



Evolve ETFs

# Sphere FTSE Emerging Markets Sustainable Yield Index ETF

June 30, 2019

Semi-Annual Financial Statements (unaudited)

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# Sphere FTSE Emerging Markets Sustainable Yield Index ETF

## Statement of Financial Position (unaudited)

(in Canadian dollars, except for number of units)

As at (note 1)	June 30, 2019 (\$)	December 31, 2018 (\$)
<b>Assets</b>		
<b>Current assets</b>		
Investments, at fair value	19,255,647	22,987,682
Cash	164,125	-
Cash held with brokers	-	409,560
Amounts receivable from Manager	225	225
Interest, dividends and other receivables	210,292	33,498
Derivative assets	244,083	141,935
	<b>19,874,372</b>	<b>23,572,900</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Bank overdraft	-	226,628
Distributions payable to holders of redeemable units	130,000	156,000
Derivative liabilities	35,006	644,129
Accrued expenses	21,444	23,807
	<b>186,450</b>	<b>1,050,564</b>
<b>Net assets attributable to holders of redeemable units</b>	<b>19,687,922</b>	<b>22,522,336</b>
<b>Net assets attributable to holders of redeemable units</b>		
Hedged Units	19,687,922	22,522,336
<b>Net assets attributable to holders of redeemable units per unit</b>		
Hedged Units	9.84	9.38

Approved on behalf of the Board of Directors of Evolve Funds Group Inc., Manager and Trustee:



**Raj Lala**  
Chief Executive Officer & Director



**Elliot Johnson**  
Chief Operating Officer, Chief Investment  
Officer & Director

# Sphere FTSE Emerging Markets Sustainable Yield Index ETF

## Statement of Comprehensive Income (unaudited)

(in Canadian dollars, except for number of units)

	June 30, 2019 (\$)	June 30, 2018 (\$)
For the period ended (note 1)		
<b>Income</b>		
Interest for distribution purposes	971	775
Securities lending income	306	-
Dividend income	404,119	584,088
<b>Changes in fair value of investments</b>		
Net realized gain (loss)	(35,050)	1,374,708
Net change in unrealized appreciation (depreciation)	875,483	(3,104,942)
<b>Changes in fair value of derivative financial instruments</b>		
Net realized gain (loss)	(424,659)	(25,013)
Net change in unrealized appreciation (depreciation)	711,271	(451,750)
<b>Other income (loss)</b>		
Other income	10,316	23,800
Net realized gain (loss) on foreign currency translations	(4,862)	107,681
Net change in unrealized appreciation (depreciation) on foreign currency translations	(12,199)	3,018
<b>Total income (loss)</b>	<b>1,525,696</b>	<b>(1,487,635)</b>
<b>Expenses</b>		
Management fees (Note 4)	59,941	99,286
Administrative fees (Note 4)	25,853	63,261
Interest expense and bank charges	5,089	32,046
Foreign withholding taxes (Note 6)	44,202	58,810
Transaction costs (Note 2)	69,834	141,661
Other expense	-	22,784
Total Expenses	204,919	417,848
Less: expenses absorbed by the Manager	-	(2,920)
<b>Total operating expenses</b>	<b>204,919</b>	<b>414,928</b>
<b>Increase (decrease) in net assets attributable to holders of redeemable units from operations</b>	<b>1,320,777</b>	<b>(1,902,563)</b>
<b>Increase (decrease) in net assets attributable to holders of redeemable units from operations</b>		
Hedged Units	1,320,777	(1,902,563)
<b>Increase (decrease) in net assets attributable to holders of redeemable units from operations per unit</b>		
Hedged Units	0.70	(0.64)

## Sphere FTSE Emerging Markets Sustainable Yield Index ETF

### Statement of Changes in Net Assets Attributable to Holders of Redeemable Units (unaudited)

(in Canadian dollars, except for number of units)

For the period ended (note 1)	June 30, 2019 (\$)	June 30, 2018 (\$)
<b>Net assets attributable to holders of redeemable units - beginning of period</b>		
Hedged Units	22,522,336	23,985,536
<b>Net assets attributable to holders of redeemable units - beginning of period</b>	<b>22,522,336</b>	<b>23,985,536</b>
<b>Increase (decrease) in net assets attributable to holders of redeemable units from operations</b>		
Hedged Units	1,320,777	(1,902,563)
	1,320,777	(1,902,563)
<b>Distributions to holders of redeemable units</b>		
<b>Net investment income</b>		
Hedged Units	(240,500)	(505,000)
	(240,500)	(505,000)
<b>Redeemable unit transactions</b>		
<b>Proceeds from sale of redeemable units</b>		
Hedged Units	2,962,361	12,635,574
	2,962,361	12,635,574
<b>Redemption of units</b>		
Hedged Units	(6,877,052)	(3,231,039)
	(6,877,052)	(3,231,039)
<b>Net increase (decrease) from redeemable unit transactions</b>	<b>(3,914,691)</b>	<b>9,404,535</b>
<b>Increase (decrease) in net assets attributable to holders of redeemable units for the period</b>	<b>(2,834,414)</b>	<b>6,996,972</b>
<b>Net assets attributable to holders of redeemable units - end of period</b>		
Hedged Units	19,687,922	30,982,508
<b>Net assets attributable to holders of redeemable units - end of period</b>	<b>19,687,922</b>	<b>30,982,508</b>

# Sphere FTSE Emerging Markets Sustainable Yield Index ETF

## Statement of Cash Flows (unaudited)

(in Canadian dollars, except for number of units)

For the period ended (note 1)	June 30, 2019 (\$)	June 30, 2018 (\$)
<b>Cash Flows from (used in) operating activities</b>		
Increase (decrease) in net assets attributable to holders of redeemable units from operations	1,320,777	(1,902,563)
<b>Adjustments for:</b>		
Change in unrealized foreign exchange (gain) loss on currency	(6,793)	(3,577)
Realized (gain) loss on investments	35,050	(1,374,708)
Realized (gain) loss on derivatives	424,659	25,013
Change in unrealized (appreciation) depreciation in the value of investments	(875,483)	3,104,942
Change in unrealized (appreciation) depreciation in the value of derivatives	(711,271)	451,750
Purchases of investments and derivatives <sup>2</sup>	(6,810,633)	(42,516,732)
Proceeds from sale and maturity of investments and derivatives <sup>2</sup>	10,958,442	33,897,742
(Increase) decrease in interest, dividends and other receivables	(176,794)	(134,551)
(Increase) decrease in receivable from manager	-	22,445
Increase (decrease) in accrued expenses	(2,363)	(5,184)
Change in cash held with brokers	409,560	-
<b>Net cash generated by (used in) operating activities</b>	<b>4,565,151</b>	<b>(8,435,423)</b>
<b>Cash Flows from (used in) financing activities</b>		
Distributions paid to unitholders, net of reinvested distributions	(266,500)	(749,398)
Proceeds from sale of units <sup>2</sup>	2,962,361	12,635,574
Payments for units redeemed <sup>2</sup>	(6,877,052)	(3,231,039)
<b>Net cash generated by (used in) financing activities</b>	<b>(4,181,191)</b>	<b>8,655,137</b>
Change in unrealized foreign exchange gain (loss) on currency	6,793	3,577
Net increase (decrease) in cash	383,960	219,714
Cash (Bank overdraft) - beginning of period	(226,628)	18,808
<b>Cash (Bank overdraft) - end of period</b>	<b>164,125</b>	<b>242,099</b>
<b>Supplemental Information<sup>1</sup></b>		
Interest received, net of foreign withholding taxes	971	775
Dividends received, net of foreign withholding taxes	183,045	392,521

