

Evolve Automobile Innovation Index Fund

December 31, 2023

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, 40 King Street West, Suite 3404, Toronto, ON, M5H 3Y2 or by visiting our website at www.evolveetfs.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 Automobile Innovation Index Fund

December 31, 2023

Investment Objective and Strategies

The Evolve Automobile Innovation Index Fund (the "Fund") seeks to replicate, to the extent reasonably possible and before fees and expenses, the performance of the Solactive Future Cars Index Canadian Dollar Hedged (the "Benchmark"), or any successor thereto. The Fund invests primarily in equity securities of companies that are directly or indirectly involved in developing electric drivetrains, autonomous driving or network connected services for automobiles.

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, 2023, the Unhedged ETF Units returned -7.4% versus the Solactive Future Cars Index return of -6.3%. The Hedged ETF Units returned -6.9% versus the Solactive Future Cars Index Canadian Dollar Hedged return of -6.4%. The US Dollar Unhedged ETF Units returned -5.3% versus the Solactive Future Cars Index USD return of -3.7%. The Hedged Class A Mutual Fund Units returned -7.4% and the Hedged Class F Mutual Fund Units returned -6.8% versus the Solactive Future Cars Index Canadian Dollar Hedged return of -6.4%. The difference in performance of the hedged units relative to its benchmark can be attributed primarily to management and administration fees plus applicable sales taxes and to portfolio trading and hedging strategies. The difference in performance of the unhedged units relative to its benchmark can be attributed primarily to management and administration fees plus applicable sales taxes and to portfolio trading. The Fund's net assets were \$38.8MM as at December 31, 2023.

Portfolio Manager Commentary

During 2023, the automobile industry grappled with downward pricing pressures, with major electric vehicle (EV) producers like Tesla slashing vehicle prices, impacting the bottom line of manufacturers in the space. This reduction in prices was in direct response to excess inventory driven by shifting consumer demand, as evidenced by surveys completed by JD Power which indicated U.S. car shoppers as having a high willingness to purchase EVs, but a gap in finding options within their financial reach.^{1,2}

Despite these challenges, the sector displayed signs of robustness. For example, China's EV sales hit record highs even after an 11-year subsidy program aimed at bolstering EV adoption in the country expired. This growth suggests sustained consumer interest in the region and a potential untapped market that could bolster demand for EVs.³ Moreover, the widespread adoption of Tesla's North American Charging Standard by several automakers, including legacy brands and newcomers, points to a collaborative shift towards the standardization of EV infrastructure, which could streamline operations and consumer experience in the long term.⁴

As investors reflect on the mixed outcomes of 2023, the performance of the Fund presents a nuanced picture. The adoption of standardized technology and the resilience of global EV sales, paired with strategic pricing and the vital role of semiconductor advancements, could signal a sector poised for recovery and growth. In summary, the balancing act between pricing strategies and the resulting impact on revenues, along with broader macroeconomic conditions, will continue to shape the Fund's trajectory in the years to come.

Performance Attribution

For the twelve-month period ending December 31, 2023, NVIDIA Corporation made the biggest contribution to the Fund, followed by Advanced Micro Devices Inc. By weight, the Fund's largest holdings were Alfen Beheer B.V., Advanced Micro Devices Inc, and Wolfspeed Inc.

(1) <https://www.bloomberg.com/news/articles/2023-11-27/ev-discounts-are-everywhere-if-you-know-which-cars-to-buy>

(2) <https://www.cnbc.com/2023/10/14/as-tesla-price-cuts-concede-billions-musk-is-pushed-to-spend-on-ads.html>

(3) <https://www.reuters.com/business/autos-transportation/global-ev-sales-stay-strong-china-hits-record-despite-end-subsidies-2023-11-14/#:~:text=EV%20sales%20in%20China%2C%20the,sales%2C%20according%20to%20Rho%20Motion>

(4) <https://www.caranddriver.com/news/a44388939/tesla-nacs-charging-network-compatibility/>

Evolve Automobile Innovation Index Fund

December 31, 2023

Recent Developments

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

Related Party Transactions

Evolve Funds Group Inc. (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 Manager is entitled to an annual management fee of 0.40% of the net asset value of the Unhedged, Hedged, and US Dollar Unhedged ETF Units and the Hedged Class F Mutual Fund Units and 1.40% of the net asset value of the Hedged Class A Mutual Fund Units of the Fund, accrued daily and generally paid monthly in arrears. For the year ended December 31, 2023, the Fund incurred \$219,540 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, 2023, the Fund incurred \$82,133 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; fees payable to the index provider, 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 Automobile Innovation Index Fund

