

Evolve Enhanced Yield Bond 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 Enhanced Yield Bond Fund (the "Fund") seeks to provide exposure primarily to fixed income ETFs or fixed income securities issued in the United States or Canada while generating enhanced income through a covered call strategy. To enhance yield and manage risk, 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 conditions.

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, Hedged ETF Units returned 2.9%, the Unhedged ETF Units returned -1.8% and US Dollar Unhedged ETF Units returned 3.7%. The Hedged Class A Mutual Fund Units returned 2.4% and the Hedged Class F Mutual Fund Units returned 2.9%. The Fund's net assets were \$270.4MM as at June 30, 2025.

Portfolio Manager Commentary

The long end of the U.S. Treasury curve experienced heightened volatility in the first half of 2025, as shifting macroeconomic conditions and rising uncertainty weighed on investor sentiment. After a strong start to the year, markets faced a major inflection point in early April following the White House's announcement of sweeping "reciprocal tariffs" on what has come to be known as Liberation Day. The announcement triggered a steepening of the yield curve, with longer-dated treasuries absorbing the bulk of the selloff¹.

In May, Moody's downgraded the U.S. credit rating by one notch, citing the persistent rise in government debt and interest costs. While the move added pressure to Treasuries, the market reaction was muted as Fitch had already downgraded the U.S. in 2023 and S&P removed its AAA rating back in 2011. Still, Moody's decision was significant, marking the end of a more than century-long streak of a perfect credit rating for the U.S., held since 1917².

Further fiscal concerns emerged from the introduction of Trump's new tax bill, with markets anticipating a widening budget deficit and continued upward trajectory in national debt levels³. These fears added to bearish sentiment across all tenors of U.S. treasuries.

However, by June, the tone began to shift. Inflation surprised to the downside for a fourth consecutive month, boosting confidence that the disinflationary trend may persist⁴. This raised expectations that the Federal Reserve could begin easing policy later in the year. While the Fed held rates steady throughout the first half of the year, it updated its dot plot to reflect two potential rate cuts by year-end, contingent on the economic impact of recent trade measures⁵.

A notable tailwind emerged as the U.S. Senate passed the GENIUS Stablecoin Act⁶, designed to provide regulatory clarity and foster growth in the stablecoin market. The legislation is expected to drive significant demand for U.S. Treasuries across the curve, as stablecoin issuers allocate reserves to government securities. This could provide meaningful downward pressure on yields and support Treasury prices.

Overall, the long-term U.S. Treasury market saw mixed performance and elevated volatility through the first half of 2025, largely driven by trade policy shocks, fiscal concerns, and shifting rate expectations. However, improving economic data helped stabilize sentiment.

(1) <https://theweek.com/business/economy/us-treasuries-investors-liberation-day>

(2) <https://www.bbc.com/news/articles/c4ge0xk4ld1o>

(3) <https://www.usatoday.com/story/money/investing/2025/05/22/trump-big-beautiful-tax-bill-bond-investors/83787425007/>

(4) <https://www.bloomberg.com/news/articles/2025-06-11/us-core-inflation-rises-less-than-forecast-for-fourth-month>

(5) <https://www.cnbc.com/2025/06/18/fed-rate-decision-june-2025-.html>

(6) <https://www.cnbc.com/2025/06/17/genius-stablecoin-bill-crypto.html>

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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

