



Evolve ETFs

Evolve Cyber Security Index Fund

June 30, 2020

Interim Management Report of Fund Performance

This interim management report of fund performance contains financial highlights but does not contain the complete interim financial statements of the investment fund. You can get a copy of the interim 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.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 Cyber Security Index Fund

June 30, 2020

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 (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 six-month ended June 30, 2020, the Unhedged ETF Units returned 30.2% versus the Solactive Global Cyber Security Index return of 30.4%. The Hedged ETF Units returned 23.3%, the Hedged Class A Mutual Fund Units returned 30.3% and the Hedged Class F Mutual Fund Units returned 29.5% versus the Solactive Global Cyber Security Index Canadian Dollar Hedged return of 19.2%. US Dollar Unhedged ETF Units returned 24.6% versus the Solactive Global Cyber Security Index return of 24.0%. The difference in performance of the hedged units relative to its benchmark can be attributed primarily to management and administrative fees, trailer fees on the Hedged Class A Mutual Fund Units plus applicable sales taxes and to portfolio trading and hedging strategies and the impact of sampling and certain other factors which may have included timing differences versus the Index, and market volatility. The difference in performance of the unhedged units relative to its benchmark can be attributed primarily to management and administrative fees plus applicable sales taxes and to portfolio trading and the impact of sampling and certain other factors which may have included timing differences versus the Index, and market volatility. The Fund’s net assets were \$115.1MM as at June 30, 2020.

Portfolio Manager Commentary

Although the focus on improving cybersecurity has intensified in recent years, many companies were caught unprepared for the dramatic increase in cyber threats during the COVID-19 pandemic.

With working from home becoming the new normal, criminals sought to capitalize on the widespread panic. New coronavirus-themed phishing scams sought to leverage fear, hooking vulnerable people and taking advantage of workplace disruption.

According to the cloud security company Zscaler Inc., a large holding in the Fund, there was a 30,000% increase in COVID-19-themed attacks between January and March. The company saw coronavirus-themed attacks grow from around 1,200 observed and blocked COVID-19-related attacks in January to 380,000 such incidents in March.(i)

A senior official from another company held by the Fund, Proofpoint Inc. noted that that cybercriminals have “sent waves of emails that have ranged from a dozen to over 200,000 at a time”, and the number of campaigns is “trending upwards”.(ii)

In addition to the currently circulating scams and viruses, Zscaler warned that “there is a growing security concern that once the pandemic is over, there will be thousands of machines physically returning to the corporate network after being on unsecured home networks for months. If any of these machines became compromised, they can offer attackers a beachhead into the corporate networks—which is exactly how many large-scale breaches get their start.”(iii)

According to a survey by Bitdefender, it was revealed that 50% of infosec professionals did not have a contingency plan to face a situation like the COVID-19 pandemic. The survey, “The Indelible Impact of COVID-19 on Cybersecurity” stated that lack of forward planning from organizations resulted in a surge of cyberthreats, with 86% of infosec professionals admitting that attacks in the most common attack vectors were on the rise during the pandemic.

The survey found that phishing attacks (26%), ransomware (22%), social media threats/chatbots (21%), cyberwarfare (20%), Trojans (20%), and supply chain attacks (19%), rose during the pandemic. 1 in 3 (34%) of respondents said that they fear that employees are feeling more relaxed about security issues because of their surroundings. Nearly, 33% of respondents reported that employees not sticking to protocol, especially in terms of identifying and flagging suspicious activities.

According to the report, the financial services (43%), health care (including tele medicine) (34%), and the public sector (29%) were the hardest hit industries during COVID-19 outbreak, followed by retail (22%), energy (20%), and education (18%). Around 77% of infosec professionals believed that health care was not effectively prepared due to budget constraints.(iv)

Evolve Cyber Security Index Fund

June 30, 2020

The biggest challenges according to Checkpoint Software, another holding in the Fund are: providing secure remote access; the need for remote access scalable solutions; and employees using shadow IT solutions, that is, untested software, tools and services.(v)

Beyond cybersecurity threats posed by the coronavirus pandemic, fractured geopolitical relationships, especially between China and the US, have led to a heightened digital “cold war” in which the prize is data. This in turn has led to a race to develop strategically important next-generation technology which will drive a rise in nation-state-backed espionage.