1 Included as part of Cash Flows from Operating Activities

2 Excludes in-kind transactions, if any

# Sphere FTSE Emerging Markets Sustainable Yield Index ETF

## Schedule of Investment Portfolio (unaudited)

As at June 30, 2019

No. of Shares		Average Cost (\$)	Fair Value (\$)
<b>Brazil (17.5%)</b>			
95,630	Banco Bradesco SA, ADR	1,261,094	1,229,781
7,636	Banco Santander (Brasil) SA, ADR	94,233	118,697
37,850	Petroleo Brasileiro SA, ADR	742,429	703,844
8,227	Telefonica Brasil SA, ADR	157,351	140,273
3,150	TIM Participacoes SA, ADR	68,947	61,752
68,057	Vale SA, ADR	1,304,070	1,197,827
		<b>3,628,124</b>	<b>3,452,174</b>
<b>Chile (0.4%)</b>			
652	Embotelladora Andina SA, ADR	19,191	18,289
10,705	Enersis Chile SA, ADR	83,637	67,010
		<b>102,828</b>	<b>85,299</b>
<b>China (22.3%)</b>			
27,876	Angang Steel Company Limited	26,699	16,636
23,249	Anhui Conch Cement Company Limited, Class 'H'	172,582	190,780
33,579	Beijing Capital International Airport Company Limited	59,108	38,560
31,891	Beijing Jingneng Clean Energy Company Limited	11,218	7,217
37,028	China BlueChemical Limited	17,470	13,222
41,416	China Coal Energy Company Limited	23,589	22,565
42,304	China Evergrande Group	183,757	155,311
10,000	China International Marine Containers Group Company Limited	12,980	13,176
28,866	China Life Insurance Company Limited, ADR	433,401	467,605
67,459	China Longyuan Power Group Corporation Limited	62,701	56,657
18,692	China Machinery Engineering Corporation	11,848	11,030
75,315	China Molybdenum Company Limited, Class 'H'	41,608	31,186
75,912	China National Building Material Company Limited	88,868	87,172
50,164	China Pacific Insurance Group Company Limited, Class 'H'	248,503	256,909
496,038	China Petroleum & Chemical Corporation, Class 'H'	508,359	441,556
75,514	China Railway Group Limited	92,066	75,195
68,394	China Shenhua Energy Company Limited	215,363	187,576
70	CIMC Vehicle, Rights	-	1
3,116	CNOOC Limited, ADR	733,903	695,124
144,682	Country Garden Holdings Company Limited	276,410	288,143
94,674	Geely Automobile Holdings Limited	255,757	212,038
58,601	Guangzhou Automobile Group Company Limited	93,562	81,931
11,189	Haitian International Holdings Limited	30,944	30,424
13,900	Hengan International Group Company Limited	152,458	133,869
32,510	Huadian Power Internatioanal Corporation Limited	16,773	16,840
98,792	Huaneng Renewables Corporation Limited	43,947	35,607
24,370	Jiangsu Expressway Company Limited, Class 'H'	45,474	45,429
34,300	Maanshan Iron & Steel Company Limited	20,954	17,825
56,579	Metallurgical Corp of China Limited	24,347	19,823
17,196	New China Life Insurance Company Limited	108,944	109,544
407,900	PetroChina Company Limited, Class 'H'	348,903	294,720
21,299	Qingdao Port International Company Limited	19,318	20,316
9,473	Shandong Chenming Paper Holdings Limited	7,361	5,447
13,957	Shenzhen Expressway Company Limited, Class 'H'	18,063	21,970
57,445	Sino-Ocean Group Holding Limited	47,458	31,972
38,787	Sinotrans Limited	24,948	18,466
12,909	Sinotruk Hong Kong Limited	24,215	29,258

# Sphere FTSE Emerging Markets Sustainable Yield Index ETF

## Schedule of Investment Portfolio (unaudited) (cont'd)

As at June 30, 2019

No. of Shares		Average Cost (\$)	Fair Value (\$)
<b>China (22.3%) (cont'd)</b>			
37,359	Weichai Power Company Limited, Class 'H'	59,213	82,670
3,400	Yangtze Optical FC	12,524	9,085
38,593	Yanzhou Coal Mining Company Limited	57,424	47,229
114,847	Zijin Mining Group Company Limited	57,538	61,032
		<b>4,690,558</b>	<b>4,381,116</b>
<b>Colombia (0.6%)</b>			
4,573	Ecopetrol SA, ADR	125,510	109,531
<b>Greece (0.6%)</b>			
4,900	Hellenic Telecommunications Organization SA	83,597	94,855
2,151	Mytilineos Holdings SA	29,196	32,511
		<b>112,793</b>	<b>127,366</b>
<b>Hong Kong (8.7%)</b>			
52,000	Bosideng International Holdings Limited	16,307	18,916
24,784	China Merchants Port Holdings Company Limited	61,095	55,175
20,921	China Mobile Limited, ADR	1,309,782	1,240,815
42,405	China Resources Cement Holdings Limited	43,040	53,813
5,099	Hang Seng Investment Index Funds Series - Hang Seng CEI ETF	98,511	94,455
13,800	Kingboard Holdings Limited	87,574	50,317
27,556	Lee & Man Paper Manufacturing Limited	33,655	25,269
29,328	Nine Dragons Paper Holdings Limited	58,568	34,072
37,852	Poly Property Group Company Limited	18,406	18,148
22,766	Shimao Property Holdings Limited	83,915	90,832
123,455	Yuexiu Property Company Limited	31,031	36,632
		<b>1,841,884</b>	<b>1,718,444</b>
<b>Hungary (0.1%)</b>			
7,811	Magyar Telekom Telecommunications PLC	17,522	15,157
<b>India (0.6%)</b>			
8,057	Vedanta Limited, ADR	196,372	107,304
<b>Indonesia (2.6%)</b>			
196,400	PT Perusahaan Gas Negara Tbk	44,879	38,413
246,277	PT Adaro Energy Tbk	44,664	31,047
78,216	PT Bukit Asam Tbk	28,120	21,461
98,350	PT Media Nusantara Citra Tbk	12,373	9,481
894,313	PT Telekomunikasi Indonesia (Persero) Tbk	352,368	343,200
29,700	PT United Tractors Tbk	72,934	77,636
		<b>555,338</b>	<b>521,238</b>
<b>Malaysia (1.9%)</b>			
133,728	CIMB Group Holdings Berhad	253,796	227,989
56,400	Petronas Chemicals Group Berhad	168,065	150,130
		<b>421,861</b>	<b>378,119</b>
<b>Mexico (3.3%)</b>			
59,450	Alfa SAB de CV	85,220	76,337
10,200	Coca-Cola Femsa SAB de CV	84,924	82,745
6,250	Grupo Aeroportuario del Centro Norte SAB de CV	46,142	50,015
6,797	Grupo Aeroportuario del Pacifico SAB de CV	88,809	92,693
70,663	Grupo Mexico SAB de CV	298,851	246,459

The accompanying notes are an integral part of these financial statements.



# Sphere FTSE Emerging Markets Sustainable Yield Index ETF

## Schedule of Investment Portfolio (unaudited) (cont'd)

As at June 30, 2019

No. of Shares		Average Cost (\$)	Fair Value (\$)
<b>Mexico (3.3%) (cont'd)</b>			
10,150	Infraestructura Energetica Nova SAB de CV	53,616	52,306
16,300	Kimberly-Clark de Mexico SAB de CV, Class 'A'	36,059	39,647
		<b>693,621</b>	<b>640,202</b>
<b>Philippines (0.9%)</b>			
69,048	DMCI Holdings Inc.	20,029	18,178
24,551	International Container Terminal Services Inc.	70,641	91,868
5,733	Manila Electric Company	51,476	56,709
19,079	Semirara Mining & Power Corporation	15,611	11,289
		<b>157,757</b>	<b>178,044</b>
<b>Russia (9.1%)</b>			
9,210	Mobile TeleSystems PJSC, ADR	100,864	112,288
171,264	OJSC SURGUTNEFTEGAS	131,926	151,124
24,100	Rosneft Oil Company PJSC	202,614	206,870
19,303	Rostelecom PJSC	31,576	32,439
259,344	Sberbank of Russia PJSC	1,333,689	1,281,184
187,041	Yunipro PJSC	10,113	10,168
		<b>1,810,782</b>	<b>1,794,073</b>
<b>South Africa (6.2%)</b>			
2,058	African Rainbow Minerals Limited	26,201	34,857
6,700	AVI Limited	55,908	56,911
4,200	Barloworld Limited	48,662	49,983
1,600	Distell Group Holdings Limited	19,765	19,294
4,911	Exxaro Resources Limited	67,349	78,531
3,269	Imperial Holdings Limited	45,997	15,631
7,675	Nedbank Group Limited	211,519	180,679
29,000	Netcare Limited	65,917	48,479
2,900	Pioneer Foods Group Limited	22,775	18,604
14,700	Rand Merchant Investment Holdings Limited	45,380	46,428
24,747	Standard Bank Group Limited	415,901	452,508
4,547	The Foschini Group Limited	72,607	76,223
12,687	Vodacom Group Limited	185,027	141,159
		<b>1,283,008</b>	<b>1,219,287</b>
<b>Taiwan (16.2%)</b>			
45,489	Asia Cement Corporation	80,364	91,198
14,400	Catcher Technology Company Limited	141,851	135,089
154,766	Cathay Financial Holding Company Limited	335,807	280,590
22,899	Chailease Holding Company Limited	107,179	124,064
355,768	CTBC Financial Holding Company Limited	334,435	320,252
67,499	Formosa Chemicals & Fibre Corporation	344,608	293,131
96,012	Formosa Plastics Corporation	472,093	463,509
19,985	Formosa Taffeta Company Limited	32,086	32,946
144,462	Fubon Financial Holding Company Limited	306,090	279,268
4,100	Globalwafers Company Limited	51,798	54,367
41,400	Lite-On Technology Corporation	79,217	79,422
212,448	Mega Financial Holding Company Limited	248,521	276,783
111,511	Nan Ya Plastics Corporation	397,048	369,545
15,897	Nanya Technology Corporation	57,810	43,232

The accompanying notes are an integral part of these financial statements.

