

# Evolve Enhanced Yield Mid Term 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](http://www.evolveetfs.com) or SEDAR at [www.sedar.com](http://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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June 30, 2025

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## Investment Objective and Strategies

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The Evolve Enhanced Yield Mid Term Bond Fund (the "Fund") seeks to provide Unitholders with attractive monthly income and long-term capital appreciation by targeting a medium duration fixed income portfolio by investing primarily in fixed income ETFs or fixed income securities issued in either the United States or Canada. 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

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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

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Since the Hedged, Unhedged and US Dollar Unhedged ETF Units of the Fund effectively began operations on March 27, 2025, and the Hedged Class A and F Mutual Fund Units of the Fund effectively began operations on April 9, 2025, no performance data can be shown. The Fund's net assets were \$26.3MM as at June 30, 2025.

For the six-month period ended June 30, 2025, the Fund generated an increase (decrease) in net assets attributable to holders of redeemable units from operations of \$196,409. The Fund distributed \$433,351 to unitholders during the period. The decision to make distributions exceeding earnings was made by Evolve Funds Group Inc. (the "Manager"), due to the following factors:

The Funds' Declaration of Trust requires that sufficient amounts be paid or made payable each year so that the Funds are not liable for any non-refundable income tax under Part I of the Tax Act.

Amounts included in the calculation of the Fund's net income and net realized capital gains for a taxation year may encompass amounts that have not yet been received by the Fund.

The Manager believes that maintaining regular and stable distributions is vital to meet unitholder expectations and retain investor confidence. Consequently, distribution rates are only adjusted in response to material changes.

The Manager believes that a full business cycle is required for a comprehensive evaluation of results.

The Manager holds a strong conviction in the Fund's investment objective and its future growth prospects.

## Portfolio Manager Commentary

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Mid-duration U.S. Treasuries delivered strong performance in the first half of 2025, supported by evolving macroeconomic conditions, shifting interest rate expectations, and a broad rotation out of long-duration exposure. The year opened with steady demand for intermediate bonds, buoyed by moderating inflation and growing speculation around a potential Federal Reserve pivot. However, this narrative shifted abruptly in April following major policy announcement from the White House.

On April 2nd—Liberation Day—President Trump announced sweeping "reciprocal tariffs" on U.S. imports. The news triggered a broad selloff across the yield curve<sup>1</sup>. The 10-year Treasury repriced sharply as investors reassessed inflation risks and fiscal sustainability.

In May, Moody's downgraded the U.S. credit rating by one notch due to rising debt levels. While the move had limited market impact—following earlier downgrades by S&P (2011) and Fitch (2023)—it ended Moody's AAA rating held since 1917 and reinforced deficit concerns<sup>2</sup>. These were amplified by the reintroduction of Trump's tax bill, seen as likely to widen the fiscal gap and elevate national debt<sup>3</sup>.

By June, sentiment improved as inflation came in below expectations for a fourth consecutive month<sup>4</sup>. This boosted market confidence in a sustained disinflation trend and raised the likelihood of Fed easing. While the Fed held rates steady through the first half of 2025, its updated dot plot continued to show two potential cuts by year-end, contingent on economic developments and the impact of tariffs<sup>5</sup>.

A structural tailwind for intermediate Treasuries came with the Senate's passage of the GENIUS Stablecoin Act, which sets a regulatory framework for USD-backed stablecoins<sup>6</sup>. As adoption grows, stablecoin issuers are expected to hold Treasuries—especially in the short to mid-term range—as reserves, potentially driving sustained demand and downward pressure on yields.

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June 30, 2025

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Overall, mid-term U.S. Treasuries delivered strong performance in the first half of the year. While April's policy shocks weighed on markets, improving inflation data and the potential for increased institutional demand helped restore stability. The intermediate part of the curve remains a focal point for investors balancing rate sensitivity with yield in an uncertain macro and fiscal landscape.

(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>

## Recent Developments

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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

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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 \$2,464 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](http://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 \$5,485 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.

