



Evolve ETFs

Evolve E-Gaming Index ETF

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 E-Gaming Index ETF (the "Fund") seeks to replicate, to the extent reasonable possible and before fees and expenses, the performance of the Solactive E-Gaming Index, or any successor thereto. The Fund primarily invests in equity securities of companies listed domestically and globally, and other issuers, with business activities in the gaming industry.

Risk

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

Results of Operations

Since the Fund was launched on June 17, 2019, no performance data can be shown. The Fund's net assets were \$1.023MM as at June 30, 2019.

Portfolio Manager Commentary

The gaming industry is expected to experience strong growth in 2019, benefitting holdings in the Fund. According to a report by Newzoo, a global leader in games and e-sports analytics, gaming market revenues are expected to grow by 9.6% in 2019 to reach \$152.1 billion, up from \$138.7 billion in 2018.(i)

The largest segment, 36%, is anticipated to be generated by smartphone games, while the smallest segment of the market, 2%, is expected to go to Browser PC Games. It is probable that browser-based games will continue to lose market share in 2019 and over the next few years, with console and smartphone games gaining share.(ii)

Console games are expected to account for 32% of the revenue in 2019 and are projected to grow faster than smartphone games in the coming years but will not overtake smartphone games.(iii)

Globally, Xbox, PlayStation, Nintendo and other console games are on track to rise 13.4% in revenue this year. Nintendo is the largest holding in the fund by weight.

China, the global leader in the gaming market, is expected to be replaced by the US in the number one position this year. This is largely due to the fact that Chinese gaming companies suffered from a nine-month freeze on game licenses last year that significantly shrank the stream of new titles.

As a result of China's slowdown, Asia-Pacific is no longer the fastest-growing region. Taking the crown is Latin America, which is enjoying a 10.4% compound annual growth. Despite China's licensing blackout, Tencent, a major holding in the Fund, remained the world's largest publicly listed gaming firm, with revenue of \$19.73 billion last year.(iv)

Performance Attribution

Launched on June 14, 2019, the Fund held a diversified pool of gaming companies, with its largest exposure by weight to Nintendo Co. Ltd. Unsponsored ADR.

(i) <https://techcrunch.com/2019/06/19/global-gaming-market-2019/>

(ii) <https://fortune.com/longform/video-game-streaming/>

(iii) <https://www.forbes.com/sites/gradsoflife/2019/07/11/skills-ready-workers-key-to-eliminating-barriers-to-employment/#5d08601e18bc>

(iv) <https://techcrunch.com/2019/06/19/global-gaming-market-2019/>

Recent Developments

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

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Related Party Transactions

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

Management Fees

The management fees are calculated based on 0.65% 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 \$373 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.

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 \$80 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

	June 30, 2019 (\$)
For the periods ended:	
Hedged Units - Net Assets per Unit	
Net Assets per Unit, beginning of period ²	20.00
Increase (decrease) from operations:	
Total revenue	0.00
Total expenses	(0.02)
Realized gains (losses)	0.15
Unrealized gains (losses)	0.34
Total increase (decrease) from operations³	0.47
Net Assets per Unit, end of period	20.47

1 This information is derived from the Fund's unaudited interim financial statements as at June 30, 2019. The Fund began operations on June 17, 2019.

2 This amount represents the initial launch price.

3 Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of units outstanding over the period.

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The Fund's Ratios/Supplemental Data

	June 30, 2019
For the periods ended:	
Hedged Units - Ratios/Supplemental Data	
Total Net Asset Value (\$) ⁴	1,023,263
Number of units outstanding ⁴	50,000
Management expense ratio ⁵	1.16%
Trading expense ratio ⁶	1.92%
Portfolio turnover rate ⁷	0.00%
Net Asset Value per unit (\$)	20.47
Closing market price (\$)	20.49

4 This information is provided as at June 30, 2019.

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

Since the Fund is a reporting issuer for less than one year, with inception date June 17, 2019, providing performance data for the period is not permitted.

Summary of Investment Portfolio

Top 25 Positions

Security	Percentage of Net Asset Value (%)
Nintendo Company Limited, ADR	11.7
iShares MSCI South Korea Capped ETF	10.2
Electronic Arts Inc.	9.8
Activision Blizzard Inc.	9.8
NetEase Inc., ADR	9.2
Tencent Holdings Limited, ADR	8.9
NEXON Company Limited	5.4
Take-Two Interactive Software Inc.	5.2
BANDAI NAMCO Holdings Inc.	4.3
Sea Limited, ADR	4.0
Ubisoft Entertainment SA, ADR	3.6
Zynga Inc.	2.3
iShares MSCI Poland Capped ETF	2.2
Square Enix Holdings Company Limited	1.6
Bilibili Inc., ADR	1.6
Kingssoft Corp Limited	1.2
GungHo Online Entertainment Inc.	1.1
Capcom Company Limited	1.0
THQ Nordic AB	1.0
Koei Tecmo Holdings Company Limited	1.0
mixi Inc.	0.6

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Top 25 Positions (cont'd)

	Percentage of Net Asset Value (%)
Security	
IGG Inc.	0.6
Glu Mobile Inc.	0.4
Akatsuki Inc.	0.3
COLOPL Inc.	0.3
Total	97.3

Industry Allocation

Portfolio by Category	Percentage of Net Asset Value (%)
Equities	
Communication Services	56.5
Consumer Discretionary	4.3
ETFs - International Equity	12.6
Industrials	0.1
Information Technology	25.0
Derivative Assets	0.8
Derivative Liabilities	0.0
Cash and Cash Equivalents	0.8
Other Assets, less Liabilities	(0.1)
Total	100.0

The summary of Investment Portfolio may change due to the ongoing portfolio transactions of the Fund. Updates are available quarterly by visiting our website at www.evolveetfs.com.



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