

Evolve Cyber Security 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.

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Investment Objective and Strategies

The Evolve Cyber Security Index Fund (the "Fund") seeks to replicate, to the extent reasonably possible and before fees and expenses, the performance of the Solactive Global Cyber Security Index Canadian Dollar Hedged (the "Benchmark"), or any successor thereto. The Fund invests primarily in equity securities of companies located domestically or internationally that are involved in the cyber security industry through hardware and software development.

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 40.5% versus the Solactive Global Cyber Security Index return of 41.9%. The Hedged ETF Units returned 43.3% versus the Solactive Global Cyber Security Index Canadian Dollar Hedged return of 45.1%. The US Dollar Unhedged ETF Units returned 43.6% versus the Solactive Global Cyber Security USD Index NTR return of 45.8%. The Hedged Class A Mutual Fund Units returned 41.7% and the Hedged Class F Mutual Fund Units returned 43.3% versus the Solactive Global Cyber Security Index Canadian Dollar Hedged return of 45.1%. 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 \$175.7MM as at December 31, 2023.

Portfolio Manager Commentary

The cybersecurity industry has demonstrated resilience and growth throughout 2023, with the Fund performing strongly on a year-to-date basis, despite a volatile preceding year. The sector's dynamics were heavily influenced by geopolitical events and regulatory changes. Most notably, the ongoing Russia-Ukraine conflict underscored the importance of cybersecurity, with collaborative defense efforts strengthening resilience against cyber threats. In a broader context, this collaboration has showcased the critical role of international partnership in cybersecurity efficacy.¹

Regulatory developments, particularly the SEC's adoption of new cybersecurity disclosure rules, have underscored the sector's material significance to investors and the wider market. This regulatory focus on cybersecurity risk management, strategy, and governance may incentivize corporations and other organizations to invest further in the implementation of cybersecurity systems and practices.²

On another note, during the year the industry became hyper vigilant about the potential misuse of artificial intelligence (AI) technologies in cybercrime. While the adoption of AI has brought new capabilities to both defenders and attackers, the industry's proactive stance on integrating AI into security measures has been a crucial factor in maintaining a strong defense against AI-assisted threats. This integration of AI into cybersecurity is not only a shield against potential threats but also an avenue for growth, as companies that innovate in AI-security integration are expected to become industry leaders.³

Performance Attribution

For the twelve-month period ending December 31, 2023, Palo Alto Networks Inc. made the biggest contribution to the Fund, followed by CrowdStrike Holdings Inc. By weight, the Fund's largest holdings were CrowdStrike Holdings Inc., Zscaler Inc., and Check Point Software Technologies Limited.

(1) <https://www.washingtonpost.com/technology/2023/02/25/ukraine-war-cyber-security/>

(2) <https://www.sec.gov/news/press-release/2023-139>

(3) https://www.trendmicro.com/en_us/research/23/1/2023-review-reflecting-on-cybersecurity-trends.html

Recent Developments

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

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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 \$685,319 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.evolveefs.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 \$252,734 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.

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	35.94	53.47	51.08	30.67	25.68
Increase (decrease) from operations:					
Total revenue	0.30	0.22	0.27	0.20	0.14
Total expenses	(0.32)	(0.30)	(0.39)	(0.30)	(0.24)
Realized gains (losses)	(3.16)	(1.02)	7.57	3.02	1.19
Unrealized gains (losses)	17.55	(16.22)	(5.27)	18.97	2.68
Total increase (decrease) from operations²	14.37	(17.32)	2.18	21.89	3.77
Distributions:					
From capital gains	-	(0.11)	(0.10)	(0.05)	(0.05)
Return of capital	(0.12)	(0.01)	(0.01)	(0.01)	(0.01)
Total annual distributions³	(0.12)	(0.12)	(0.11)	(0.06)	(0.06)
Net Assets per Unit, end of period	50.52	35.94	53.47	51.08	30.67

