

Evolve S&P/TSX 60 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 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 Evolve S&P/TSX 60 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/TSX 60 Index, or any successor thereto, while mitigating downside risk. The Fund invests primarily in the equity constituents of the S&P/TSX 60 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

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

For the six-month period ended June 30, 2024, the Unhedged ETF Units returned 4.0% versus the S&P/TSX 60 Index return of 4.9%. The Unhedged Class A Mutual Fund Units returned 3.4% and the Unhedged Class F Mutual Fund Units returned 4.0% versus the S&P/TSX 60 Index return of 4.9%. The Unhedged Class H Mutual Fund Units returned 4.1% versus the S&P/TSX 60 Index return of 4.9%. 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. The Fund's net assets were \$43.3MM as at June 30, 2024.

Portfolio Manager Commentary

The S&P/TSX 60 index performed strongly during the first half of 2024, reaching and surpassing previous record highs set in 2022¹. The index's upward trajectory was supported by key developments in monetary policy and sectoral gains during the period.

In March, the S&P/TSX 60 recorded its fifth consecutive month of positive returns, marking the best five-month rally for the index in four years. In fact, during the month the S&P/TSX 60 outpaced the S&P 500 nicely as commodities picked up momentum mid-month and the 'Magnificent 7' stocks waned from previous highs. Key commodities such as oil, copper, and gold contributed to the index's performance. The materials and energy sectors showed significant returns, increasing 15.4% and 7.3% as compared to the prior month, respectively².

May saw strong performance driven by the banking sector, with Royal Bank of Canada (RBC) shares having their best day in four years increasing by 5.19% following an earnings beat³. RBC, which has the largest market capitalization of any stock on the TSX, said the investment banking environment looked promising for the remainder of the year as it surpassed profit expectations during the quarter⁴. Manulife and National Bank also reporting standout earnings in May. Despite these positive earnings reports, Canada's first quarter 2024 real GDP growth was 1.7%, with an overall GDP increase of less than 1% over the past year.

In June, the Bank of Canada (BoC) cut its overnight rate by 25 basis points (bps) for the first time since 2020, diverging from the Federal Reserve's monetary policy stance as they held rates steady in all meetings over the first half of the year⁴. This decision followed a series of encouraging inflation figures in Canada, with the Consumer Price Index (CPI) in April cooling to 2.7%, down from 2.9% in March⁵. The BOC has signaled that more policy rate cuts may follow as encouraging macroeconomic data continues to come in. As inflation and the Canadian job market continue to cool, the likelihood of further rate cuts during the year increases. Many economists and big Canadian banks expect the BOC could cut rates as many as four times by the end of 2024⁶.

Performance Attribution

For the six-month period ending June 30, 2024, Royal Bank of Canada made the biggest contribution to the Fund, followed by Constellation Software Inc. By weight, the Fund's largest holdings were Global X S&P/TSX 60 Index ETF, Royal Bank of Canada, and Toronto-Dominion Bank.

(1) <https://www.ctvnews.ca/business/s-p-tsx-composite-ekes-out-new-record-closing-high-u-s-markets-also-set-new-records-1.6817098>

(2) <https://nesbittburns.bmo.com/mmb.wealth/blog/567735-March-2024-Market-Commentary>

(3) <https://www.bloomberg.com/news/articles/2024-05-30/rbc-tops-estimates-as-profit-surges-in-capital-markets-division>

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(4) <https://www.reuters.com/markets/tsx-futures-muted-ahead-economic-data-2024-05-30/>

(5) <https://www.bloomberg.com/news/articles/2024-05-30/rbc-tops-estimates-as-profit-surges-in-capital-markets-division>

(6) <https://www.ctvnews.ca/business/bank-of-canada-cuts-key-rate-for-first-time-in-more-than-4-years-1.6914048>

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 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 \$86,616 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 \$28,651 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.

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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

	June 30, 2024 (\$)	December 31, 2023 (\$)
For the periods ended:		
Unhedged ETF Units - Net Assets per Unit		
Net Assets per Unit, beginning of period	19.41	20.00
Increase (decrease) from operations:		
Total revenue	0.36	0.64
Total expenses	(0.09)	(0.21)
Realized gains (losses)	-	(0.04)
Unrealized gains (losses)	0.24	1.35
Total increase (decrease) from operations²	0.51	1.74
Distributions:		
From income (excluding dividends)	(0.96)	-
From dividends	-	(0.26)
From capital gains	-	(0.18)
Return of capital	-	(1.48)
Total annual distributions³	(0.96)	(1.92)
Net Assets per Unit, end of period	19.23	19.41
Unhedged Class A - Net Assets per Unit		
Net Assets per Unit, beginning of period	19.22	20.00
Increase (decrease) from operations:		
Total revenue	0.34	0.62
Total expenses	(0.20)	(0.41)
Realized gains (losses)	0.05	(0.18)
Unrealized gains (losses)	0.52	2.48
Total increase (decrease) from operations²	0.71	2.51
Distributions:		
From income (excluding dividends)	(0.96)	-
From dividends	-	(0.35)
From capital gains	-	(0.14)
Return of capital	-	(1.43)
Total annual distributions³	(0.96)	(1.92)
Net Assets per Unit, end of period	18.93	19.22

