

Evolve Active Global Fixed Income Fund

December 31, 2022

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 Active Global Fixed Income Fund (the "Fund") seeks to generate positive returns throughout the interest rate and economic cycles, first by allocating to different credit asset classes, and also through bottom-up individual security selection. The Fund seeks to provide long term returns in excess of the 3-month U.S. dollar Secured Overnight Financing Rate by investing primarily in global debt securities of corporate issuers.

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, 2022, Hedged ETF Units returned -4.0%. The Hedged Class A Mutual Fund Units returned -3.6% and the Hedged Class F Mutual Fund Units returned -4.0%. The Fund's net assets were \$27.9MM as at December 31, 2022.

Portfolio Manager Commentary

It was a rollercoaster ride for risk sentiment at the start of 2022 as markets anticipated changes to monetary policy given ongoing near-term inflation concerns. Geopolitical tensions were elevated following the Russian invasion of Ukraine in late February, but market attention in March also re-focused on the hawkish rhetoric from the major central banks. As expected, the US Federal Reserve raised rates by 25 bps and projected further rises at every meeting in 2022.

In April, interest rates rose further as hawkish rhetoric from the US Federal Reserve and other central banks intensified. Inflationary pressures remain front-and-centre of central banks' minds, especially at the Fed; 10-year US Treasury yields ended the month 54 bps higher at 2.88%. The ongoing crisis in Ukraine continued to exacerbate concerns about European energy security, pushing growth and inflation expectations in opposite directions and leaving the European Central Bank in a difficult position ahead of its June policy meeting. 10-year German bund yields climbed to 92 bps, their highest levels since 2015. A diverging monetary policy stance between the Fed and other major central banks saw the trade weighted US dollar climb to around 20-year highs.

As expected, the US Federal Reserve hiked rates by 50 bps in May (to 1%) and indicated that it will start its quantitative tightening programme from June. Ahead of another higher-than-expected US CPI inflation print, 10-year US Treasury yields briefly touched their highest levels since late 2018, before reversing course to close the month at 2.85%. In the Euro area, a worsening growth-inflation trade-off continued to push the European Central Bank towards front-loading policy normalisation, with expectations that it will begin its hiking cycle in July. In this context the portfolio was down slightly in CAD terms, in line with investment grade corporates which were down a couple of basis points and ahead of global high yield which was down moderately.

In the first half of June, bond yields were propelled higher as the major central banks re-affirmed their hawkish policy stance following further upside surprises in the inflation data; 10 year U.S. Treasury yields hit their highest levels since 2011, at 3.5%. At its latest policy meeting, the U.S. Federal Reserve raised the upper bound of the funds rate to 1.75%. Credit markets were negatively affected, as investors contended with the increasing likelihood of a recession in the near term. July saw government bond yields reverse course as fears about the tightening of financial conditions and squeeze in households' real incomes raised fears of a sharp economic slowdown in H2 2022 and into 2023. Despite the deteriorating growth outlook, which was confirmed by the news of a second consecutive quarterly contraction in the US, credit markets were buoyed by the prospect of some relief in monetary tightening, as well as the fact that valuations had become fairly attractive.

Global bond markets were markedly lower in September as Central Banks continued their monetary tightening. The US Federal Reserve and European Central Bank both raised their policy rates by 75 bps, while the Bank of England hiked by 50 bps. Global bond market volatility was elevated once again in October as inflation continued to surprise to the upside. Against this backdrop, several central banks dialed back their hawkish rhetoric and, consequently, interest rate markets began to question the size of future rate hikes and the peak in terminal policy rates in this cycle. Risk sentiment improved in November as the first signs of a softening in global inflationary pressures raised hopes that the major central banks will be closer to the end of their tightening cycles in H1 2023. November saw a healthy recovery with another month of positive credit market returns. During December European interest rates sold off somewhat, especially late in the month following the hawkish tone of the ECB's December meeting; US rates also sold off but less markedly. China's moves towards post-covid reopening and possible support for its troubled real estate sector provided a boost for risk assets especially across Emerging Markets.

