



Evolve ETFs

Evolve Active Short Duration Bond Fund

June 30, 2019

Interim Management Report of Fund Performance

This interim management report of fund performance contains financial highlights but does not contain the complete interim financial statements of the investment fund. You can get a copy of the interim financial statements at your request, and at no cost, by calling 1-844-370-4884, by writing to us at Evolve Funds, 161 Bay Street, Suite 2700, Toronto, ON, M5J 2S1 or by visiting our website at www.evolveetfs.com or SEDAR at www.sedar.com. You may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

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Investment Objective and Strategies

The Evolve Active Short Duration Bond Fund (the "Fund") seeks to provide holders of Units with a high level of current income through monthly distributions. Under normal market conditions, the Fund invests primarily in a diversified portfolio of below investment grade corporate debt securities rated "BB+" or lower by Standard & Poor's Rating Services ("S&P") and Fitch Ratings ("Fitch") or "Ba1" or lower by Moody's Investor Services, Inc. ("Moody's") at the time of investment. The portfolio will generally have an average duration of less than three years.

Risk

There were no changes to the Fund over the period of this report that materially affected the level of risk associated with an investment in the Fund. Prospective investors should read the Fund's most recent prospectus and consider the description of risks contained therein.

Results of Operations

For the six-month period ended June 30, 2019, the Fund's net asset value per non-hedged units returned 1.86% and net asset value per hedged units returned 5.61%. The Fund's net assets were \$7.306MM as at June 30, 2019.

Portfolio Manager Commentary

A shift to a dovish central bank tone, along with the sustained low default environment, supported the market during H1. Although macro risks still abound and growth expectations are lower; the dovish tone and muted inflation, paired with healthy credit fundamentals made way for the market to post gains of 7.25% during the period. Though spreads were little changed in Q2. During Q1 return was driven in large part by spread tightening as strong earnings dampened recession fears and trade tensions eased which led to inflows into HY. Q2 return was driven by the tailwind provided by the decline in rates across the treasury curve in anticipation of dovish Fed action; taking the all-in-yield on the index from 8.26% on the 1st of the year to 5.73% by the end of June. Energy is now trading at multi-year wides relative to the index given weaker demand growth and increased geopolitical tensions. Outperformers were the cyclical, communications, and capital goods sectors as sentiment shifted from trade wars to stimulus during Q2, following a more supportive monetary policy backdrop. During the first half of 2019, the total return of the portfolio outperformed the Barclays US HY 1-5 Year index by +11 bps. Outperformance was led almost entirely by security selection, particularly in Industrials. Within the Industrial sector, the portfolio's selections in Energy were the primary drivers. Basic Industry and Communication selections were also additive, but to a lesser extent. Allocation decisions across sectors muted those gains modestly. During the most recent quarter, we reduced the portfolio's overweight to the Energy sector amid the softening growth outlook and increasing geopolitical tensions.

Recent Developments

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

Related Party Transactions

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

Management Fees

The management fees are calculated based on 0.70% per annum of the average daily net asset value of the Fund. The fees are accrued daily and are generally paid monthly. For the six-month period ended June 30, 2019, the Fund incurred \$24,600 in management fees. These management fees were received by Evolve Funds Group Inc. for the day-to-day operations of the fund, including managing the portfolio, maintaining portfolio systems used to manage the Fund, maintaining the www.evolveetfs.com website, and providing all other services including marketing and promotion.

