

Evolve NASDAQ Technology Enhanced Yield Index 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 NASDAQ Technology Enhanced Yield Index Fund (the "Fund") seeks to replicate, to the extent reasonably possible and before fees and expenses, the performance of the NASDAQ-100 Technology Sector Adjusted Market-Cap Weighted™ Index, or any successor thereto. To enhance yield, as well as to mitigate risk and reduce volatility, the Fund will employ a covered call option writing program at the discretion of the Manager. The level of covered call option writing may vary based on market volatility and other factors.

Risk

Effective August 16, 2024, the risk rating of the Hedged ETF Units and the Hedged Class A and F Mutual Fund Units of the Fund was changed from "Medium" to "Medium to High". 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 Hedged ETF Units effectively began operations on October 3, 2023, and the Hedged Class A and F Mutual Fund Units of the Fund effectively began operations on October 14, 2023, no performance data can be shown. The Fund's net assets were \$38.8MM as at June 30, 2024.

Portfolio Manager Commentary

Throughout the first six months of 2024, the Fund performed strongly on the back of a rally in the technology sector during the period. In fact, the NASDAQ composite returned 18.6% in the first half of the year¹, driven by strong performances from big technology companies such as NVIDIA, Apple, and Amazon. Much of this growth can be attributed to strong earnings results and developments in Artificial Intelligence (AI).

The Fund's growth was predominantly driven by NVIDIA, which became the largest publicly traded company in the world during the period surpassing the likes of Microsoft². In June, NVIDIA received another boost to its' stock price after it unveiled its next generation of AI chips, just months after announcing its previous model. This quick turnaround highlights the competitive frenzy of the AI chip market and NVIDIA's sprint to maintain its leadership role in the space³. Additionally, during its fiscal first quarter 2025 earnings release, the company announced a 10-for-1 stock split which further bolstered gains. Other semiconductor firms including Broadcom and Micron Technology also enjoyed a strong first half of the year, with demand for their chips surging alongside NVIDIA's⁴.

Apple struggled earlier in the year due to reports of declining iPhone sales in China⁵. However, the company managed to turn its stock around after unveiling its plans to expand its involvement in the AI space at the Worldwide Developers Conference (WWDC) in June, in which it announced Apple Intelligence, Siri with ChatGPT, iOS 18 and more⁶.

Overall, the technology sector drove market returns in the first half of 2024 and is poised to continue its strong performance throughout the remainder of the year. The combination of innovation, particularly in the AI space, and strong market leadership by key technology companies underscores the sector's critical role in driving economic growth and investment returns.

Performance Attribution

For the six-month period ending June 30, 2024, NVIDIA Corporation made the biggest contribution to the Fund, followed by Broadcom Inc. By weight, the Fund's largest holdings were NVIDIA Corporation, Apple Inc., and Meta Platforms, Inc.

(1) [https://www.nasdaq.com/articles/first-half-2024-review-and-outlook#:~:text=All%20but%20one%20of%20the,500%20\(%2B15.3%25\)%20indices](https://www.nasdaq.com/articles/first-half-2024-review-and-outlook#:~:text=All%20but%20one%20of%20the,500%20(%2B15.3%25)%20indices)

(2) <https://www.cnbc.com/2024/06/18/nvidia-passes-microsoft-in-market-cap-is-most-valuable-public-company.html>

(3) <https://www.cnbc.com/2024/06/02/nvidia-next-generation-ai-chips-rubin-blackwell.html>

(4) <https://www.reuters.com/technology/broadcom-soars-demand-ai-chips-power-forecast-raise-2024-06-13/>

(5) <https://www.bnnbloomberg.ca/apple-reports-first-sales-gain-in-a-year-despite-slump-in-china-1.2029724>

(6) <https://www.cnbc.com/2024/06/11/apple-shares-pop-to-record-high-after-company-unveils-ai-software.html>

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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 0.50% of the net asset value of the Hedged ETF Units and the Hedged 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 1.50% of the net asset value of the Hedged Class A 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 \$59,226 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 \$18,228 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 Unhedged and US Dollar Unhedged ETF Units of the Fund were qualified for distribution by a prospectus dated August 16, 2024. As of the date of this management report of fund performance (MRFP), the Fund has not offered any units to the public. Since the date of the Fund's initial statement of financial position dated September 27, 2023, no transactions or other activities have been undertaken by the Fund. As such, no financial highlights or management discussion are included in this MRFP. The statement of financial position of the Fund is available upon request, at no cost, by calling 1-844-370-4884, by writing to us at Evolve Funds Group Inc., 40 King Street West, Suite 3404, Toronto, ON, M5H 3Y2 or by visiting our website at www.evolveetfs.com or SEDAR+ at www.sedarplus.com.

Evolve NASDAQ Technology Enhanced Yield Index Fund

June 30, 2024

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	20.00	20.00
Increase (decrease) from operations:		
Total revenue	-	-
Total expenses	-	-
Realized gains (losses)	-	-
Unrealized gains (losses)	-	-
Total increase (decrease) from operations²	-	-
Distributions:		
Return of capital	-	-
Total annual distributions³	-	-
Net Assets per Unit, end of period	20.00	20.00
Hedged ETF Units - Net Assets per Unit		
Net Assets per Unit, beginning of period	23.05	20.00
Increase (decrease) from operations:		
Total revenue	0.08	0.04
Total expenses	(0.16)	(0.08)
Realized gains (losses)	1.77	0.61
Unrealized gains (losses)	3.95	2.87
Total increase (decrease) from operations²	5.64	3.44
Distributions:		
From income (excluding dividends)	(1.70)	-
Return of capital	-	(0.63)
Total annual distributions³	(1.70)	(0.63)
Net Assets per Unit, end of period	26.90	23.05
US Dollar Unhedged ETF Units - Net Assets per Unit⁴		
Net Assets per Unit, beginning of period	27.00	27.00
Increase (decrease) from operations:		
Total revenue	-	-
Total expenses	-	-
Realized gains (losses)	-	-
Unrealized gains (losses)	-	-
Total increase (decrease) from operations²	-	-
Distributions:		
Return of capital	-	-
Total annual distributions³	-	-
Net Assets per Unit, end of period	27.00	27.00

