

Evolve S&P 500® Enhanced Yield Fund

June 30, 2023

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 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

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 January 9, 2023, no performance data can be shown. The Fund’s net assets were \$33.7MM as at June 30, 2023.

Portfolio Manager Commentary

The S&P 500 has demonstrated robust performance over the first half of 2023, driven primarily by the significant contributions from big technology firms.¹ In particular, Apple, Microsoft, Alphabet, Amazon, and Nvidia have dominated the gains. In fact, without them, the overall market (including dividend payments) would be up just 1.5% this year. These firms and other companies operating in the AI space have directly benefitted from an explosion of interest in artificial intelligence (AI) technologies. To illustrate, during the period, Nvidia became the first chipmaker to reach a \$1 trillion dollar valuation.² Other semiconductor manufacturers and software developers have seen their values more than double as the industry experienced unprecedented growth during the period.³

Regardless of the success in the technology sector, other areas of the market have faltered, such as regional banks. In fact, the collapse of Silicon Valley Bank and others during the first half of the year led to concerns that banking instability will hurt U.S. companies that rely on loans from these smaller banks. Furthermore, the S&P 500 faced other challenges during the period as interest rate hikes, high inflation levels, and weak earnings weighed on sentiment. Investors are also weighing the likelihood the Federal Reserve’s aggressive approach to raising interest rates will push the economy into recession.⁴

Performance Attribution

For the six month period ending June 30, 2023, iShares Core S&P 500 ETF made the biggest contribution to the Fund, followed by Apple Inc. By weight, the Fund’s largest holdings were iShares Core S&P 500 ETF, Apple Inc, and Microsoft Corp.

(1) <https://www.axios.com/2023/06/01/sp500-tech-companies-stock-price>

(2) <https://markets.businessinsider.com/news/stocks/tech-stocks-artificial-intelligence-ai-wedbush-securities-dan-ives-rally-2023-6>

(3) <https://www.theguardian.com/technology/2023/may/26/tech-stock-surge-interest-artificial-intelligence-technology-nvidia-double-value>

(4) <https://www.reuters.com/markets/us/sp-500-seen-dipping-between-now-year-end-2023-05-23/>

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 0.45% of the net asset value of the Unhedged ETF Units, Hedged 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, 2023, the Fund incurred \$47,298 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, 2023, the Fund incurred \$16,840 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

	June 30, 2023 (\$)
For the period ended:	
Unhedged ETF Units - Net Assets per Unit	
Net Assets per Unit, beginning of period ²	20.00
Increase (decrease) from operations:	
Total revenue	0.15
Total expenses	(0.12)
Realized gains (losses)	0.30
Unrealized gains (losses)	2.13
Total increase (decrease) from operations³	2.46
Distributions:	
From income (excluding dividends)	(0.93)
Total annual distributions⁴	(0.93)
Net Assets per Unit, end of period	21.54

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

	June 30, 2023 (\$)
For the period ended:	
Hedged ETF Units - Net Assets per Unit	
Net Assets per Unit, beginning of period ²	20.00
Increase (decrease) from operations:	
Total revenue	0.17
Total expenses	(0.12)
Realized gains (losses)	1.06
Unrealized gains (losses)	2.32
Total increase (decrease) from operations³	3.43
Distributions:	
From income (excluding dividends)	(0.93)
Total annual distributions⁴	(0.93)
Net Assets per Unit, end of period	21.70
Unhedged Class A - Net Assets per Unit	
Net Assets per Unit, beginning of period ²	20.00
Increase (decrease) from operations:	
Total revenue	0.17
Total expenses	(0.24)
Realized gains (losses)	0.12
Unrealized gains (losses)	3.07
Total increase (decrease) from operations³	3.12
Distributions:	
From income (excluding dividends)	(0.93)
Total annual distributions⁴	(0.93)
Net Assets per Unit, end of period	21.47
Unhedged Class F - Net Assets per Unit	
Net Assets per Unit, beginning of period ²	20.00
Increase (decrease) from operations:	
Total revenue	0.16
Total expenses	(0.12)
Realized gains (losses)	0.27
Unrealized gains (losses)	2.27
Total increase (decrease) from operations³	2.58
Distributions:	
From income (excluding dividends)	(0.93)
Total annual distributions⁴	(0.93)
Net Assets per Unit, end of period	21.55

