FUND RESEARCH NOTE · CANADIAN LISTED ETFs · FINANCIALS

BANK — Evolve Canadian Banks and Lifecos Enhanced Yield Index Fund

1.25x Leveraged Big-Bank Exposure That Has Paid Off Handsomely — So Far

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VERDICT	
SPECULATIVE BUY / MONITOR CLOSELY	BANK delivers 1.25x leveraged exposure to Canada's 10 largest banks and insurers, with a 12.14% trailing yield and a spectacular 65.6% one-year total return. The leverage has been a tailwind through a strong bank cycle — the 2022 calendar-year return of -19.23% is the reminder of what the same leverage does in reverse.

EXECUTIVE SUMMARY

BANK provides 1.25x leveraged exposure to the 10 largest Canadian bank and life insurance companies, equally weighted via the Solactive Canadian Core Financials Equal Weight Index, with covered calls written on up to 33% of the portfolio at the manager's discretion to boost monthly income. Since its February 2022 inception, BANK has delivered a 19.32% annualized return — but that headline masks a bumpy ride: -19.23% in 2022, +15.66% in 2023, +27.81% in 2024, and +41.08% in 2025.

The fund is having an exceptional run right now: a 65.56% one-year total return and a 12.14% trailing yield, powered by strong Canadian bank earnings and the amplifying effect of leverage on a rallying sector. Investors need to see both halves of that story — the same 1.25x leverage that produced 2025's 41% return produced 2022's -19% one.

FUND SNAPSHOT

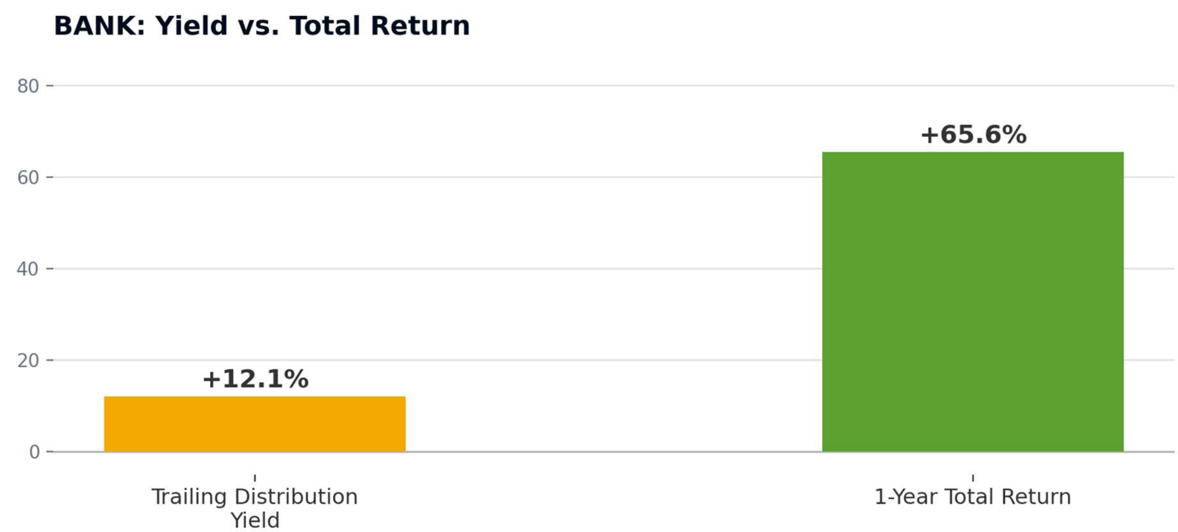
FIELD	DETAIL	FIELD	DETAIL
Ticker	BANK — Toronto Stock Exchange	**Inception Date**	February 1, 2022
Issuer	Evolve Funds Group Inc.	**NAV (Jul 16, 2026)**	$12.08
Management Fee	0.60% (plus applicable taxes)	**Assets Under Mgmt.**	$1.31B CAD
Strategy	1.25x leveraged, 10 Cdn bank/lifeco names	**Distribution Freq.**	Monthly (cash)
Trailing 12-Month Yield	12.14%	**Registered Accounts**	TFSA, RRSP, RRIF, FHSA, RESP
Leverage	Target 1.25x (25% of NAV)	**Covered Calls**	Up to 33% of portfolio, discretionary

Source: Evolve ETFs (evolveetfs.com/product/bank), as at July 16, 2026. Figures change frequently; verify current values before trading.

HOW IT'S BUILT

BANK's index — the Solactive Canadian Core Financials Equal Weight Index — holds just 10 names: the Big Six Canadian banks plus four large lifecos, equally weighted and rebalanced quarterly. Evolve then applies 1.25x leverage via cash borrowing, and layers on discretionary covered call writing (up to 33% of the portfolio) to further boost the monthly cash distribution. It's a simple, transparent structure — the complexity is entirely in how leverage interacts with a narrow, single-sector basket.

Equal-weighting means smaller lifecos carry the same influence as the largest banks, which is a real diversification choice within the financials sector but doesn't reduce the fund's total dependence on Canadian financials as a group.



BANK trailing 12-month distribution yield vs. one-year total return, as at July 2026. Calendar-year returns for BANK: 2022 -19.23%, 2023 +15.66%, 2024 +27.81%, 2025 +41.08% — illustrating how leverage swings both ways across a cycle.

THE BULL CASE

— Genuine, not synthetic, sector leverage. 1.25x exposure to Canada's most profitable and best-capitalized banks and insurers is a straightforward, well-disclosed structure — not an exotic derivatives overlay.

— Strong recent results. A 65.56% one-year total return and 41.08% 2025 calendar return reflect real strength in Canadian bank earnings, not just financial engineering.

— Meaningful monthly income. A 12.14% trailing yield paid monthly, on top of capital appreciation in the current cycle, has made this a standout performer among leveraged income funds.

— Simple, transparent structure. A 10-name, quarterly-rebalanced index with disclosed 1.25x leverage is easier to underwrite and monitor than a multi-layered fund-of-funds.

KEY RISKS & CONSIDERATIONS

— Leverage cuts both ways — recently and visibly. BANK's 2022 calendar-year return was -19.23%, a direct demonstration of what 1.25x leverage does to a financials-only portfolio in a down year for the sector.

— Extreme sector concentration. All 10 holdings are Canadian banks and lifecos; a Canadian housing, credit, or macro shock hits the entire portfolio simultaneously, with no offsetting sectors.

— Covered calls cap upside precisely when leverage would otherwise help the most. In a sharp bank-sector rally, up to a third of the portfolio's gains are capped by written calls.

- Interest-rate sensitivity on two fronts. The borrowing cost of the fund's leverage rises with rates, and bank/insurer valuations themselves are rate-sensitive — a headwind can compound.
- Distributions can be reduced. Monthly cash distributions are not guaranteed and are set at the manager's discretion based on option income and market conditions.

WHO IT'S FOR

BANK suits investors who specifically want leveraged, income-generating exposure to Canadian financials and are prepared to see both sides of the leverage — 2025-style outperformance and 2022-style drawdowns. It is not a substitute for a diversified core equity holding, and works best as a sector tactical position sized with the 2022 calendar year in mind.

FINAL VERDICT

VERDICT **SPECULATIVE BUY / MONITOR CLOSELY**	BANK has been an outstanding performer through the current bank cycle, and the 1.25x leverage plus discretionary covered calls are transparently disclosed. The fund's own history — a -19.23% calendar year in 2022 followed by three consecutive strong years — is the best evidence of what this structure can do in both directions. Suitable as a monitored, sector-specific position for investors who understand and accept that risk, not as a core income holding.