December 31, 2023

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, 2023	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019
For the periods ended:	(\$)	(\$)	(\$)	(\$)	(\$)
Unhedged ETF Units - Net Assets per Unit					
Net Assets per Unit, beginning of period	28.98	53.70	51.78	25.93	18.11
Increase (decrease) from operations:					
Total revenue	0.44	0.59	0.39	0.23	0.39
Total expenses	(0.32)	(0.38)	(0.52)	(0.34)	(0.25)
Realized gains (losses)	(10.84)	(13.07)	4.78	10.29	0.27
Unrealized gains (losses)	9.11	(12.05)	(6.31)	13.16	7.83
Total increase (decrease) from operations²	(1.61)	(24.91)	(1.66)	23.34	8.24
Distributions:					
From income (excluding dividends)	(0.01)	(0.06)	-	-	-
From dividends	(0.23)	(0.11)	(0.05)	-	(0.13)
From capital gains	-	-	(0.15)	(0.05)	-
Return of capital	-	(0.07)	(0.02)	(0.07)	-
Total annual distributions³	(0.24)	(0.24)	(0.22)	(0.13)	(0.13)
Net Assets per Unit, end of period	26.62	28.98	53.70	51.78	25.93
Hedged ETF Units - Net Assets per Unit					
Net Assets per Unit, beginning of period	25.67	50.43	47.99	24.95	16.53
Increase (decrease) from operations:					
Total revenue	0.39	0.55	0.39	0.21	0.35
Total expenses	(0.28)	(0.35)	(0.49)	(0.33)	(0.24)
Realized gains (losses)	(10.02)	(12.27)	2.01	7.57	(0.04)
Unrealized gains (losses)	8.56	(13.38)	(4.18)	20.27	8.33
Total increase (decrease) from operations²	(1.35)	(25.45)	(2.27)	27.72	8.40
Distributions:					
From income (excluding dividends)	(0.01)	(0.05)	-	-	-
From dividends	(0.23)	(0.11)	(0.03)	(0.02)	(0.12)
From capital gains	-	-	(0.17)	(0.11)	-
Return of capital	-	(0.08)	(0.02)	-	(0.01)
Total annual distributions³	(0.24)	(0.24)	(0.22)	(0.13)	(0.13)
Net Assets per Unit, end of period	23.69	25.67	50.43	47.99	24.95

Evolve Automobile Innovation Index Fund

December 31, 2023

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

	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019
For the periods ended:	(\$)	(\$)	(\$)	(\$)	(\$)
US Dollar Unhedged ETF Units - Net Assets per Unit⁴					
Net Assets per Unit, beginning of period	33.07	61.35	59.18	29.67	20.74
Increase (decrease) from operations:					
Total revenue	0.50	0.68	0.46	0.27	0.44
Total expenses	(0.37)	(0.43)	(0.59)	(0.39)	(0.29)
Realized gains (losses)	(13.32)	(14.64)	3.89	9.69	0.34
Unrealized gains (losses)	10.87	(13.57)	(2.64)	19.57	8.61
Total increase (decrease) from operations²	(2.32)	(27.96)	1.12	29.14	9.10
Distributions:					
From income (excluding dividends)	(0.02)	(0.07)	-	-	-
From dividends	(0.30)	(0.14)	(0.04)	(0.01)	(0.17)
From capital gains	-	-	(0.21)	(0.17)	-
Return of capital	-	(0.13)	(0.03)	-	(0.01)
Total annual distributions³	(0.32)	(0.34)	(0.28)	(0.18)	(0.18)
Net Assets per Unit, end of period	30.34	33.07	61.35	59.18	29.67
Hedged Class A - Net Assets per Unit					
Net Assets per Unit, beginning of period	24.96	49.67	47.78	23.53	20.09
Increase (decrease) from operations:					
Total revenue	0.38	0.52	0.36	0.18	0.34
Total expenses	(0.56)	(0.71)	(1.08)	(0.80)	(0.16)
Realized gains (losses)	(9.65)	(11.41)	6.97	6.91	0.75
Unrealized gains (losses)	7.55	(17.78)	(17.88)	35.72	2.60
Total increase (decrease) from operations²	(2.28)	(29.38)	(11.63)	42.01	3.53
Distributions:					
From dividends	-	-	-	(0.05)	-
From capital gains	-	-	(0.21)	(0.08)	-
Return of capital	(0.24)	(0.24)	(0.01)	-	-
Total annual distributions³	(0.24)	(0.24)	(0.22)	(0.13)	-
Net Assets per Unit, end of period	22.88	24.96	49.67	47.78	23.53