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 Hedged, Unhedged, and US Dollar Unhedged 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 1.20% 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, 2025, the Fund incurred \$756,152 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 \$243,156 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 (\$)
For the periods ended:			
Unhedged ETF Units - Net Assets per Unit			
Net Assets per Unit, beginning of period	20.12	21.23	20.00
Increase (decrease) from operations:			
Total revenue	0.45	0.79	-
Total expenses	(0.08)	(0.28)	-
Realized gains (losses)	0.03	0.58	-
Unrealized gains (losses)	(1.67)	(0.62)	-
Total increase (decrease) from operations²	(1.27)	0.47	-
Distributions:			
From dividends	-	(0.43)	-
From capital gains	-	(0.02)	-
Return of capital	-	(1.64)	-
Total annual distributions³	-	(2.09)	-
Net Assets per Unit, end of period	18.66	20.12	20.00
Hedged ETF Units - Net Assets per Unit			
Net Assets per Unit, beginning of period	18.54	22.27	20.00
Increase (decrease) from operations:			
Total revenue	0.39	0.90	0.21
Total expenses	(0.08)	(0.30)	(0.06)
Realized gains (losses)	0.68	(1.45)	1.00
Unrealized gains (losses)	(0.43)	(0.78)	1.94
Total increase (decrease) from operations²	0.56	(1.63)	3.09
Distributions:			
From dividends	-	(0.53)	(0.12)
From capital gains	-	(0.02)	(0.25)
Return of capital	-	(1.73)	(0.18)
Total annual distributions³	-	(2.28)	(0.55)
Net Assets per Unit, end of period	17.93	18.54	22.27
US Dollar Unhedged ETF Units - Net Assets per Unit⁴			
Net Assets per Unit, beginning of period	27.21	28.75	27.00
Increase (decrease) from operations:			
Total revenue	0.56	1.08	-
Total expenses	(0.11)	(0.37)	-
Realized gains (losses)	0.02	0.65	-
Unrealized gains (losses)	(0.67)	0.01	-
Total increase (decrease) from operations²	(0.20)	1.37	-
Distributions:			
From dividends	-	(0.65)	-
From capital gains	-	(0.03)	-
Return of capital	-	(2.20)	-
Total annual distributions³	-	(2.88)	-
Net Assets per Unit, end of period	25.17	27.21	27.00

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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 (\$)
Hedged Class A - Net Assets per Unit			
Net Assets per Unit, beginning of period	18.09	21.95	20.00
Increase (decrease) from operations:			
Total revenue	0.39	0.89	0.22
Total expenses	(0.15)	(0.47)	(0.10)
Realized gains (losses)	0.70	(1.43)	0.87
Unrealized gains (losses)	(0.57)	(0.92)	1.69
Total increase (decrease) from operations²	0.37	(1.93)	2.68
Distributions:			
From dividends	-	(0.41)	(0.12)
From capital gains	-	(0.03)	-
Return of capital	-	(1.85)	(0.25)
Total annual distributions³	-	(2.29)	(0.37)
Net Assets per Unit, end of period	17.39	18.09	21.95
Hedged Class F - Net Assets per Unit			
Net Assets per Unit, beginning of period	18.26	21.97	20.00
Increase (decrease) from operations:			
Total revenue	0.38	0.84	0.20
Total expenses	(0.08)	(0.28)	(0.05)
Realized gains (losses)	0.62	(1.14)	1.10
Unrealized gains (losses)	(0.38)	(0.73)	1.70
Total increase (decrease) from operations²	0.54	(1.31)	2.95
Distributions:			
From dividends	-	(0.90)	(0.10)
From capital gains	-	(0.02)	-
Return of capital	-	(1.36)	(0.27)
Total annual distributions³	-	(2.28)	(0.37)
Net Assets per Unit, end of period	17.64	18.26	21.97

- 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 and 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. The Unhedged and US Dollar Unhedged ETF Units effectively began operations on February 15, 2024.
- 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
Unhedged ETF Units - Ratios/Supplemental Data			
Total Net Asset Value (\$) ⁵	20,524,497	30,180,985	20
Number of units outstanding ⁵	1,100,000	1,500,000	1
Management expense ratio excluding proportion of expenses from underlying investment funds ⁶	0.68%	0.66%	N/A
Management expense ratio ^{7,10}	0.79%	0.76%	N/A
Trading expense ratio ⁸	0.16%	0.20%	N/A
Portfolio turnover rate ⁹	52.93%	69.36%	N/A
Net Asset Value per unit (\$)	18.66	20.12	20.00
Closing market price (\$)	18.60	20.12	N/A

