

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 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 Canadian 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 \$40.5MM as at December 31, 2023.

Portfolio Manager Commentary

Throughout 2023, the Canadian money market was shaped by the Bank of Canada's monetary policy decisions and prevailing inflation trends. The Bank of Canada's assertive approach in increasing the key overnight rate to a 22-year peak of 5.00% is a central narrative in understanding the trajectory of money market securities during the year. In fact, the Bank of Canada announced three 25-basis-point hikes throughout the year in January, June, and July. These rate hikes, designed to moderate an inflation rate that surged past the central bank's 2% target, mirrored a broader response from global central banks to counteract elevated post-pandemic inflation levels.¹

As 2023 progressed, indicators such as the Consumer Price Index (CPI) exhibited a downward trend, softening to 3.1% in November from a high of 5.9% in January.² This reduction in inflation is reflective of the restrictive monetary measures deployed by the Bank of Canada and suggests a movement towards economic equilibrium. Accordingly, the BoC paused their rate hiking cycle as they left the target overnight rate unchanged at 5.00% when they announced in September, October, and December. Nonetheless, the cautious tone from Bank of Canada Governor Tiff Macklem has intimated that, although prevailing interest rates might align with the bank's price stability objectives, the bank stands ready to fine-tune its policy stance should inflation not regress to its target range.³

(1) [https://www.reuters.com/markets/rates-bonds/bank-canada-hikes-rates-5-with-inflation-seen-above-2-until-2025-2023-07-12/#:~:text=OTTAWA%2C%20July%2012%20\(Reuters\),stalling%20above%20its%202%25%20target](https://www.reuters.com/markets/rates-bonds/bank-canada-hikes-rates-5-with-inflation-seen-above-2-until-2025-2023-07-12/#:~:text=OTTAWA%2C%20July%2012%20(Reuters),stalling%20above%20its%202%25%20target)

(2) <https://www.bankofcanada.ca/rates/indicators/capacity-and-inflation-pressure/inflation/>

(3) <https://www.reuters.com/markets/bank-canada-says-rates-may-now-be-peak-excess-demand-now-gone-2023-11-22/>

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.

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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 net asset value of the 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 \$12,552 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 0.05% 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 \$12,908 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	3.12
Total expenses	(0.03)
Realized gains (losses)	(0.01)
Total increase (decrease) from operations³	3.08
Distributions:	
From income (excluding dividends)	(3.01)
Total annual distributions⁴	(3.01)
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	0.31
Total expenses	(0.02)
Total increase (decrease) from operations³	0.29
Distributions:	
From income (excluding dividends)	(0.26)
Total annual distributions⁴	(0.26)
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	0.31
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

- 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	15,008,832
Number of units outstanding ⁵	150,000
Management expense ratio ^{6,8}	0.06%
Trading expense ratio ⁷	0.00%
Net Asset Value per unit (\$)	100.06
Closing market price (\$)	100.15
Unhedged Class A - Ratios/Supplemental Data	
Total Net Asset Value (\$) ⁵	11,268,312
Number of units outstanding ⁵	1,126,520
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	14,180,019
Number of units outstanding ⁵	1,417,588
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

Top 25 Positions

Security	Percentage of Net Asset Value (%)
Honda Canada Inc., 5.406%, 02/27/24	7.2
Clarity Trust, 5.338%, 01/16/24	6.9
Fusion Trust, 5.389%, 01/16/24	4.4
Banner Trust, 5.551%, 04/04/24	3.2
Banner Trust, 5.600%, 04/25/24	3.2
Merit Trust, 5.570%, 05/21/24	3.2
Reliant Trust, 5.569%, 05/22/24	3.2
Ridge Trust, 5.256%, 06/14/24	3.2
Banner Trust, 5.479%, 03/01/24	3.1
Banner Trust, 5.530%, 03/26/24	3.1
Reliant Trust, 5.429%, 03/28/24	3.1
Reliant Trust, 5.540%, 05/15/24	3.0
Merit Trust, 5.116%, 01/18/24	2.9
Clarity Trust, 5.431%, 02/05/24	2.5
Ridge Trust, 5.419%, 04/15/24	2.5
National Bank of Canada, 5.192%, 02/26/24	2.4
Prime Trust, 5.499%, 04/19/24	2.4
Province of British Columbia, 5.229%, 01/18/24	2.2
Government of Canada, Treasury Bill, 4.326%, 02/15/24	2.0
Merit Trust, 5.430%, 03/15/24	1.8
Royal Bank of Canada, 5.198%, 01/29/24	1.8
Zeus Receivables Trust, 5.519%, 02/09/24	1.7
Zeus Receivables Trust, 5.559%, 02/23/24	1.7
Zeus Receivables Trust, 5.589%, 03/08/24	1.7
Zeus Receivables Trust, 5.621%, 03/22/24	1.7
Total	74.1

Industry Allocation

Portfolio by Category	Percentage of Net Asset Value (%)
Short-Term Investments	
Bankers Acceptance	4.3
Commercial Paper	85.9
Treasury Bills	10.0
Cash and Cash Equivalents	0.2
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.evolveetfs.com.



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