹⁰	0.68%	0.69%
Trading expense ratio⁸	0.12%	0.23%
Portfolio turnover rate⁹	58.02%	127.99%
Net Asset Value per unit (\$)	23.98	22.04
Closing market price (\$)	23.99	22.07
<b>US Dollar Unhedged ETF Units - Ratios/Supplemental Data</b>		
Total Net Asset Value (\$)⁵	4,919,412	2,181,431
Number of units outstanding⁵	150,000	75,000
Management expense ratio excluding proportion of expenses from underlying investment funds⁶	0.67%	0.68%
Management expense ratio⁷,¹⁰	0.68%	0.70%
Trading expense ratio⁸	0.12%	0.23%
Portfolio turnover rate⁹	58.02%	127.99%
Net Asset Value per unit (\$)	32.80	29.09
Closing market price (\$)	33.07	29.16
<b>Unhedged Class A - Ratios/Supplemental Data</b>		
Total Net Asset Value (\$)⁵	2,150,581	1,893,786
Number of units outstanding⁵	87,897	86,854
Management expense ratio excluding proportion of expenses from underlying investment funds⁶	1.76%	1.79%
Management expense ratio⁷,¹⁰	1.77%	1.80%
Trading expense ratio⁸	0.12%	0.23%
Portfolio turnover rate⁹	58.02%	127.99%
Net Asset Value per unit (\$)	24.47	21.80
<b>Unhedged Class F - Ratios/Supplemental Data</b>		
Total Net Asset Value (\$)⁵	14,621,902	11,580,874
Number of units outstanding⁵	588,245	525,973
Management expense ratio excluding proportion of expenses from underlying investment funds⁶	0.65%	0.68%
Management expense ratio⁷,¹⁰	0.66%	0.69%
Trading expense ratio⁸	0.12%	0.23%
Portfolio turnover rate⁹	58.02%	127.99%
Net Asset Value per unit (\$)	24.86	22.02

# Evolve S&P 500® Enhanced Yield Fund

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## The Fund's Ratios/Supplemental Data (cont'd)

For the periods ended:	June 30, 2024	December 31, 2023
<b>Unhedged Class H - Ratios/Supplemental Data</b>		
Total Net Asset Value (\$)⁵	40,785,845	16,856,356
Number of units outstanding⁵	1,618,409	756,124
Management expense ratio excluding proportion of expenses from underlying investment funds⁶	0.48%	0.51%
Management expense ratio⁷,¹⁰	0.49%	0.52%
Trading expense ratio⁸	0.12%	0.23%
Portfolio turnover rate⁹	58.02%	127.99%
Net Asset Value per unit (\$)	25.20	22.29

5 This information is provided as at June 30, 2024, and December 31, 2023.

6 Management expense ratio excluding proportion of expenses from underlying investment funds 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 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.

8 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.

9 The Fund's portfolio turnover rate indicates how actively the Fund's portfolio manager trades its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. The higher the Fund's portfolio turnover rate in a period, the greater the trading costs payable by the Fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

10 The Fund's MER includes an estimated proportion of the MER for any underlying investment funds held in the Fund's portfolio during the period.

## Past Performance

The performance information does not take into account sales, redemption, distribution, income taxes payable by any unitholder or other optional charges that, if applicable, would have reduced returns or performance. The performance information shown assumes that all distributions made by the investment Fund in the periods shown were reinvested in additional securities of the investment fund. How the Fund has performed in the past does not necessarily indicate how it will perform in the future.

Since the US Dollar Unhedged ETF Units of the Fund is a reporting issuer for less than one year, with inception date July 6, 2023, providing performance data for the period is not permitted.

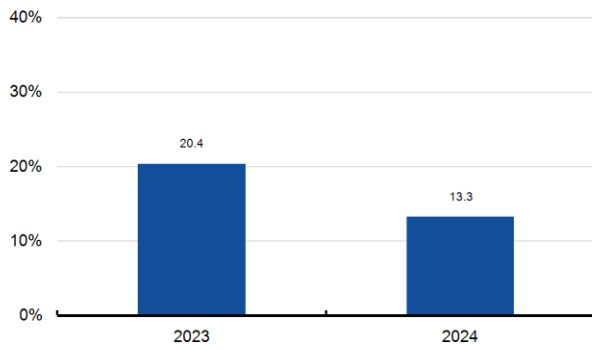
## Year-by-Year Returns

The bar chart below shows the Hedged and Unhedged ETF Units' and the Unhedged Class A, F, and H Mutual Fund Units' performance for each of the financial years shown and for the six-month period ended June 30, 2024. The chart shows, in percentage terms, how much an investment made in the Fund on the first day of each financial period would have grown or decreased by the last day of that financial period.