Evolve Automobile Innovation Index Fund

December 31, 2023

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

For the periods ended:	December 31, 2023 (\$)	December 31, 2022 (\$)	December 31, 2021 (\$)	December 31, 2020 (\$)	December 31, 2019 (\$)
Hedged Class F - Net Assets per Unit					
Net Assets per Unit, beginning of period	25.91	50.86	48.41	23.55	20.10
Increase (decrease) from operations:					
Total revenue	0.40	0.55	0.39	0.14	0.26
Total expenses	(0.28)	(0.35)	(0.50)	(0.38)	(0.04)
Realized gains (losses)	(10.26)	(12.48)	1.97	11.23	0.70
Unrealized gains (losses)	8.75	(13.30)	(4.78)	36.89	2.63
Total increase (decrease) from operations²	(1.39)	(25.58)	(2.92)	47.88	3.55
Distributions:					
From income (excluding dividends)	(0.01)	(0.05)	-	-	-
From dividends	(0.23)	(0.10)	(0.02)	(0.02)	-
From capital gains	-	-	(0.18)	(0.06)	-
Return of capital	-	(0.09)	(0.02)	-	-
Total annual distributions³	(0.24)	(0.24)	(0.22)	(0.08)	-
Net Assets per Unit, end of period	23.91	25.91	50.86	48.41	23.55

- 1 This information is derived from the Fund's audited annual financial statements as at December 31, 2023, 2022, 2021, 2020, and 2019. The Unhedged and Hedged ETF Units effectively began operations on September 27, 2017. The US Dollar Unhedged ETF Units effectively began operations on November 1, 2017. The Hedged Class A and F Mutual Fund Units effectively began operations on April 23, 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.
- 4 Per unit figures are stated in CAD equivalent.

The Fund's Ratios/Supplemental Data

For the periods ended:	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019
Unhedged ETF Units - Ratios/Supplemental Data					
Total Net Asset Value (\$) ⁵	2,662,000	2,897,564	6,711,884	6,472,690	2,592,897
Number of units outstanding ⁵	100,000	100,000	125,000	125,000	100,000
Management expense ratio ⁶	0.65%	0.62%	0.61%	0.63%	0.64%
Trading expense ratio ⁷	0.35%	0.27%	0.27%	0.35%	0.28%
Portfolio turnover rate ⁸	73.42%	90.51%	105.63%	92.77%	96.27%
Net Asset Value per unit (\$)	26.62	28.98	53.70	51.78	25.93
Closing market price (\$)	26.65	28.97	53.73	51.84	25.94
Hedged ETF Units - Ratios/Supplemental Data					
Total Net Asset Value (\$) ⁵	33,163,254	42,356,090	100,851,834	38,392,450	7,484,439
Number of units outstanding ⁵	1,400,000	1,650,000	2,000,000	800,000	300,000
Management expense ratio ⁶	0.63%	0.62%	0.62%	0.64%	0.64%
Trading expense ratio ⁷	0.35%	0.27%	0.27%	0.35%	0.28%
Portfolio turnover rate ⁸	73.42%	90.51%	105.63%	92.77%	96.27%
Net Asset Value per unit (\$)	23.69	25.67	50.43	47.99	24.95
Closing market price (\$)	23.78	25.36	50.70	48.22	24.99