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Recent Developments

In the year ended December 31, 2022, the COVID-19 pandemic persisted and continued to result in 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 are unknown at this time and as such, the financial impact to investments cannot be estimated.

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 Investment Review Committee.

Management Fees

The Manager is entitled to an annual management fee of 0.65% of the net asset value of the Hedged 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, 2022, the Fund incurred \$184,622 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, 2022, the Fund incurred \$42,605 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; 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.

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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, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018
For the periods ended:	(\$)	(\$)	(\$)	(\$)	(\$)
Hedged ETF Units - Net Assets per Unit					
Net Assets per Unit, beginning of period	49.26	50.22	51.36	49.22	50.00
Increase (decrease) from operations:					
Total revenue	1.54	1.68	1.83	1.93	0.24
Total expenses	(0.44)	(0.43)	(0.48)	(0.50)	(0.06)
Realized gains (losses)	(3.26)	1.66	(1.94)	0.64	-
Unrealized gains (losses)	(0.12)	(2.39)	0.38	0.97	(0.83)
Total increase (decrease) from operations²	(2.28)	0.52	(0.21)	3.04	(0.65)
Distributions:					
From income (excluding dividends)	(1.50)	(1.18)	(1.07)	(1.50)	(0.13)
From capital gains	-	(0.03)	-	-	-
Return of capital	-	(0.29)	(0.43)	-	-
Total annual distributions³	(1.50)	(1.50)	(1.50)	(1.50)	(0.13)
Net Assets per Unit, end of period	45.73	49.26	50.22	51.36	49.22
Hedged Class A - Net Assets per Unit					
Net Assets per Unit, beginning of period	47.78	48.94	50.46	50.01	N/A
Increase (decrease) from operations:					
Total revenue	1.48	1.76	1.75	1.31	N/A
Total expenses	(0.81)	(0.87)	(0.88)	(0.66)	N/A
Realized gains (losses)	(0.86)	(0.56)	1.43	(0.69)	N/A
Unrealized gains (losses)	(4.38)	(0.51)	1.72	1.53	N/A
Total increase (decrease) from operations²	(4.57)	(0.18)	4.02	1.49	N/A
Distributions:					
From income (excluding dividends)	(0.42)	(1.49)	(1.39)	(1.00)	N/A
Return of capital	(0.08)	(0.01)	(0.04)	-	-
Total annual distributions³	(0.50)	(1.50)	(1.43)	(1.00)	N/A
Net Assets per Unit, end of period	45.57	47.78	48.94	50.46	N/A

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

For the periods ended:	December 31, 2022 (\$)	December 31, 2021 (\$)	December 31, 2020 (\$)	December 31, 2019 (\$)	December 31, 2018 (\$)
Hedged Class F - Net Assets per Unit					
Net Assets per Unit, beginning of period	50.99	50.61	51.61	50.04	N/A
Increase (decrease) from operations:					
Total revenue	1.61	1.20	1.86	1.31	N/A
Total expenses	(0.47)	-	(0.48)	(0.27)	N/A
Realized gains (losses)	(3.99)	1.66	(2.12)	0.26	N/A
Unrealized gains (losses)	1.63	(2.49)	0.56	0.55	N/A
Total increase (decrease) from operations²	(1.22)	0.37	(0.18)	1.85	N/A
Distributions:					
From income (excluding dividends)	(0.91)	-	(0.02)	(0.50)	N/A
Return of capital	(0.09)	-	(1.41)	-	N/A
Total annual distributions³	(1.00)	-	(1.43)	(0.50)	N/A
Net Assets per Unit, end of period	47.61	50.99	50.61	51.61	N/A

- 1 This information is derived from the Fund's audited annual financial statements as at December 31, 2022, 2021, 2020, 2019, and 2018. The Hedged ETF Units effectively began operations on November 9, 2018 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.

