

Evolve US Banks Enhanced Yield Fund

December 31, 2025

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, 161 Bay Street, Suite 1210, Toronto, ON, M5J 2S1 or by visiting our website at www.evolveetfs.com or SEDAR+ at www.sedarplus.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 US Banks Enhanced Yield Fund (the "Fund") seeks to provide exposure to an equal-weighted portfolio of U.S. bank equities while generating enhanced income through a covered call strategy. The Fund aims to replicate, to the extent reasonably possible and before fees and expenses, the performance of the Solactive Equal Weight US Bank Index Canadian Dollar Hedged, or a successor index. To enhance yield and manage risk, the Manager may write covered call options on up to 33% of the portfolio.

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, 2025, the Unhedged ETF Units returned 14.6% versus the Solactive Equal Weight US Bank Index return of 17.4%. The Hedged ETF Units returned 17.9% versus the Solactive Equal Weight US Bank Index Canadian Dollar Hedged return of 20.2%. The US Dollar Unhedged ETF Units returned 19.9% versus the Solactive Equal Weight US Bank Index Canadian Dollar Hedged return of 20.2%. For a discussion of the relative performance of the Fund as compared to the respective Index, please refer to the "Annual Compound Return" section in the "Management Discussion of Fund Performance". The Fund's net assets were \$144.5MM as at December 31, 2025.

Portfolio Manager Commentary

The United States' largest banks delivered a strong performance in 2025, closing the year on a positive note as management teams struck an optimistic tone for the year ahead. Results reflected a favourable operating environment marked by resilient economic growth, active capital markets, and sustained client engagement.

Mergers and acquisitions rebounded sharply in 2025, lifting investment banking revenues. Easing antitrust headwinds, equity markets hovering near record levels, and a resilient U.S. economy supported deal activity, setting the stage for continued momentum into 2026.¹

Core banking fundamentals also remained supportive. In the fourth quarter, net interest income rose across the major banks, driven by steady loan growth and declining deposit costs. Commercial and industrial lending, along with credit card balances, edged higher as borrowing demand held up despite elevated interest rates.¹

Market volatility proved to be another tailwind. Banks benefited from increased client portfolio rebalancing, higher trading volumes, and a rise in demand for products designed to manage market swings. Proprietary trading desks also capitalized on intra-year volatility, contributing meaningfully to earnings.¹

Looking ahead, analysts expect high-profile IPOs and large-scale transactions to sustain investment banking revenues, while ongoing market uncertainty should continue to support trading activity. Volatility is expected to persist into 2026 amid concerns around stretched equity valuations, potential excesses in Artificial Intelligence-related stocks, and uncertainty surrounding the Federal Reserve's policy path.

Performance Attribution

For the twelve month period ending December 31, 2025, Citigroup Inc. made the biggest contribution to the Fund, followed by Wells Fargo & Company. By weight, the Fund's largest holdings were Citigroup Inc., Wells Fargo & Company, and Citizens Financial Group Inc.

(1) <https://www.reuters.com/business/finance/wall-street-banks-fourth-quarter-earnings-five-charts-2026-01-16/>

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Recent Developments

In 2026, financial markets are operating in an environment increasingly shaped by heightened geopolitical conflict, most notably the developing war in the middle east. The escalation has triggered sharp moves across global markets, including spikes in oil and gas prices, increased demand for safe haven assets, and renewed volatility in equities, bonds, and foreign currencies. While underlying economic activity remains resilient in several regions, higher energy prices and elevated geopolitical uncertainty have added new risks to inflation trajectories and policy expectations. Governments are reassessing defense spending and trade arrangements, while central banks face a more complex balance between managing inflation pressures and supporting growth. Market volatility has intensified across asset classes, particularly in sectors sensitive to energy costs, geopolitical risk, and global supply chains. The duration and broader economic impact of the conflict remain uncertain, and the potential financial implications for investments continue to evolve as conditions develop.

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.

