

# Premium Cash Management 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](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.

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## Investment Objective and Strategies

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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

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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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Since the Fund effectively began operations on May 26, 2023, no performance data can be shown. The Fund's net assets were \$35.2MM as at June 30, 2023.

## Portfolio Manager Commentary

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The Canadian money market has demonstrated its strength over the first half of 2023, especially amidst the significant rate hikes by the Bank of Canada since March 2022. More specifically, the Bank of Canada has raised the target overnight rate from 0.25% to 4.75% since March 2022, including two 0.25% rate hikes in January and June of 2023.<sup>1</sup> This shift has underpinned the opportunity in the Canadian money market for those investors seeking to benefit from rising interest rates while preserving capital. Despite the fact that Canada's annual inflation rate dropped by a percentage point to 3.4% in May of 2023, the Bank of Canada is expected to continue its tightening cycle, further enhancing the appeal of money market investment products.<sup>2</sup>

Yet, the first half of 2023 has not been without its challenges. Bonds had a volatile period with fluctuating yields causing notable price moves, creating circumstances which have not been seen since the Global Financial Crisis. This volatility highlights the ongoing uncertainty in monetary policy direction and economic data variability.<sup>3</sup>

Given the mixed economic indicators, with softening employment data and cooling headline inflation on one hand, and core inflation levels above the Bank of Canada's target on the other, it's a tricky balancing act for policymakers. Economic conditions such as these have solidified the importance of capital preservation and liquidity offered through money market investment products.<sup>3</sup>

(1) <https://www.bankofcanada.ca/core-functions/monetary-policy/key-interest-rate/>

(2) <https://www.theglobeandmail.com/business/article-canada-inflation-drops/>

(3) [https://www.rbcinsight.com/WM/Share/ResearchViewer/?SSS\\_80D19E3C2DE39F736F7F8DC8B16CB7F0](https://www.rbcinsight.com/WM/Share/ResearchViewer/?SSS_80D19E3C2DE39F736F7F8DC8B16CB7F0)

## Related Party Transactions

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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 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 six-month period ended June 30, 2023, the Fund incurred \$357 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](http://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 six-month period ended June 30, 2023, the Fund incurred \$765 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, 2023 (\$)
For the period ended:	
<b>Unhedged ETF Units - Net Assets per Unit</b>	
Net Assets per Unit, beginning of period	100.01
<b>Increase (decrease) from operations:</b>	
Total revenue	0.49
Total expenses	(0.01)
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>0.48</b>
<b>Distributions:</b>	
From income (excluding dividends)	(0.45)
<b>Total annual distributions<sup>3</sup></b>	<b>(0.45)</b>
<b>Net Assets per Unit, end of period</b>	<b>100.03</b>
<b>Unhedged Class A - Net Assets per Unit</b>	
Net Assets per Unit, beginning of period	10.00
<b>Increase (decrease) from operations:</b>	
Total revenue	0.05
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>0.05</b>
<b>Distributions:</b>	
From income (excluding dividends)	(0.02)
<b>Total annual distributions<sup>3</sup></b>	<b>(0.02)</b>
<b>Net Assets per Unit, end of period</b>	<b>10.00</b>

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

	June 30, 2023 (\$)
For the period ended:	
<b>Unhedged Class F - Net Assets per Unit</b>	
Net Assets per Unit, beginning of period	10.00
<b>Increase (decrease) from operations:</b>	
Total revenue	0.05
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>0.05</b>
<b>Distributions:</b>	
From income (excluding dividends)	(0.02)
<b>Total annual distributions<sup>3</sup></b>	<b>(0.02)</b>
<b>Net Assets per Unit, end of period</b>	<b>10.00</b>

- 1 This information is derived from the Fund's unaudited interim financial statements as at June 30, 2023. The Unhedged ETF Units, and the Unhedged Class A and F Mutual Fund Units effectively began operations on May 26, 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.

## The Fund's Ratios/Supplemental Data

	June 30, 2023
For the period ended:	
<b>Unhedged ETF Units - Ratios/Supplemental Data</b>	
Total Net Asset Value (\$) <sup>4</sup>	10,002,772
Number of units outstanding <sup>4</sup>	100,000
Management expense ratio <sup>5</sup>	0.05%
Trading expense ratio <sup>6</sup>	0.02%
Net Asset Value per unit (\$)	100.03
Closing market price (\$)	100.07
<b>Unhedged Class A - Ratios/Supplemental Data</b>	
Total Net Asset Value (\$) <sup>4</sup>	4,480,335
Number of units outstanding <sup>4</sup>	448,034
Management expense ratio <sup>5</sup>	0.31%
Trading expense ratio <sup>6</sup>	0.02%
Net Asset Value per unit (\$)	10.00
<b>Unhedged Class F - Ratios/Supplemental Data</b>	
Total Net Asset Value (\$) <sup>4</sup>	20,699,482
Number of units outstanding <sup>4</sup>	2,069,948
Management expense ratio <sup>5</sup>	0.05%
Trading expense ratio <sup>6</sup>	0.02%
Net Asset Value per unit (\$)	10.00

- 4 This information is provided as at June 30, 2023.
- 5 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.
- 6 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.

## 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.

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## Summary of Investment Portfolio

### All Positions

	Percentage of Net Asset Value (%)
Security	
Province of Ontario, Treasury Bill, 5.002%, 12/13/2023	23.0
Hydro One Inc., 4.915%, 9/14/2023	9.7
Honda Canada Finance Inc., 3.666%, 8/14/2023	9.3
Province of Ontario, Treasury Bill, 4.987%, 11/15/2023	7.5
CDP Financial Inc., 4.996%, 11/28/2023	6.2
The Bank of Nova Scotia, 5.139%, 12/12/2023	4.8
AltaLink Limited Partnership, 3.668%, 11/6/2023	4.2
Government of Canada, Treasury Bill, 4.98%, 11/23/2023	4.2
HSBC Bank Canada, 3.245%, 9/15/2023	4.2
CDP Financial Inc., 5.181 %, 12/7/2023	3.5
Canadian Natural Resources Limited, 1.45%, 11/16/2023	2.8
Canadian Western Bank, 1.57%, 9/14/2023	2.8
Central 1, 4.991%, 11/24/2023	2.8
National Bank of Canada, 4.959%, 11/27/2023	2.8
Royal Bank of Canada, 4.949%, 11/22/2023	2.8
Enbridge Gas Inc., Callable, 3.79%, 7/10/2023	2.8
TransCanada PipeLines Limited, 5.159%, 7/31/2023	1.7
The Bank of Nova Scotia, 4.889%, 11/20/2023	1.4
TMX Group Limited, Callable, 4.461%, 10/3/2023	1.1
Equitable Bank, 2.753%, 12/4/2023	1.0
VW Credit Canada Inc., 1.2%, 9/25/2023	0.8
<b>Total</b>	<b>99.4</b>

### Industry Allocation

	Percentage of Net Asset Value (%)
Portfolio by Category	
<b>Short-Term Investments</b>	
Bankers Acceptance	6.2
Bearer Deposit Notes	5.6
Commercial Paper	33.1
Short Corporates	19.9
Treasury Bills	34.6
Cash and Cash Equivalents	0.0
Other Assets, less Liabilities	0.6
<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).



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