Evolve Automobile Innovation Index Fund

December 31, 2023

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

For the periods ended:	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019
US Dollar Unhedged ETF Units - Ratios/Supplemental Data					
Total Net Asset Value (\$) ⁵	2,275,521	2,480,607	4,600,917	2,959,196	741,658
Number of units outstanding ⁵	75,000	75,000	75,000	50,000	25,000
Management expense ratio ⁶	0.65%	0.61%	0.62%	0.63%	0.64%
Trading expense ratio ⁷	0.35%	0.27%	0.27%	0.35%	0.28%
Portfolio turnover rate ⁸	73.42%	90.51%	105.63%	92.77%	96.27%
Net Asset Value per unit (\$)	30.34	33.07	61.35	59.18	29.67
Closing market price (\$)	30.25	33.05	61.67	59.33	29.68
Hedged Class A - Ratios/Supplemental Data					
Total Net Asset Value (\$) ⁵	328,230	412,217	1,484,159	971,935	24
Number of units outstanding ⁵	14,346	16,517	29,883	20,343	1
Management expense ratio ⁶	1.75%	1.65%	1.75%	1.71%	0.00%
Trading expense ratio ⁷	0.35%	0.27%	0.27%	0.35%	0.28%
Portfolio turnover rate ⁸	73.42%	90.51%	105.63%	92.77%	96.27%
Net Asset Value per unit (\$)	22.88	24.96	49.67	47.78	23.53
Hedged Class F - Ratios/Supplemental Data					
Total Net Asset Value (\$) ⁵	346,545	439,003	920,017	221,394	24
Number of units outstanding ⁵	14,493	16,946	18,089	4,573	1
Management expense ratio ⁶	0.63%	0.62%	0.63%	0.62%	0.00%
Trading expense ratio ⁷	0.35%	0.27%	0.27%	0.35%	0.28%
Portfolio turnover rate ⁸	73.42%	90.51%	105.63%	92.77%	96.27%
Net Asset Value per unit (\$)	23.91	25.91	50.86	48.41	23.55

5 This information is provided as at December 31, 2023, 2022, 2021, 2020, and 2019.

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

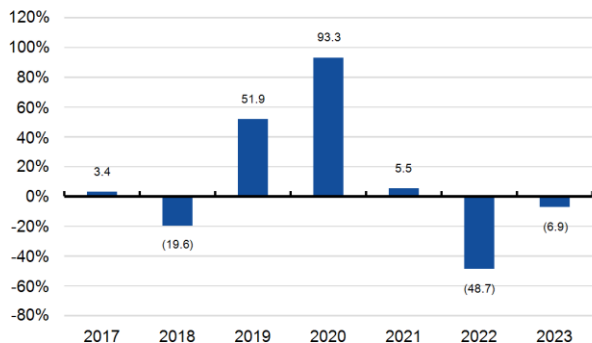
Year-by-Year Returns

The bar chart below shows the Unhedged, Hedged, US Dollar Unhedged ETF Units', and the Hedged 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.

Evolve Automobile Innovation Index Fund

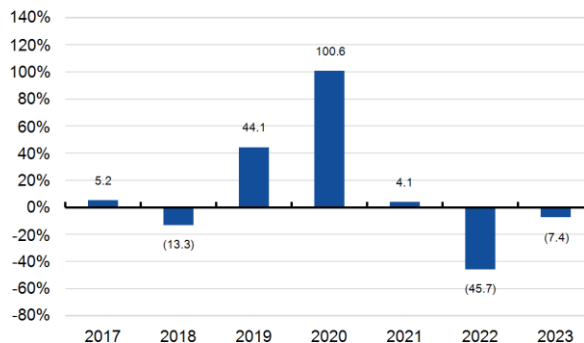
December 31, 2023

CARS Hedged ETF Units¹



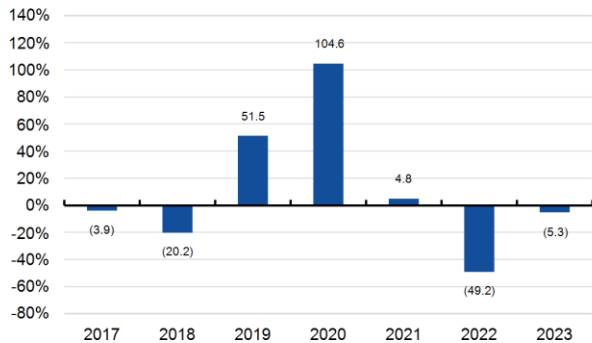
1 The Hedged ETF Units of the Fund effectively began operations on September 27, 2017.

CARS/B Unhedged ETF Units²



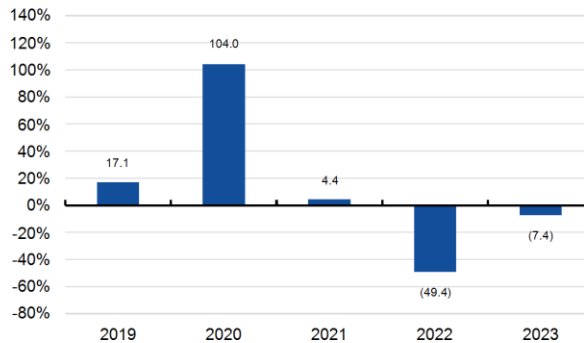
2 The Unhedged ETF Units of the Fund effectively began operations on September 27, 2017.