Management Fees

The Manager is entitled to an annual management fee of 0.45% of the net asset value of the Fund, accrued daily and generally paid monthly. For the year ended December 31, 2025, the Fund incurred \$585,165 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, 2025, the Fund incurred \$198,131 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; fees payable to the index provider, 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, 2025 (\$)	December 31, 2024 (\$)	December 31, 2023 (\$)	December 31, 2022 (\$)	December 31, 2021 (\$)
For the periods ended:					
Unhedged ETF Units - Net Assets per Unit					
Net Assets per Unit, beginning of period	18.17	14.02	17.70	22.38	17.70
Increase (decrease) from operations:					
Total revenue	0.54	0.55	0.56	0.54	0.48
Total expenses	(0.22)	(0.22)	(0.22)	(0.24)	(0.25)
Realized gains (losses)	2.60	1.81	(3.56)	0.67	2.16
Unrealized gains (losses)	(0.48)	3.63	1.07	(3.86)	3.36
Total increase (decrease) from operations²	2.44	5.77	(2.15)	(2.89)	5.75
Distributions:					
From dividends	(0.35)	(0.35)	(0.39)	(0.26)	(0.24)
From capital gains	-	-	-	(0.33)	-
Return of capital	(1.57)	(1.26)	(1.11)	(0.91)	(1.17)
Total annual distributions³	(1.92)	(1.61)	(1.50)	(1.50)	(1.41)
Net Assets per Unit, end of period	18.67	18.17	14.02	17.70	22.38
Hedged ETF Units - Net Assets per Unit					
Net Assets per Unit, beginning of period	13.35	11.52	14.75	20.44	16.27
Increase (decrease) from operations:					
Total revenue	0.41	0.43	0.46	0.47	0.45
Total expenses	(0.17)	(0.17)	(0.18)	(0.21)	(0.25)
Realized gains (losses)	2.15	0.34	(2.40)	(0.50)	1.16
Unrealized gains (losses)	(0.09)	2.68	2.56	(3.77)	2.70
Total increase (decrease) from operations²	2.30	3.28	0.44	(4.01)	4.06
Distributions:					
From dividends	(0.25)	(0.28)	(0.26)	(0.23)	(0.18)
From capital gains	-	-	-	(0.34)	-
Return of capital	(1.25)	(1.22)	(1.24)	(0.93)	(1.23)
Total annual distributions³	(1.50)	(1.50)	(1.50)	(1.50)	(1.41)
Net Assets per Unit, end of period	14.04	13.35	11.52	14.75	20.44

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

For the periods ended:	December 31, 2025	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021
	(\$)	(\$)	(\$)	(\$)	(\$)
US Dollar Unhedged ETF Units - Net Assets per Unit⁴					
Net Assets per Unit, beginning of period	21.77	16.98	21.69	27.56	21.82
Increase (decrease) from operations:					
Total revenue	0.65	0.66	0.69	0.66	0.57
Total expenses	(0.28)	(0.27)	(0.27)	(0.29)	(0.31)
Realized gains (losses)	3.05	2.17	(4.00)	0.94	2.43
Unrealized gains (losses)	(0.49)	4.38	2.32	(4.61)	2.81
Total increase (decrease) from operations²	2.93	6.94	(1.26)	(3.30)	5.50
Distributions:					
From dividends	(0.39)	(0.43)	(0.42)	(0.36)	(0.26)
From capital gains	-	-	-	(0.48)	-
Return of capital	(1.96)	(1.69)	(1.60)	(1.28)	(1.51)
Total annual distributions³	(2.35)	(2.12)	(2.02)	(2.12)	(1.77)
Net Assets per Unit, end of period	22.31	21.77	16.98	21.69	27.56

- 1 This information is derived from the Fund's audited annual financial statements as at December 31, 2025, 2024, 2023, 2022, and 2021. The Unhedged and Hedged ETF Units effectively began operations on October 12, 2017 and the US Dollar Unhedged ETF Units began operations on November 26, 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.
- 4 Per unit figures are stated in CAD equivalent.

