

# Evolve Active Core Fixed Income 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](http://www.evolveetfs.com) or SEDAR+ at [www.sedarplus.com](http://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.

# Evolve Active Core Fixed Income Fund

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## Investment Objective and Strategies

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The investment objective of Evolve Active Core Fixed Income Fund (the "Fund") is to generate an attractive total investment return through income and long term capital appreciation primarily through investments in debt obligations and other evidences of indebtedness of Canadian, U.S., and international issuers.

## 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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For the year ended December 31, 2025, Unhedged ETF Units returned 3.3%. The Unhedged Class A Mutual Fund Units returned 2.6% and the Unhedged Class F Mutual Fund Units returned 3.4%. The Fund's net assets were \$6.0MM as at December 31, 2025.

For the year ended December 31, 2025, the Fund generated an increase (decrease) in net assets attributable to holders of redeemable units from operations of \$248,857. This compares to \$460,615 for the period ended December 31, 2024. The Fund distributed \$256,015 to unitholders during the period (2024 - \$361,760). 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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Markets in 2025 were defined by persistent uncertainty as shifting tariff policies, geopolitical escalation in the Middle East, U.S. fiscal developments, and the loss of the U.S. Treasury's AAA rating weighed on sentiment. Central banks were closely scrutinized as concerns about slowing growth increasingly conflicted with underlying inflation pressures. While both the Federal Reserve and the Bank of Canada moved to ease policy during the year, the Bank of Canada ultimately signalled a high bar for further cuts as labour markets remained resilient and inflation risks persisted.

Fixed income markets reflected these crosscurrents. The yield curve steepened as shorter-dated yields were anchored by policy easing, while longer-term rates remained elevated amid rising fiscal deficits, increased borrowing needs, and a higher term premium. Returns were mixed across the curve, with long-duration sectors experiencing greater volatility.

Credit markets stood out as the strongest area of fixed income. Corporate and provincial spreads tightened through much of the year, supported by robust investor demand, heavy oversubscription in new issuance, and issuer buybacks that reduced net supply. Canadian corporate issuance reached record levels, while credit fundamentals remained broadly supportive despite a more cautious growth outlook.

The Fund delivered consistent outperformance versus its benchmark in 2025, supported by active duration management, an overweight to corporate credit relative to government bonds, and selective global bond exposure. Tactical adjustments to duration added value as yields moved sharply at different points in the year, while credit positioning continued to support relative returns.

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Looking ahead, recession risk has moderated as tariff uncertainty has eased, but growth risks remain tilted to the downside due to deferred investment and disrupted trade flows. Slower growth should help temper inflation, though reflation risks persist alongside elevated fiscal deficits. With the Bank of Canada now on hold, duration positioning will remain tactical as yields appear near fair value and long rates remain sensitive to inflation and sovereign risk dynamics. Credit fundamentals remain constructive, though modest spread revaluation is possible if growth weakens further. Portfolio positioning will continue to emphasize high-quality issuers, defensive credit exposure, and selective global diversification where spreads offer relative value.

Source: Addenda Capital

## Recent Developments

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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

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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 Manager is entitled to an annual management fee of 0.45% of the net asset value of the Unhedged ETF Units and the Unhedged Class F Mutual Fund Units and 1.20% 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 \$32,183 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 year ended December 31, 2025, the Fund incurred \$12,042 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 Active Core Fixed Income 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 Unit<sup>1</sup>

