

Evolve European Banks Enhanced Yield ETF

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 European Banks Enhanced Yield ETF (the “Fund”) seeks to replicate, to the extent reasonably possible and before fees and expenses, the performance of the Solactive European Bank Top 20 Equal Weight Index Canadian Dollar Hedged, or any successor thereto, while mitigating downside risk. The Fund invests primarily in the equity constituents of the Solactive European Bank Top 20 Equal Weight Index Canadian Dollar Hedged, or any successor thereto, while writing covered call options on up to 33% of the portfolio securities, 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

For the six-month period ended June 30, 2025, the Unhedged ETF Units returned 39.4% versus the Solactive European Bank Top 20 Equal Weight Index (the “Index”) return of 44.6%. The Hedged ETF Units returned 29.9% versus the Index return of 44.6%. The US Dollar Unhedged ETF Units returned 47.0% versus the Index return of 44.6%. The Fund’s net assets were \$54.4MM as at June 30, 2025.

Portfolio Manager Commentary

European banks delivered one of the strongest sector performances in global equities during the first half of 2025. The rally was marked by a historic nine-week winning streak—the longest since 1997—driven by upbeat earnings, strong capital return activity, and renewed investor confidence¹. Leading institutions such as UniCredit and Banco Santander were key contributors, supported by a broader surge in momentum across the sector.

Against the backdrop of declining interest rates, the sector demonstrated surprising resilience. European banks reported strong quarterly results, showcasing solid profitability and balance sheet strength. Shareholder returns were a central theme, with financial firms leading all sectors in announced share buybacks during the first half of the year¹.

Accelerating consolidation also helped fuel performance. In Italy and Spain, deal activity picked up significantly. UniCredit made a move to acquire Banco BPM³, while Banco Bilbao Vizcaya Argentaria advanced a takeover bid for Banco de Sabadell⁴. These transactions reflect a broader trend toward scale and efficiency, reinforcing the sector’s long-term investment case.

Geopolitical developments further enhanced the sector’s relative appeal. As trade tensions resurfaced under President Trump’s administration, particularly around tariffs, investors looked to Europe’s regionally focused banks for more insulated exposure to global financials. With less reliance on U.S. trade flows and supply chains, European banks were seen as more resilient to transatlantic economic disruption⁵.

Together, these dynamics, earnings strength, capital discipline, structural consolidation, attractive valuations, and macro insulation positioned European banks as one of the most compelling equity stories of the first half of 2025.

Performance Attribution

For the six-month period ending June 30, 2025, UniCredit SpA made the biggest contribution to the Fund, followed by Banco Santander SA. By weight, the Fund’s largest holdings were Standard Chartered PLC, Banco Santander SA, and UniCredit SpA.

(1) <https://www.bloomberg.com/news/articles/2025-02-20/european-banks-are-heading-for-best-winning-streak-since-1997>

(2) <https://www.reuters.com/markets/investors-pour-record-11-billion-into-europe-etfs-make-europe-great-again-2025-04-01/>

(3) <https://www.reuters.com/markets/deals/italy-gives-conditional-green-light-unicredit-bid-bpm-sources-say-2025-04-18/>

(4) <https://www.akm.ru/eng/news/spain-s-bbva-has-upheld-its-takeover-offer-for-sabadell-for-13-billion/>

(5) <https://www.bloomberg.com/news/articles/2025-02-20/european-banks-are-heading-for-best-winning-streak-since-1997>

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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.