At the same time, it is expected that new regulations and international agreements will come up short in an attempt to address the issues raised by technology’s impact on society. Regulatory tit-for-tat battles will manifest across nation-states and, rather than encourage innovation, are likely to stifle and constrain it and will push up costs.(vi)

Performance Attribution

For the six-month period ending June 30, Fastly Inc. Class A was the best performing stock held by the Fund, followed by Zscaler Inc. The Fund’s largest exposure by weight was to Okta Inc., followed by Fortinet Inc.

(i) <https://www.rcrwireless.com/20200428/network-infrastructure/cybersecurity-firm-reports-30000-increase-in-covid-19-themed-attacks-since-january>

(ii) <https://www.raconteur.net/technology/covid-19-cybersecurity>

(iii) <https://www.rcrwireless.com/20200428/network-infrastructure/cybersecurity-firm-reports-30000-increase-in-covid-19-themed-attacks-since-january>

(iv) <https://cisomag.eccouncil.org/86-of-security-pros-says-common-attacks-rose-during-covid-19/>

(v) <https://www.hrreporter.com/focus-areas/hr-technology/cybersecurity-risks-rise-with-remote-workers/330088>

(vi) <https://www.cfo.com/the-cloud/2020/01/cybersecurity-2020-welcome-to-the-digital-cold-war>

Recent Developments

Subsequent to year end, COVID-19 became a global pandemic and resulted unprecedented actions by governments around the world to curtail the spread of the disease. These events have resulted in a high level of uncertainty and volatility in the financial markets and have had an enormous impact on businesses and consumers in all sectors. The duration and impact of these developments is unknown at this time and as such, the financial impact to investments cannot be estimated.

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 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 Unhedged Class F Mutual Fund Units and 1.40% of the net asset value of the Unhedged Class A Mutual Fund Units of the Fund, accrued daily and are generally paid monthly in arrears. For the six-month period ended June 30, 2020, the Fund incurred \$190,520 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 Cyber Security Index Fund

June 30, 2020

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 six-month period ended June 30, 2020, the Fund incurred \$71,712 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; 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 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

For the periods ended:	June 30, 2020 (\$)	December 31, 2019 (\$)	December 31, 2018 (\$)	December 31, 2017 (\$)
Unhedged Units - Net Assets per Unit				
Net Assets per Unit, beginning of period	30.67	25.68	21.56	20.32
Increase (decrease) from operations:				
Total revenue	0.10	0.14	0.13	0.06
Total expenses	(0.14)	(0.24)	(0.23)	(0.05)
Realized gains (losses)	1.85	1.19	0.71	0.18
Unrealized gains (losses)	8.17	2.68	0.08	1.14
Total increase (decrease) from operations²	9.98	3.77	0.69	1.33
Distributions:				
From income (excluding dividends)	(0.03)	-	-	-
From capital gains	-	(0.05)	-	-
Return of capital	-	(0.01)	(0.06)	(0.02)
Total annual distributions³	(0.03)	(0.06)	(0.06)	(0.02)
Net Assets per Unit, end of period	39.91	30.67	25.68	21.56
Hedged Units - Net Assets per Unit				
Net Assets per Unit, beginning of period	28.33	22.77	20.94	20.15
Increase (decrease) from operations:				
Total revenue	0.08	0.13	0.15	0.06
Total expenses	(0.12)	(0.20)	(0.21)	(0.05)
Realized gains (losses)	1.06	0.73	(0.53)	(0.84)
Unrealized gains (losses)	5.48	3.91	(5.80)	1.79
Total increase (decrease) from operations²	6.50	4.57	(6.39)	0.96
Distributions:				
From income (excluding dividends)	(0.03)	-	-	-
From capital gains	-	(0.05)	-	-
Return of capital	-	(0.01)	(0.06)	(0.02)
Total annual distributions³	(0.03)	(0.06)	(0.06)	(0.02)
Net Assets per Unit, end of period	34.90	28.33	22.77	20.94