	December 31, 2025 (\$)	December 31, 2024 (\$)	December 31, 2023 (\$)	December 31, 2022 (\$)	December 31, 2021 (\$)
For the periods ended:					
<b>Unhedged ETF Units - Net Assets per Unit</b>					
Net Assets per Unit, beginning of period	18.12	17.82	17.24	20.45	20.91
<b>Increase (decrease) from operations:</b>					
Total revenue	0.75	0.67	0.71	0.63	0.64
Total expenses	(0.12)	(0.11)	(0.10)	(0.10)	(0.11)
Realized gains (losses)	0.07	(0.14)	(1.08)	(1.73)	(0.37)
Unrealized gains (losses)	(0.06)	0.41	1.69	(1.76)	(0.06)
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>0.64</b>	<b>0.83</b>	<b>1.22</b>	<b>(2.96)</b>	<b>0.10</b>
<b>Distributions:</b>					
From income (excluding dividends)	(0.56)	(0.50)	(0.50)	(0.44)	(0.38)
From dividends	(0.09)	(0.05)	(0.11)	(0.10)	(0.15)
Return of capital	(0.01)	(0.11)	(0.05)	(0.12)	(0.13)
<b>Total annual distributions<sup>3</sup></b>	<b>(0.66)</b>	<b>(0.66)</b>	<b>(0.66)</b>	<b>(0.66)</b>	<b>(0.66)</b>
<b>Net Assets per Unit, end of period</b>	<b>18.06</b>	<b>18.12</b>	<b>17.82</b>	<b>17.24</b>	<b>20.45</b>
<b>Unhedged Class A - Net Assets per Unit</b>					
Net Assets per Unit, beginning of period	17.83	17.70	17.27	20.64	21.27
<b>Increase (decrease) from operations:</b>					
Total revenue	0.76	0.67	0.72	0.62	0.65
Total expenses	(0.26)	(0.27)	(0.25)	(0.25)	(0.28)
Realized gains (losses)	0.02	(0.14)	(1.09)	(1.73)	(0.36)
Unrealized gains (losses)	0.03	0.52	1.73	(1.81)	(0.13)
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>0.55</b>	<b>0.78</b>	<b>1.11</b>	<b>(3.17)</b>	<b>(0.12)</b>
<b>Distributions:</b>					
From income (excluding dividends)	(0.41)	(0.32)	(0.39)	(0.34)	(0.33)
From dividends	(0.06)	(0.03)	(0.09)	(0.08)	(0.13)
Return of capital	(0.19)	(0.31)	(0.18)	(0.24)	(0.20)
<b>Total annual distributions<sup>3</sup></b>	<b>(0.66)</b>	<b>(0.66)</b>	<b>(0.66)</b>	<b>(0.66)</b>	<b>(0.66)</b>
<b>Net Assets per Unit, end of period</b>	<b>17.62</b>	<b>17.83</b>	<b>17.70</b>	<b>17.27</b>	<b>20.64</b>

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

For the periods ended:	December 31, 2025 (\$)	December 31, 2024 (\$)	December 31, 2023 (\$)	December 31, 2022 (\$)	December 31, 2021 (\$)
<b>Unhedged Class F - Net Assets per Unit</b>					
Net Assets per Unit, beginning of period	18.74	18.41	17.79	21.07	21.54
<b>Increase (decrease) from operations:</b>					
Total revenue	0.79	0.70	0.74	0.64	0.64
Total expenses	(0.12)	(0.12)	(0.11)	(0.10)	(0.11)
Realized gains (losses)	0.07	(0.15)	(1.16)	(1.74)	(0.18)
Unrealized gains (losses)	(0.12)	0.52	1.73	(1.39)	(0.08)
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>0.62</b>	<b>0.95</b>	<b>1.20</b>	<b>(2.59)</b>	<b>0.27</b>
<b>Distributions:</b>					
From income (excluding dividends)	(0.58)	(0.54)	(0.52)	(0.48)	(0.35)
From dividends	(0.09)	(0.05)	(0.12)	(0.11)	(0.13)
Return of capital	-	(0.07)	(0.02)	(0.07)	(0.18)
<b>Total annual distributions<sup>3</sup></b>	<b>(0.67)</b>	<b>(0.66)</b>	<b>(0.66)</b>	<b>(0.66)</b>	<b>(0.66)</b>
<b>Net Assets per Unit, end of period</b>	<b>18.70</b>	<b>18.74</b>	<b>18.41</b>	<b>17.79</b>	<b>21.07</b>

- 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 ETF Units effectively began operations on March 28, 2018 and the Unhedged Class A and F Mutual Fund Units effectively began operations on June 4, 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.

## 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
<b>Unhedged ETF Units - Ratios/Supplemental Data</b>					
Total Net Asset Value (\$) <sup>4</sup>	5,056,051	7,791,004	9,445,023	10,428,966	22,492,306
Number of units outstanding <sup>4</sup>	280,000	430,000	530,000	605,000	1,100,000
Management expense ratio excluding underlying fund expenses <sup>5</sup>	0.61%	0.62%	0.60%	0.51%	0.50%
Management expense ratio <sup>6</sup>	0.71%	0.70%	0.68%	0.68%	0.70%
Trading expense ratio <sup>7</sup>	0.07%	0.02%	0.00%	0.03%	0.03%
Portfolio turnover rate <sup>8</sup>	105.40%	98.64%	58.74%	105.36%	134.05%
Net Asset Value per unit (\$)	18.06	18.12	17.82	17.24	20.45
Closing market price (\$)	18.07	18.13	17.73	17.25	20.43
<b>Unhedged Class A - Ratios/Supplemental Data</b>					
Total Net Asset Value (\$) <sup>4</sup>	166,558	63,422	69,248	65,013	97,975
Number of units outstanding <sup>4</sup>	9,452	3,557	3,912	3,765	4,748
Management expense ratio excluding underlying fund expenses <sup>5</sup>	1.40%	1.51%	1.44%	1.31%	1.30%
Management expense ratio <sup>6</sup>	1.50%	1.58%	1.52%	1.47%	1.51%
Trading expense ratio <sup>7</sup>	0.07%	0.02%	0.00%	0.03%	0.03%
Portfolio turnover rate <sup>8</sup>	105.40%	98.64%	58.74%	105.36%	134.05%
Net Asset Value per unit (\$)	17.62	17.83	17.70	17.27	20.64