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

	June 30, 2024	December 31, 2023
	(\$)	(\$)
For the periods ended:		
Hedged Class A - Net Assets per Unit		
Net Assets per Unit, beginning of period	22.64	20.00
Increase (decrease) from operations:		
Total revenue	0.08	-
Total expenses	(0.30)	(0.12)
Realized gains (losses)	2.02	(1.93)
Unrealized gains (losses)	3.26	(6.22)
Total increase (decrease) from operations²	5.06	(8.27)
Distributions:		
From income (excluding dividends)	(1.70)	-
Return of capital	-	(0.21)
Total annual distributions³	(1.70)	(0.21)
Net Assets per Unit, end of period	26.26	22.64
Hedged Class F - Net Assets per Unit		
Net Assets per Unit, beginning of period	22.32	20.00
Increase (decrease) from operations:		
Total revenue	0.08	0.04
Total expenses	(0.16)	(0.06)
Realized gains (losses)	1.69	0.93
Unrealized gains (losses)	3.34	2.77
Total increase (decrease) from operations²	4.95	3.68
Distributions:		
From income (excluding dividends)	(1.70)	-
Return of capital	-	(0.42)
Total annual distributions³	(1.70)	(0.42)
Net Assets per Unit, end of period	26.00	22.32

- 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 ETF Units effectively began operations on October 3, 2023. The Hedged Class A and F Mutual Fund Units effectively began operations on October 14, 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:		
Unhedged ETF Units - Ratios/Supplemental Data		
Total Net Asset Value (\$) ⁵	20	20
Number of units outstanding ⁵	1	1
Management expense ratio ⁶	N/A	N/A
Trading expense ratio ⁷	N/A	N/A
Portfolio turnover rate ⁸	N/A	N/A
Net Asset Value per unit (\$)	20.00	20.00
Closing market price (\$)	N/A	N/A

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

For the periods ended:	June 30, 2024	December 31, 2023
Hedged ETF Units - Ratios/Supplemental Data		
Total Net Asset Value (\$)⁵	38,333,168	14,405,366
Number of units outstanding⁵	1,425,000	625,000
Management expense ratio⁶	0.74%	0.72%
Trading expense ratio⁷	0.44%	0.58%
Portfolio turnover rate⁸	84.57%	12.60%
Net Asset Value per unit (\$)	26.90	23.05
Closing market price (\$)	26.92	23.07
US Dollar Unhedged ETF Units - Ratios/Supplemental Data		
Total Net Asset Value (\$)⁵	27	27
Number of units outstanding⁵	1	1
Management expense ratio⁶	N/A	N/A
Trading expense ratio⁷	N/A	N/A
Portfolio turnover rate⁸	N/A	N/A
Net Asset Value per unit (\$)	27.00	27.00
Closing market price (\$)	N/A	N/A
Hedged Class A - Ratios/Supplemental Data		
Total Net Asset Value (\$)⁵	61,101	2,539
Number of units outstanding⁵	2,326	112
Management expense ratio⁶	1.85%	1.60%
Trading expense ratio⁷	0.44%	0.58%
Portfolio turnover rate⁸	84.57%	12.60%
Net Asset Value per unit (\$)	26.26	22.64
Hedged Class F - Ratios/Supplemental Data		
Total Net Asset Value (\$)⁵	361,491	111,831
Number of units outstanding⁵	13,903	5,010
Management expense ratio⁶	0.73%	0.72%
Trading expense ratio⁷	0.44%	0.58%
Portfolio turnover rate⁸	84.57%	12.60%
Net Asset Value per unit (\$)	26.00	22.32

5 This information is provided as at June 30, 2024, and 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 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 October 3, 2023, for the Hedged ETF Units, and inception date October 14, 2023, for the Hedged Class A and F Mutual Fund Units, providing performance data for the period is not permitted.

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Summary of Investment Portfolio

Top 25 Positions

	Percentage of Net Asset Value (%)
Security	
NVIDIA Corporation	10.4
Apple Inc.	10.2
Meta Platforms Inc., Class 'A'	10.0
Microsoft Corporation	10.0
Broadcom Inc.	9.5
Alphabet Inc., Class 'A'	5.0
Alphabet Inc., Class 'C'	4.8
Advanced Micro Devices Inc.	3.4
Adobe Inc.	3.2
Qualcomm Inc.	2.8
Applied Materials Inc.	2.5
Intuit Inc.	2.4
Texas Instruments Inc.	2.3
Micron Technology Inc.	1.8
Lam Research Corporation	1.8
Intel Corporation	1.7
Analog Devices Inc.	1.4
KLA Corporation	1.4
Palo Alto Networks Inc.	1.4
ASML Holding NV	1.2
Synopsys Inc.	1.2
PDD Holdings Inc., ADR	1.1
CrowdStrike Holdings Inc., Class 'A'	1.1
Cadence Design Systems Inc.	1.1
NXP Semiconductors NV	0.9
Total	92.6

Industry Allocation

Portfolio by Category	Percentage of Net Asset Value (%)
Equities	
Communication Services	19.8
Consumer Discretionary	1.7
Information Technology	79.2
Derivative Assets	0.0
Derivative Liabilities	(0.5)
Cash and Cash Equivalents	1.1
Other Assets, less Liabilities	(1.3)
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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