

Evolve Active Canadian Preferred Share Fund

June 30, 2025

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, 161 Bay Street, Suite 1210, Toronto, ON, M5J 2S1 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 Canadian Preferred Share Fund (the "Fund") seeks to provide holders of Units with stable income and long-term capital appreciation by investing primarily in a diversified mix of preferred shares of primarily Canadian issuers, in addition to U.S. and international issuers.

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 six-month period ended June 30, 2025, Unhedged ETF Units returned 5.9%. The Unhedged Class A Mutual Fund Units returned 5.6% and the Unhedged Class F Mutual Fund Units returned 5.8%. The Fund's net assets were \$39.4MM as at June 30, 2025.

Portfolio Manager Commentary

During the first half of 2025 markets faced heightened geopolitical tensions and policy-driven market volatility. Trade remained the dominant macro theme as the Trump administration's evolving tariff strategy sparked significant market disruption. Sweeping import tariffs initially triggered sharp market declines and broad risk aversion. Sentiment later stabilized following a 90-day pause on tariff implementation, allowing partial recoveries across risk assets.

This temporary reprieve supported a rebound in credit-sensitive instruments such as preferred shares, buoyed by strong investor demand, limited new issuance, and ongoing redemptions. Reduced net supply created a favorable technical backdrop, contributing to credit spread tightening and positive total returns. Equity markets also strengthened, driven by robust corporate earnings and improving trade rhetoric with the EU, further enhancing risk sentiment and compressing spreads in high-quality credit.

Bond markets, however, reflected caution. Long-term yields in Canada and the U.S. rose significantly, pressured by persistent inflation, weak auction demand, and concerns over fiscal sustainability amid rising deficits and the U.S. Treasury's downgraded credit profile. This led to notable yield curve steepening, negatively impacting duration-heavy exposures and rate-sensitive sectors.

Against this backdrop, the portfolio remained defensively positioned, emphasizing capital preservation and high credit quality. Duration was kept short relative to targets due to inflation and rate uncertainty. Focus remained on investment grade and structured credit selected for liquidity, balance sheet strength, and downside resilience. Activity was cautious during volatility, avoiding low-conviction trades amid dislocations.

Looking forward, volatility is expected to persist as markets navigate trade tensions, inflation pressures, and diverging monetary policies. The strategy prioritizes flexibility, risk discipline, and diversification, aiming to generate competitive income while preserving capital through ongoing uncertainty.

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 0.65% of the net asset value of the Unhedged ETF Units and the Unhedged Class F Mutual Fund Units and 1.40% 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 six-month period ended June 30, 2025, the Fund incurred \$149,813 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, 2025, the Fund incurred \$34,514 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

	June 30, 2025 (\$)	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	16.29	14.33	14.39	17.93	15.68	16.86
Increase (decrease) from operations:						
Total revenue	0.50	0.98	0.89	0.81	0.83	0.85
Total expenses	(0.08)	(0.14)	(0.14)	(0.16)	(0.17)	(0.16)
Realized gains (losses)	0.28	0.19	(0.59)	0.01	0.82	(4.85)
Unrealized gains (losses)	0.25	1.82	0.55	(3.52)	1.61	2.55
Total increase (decrease) from operations²	0.95	2.85	0.71	(2.86)	3.09	(1.61)
Distributions:						
From income (excluding dividends)	(0.42)	(0.24)	(0.10)	-	-	-
From dividends	-	(0.62)	(0.67)	(0.70)	(0.62)	(0.74)
Return of capital	-	-	(0.07)	(0.14)	(0.22)	(0.10)
Total annual distributions³	(0.42)	(0.86)	(0.84)	(0.84)	(0.84)	(0.84)
Net Assets per Unit, end of period	16.82	16.29	14.33	14.39	17.93	15.68
Unhedged Class A - Net Assets per Unit						
Net Assets per Unit, beginning of period	18.69	16.42	16.50	20.59	18.04	19.41
Increase (decrease) from operations:						
Total revenue	0.56	1.12	1.02	0.91	0.97	0.97
Total expenses	(0.10)	(0.29)	(0.29)	(0.33)	(0.36)	(0.32)
Realized gains (losses)	0.55	0.23	(0.62)	0.17	0.92	(5.15)
Unrealized gains (losses)	(0.16)	2.13	0.13	(4.07)	1.63	4.91
Total increase (decrease) from operations²	0.85	3.19	0.24	(3.32)	3.16	0.41
Distributions:						
From income (excluding dividends)	(0.42)	(0.17)	(0.06)	-	-	-
From dividends	-	(0.45)	(0.37)	(0.65)	(0.59)	(0.84)
Return of capital	-	(0.22)	(0.41)	(0.19)	(0.25)	-
Total annual distributions³	(0.42)	(0.84)	(0.84)	(0.84)	(0.84)	(0.84)
Net Assets per Unit, end of period	19.31	18.69	16.42	16.50	20.59	18.04

