



Evolve ETFs

Evolve Active US Core Equity ETF

December 31, 2018

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 2700, Toronto, ON, M5J 2S1 or by visiting our website at www.evolveeefs.com or SEDAR at www.sedar.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 US Core Equity ETF

December 31, 2018

Investment Objective and Strategies

The Evolve Active US Core Equity ETF (the "Fund") seeks to provide holders of Units with long-term capital appreciation by investing primarily in equity securities of U.S. listed large-capitalization companies using a selection process that combines quantitative techniques, fundamental analysis and risk management.

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, 2018, the Fund's net asset value per non-hedged units returned 0.98% and net asset value per hedged units returned -8.08%. Since the US Dollar non-hedged class was launched on November 14, 2018, no performance data can be shown. The Fund's net assets were \$5.593MM as at December 31, 2018.

Portfolio Manager Commentary

Following a nearly perfect year in 2017, (the S&P 500 was up 21% and had a positive monthly return every month for the first time in history), 2018 will go into the history books as a very troublesome year. In fact, December and the fourth quarter were the worst December and fourth quarter for the stock market since the Great Depression. Earnings growth for the year was strong and exceeded even the most optimistic forecasts due to the tax cut, stronger than expected revenue growth and yet again improved profit margins. This led to a strong advance in equities in January, the first of two 10%+ 2018 corrections in February, and then a climb in late September to another new all-time high for the major averages. The second 10% correction of 2018 quickly followed and turned into a rout as investors questioned the remaining length of the business cycle, whether or not the Fed will raise rates too much and the effects of the U.S. - China trade dispute. The portfolio underperformed the Russell 1000 Index, with security selection driving underperformance. In particular, securities within the underperforming energy sector were among the largest detractors. Overall portfolio positioning going forward remains unchanged. We are positioning the portfolio with a cyclical tilt via overweights to consumer discretionary and energy and underweights to health care and utilities. In addition, we are emphasizing stocks in the portfolio with relatively smaller market caps within the large-cap universe, more liquidity, and a higher degree of volatility.

Recent Developments

There are no known changes at this time to the investment strategy of the Fund or the Manager.

Related Party Transactions

The Manager complies with its current policy and procedures regarding investments in related issuers and reports periodically to the Independent Review Committee.

Management Fees

The management fees are calculated based on 0.70% per annum of the average daily net asset value of the Fund. The fees are accrued daily and are generally paid monthly. For the period ended December 31, 2018, the Fund incurred \$33,403 in management fees. These management fees were received by Evolve Funds Group Inc. 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.

Evolve Active US Core Equity ETF

December 31, 2018

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 period ended December 31, 2018, the Fund incurred \$7,158 in administration fees. These administration fees were received by Evolve Funds Group Inc. 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 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, in any particular period, be less than or exceed the operating expenses that the Manager incurs for that class.

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, 2018 (\$)	December 31, 2017 (\$)
For the periods ended:		
Unhedged Units - Net Assets per Unit		
Net Assets per Unit, beginning of period	21.06	19.94
Increase (decrease) from operations:		
Total revenue	0.56	0.11
Total expenses	(0.44)	(0.06)
Realized gains (losses)	1.72	0.26
Unrealized gains (losses)	(1.42)	0.80
Total increase (decrease) from operations²	0.42	1.11
Distributions:		
From dividends	-	(0.05)
Return of capital	(0.18)	-
Total annual distributions³	(0.18)	(0.05)
Net Assets per Unit, end of period	21.10	21.06
Hedged Units - Net Assets per Unit		
Net Assets per Unit, beginning of period	20.90	19.90
Increase (decrease) from operations:		
Total revenue	0.64	0.11
Total expenses	(0.42)	(0.06)
Realized gains (losses)	0.36	(0.40)
Unrealized gains (losses)	(2.92)	1.30
Total increase (decrease) from operations²	(2.34)	0.95
Distributions:		
From dividends	-	(0.05)
Return of capital	(0.18)	(0.00)
Total annual distributions³	(0.18)	(0.05)
Net Assets per Unit, end of period	19.06	20.90

Evolve Active US Core Equity ETF

December 31, 2018

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

	December 31, 2018 (\$)	December 31, 2017 (\$)
For the periods ended:		
US Dollar Unhedged Units - Net Assets per Unit		
Net Assets per Unit, beginning of period	26.38	-
Increase (decrease) from operations:		
Total revenue	0.21	-
Total expenses	(0.07)	-
Realized gains (losses)	(0.08)	-
Unrealized gains (losses)	(2.41)	-
Total increase (decrease) from operations²	(2.35)	-
Distributions:		
Return of capital	(0.02)	-
Total annual distributions³	(0.02)	-
Net Assets per Unit, end of period	24.06	-

- 1 This information is derived from the Fund's audited annual financial statement as at December 31, 2018, and 2017. The Unhedged and Hedged Units began operations on October 16, 2017 and the US Dollar Unhedged units began operations on November 14, 2018.
- 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.