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Administration Fees

The administration fees are calculated based on 0.15% per annum of the average daily net asset value of the Fund. The fees are accrued daily and are generally paid monthly. For the six-month period ended June 30, 2019, the Fund incurred \$5,271 in administration fees. These administration fees were received by Evolve Funds Group Inc. for the following operating expenses of the Fund including but not limited to: mailing and printing expenses for periodic reports to unitholders; Registrar and Transfer Agent and Custodian; any reasonable out of pocket expenses incurred by the Manager or its agents in connection with their ongoing obligations to the Fund; IRC committee member fees and expenses in connection with the IRC; expenses related to compliance with NI 81-107; fees and expenses relating to voting of proxies by a third party; insurance coverage for the members of the IRC; fees payable to the auditors and legal advisors of the Fund; regulatory filing, stock exchange and licensing fees and CDS fees; costs and expenses of complying with all applicable laws, regulations and policies, including expenses and costs incurred in connection with the continuous public filing requirements such as permitted prospectus preparation and filing expenses; and legal, accounting and audit fees and fees and expenses of the Trustee, Custodian and Manager which are incurred in respect of matters not in the normal course of the Fund's activities. The administration fee paid to the Manager by the Fund, in any particular period, be less than or exceed the operating expenses that the Manager incurs for that class.

Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help readers understand the Fund's financial performance for the period indicated.

The Fund's Net Assets Per Unit¹

For the periods ended:	June 30, 2019 (\$)	December 31, 2018 (\$)	December 31, 2017 (\$)
Unhedged Units - Net Assets per Unit			
Net Assets per Unit, beginning of period	20.49	19.76	19.95
Increase (decrease) from operations:			
Total revenue	0.55	1.13	0.25
Total expenses	(0.12)	(0.20)	(0.05)
Realized gains (losses)	0.05	-	(0.05)
Unrealized gains (losses)	(0.25)	0.65	(0.18)
Total increase (decrease) from operations²	0.23	1.58	(0.03)
Distributions:			
From income (excluding dividends)	(0.42)	(0.06)	(0.21)
Return of capital	-	(0.78)	-
Total annual distributions³	(0.42)	(0.84)	(0.21)
Net Assets per Unit, end of period	20.46	20.49	19.76
Hedged Units - Net Assets per Unit			
Net Assets per Unit, beginning of period	18.62	19.61	19.92
Increase (decrease) from operations:			
Total revenue	0.51	1.08	0.24
Total expenses	(0.11)	(0.19)	(0.05)
Realized gains (losses)	(0.02)	(0.55)	(0.70)
Unrealized gains (losses)	0.53	(0.49)	0.33
Total increase (decrease) from operations²	0.91	(0.15)	(0.18)
Distributions:			
From income (excluding dividends)	(0.42)	(0.06)	(0.21)
Return of capital	-	(0.78)	-
Total annual distributions³	(0.42)	(0.84)	(0.21)
Net Assets per Unit, end of period	19.24	18.62	19.61

1 This information is derived from the Fund's unaudited interim financial statement as at June 30, 2019, and the audited annual financial statements as at December 31 for the years shown. The Fund began operations on October 16, 2017.

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.

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The Fund's Ratios/Supplemental Data

For the periods ended:	June 30, 2019	December 31, 2018	December 31, 2017
Unhedged Units - Ratios/Supplemental Data			
Total Net Asset Value (\$) ⁴	1,534,482	1,024,714	987,850
Number of units outstanding ⁴	75,000	50,000	50,000
Management expense ratio ⁵	0.99%	0.96%	1.01%
Trading expense ratio ⁶	0.14%	0.04%	0.22%
Portfolio turnover rate ⁷	22.25%	112.49%	97.14%
Net Asset Value per unit (\$)	20.46	20.49	19.76
Closing market price (\$)	20.48	20.54	19.83
Hedged Units - Ratios/Supplemental Data			
Total Net Asset Value (\$) ⁴	5,771,949	3,723,192	3,922,072
Number of units outstanding ⁴	300,000	200,000	200,000
Management expense ratio ⁵	0.99%	0.96%	1.01%
Trading expense ratio ⁶	0.14%	0.04%	0.22%
Portfolio turnover rate ⁷	22.25%	112.49%	97.14%
Net Asset Value per unit (\$)	19.24	18.62	19.61
Closing market price (\$)	19.25	18.65	19.65

4 This information is provided as at June 30, 2019 and December 31 for the other years shown.

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.