The Fund's Ratios/Supplemental Data

For the periods ended:	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018
Hedged ETF Units - Ratios/Supplemental Data					
Total Net Asset Value (\$) ⁴	27,917,680	29,578,373	30,658,805	39,063,215	9,843,937
Number of units outstanding ⁴	610,505	600,505	610,505	760,505	200,000
Management expense ratio ⁵	0.90%	0.84%	0.92%	0.90%	0.92%
Trading expense ratio ⁶	0.03%	0.03%	0.04%	0.06%	0.00%
Portfolio turnover rate ⁷	75.04%	80.75%	90.99%	57.54%	5.58%
Net Asset Value per unit (\$)	45.73	49.26	50.22	51.36	49.22
Closing market price (\$)	45.71	49.37	50.13	51.29	49.28
Hedged Class A - Ratios/Supplemental Data					
Total Net Asset Value (\$) ⁴	50	2,045	503,809	6,628	N/A
Number of units outstanding ⁴	1	43	10,294	131	N/A
Management expense ratio ⁵	1.73%	1.76%	1.76%	1.84%	N/A
Trading expense ratio ⁶	0.03%	0.03%	0.04%	0.06%	N/A
Portfolio turnover rate ⁷	75.04%	80.75%	90.99%	57.54%	N/A
Net Asset Value per unit (\$)	45.57	47.78	48.94	50.46	N/A

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

For the periods ended:	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018
Hedged Class F - Ratios/Supplemental Data					
Total Net Asset Value (\$) ⁴	1,951	53	53	5,147	N/A
Number of units outstanding ⁴	41	1	1	100	N/A
Management expense ratio ⁵	0.96%	0.00%	0.93%	0.85%	N/A
Trading expense ratio ⁶	0.03%	0.03%	0.04%	0.06%	N/A
Portfolio turnover rate ⁷	75.04%	80.75%	90.99%	57.54%	N/A
Net Asset Value per unit (\$)	47.61	50.99	50.61	51.61	N/A

4 This information is provided as at December 31, 2022, 2021, 2020, 2019, and 2018.

5 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.

6 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.

7 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.

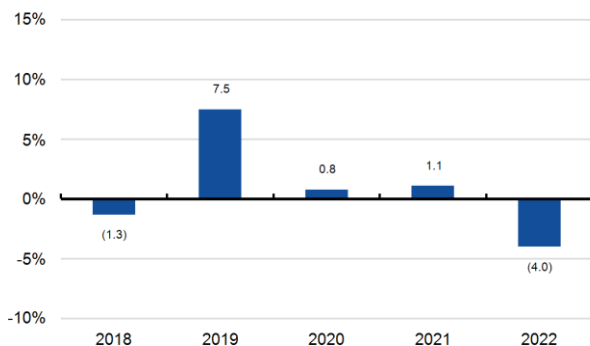
Past Performance

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.

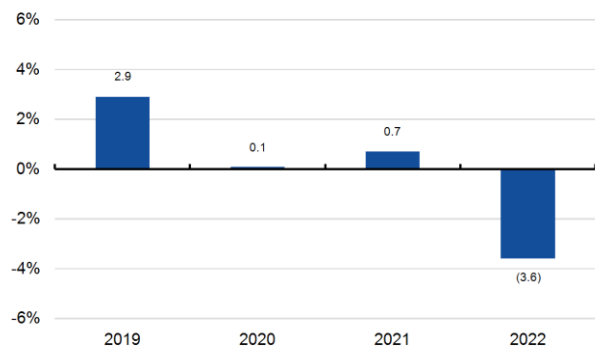
Year-by-Year Returns

The bar chart below shows the Hedged 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 year would have grown or decreased by the last day of each financial year.