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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
Hedged ETF Units - Ratios/Supplemental Data			
Total Net Asset Value (\$) ⁵	189,167,142	171,934,102	17,257,507
Number of units outstanding ⁵	10,550,000	9,275,000	775,000
Management expense ratio excluding proportion of expenses from underlying investment funds ⁶	0.68%	0.64%	0.17%
Management expense ratio ^{7,10}	0.79%	0.74%	0.27%
Trading expense ratio ⁸	0.16%	0.20%	0.35%
Portfolio turnover rate ⁹	52.93%	69.36%	53.45%
Net Asset Value per unit (\$)	17.93	18.54	22.27
Closing market price (\$)	17.92	18.55	22.31
US Dollar Unhedged ETF Units - Ratios/Supplemental Data			
Total Net Asset Value (\$) ⁵	42,789,346	47,614,333	27
Number of units outstanding ⁵	1,700,000	1,750,000	1
Management expense ratio excluding proportion of expenses from underlying investment funds ⁶	0.68%	0.64%	N/A
Management expense ratio ^{7,10}	0.79%	0.74%	N/A
Trading expense ratio ⁸	0.16%	0.20%	N/A
Portfolio turnover rate ⁹	52.93%	69.36%	N/A
Net Asset Value per unit (\$)	25.17	27.21	27.00
Closing market price (\$)	25.18	27.21	N/A
Hedged Class A - Ratios/Supplemental Data			
Total Net Asset Value (\$) ⁵	4,607,481	6,209,313	790,468
Number of units outstanding ⁵	264,938	343,289	36,009
Management expense ratio excluding proportion of expenses from underlying investment funds ⁶	1.53%	1.49%	0.97%
Management expense ratio ^{7,10}	1.64%	1.59%	1.08%
Trading expense ratio ⁸	0.16%	0.20%	0.35%
Portfolio turnover rate ⁹	52.93%	69.36%	53.45%
Net Asset Value per unit (\$)	17.39	18.09	21.95
Hedged Class F - Ratios/Supplemental Data			
Total Net Asset Value (\$) ⁵	13,336,322	21,871,965	11,978,628
Number of units outstanding ⁵	755,869	1,197,736	545,304
Management expense ratio excluding proportion of expenses from underlying investment funds ⁶	0.68%	0.58%	0.16%
Management expense ratio ^{7,10}	0.79%	0.68%	0.27%
Trading expense ratio ⁸	0.16%	0.20%	0.35%
Portfolio turnover rate ⁹	52.93%	69.36%	53.45%
Net Asset Value per unit (\$)	17.64	18.26	21.97

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

6 Management expense ratio excluding proportion of expenses from underlying investment funds 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 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.

8 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.

9 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.

10 The Fund's MER includes an estimated proportion of the MER for any underlying investment funds held in the Fund's portfolio during the period.

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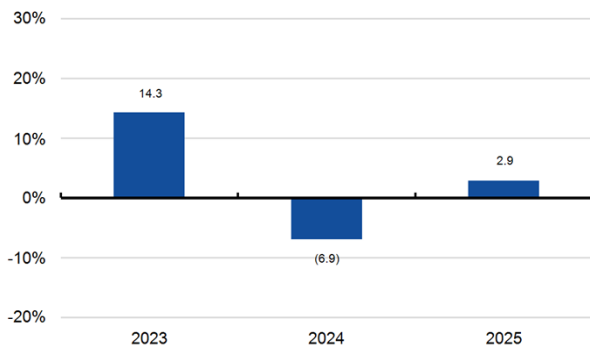
Past Performance

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

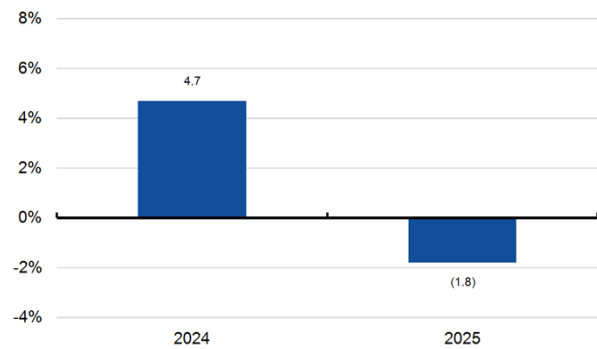
The bar chart below shows the Hedged, Unhedged and US Dollar Unhedged ETF Units' and the Hedged Class A and F Mutual Fund Units' performance for each of the financial years shown and for the six-month period ended June 30, 2025. The chart shows, in percentage terms, how much an investment made in the Fund on the first day of each financial period would have grown or decreased by the last day of that financial period.