Evolve Cyber Security Index Fund

June 30, 2020

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

For the periods ended:	June 30, 2020 (\$)	December 31, 2019 (\$)	December 31, 2018 (\$)	December 31, 2017 (\$)
US Dollar Unhedged Units - Net Assets per Unit⁴				
Net Assets per Unit, beginning of period	41.26	40.72	N/A	N/A
Increase (decrease) from operations:				
Total revenue	0.12	0.15	N/A	N/A
Total expenses	(0.18)	(0.20)	N/A	N/A
Realized gains (losses)	2.57	1.16	N/A	N/A
Unrealized gains (losses)	9.97	(0.22)	N/A	N/A
Total increase (decrease) from operations²	12.48	0.89	N/A	N/A
Distributions:				
From income (excluding dividends)	(0.04)	-	N/A	N/A
From capital gains	-	(0.04)	N/A	N/A
Return of capital	-	(0.01)	N/A	N/A
Total annual distributions³	(0.04)	(0.05)	N/A	N/A
Net Assets per Unit, end of period	53.70	41.26	N/A	N/A
Hedged Class A - Net Assets per Unit				
Net Assets per Unit, beginning of period	19.68	20.00	N/A	N/A
Increase (decrease) from operations:				
Total revenue	0.06	0.10	N/A	N/A
Total expenses	(0.21)	(0.26)	N/A	N/A
Realized gains (losses)	0.90	0.56	N/A	N/A
Unrealized gains (losses)	0.69	0.23	N/A	N/A
Total increase (decrease) from operations²	1.44	0.63	N/A	N/A
Distributions:				
From income (excluding dividends)	(0.03)	-	N/A	N/A
From capital gains	-	(0.03)	N/A	N/A
Return of capital	-	(0.01)	N/A	N/A
Total annual distributions³	(0.03)	(0.04)	N/A	N/A
Net Assets per Unit, end of period	25.46	19.68	N/A	N/A
Hedged Class F - Net Assets per Unit				
Net Assets per Unit, beginning of period	19.94	20.00	N/A	N/A
Increase (decrease) from operations:				
Total revenue	0.09	0.07	N/A	N/A
Total expenses	(0.10)	(0.01)	N/A	N/A
Realized gains (losses)	1.29	0.75	N/A	N/A
Unrealized gains (losses)	4.64	(0.87)	N/A	N/A
Total increase (decrease) from operations²	5.92	(0.06)	N/A	N/A
Distributions:				
From income (excluding dividends)	(0.03)	-	N/A	N/A
Total annual distributions³	(0.03)	-	N/A	N/A
Net Assets per Unit, end of period	25.94	19.94	N/A	N/A

1 This information is derived from the Fund's unaudited interim financial statement as at June 30, 2020 and the audited annual financial statements as at December 31, 2019, 2018 and 2017. The Unhedged and Hedged ETF Units began operations on September 20, 2017 and the US Dollar Unhedged ETF Units began operations on May 16, 2019. The Hedged Class A and F Mutual Fund Units 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.