# Evolve Enhanced Yield Mid Term Bond Fund

June 30, 2025

## 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 Unit<sup>1</sup>

	June 30, 2025 (\$)
For the periods ended:	
<b>Unhedged ETF Units - Net Assets per Unit</b>	
Net Assets per Unit, beginning of period <sup>2</sup>	19.98
<b>Increase (decrease) from operations:</b>	
Total revenue	0.64
Total expenses	(0.02)
Realized gains (losses)	(0.32)
Unrealized gains (losses)	0.01
<b>Total increase (decrease) from operations<sup>3</sup></b>	<b>0.31</b>
<b>Distributions:</b>	
From income (excluding dividends)	(0.50)
<b>Total annual distributions<sup>4</sup></b>	<b>(0.50)</b>
<b>Net Assets per Unit, end of period</b>	<b>18.68</b>
<b>Hedged ETF Units - Net Assets per Unit</b>	
Net Assets per Unit, beginning of period <sup>2</sup>	19.94
<b>Increase (decrease) from operations:</b>	
Total revenue	1.07
Total expenses	(0.02)
Realized gains (losses)	(0.11)
Unrealized gains (losses)	(0.49)
<b>Total increase (decrease) from operations<sup>3</sup></b>	<b>0.45</b>
<b>Net Assets per Unit, end of period</b>	<b>19.54</b>
<b>US Dollar Unhedged ETF Units - Net Assets per Unit<sup>5</sup></b>	
Net Assets per Unit, beginning of period <sup>2</sup>	28.53
<b>Increase (decrease) from operations:</b>	
Total revenue	1.11
Total expenses	(0.03)
Realized gains (losses)	(0.67)
Unrealized gains (losses)	(0.19)
<b>Total increase (decrease) from operations<sup>3</sup></b>	<b>0.22</b>
<b>Distributions:</b>	
From income (excluding dividends)	(0.68)
<b>Total annual distributions<sup>4</sup></b>	<b>(0.68)</b>
<b>Net Assets per Unit, end of period</b>	<b>26.71</b>

# Evolve Enhanced Yield Mid Term Bond Fund

June 30, 2025

## The Fund's Net Assets Per Unit<sup>1</sup> (cont'd)

	June 30, 2025 (\$)
For the periods ended:	
<b>Hedged Class A - Net Assets per Unit</b>	
Net Assets per Unit, beginning of period <sup>2</sup>	19.59
<b>Increase (decrease) from operations:</b>	
Total revenue	0.62
Total expenses	(0.05)
Realized gains (losses)	0.09
Unrealized gains (losses)	(0.42)
<b>Total increase (decrease) from operations<sup>3</sup></b>	<b>0.24</b>
<b>Distributions:</b>	
From income (excluding dividends)	(0.50)
<b>Total annual distributions<sup>4</sup></b>	<b>(0.50)</b>
<b>Net Assets per Unit, end of period</b>	<b>19.40</b>
<b>Hedged Class F - Net Assets per Unit</b>	
Net Assets per Unit, beginning of period <sup>2</sup>	19.60
<b>Increase (decrease) from operations:</b>	
Total revenue	0.67
Total expenses	(0.02)
Realized gains (losses)	(0.09)
Unrealized gains (losses)	(0.35)
<b>Total increase (decrease) from operations<sup>3</sup></b>	<b>0.21</b>
<b>Distributions:</b>	
From income (excluding dividends)	(0.50)
<b>Total annual distributions<sup>4</sup></b>	<b>(0.50)</b>
<b>Net Assets per Unit, end of period</b>	<b>19.35</b>

- 1 This information is derived from the Fund's unaudited interim financial statements as at June 30, 2025. The Hedged, Unhedged and US Dollar Unhedged ETF Units effectively began operations on March 27, 2025. The Hedged Class A and F Mutual Fund Units effectively began operations on April 9, 2025.
- 2 This amount represents the initial launch price.
- 3 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.
- 4 Distributions were paid in cash or reinvested in additional units of the Fund, or both. Actual distributions may vary slightly owing to rounding.
- 5 Per unit figures are stated in CAD equivalent.