# Sphere FTSE Emerging Markets Sustainable Yield Index ETF

## Schedule of Investment Portfolio (unaudited) (cont'd)

As at June 30, 2019

No. of Shares		Average Cost (\$)	Fair Value (\$)
<b>Taiwan (16.2%) (cont'd)</b>			
89,066	Taiwan Cement Corporation	155,076	172,930
215,687	Yuanta Financial Holding Company Limited	148,476	169,602
		<b>3,292,459</b>	<b>3,185,928</b>
<b>Thailand (0.9%)</b>			
27,138	PTT Exploration and Production Public Company Limited	98,915	156,443
1,800	Siam City Cement Public Company Limited	17,242	18,447
		<b>116,157</b>	<b>174,890</b>
<b>United Kingdom (0.3%)</b>			
2,271	Mondi Limited	80,435	66,925
<b>United States (5.6%)</b>			
1,540	Global X MSCI Pakistan ETF	24,625	13,310
8,864	iShares MSCI Brazil ETF	492,981	507,495
758	iShares MSCI Chile Capped ETF	48,827	40,559
6,525	iShares MSCI India ETF	294,098	301,632
5,975	iShares MSCI Qatar ETF	139,854	139,981
2,590	iShares MSCI Turkey ETF	131,543	80,791
415	VanEck Vectors Egypt Index ETF	19,353	16,782
		<b>1,151,281</b>	<b>1,100,550</b>
	Transaction Costs	(22,669)	-
	<b>Total Investments (97.8%)</b>	<b>20,255,621</b>	<b>19,255,647</b>
	Derivative Assets (1.2%)*		244,083
	Derivative Liabilities (-0.2%)*		(35,006)
	Other Assets, less Liabilities (1.2%)		223,198
	<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS</b>	<b>20,255,621</b>	<b>19,687,922</b>

### \*Forward Foreign Currency Contracts (1.0%) June 30, 2019

Counterparty	Counterparty Credit Rating	Settlement Date	Currency Buys Par Value	Currency Sells Par Value	Unrealized Gain/(Loss) (\$)
BNY Capital Markets Inc.	A-1+	09-Jul-19	CAD 5,552,551	HKD 5,398,373	154,178
BNY Capital Markets Inc.	A-1+	09-Jul-19	CAD 2,806,327	TWD 2,775,124	31,203
BNY Capital Markets Inc.	A-1+	09-Jul-19	CAD 3,553,080	BRL 3,530,235	22,845
BNY Capital Markets Inc.	A-1+	09-Jul-19	CAD 383,962	INR 377,342	6,620
BNY Capital Markets Inc.	A-1+	09-Jul-19	CAD 464,354	IDR 457,864	6,490
BNY Capital Markets Inc.	A-1+	09-Jul-19	CAD 355,712	HKD 352,672	3,040
BNY Capital Markets Inc.	A-1+	09-Jul-19	CAD 402,100	HKD 399,271	2,829
BNY Capital Markets Inc.	A-1+	09-Jul-19	CAD 558,860	MXN 556,507	2,353
BNY Capital Markets Inc.	A-1+	09-Jul-19	CAD 182,782	RUB 180,954	1,828
BNY Capital Markets Inc.	A-1+	09-Jul-19	CAD 107,505	EUR 105,764	1,741
BNY Capital Markets Inc.	A-1+	09-Jul-19	CAD 170,331	BRL 168,691	1,640
BNY Capital Markets Inc.	A-1+	09-Jul-19	CAD 150,801	BRL 149,266	1,535
BNY Capital Markets Inc.	A-1+	09-Jul-19	CAD 142,475	PHP 141,034	1,441
BNY Capital Markets Inc.	A-1+	09-Jul-19	ZAR 55,827	CAD 54,424	1,403
BNY Capital Markets Inc.	A-1+	09-Jul-19	CAD 239,046	TWD 237,849	1,197
BNY Capital Markets Inc.	A-1+	09-Jul-19	CAD 144,104	HKD 142,980	1,124
BNY Capital Markets Inc.	A-1+	09-Jul-19	CAD 76,622	MXN 75,918	704

The accompanying notes are an integral part of these financial statements.

# Sphere FTSE Emerging Markets Sustainable Yield Index ETF

## Schedule of Investment Portfolio (unaudited) (cont'd)

As at June 30, 2019

Counterparty	Counterparty Credit Rating	Settlement Date	Currency Buys Par Value	Currency Sells Par Value	Unrealized Gain/(Loss) (\$)
BNY Capital Markets Inc.	A-1+	09-Jul-19	CAD 72,185	TRY 71,664	521
BNY Capital Markets Inc.	A-1+	09-Jul-19	CAD 65,205	IDR 64,731	474
BNY Capital Markets Inc.	A-1+	09-Jul-19	CAD 50,796	BRL 50,437	359
BNY Capital Markets Inc.	A-1+	09-Jul-19	RUB 22,094	CAD 21,836	258
BNY Capital Markets Inc.	A-1+	09-Jul-19	CAD 13,663	HUF 13,527	136
BNY Capital Markets Inc.	A-1+	09-Jul-19	CAD 145,314	THB 145,228	86
BNY Capital Markets Inc.	A-1+	09-Jul-19	CAD 142,163	BRL 142,109	54
BNY Capital Markets Inc.	A-1+	09-Jul-19	CAD 216,408	TWD 216,384	24
<b>Total</b>					<b>244,083</b>
BNY Capital Markets Inc.	A-1+	09-Jul-19	CAD 1,520,957	RUB 1,532,141	(11,184)
BNY Capital Markets Inc.	A-1+	09-Jul-19	CAD 1,170,228	ZAR 1,177,569	(7,341)
BNY Capital Markets Inc.	A-1+	09-Jul-19	CAD 110,997	ZAR 116,670	(5,673)
BNY Capital Markets Inc.	A-1+	09-Jul-19	CAD 164,386	RUB 166,618	(2,232)
BNY Capital Markets Inc.	A-1+	09-Jul-19	CAD 94,383	COP 96,412	(2,029)
BNY Capital Markets Inc.	A-1+	09-Jul-19	CAD 109,982	CLP 111,888	(1,906)
BNY Capital Markets Inc.	A-1+	09-Jul-19	HKD 62,690	CAD 63,918	(1,228)
BNY Capital Markets Inc.	A-1+	09-Jul-19	HKD 56,488	CAD 57,633	(1,145)
BNY Capital Markets Inc.	A-1+	09-Jul-19	CAD 87,924	ZAR 88,803	(879)
BNY Capital Markets Inc.	A-1+	09-Jul-19	HKD 65,875	CAD 66,312	(437)
BNY Capital Markets Inc.	A-1+	09-Jul-19	CAD 38,635	RUB 39,017	(382)
BNY Capital Markets Inc.	A-1+	09-Jul-19	BRL 37,146	CAD 37,497	(351)
BNY Capital Markets Inc.	A-1+	09-Jul-19	TWD 16,869	CAD 17,052	(183)
BNY Capital Markets Inc.	A-1+	09-Jul-19	CAD 58,799	HKD 58,835	(36)
<b>Total</b>					<b>(35,006)</b>
<b>Total unrealized gain/(loss) on forward foreign currency contracts</b>					<b>209,077</b>

# Sphere FTSE Emerging Markets Sustainable Yield Index ETF

## Fund Specific Notes to Financial Statements (unaudited)

### Financial Instrument Risks (Note 3)

#### Portfolio Concentration Risk

The Fund's significant concentrations by industry sector are as follows:

Portfolio by Category	Percentage of Net Asset Value	
	June 30, 2019 (%)	December 31, 2018 (%)
<b>Equities</b>		
Brazil	17.5	8.8
Chile	0.4	1.2
China	22.3	23.5
Colombia	0.6	0.6
Greece	0.6	0.1
Hong Kong	8.7	12.4
Hungary	0.1	0.1
India	0.6	0.7
Indonesia	2.6	2.3
Malaysia	1.9	2.0
Mexico	3.3	1.7
Philippines	0.9	0.9
Russia	9.1	11.0
South Africa	6.2	6.3
Taiwan	16.2	16.7
Thailand	0.9	5.9
United Kingdom	0.3	0.4
United States	5.6	7.2
Derivative Assets	1.2	0.6
Derivative Liabilities	(0.2)	(2.9)
Cash and Cash Equivalents	0.8	0.8
Other Assets, less Liabilities	0.4	(0.6)
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

#### Other Price/Market Risk

The table below summarizes management's estimate of the effect on net assets of a 10% change in the Fund's value, as at June 30, 2019 and December 31, 2018 with all other variables held constant:

Fund	Impact on Net Assets (\$)	
	June 30, 2019 (\$)	December 31, 2018 (\$)
Sphere FTSE Emerging Markets Sustainable Yield Index ETF	1,925,565	2,298,768

# Sphere FTSE Emerging Markets Sustainable Yield Index ETF

## Fund Specific Notes to Financial Statements (unaudited) (cont'd)

### Currency Risk

The table that follows indicates the currencies to which the Fund had significant exposure as at June 30, 2019 and December 31, 2018 based on the market value of the Fund's financial instruments (including cash and cash equivalents) and the underlying principal amounts of forward foreign currency contracts, as applicable. It also illustrates the possible impact of a +/- 5% move in the Canadian dollar on the net assets of the Fund as at June 30, 2019 and December 31, 2018.

The following tables summarizes the foreign currencies to which the hedged series had exposure as at June 30, 2019 and December 31, 2018, adjusting for any currency hedges if applicable.