Evolve Cyber Security Index Fund

June 30, 2020

The Fund's Ratios/Supplemental Data

For the periods ended:	June 30, 2020	December 31, 2019	December 31, 2018	December 31, 2017
Unhedged Units - Ratios/Supplemental Data				
Total Net Asset Value (\$) ⁵	24,946,670	10,734,486	4,494,132	1,617,268
Number of units outstanding ⁵	625,000	350,000	175,000	75,000
Management expense ratio ⁶	0.65%	0.66%	0.67%	0.64%
Trading expense ratio ⁷	0.07%	0.05%	0.11%	0.04%
Portfolio turnover rate ⁸	38.87%	63.20%	46.59%	13.34%
Net Asset Value per unit (\$)	39.91	30.67	25.68	21.56
Closing market price (\$)	39.96	30.67	25.55	21.70
Hedged Units - Ratios/Supplemental Data				
Total Net Asset Value (\$) ⁵	87,244,987	60,191,859	34,722,940	2,093,796
Number of units outstanding ⁵	2,500,000	2,125,000	1,525,000	100,000
Management expense ratio ⁶	0.65%	0.63%	0.67%	0.64%
Trading expense ratio ⁷	0.07%	0.05%	0.11%	0.04%
Portfolio turnover rate ⁸	38.87%	63.20%	46.59%	13.34%
Net Asset Value per unit (\$)	34.90	28.33	22.77	20.94
Closing market price (\$)	34.85	28.32	22.77	21.09
US Dollar Unhedged Units - Ratios/Supplemental Data				
Total Net Asset Value (\$) ⁵	1,342,380	1,031,495	N/A	N/A
Number of units outstanding ⁵	25,000	25,000	N/A	N/A
Management expense ratio ⁶	0.65%	0.64%	N/A	N/A
Trading expense ratio ⁷	0.07%	0.05%	N/A	N/A
Portfolio turnover rate ⁸	38.87%	63.20%	N/A	N/A
Net Asset Value per unit (\$)	53.70	41.26	N/A	N/A
Closing market price (\$)	53.71	41.24	N/A	N/A
Hedged Class A - Ratios/Supplemental Data				
Total Net Asset Value (\$) ⁵	49,811	17,220	N/A	N/A
Number of units outstanding ⁵	1,956	875	N/A	N/A
Management expense ratio ⁶	1.77%	1.75%	N/A	N/A
Trading expense ratio ⁷	0.07%	0.05%	N/A	N/A
Portfolio turnover rate ⁸	38.87%	63.20%	N/A	N/A
Net Asset Value per unit (\$)	25.46	19.68	N/A	N/A
Hedged Class F - Ratios/Supplemental Data				
Total Net Asset Value (\$) ⁵	1,520,430	20	N/A	N/A
Number of units outstanding ⁵	58,623	1	N/A	N/A
Management expense ratio ⁶	0.66%	0.00%	N/A	N/A
Trading expense ratio ⁷	0.07%	0.05%	N/A	N/A
Portfolio turnover rate ⁸	38.87%	63.20%	N/A	N/A
Net Asset Value per unit (\$)	25.94	19.94	N/A	N/A

5 This information is provided as at June 30, 2020 and December 31, 2019, 2018 and 2017.

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.

Evolve Cyber Security Index Fund

June 30, 2020

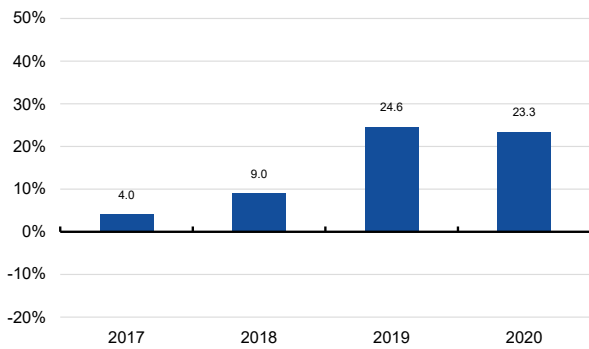
Past Performance

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.

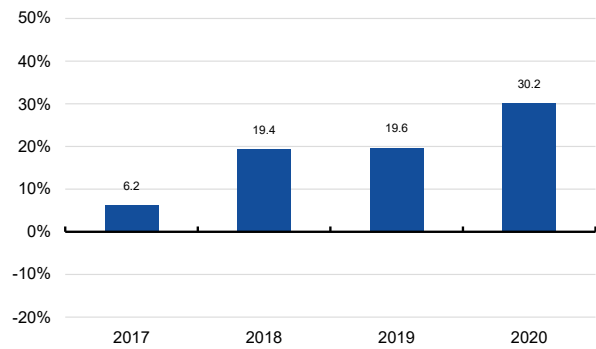
Year-by-Year Returns

The bar chart below shows the Hedged, Unhedged and US Dollar Unhedged ETF Units' and the Hedged Class A and F Mutual Fund Units' performance for each of the financial years shown and for the six-month period ended June 30, 2020. 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.