CARS/U US Dollar Unhedged ETF Units³



3 The US Dollar Unhedged ETF Units of the Fund effectively began operations on November 1, 2017. Returns presented based on NAV equivalent in USD.

Hedged Class A Mutual Fund Units⁴

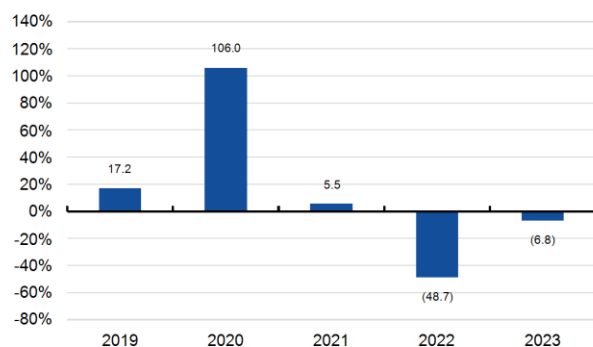


4 The Hedged Class A Mutual Fund Units of the Fund effectively began operations on April 23, 2019.

Evolve Automobile Innovation Index Fund

December 31, 2023

Hedged Class F Mutual Fund Units⁵



⁵ The Hedged Class F Mutual Fund Units of the Fund effectively began operations on April 23, 2019.

Annual Compound Return

The table below shows the historical annual compound total return of the Hedged, Unhedged, US Dollar Unhedged ETF Units, and the Hedged Class A and F Mutual Fund Units. The returns are for period ended December 31, 2023. For a discussion of the relative performance of the Fund as compared to the index, please refer to the “Results of Operations” section in the “Management Discussion of Fund Performance”.

	Since Inception ¹ (%)	1 Year (%)	3 Year (%)
Hedged ETF Units	3.4	(6.9)	(20.5)
Solactive Future Cars Index Canadian Dollar Hedged	3.6	(6.4)	(19.9)
Unhedged ETF Units	5.3	(7.4)	(19.4)
Solactive Future Cars Index	6.9	(6.3)	(18.8)
US Dollar Unhedged ETF Units	3.0	(5.3)	(20.5)
Solactive Future Cars Index USD	4.6	(3.7)	(19.7)
Hedged Class A Mutual Fund Units	3.4	(7.4)	(21.2)
Solactive Future Cars Index Canadian Dollar Hedged	3.5	(6.4)	(19.9)
Hedged Class F Mutual Fund Units	4.3	(6.8)	(20.4)
Solactive Future Cars Index Canadian Dollar Hedged	3.5	(6.4)	(19.9)

¹ From inception date of September 27, 2017 for the Hedged and Unhedged ETF Units, from inception date of November 1, 2017 for the US Dollar Unhedged ETF Units, and from inception date of April 23, 2019 for the Hedged Class A and F Mutual Fund Units.

Summary of Investment Portfolio

Top 25 Positions

	Percentage of Net Asset Value (%)
Security	
Alfen Beheer BV	3.9
Advanced Micro Devices Inc.	2.9
Wolfspeed Inc.	2.7
MicroVision Inc.	2.7
Bloom Energy Corporation, Class 'A'	2.7
Infineon Technologies AG	2.6
FuelCell Energy Inc.	2.6

Evolve Automobile Innovation Index Fund

December 31, 2023

Top 25 Positions (cont'd)

	Percentage of Net Asset Value (%)
Security	
Rivian Automotive Inc., Class 'A'	2.5
Synaptics Inc.	2.5
STMicroelectronics NV	2.4
Skyworks Solutions Inc.	2.4
Fluence Energy Inc.	2.4
Cirrus Logic Inc.	2.4
Ambarella Inc.	2.4
QuantumScape Corporation	2.4
Analog Devices Inc.	2.3
Volkswagen AG, Preference	2.3
Texas Instruments Inc.	2.3
Renault SA	2.3
Li Auto Inc.	2.3
Premium Cash Management Fund	2.2
SiTime Corporation	2.2
EnerSys	2.2
Porsche Automobil Holding SE, Preference	2.2
NIO Inc., ADR	2.2
Total	62.0

Industry Allocation

	Percentage of Net Asset Value (%)
Portfolio by Category	
Equities	
Consumer Discretionary	36.0
ETFs - Canadian Money Market	2.2
Industrials	24.4
Information Technology	35.5
Derivative Assets	0.7
Derivative Liabilities	(0.1)
Cash and Cash Equivalents	2.3
Other Assets, less Liabilities	(1.0)
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 Automobile Innovation Index Fund