# Evolve S&P 500® Enhanced Yield Fund

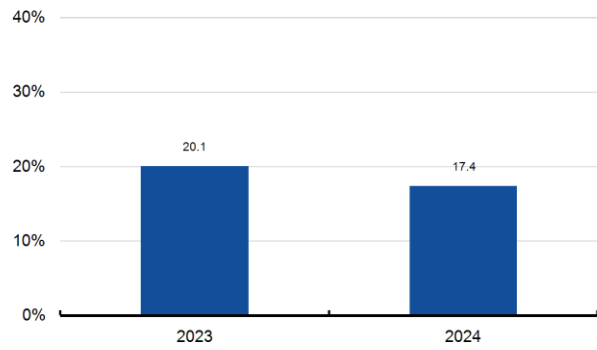
June 30, 2024

## ESPX Hedged ETF Units<sup>1</sup>



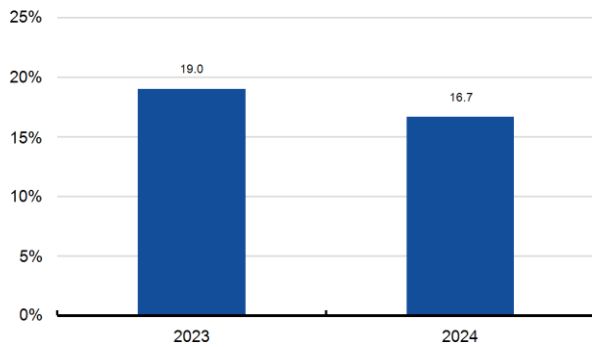
1 The Hedged ETF Units of the Fund effectively began operations on January 9, 2023.

## ESPX/B Unhedged ETF Units<sup>2</sup>



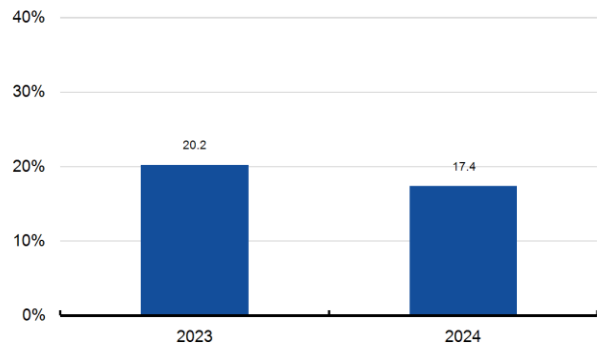
2 The Unhedged ETF Units of the Fund effectively began operations on January 9, 2023.

## Unhedged Class A Mutual Fund Units<sup>3</sup>



3 The Unhedged Class A Mutual Fund Units of the Fund effectively began operations on January 9, 2023.

## Unhedged Class F Mutual Fund Units<sup>4</sup>



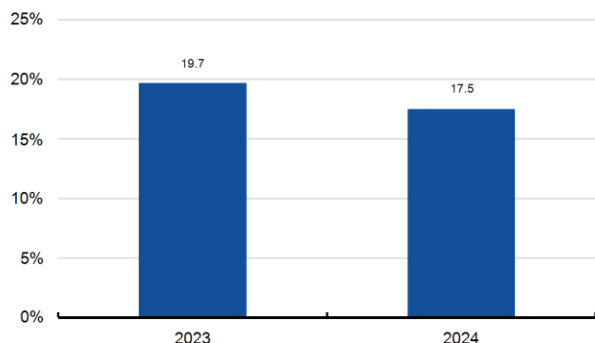
4 The Unhedged Class F Mutual Fund Units of the Fund effectively began operations on January 9, 2023.



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## Unhedged Class H Mutual Fund Units<sup>5</sup>



<sup>5</sup> The Unhedged Class H Mutual Fund Units of the Fund effectively began operations on January 9, 2023.

## Summary of Investment Portfolio

### Top 25 Positions

	Percentage of Net Asset Value (%)
Security	
iShares Core S&P 500 ETF	25.5
Apple Inc.	7.6
Amazon.com Inc.	4.4
Microsoft Corporation	4.2
NVIDIA Corporation	3.8
Alphabet Inc., Class 'A'	2.7
Alphabet Inc., Class 'C'	2.2
Berkshire Hathaway Inc., Class 'B'	1.8
Broadcom Inc.	1.8
Meta Platforms Inc., Class 'A'	1.4
Eli Lilly & Company	0.9
AbbVie Inc.	0.8
JPMorgan Chase & Company	0.7
Tesla Inc.	0.7
Bank of America Corporation	0.7
Advanced Micro Devices Inc.	0.7
Exxon Mobil Corporation	0.6
Adobe Inc.	0.6
UnitedHealth Group Inc.	0.6
Visa Inc., Class 'A'	0.5
Applied Materials Inc.	0.5
The Procter & Gamble Company	0.5
Accenture PLC, Class 'A'	0.5
Costco Wholesale Corporation	0.5
Mastercard Inc., Class 'A'	0.5
<b>Total</b>	<b>64.7</b>

# Evolve S&P 500® Enhanced Yield Fund

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## Industry Allocation

Portfolio by Category	Percentage of Net Asset Value (%)
<b>Equities</b>	
Communication Services	8.0
Consumer Discretionary	8.3
Consumer Staples	3.5
Energy	2.2
ETFs - United States Equity	25.5
Financials	9.4
Health Care	8.2
Industrials	5.2
Information Technology	25.0
Materials	1.4
Real Estate	1.5
Utilities	1.5
Derivative Assets	0.0
Derivative Liabilities	(0.2)
Cash and Cash Equivalents	5.1
Other Assets, less Liabilities	(4.6)
<b>Total</b>	<b>100.0</b>

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.evolveetfs.com](http://www.evolveetfs.com).



**Evolve S&P 500® Enhanced Yield Fund**