Currency	Financial Instruments, excluding Derivatives (\$)	Forward Foreign Currency Contracts (\$)	Net Currency Exposure (\$)	Impact on Net Assets (\$)
<b>June 30, 2019</b>				
United States Dollar	7,310,938	-	7,310,938	365,547
Malaysian Ringgit	378,119	-	378,119	18,906
China Renminbi	44,132	-	44,132	2,207
Philippine Peso	178,173	(141,034)	37,139	1,857
Thai Baht	174,890	(145,228)	29,662	1,483
Euro Currency	128,558	(105,764)	22,794	1,140
Indonesian Rupiah	534,268	(522,595)	11,673	584
Mexican Peso	640,359	(632,425)	7,934	397
Hungarian Forint	15,158	(13,527)	1,631	82
Taiwan Dollar	3,201,371	(3,212,489)	(11,118)	(556)
South African Rand	1,286,452	(1,327,215)	(40,763)	(2,038)
New Turkish Lira	-	(71,664)	(71,664)	(3,583)
Colombian Peso	-	(96,412)	(96,412)	(4,821)
Chilean Peso	-	(111,888)	(111,888)	(5,594)
Russian Ruble	1,754,480	(1,896,635)	(142,155)	(7,108)
Indian Rupee	-	(377,342)	(377,342)	(18,867)
Hong Kong Dollar	3,730,480	(6,167,079)	(2,436,599)	(121,830)
Brazilian Real	730	(4,003,591)	(4,002,861)	(200,143)
<b>Total</b>	<b>19,378,108</b>	<b>(18,824,888)</b>	<b>553,220</b>	<b>27,661</b>

# Sphere FTSE Emerging Markets Sustainable Yield Index ETF

## Fund Specific Notes to Financial Statements (unaudited) (cont'd)

Currency	Financial Instruments, excluding Derivatives (\$)	Forward Foreign Currency Contracts (\$)	Net Currency Exposure (\$)	Impact on Net Assets (\$)
<b>December 31, 2018</b>				
United States Dollar	7,452,864	-	7,452,864	372,643
Malaysian Ringgit	460,590	-	460,590	23,030
Taiwan Dollar	3,753,756	(3,731,473)	22,283	1,114
Indonesian Rupiah	512,968	(505,049)	7,919	396
Philippine Peso	195,661	(190,726)	4,935	247
Mexican Peso	390,768	(386,921)	3,847	192
Chinese Renminbi	3,120	-	3,120	156
South African Rand	1,518,360	(1,518,404)	(44)	(2)
Thai Baht	1,323,624	(1,325,546)	(1,922)	(96)
Hungarian Forint	21,247	(25,559)	(4,312)	(216)
Euro Currency	30,391	(39,114)	(8,723)	(436)
Uae Dirham	3	(24,156)	(24,153)	(1,208)
Russian Ruble	2,386,199	(2,505,054)	(118,855)	(5,943)
Colombian Peso	-	(147,950)	(147,950)	(7,398)
New Turkish Lira	2	(227,713)	(227,711)	(11,386)
Chilean Peso	-	(304,245)	(304,245)	(15,212)
Indian Rupee	-	(855,518)	(855,518)	(42,776)
Brazilian Real	754	(2,569,405)	(2,568,651)	(128,433)
Hong Kong Dollar	4,976,515	(7,978,786)	(3,002,271)	(150,114)
<b>Total</b>	<b>23,026,822</b>	<b>(22,335,619)</b>	<b>691,203</b>	<b>34,558</b>

### Interest Rate Risk

As at June 30, 2019 and December 31, 2018, the majority of the Fund's financial assets and liabilities are non-interest bearing; accordingly, the Fund is not exposed to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates.

### Liquidity Risk

The liquidity of the fund is managed on a day-to-day basis in order to meet expenses and handle redemption of the Fund's redeemable units. As at June 30, 2019 and December 31, 2018, the Fund did not have a significant amount of financial liabilities with maturities greater than three months.

### Credit Risk

As at June 30, 2019 and December 31, 2018, the Fund had no significant investments in fixed-income investments. Refer to the Schedule of Investment Portfolio for the forward foreign currency contracts' counterparty credit ratings.

### Fair Value Measurements

The following is the fair value measurement hierarchy based on the inputs used as at June 30, 2019 and December 31, 2018 in valuing the Fund's financial assets and liabilities carried at fair value:

#### Financial Assets (Liabilities)

	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
<b>June 30, 2019</b>				
Equities	19,255,647	-	-	<b>19,255,647</b>
Derivative Assets	-	244,083	-	<b>244,083</b>
Derivative Liabilities	-	(35,006)	-	<b>(35,006)</b>
<b>Total</b>	<b>19,255,647</b>	<b>209,077</b>	<b>-</b>	<b>19,464,724</b>

# Sphere FTSE Emerging Markets Sustainable Yield Index ETF

## Fund Specific Notes to Financial Statements (unaudited) (cont'd)

<b>December 31, 2018</b>				
Equities	22,987,682	-	-	<b>22,987,682</b>
Derivative Assets	-	141,935	-	<b>141,935</b>
Derivative Liabilities	-	(644,129)	-	<b>(644,129)</b>
	<b>22,987,682</b>	<b>(502,194)</b>	-	<b>22,485,488</b>

For the periods ended June 30, 2019 and December 31, 2018, there were no transfers of securities between Level 1 and Level 2. There were no Level 3 securities as at or during the periods ended June 30, 2019 and December 31, 2018.

The table below presents a reconciliation of the securities lending income as presented in the Statement of Comprehensive Income for the period ended June 30, 2019. Gross amounts are shown generated from securities lending activities, less any taxes withheld, and amounts earned by parties entitled to receive payments out of the gross amount.

### Securities Lending Transactions

	(\$)	Percentage of Gross securities lending revenue (%)
<b>June 30, 2019</b>		
Gross securities lending revenue	632	100.0
Interest Paid on Cash Collateral	-	-
Withholding taxes	(22)	(3.5)
Agent fees – Canadian Imperial Bank of Commerce	(304)	(48.0)
<b>Net Securities Lending Income</b>	<b>306</b>	<b>48.5</b>

The aggregate closing market value of securities loaned, and collateral received as at June 30, 2019 was as follows:

	<b>June 30, 2019 (\$)</b>
Fair Value of Securities on Loan	<b>718,296</b>
Fair Value of Cash Collateral Received	-
Fair Value of Securities Collateral Received	<b>762,184</b>

The Fund's investment details in the exchange traded funds as at June 30, 2019 and December 31, 2018 are included in the following table:

### Structured Entity Table

	Fair Value of Fund's Investment (\$)	Percentage of Fund's Net Assets (%)
<b>June 30, 2019</b>		
iShares MSCI Qatar ETF	13,310	0.0
Global X MSCI Pakistan ETF	80,791	0.0
iShares MSCI Turkey ETF	16,782	0.0
VanEck Vectors Egypt Index ETF	40,559	0.0
iShares MSCI Chile Capped ETF	301,632	0.0
iShares MSCI India ETF	507,495	0.0
iShares MSCI Brazil ETF	94,455	0.0
<b>December 31, 2018</b>		
VanEck Vectors Egypt Index ETF	53,481	0.1
iShares MSCI Qatar ETF	61,213	0.1
Global X MSCI Pakistan ETF	21,373	0.0
iShares MSCI Turkey ETF	143,899	0.0

# Sphere FTSE Emerging Markets Sustainable Yield Index ETF

## Fund Specific Notes to Financial Statements (unaudited) (cont'd)

### Structured Entity Table (cont'd)

	Fair Value of Fund's Investment (\$)	Percentage of Fund's Net Assets (%)
<b>December 31, 2018 (cont'd)</b>		
iShares MSCI UAE ETF	21,060	0.0
iShares MSCI India ETF	692,978	0.0
iShares MSCI Chile Capped ETF	45,679	0.0
iShares MSCI Brazil ETF	574,387	0.0
Hang Seng Investment Index Funds Series - Hang Seng CEI ETF	166,013	0.0

### Offsetting of Financial Instruments

The following table presents the gross amount of financial instruments that may be offset, or subject to enforceable master netting agreements or other similar agreements but that are not offset, as at June 30, 2019 and December 31, 2018. The "Net" column shows what the impact on the Fund's Statements of Financial Position would be if all set-off rights were exercised.

### Offsetting of Financial Instruments

	Amounts eligible for offset (\$)			Net Amount (\$)
	Gross Amounts of Recognized Financial Assets/Liabilities (\$)	Net Amounts of Financial Assets/Liabilities Presented in the Statements of Financial Position (\$)	Financial Instruments Eligible for Offset (\$)	
Financial Assets and Liabilities				
<b>June 30, 2019</b>				
Derivative Assets	244,083	244,083	(35,006)	209,077
Derivative Liabilities	(35,006)	(35,006)	35,006	-
<b>Total</b>	<b>209,077</b>	<b>209,077</b>	<b>-</b>	<b>209,077</b>
<b>December 31, 2018</b>				
Derivative Assets	141,935	141,935	(141,935)	-
Derivative Liabilities	(644,129)	(644,129)	141,935	(502,194)
<b>Total</b>	<b>(502,194)</b>	<b>(502,194)</b>	<b>-</b>	<b>(502,194)</b>

### Unit Transactions (Note 5)

The unitholder transactions for the periods ended June 30, 2019 and December 31, 2018 are as follows:

	June 30, 2019	December 31, 2018
<b>Hedged Units</b>		
Number of redeemable units outstanding - beginning of period	2,400,000	2,200,000
Issued	300,000	1,100,000
Redeemed	(700,000)	(900,000)
<b>Number of redeemable units outstanding - end of period</b>	<b>2,000,000</b>	<b>2,400,000</b>



# Sphere FTSE Emerging Markets Sustainable Yield Index ETF

## Fund Specific Notes to Financial Statements (unaudited) (cont'd)

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### Income Taxes (Note 6)

As at June 30, 2019 the Fund had the following capital and non-capital loss carryforward balances:

As at	June 30, 2019 (\$)
Capital loss carryforwards	446,770
Non-capital losses	-

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## Notes to Financial Statements (unaudited)

As at and for the periods as disclosed in the financial statements (Note 1) June 30th, 2019

### 1. ORGANIZATION

The Evolve funds (each a “Fund” and collectively the “Funds”) are established on the establishment dates noted below as open-ended mutual fund trusts under the laws of the Province of Ontario, pursuant to a master declaration of trust dated August 4, 2017 and as amended and restated from time to time. The units of the exchange traded funds (“ETFs”) are listed on the Toronto Stock Exchange (“TSX”) and NEO Exchange in the case of the Evolve Active Core Fixed Income Fund and Evolve U.S. Marijuana ETF. The address of the Funds’ registered office is 161 Bay Street, Suite 2700, Toronto, Ontario, M5J 2S1.