Evolve Active US Core Equity ETF

December 31, 2018

The Fund's Ratios/Supplemental Data

For the periods ended:	December 31, 2018	December 31, 2017
Unhedged Units - Ratios/Supplemental Data		
Total Net Asset Value (\$) ⁴	1,055,194	1,053,068
Number of units outstanding ⁴	50,000	50,000
Management expense ratio ⁵	0.96%	0.95%
Trading expense ratio ⁶	0.71%	0.10%
Portfolio turnover rate ⁷	207.33%	29.92%
Net Asset Value per unit (\$)	21.10	21.06
Closing market price (\$)	21.07	21.17
Hedged Units - Ratios/Supplemental Data		
Total Net Asset Value (\$) ⁴	3,335,129	1,045,116
Number of units outstanding ⁴	175,000	50,000
Management expense ratio ⁵	0.96%	0.95%
Trading expense ratio ⁶	0.71%	0.10%
Portfolio turnover rate ⁷	207.33%	29.92%
Net Asset Value per unit (\$)	19.06	20.90
Closing market price (\$)	19.03	20.96
US Dollar Unhedged Units - Ratios/Supplemental Data		
Total Net Asset Value (\$) ⁴	1,203,080	-
Number of units outstanding ⁴	50,000	-
Management expense ratio ⁵	-%	-
Trading expense ratio ⁶	0.71%	-
Portfolio turnover rate ⁷	207.33%	-
Net Asset Value per unit (\$)	24.06	-
Closing market price (\$)	24.02	-

4 This information is provided as at December 31, 2018 and December 31, 2017.

5 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.

6 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.

7 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.

Since the US dollar non-hedged class has been in operations for less than one year, with inception date November 14, 2018, providing performance data for the period is not permitted.

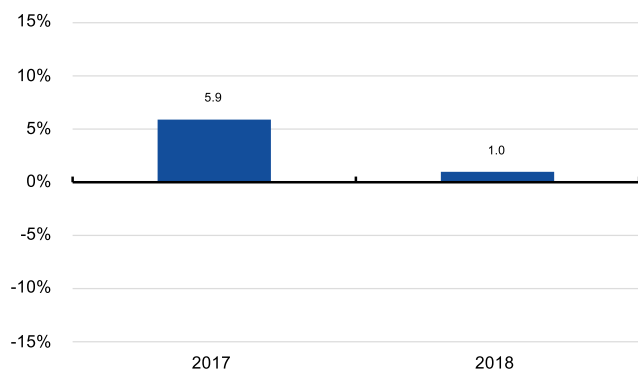
Evolve Active US Core Equity ETF

December 31, 2018

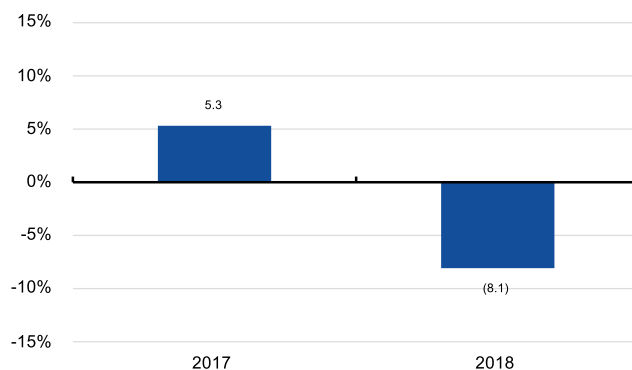
Year-by-Year Returns

The bar chart below shows the Fund's annual performance for the periods shown. The chart shows, in percentage terms, how much an investment made in the Fund on the first day would have grown or decreased by the last day of the period.

CAPS/B¹



CAPS²



1 The non-hedged class of the Fund effectively began operation on October 16, 2017.

2 The hedged class of the Fund effectively began operation on October 16, 2017.

Summary of Investment Portfolio

Top 25 Positions

Security	Percentage of Net Asset Value (%)
Apple Inc.	2.4
Microsoft Corporation	2.3
Mastercard Inc.	1.8
AbbVie Inc.	1.7
Alphabet Inc., Class 'A'	1.7
Comcast Corporation, Class 'A'	1.7
Amazon.com Inc.	1.6
Cisco Systems Inc.	1.4
Starbucks Corporation	1.3
The TJX Companies Inc.	1.3
Cigna Corporation	1.3
Intuit Inc.	1.2
Celgene Corporation	1.2
Morgan Stanley	1.2
Marathon Petroleum Corporation	1.2
MetLife Inc.	1.2
Ross Stores Inc.	1.2
Valero Energy Corporation	1.2
Phillips 66	1.1
The Kroger Company	1.1
United Continental Holdings Inc.	1.1
T. Rowe Price Group Inc.	1.1
PBF Energy Inc., Class 'A'	1.1

Evolve Active US Core Equity ETF

December 31, 2018

Top 25 Positions (cont'd)

	Percentage of Net Asset Value (%)
Security	
PACCAR Inc.	1.1
Northern Trust Corporation	1.1
Total	34.6

Industry Allocation

Portfolio by Category	Percentage of Net Asset Value (%)
Equities	
Communication Services	8.2
Consumer Discretionary	19.4
Consumer Staples	5.2
Energy	13.0
Financials	12.1
Health Care	10.5
Industrials	8.4
Information Technology	17.6
Materials	3.5
Real Estate	1.1
Utilities	0.5
Derivative Assets	0.5
Derivative Liabilities	(2.9)
Cash and Cash Equivalents	3.1
Other Assets, less Liabilities	(0.2)
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.



Evolve ETFs

Evolve Active US Core Equity ETF