



Evolve ETFs

Evolve Automobile Innovation Index 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 Automobile Innovation Index Fund (the "Fund") seeks to replicate, to the extent reasonably possible and before fees and expenses, the performance of the Solactive Future Cars Index (the "Benchmark"), or any successor thereto. The Fund invests primarily in equity securities of companies that are directly or indirectly involved in developing electric drivetrains, autonomous driving or network connected services for automobiles.

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 non-hedged units returned 12.89% versus the Solactive Future Cars Index return of 14.29%. The hedged units returned 17.35% versus the Solactive Future Cars Index Canadian Dollar Hedged return of 17.99%. The US Dollar non-hedged units returned 17.66% versus the Solactive Future Cars Index USD return of 19.45%. The difference in performance of the hedged units relative to its benchmark can be attributed primarily to management fees plus applicable sales taxes and to portfolio trading and hedging strategies. The difference in performance of the non-hedged units relative to its benchmark can be attributed primarily to management fees plus applicable sales taxes and to portfolio trading. Since the hedged A and F mutual fund classes were launched on April 23, 2019, no performance data can be shown. Fund's net assets were \$8.391MM as at June 30, 2019.

Portfolio Manager Commentary

Developments in electric (EV) and autonomous vehicles (AV) dominated the automotive industry in the first half of 2019, fueled by partnerships among carmakers to develop EV and AV technology and related ancillary products and services; mergers and acquisitions; an increasing number of companies venturing into the market; and strong infrastructure spending.

Although the current EV market segment represent one to two percent of total vehicle sales worldwide, it is forecasted that EV sales will surpass those of traditional vehicles by 2038, with the global fleet of EVs expected to surpass one billion by 2047.(i)

Incidentally, China has become the largest market for EVs. Last year, EV sales in China surged by 62% to 1.3 million, about 4% of total car purchases, compared to 2% of car purchases in the US. By 2022, 10.3 million new electric vehicles are projected to be sold globally, with the Chinese market expanding by 37% to 3.6 million and the US increasing 26% to nearly 2 million.(ii)

In February, Volkswagen announced plans to invest some \$1.7 billion in Ford's start-up AV unit, Argo AI; while BMW and Daimler established an approximately \$3.5 billion partnership to develop a suite of mobility services, driverless vehicles, ride-hailing and pay-per-use cars. In May, Daimler Trucks agreed to buy a majority stake in self-driving truck software maker Torc Robotics in May as part of its broader push to develop AVs.(iii)

In March, Hyundai Motor Group and Russia's biggest technology company Yandex NV announced plans to jointly develop AVs and build an autonomous control system to be marketed to rival car manufacturers and car-sharing start-ups; while Volvo Cars and Baidu Inc. joined forces to develop robo-taxis in China.(iv)

Hyundai also plans to launch a platform dedicated to EVs next year and expects to introduce 44 electrified models by 2025. It also proposes to launch an autonomous robot taxi fleet in South Korea on a trial basis by 2021. In total, Hyundai estimates that it will invest roughly \$40 billion in research and development over the next five years.

In April, Toyota announced plans to invest \$100 million in early-stage start-ups engaged in the development of disruptive technologies. In addition, Toyota, Denso, and the SoftBank Vision Fund announced that they have finalized a deal to invest a combined \$1 billion in Uber's AV spin-off, Uber's Advanced Technologies Group.

Volkswagen plans to build a fully electric sports utility vehicle for China in 2021, taking on the Chinese market leader, Tesla. The VW Group said that it is converting 16 factories worldwide to enable mass production of EVs. Volkswagen also announced that it plans to start production of mobile charging stations which can be set up anywhere as required, with or without connection to the power supply.

Apple's acquired autonomous vehicle start-up Drive.ai in June, indicating its renewed interest in the AV space. Earlier this year, Apple laid off 190 of its AV staff from Project Titan, giving the impression that it was abandoning its venture into the space. Apple has not publicly disclosed its plans.

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Coming under increasing competitive pressure from a growing number of EV makers, Tesla, made significant cuts to its workforce, with the aim of achieving profitability. After reporting a large first quarter loss, Tesla Inc. returned to growth mode in the second quarter, setting a record for deliveries, beating Wall Street's expectations and relieving some pressure on CEO Elon Musk to prove that demand remains strong for the EV maker's vehicles.(v)

In June, a coalition of 11 companies — Aptiv, Audi, Baidu, BMW, Continental, Daimler, Fiat Chrysler Automobiles, Here, Infineon, Intel, and Volkswagen — published a whitepaper ("Safety First For Automated Driving") describing a framework for the development, testing, and validation of "safe" AVs. The report claims that there is "clear traceability" that AVs are "safer than the average driver." Alphabet's Waymo, GM's Cruise Automation, Zoox, Tesla, Amazon-backed Aurora, Beijing-based Pony.ai, Nvidia, and Yandex did not participate in the report. On the other hand, Ford, Lyft, Uber, Volvo, and Waymo have a coalition of their own.(vi)

As of May 1, Canadians commenced getting an incentive worth up to \$5,000 towards the purchase of a zero-emission vehicle - plug-in hybrid, electric battery or hydrogen fuel - as long as the manufacturer's suggested retail price is less than \$45,000. The three-year, \$200 million incentive program was originally unveiled in the March federal budget.

Performance Attribution

At the end of the June, the Fund held 69% of its portfolio by weight in companies in the Auto Supply Chain; 16% in Auto Makers and 15% in Auto Parts and Equipment. Auto Parts and Equipment stocks were among the best performing, led by Visteon Corp. and followed by Aptiv PLC. The best performing Auto Supply Chain stock was Dialog Semiconductor PLC; while Tesla Inc. was the best performing Auto Maker.