The following list indicates the classes of units offered for sale by each of the Funds, as at the date of these financial statements:

#### Actively managed Funds

Fund Name	Sub-Advisor	Class	Ticker Symbol	Date of Establishment	Date of Commencement
Evolve Active Canadian Preferred Share Fund	Foyston, Gordon & Payne Inc.	Unhedged Units	DIVS	14-Aug-17	29-Sep-17
	Foyston, Gordon & Payne Inc.	Unhedged Class A	EVF101	14-Aug-17	23-Apr-19
	Foyston, Gordon & Payne Inc.	Unhedged Class F	EVF100	14-Aug-17	23-Apr-19
Evolve Active Core Fixed Income Fund	Foyston, Gordon & Payne Inc.	Unhedged Units	FIXD	21-Mar-18	29-Mar-18
	Foyston, Gordon & Payne Inc.	Unhedged Class A	EVF111	21-Mar-18	04-Jun-19
	Foyston, Gordon & Payne Inc.	Unhedged Class F	EVF110	21-Mar-18	04-Jun-19
Evolve Active Short Duration Bond Fund	Nuveen Asset Management, LLC	Hedged Units	TIME	14-Aug-17	16-Oct-17
	Nuveen Asset Management, LLC	Unhedged Units	TIME.B	14-Aug-17	16-Oct-17
Evolve Active US Core Equity Fund	Nuveen Asset Management, LLC	Hedged Units	CAPS	14-Aug-17	16-Oct-17
	Nuveen Asset Management, LLC	Unhedged Units	CAPS.B	14-Aug-17	16-Oct-17
	Nuveen Asset Management, LLC	US Dollar Unhedged Units	CAPS.U	14-Aug-17	14-Nov-18
	Nuveen Asset Management, LLC	Hedged Class A	EVF121	14-Aug-17	23-Apr-19
	Nuveen Asset Management, LLC	Hedged Class F	EVF120	14-Aug-17	23-Apr-19
	Allianz Global Investors	Hedged Units	EARN	30-Oct-18	14-Nov-18
Evolve Active Global Fixed Income Fund	Allianz Global Investors	Hedged Class A	EVF131	30-Oct-18	23-Apr-19
	Allianz Global Investors	Hedged Class F	EVF130	30-Oct-18	23-Apr-19
		Unhedged Units	SEED	05-Feb-18	12-Feb-18
Evolve US Marijuana ETF		Unhedged Units	USMJ	15-Apr-19	17-Apr-19

#### Index-tracking Funds

Fund Name	Class	Ticker Symbol	Date of Establishment	Date of Commencement
Evolve Automobile Innovation Index ETF	Hedged Units	CARS	04-Aug-17	29-Sep-17
	Unhedged Units	CARS.B	04-Aug-17	29-Sep-17
	US Dollar Unhedged Units	CARS.U	04-Aug-17	03-Oct-17
	Hedged Class A	EVF141	04-Aug-17	23-Apr-19

## Notes to Financial Statements (unaudited) (cont'd)

As at and for the periods as disclosed in the financial statements (Note 1) June 30th, 2019

### Index-tracking Funds (cont'd)

Fund Name	Class	Ticker Symbol	Date of Establishment	Date of Commencement
Evolve Cyber Security Index Fund	Hedged Class F	EVF140	04-Aug-17	23-Apr-19
	Hedged Units	CYBR	04-Aug-17	20-Sep-17
	Unhedged Units	CYBR.B	04-Aug-17	20-Sep-17
	US Dollar Unhedged Units	CYBR.U	04-Aug-17	16-May-19
Evolve Innovation Index Fund	Hedged Class A	EVF151	04-Aug-17	23-Apr-19
	Hedged Class F	EVF150	04-Aug-17	23-Apr-19
	Hedged Units	EDGE	20-Apr-18	02-May-18
	Hedged Class A	EVF161	20-Apr-18	04-Jun-19
Evolve North American Gender Diversity Index Fund	Hedged Class F	EVF160	20-Apr-18	04-Jun-19
	Hedged Units	HERS	04-Aug-17	20-Sep-17
	Unhedged Units	HERS.B	04-Aug-17	20-Sep-17
Sphere FTSE Emerging Markets Sustainable Yield Index ETF	Hedged Units	SHZ	30-Mar-16	29-Sep-16
Evolve E-Gaming Index ETF	Hedged Units	HERO	04-Jun-19	17-Jun-19

Each index-tracking Fund seeks to track, to the extent reasonably possible and before fees and expenses, the performance of a broad and widely quoted market index.

### Index-tracking Funds with active covered call strategies

Fund Name	Class	Ticker Symbol	Date of Establishment	Date of Commencement
Evolve Global Healthcare Enhanced Yield ETF	Hedged Units	LIFE	04-Aug-17	25-Oct-17
	Unhedged Units	LIFE.B	04-Aug-17	25-Oct-17
Evolve US Banks Enhanced Yield Fund	Hedged Units	CALL	04-Aug-17	16-Oct-17
	Unhedged Units	CALL.B	04-Aug-17	16-Oct-17
Evolve Global Materials & Mining Enhanced Yield Index ETF	Hedged Units	BASE	04-Jun-19	12-Jun-19
	Unhedged Units	BASE.B	04-Jun-19	12-Jun-19

Each index-tracking Fund with active covered call strategies seeks to track, to the extent reasonably possible and before fees and expenses, the performance of a broad and widely quoted market index and in addition to provide the return of a strategy of selling call options against not more than 33% of the equity securities of any of the portfolios with the covered call strategies.

Certain Funds offer classes of Hedged Units, Unhedged Units and US Dollar Unhedged Units. In instances where the Funds invest their assets in securities that are denominated in currencies other than the Canadian dollar and/or offer US Dollar Unhedged Units, the value of the portfolio will vary due to changes in foreign currency exchange rates. For Funds with Hedged Units, currency risk is mitigated by entering into forward foreign currency contracts to hedge the foreign currency exposure back to Canadian dollar and, as such, the Hedged Units do not have significant exposure to currency risk. For Funds with Unhedged Units and US Dollar Unhedged Units, currency risk is not mitigated, as the currency exposure is not hedged back to the Canadian dollar and, as such, the Unhedged Units and the US Dollar Unhedged Units have a significant exposure to currency risk. As a result, due to the difference in currency hedging strategies, the net asset value attributable to holders of redeemable units of each class will not be the same.

Evolve Funds Group Inc. (the "Manager") is the trustee, manager and investment manager of the Funds.

The Schedule of Investment Portfolio for each of the Funds is as at June 30, 2019. The Statements of Financial Position of each of the Funds that commenced operations in 2019 are as at June 30, 2019 and for the Funds that commenced operations in years prior to 2019 are as at June 30, 2019 and December 31, 2018 and 2017. The Statements of Comprehensive Income, Statements of Changes in Net Assets Attributable to Holders of Redeemable Units, and Statements of Cash Flows of each of the Funds are for the periods ended June 30 of the years shown. Except for Funds established during either period, in which case the information presented is for the period from the date of establishment to June 30 for the years shown, if applicable.

The financial statements were approved for issuance by the Manager on August 23, 2019.

Class A units are available to all investors. Class F units are for investors who are participants in a fee-for-service or wrap account program sponsored by certain registered dealers.

## Notes to Financial Statements (unaudited) (cont'd)

As at and for the periods as disclosed in the financial statements (Note 1) June 30th, 2019

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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The following is a summary of significant accounting policies followed by the Funds:

#### Basis of Preparation

The financial statements of the Funds have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting (IAS 34) as published by the International Accounting Standards Board ("IASB"). The financial statements have been prepared on a going concern basis using the historical cost convention except for financial assets and liabilities measured at fair value through profit or loss ("FVTPL"). Each Fund is an investment entity and primarily all financial assets and liabilities are measured at fair value in accordance with IFRS. Accordingly, the Funds' accounting policies for measuring the fair value of investments and derivatives are consistent with those used in measuring the Net Asset Value for transactions with unitholders.

#### Adoption of IFRS 9 Financial Instruments

Effective January 1, 2018, the Funds adopted IFRS 9, *Financial Instruments* ("IFRS 9"). The new standard introduced a model for classification and measurement of financial assets and liabilities including those carried at amortized cost; fair value, with changes in fair value recognized in FVTPL; or fair value through other comprehensive income ("FVOCI") based on the entity's business model for managing financial assets and the contractual cash flow characteristics of these financial assets. Assessment and decision on the business model approach used is an accounting judgment.

Upon transition to IFRS 9 from IAS 39, *Financial Instruments: Recognition and Measurement* ("IAS 39"), all financial assets and liabilities that had previously been designated as FVTPL continue to be classified as FVTPL. All financial assets and liabilities that were previously classified as financial assets and liabilities as loans and receivables under IAS 39 are now recorded at amortized cost. Derivative assets and derivative liabilities that were previously considered as held-for-trading financial instruments are now classified as FVTPL. This classification differs from the classification under the previous IAS 39, therefore there were changes in categorization of certain financial assets and liabilities upon transition.

There were no changes in the measurement attributes for any of the financial assets and liabilities upon transition to IFRS 9.

In applying IFRS, management may make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses during the reporting periods. Actual results may differ from such estimates.