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

	June 30, 2024 (\$)	December 31, 2023 (\$)
For the periods ended:		
Unhedged Class F - Net Assets per Unit		
Net Assets per Unit, beginning of period	19.42	20.00
Increase (decrease) from operations:		
Total revenue	0.35	0.64
Total expenses	(0.09)	(0.21)
Realized gains (losses)	0.02	(0.04)
Unrealized gains (losses)	0.48	1.14
Total increase (decrease) from operations²	0.76	1.53
Distributions:		
From income (excluding dividends)	(0.96)	-
From dividends	-	(0.30)
From capital gains	-	(0.17)
Return of capital	-	(1.45)
Total annual distributions³	(0.96)	(1.92)
Net Assets per Unit, end of period	19.24	19.42
Unhedged Class H - Net Assets per Unit		
Net Assets per Unit, beginning of period	19.76	20.00
Increase (decrease) from operations:		
Total revenue	0.37	0.07
Total expenses	(0.07)	(0.02)
Realized gains (losses)	-	(0.02)
Unrealized gains (losses)	0.37	0.25
Total increase (decrease) from operations²	0.67	0.28
Distributions:		
From income (excluding dividends)	(0.96)	-
From dividends	-	(0.49)
From capital gains	-	(0.09)
Return of capital	-	(1.02)
Total annual distributions³	(0.96)	(1.60)
Net Assets per Unit, end of period	19.61	19.76

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 Unhedged ETF Units and the Unhedged Class A, F, and H Mutual Fund Units effectively began operations on January 9, 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.

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The Fund's Ratios/Supplemental Data

For the periods ended:	June 30, 2024	December 31, 2023
Unhedged ETF Units - Ratios/Supplemental Data		
Total Net Asset Value (\$) ⁴	23,552,795	13,100,941
Number of units outstanding ⁴	1,225,000	675,000
Management expense ratio excluding proportion of expenses from underlying investment funds ⁵	0.68%	0.68%
Management expense ratio ^{6,9}	0.70%	0.71%
Trading expense ratio ⁷	0.25%	0.43%
Portfolio turnover rate ⁸	60.03%	142.86%
Net Asset Value per unit (\$)	19.23	19.41
Closing market price (\$)	19.19	19.39
Unhedged Class A - Ratios/Supplemental Data		
Total Net Asset Value (\$) ⁴	1,350,928	1,707,992
Number of units outstanding ⁴	71,382	88,858
Management expense ratio excluding proportion of expenses from underlying investment funds ⁵	1.78%	1.78%
Management expense ratio ^{6,9}	1.80%	1.81%
Trading expense ratio ⁷	0.25%	0.43%
Portfolio turnover rate ⁸	60.03%	142.86%
Net Asset Value per unit (\$)	18.93	19.22
Unhedged Class F - Ratios/Supplemental Data		
Total Net Asset Value (\$) ⁴	7,342,201	6,163,102
Number of units outstanding ⁴	381,543	317,335
Management expense ratio excluding proportion of expenses from underlying investment funds ⁵	0.64%	0.68%
Management expense ratio ^{6,9}	0.66%	0.71%
Trading expense ratio ⁷	0.25%	0.43%
Portfolio turnover rate ⁸	60.03%	142.86%
Net Asset Value per unit (\$)	19.24	19.42
Unhedged Class H - Ratios/Supplemental Data		
Total Net Asset Value (\$) ⁴	11,027,333	5,145,787
Number of units outstanding ⁴	562,226	260,393
Management expense ratio excluding proportion of expenses from underlying investment funds ⁵	0.48%	0.50%
Management expense ratio ^{6,9}	0.50%	0.53%
Trading expense ratio ⁷	0.25%	0.43%
Portfolio turnover rate ⁸	60.03%	142.86%
Net Asset Value per unit (\$)	19.61	19.76

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

5 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.

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 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.

9 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.