The Fund's Ratios/Supplemental Data

For the periods ended:	December 31, 2025	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021
Unhedged ETF Units - Ratios/Supplemental Data					
Total Net Asset Value (\$) ⁵	11,670,970	11,354,438	6,308,757	7,079,005	5,035,885
Number of units outstanding ⁵	625,000	625,000	450,000	400,000	225,000
Management expense ratio ⁶	0.60%	0.64%	0.69%	0.67%	0.64%
Trading expense ratio ⁷	0.19%	0.20%	0.29%	0.16%	0.19%
Portfolio turnover rate ⁸	69.59%	43.75%	71.99%	61.13%	78.93%
Net Asset Value per unit (\$)	18.67	18.17	14.02	17.70	22.38
Closing market price (\$)	18.72	18.18	14.03	17.70	22.38
Hedged ETF Units - Ratios/Supplemental Data					
Total Net Asset Value (\$) ⁵	118,279,859	93,088,101	87,820,980	36,133,370	24,525,649
Number of units outstanding ⁵	8,425,000	6,975,000	7,625,000	2,450,000	1,200,000
Management expense ratio ⁶	0.62%	0.66%	0.68%	0.68%	0.68%
Trading expense ratio ⁷	0.19%	0.20%	0.29%	0.16%	0.19%
Portfolio turnover rate ⁸	69.59%	43.75%	71.99%	61.13%	78.93%
Net Asset Value per unit (\$)	14.04	13.35	11.52	14.75	20.44
Closing market price (\$)	14.03	13.35	11.53	14.75	20.51

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

For the periods ended:	December 31, 2025	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021
US Dollar Unhedged ETF Units - Ratios/Supplemental Data					
Total Net Asset Value (\$) ⁵	14,500,831	8,165,154	6,791,732	3,795,085	3,445,043
Number of units outstanding ⁵	650,000	375,000	400,000	175,000	125,000
Management expense ratio ⁶	0.69%	0.69%	0.69%	0.67%	0.65%
Trading expense ratio ⁷	0.19%	0.20%	0.29%	0.16%	0.19%
Portfolio turnover rate ⁸	69.59%	43.75%	71.99%	61.13%	78.93%
Net Asset Value per unit (\$)	22.31	21.77	16.98	21.69	27.56
Closing market price (\$)	22.43	21.76	16.99	21.68	27.58

5 This information is provided as at December 31, 2025, 2024, 2023, 2022, and 2021.

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.

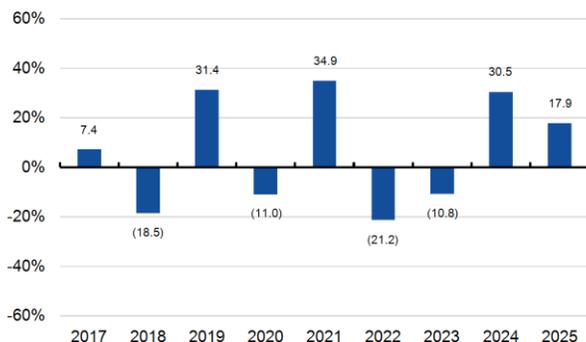
Past Performance

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

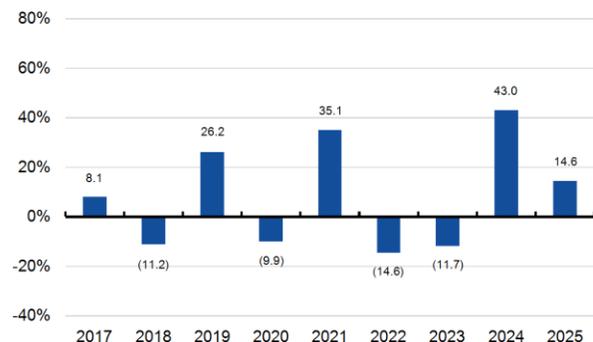
The bar chart below shows the Hedged, Unhedged, and US Dollar Unhedged ETF Units' performance for each of the financial years shown. The chart shows, in percentage terms, how much an investment made in the Fund on the first day of each financial period would have grown or decreased by the last day of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

CALL Hedged ETF Units¹



1 The Hedged ETF Units of the Fund effectively began operations on October 12, 2017.

CALL/B Unhedged ETF Units²

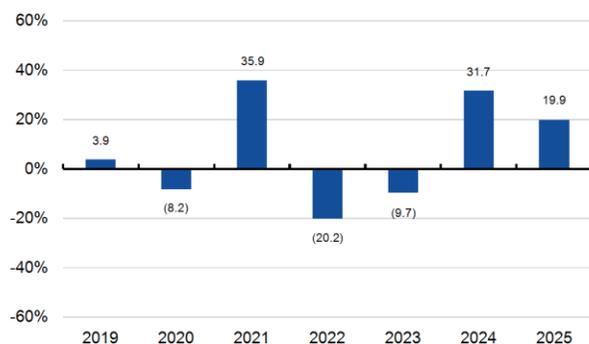


2 The Unhedged ETF Units of the Fund effectively began operations on October 12, 2017.

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CALL/U US Dollar Unhedged ETF Units³



³ The US Dollar Unhedged ETF Units of the Fund effectively began operations on November 26, 2019. Returns presented based on NAV equivalent in USD.