The following is a summary of significant accounting policies followed by the Funds:

#### Classification and Recognition of Financial Instruments

Financial instruments include financial assets and liabilities such as debt and equity securities, and derivatives, cash and other receivables and payables. The Funds classify and measure financial instruments in accordance with IFRS 9. Upon initial recognition, financial assets and liabilities are classified as FVTPL or carried at amortized cost. The initial classification of a financial instrument depends on the contractual cash flows characteristics of the financial assets as well as the Funds' business model for managing the financial assets.

All financial instruments are recognized in the Statements of Financial Position when a Fund becomes a party to the contractual requirements of the instrument. A financial asset is derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. As such, investment purchase and sale transactions are recorded as of the trade date.

Financial instruments are subsequently measured as FVTPL with changes in fair value recognized in the Statements of Comprehensive Income.

#### Measurement of Financial Instruments

Financial instruments at FVTPL are recorded in the Statements of Financial Position at fair value upon initial recognition. All transaction costs such as brokerage commissions, incurred in the purchase and sale of securities for such instruments are recognized directly in profit or loss.

Subsequent changes in the fair value of those financial instruments (i.e., the excess/shortfall of the sum of the fair value of portfolio investments over/below the sum of the average cost of each portfolio investment) are recorded in unrealized appreciation (depreciation) in the value of investments. The applicable period change in unrealized appreciation (depreciation) of investments is included in the Statements of Comprehensive Income.

## Notes to Financial Statements (unaudited) (cont'd)

As at and for the periods as disclosed in the financial statements (Note 1) June 30th, 2019

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For the purposes of determining the average cost of each portfolio investment, the purchase price of portfolio investments acquired by each Fund is added to the average cost of the particular portfolio investment immediately prior to the purchase. The average cost of a portfolio investment is reduced by the number of shares sold multiplied by the average cost of the portfolio investment at the time of the sale. The average cost per share of each portfolio investment sold is determined by dividing the average cost of the portfolio investment by the number of shares held immediately prior to the sale transaction. Transaction costs incurred in portfolio transactions are excluded from the average cost of investments and are recognized immediately in net income and are presented as a separate expense item in the financial statements. Realized gains and losses from the sale of portfolio investments are also calculated based on the average costs, excluding transaction costs, of the related investment.

The net asset value ("NAV") per unit of each Fund is calculated each day the Funds are open for business as of regularly scheduled close of regular trading on the respective exchange of each Fund. NAV per unit is calculated by dividing the net assets of each Fund by the number of units outstanding of that Fund. Units of each Fund are being issued and sold on a continuous basis and there is no maximum number of units that may be issued. In calculating each class of each Fund's NAV, investments are valued under policies approved by the Board of Directors of the Manager. Equity securities (including preferred stock) listed or dealt in upon a stock exchange are valued at the last sale price or official closing price on the exchange or system on which they are principally traded when the price falls within the bid-ask spread range. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point that the bid-ask spread is most representative of fair value based on the specific facts and circumstances. Foreign currency contracts are valued based on the difference between the value of the contract on the valuation date and the value on the date the contract was originated.

### Classification of Redeemable Units

IAS 32 *Financial Instruments: Presentation*, requires that securities of the Funds, which are considered puttable instruments, be classified as either financial liabilities or equity instruments. Under IFRS, the units of the Funds that include contractual obligation for the issuer to repurchase or redeem them for cash or another financial asset are classified as financial liabilities. The Funds' outstanding units include a contractual obligation to deliver cash or another financial asset on the Funds' fixed termination date, and therefore the ongoing redemption feature is not a Fund's only contractual obligation. Also, redemption of units at 95% of the closing price by unitholders gives rise to a redemption value that is not substantially based on the NAV of each Fund. Consequently, the Funds' outstanding redeemable units are classified as financial liabilities in accordance with the requirements.

### Fair Value Measurement

IFRS describe fair value as the price that each Fund would receive upon selling an asset or paid to transfer a liability in an orderly transaction between market participants as at the measurement date. It established a three-tier hierarchy of inputs to be used when determining fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk — for example, the risk inherent in a particular valuation technique used to measure fair value (such as a pricing model) and/or the risk inherent in the inputs to the valuation technique.

Inputs may be observable or unobservable. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability. Observable inputs are based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability. Unobservable inputs are based on the best information available in the circumstances. The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

Level 1 – Quoted (unadjusted) prices in active markets for identical assets or liabilities at measurement date.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.).

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable (including each Fund's assumptions in determining the fair value of investments).

The inputs or methodology used for valuation are not necessarily an indication of the risk associated with investing in those investments.

The Funds have included the fair value hierarchy in the Fund Specific Notes to Financial Statements.

### Securities Lending

In order to generate additional returns, the Funds are authorized to enter into securities lending agreements with borrowers deemed acceptable in accordance with National Instrument 81-102, *Investment Funds*.

## Notes to Financial Statements (unaudited) (cont'd)

As at and for the periods as disclosed in the financial statements (Note 1) June 30th, 2019

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Aggregate market value of all securities loaned by a Fund cannot exceed 50% of the fair value of the assets of the Fund. The Funds receive collateral against the loaned securities in the form of debt obligations of the Government of Canada and Canadian provincial governments. The government of the United States of America or the government of one of the states of the United States of America. The government of the sovereign state of G7 countries, Austria, Belgium, Denmark, Finland, Netherlands, Spain, Sweden or Switzerland; or a permitted supranational agency of Organisation for Economic Co-operation and Development countries. The minimum allowable collateral is 102% of the fair value of the loaned securities. The aggregate closing market value of securities loaned, and collateral received and a reconciliation of the gross securities lending revenue to the securities lending revenue reported by each Fund in the Funds' Statements of Comprehensive Income are disclosed on the Securities Lending Transactions section of the Fund Specific Notes.

Under a securities lending agreement, the borrower must pay the Funds a negotiated securities lending fee, provide compensation to the Funds equal to any distributions received by the borrower on the securities borrowed, and the Funds must receive an acceptable form of collateral in excess of the value of the securities loaned. Although such collateral is marked to market, each Fund may be exposed to the risk of loss should a borrower default on its obligations to return the borrowed securities and the collateral is insufficient to reconstitute the portfolio of loaned securities.

### Forward Foreign Currency Contracts

A forward foreign currency contract ("Forward Contract") involves an obligation to purchase or sell a specific currency at a future date, which may be any fixed number of days from the date of the contract agreed upon by the parties, at a price set at the time of the contract. These contracts are principally traded in the inter-bank market conducted directly between currency traders (usually large, commercial banks) and their customers. A Forward Contract generally does not require an initial margin deposit and no commissions are charged at any stage for trades. However, if a Fund is in an unrealized loss position on a Forward Contract, it may be required to pledge collateral (or additional collateral) to the counterparty.

Risks may arise upon entering into a Forward Contract from the potential inability of the counterparties to meet the terms of their contracts and from unanticipated movements in the value of foreign currencies relative to the Canadian dollar.

A Forward Contract is valued at fair value of the gain or loss that would be realized on a valuation date if the position was to be closed out. Realized and unrealized gains (losses) on forward foreign currency contracts are recorded in realized gain (loss) on derivatives and change in unrealized appreciation (depreciation) in the value of derivatives in the Statements of Comprehensive Income.

### Options Contracts

Outstanding option positions are valued at an amount equal to the current fair value that would have the effect of closing the position. Any difference resulting from revaluation and gains or losses realized upon expiration or exercise of the options are recognized in the Statements of Comprehensive Income.

### Short Sales

When a Fund sells a security short, it will borrow that security from a broker to complete the sale. A Fund will incur a loss as a result of a short sale if the price of the borrowed security increases between the date of the short sale and the date on which a Fund closes out its short position by buying that security. A Fund will realize a gain if the security declines in price between those dates.

### Investment Transactions and Investment Income

Investment transactions are recorded as of the date that the securities are purchased or sold (trade date). Realized and unrealized gains and losses are calculated on an average cost basis. The cost of investments represents the amount paid for each security and is determined using the average cost method, excluding commissions and transaction costs. Transaction costs, such as brokerage commissions and settlement charges incurred in the purchase and sale of securities, are shown as a separate line item in the Statements of Comprehensive Income and are not part of the cost of investments. Dividend income is recognized on the ex-dividend date, gross of any foreign taxes withheld. The interest for distribution purposes shown on the Statements of Comprehensive Income represent the coupon interest received by the Funds accounted for on an accrual basis. Premiums received from writing options are included in the Statements of Financial Position as a liability and subsequently adjusted to fair value. When a written option expires unexercised, the Funds will realize a gain equal to the premium received. When a written option is closed, the Funds will realize a gain or loss equal to the difference between the cost at which the contract was closed and the premium received. Income earned from securities lending transactions in the form of securities lending fees payable by the borrower and, in certain circumstances, interest paid on cash or securities held as collateral. Revenue, if any, earned on securities lending transactions during the period is disclosed in the Funds' Statements of Comprehensive Income.

## Notes to Financial Statements (unaudited) (cont'd)

As at and for the periods as disclosed in the financial statements (Note 1) June 30th, 2019

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### Foreign Currency Translation

The Funds' functional and presentation currency is the Canadian dollar. The Canadian dollar is the currency of the primary economic environment in which the Funds operate. The Funds' performance is evaluated and their liquidity is managed in Canadian dollars. Therefore, the Canadian dollar is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. Foreign currencies, as well as investment securities and other assets and liabilities denominated in foreign currencies, are translated into Canadian dollars using exchange rates prevailing on the respective dates of such transactions. Realized and unrealized foreign exchange gains and losses on investments are included as a component of net realized gain (loss) on sale of investments and change in unrealized appreciation (depreciation) of investments, respectively, on the Statements of Comprehensive Income. Net realized and unrealized foreign exchange gains (losses) arising from sales of foreign currencies, include: gains (losses) on forward foreign currency contracts, currency gains (losses) recognized between the trade and settlement dates on investment transactions, and the difference between the amounts of dividends and foreign withholding taxes recorded on the Funds' books and the Canadian dollar equivalent of the amounts actually received or paid. These gains (losses) are included in net realized gain (loss) and/or change in unrealized appreciation (depreciation) on foreign currency contracts and foreign currency translations in the Statements of Comprehensive Income.

### Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units from Operations per Unit

The increase (decrease) in net assets attributable to holders of redeemable units from operations per unit is calculated by dividing the increase (decrease) in net assets attributable to holders of redeemable units from operations by the weighted average number of units outstanding during the period.

### Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Funds' financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts recognized in the financial statements and disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

In the process of applying the Funds' accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the financial statements:

### Classification and Measurement of Investments

In classifying and measuring financial instruments held by the Funds, the Manager has assessed the Funds' business model for managing their respective portfolios of investments and evaluating the performance on a fair value basis and concluded that these financial assets and liabilities should be measured at FVTPL in accordance with IFRS 9.

### Assessment as investment entity

Entities that meet the definition of an investment entity within IFRS 10, Consolidated Financial Statements are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria which define an investment entity are, as follows:

- an entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- an entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- an entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Funds' prospectuses detail the objective of providing investment management services to investors, for the purpose of returns in the form of investment income and capital appreciation.

The Funds report to their investors via semi-annual investor information, and to their management via internal management reports, on a fair value basis. All investments are reported at fair value to the extent allowed by IFRS in the Funds' financial statements. The Funds have a clearly documented exit strategy for all of their investments.

The Manager has also concluded that the Funds meet the additional characteristics of an investment entity, in that they have more than one investment; the investments are predominantly in the form of equities and similar securities; they have more than one investor; and their investors are not related parties.

These conclusions will be reassessed on an annual basis, if any of these criteria or characteristics change.

## Notes to Financial Statements (unaudited) (cont'd)

As at and for the periods as disclosed in the financial statements (Note 1) June 30th, 2019

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### 3. FINANCIAL INSTRUMENT RISKS

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The Funds' activities may expose them to a variety of financial risks associated with financial instruments, including concentration risk, market risk (which includes currency risk, interest rate risk and other price/market risk), liquidity risk and credit risk. The Manager seeks to minimize potential adverse effects of these risks on the Funds' performance by employing professional, experienced portfolio managers, by daily monitoring of the Funds' position and market events, and by diversifying the investment portfolio within the constraints of the investment objective.

Details of the Funds' exposure to financial instrument risks are available in the Fund Specific Notes to Financial Statements, as applicable.

#### Concentration Risk

Concentration indicates the relative sensitivity of the Funds' performance to developments affecting a particular industry or geographical location. Concentrations of risk arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

#### Currency Risk

Currency risk arises from financial instruments that are denominated in foreign currencies. The Funds are exposed to the risk that the value of securities denominated in foreign currencies will fluctuate due to changes in exchange rates. When the value of the Canadian dollar falls in relation to foreign currencies, then the value of foreign investments rises. When the value of the Canadian dollar rises, the value of foreign investments falls.

The Funds hold securities denominated in Canadian dollars during the reporting period. The Funds may hedge their foreign currency exposures by entering into Forward Contracts to reduce currency risk.

#### Interest Rate Risk

Interest rate risk is the risk that the market value of a Fund's interest-bearing financial instruments will fluctuate due to changes in market interest rates. Prices of longer-term fixed-income securities will generally fluctuate more in response to interest rate changes than would shorter-term securities. Generally, the fair value of fixed income securities will vary inversely in relation to a change in interest rates. As interest rates rise, the fair value of fixed income securities falls and vice versa. The magnitude of the fall and rise will generally be greater for long-term fixed income securities than for short-term fixed income securities.

#### Other Price/Market Risk

Other price/market risk is the risk that the fair values or future cash flows of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment or its issuer, or all factors affecting all instruments traded in a market or market segment. All securities are exposed to other price/market risk. The maximum risk is equivalent to the financial instruments' fair value.

#### Liquidity Risk

Liquidity risk is the possibility that investments in a Fund cannot be readily converted into cash when required. The Funds generally maintain sufficient liquidity to meet expenses and redemption of units by investing primarily in liquid securities. However, unexpected heavy demand for redemptions of units could result in the Funds having to dispose of investments at a time when it is not optimal in order to meet such redemption requests. To manage the Funds' overall liquidity and enable the Funds to meet their obligations, the assets of the Funds are invested primarily in securities that are traded on active markets and that the Manager believes can be readily disposed of through market facilities under normal circumstances.

#### Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Funds. To help manage the credit risk of the Funds, the Manager carefully monitors the creditworthiness and operational robustness of counterparties that conduct transactions on behalf of the Funds. Generally, the greater the credit rating of a security, the lower the probability of the issuer defaulting on its obligations.



## Notes to Financial Statements (unaudited) (cont'd)

As at and for the periods as disclosed in the financial statements (Note 1) June 30th, 2019

Credit ratings for preferred shares are obtained from Dominion Bond Rating Services and Standard & Poor's. A rating of P1 is of superior credit quality and is supported by entities with strong earnings and balance sheet characteristics. P2 is of satisfactory credit quality. Protection of dividends and principal is still substantial, but earnings, the balance sheet and coverage ratios are not as strong as P1 rated companies. P3 is of adequate credit quality. While protection of dividends and principal is still considered acceptable, the issuing entity is more susceptible to adverse changes in financial and economic conditions, and there may be other adverse conditions present which detract from debt protection.

For those Funds that invest in fixed-income securities, credit ratings are obtained from Standard & Poor's Global Ratings, Moody's and/or Fitch Ratings. A rating of AAA indicates the highest of quality with minimal risk, whereas AA rating suggests high quality with very low credit risk. Obligations rated A considered upper-middle-grade and are subject to low credit risk. Obligations rated BBB possesses moderate credit risk. They are considered medium grade. Although considered investment grade, they may possess speculative characteristics.

### Offsetting Financial Instruments

A Fund's risk of loss from counterparty credit risk on over-the-counter derivatives is generally limited to the aggregate unrealized gain netted against any collateral held by the Fund. The Fund attempts to mitigate counterparty risk by only entering into agreements with counterparties that it believes have the financial resources to honour their obligations and by monitoring the financial stability of those counterparties. For financial reporting purposes, financial assets and financial liabilities are offset when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The Funds enter into various master netting agreements or similar agreements that do not meet the criteria for offsetting in the Statements of Financial Position.

In order to better define their contractual rights and to secure rights that will help the Funds mitigate their counterparty risk, the Funds may enter into an International Swaps and Derivatives Association, Inc. Master Agreement or similar agreement with their counterparties.

## 4. RELATED PARTY TRANSACTIONS

### Administrative Fees

Each Fund will pay the Manager an Administrative Fee as set forth in the table below based on the average daily NAV of the units of the Funds to pay for expenses incurred during the day-to-day operating of the Funds. The fees specified below are the same for all classes per Fund where applicable. The Administrative Fees, plus applicable taxes, will be accrued daily and paid monthly in arrears. Administrative Fees are the same for all classes on a fund level.

The administrative fee rates applicable to each fund are as follow:

Fund Name	Administrative Fee (annual rate) (%)
Evolve Active Canadian Preferred Share Fund	0.15% of NAV
Evolve Active Core Fixed Income Fund	0.15% of NAV
Evolve Active Short Duration Bond Fund	0.15% of NAV
Evolve Active US Core Equity Fund	0.15% of NAV
Evolve Active Global Fixed Income Fund	0.15% of NAV
Evolve Marijuana Fund	0.25% of NAV
Evolve US Marijuana ETF	0.25% of NAV
Evolve Automobile Innovation Index Fund	0.15% of NAV
Evolve Cyber Security Index Fund	0.15% of NAV
Evolve Innovation Index Fund	0.15% of NAV
Evolve North American Gender Diversity Index Fund	0.15% of NAV
Sphere FTSE Emerging Markets Sustainable Yield Index ETF	0.25% of NAV
Evolve E-Gaming Index ETF	0.15% of NAV
Evolve Global Healthcare Enhanced Yield Fund	0.15% of NAV
Evolve US Banks Enhanced Yield Fund	0.15% of NAV
Evolve Global Materials & Mining Enhanced Yield Index ETF	0.15% of NAV

## Notes to Financial Statements (unaudited) (cont'd)

As at and for the periods as disclosed in the financial statements (Note 1) June 30th, 2019

### Management Fees

Each Fund will pay the Manager a management fee as set forth in the table below based on the average daily NAV of the units of the Funds. The Manager, in its capacity as manager of the Funds, manages the day-to-day business of each Fund, including negotiating contractual agreements with service providers and preparing reports to unitholders and securities regulatory authorities. The management fee, plus applicable taxes, will be accrued daily and paid monthly in arrears. The Manager may, from time to time in its discretion, waive all or a portion of the management fee charged at any given time. Expenses payable to the Manager and receivable on expenses waived by the Manager are disclosed in the Statements of Financial Position.

