



Evolve ETFs

Evolve Innovation Index 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.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 Innovation Index ETF

December 31, 2018

Investment Objective and Strategies

The Evolve Innovation Index ETF (the "Fund") seeks to replicate, to the extent reasonably possible and before fees and expenses, the performance of the Solactive Global Innovation Index. The Solactive Global Innovation Index has been designed to reflect the performance of equity securities of companies listed domestically or internationally that are involved in innovative and disruptive trends across a broad range of industries.

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 May 2, 2018, no performance data can be shown. The Fund's net assets were \$11.280MM as at December 31, 2018.

Portfolio Manager Commentary

Launched on May 2, 2018, the Fund tracks a benchmark index designed to expose investors to returns in six sectors: big data and cloud computing, robotics and automaton, cyber security, automotive innovation, social media, and genomics.

While each of these sectors continued to grow during the year on the back of innovation and increasing demand, market volatility weighed heavily on their performance.

Over the year, big data and cloud computing remained the lifeblood for businesses, enabling digital transformation and storage of data; robotics and automation benefitted from the growing use of artificial intelligence and its application across a growing range of sectors; and cybersecurity remained a huge threat on the back of increasing cybercrime, resulting in higher levels of spending by businesses. The automotive sector was dominated by electric cars, with innovation supporting the emergence of autonomous cars; while genomics benefitted from innovative developments in technology. On the other hand, social media was faced with serious challenges stemming from privacy issues and cybercrime.

Workday Inc. Class A was the best performing stock in the fund with a gain of 34.6%, followed by Qualcomm Inc. which returned 22.2%.

Recent Developments

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

Related Party Transactions

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

Management Fees

The management fees are calculated based on 0.40% 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 \$16,444 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 Innovation Index 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 \$9,339 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 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 (\$)
For the period ended:	
Hedged Units - Net Assets per Unit	
Net Assets per Unit, beginning of period ²	20.00
Increase (decrease) from operations:	
Total revenue	0.11
Total expenses	(0.11)
Realized gains (losses)	(0.10)
Unrealized gains (losses)	(4.07)
Total increase (decrease) from operations³	(4.17)
Distributions:	
Return of capital	(0.02)
Total annual distributions⁴	(0.02)
Net Assets per Unit, end of period	17.35

1 This information is derived from the Fund's audited annual financial statements as at December 31, 2018. The Fund began operations on May 2, 2018.

2 This amount represents the initial launch price.

3 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.

4 Distributions were paid in cash or reinvested in additional units of the Fund, or both. Actual distributions may vary slightly owing to rounding.

Evolve Innovation Index ETF

December 31, 2018

The Fund's Ratios/Supplemental Data

	December 31, 2018
For the period ended:	
Hedged Units - Ratios/Supplemental Data	
Total Net Asset Value (\$) ⁵	11,280,089
Number of units outstanding ⁵	650,000
Management expense ratio ⁶	0.60%
Trading expense ratio ⁷	0.15%
Portfolio turnover rate ⁸	20.34%
Net Asset Value per unit (\$)	17.35
Closing market price (\$)	17.37

5 This information is provided as at December 31, 2018.

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

Since the Fund is a reporting issuer for less than one year, with inception date May 2, 2018, providing performance data for the period is not permitted.

Summary of Investment Portfolio

Top 25 Positions

Security	Percentage of Net Asset Value (%)
Evolve Automobile Innovation Index ETF	17.6
Evolve Cyber Security Index ETF	16.7
Exelixis Inc.	2.3
Workday Inc.	2.3
BeiGene Limited, ADR	2.1
Broadcom Inc.	2.1
Genmab AS	2.0
Intel Corporation	2.0
Splunk Inc.	2.0
Twitter Inc.	2.0
The Sage Group PLC	1.9
Weibo Corporation, ADR	1.9
ServiceNow Inc.	1.9
Keyence Corporation	1.9
Alphabet Inc., Class 'A'	1.8
Paycom Software Inc.	1.8
Intuitive Surgical Inc.	1.8
Open Text Corporation	1.8
salesforce.com inc.	1.8
Mail.Ru Group Limited, GDR	1.8
Ipsen SA	1.7

Evolve Innovation Index ETF

December 31, 2018

Top 25 Positions (cont'd)

	Percentage of Net Asset Value (%)
Security	
FANUC Corporation, ADR	1.7
Rockwell Automation Inc.	1.7
QUALCOMM Inc.	1.7
Loxo Oncology Inc.	1.7
Total	78.0

Industry Allocation

Portfolio by Category	Percentage of Net Asset Value (%)
Equities	
Communication Services	8.6
Consumer Discretionary	3.0
ETFs - International Equity	34.3
Health Care	15.9
Industrials	5.0
Information Technology	35.3
Derivative Assets	0.4
Derivative Liabilities	(3.0)
Cash and Cash Equivalents	0.4
Other Assets, less Liabilities	0.1
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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