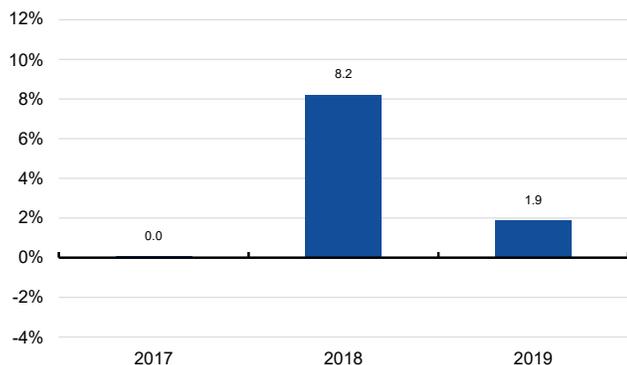
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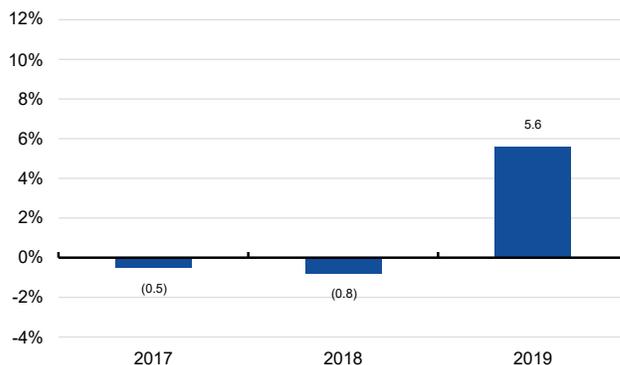
Year-by-Year Returns

The bar chart below shows the Fund's annual performance for the periods shown. The chart shows, in percentage terms, how much an investment made in the Fund on the first day would have grown or decreased by the last day of the period.

TIME/B¹



TIME²



1 The non-hedged class of the Fund effectively began operation on October 16, 2017.

2 The hedged class of the Fund effectively began operation on October 16, 2017.

Summary of Investment Portfolio

Top 25 Positions

Security	Percentage of Net Asset Value (%)
T-Mobile US Inc., Callable	1.1
The Chemours Company, Callable	1.1
Level 3 Financing Inc., Callable	1.1
HCA Inc.	1.0
Springleaf Finance Corporation	1.0
KB Home, Callable	1.0
CSC Holdings LLC	1.0
Hughes Satellite Systems Corporation	1.0
Sprint Corporation	1.0
CIT Group Inc.	1.0
L Brands Inc.	1.0
Netflix Inc.	0.9
MPT Operating Partnership Limited Partnership/Finance Corporation	0.9
AngloGold Ashanti Holdings PLC	0.9
The Gap Inc., Callable	0.9
Anixter Inc.	0.9
SBA Communications Corporation, Callable	0.9
Starwood Property Trust Inc., Callable	0.9
Icahn Enterprises Limited Partnership/Finance Corporation, Callable	0.9
iStar Inc., Callable	0.9
Kennedy-Wilson Inc., Callable	0.9
CCO Holdings LLC/Capital Corporation, Callable	0.9
Avis Budget Car Rental LLC, Callable	0.9

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Top 25 Positions (cont'd)

	Percentage of Net Asset Value (%)
Security	
NRG Yield Operating LLC, Callable	0.9
PulteGroup Inc., Callable	0.9
Total	23.9

Industry Allocation

Portfolio by Category	Percentage of Net Asset Value (%)
Debt Instruments	
Communication Services	17.2
Consumer Discretionary	15.1
Energy	12.7
Financials	11.1
Industrials	8.3
Materials	7.4
Health Care	5.9
Information Technology	4.8
Real Estate	2.3
Consumer Staples	2.1
Utilities	1.2
Derivative Assets	0.5
Derivative Liabilities	(0.0)
Cash and Cash Equivalents	10.7
Other Assets, less Liabilities	0.7
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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