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

For the periods ended:	June 30, 2025 (\$)	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	21.73	18.85	18.69	23.01	20.06	20.22
Increase (decrease) from operations:						
Total revenue	0.71	1.20	1.08	0.97	1.02	1.01
Total expenses	(0.11)	(0.20)	(0.18)	(0.19)	(0.22)	(0.03)
Realized gains (losses)	0.34	0.21	(0.42)	(0.65)	0.99	(5.98)
Unrealized gains (losses)	0.76	3.16	(2.43)	(0.50)	0.64	4.90
Total increase (decrease) from operations²	1.70	4.37	(1.95)	(0.37)	2.43	(0.10)
Distributions:						
From income (excluding dividends)	(0.42)	(0.20)	-	-	-	-
From dividends	-	(0.53)	-	(0.64)	(0.62)	(0.07)
Return of capital	-	(0.11)	(0.84)	(0.20)	(0.08)	-
Total annual distributions³	(0.42)	(0.84)	(0.84)	(0.84)	(0.70)	(0.07)
Net Assets per Unit, end of period	22.55	21.73	18.85	18.69	23.01	20.06

- 1 This information is derived from the Fund's unaudited interim financial statements as at June 30, 2025, and the audited annual financial statements as at December 31, 2024, 2023, 2022, 2021, and 2020. The Unhedged ETF Units effectively began operations on September 27, 2017 and the Unhedged Class A and F Mutual Fund Units effectively began operations on April 23, 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:	June 30, 2025	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	39,219,085	49,391,117	53,839,585	74,555,334	150,341,987	136,368,768
Number of units outstanding ⁴	2,331,785	3,031,785	3,756,785	5,181,785	8,382,800	8,694,800
Management expense ratio excluding underlying fund expenses ⁵	0.89%	0.89%	0.91%	0.90%	0.89%	0.92%
Management expense ratio ⁶	0.89%	0.89%	0.91%	0.90%	0.89%	0.93%
Trading expense ratio ⁷	0.09%	0.04%	0.05%	0.06%	0.08%	0.18%
Portfolio turnover rate ⁸	19.16%	16.17%	10.75%	34.81%	44.91%	60.97%
Net Asset Value per unit (\$)	16.82	16.29	14.33	14.39	17.93	15.68
Closing market price (\$)	16.74	16.19	14.24	14.38	17.86	15.63
Unhedged Class A - Ratios/Supplemental Data						
Total Net Asset Value (\$) ⁴	7,942	99,062	111,445	215,659	637,369	615,781
Number of units outstanding ⁴	411	5,301	6,789	13,073	30,960	34,136
Management expense ratio excluding underlying fund expenses ⁵	0.97%	1.57%	1.75%	1.71%	1.69%	1.78%
Management expense ratio ⁶	0.97%	1.57%	1.75%	1.71%	1.69%	1.78%
Trading expense ratio ⁷	0.09%	0.04%	0.05%	0.06%	0.08%	0.18%
Portfolio turnover rate ⁸	19.16%	16.17%	10.75%	34.81%	44.91%	60.97%
Net Asset Value per unit (\$)	19.31	18.69	16.42	16.50	20.59	18.04

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

For the periods ended:	June 30, 2025	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	220,205	19,379	11,543	148,786	11,961	20
Number of units outstanding ⁴	9,767	892	612	7,962	520	1
Management expense ratio excluding underlying fund expenses ⁵	0.95%	0.93%	0.90%	0.88%	0.88%	0.00%
Management expense ratio ⁶	0.95%	0.93%	0.90%	0.88%	0.88%	0.00%
Trading expense ratio ⁷	0.09%	0.04%	0.05%	0.06%	0.08%	0.18%
Portfolio turnover rate ⁸	19.16%	16.17%	10.75%	34.81%	44.91%	60.97%
Net Asset Value per unit (\$)	22.55	21.73	18.85	18.69	23.01	20.06

4 This information is provided as at June 30, 2025, and 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.

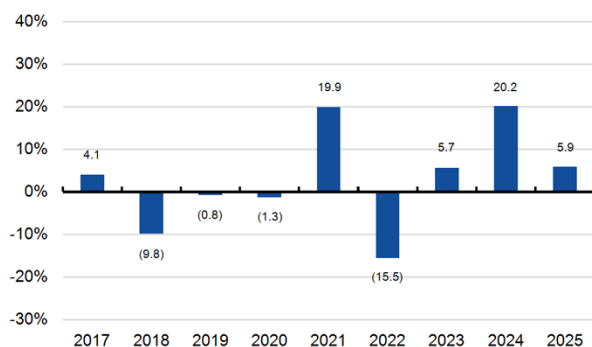
Year-by-Year Returns

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 and for the six-month period ended June 30, 2025. 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.