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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 ETF Units - Net Assets per Unit					
Net Assets per Unit, beginning of period	31.20	49.38	46.82	28.33	22.77
Increase (decrease) from operations:					
Total revenue	0.26	0.21	0.26	0.17	0.13
Total expenses	(0.28)	(0.27)	(0.36)	(0.26)	(0.20)
Realized gains (losses)	(2.20)	(2.24)	6.02	4.05	0.73
Unrealized gains (losses)	15.65	(15.98)	(3.39)	15.80	3.91
Total increase (decrease) from operations²	13.43	(18.28)	2.53	19.76	4.57
Distributions:					
From capital gains	-	(0.11)	(0.10)	(0.05)	(0.05)
Return of capital	(0.12)	(0.01)	(0.01)	(0.01)	(0.01)
Total annual distributions³	(0.12)	(0.12)	(0.11)	(0.06)	(0.06)
Net Assets per Unit, end of period	44.70	31.20	49.38	46.82	28.33
US Dollar Unhedged ETF Units - Net Assets per Unit⁴					
Net Assets per Unit, beginning of period	48.35	71.93	68.72	41.26	40.99
Increase (decrease) from operations:					
Total revenue	0.38	0.30	0.38	0.29	0.15
Total expenses	(0.42)	(0.40)	(0.52)	(0.41)	(0.20)
Realized gains (losses)	(4.64)	(1.73)	10.06	3.64	1.16
Unrealized gains (losses)	23.42	(22.52)	(5.38)	26.29	(0.22)
Total increase (decrease) from operations²	18.74	(24.35)	4.54	29.81	0.89
Distributions:					
From capital gains	-	(0.16)	(0.13)	(0.07)	(0.04)
Return of capital	(0.16)	(0.01)	(0.01)	(0.01)	(0.01)
Total annual distributions³	(0.16)	(0.17)	(0.14)	(0.08)	(0.05)
Net Assets per Unit, end of period	67.96	48.35	71.93	68.72	41.26
Hedged Class A - Net Assets per Unit					
Net Assets per Unit, beginning of period	21.99	35.25	33.79	19.68	20.39
Increase (decrease) from operations:					
Total revenue	0.29	0.15	0.20	0.16	0.10
Total expenses	(0.50)	(0.50)	(0.65)	(0.52)	(0.26)
Realized gains (losses)	(1.47)	(1.87)	4.08	3.13	0.56
Unrealized gains (losses)	10.90	(10.73)	(2.09)	16.79	0.23
Total increase (decrease) from operations²	9.22	(12.95)	1.54	19.56	0.63
Distributions:					
From capital gains	-	(0.11)	(0.10)	(0.05)	(0.03)
Return of capital	(0.12)	(0.01)	(0.01)	(0.01)	(0.01)
Total annual distributions³	(0.12)	(0.12)	(0.11)	(0.06)	(0.04)
Net Assets per Unit, end of period	31.11	21.99	35.25	33.79	19.68

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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	23.13	36.63	34.75	19.94	20.38
Increase (decrease) from operations:					
Total revenue	0.23	0.17	0.19	0.14	0.07
Total expenses	(0.21)	(0.21)	(0.27)	(0.21)	(0.01)
Realized gains (losses)	(1.51)	(1.10)	4.43	3.73	0.75
Unrealized gains (losses)	11.66	(13.16)	(2.91)	12.18	(0.87)
Total increase (decrease) from operations²	10.17	(14.30)	1.44	15.84	(0.06)
Distributions:					
From capital gains	-	(0.11)	(0.10)	(0.05)	-
Return of capital	(0.12)	(0.01)	(0.01)	(0.01)	-
Total annual distributions³	(0.12)	(0.12)	(0.11)	(0.06)	-
Net Assets per Unit, end of period	33.10	23.13	36.63	34.75	19.94

- 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 18, 2017, the US Dollar Unhedged ETF Units effectively began operations on May 14, 2019, and 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	16,419,016	13,476,661	40,104,952	40,865,613	10,734,486
Number of units outstanding ⁵	325,000	375,000	750,000	800,000	350,000
Management expense ratio ⁶	0.63%	0.63%	0.62%	0.63%	0.66%
Trading expense ratio ⁷	0.03%	0.03%	0.05%	0.05%	0.05%
Portfolio turnover rate ⁸	42.76%	51.07%	61.15%	43.96%	63.20%
Net Asset Value per unit (\$)	50.52	35.94	53.47	51.08	30.67
Closing market price (\$)	50.01	35.97	53.76	51.24	30.67
Hedged ETF Units - Ratios/Supplemental Data					
Total Net Asset Value (\$) ⁵	148,641,637	116,209,671	213,584,316	152,180,066	60,191,859
Number of units outstanding ⁵	3,325,000	3,725,000	4,325,000	3,250,000	2,125,000
Management expense ratio ⁶	0.63%	0.62%	0.62%	0.63%	0.63%
Trading expense ratio ⁷	0.03%	0.03%	0.05%	0.05%	0.05%
Portfolio turnover rate ⁸	42.76%	51.07%	61.15%	43.96%	63.20%
Net Asset Value per unit (\$)	44.70	31.20	49.38	46.82	28.33
Closing market price (\$)	44.65	30.96	49.50	46.96	28.32
US Dollar Unhedged ETF Units - Ratios/Supplemental Data					
Total Net Asset Value (\$) ⁵	5,096,799	4,834,676	8,991,091	5,153,646	1,031,495
Number of units outstanding ⁵	75,000	100,000	125,000	75,000	25,000
Management expense ratio ⁶	0.64%	0.62%	0.62%	0.63%	0.64%
Trading expense ratio ⁷	0.03%	0.03%	0.05%	0.05%	0.05%
Portfolio turnover rate ⁸	42.76%	51.07%	61.15%	43.96%	63.20%
Net Asset Value per unit (\$)	67.96	48.35	71.93	68.72	41.26
Closing market price (\$)	68.19	48.38	71.94	68.43	41.24