BOND Hedged ETF Units¹



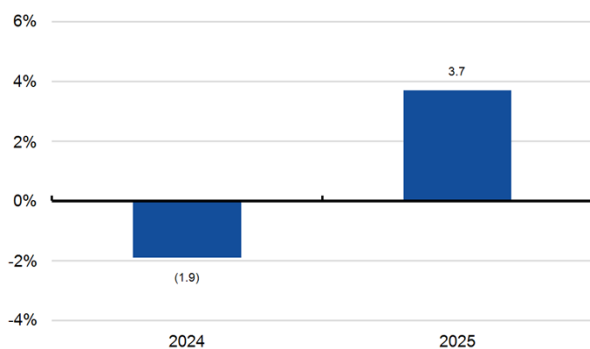
1 The Hedged ETF Units of the Fund effectively began operations October 3, 2023.

BOND/B Unhedged ETF Units²



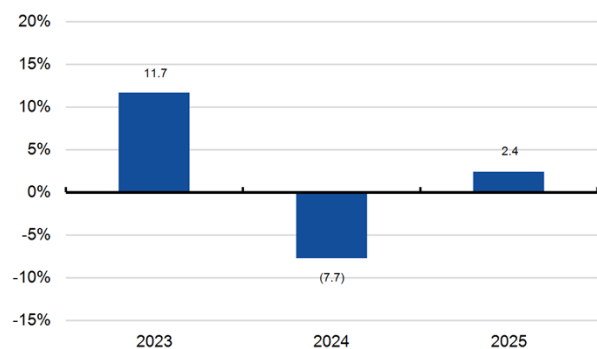
2 The Unhedged ETF Units of the Fund effectively began operations on February 15, 2024.

BOND/U US Dollar Unhedged ETF Units³



3 The US Dollar Unhedged ETF Units of the Fund effectively began operations on February 15, 2024.

Hedged Class A Mutual Fund Units⁴

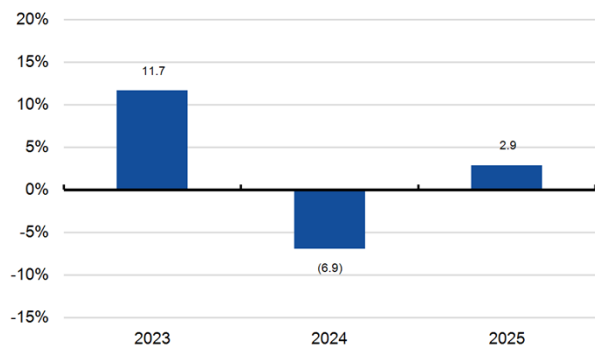


4 The Hedged Class A Mutual Fund Units of the Fund effectively began operations on October 14, 2023

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Hedged Class F Mutual Fund Units⁵



⁵ The Hedged Class F Mutual Fund Units of the Fund effectively began operations on October 14, 2023.

Summary of Investment Portfolio

All Positions

	Percentage of Net Asset Value (%)
Security	
iShares 20+ Year Treasury Bond ETF	60.2
Vanguard Long-Term Treasury ETF	40.0
Total	100.2

Industry Allocation

Portfolio by Category	Percentage of Net Asset Value (%)
Equities	
ETFs - United States Fixed Income	100.2
Derivative Assets	0.6
Derivative Liabilities	(1.2)
Cash and Cash Equivalents	1.4
Other Assets, less Liabilities	(1.0)
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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