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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
<b>Unhedged Class F - Ratios/Supplemental Data</b>					
Total Net Asset Value (\$) <sup>4</sup>	<b>766,739</b>	772,016	931,639	1,501,481	3,964,783
Number of units outstanding <sup>4</sup>	<b>41,009</b>	41,192	50,605	84,422	188,134
Management expense ratio excluding underlying fund expenses <sup>5</sup>	<b>0.57%</b>	0.62%	0.60%	0.52%	0.51%
Management expense ratio <sup>6</sup>	<b>0.68%</b>	0.69%	0.68%	0.68%	0.70%
Trading expense ratio <sup>7</sup>	<b>0.07%</b>	0.02%	0.00%	0.03%	0.03%
Portfolio turnover rate <sup>8</sup>	<b>105.40%</b>	98.64%	58.74%	105.36%	134.05%
Net Asset Value per unit (\$)	<b>18.70</b>	18.74	18.41	17.79	21.07

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

5 Management expense ratio excluding underlying fund expenses 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.

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.

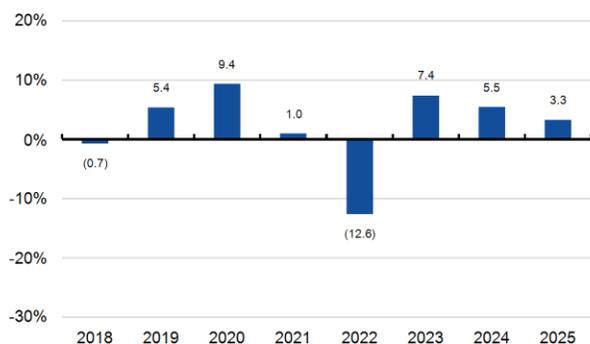
## Year-by-Year Returns

The bar chart below shows the Unhedged ETF Units' and the Unhedged Class A and F Mutual Fund 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.

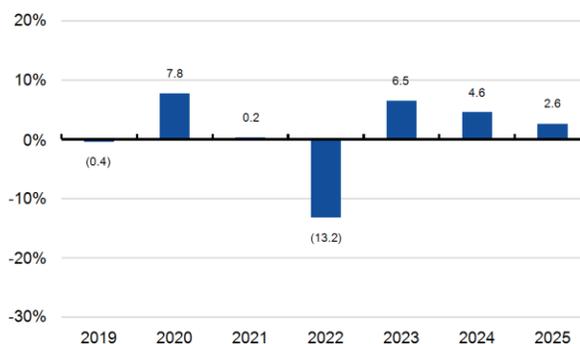
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## FIXD Unhedged ETF Units<sup>1</sup>



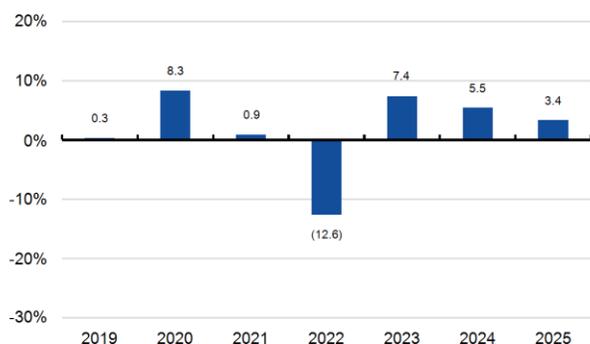
## Unhedged Class A Mutual Fund Units<sup>2</sup>



1 The Unhedged ETF Units of the Fund effectively began operations on March 28, 2018.

2 The Unhedged Class A Mutual Fund Units of the Fund effectively began operations on June 4, 2019.

## Unhedged Class F Mutual Fund Units<sup>3</sup>



3 The Unhedged Class F Mutual Fund Units of the Fund effectively began operations on June 4, 2019.

## Annual Compound Return

The table below shows the historical annual compound total return of the Unhedged ETF Units and the Unhedged Class A and F Mutual Fund Units. The returns are for the period ended December 31, 2025. As a basis of comparison, we have provided the performance of FTSE Canada Universe Bond Index ("Index"). The difference in performance of the Unhedged ETF Units and the Unhedged Class A and F Mutual Fund Units can be attributed to the difference of criteria for determining the constituents of the Fund and the Index, it is not expected that the Fund's performance will mirror that of the Index. Additionally, the return of the Index is calculated without the deduction of management fees and fund expenses whereas the performance of the Fund is calculated after deducting such fees and expenses.