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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
Hedged Class A - Ratios/Supplemental Data					
Total Net Asset Value (\$) ⁵	2,895,289	1,271,690	1,912,676	518,127	17,220
Number of units outstanding ⁵	93,078	57,832	54,261	15,333	875
Management expense ratio ⁶	1.75%	1.76%	1.75%	1.74%	1.75%
Trading expense ratio ⁷	0.03%	0.03%	0.05%	0.05%	0.05%
Portfolio turnover rate ⁸	42.76%	51.07%	61.15%	43.96%	63.20%
Net Asset Value per unit (\$)	31.11	21.99	35.25	33.79	19.68
Hedged Class F - Ratios/Supplemental Data					
Total Net Asset Value (\$) ⁵	2,598,052	1,509,938	3,766,873	2,411,675	20
Number of units outstanding ⁵	78,502	65,293	102,822	69,407	1
Management expense ratio ⁶	0.63%	0.62%	0.63%	0.63%	0.00%
Trading expense ratio ⁷	0.03%	0.03%	0.05%	0.05%	0.05%
Portfolio turnover rate ⁸	42.76%	51.07%	61.15%	43.96%	63.20%
Net Asset Value per unit (\$)	33.10	23.13	36.63	34.75	19.94

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.

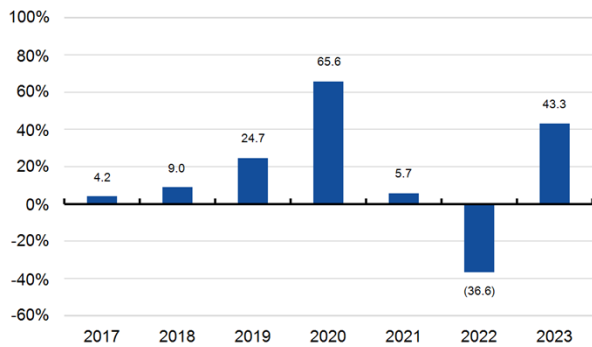
Year-by-Year Returns

The bar chart below shows the Hedged, Unhedged, 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.

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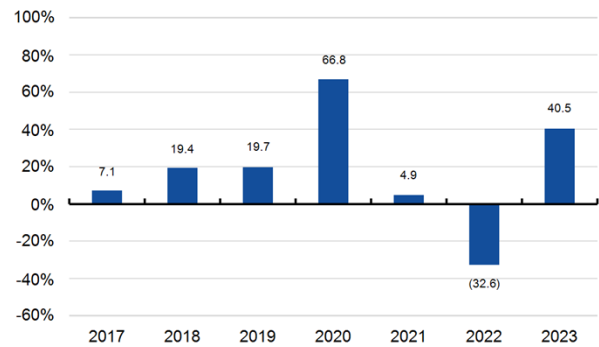
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CYBR Hedged ETF Units¹



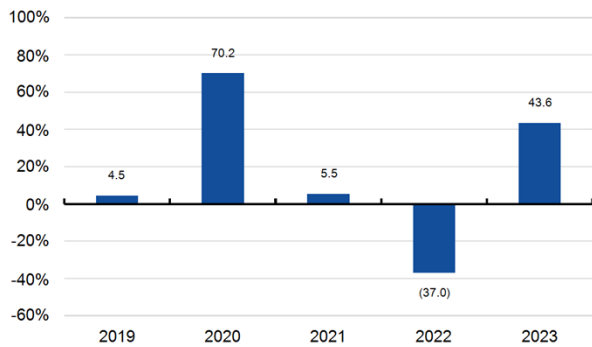
1 The Hedged ETF Units of the Fund effectively began operations on September 18, 2017.

