Evolve Canadian Aggregate Bond 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 Canadian Aggregate Bond Enhanced Yield Fund (the "Fund") seeks to provide exposure primarily to fixed income ETFs or fixed income securities issued primarily in 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 year ended December 31, 2025, Unhedged ETF Units returned 1.8%. The Unhedged Class A Mutual Fund Units returned 0.9% and the Unhedged Class F Mutual Fund Units returned 1.8%. The Fund's net assets were $56.7MM 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 $556,112. This compares to $178,730 for the period ended December 31, 2024. The Fund distributed $2,612,898 to unitholders during the year (2024 - $223,406). 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

Canadian bonds delivered a positive year in 2025, shaped by a cautious backdrop of inflation concerns and fiscal uncertainty. Early in the year, rising inflation and the prospect of fiscal expansion kept yields relatively stable, even as signs emerged that economic momentum was beginning to fade.

Canada faced persistent headwinds throughout the year. U.S. tariffs disrupted the economic recovery that had taken hold in late 2024, while a weak housing market and excess labour supply weighed on growth, pushing the unemployment rate just above 7%. Canadian fixed income initially benefited from safe-haven demand amid trade tensions, but yields later moved higher after the newly elected Liberal government signalled increased defence and capital spending, prompting a reassessment of future deficit levels. Despite this shift, Canada entered the period from a position of relative fiscal strength, supported by AAA credit ratings and the lowest deficit and net debt levels among G7 nations.[1]

Inflation pressures intensified in the spring, leading the Bank of Canada to pause its easing cycle as core measures approached the upper end of its target range. Subsequent data, including the July Consumer Price Index (CPI) report, pointed to a moderating trend. Core goods inflation eased, services inflation excluding shelter stabilized near 2%, and shelter inflation continued to slow. Much of the earlier inflation pressure appears to have stemmed from temporary currency weakness and tariff-related effects that are now fading.[1]

Looking ahead, the outlook for Canadian bonds is increasingly constructive. Easing inflation, a cooling economy, and Canada’s strong fiscal foundation create a supportive environment for fixed income. With policy flexibility restored and yields at attractive levels, Canadian bonds are well positioned to benefit as monetary conditions gradually turn more accommodative.

(1) https://www.pimco.com/ca/en/insights/northern-advantage-why-canadian-bonds-are-poised-to-shine-amid-economic-headwinds/

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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.

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 $235,684 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 $70,092 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 Unit[1]

For the periods ended:	**December 31, 2025 ($)**	December 31, 2024 ($)
Unhedged ETF Units - Net Assets per Unit		
Net Assets per Unit, beginning of period	**19.76**	19.98
Increase (decrease) from operations:		
Total revenue	**0.64**	0.22
Total expenses	**(0.22)**	(0.05)
Realized gains (losses)	**0.10**	0.05
Unrealized gains (losses)	**(0.25)**	0.13
Total increase (decrease) from operations[2]	**0.27**	**0.35**
Distributions:		
From income (excluding dividends)	**(0.50)**	(0.12)
From capital gains	**(0.05)**	(0.01)
Return of capital	**(0.65)**	(0.17)
Total annual distributions[3]	**(1.20)**	**(0.30)**
Net Assets per Unit, end of period	**18.91**	**19.76**
Unhedged Class A - Net Assets per Unit		
Net Assets per Unit, beginning of period	**19.86**	19.73
Increase (decrease) from operations:		
Total revenue	**0.64**	0.18
Total expenses	**(0.38)**	(0.08)
Realized gains (losses)	**0.08**	0.09
Unrealized gains (losses)	**(0.16)**	(0.04)
Total increase (decrease) from operations[2]	**0.18**	**0.15**
Distributions:		
From income (excluding dividends)	**(0.32)**	(0.12)
From capital gains	**(0.07)**	-
Return of capital	**(0.81)**	(0.08)
Total annual distributions[3]	**(1.20)**	**(0.20)**
Net Assets per Unit, end of period	**18.84**	**19.86**

The Fund's Net Assets Per Unit[1] (cont'd)

For the periods ended:	December 31, 2025 ($)	December 31, 2024 ($)
Unhedged Class F - Net Assets per Unit		
Net Assets per Unit, beginning of period	**19.88**	19.73
Increase (decrease) from operations:		
Total revenue	**0.65**	0.18
Total expenses	**(0.22)**	(0.05)
Realized gains (losses)	**0.04**	0.07
Unrealized gains (losses)	**(0.05)**	0.12
Total increase (decrease) from operations[2]	**0.42**	**0.32**
Distributions:		
From income (excluding dividends)	**(0.41)**	(0.10)
From capital gains	**(0.05)**	-
Return of capital	**(0.74)**	(0.10)
Total annual distributions[3]	**(1.20)**	**(0.20)**
Net Assets per Unit, end of period	**19.03**	**19.88**

1 This information is derived from the Fund's audited annual financial statements as at December 31, 2025 and 2024. The Unhedged ETF Units effectively began operations on September 26, 2024 and the Unhedged Class A and F Mutual Fund Units effectively began operations on October 9, 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.