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

	June 30, 2023 (\$)
For the period ended:	
Unhedged Class H - Net Assets per Unit	
Net Assets per Unit, beginning of period ²	20.00
Increase (decrease) from operations:	
Total revenue	0.01
Total expenses	(0.01)
Unrealized gains (losses)	0.17
Total increase (decrease) from operations³	0.17
Distributions:	
From income (excluding dividends)	(0.62)
Total annual distributions⁴	(0.62)
Net Assets per Unit, end of period	21.79

- 1 This information is derived from the Fund's unaudited interim financial statements as at June 30, 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.
- 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

	June 30, 2023
For the period ended:	
Unhedged ETF Units - Ratios/Supplemental Data	
Total Net Asset Value (\$) ⁵	1,076,818
Number of units outstanding ⁵	50,000
Management expense ratio ⁶	0.69%
Trading expense ratio ⁷	0.29%
Portfolio turnover rate ⁸	48.88%
Net Asset Value per unit (\$)	21.54
Closing market price (\$)	21.54
Hedged ETF Units - Ratios/Supplemental Data	
Total Net Asset Value (\$) ⁵	20,611,718
Number of units outstanding ⁵	950,000
Management expense ratio ⁶	0.68%
Trading expense ratio ⁷	0.29%
Portfolio turnover rate ⁸	48.88%
Net Asset Value per unit (\$)	21.70
Closing market price (\$)	21.72
Unhedged Class A - Ratios/Supplemental Data	
Total Net Asset Value (\$) ⁵	515,812
Number of units outstanding ⁵	24,030
Management expense ratio ⁶	1.77%
Trading expense ratio ⁷	0.29%
Portfolio turnover rate ⁸	48.88%
Net Asset Value per unit (\$)	21.47

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

	June 30, 2023
For the period ended:	
Unhedged Class F - Ratios/Supplemental Data	
Total Net Asset Value (\$)⁵	5,499,827
Number of units outstanding⁵	255,225
Management expense ratio⁶	0.67%
Trading expense ratio⁷	0.29%
Portfolio turnover rate⁸	48.88%
Net Asset Value per unit (\$)	21.55
Unhedged Class H - Ratios/Supplemental Data	
Total Net Asset Value (\$)⁵	6,036,807
Number of units outstanding⁵	277,071
Management expense ratio⁶	0.50%
Trading expense ratio⁷	0.29%
Portfolio turnover rate⁸	48.88%
Net Asset Value per unit (\$)	21.79

5 This information is provided as at June 30, 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 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.

Past Performance

Since the Fund is a reporting issuer for less than one year, with inception date January 9, 2023, providing performance data for the period is not permitted.

Summary of Investment Portfolio

Top 25 Positions

Security	Percentage of Net Asset Value (%)
iShares Core S&P 500 ETF	44.1
Apple Inc.	4.3
Microsoft Corporation	3.8
Alphabet Inc., Class 'A'	2.0
Amazon.com Inc.	1.8
NVIDIA Corporation	1.6
Tesla Inc.	1.1
Meta Platforms Inc.	1.0
Berkshire Hathaway Inc., Class 'B'	0.9
UnitedHealth Group Inc.	0.7
Exxon Mobil Corporation	0.7
Johnson & Johnson	0.6
JPMorgan Chase & Company	0.6
Visa Inc., Class 'A'	0.6

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Top 25 Positions (cont'd)

	Percentage of Net Asset Value (%)
Security	
Eli Lilly & Company	0.6
Broadcom Inc.	0.5
The Procter & Gamble Company	0.5
Mastercard Inc., Class 'A'	0.5
The Home Depot Inc.	0.5
Merck & Company Inc.	0.4
Chevron Corporation	0.4
PepsiCo Inc.	0.4
Costco Wholesale Corporation	0.4
AbbVie Inc.	0.4
The Coca-Cola Company	0.4
Total	68.8

Industry Allocation

Portfolio by Category	Percentage of Net Asset Value (%)
Equities	
Communication Services	4.7
Consumer Discretionary	6.0
Consumer Staples	3.8
Energy	2.3
ETFs - United States Equity	44.1
Financials	5.6
Health Care	7.5
Industrials	4.7
Information Technology	17.3
Materials	1.4
Real Estate	1.4
Utilities	1.5
Derivative Liabilities	(0.3)
Cash and Cash Equivalents	0.4
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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