CYBR/B Unhedged ETF Units²



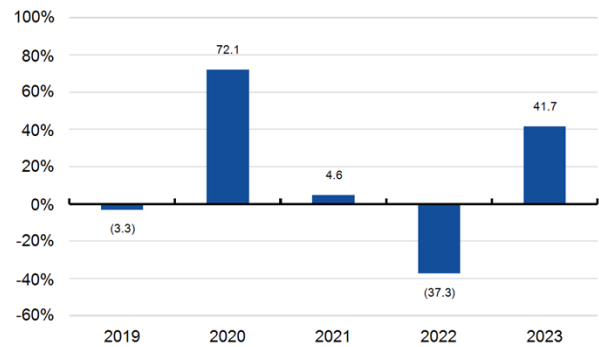
2 The Unhedged ETF Units of the Fund effectively began operations on September 18, 2017.

CYBR/U US Dollar Unhedged ETF Units³



3 The US Dollar Unhedged ETF Units of the Fund effectively began operations on May 14, 2019. Returns presented based on NAV equivalent in USD.

Hedged Class A Mutual Fund Units⁴

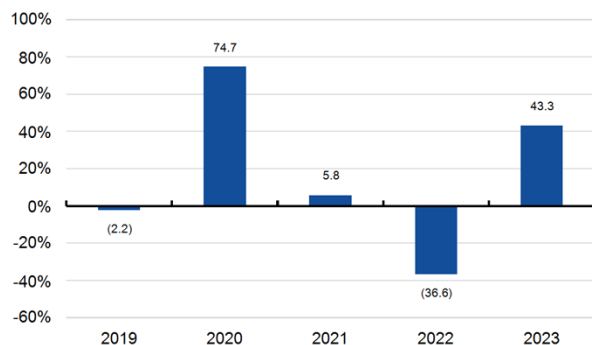


4 The Hedged Class A Mutual Fund Units of the Fund effectively began operations on April 23, 2019.

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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	13.8	43.3	(1.4)
Solactive Global Cyber Security Index Canadian Dollar Hedged	14.3	45.1	(0.2)
Unhedged ETF Units	16.0	40.5	(0.2)
Solactive Global Cyber Security Index	17.1	41.9	0.7
US Dollar Unhedged ETF Units	12.1	43.6	(1.6)
Solactive Global Cyber Security USD Index NTR	13.0	45.8	(0.6)
Hedged Class A Mutual Fund Units	9.7	41.7	(2.4)
Solactive Global Cyber Security Index Canadian Dollar Hedged	10.7	45.1	(0.2)
Hedged Class F Mutual Fund Units	11.2	43.3	(1.3)
Solactive Global Cyber Security Index Canadian Dollar Hedged	10.7	45.1	(0.2)

¹ From inception date of September 18, 2017 for the Hedged and Unhedged ETF Units, from inception date of May 14, 2019 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	
Crowdstrike Holdings Inc., Class 'A'	8.8
Zscaler Inc.	8.5
Check Point Software Technologies Limited	7.3
Palo Alto Networks Inc.	7.3
Okta Inc.	7.0
Fortinet Inc.	6.5
Booz Allen Hamilton Holding Corporation	6.4

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Top 25 Positions (cont'd)

Security	Percentage of Net Asset Value (%)
CyberArk Software Limited	6.0
Trend Micro Inc.	5.0
CACI International Inc.	4.9
Qualys Inc.	4.8
SentinelOne Inc.	4.4
Tenable Holdings Inc.	3.6
Varonis Systems Inc.	3.3
NEXTDC Limited	3.2
Rapid7 Inc.	2.3
Darktrace PLC	2.2
BlackBerry Limited	1.4
Netcompany Group A/S	1.1
GDS Holdings Limited, ADR	1.1
A10 Networks Inc.	0.7
Radware Limited	0.5
Change Holdings Inc.	0.5
Applied Digital Corporation	0.5
Ahnlab Inc.	0.4
Total	97.7

Industry Allocation

Portfolio by Category	Percentage of Net Asset Value (%)
Equities	
Communication Services	0.9
Industrials	11.3
Information Technology	87.1
Derivative Assets	0.7
Derivative Liabilities	(0.0)
Cash and Cash Equivalents	1.4
Other Assets, less Liabilities	(1.4)
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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