The Fund's Ratios/Supplemental Data

For the periods ended:	December 31, 2025	December 31, 2024
Unhedged ETF Units - Ratios/Supplemental Data		
Total Net Asset Value ($)[4]	**51,517,383**	21,241,777
Number of units outstanding[4]	**2,725,000**	1,075,000
Management expense ratio excluding proportion of expenses from underlying investment funds[5]	**0.68%**	0.66%
Management expense ratio[6,9]	**0.77%**	0.76%
Trading expense ratio[7]	**0.44%**	0.36%
Portfolio turnover rate[8]	**24.60%**	46.65%
Net Asset Value per unit ($)	**18.91**	19.76
Closing market price ($)	**18.91**	19.76
Unhedged Class A - Ratios/Supplemental Data		
Total Net Asset Value ($)[4]	**3,757,635**	1,016,221
Number of units outstanding[4]	**199,473**	51,176
Management expense ratio excluding proportion of expenses from underlying investment funds[5]	**1.53%**	1.47%
Management expense ratio[6,9]	**1.62%**	1.57%
Trading expense ratio[7]	**0.44%**	0.36%
Portfolio turnover rate[8]	**24.60%**	46.55%
Net Asset Value per unit ($)	**18.84**	19.86

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

For the periods ended:	**December 31, 2025**	December 31, 2024
Unhedged Class F - Ratios/Supplemental Data		
Total Net Asset Value ($)[4]	**1,395,639**	123,641
Number of units outstanding[4]	**73,356**	6,220
Management expense ratio excluding proportion of expenses from underlying investment funds[5]	**0.67%**	0.66%
Management expense ratio[6,9]	**0.76%**	0.76%
Trading expense ratio[7]	**0.44%**	0.36%
Portfolio turnover rate[8]	**24.60%**	46.65%
Net Asset Value per unit ($)	**19.03**	19.88

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

5 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.

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.

9 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.

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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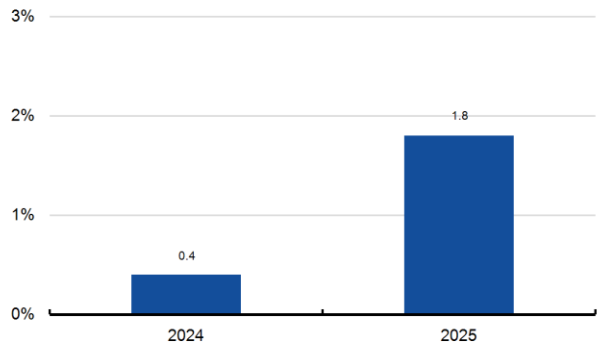
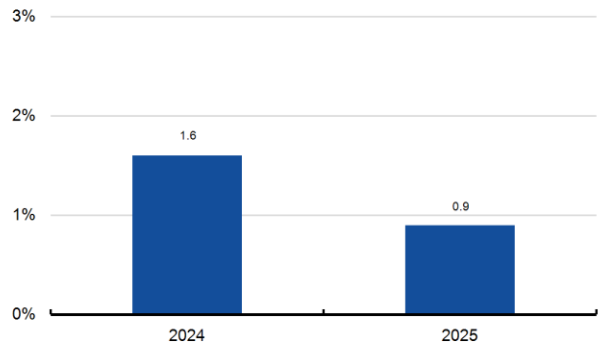
AGG Unhedged ETF Units[1]



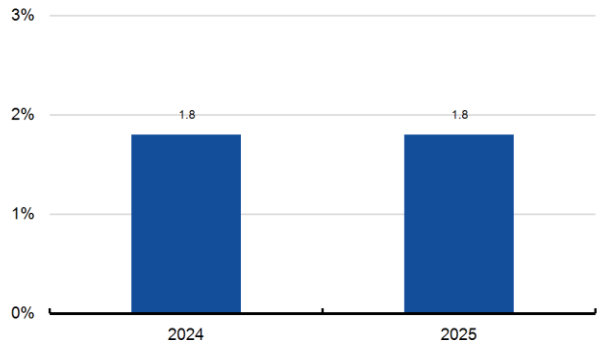
1 The Unhedged ETF Units of the Fund effectively began operations on September 26, 2024.

Unhedged Class A Mutual Fund Units[2]



2 The Unhedged Class A Mutual Fund Units of the Fund effectively began operations on October 9, 2024.

Unhedged Class F Mutual Fund Units[3]



3 The Unhedged Class F Mutual Fund Units of the Fund effectively began operations on October 9, 2024.

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 iShares Core Canadian Universe Bond Index ETF (the "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 difference in performance of the Unhedged ETF Units and the Unhedged Class A and F Mutual Fund Units 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 (%)
Unhedged ETF Units	1.7	1.8
iShares Core Canadian Universe Bond Index ETF[2]	2.4	2.6
Unhedged Class A Mutual Fund Units	2.1	0.9
iShares Core Canadian Universe Bond Index ETF[2]	3.5	2.6
Unhedged Class F Mutual Fund Units	2.9	1.8

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	Since Inception[1] (%)	1 Year (%)
iShares Core Canadian Universe Bond Index ETF[2]	3.5	2.6

1 From inception date of September 26, 2024 for the Unhedged ETF Units and from inception date of October 9, 2024 for the Unhedged Class A and F Mutual Fund Units.

2 The Index tracks the FTSE Canada Universe Bond Index, a market-capitalization weighted index consisting of primarily Canadian Fixed Income Securities. The iShares Core Canadian Universe Bond Index ETF rebalances monthly and is denominated in Canadian Dollars.

Summary of Investment Portfolio

All Positions

Security	Percentage of Net Asset Value (%)
BMO Aggregate Bond Index ETF	49.8
iShares Core Canadian Universe Bond Index ETF	49.7
Total	**99.5**

Industry Allocation

Portfolio by Category	Percentage of Net Asset Value (%)
Equities	
ETFs - Canadian Fixed Income	99.5
Derivative Liabilities	(0.2)
Cash and Cash Equivalents	1.0
Other Assets, less Liabilities	(0.3)
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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