Annual Compound Return

The table below shows the historical annual compound total return of the Hedged, Unhedged, and US Dollar Unhedged ETF Units. The returns are for the period ended December 31, 2025. As a basis of comparison, we have provided the performance of Solactive Equal Weight US Bank Index Canadian Dollar Hedged and Solactive Equal Weight US Bank Index (each of which, an "Index", and collectively, the "Indices"). The difference in performance of the Hedged, Unhedged and US Dollar Unhedged ETF Units relative to the respective Index can be attributed primarily to management and administration fees plus applicable sales taxes, and to portfolio trading. The difference in performance of the US Dollar Unhedged ETF Units relative to the Index can also be attributed the fact that the benchmark used is hedged to Canadian Dollars while the US Dollar Unhedged ETF Units of the Fund are unhedged and presented in US Dollars. Furthermore, the difference in performance of the Hedged, Unhedged, and US Dollar Unhedged ETF Units relative to the respective Index can also be attributed to the implementation of the call writing strategy where the Fund tends to outperform in flat or down markets and underperform during sharp market advances. This performance difference can be seen over the period the calls are written, typically with one to two months to expiry, and then resets when new option positions are established.

	Since Inception ¹ (%)	1 Year (%)	3 Year (%)	5 Year (%)
Hedged ETF Units	5.0	17.9	11.1	7.8
Solactive Equal Weight US Bank Index Canadian Dollar Hedged ²	6.7	20.2	14.1	9.9
Unhedged ETF Units	7.6	14.6	13.1	10.8
Solactive Equal Weight US Bank Index ³	10.1	17.4	16.8	13.4
US Dollar Unhedged ETF Units	6.6	19.9	12.5	9.1
Solactive Equal Weight US Bank Index Canadian Dollar Hedged ²	7.0	20.2	14.1	9.9

- From inception date of October 12, 2017 for the Hedged and Unhedged ETF Units, and from inception date of November 26, 2019 for the US Dollar Unhedged ETF Units.
- The Solactive Equal Weight US Bank Index Canadian Dollar Hedged is an Index of Solactive AG and is calculated and distributed by Solactive AG. The Index tracks the performance of the Solactive Equal Weight US Bank Index and hedges the currency exposure to Canadian Dollars on a monthly basis via FX forward contracts. The Index is rebalanced monthly and is denominated in Canadian Dollars.
- The Solactive Equal Weight US Bank Index is an Index of Solactive AG and is calculated and distributed by Solactive AG. The Index tracks the performance of major US banks, on an equally-weighted basis. The Index is calculated as a net total return index, adjusted on a semi-annually basis and denominated in Canadian Dollars.

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Summary of Investment Portfolio

All Positions

	Percentage of Net Asset Value (%)
Security	
Citigroup Inc.	5.8
Wells Fargo & Company	5.6
Citizens Financial Group Inc.	5.6
First Citizens BancShares Inc., Class 'A'	5.5
Truist Financial Corporation	5.4
U.S. Bancorp	5.4
Bank of America Corporation	5.3
KeyCorp	5.3
First Horizon Corporation	5.3
The Goldman Sachs Group Inc.	5.3
JPMorgan Chase & Company	5.2
Webster Financial Corporation	5.1
The PNC Financial Services Group Inc.	5.1
East West Bancorp Inc.	5.1
Fifth Third Bancorp	5.1
M&T Bank Corporation	5.0
Regions Financial Corporation	5.0
Huntington Bancshares Inc.	4.8
Southstate Bank Corporation	4.7
Total	99.6

Industry Allocation

Portfolio by Category	Percentage of Net Asset Value (%)
Equities	
Financials	99.6
Derivative Assets	0.1
Derivative Liabilities	(0.1)
Cash and Cash Equivalents	1.5
Other Assets, less Liabilities	(1.1)
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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