

Evolve Canadian Energy Enhanced Yield Index 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 Canadian Energy Enhanced Yield Index Fund (the "Fund") seeks to replicate, to the extent reasonably possible before fees and expenses, up to a 1.25 times multiple of the performance of the Solactive Canada Energy Index, or any successor thereto, while mitigating downside risk. The Fund primarily invests in the equity constituents of the Index. 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.

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

Since the Unhedged ETF Units of the Fund effectively began operations on March 27, 2025, and the Unhedged Class A and F Mutual Fund Units effectively began operations on April 9, 2025, no performance data can be shown. The Fund's net assets were \$14.6MM as at December 31, 2025.

For the period ended December 31, 2025, the Fund generated an increase (decrease) in net assets attributable to holders of redeemable units from operations of \$737,167. The Fund distributed \$781,835 to unitholders during the year. 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.

Leverage

The table below shows the minimum and maximum leverage levels of the Fund for the year ended December 31, 2025, as well as the leverage at the end of the reporting period and as a percentage of the Fund's net assets.

The Fund is classified as an "alternative mutual fund" as defined in National Instrument 81-102, Investment Funds ("NI 81-102"). As an alternative mutual fund, the Fund is permitted to lever its assets per the restrictions outlined in NI 81-102. The Fund currently anticipates achieving its investment objectives and creating leverage through the use of cash borrowing. The maximum aggregate exposure of the funds to cash borrowing will not exceed approximately 25% of NAV. In order to ensure that unitholders' risk is limited to the capital invested, the funds' leverage will be rebalanced back to 25% of the funds' NAV within two business days of the funds' leverage exceeding 2% above its target leverage ratio of 25% of NAV.

Leverage Calculation (Investments Market Value/Net Asset Value)

Period Ended	Minimum Leverage	Maximum Leverage	Leverage at the end of the Reporting Period	Percentage of Net Asset Value (%)
December 31, 2025	1.202 : 1	1.291 : 1	1.238 : 1	123.80

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Portfolio Manager Commentary

Crude oil prices declined in 2025 as global supply consistently outpaced demand, weighing on prices despite intermittent geopolitical support. Brent crude fell on a monthly average basis from \$79 per barrel in January to \$63 per barrel in December, marking the lowest monthly level since early 2021. The annual average price of \$69 per barrel was the lowest since 2020, even after adjusting for inflation.¹

Weakening economic momentum pressured demand in the first half of the year. Slowing global growth, a contraction in U.S. GDP during the first quarter, and rising trade tensions contributed to a sharp pullback in prices, including a nearly \$15 per barrel decline in April alone.¹

In the second half, supply dynamics became the dominant driver. OPEC+ decisions to raise production targets increased the prospect of sustained oversupply. Global crude oil and liquid fuel production exceeded consumption throughout 2025, resulting in historically large inventory builds of more than 2.5 million barrels per day in the second half of the year, among the largest outside of 2020.¹

While rising global inventories typically exert downward pressure on prices, crude stockpiling in China helped moderate the decline by effectively removing barrels from the global market. Geopolitical disruptions, including Middle East tensions and attacks on energy infrastructure in Eastern Europe, provided only temporary support, failing to offset the broader supply-driven headwinds.

Performance Attribution

For the twelve-month period ending December 31, 2025, Whitecap Resources Inc. made the biggest contribution to the Fund, followed by Suncor Energy Inc. By weight, the Fund's largest holdings were Whitecap Resources Inc., TC Energy Corporation, and Suncor Energy Inc.

(1) <https://www.eia.gov/todayinenergy/detail.php?id=66944>

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

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 0.60% of the net asset value of the Unhedged ETF Units and the Unhedged Class F Mutual Fund Units and 1.60% 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 year ended December 31, 2025, the Fund incurred \$32,631 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.

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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 \$8,385 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.

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 (\$)
For the periods ended:	
Unhedged ETF Units - Net Assets per Unit	
Net Assets per Unit, beginning of period ²	9.91
Increase (decrease) from operations:	
Total revenue	0.49
Total expenses	(0.16)
Realized gains (losses)	(0.08)
Unrealized gains (losses)	0.92
Total increase (decrease) from operations³	1.17
Distributions:	
From dividends	(0.10)
Return of capital	(0.97)
Total annual distributions⁴	(1.07)
Net Assets per Unit, end of period	9.25
Unhedged Class A - Net Assets per Unit	
Net Assets per Unit, beginning of period ²	8.49
Increase (decrease) from operations:	
Total revenue	0.47
Total expenses	(0.23)
Realized gains (losses)	(0.04)
Unrealized gains (losses)	0.43
Total increase (decrease) from operations³	0.63
Distributions:	
From dividends	(0.08)
Return of capital	(0.99)
Total annual distributions⁴	(1.07)
Net Assets per Unit, end of period	9.21

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

	December 31, 2025 (\$)
For the periods ended:	
Unhedged Class F - Net Assets per Unit	
Net Assets per Unit, beginning of period ²	8.49
Increase (decrease) from operations:	
Total revenue	0.45
Total expenses	(0.15)
Realized gains (losses)	(0.02)
Unrealized gains (losses)	0.71
Total increase (decrease) from operations³	0.99
Distributions:	
From dividends	(0.12)
Return of capital	(0.95)
Total annual distributions⁴	(1.07)
Net Assets per Unit, end of period	9.28

- 1 This information is derived from the Fund's audited annual financial statements as at December 31, 2025. The Unhedged ETF Units effectively began operations on March 27, 2025 and the Unhedged 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.

The Fund's Ratios/Supplemental Data

	December 31, 2025
For the period ended:	
Unhedged ETF Units - Ratios/Supplemental Data	
Total Net Asset Value (\$) ⁵	11,565,350
Number of units outstanding ⁵	1,250,000
Management expense ratio ⁶	0.86%
Trading expense ratio ⁷	1.37%
Portfolio turnover rate ⁸	32.26%
Net Asset Value per unit (\$)	9.25
Closing market price (\$)	9.24
Unhedged Class A - Ratios/Supplemental Data	
Total Net Asset Value (\$) ⁵	402,936
Number of units outstanding ⁵	43,757
Management expense ratio ⁶	1.96%
Trading expense ratio ⁷	1.37%
Portfolio turnover rate ⁸	32.26%
Net Asset Value per unit (\$)	9.21

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

	December 31, 2025
For the period ended:	
Unhedged Class F - Ratios/Supplemental Data	
Total Net Asset Value (\$) ⁵	2,680,922
Number of units outstanding ⁵	288,752
Management expense ratio ⁶	0.84%
Trading expense ratio ⁷	1.37%
Portfolio turnover rate ⁸	32.26%
Net Asset Value per unit (\$)	9.28

5 This information is provided as at December 31, 2025.

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. The trading expense ratio includes the cost of financing.

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

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

Summary of Investment Portfolio

All Positions

Security	Percentage of Net Asset Value (%)
Whitecap Resources Inc.	13.5
TC Energy Corporation	13.0
Suncor Energy Inc.	12.7
Canadian Natural Resources Limited	12.5
Enbridge Inc.	12.2
Tourmaline Oil Corporation	12.2
ARC Resources Limited	12.1
Pembina Pipeline Corporation	12.0
Cenovus Energy Inc.	12.0
Imperial Oil Limited	11.6
Total	123.8

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Industry Allocation

Portfolio by Category	Percentage of Net Asset Value (%)
Equities	
Energy	123.8
Derivative Assets	0.0
Derivative Liabilities	(0.2)
Cash and Cash Equivalents	2.2
Other Assets, less Liabilities	(25.8)
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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