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 management fees are calculated based on 0.60% per annum of the average daily net asset value of the Fund. The fees are accrued daily and generally paid monthly. For the six-month period ended June 30, 2025, the Fund incurred \$89,729 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 \$22,424 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 (\$)
For the periods ended:				
Unhedged ETF Units - Net Assets per Unit				
Net Assets per Unit, beginning of period	10.76	9.53	8.44	10.00
Increase (decrease) from operations:				
Total revenue	0.69	0.74	0.54	0.53
Total expenses	(0.23)	(0.25)	(0.21)	(0.21)
Realized gains (losses)	(0.01)	1.36	0.39	(1.00)
Unrealized gains (losses)	3.48	0.58	1.06	0.02
Total increase (decrease) from operations²	3.93	2.43	1.78	(0.66)
Distributions:				
From income (excluding dividends)	(0.87)	-	-	-
From dividends	-	(0.54)	(0.48)	(0.49)
Return of capital	-	(0.86)	(0.24)	(0.17)
Total annual distributions³	(0.87)	(1.40)	(0.72)	(0.66)
Net Assets per Unit, end of period	14.04	10.76	9.53	8.44
Hedged ETF Units - Net Assets per Unit				
Net Assets per Unit, beginning of period	11.07	9.86	8.73	10.00
Increase (decrease) from operations:				
Total revenue	0.69	0.70	0.57	0.56
Total expenses	(0.23)	(0.22)	(0.22)	(0.22)
Realized gains (losses)	(0.74)	1.24	0.33	(0.78)
Unrealized gains (losses)	2.71	0.65	0.62	0.03
Total increase (decrease) from operations²	2.43	2.37	1.30	(0.41)
Distributions:				
From income (excluding dividends)	(0.87)	-	-	-
From dividends	-	(0.48)	(0.14)	(0.29)
Return of capital	-	(0.92)	(0.58)	(0.37)
Total annual distributions³	(0.87)	(1.40)	(0.72)	(0.66)
Net Assets per Unit, end of period	13.44	11.07	9.86	8.73

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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 (\$)
US Dollar Unhedged ETF Units - Net Assets per Unit⁴				
Net Assets per Unit, beginning of period	13.42	12.03	10.71	12.73
Increase (decrease) from operations:				
Total revenue	0.94	0.98	0.66	0.64
Total expenses	(0.30)	(0.33)	(0.27)	(0.26)
Realized gains (losses)	(0.02)	1.54	0.45	(1.22)
Unrealized gains (losses)	3.42	0.92	1.35	(0.36)
Total increase (decrease) from operations²	4.04	3.11	2.19	(1.20)
Distributions:				
From income (excluding dividends)	(1.23)	-	-	-
From dividends	-	(0.75)	(0.85)	(0.61)
Return of capital	-	(1.18)	(0.12)	(0.33)
Total annual distributions³	(1.23)	(1.93)	(0.97)	(0.94)
Net Assets per Unit, end of period	17.33	13.42	12.03	10.71

- 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 and 2022. The Hedged, Unhedged, and US Dollar Unhedged ETF Units effectively began operations on January 7, 2022.
- 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

For the periods ended:	June 30, 2025	December 31, 2024	December 31, 2023	December 31, 2022
Unhedged ETF Units - Ratios/Supplemental Data				
Total Net Asset Value (\$) ⁵	24,219,955	4,305,790	5,240,393	7,592,142
Number of units outstanding ⁵	1,725,000	400,000	550,000	900,000
Management expense ratio ⁶	0.80%	0.84%	0.87%	0.85%
Trading expense ratio ⁷	1.23%	0.84%	0.67%	0.99%
Portfolio turnover rate ⁸	16.67%	133.57%	75.84%	96.36%
Net Asset Value per unit (\$)	14.04	10.76	9.53	8.44
Closing market price (\$)	14.05	10.77	9.57	8.42
Hedged ETF Units - Ratios/Supplemental Data				
Total Net Asset Value (\$) ⁵	27,615,329	5,026,540	2,011,714	10,068,781
Number of units outstanding ⁵	2,054,000	454,000	204,000	1,154,000
Management expense ratio ⁶	0.84%	0.63%	0.87%	0.85%
Trading expense ratio ⁷	1.23%	0.84%	0.67%	0.99%
Portfolio turnover rate ⁸	16.67%	133.57%	75.84%	96.36%
Net Asset Value per unit (\$)	13.44	11.07	9.86	8.73
Closing market price (\$)	13.53	11.08	9.88	8.71

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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
US Dollar Unhedged ETF Units - Ratios/Supplemental Data				
Total Net Asset Value (\$)⁵	2,599,925	671,035	1,624,268	1,981,682
Number of units outstanding⁵	150,000	50,000	135,000	185,000
Management expense ratio⁶	0.87%	0.86%	0.90%	0.84%
Trading expense ratio⁷	1.23%	0.84%	0.67%	0.99%
Portfolio turnover rate⁸	16.67%	133.57%	75.84%	96.36%
Net Asset Value per unit (\$)	17.33	13.42	12.03	10.71
Closing market price (\$)	17.39	13.40	12.10	10.63

5 This information is provided as at June 30, 2025, and December 31, 2024, 2023 and 2022.

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.

