

Evolve Active Core Fixed Income Fund

December 31, 2024

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 Evolve Active Core Fixed Income Fund (the "Fund") seeks to provide a stable rate of return, primarily through income, and to a lesser extent, capital appreciation. The Fund invests primarily in domestic and international high quality fixed income securities, and to a lesser extent, adding yield or enhancing returns on the portfolio by opportunistically investing in international fixed income securities, emerging market debt, preferred shares, convertible bonds and non-investment grade bonds.

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 year ended December 31, 2024, Unhedged ETF Units returned 5.5%. The Unhedged Class A Mutual Fund Units returned 4.6% and the Unhedged Class F Mutual Fund Units returned 5.5%. The Fund's net assets were \$8.6MM as at December 31, 2024.

Portfolio Manager Commentary

The fixed-income landscape in 2024 was shaped by a gradual transition in monetary policy and evolving economic conditions. Central banks in both the United States and Canada moderated their stance, with the Federal Reserve initiating rate cuts mid-year and the Bank of Canada following suit. While these moves initially buoyed bond markets, persistent inflationary pressures, particularly in services and wages, tempered optimism.

Economic growth remained positive but decelerated amid restrictive monetary policies. In Canada, strong population growth supported consumer spending, though productivity challenges and wage inflation posed headwinds. The U.S. economy displayed more resilience, bolstered by gains in labor productivity, which helped ease inflationary pressures. Divergent inflation trends between the U.S. and Canada highlighted differences in the economic dynamics of the countries, with Canada grappling with elevated services inflation and labor market imbalances.

Bond markets experienced mixed performance throughout the year, with periods of heightened volatility driven by shifting policy expectations, geopolitical uncertainties, and fiscal pressures. The yield curve steepened significantly as short-term rates declined, while longer-term yields fluctuated. Credit spreads generally narrowed, supported by strong fundamentals and robust demand for corporate debt.

The Fund navigated these market dynamics effectively, by leveraging active duration management and strategic credit positioning throughout the period. While absolute returns varied across the year, relative performance of the Fund was strong, driven by duration contributions and selective security positioning.

Looking forward, central banks face the delicate task of balancing economic growth with inflationary risks. With policy rates moderating and fiscal pressures persisting, market volatility is expected to remain a key consideration for fixed income investors in the year ahead.

Source: Addenda Capital

Recent Developments

In 2025, trade tensions have escalated as the United States considers imposing new tariffs on key trading partners, including Canada and Mexico, along with broader reciprocal measures on other nations. In response, affected countries may enact retaliatory tariffs, further increasing uncertainty in global trade. These developments have contributed to heightened market volatility and could disrupt global supply chains, particularly impacting trade-sensitive sectors. The duration and full impact of these events remain uncertain, and as such, the financial implications for investments cannot be estimated at this time.

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Related Party Transactions

Evolve Funds Group Inc. (the "Manager"), a corporation incorporated under the laws of the Province of Ontario, is the trustee, manager, and portfolio advisor of the Fund and is responsible for the day-to-day administration of the Fund. The Fund pays annual management fees to the Manager as consideration for its services. Any management fees paid to the Manager are related party transactions, as the Manager is considered to be a related party to the Fund. The management fees are disclosed in the statements of comprehensive income in the annual financial statements of the Fund and are discussed in greater detail below.

The Fund is permitted to purchase, sell and hold securities of certain issuers that are directly or indirectly related to the Manager. With respect to investment in related issuers, the Manager has relied on the approval that it has received from the Investment Review Committee ("IRC"). The Manager complies with its current policy and procedures regarding investments in related issuers and reports periodically to the IRC.

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 and 1.20% of the net asset value of the Unhedged Class A Mutual Fund Units of the Fund, accrued daily and generally paid monthly in arrears. For the year ended December 31, 2024, the Fund incurred \$44,540 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 year ended December 31, 2024, the Fund incurred \$16,711 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