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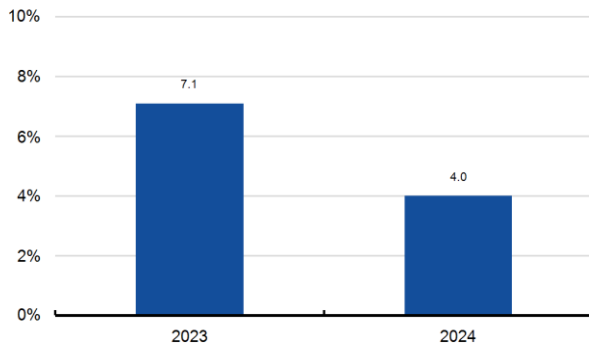
Past Performance

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.

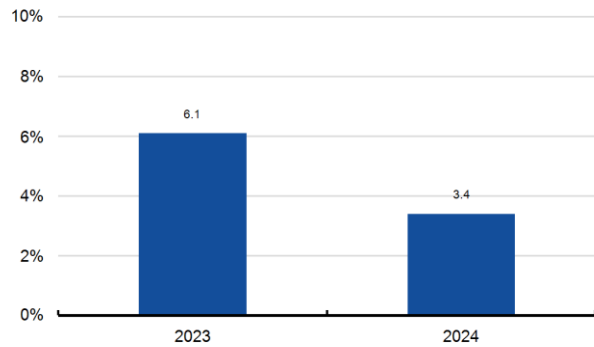
Year-by-Year Returns

The bar chart below shows the 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.

ETSX Unhedged ETF Units¹



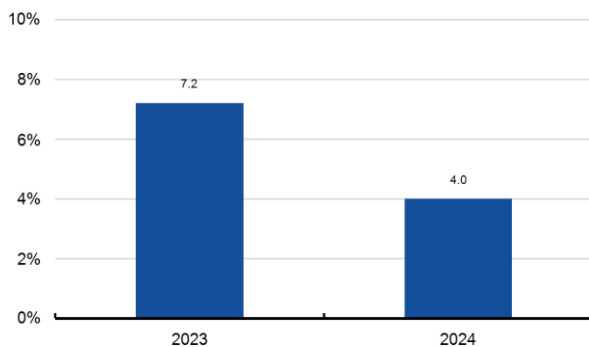
Unhedged Class A Mutual Fund Units²



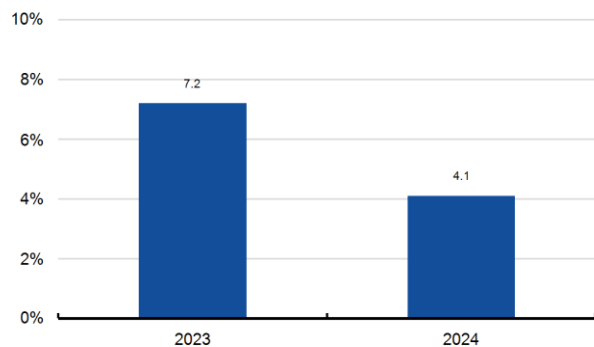
1 The Unhedged ETF Units of the Fund effectively began operations on January 9, 2023.

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

Unhedged Class F Mutual Fund Units³



Unhedged Class H Mutual Fund Units⁴



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

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

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Summary of Investment Portfolio

Top 25 Positions

	Percentage of Net Asset Value (%)
Security	
Global X S&P/TSX 60 Index ETF	8.7
Royal Bank of Canada	7.4
The Toronto-Dominion Bank	4.8
Shopify Inc., Class 'A'	4.0
Canadian Natural Resources Limited	3.8
Enbridge Inc.	3.7
Canadian Pacific Kansas City Limited	3.6
Canadian National Railway Company	3.3
Bank of Montreal	3.0
Brookfield Corporation	2.9
Constellation Software Inc.	2.8
The Bank of Nova Scotia	2.8
Suncor Energy Inc.	2.4
Manulife Financial Corporation	2.4
Waste Connections Inc.	2.2
Canadian Imperial Bank of Commerce	2.2
Alimentation Couche-Tard Inc.	2.0
TC Energy Corporation	1.9
Agnico Eagle Mines Limited	1.6
Intact Financial Corporation	1.5
BCE Inc.	1.5
Barrick Gold Corporation	1.4
Sun Life Financial Inc.	1.4
National Bank of Canada	1.3
Cenovus Energy Inc.	1.3
Total	73.9

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Industry Allocation

Portfolio by Category	Percentage of Net Asset Value (%)
Equities	
Communication Services	3.2
Consumer Discretionary	3.5
Consumer Staples	4.1
Energy	16.5
ETFs - Canadian Equity	8.7
Financials	31.2
Industrials	11.7
Information Technology	8.2
Materials	9.0
Real Estate	0.6
Utilities	2.7
Derivative Liabilities	(0.1)
Cash and Cash Equivalents	5.2
Other Assets, less Liabilities	(4.5)
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.evolveetfs.com.



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