	Since Inception <sup>1</sup> (%)	1 Year (%)	3 Year (%)	5 Year (%)
Unhedged ETF Units	2.2	3.3	5.4	0.7
FTSE Canada Universe Bond Index <sup>2</sup>	1.9	4.0	6.1	1.3
Unhedged Class A Mutual Fund Units	1.0	2.6	4.5	(0.1)
FTSE Canada Universe Bond Index <sup>2</sup>	1.3	4.0	6.1	1.3
Unhedged Class F Mutual Fund Units	1.8	3.4	5.4	0.7

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	Since Inception <sup>1</sup> (%)	1 Year (%)	3 Year (%)	5 Year (%)
FTSE Canada Universe Bond Index <sup>2</sup>	1.3	4.0	6.1	1.3

- 1 From inception date of March 28, 2018 for the Unhedged ETF Units and from inception date of June 4, 2019 for the Unhedged Class A and F Mutual Fund Units.
- 2 The Index is a market capitalization-weighted index designed to be a broad measure of the Canadian investment-grade, fixed income market, including Government of Canada, provincial and corporate bonds with maturities of more than one year and a credit rating of BBB or higher.

## Summary of Investment Portfolio

### Top 25 Positions

Security	Percentage of Net Asset Value (%)
Evolve Active Global Fixed Income Fund	15.4
Royal Office Finance Limited Partnership, Series 'A', 5.209% due November 12, 2032	5.5
The Hospital for Sick Children, Series 'A', 5.217% due December 16, 2049	4.4
Province of Ontario, 3.650% due February 3, 2034	3.0
Government of Canada, 2.750% due December 1, 2055	3.0
Sollio Cooperative Group, 6.00% due July 3, 2030	2.9
Government of Canada, 3.50% due March 1, 2034	2.9
The 55 Ontario School Board Trust, Series 'A', 5.90% due June 2, 2033	2.9
Canada Housing Trust No. 1, 3.450% due March 15, 2035	2.8
Canada Housing Trust No. 1, 2.850% due December 15, 2030	2.6
Enbridge Southern Lights Limited Partnership, 4.014% due June 30, 2040	2.6
University of Ontario Institute of Technology, Series 'A', 6.351% due October 15, 2034	2.0
Gibson Energy Inc., Series '20-A', Variable, Callable, 5.250% due December 22, 2080	1.9
Calgary Airport Authority, Series 'C', Callable, 3.454% due October 7, 2041	1.9
National Bank of Canada, Variable, Callable, 4.050% due August 15, 2081	1.7
AltaGas Limited, Variable, Callable, 5.250% due January 11, 2082	1.7
Suncor Energy Inc., Series '11', 2.950% due November 14, 2027	1.7
Government of Canada, 3.250% due June 1, 2035	1.7
Heavy Metal Equipment & Rentals, Callable, 7.250% due February 26, 2030	1.6
Manulife Financial Corporation, Variable, Callable, 5.054% due February 23, 2034	1.4
Manulife Financial Corporation, Variable, Callable, 7.117% due June 19, 2082	1.4
Hydro-Quebec, Series '19', 6.50% due February 15, 2035	1.3
Province of Quebec, 4.40% due December 1, 2055	1.3
TransCanada Trust, Series '17-B', Variable, Callable, 4.650% due May 18, 2077	1.3
Government of Canada, 2.00% due December 1, 2051	1.2
<b>Total</b>	<b>70.1</b>

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## Industry Allocation

Portfolio by Category	Percentage of Net Asset Value (%)
<b>Debt Instruments</b>	
Asset-Backed Securities	0.5
Communication Services	1.8
Consumer Discretionary	3.8
Consumer Staples	2.9
Energy	12.7
Financials	13.6
Government	36.2
Health Care	4.4
Industrials	3.4
Utilities	3.0
<b>Equities</b>	
ETFs - International Fixed Income	15.4
Cash and Cash Equivalents	1.8
Other Assets, less Liabilities	0.5
<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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