	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020
For the periods ended:	(\$)	(\$)	(\$)	(\$)	(\$)
Unhedged ETF Units - Net Assets per Unit					
Net Assets per Unit, beginning of period	17.82	17.24	20.45	20.91	19.75
Increase (decrease) from operations:					
Total revenue	0.67	0.71	0.63	0.64	0.71
Total expenses	(0.11)	(0.10)	(0.10)	(0.11)	(0.11)
Realized gains (losses)	(0.14)	(1.08)	(1.73)	(0.37)	0.56
Unrealized gains (losses)	0.41	1.69	(1.76)	(0.06)	0.22
Total increase (decrease) from operations²	0.83	1.22	(2.96)	0.10	1.38
Distributions:					
From income (excluding dividends)	(0.50)	(0.50)	(0.44)	(0.38)	(0.47)
From dividends	(0.05)	(0.11)	(0.10)	(0.15)	(0.15)
Return of capital	(0.11)	(0.05)	(0.12)	(0.13)	(0.04)
Total annual distributions³	(0.66)	(0.66)	(0.66)	(0.66)	(0.66)
Net Assets per Unit, end of period	18.12	17.82	17.24	20.45	20.91
Unhedged Class A - Net Assets per Unit					
Net Assets per Unit, beginning of period	17.70	17.27	20.64	21.27	20.09
Increase (decrease) from operations:					
Total revenue	0.67	0.72	0.62	0.65	0.63
Total expenses	(0.27)	(0.25)	(0.25)	(0.28)	(0.28)
Realized gains (losses)	(0.14)	(1.09)	(1.73)	(0.36)	0.08
Unrealized gains (losses)	0.52	1.73	(1.81)	(0.13)	1.85
Total increase (decrease) from operations²	0.78	1.11	(3.17)	(0.12)	2.28
Distributions:					
From income (excluding dividends)	(0.32)	(0.39)	(0.34)	(0.33)	(0.30)
From dividends	(0.03)	(0.09)	(0.08)	(0.13)	(0.09)
Return of capital	(0.31)	(0.18)	(0.24)	(0.20)	-
Total annual distributions³	(0.66)	(0.66)	(0.66)	(0.66)	(0.39)
Net Assets per Unit, end of period	17.83	17.70	17.27	20.64	21.27

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

For the periods ended:	December 31, 2024 (\$)	December 31, 2023 (\$)	December 31, 2022 (\$)	December 31, 2021 (\$)	December 31, 2020 (\$)
Unhedged Class F - Net Assets per Unit					
Net Assets per Unit, beginning of period	18.41	17.79	21.07	21.54	20.26
Increase (decrease) from operations:					
Total revenue	0.70	0.74	0.64	0.64	0.70
Total expenses	(0.12)	(0.11)	(0.10)	(0.11)	(0.13)
Realized gains (losses)	(0.15)	(1.16)	(1.74)	(0.18)	0.23
Unrealized gains (losses)	0.52	1.73	(1.39)	(0.08)	1.14
Total increase (decrease) from operations²	0.95	1.20	(2.59)	0.27	1.94
Distributions:					
From income (excluding dividends)	(0.54)	(0.52)	(0.48)	(0.35)	(0.30)
From dividends	(0.05)	(0.12)	(0.11)	(0.13)	(0.09)
Return of capital	(0.07)	(0.02)	(0.07)	(0.18)	-
Total annual distributions³	(0.66)	(0.66)	(0.66)	(0.66)	(0.39)
Net Assets per Unit, end of period	18.74	18.41	17.79	21.07	21.54

- 1 This information is derived from the Fund's audited annual financial statements as at December 31, 2024, 2023, 2022, 2021, and 2020. The Unhedged ETF Units effectively began operations on March 28, 2018 and the Unhedged Class A and F Mutual Fund Units effectively began operations on June 4, 2019.
- 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

For the periods ended:	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020
Unhedged ETF Units - Ratios/Supplemental Data					
Total Net Asset Value (\$) ⁴	7,791,004	9,445,023	10,428,966	22,492,306	16,207,407
Number of units outstanding ⁴	430,000	530,000	605,000	1,100,000	775,000
Management expense ratio excluding underlying fund expenses ⁵	0.62%	0.60%	0.51%	0.50%	0.55%
Management expense ratio ⁶	0.70%	0.68%	0.68%	0.70%	0.71%
Trading expense ratio ⁷	0.02%	0.00%	0.03%	0.03%	0.02%
Portfolio turnover rate ⁸	98.64%	58.74%	105.36%	134.05%	86.86%
Net Asset Value per unit (\$)	18.12	17.82	17.24	20.45	20.91
Closing market price (\$)	18.13	17.73	17.25	20.43	20.81
Unhedged Class A - Ratios/Supplemental Data					
Total Net Asset Value (\$) ⁴	63,422	69,248	65,013	97,975	77,699
Number of units outstanding ⁴	3,557	3,912	3,765	4,748	3,653
Management expense ratio excluding underlying fund expenses ⁵	1.51%	1.44%	1.31%	1.30%	1.34%
Management expense ratio ⁶	1.58%	1.52%	1.47%	1.51%	1.54%
Trading expense ratio ⁷	0.02%	0.00%	0.03%	0.03%	0.02%
Portfolio turnover rate ⁸	98.64%	58.74%	105.36%	134.05%	86.86%
Net Asset Value per unit (\$)	17.83	17.70	17.27	20.64	21.27