EARN Hedged ETF Units¹



Hedged Class A Mutual Fund Units²



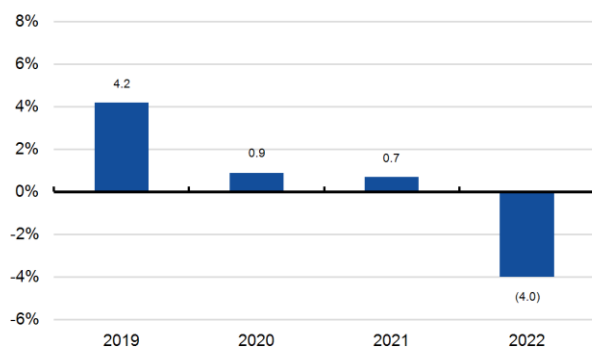
1 The Hedged ETF Units of the Fund effectively began operations on November 9, 2018.

2 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 Units³



³ 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 ETF Units and the Hedged Class A and F Mutual Fund Units. The returns are for period ended December 31, 2022. As a basis of comparison, we have provided the performance of ICE BofA 1-5 Year Global Corporate Index (100% CAD Hedged) ("Index"). As the criteria for determining the constituents of the Fund and the Index differ, it is not expected that the Fund's performance will mirror that of the Index. Further, the return of the Index is calculated without the deduction of management fees and fund expenses whereas the performance of the Fund is calculated after deducting such fees and expenses.

	Since Inception ¹ (%)	1 Year (%)	3 Year (%)
Hedged ETF Units	0.9	(4.0)	(0.8)
ICE BofA 1-5 Year Global Corporate Index (100% CAD Hedged)	4.0	(6.2)	(2.3)
Hedged Class A Mutual Fund Units	0.0	(3.6)	(1.0)
ICE BofA 1-5 Year Global Corporate Index (100% CAD Hedged)	1.0	(6.2)	(2.3)
Hedged Class F Mutual Fund Units	0.4	(4.0)	(0.8)
ICE BofA 1-5 Year Global Corporate Index (100% CAD Hedged)	1.0	(6.2)	(2.3)

¹ From inception date of November 9, 2018 for the Hedged 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	
U.S., Treasury Bill	4.0
FCT Credit Agricole Habitat 2018, Series '18-1', Class 'A', Floating Rate, Callable	1.6
Banque Federative du Credit Mutuel SA	1.5
Arrow CMBS 2018 Designated Activity Company, Series '18-1', Class 'A1'	1.4
AerCap Ireland Capital Designated Activity Company/Global Aviation Trust	1.3
Permanent TSB Group Holdings PLC	1.2
Paragon Mortgages PLC, Series '25', Class 'A', Floating Rate, Callable	1.2
Vodafone Group PLC, Floating Rate	1.2
Iron Mountain UK PLC, Callable	1.1

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Top 25 Positions (cont'd)

	Percentage of Net Asset Value (%)
Security	
General Motors Financial Company Inc., Callable	1.1
Lloyds Banking Group PLC, Variable, Callable, Perpetual	1.1
Domi 2021-1 BV, Series '21-1', Class 'A', Floating Rate, Callable	1.1
Orano SA, Callable	1.1
SAZKA Group AS, Callable	1.0
Deutsche Bank AG	1.0
Hammerson PLC	1.0
Sigma Alimentos SA de CV, Callable	1.0
Deutsche Lufthansa AG, Callable	1.0
Orano SA, Callable	1.0
Assicurazioni Generali SpA	1.0
Aramark International Finance SARL, Callable	1.0
Elis SA, Callable	1.0
KBC Group NV, Variable, Callable, Perpetual	1.0
Gamma Bidco SpA, Callable	1.0
Sprint Corporation	1.0
Total	30.9

Industry Allocation

Portfolio by Category	Percentage of Net Asset Value (%)
Debt Instruments	
Asset-Backed Securities	6.8
Communication Services	9.7
Consumer Discretionary	9.6
Consumer Staples	2.0
Energy	5.7
Financials	36.6
Health Care	3.4
Industrials	8.6
Information Technology	0.7
Materials	4.3
Real Estate	3.1
Utilities	1.5
Short-Term Investments	4.0
Derivative Assets	0.7
Derivative Liabilities	(0.3)
Cash and Cash Equivalents	1.8
Other Assets, less Liabilities	1.8
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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