



Evolve US Banks Enhanced Yield ETF

2017 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.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.

Management Discussion of Fund Performance

For the period ended December 31, 2017

Investment Objective and Strategies

The Evolve US Banks Enhanced Yield ETF (the "Fund") seeks to replicate, to the extent reasonably possible before fees and expenses, the performance of the Solactive Equal Weight US Bank Index Canadian Dollar Hedged (the "Benchmark"), or any successor thereto, while mitigating downside risk. The Fund invests primarily in the equity constituents of the Solactive Equal Weight US Bank Index Canadian Dollar Hedged, or any successor thereto, while writing covered call options on up to 33% of the portfolio securities, at the discretion of the Manager. The level of covered call option writing may vary based on market volatility and other factors.

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

Since the Fund was launched on October 16, 2017, no performance data can be shown. The Fund's net assets were \$2.1MM as at December 31, 2017.

Portfolio Manager Commentary

The banking industry stayed strong for the year 2017, they continued to remain well capitalized. For the same period as the fund, Financial Sector of S&P 500 has returned 6.7%, and Banking Industry has returned 9.2%. Our covered call strategy has helped reducing volatility for the portfolio.

As the composition of the Fund's portfolio is based on replicating the constituents of the Benchmark, macro-economic, political and market movements do not have a direct impact on the Fund's investment strategy.

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 0.45% 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, 2017, the Fund incurred \$2,195 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.

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

Unhedged Units - Net Assets per Unit

Period from October 16, 2017 ² to December 31, 2017	(\$)
Net Assets per Unit, beginning of period ³	19.65
Increase (decrease) from operations:	
Total revenue	0.10
Total expenses	(0.05)
Realized gains (losses)	(0.14)
Unrealized gains (losses)	1.49
Total increase (decrease) from operations⁴	1.40
Distributions:	
From dividends	(0.03)
Return of capital	(0.12)
Total annual distributions ⁵	(0.15)
Net Assets per Unit, end of period	21.25

Hedged Units - Net Assets per Unit

Period from October 16, 2017 ² to December 31, 2017	(\$)
Net Assets per Unit, beginning of period ³	19.62
Increase (decrease) from operations:	
Total revenue	0.09
Total expenses	(0.05)
Realized gains (losses)	(0.80)
Unrealized gains (losses)	1.99
Total increase (decrease) from operations⁴	1.23
Distributions:	
From dividends	(0.03)
Return of capital	(0.12)
Total annual distributions ⁵	(0.15)
Net Assets per Unit, end of period	21.08

The Fund's Ratios/Supplemental Data

Unhedged Units - Ratios/Supplemental Data

Period from October 16, 2017 ² to December 31, 2017	(\$)
Total Net Asset Value (\$) ⁶	1,062,375
Number of units outstanding ⁶	50,000
Management expense ratio ⁷	0.70%
Trading expense ratio ⁸	0.19%
Portfolio turnover rate ⁹	2.61%
Net Asset Value per unit (\$)	21.25
Closing market price (\$)	21.36

Hedged Units - Ratios/Supplemental Data

Period from October 16, 2017² to December 31, 2017

Total Net Asset Value (\$) ⁶	1,054,094
Number of units outstanding ⁶	50,000
Management expense ratio ⁷	0.70%
Trading expense ratio ⁸	0.19%
Portfolio turnover rate ⁹	2.61%
Net Asset Value per unit (\$)	21.08
Closing market price (\$)	21.16

1. This information is derived from the Fund's audited annual financial statements.
2. This date represents the date of establishment of the fund.
3. This amount represents the initial launch price
4. 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.
5. Distributions were paid in cash or reinvested in additional units of the Fund, or both. Actual distributions may vary slightly owing to rounding.
6. This information is provided as at December 31 of the year shown.
7. 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.
8. 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.
9. 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

Since the Fund is new, this information is not available

Summary of Investment Portfolio

As at December 31, 2017

Top 25 Positions

Security	% of Net Asset Value
Ameriprise Financial Inc.	5.85
Bank of America Corporation	5.86
BB&T Corporation	5.14
Citigroup Inc.	5.11
Citizens Financial Group Inc.	5.81
Comerica Inc.	6.09
Fifth Third Bancorp	5.49
First Republic Bank	4.20
Huntington Bancshares Inc.	5.38
JPMorgan Chase & Co.	5.48

KeyCorp	5.51
M&T Bank Corporation	5.40
Regions Financial Corporation	5.97
SunTrust Banks Inc.	5.61
SVB Financial Group	6.53
The PNC Financial Services Group Inc.	5.42
US Bancorp	4.87
Wells Fargo & Company	5.56
Total	99.28

Industry Allocation

	% of Net assets Attributable to Unitholders
Portfolio by Category	December 31, 2017
Equities	
Financials	99.3
Derivative Assets	1.2
Derivative Liabilities	(0.6)
Other Assets, less Liabilities	0.1
	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.