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

For the periods ended:	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020
Unhedged Class F - Ratios/Supplemental Data					
Total Net Asset Value (\$) ⁴	772,016	931,639	1,501,481	3,964,783	304,424
Number of units outstanding ⁴	41,192	50,605	84,422	188,134	14,131
Management expense ratio excluding underlying fund expenses ⁵	0.62%	0.60%	0.52%	0.51%	0.60%
Management expense ratio ⁶	0.69%	0.68%	0.68%	0.70%	0.80%
Trading expense ratio ⁷	0.02%	0.00%	0.03%	0.03%	0.02%
Portfolio turnover rate ⁸	98.64%	58.74%	105.36%	134.05%	86.86%
Net Asset Value per unit (\$)	18.74	18.41	17.79	21.07	21.54

4 This information is provided as at December 31, 2024, 2023, 2022, 2021, and 2020.

5 Management expense ratio excluding underlying fund expenses 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.

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.

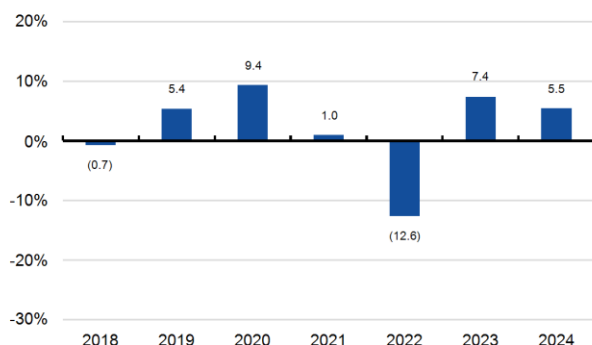
Year-by-Year Returns

The bar chart below shows the Unhedged ETF Units' and the Unhedged Class A and F Mutual Fund Units' performance for each of the financial years shown. 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.

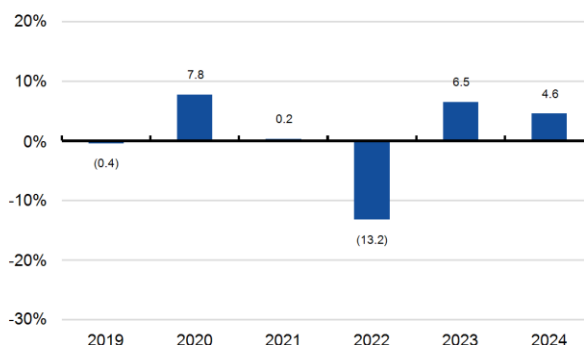
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FIXD Unhedged ETF Units¹



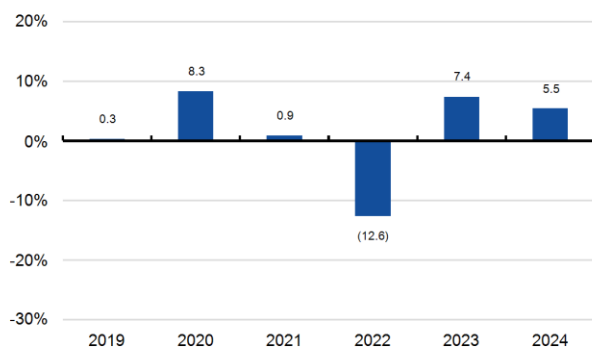
Unhedged Class A Mutual Fund Units²



1 The Unhedged ETF Units of the Fund effectively began operations on March 28, 2018.

2 The Unhedged Class A Mutual Fund Units of the Fund effectively began operations on June 4, 2019.

Unhedged Class F Mutual Fund Units³



3 The Unhedged Class F Mutual Fund Units of the Fund effectively began operations on June 4, 2019.

Annual Compound Return

The table below shows the historical annual compound total return of the Unhedged ETF Units and the Unhedged Class A and F Mutual Fund Units. The returns are for the period ended December 31, 2024. As a basis of comparison, we have provided the performance of FTSE Canada Universe Bond Index ("Index"). The difference in performance of the Unhedged ETF Units, and the Unhedged Class A and F Mutual Fund Units can be attributed to the difference of criteria for determining the constituents of the Fund and the Index, it is not expected that the Fund's performance will mirror that of the Index. Additionally, the return of the Index is calculated without the deduction of management fees and fund expenses whereas the performance of the Fund is calculated after deducting such fees and expenses.