The management fee rates applicable to the respective series of each fund are as follow:

Fund Name	Class	Management Fee (annual rate) (%)
Evolve Active Canadian Preferred Share Fund	Unhedged Units	0.65% of NAV
	Unhedged Class A	1.40% of NAV
	Unhedged Class F	0.65% of NAV
Evolve Active Core Fixed Income Fund	Unhedged Units	0.45% of NAV
	Unhedged Class A	1.20% of NAV
	Unhedged Class F	0.45% of NAV
Evolve Active Short Duration Bond Fund	Hedged Units	0.70% of NAV
	Unhedged Units	0.70% of NAV
Evolve Active US Core Equity Fund	Hedged Units	0.70% of NAV
	Unhedged Units	0.70% of NAV
	US Dollar	0.70% of NAV
	Unhedged Units	0.70% of NAV
Evolve Active Global Fixed Income Fund	Hedged Class A	1.70% of NAV
	Hedged Class F	0.70% of NAV
	Hedged Units	0.65% of NAV
	Hedged Class A	1.40% of NAV
Evolve Marijuana Fund	Unhedged Units	0.75% of NAV
	Unhedged Units	0.75% of NAV
Evolve US Marijuana ETF	Unhedged Units	0.75% of NAV
	Hedged Units	0.40% of NAV
	Unhedged Units	0.40% of NAV
	US Dollar	0.40% of NAV
Evolve Automobile Innovation Index Fund	Unhedged Units	0.40% of NAV
	Hedged Class A	1.40% of NAV
	Hedged Class F	0.40% of NAV
	Hedged Units	0.40% of NAV
Evolve Cyber Security Index Fund	Unhedged Units	0.40% of NAV
	US Dollar	0.40% of NAV
	Unhedged Units	0.40% of NAV
	Hedged Class A	1.40% of NAV
Evolve Innovation Index Fund	Hedged Class F	0.40% of NAV
	Hedged Units	0.40% of NAV
	Hedged Class A	1.40% of NAV
	Hedged Class F	0.40% of NAV
Evolve North American Gender Diversity Index Fund	Hedged Units	0.40% of NAV
	Unhedged Units	0.40% of NAV
Sphere FTSE Emerging Markets Sustainable Yield Index ETF	Hedged Units	0.54% of NAV
Evolve E-Gaming Index ETF	Hedged Units	0.70% of NAV
Evolve Global Healthcare Enhanced Yield Fund	Hedged Units	0.45% of NAV
	Unhedged Units	0.45% of NAV
Evolve US Banks Enhanced Yield Fund	Hedged Units	0.45% of NAV
	Unhedged Units	0.45% of NAV
Evolve Global Materials & Mining Enhanced Yield Index ETF	Hedged Units	0.60% of NAV

## Notes to Financial Statements (unaudited) (cont'd)

As at and for the periods as disclosed in the financial statements (Note 1) June 30th, 2019

### The management fee rates applicable to the respective series of each fund are as follow: (cont'd)

Fund Name	Class	Management Fee (annual rate) (%)
	Unhedged Units	0.60% of NAV

## 5. REDEEMABLE UNITS

Each Fund is authorized to issue an unlimited number of redeemable, transferable units, each of which represents an equal, undivided interest in the net assets of that Fund.

All units of each Fund have equal rights and privileges. Each whole unit is entitled to one vote at all meetings of unitholders and is entitled to participate equally with respect to any and all distributions made by each Fund to unitholders, other than management fee distributions, but including distributions of net income, net realized capital gains and distributions upon the termination of each Fund. Any special distributions payable in units of each Fund will increase the aggregate adjusted cost base of a unitholder's units. Immediately following payment of such a special distribution in units, the number of units of each Fund outstanding will be automatically consolidated such that the number of units that each unitholder will hold after such distribution will be equal to the number of units held by such unitholder immediately prior to such distribution, except in the case of a non-resident unitholder to the extent tax is required to be withheld in respect of the distribution. Units are issued only as fully paid and are non-assessable.

On any trading day, unitholders of ETF units may exchange the prescribed number of units (or an integral multiple thereof) for baskets of securities and/or cash at a redemption price per unit equal to 95% of the closing price for the applicable units on the TSX (or the applicable exchange the units of the Fund being redeemed is trading on), subject to a maximum redemption price per unit equal to the NAV per unit on the effective day of redemption. The right to redeem units of the Funds may be suspended with the approval of the Canadian Securities Administrators.

Transactions in units for the Funds are disclosed in the Fund Specific Notes to Financial Statements. The consideration for the purchase of creation units of the Funds generally consists of the in-kind contribution of a designated portfolio of equity securities constituting a portfolio sampling representation of the securities included in the relevant Funds' underlying index and an amount of cash. Investors purchasing and redeeming creation units may be charged a purchase transaction fee and a redemption transaction fee to offset transfer and other transaction costs associated with the issuance and redemption of creation units.

Units issued and outstanding are considered to be capital of the Funds. The Funds are not subject to externally imposed capital requirements and have no legal restrictions on the issue, repurchase or resale of redeemable shares beyond those included in the Funds' prospectuses. The capital received by each Fund is managed to achieve the investment objective of each Fund while maintaining liquidity to satisfy unitholder redemptions.

The changes in issued and outstanding units of the Funds can be found in the statement of Changes in Net Assets Attributable to Holders of Redeemable Units.

The following is a summary of the closing market prices and fair value of the net assets attributed to holders of redeemable units at closing market price as at period end:

Fund Name	TSX Ticker Symbol	Market Price as at June 30, 2019 (\$)
Evolve Active Canadian Preferred Share Fund (Unhedged)	DIVS	16.45
Evolve Active Short Duration Bond Fund (Hedged)	TIME	19.25
Evolve Active Short Duration Bond Fund (Unhedged)	TIME.B	20.48
Evolve Active US Core Equity Fund (Hedged)	CAPS	20.82
Evolve Active US Core Equity Fund (Unhedged)	CAPS.B	22.29
Evolve Active US Core Equity Fund (US dollar Unhedged)	CAPS.U	25.31
Evolve Active Global Fixed Income Fund (Hedged)	EARN	51.02
Evolve Marijuana Fund (Unhedged)	SEED	24.11
Evolve Automobile Innovation Index Fund (Hedged)	CARS	19.28
Evolve Automobile Innovation Index Fund (Unhedged)	CARS.B	20.35
Evolve Automobile Innovation Index Fund (US Dollar Unhedged)	CARS.U	23.30
Evolve Cyber Security Index Fund (Hedged)	CYBR	27.57
Evolve Cyber Security Index Fund (Unhedged)	CYBR.B	30.01

## Notes to Financial Statements (unaudited) (cont'd)

As at and for the periods as disclosed in the financial statements (Note 1) June 30th, 2019

Fund Name	TSX Ticker Symbol	Market Price as at June 30, 2019 (\$)
Evolve Cyber Security Index Fund (US Dollar Unhedged)	CYBR.U	40.48
Evolve Innovation Index Fund (Hedged)	EDGE	21.03
Evolve North American Gender Diversity Index Fund (Hedged)	HERS	22.17
Evolve North American Gender Diversity Index Fund (Unhedged)	HERS.B	23.69
Sphere FTSE Emerging Markets Sustainable Yield Index ETF (Hedged)	SHZ	9.93
Evolve E-Gaming Index ETF (Hedged)	HERO	20.49
Evolve Global Healthcare Enhanced Yield Fund (Hedged)	LIFE	19.42
Evolve Global Healthcare Enhanced Yield Fund (Unhedged)	LIFE.B	20.91
Evolve US Banks Enhanced Yield Fund (Hedged)	CALL	18.46
Evolve US Banks Enhanced Yield Fund (Unhedged)	CALL.B	19.64
Evolve Global Materials & Mining Enhanced Yield Index ETF (Hedged)	BASE	20.86
Evolve Global Materials & Mining Enhanced Yield Index ETF (Unhedged)	BASE.B	20.67

Fund Name	NEO Ticker Symbol	Market Price as at June 30, 2019 (\$)
Evolve Active Core Fixed Income Fund (Unhedged)	FIXD	19.86
Evolve US Marijuana ETF (Unhedged)	USMJ	17.01

## 6. INCOME TAXES

The Funds, except for Evolve Active Short Duration Bond Fund and Evolve Global Healthcare Enhanced Yield Fund, qualify or intends to qualify as mutual fund trusts, under the provisions of the Income Tax Act (Canada) ("Act"). As at June 30, 2019 and December 31, 2018, the Evolve Active Short Duration Bond Fund and the Evolve Global Healthcare Enhanced Yield Fund are considered to be financial institutions under the "Act" and are therefore subject to the mark-to-market rules with respect to their investments that qualify as 'mark to market property' under the Act. As a result, all realized gains and losses, and changes in unrealized gains and losses, with respect to mark-to-market property are taxed as income on a yearly basis.

Capital losses and non-capital losses available in the Funds are presented in the Fund Specific Notes to Financial Statements, as applicable. Capital losses may be carried forward indefinitely and used to reduce future realized capital gains. Non-capital losses may be used to reduce future net income and capital gains for up to 20 years. The Funds may incur withholding taxes imposed by certain countries on investment income and capital gains. Such income and gains are recorded on a gross basis and the related withholding taxes are shown as a separate expense in the Statements of Comprehensive Income.

Occasionally, distributions by the Funds will exceed the net investment income and taxable capital gains realized by the Funds. To the extent that the excess is not designated by the Funds to be income for Canadian tax purposes and taxable to holders of redeemable units, this excess distribution is a return of capital and is not immediately taxable to unitholders.



**Evolve ETFs**

**Sphere FTSE Emerging Markets Sustainable Yield Index ETF**