Evolve Active Canadian Preferred Share Fund

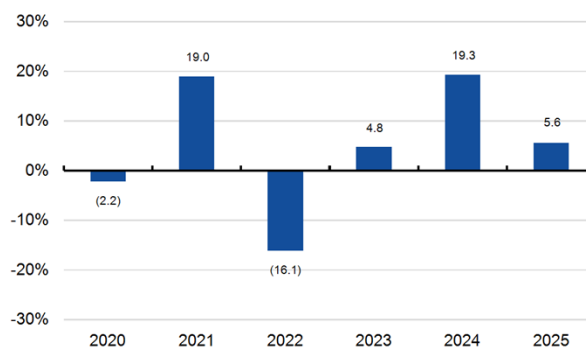
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DIVS Unhedged ETF Units¹



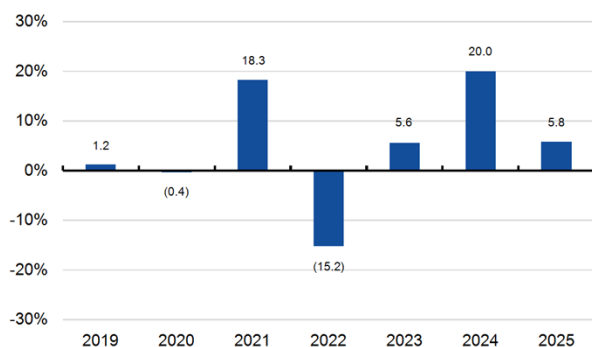
1 The Unhedged ETF Units of the Fund effectively began operations on September 27, 2017.

Unhedged Class A Mutual Fund Units²



2 The Unhedged Class A Mutual Fund Units of the Fund effectively began operations on April 23, 2019.

Unhedged Class F Mutual Fund Units³



3 The Unhedged Class F Mutual Fund Units of the Fund effectively began operations on April 23, 2019.

Summary of Investment Portfolio

Top 25 Positions

Security	Percentage of Net Asset Value (%)
The Toronto-Dominion Bank, Variable, Callable, Perpetual	4.1
Enbridge Inc., Preferred, Series '19', Variable, Callable, Perpetual	3.7
Fortis Inc., Preferred, Series 'M', Variable, Callable, Perpetual	3.6
The Toronto-Dominion Bank, Preferred, Series '1', Variable, Callable	3.5
Power Corporation of Canada, Preferred, Series 'G', Callable, Perpetual	3.4
Pembina Pipeline Corporation, Preferred, Series '15', Variable, Callable, Perpetual	3.3
Royal Bank of Canada, Variable, Callable	2.9
Gibson Energy Inc., Variable, Callable	2.8
Manulife Financial Corporation, Preferred, Series '11', Variable, Callable, Perpetual	2.7
Enbridge Inc., Preferred, Series '7', Variable, Callable, Perpetual	2.7

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Top 25 Positions (cont'd)

Security	Percentage of Net Asset Value (%)
Enbridge Inc., Series 'C', Variable, Callable	2.7
TC Energy Corporation, Preferred, Series '7', Variable, Callable, Perpetual	2.6
Power Financial Corporation, Preferred, Series 'V', Callable, Perpetual	2.5
Pembina Pipeline Corporation, Preferred, Series '25', Variable, Callable	2.4
Brookfield Corporation, Preferred, Series '32', Variable, Callable	2.4
Canadian Imperial Bank of Commerce, Series '56', Variable, Callable, Perpetual	2.4
BCE Inc., Preferred, Series 'AF', Perpetual	2.3
Great-West Lifeco Inc., Preferred, Series 'S', Callable, Perpetual	2.2
Brookfield Renewable Power Preferred Equity Inc., Preferred, Series '5'	2.2
Manulife Financial Corporation, Preferred, Series '9', Variable, Callable, Perpetual	2.0
Coast Capital Savings Federal Credit Union, Variable, Callable	2.0
Brookfield Renewable Partners Limited Partnership, Preferred, Series '13', Variable, Callable	2.0
Bank of Montreal, Variable, Callable, Perpetual	1.9
Power Corporation of Canada, Preferred, Series 'D', Callable, Perpetual	1.7
Power Financial Corporation, Preferred, Series 'E', Callable, Perpetual	1.6
Total	65.6

Industry Allocation

Portfolio by Category	Percentage of Net Asset Value (%)
Debt Instruments	
Energy	5.4
Financials	2.8
Equities	
Communication Services	3.9
Energy	22.1
Financials	52.1
Utilities	12.2
Cash and Cash Equivalents	1.5
Other Assets, less Liabilities	(0.0)
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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