	Since Inception ¹ (%)	1 Year (%)	3 Year (%)	5 Year (%)
Unhedged ETF Units	2.0	5.5	(0.3)	1.8
FTSE Canada Universe Bond Index ²	1.8	4.2	(0.6)	0.8
Unhedged Class A Mutual Fund Units	0.7	4.6	(1.1)	0.9
FTSE Canada Universe Bond Index ²	0.9	4.2	(0.6)	0.8
Unhedged Class F Mutual Fund Units	1.5	5.5	(0.3)	1.6

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	Since Inception ¹ (%)	1 Year (%)	3 Year (%)	5 Year (%)
FTSE Canada Universe Bond Index ²	0.9	4.2	(0.6)	0.8

- 1 From inception date of March 28, 2018 for the Unhedged ETF Units and from inception date of June 4, 2019 for the Unhedged Class A and F Mutual Fund Units.
- 2 The Index is a market capitalization-weighted index designed to be a broad measure of the Canadian investment-grade, fixed income market, including Government of Canada, provincial and corporate bonds with maturities of more than one year and a credit rating of BBB or higher.

Summary of Investment Portfolio

Top 25 Positions

Security	Percentage of Net Asset Value (%)
Evolve Active Global Fixed Income Fund	10.7
Province of Quebec, 4.40% due December 1, 2055	5.7
Government of Canada, 3.50% due March 1, 2034	4.6
Government of Canada, 3.50% due March 1, 2028	4.3
Royal Office Finance Limited Partnership, Series 'A', 5.209% due November 12, 2032	4.0
The 55 Ontario School Board Trust, Series 'A', 5.90% due June 2, 2033	3.3
The Hospital for Sick Children, Series 'A', 5.217% due December 16, 2049	3.2
Hydro-Quebec, 5.00% due February 15, 2045	2.8
TransCanada Trust, Series '17-B', Variable, Callable, 4.65% due May 18, 2077	2.6
Government of Canada, 0.25% due March 1, 2026	2.6
Calgary Airport Authority, Series 'C', Callable, 3.454% due October 7, 2041	2.5
Enbridge Inc., Callable, 4.90% due May 26, 2028	2.2
Province of Ontario, 4.60% due December 2, 2055	2.1
Enbridge Southern Lights Limited Partnership, 4.014% due June 30, 2040	1.9
Government of Canada, 2.75% due December 1, 2055	1.9
Enbridge Inc., Variable, Callable, 5.00% due January 19, 2082	1.6
AltaLink Limited Partnership, Series '20-1', Callable, 1.509% due September 11, 2030	1.6
Province of British Columbia, 2.80% due June 18, 2048	1.5
University of Ontario Institute of Technology, Series 'A', 6.351% due October 15, 2034	1.5
Reliance Limited Partnership, Callable, 2.68% due December 1, 2027	1.4
National Bank of Canada, Variable, Callable, 4.05% due August 15, 2081	1.4
Parkland Corporation, Callable, 4.375% due March 26, 2029	1.3
Gibson Energy Inc., Series '20-A', Variable, Callable, 5.25% due December 22, 2080	1.3
Sienna Senior Living Inc., Series 'C', Callable, 2.82% due March 31, 2027	1.2
Manulife Financial Corporation, Variable, Callable, 7.117% due June 19, 2082	1.2
Total	68.4

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Industry Allocation

Portfolio by Category	Percentage of Net Asset Value (%)
Debt Instruments	
Asset-Backed Securities	1.0
Communication Services	2.3
Consumer Discretionary	2.9
Consumer Staples	0.4
Energy	13.9
Financials	18.1
Government	38.3
Health Care	4.4
Industrials	3.5
Utilities	3.5
Equities	
ETFs - International Fixed Income	10.7
Cash and Cash Equivalents	0.7
Other Assets, less Liabilities	0.3
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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