## The Fund's Ratios/Supplemental Data

	June 30, 2025
For the periods ended:	
<b>Unhedged ETF Units - Ratios/Supplemental Data</b>	
Total Net Asset Value (\$) <sup>6</sup>	757,656
Number of units outstanding <sup>6</sup>	40,553
Management expense ratio excluding proportion of expenses from underlying fund expenses <sup>7</sup>	0.20%
Management expense ratio <sup>8,11</sup>	0.66%
Trading expense ratio <sup>9</sup>	0.19%
Portfolio turnover rate <sup>10</sup>	41.60%
Net Asset Value per unit (\$)	18.68
Closing market price (\$)	18.78

# Evolve Enhanced Yield Mid Term Bond Fund

June 30, 2025

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

	June 30, 2025
For the periods ended:	
<b>Hedged ETF Units - Ratios/Supplemental Data</b>	
Total Net Asset Value (\$) <sup>6</sup>	12,714,275
Number of units outstanding <sup>6</sup>	650,733
Management expense ratio excluding proportion of expenses from underlying fund expenses <sup>7</sup>	0.19%
Management expense ratio <sup>8,11</sup>	0.64%
Trading expense ratio <sup>9</sup>	0.19%
Portfolio turnover rate <sup>10</sup>	41.60%
Net Asset Value per unit (\$)	19.54
Closing market price (\$)	19.43
<b>US Dollar Unhedged ETF Units - Ratios/Supplemental Data</b>	
Total Net Asset Value (\$) <sup>6</sup>	10,685,490
Number of units outstanding <sup>6</sup>	400,000
Management expense ratio excluding proportion of expenses from underlying fund expenses <sup>7</sup>	0.19%
Management expense ratio <sup>8,11</sup>	0.64%
Trading expense ratio <sup>9</sup>	0.19%
Portfolio turnover rate <sup>10</sup>	41.60%
Net Asset Value per unit (\$)	26.71
Closing market price (\$)	26.69
<b>Hedged Class A - Ratios/Supplemental Data</b>	
Total Net Asset Value (\$) <sup>6</sup>	1,359,857
Number of units outstanding <sup>6</sup>	70,093
Management expense ratio excluding proportion of expenses from underlying fund expenses <sup>7</sup>	1.03%
Management expense ratio <sup>8,11</sup>	1.48%
Trading expense ratio <sup>9</sup>	0.19%
Portfolio turnover rate <sup>10</sup>	41.60%
Net Asset Value per unit (\$)	19.40
<b>Hedged Class F - Ratios/Supplemental Data</b>	
Total Net Asset Value (\$) <sup>6</sup>	773,905
Number of units outstanding <sup>6</sup>	40,004
Management expense ratio excluding proportion of expenses from underlying fund expenses <sup>7</sup>	0.19%
Management expense ratio <sup>8,11</sup>	0.65%
Trading expense ratio <sup>9</sup>	0.19%
Portfolio turnover rate <sup>10</sup>	41.60%
Net Asset Value per unit (\$)	19.35

6 This information is provided as at June 30, 2025.

7 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.

8 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.

9 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.

10 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.

11 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.

# Evolve Enhanced Yield Mid Term Bond Fund

June 30, 2025

## Past Performance

Since the Hedged, Unhedged and US Dollar Unhedged ETF Units of the Fund are reporting issuers for less than one year, with inception date March 27, 2025, and the Hedged Class A and F Mutual Fund Units are reporting issuers for less than one year, with inception date April 9, 2025, providing performance data for the period is not permitted.

## Summary of Investment Portfolio

### All Positions

	Percentage of Net Asset Value (%)
Security	
Evolve Enhanced Yield Bond Fund	95.1
<b>Total</b>	<b>95.1</b>

### Industry Allocation

Portfolio by Category	Percentage of Net Asset Value (%)
<b>Equities</b>	
ETFs - United States Fixed Income	95.1
Derivative Assets	0.1
Derivative Liabilities	(0.0)
Cash and Cash Equivalents	2.2
Other Assets, less Liabilities	2.6
<b>Total</b>	<b>100.0</b>

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](http://www.evolveetfs.com).



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