CYBR Hedged ETF Units¹



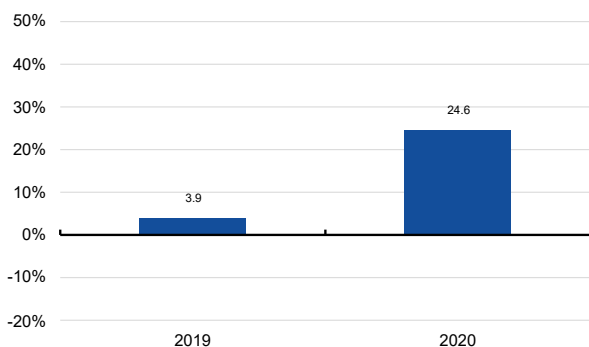
CYBR/B Unhedged ETF Units²



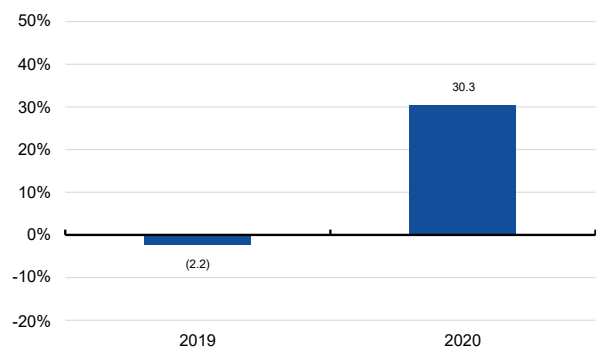
1 The Hedged ETF Units of the Fund effectively began operations on September 29, 2017.

2 The Unhedged ETF Units of the Fund effectively began operations on September 29, 2017.

CYBR/U US Dollar Unhedged ETF Units³



Hedged Class A Mutual Fund Units⁴



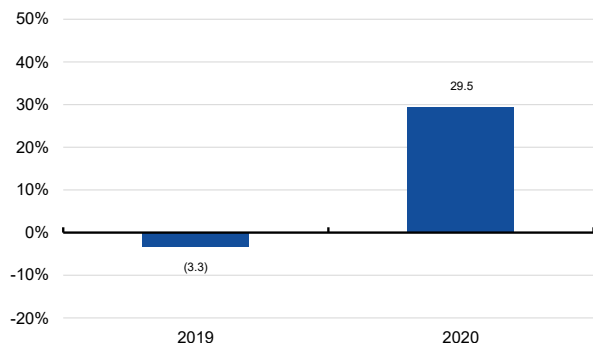
3 The US Dollar Unhedged ETF Units of the Fund effectively began operations on May 16, 2019.

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

Evolve Cyber Security Index Fund

June 30, 2020

Hedged Class F Mutual Fund Units⁵



⁵ The Hedged Class F Mutual Fund Units of the Fund effectively began operations on April 29, 2019.

Summary of Investment Portfolio

Top 25 Positions

	Percentage of Net Asset Value (%)
Security	
Okta Inc.	8.7
Zscaler Inc.	7.9
Fortinet Inc.	7.7
Palo Alto Networks Inc.	7.4
CrowdStrike Holdings Inc.	6.4
GDS Holdings Limited, ADR	6.3
Booz Allen Hamilton Holding Corporation, Class 'A'	6.0
Check Point Software Technologies Limited	5.8
Trend Micro Inc.	4.2
Avast PLC	3.6
Proofpoint Inc.	3.5
Fastly Inc.	3.4
CACI International Inc.	3.0
Qualys Inc.	2.3
CyberArk Software Limited	2.1
Perspecta Inc.	2.1
Tenable Holdings Inc.	1.6
Varonis Systems Inc.	1.5
FireEye Inc.	1.5
NEXTDC Limited	1.5
Mimecast Limited	1.4
Ping Identity Holding Corporation	1.4
Rapid7 Inc.	1.4
SailPoint Technologies Holding Inc.	1.3
21Vianet Group Inc., ADR	1.1
Total	93.1

Evolve Cyber Security Index Fund

June 30, 2020

Industry Allocation

Portfolio by Category	Percentage of Net Asset Value (%)
Equities	
Communication Services	0.1
Information Technology	99.3
Real Estate	0.1
Derivative Assets	0.1
Derivative Liabilities	(0.2)
Cash and Cash Equivalents	0.3
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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Evolve Cyber Security Index Fund