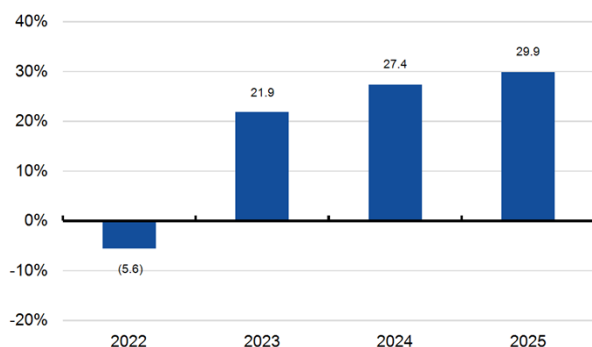
Past Performance

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.

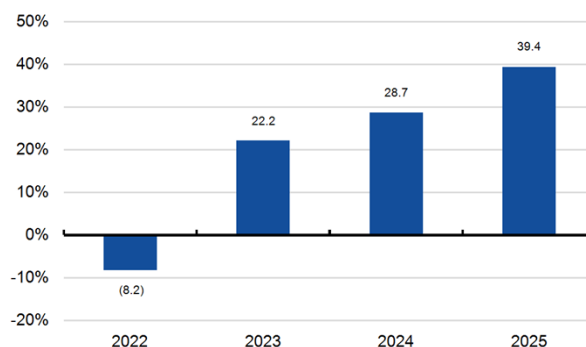
Year-by-Year Returns

The bar chart below shows the Hedged, Unhedged, and US Dollar Unhedged ETF 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.

EBNK Hedged ETF Units¹



EBNK/B Unhedged ETF Units²



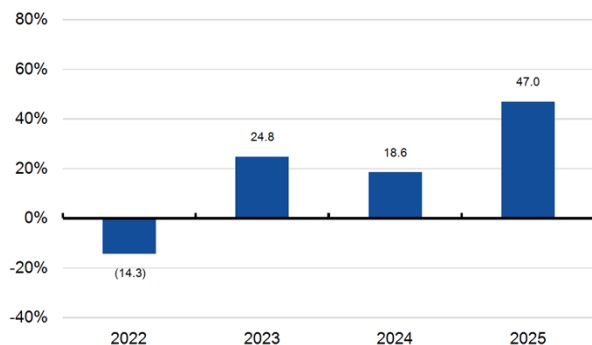
1 The Hedged ETF Units of the Fund effectively began operations on January 7, 2022.

2 The Unhedged ETF Units of the Fund effectively began operations on January 7, 2022.

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EBNK/U US Dollar Unhedged ETF Units³



³ The US Dollar Unhedged ETF Units of the Fund effectively began operations on January 7, 2022. Returns presented based on NAV equivalent in USD.

Summary of Investment Portfolio

All Positions

Security	Percentage of Net Asset Value (%)
Standard Chartered PLC	5.5
Banco Santander SA	5.3
UniCredit SpA	5.2
Commerzbank AG	5.2
KBC Group NV	5.2
Societe Generale SA	5.1
NatWest Group PLC	5.1
Skandinaviska Enskilda Banken AB, Class 'A'	5.0
Danske Bank A/S	5.0
Erste Group Bank AG	5.0
Lloyds Banking Group PLC	5.0
ING Groep NV	5.0
Intesa Sanpaolo SpA	5.0
CaixaBank SA	5.0
Banco Bilbao Vizcaya Argentaria SA	4.9
HSBC Holdings PLC	4.9
Nordea Bank Abp	4.9
DNB Bank ASA	4.8
BNP Paribas SA	4.8
Credit Agricole SA	4.6
Total	100.5

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Industry Allocation

Portfolio by Category		Percentage of Net Asset Value (%)
Equities		
Financials		100.5
Derivative Assets		0.0
Derivative Liabilities		(0.6)
Cash and Cash Equivalents		1.9
Other Assets, less Liabilities		(1.8)
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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