(i) <https://www.zdnet.com/article/ark-invest-tesla-is-three-years-ahead-of-all-its-competitors/>

(ii) <https://www.zdnet.com/article/ark-invest-tesla-is-three-years-ahead-of-all-its-competitors/>

(iii) <https://ca.finance.yahoo.com/news/daimler-buys-torc-robotics-stake-self-driving-trucks-131947637--finance.html>

(iv) <https://www.bloomberg.com/news/articles/2019-03-19/hyundai-signs-deal-with-russia-s-yandex-for-autonomous-cars>

(v) https://www.wsj.com/articles/tesla-deliveries-reach-record-quarter-after-questions-about-demand-11562099355?mod=hp_lead_pos4

(vi) <https://venturebeat.com/2019/07/02/self-driving-car-report-safety-first-for-automated-driving/>

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 0.40% per annum of the average daily net asset value of the Fund. The fees are accrued daily and are generally paid monthly. For the six-month period ended June 30, 2019, the Fund incurred \$20,819 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 \$7,807 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; fees payable to the index provider, 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	18.11	21.21	20.39
Increase (decrease) from operations:			
Total revenue	0.19	0.50	0.14
Total expenses	(0.14)	(0.24)	(0.07)
Realized gains (losses)	0.00	(0.04)	0.12
Unrealized gains (losses)	2.28	(2.70)	0.68
Total increase (decrease) from operations²	2.33	(2.48)	0.87
Distributions:			
From income (excluding dividends)	(0.07)	-	-
From dividends	-	(0.30)	(0.09)
Total annual distributions³	(0.07)	(0.30)	(0.09)
Net Assets per Unit, end of period	20.37	18.11	21.21
Hedged Units - Net Assets per Unit			
Net Assets per Unit, beginning of period	16.53	20.90	20.26
Increase (decrease) from operations:			
Total revenue	0.17	0.48	0.17
Total expenses	(0.12)	(0.22)	(0.07)
Realized gains (losses)	(0.44)	(1.01)	(0.49)
Unrealized gains (losses)	3.56	(4.32)	0.88
Total increase (decrease) from operations²	3.17	(5.07)	0.49
Distributions:			
From income (excluding dividends)	(0.07)	-	-
From dividends	-	(0.30)	(0.08)
Return of capital	-	-	(0.01)
Total annual distributions³	(0.07)	(0.30)	(0.09)
Net Assets per Unit, end of period	19.32	16.53	20.90

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

	June 30, 2019 (\$)	December 31, 2018 (\$)	December 31, 2017 (\$)
For the periods ended:			
US Dollar Unhedged Units - Net Assets per Unit			
Net Assets per Unit, beginning of period	20.74	24.09	25.51
Increase (decrease) from operations:			
Total revenue	0.22	0.57	0.17
Total expenses	(0.16)	(0.27)	(0.06)
Realized gains (losses)	0.00	0.05	0.01
Unrealized gains (losses)	2.61	(2.96)	(1.70)
Total increase (decrease) from operations²	2.67	(2.61)	(1.58)
Distributions:			
From dividends	(0.09)	(0.14)	(0.10)
From capital gains	-	(0.01)	-
Return of capital	-	(0.02)	-
Total annual distributions³	(0.09)	(0.17)	(0.10)
Net Assets per Unit, end of period	23.32	20.74	24.09
Hedged Class A - Net Assets per Unit			
Net Assets per Unit, beginning of period ⁴	20.00	-	-
Increase (decrease) from operations:			
Total revenue	0.15	-	-
Total expenses	(0.06)	-	-
Realized gains (losses)	0.42	-	-
Unrealized gains (losses)	(2.17)	-	-
Total increase (decrease) from operations²	(1.66)	-	-
Net Assets per Unit, end of period	18.34	-	-
Hedged Class F - Net Assets per Unit			
Net Assets per Unit, beginning of period ⁴	20.00	-	-
Increase (decrease) from operations:			
Total revenue	0.11	-	-
Total expenses	(0.03)	-	-
Realized gains (losses)	0.42	-	-
Unrealized gains (losses)	(2.11)	-	-
Total increase (decrease) from operations²	(1.61)	-	-
Net Assets per Unit, end of period	18.39	-	-

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 Unhedged and Hedged Units began operations on September 29, 2017 and the US Dollar Unhedged units began operations on October 3, 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.

4 This amount represents the initial launch price.

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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 (\$) ⁵	1,527,752	1,358,077	2,120,987
Number of units outstanding ⁵	75,000	75,000	100,000
Management expense ratio ⁶	0.66%	0.64%	0.64%
Trading expense ratio ⁷	0.39%	0.29%	0.51%
Portfolio turnover rate ⁸	60.91%	76.01%	12.56%
Net Asset Value per unit (\$)	20.37	18.11	21.21
Closing market price (\$)	20.35	18.14	21.28
Hedged Units - Ratios/Supplemental Data			
Total Net Asset Value (\$) ⁵	6,280,523	6,198,706	2,612,453
Number of units outstanding ⁵	325,000	375,000	125,000
Management expense ratio ⁶	0.65%	0.63%	0.64%
Trading expense ratio ⁷	0.39%	0.29%	0.51%
Portfolio turnover rate ⁸	60.91%	76.01%	12.56%
Net Asset Value per unit (\$)	19.32	16.53	20.90
Closing market price (\$)	19.28	16.55	21.02
US Dollar Unhedged Units - Ratios/Supplemental Data			
Total Net Asset Value (\$) ⁵	582,930	518,477	1,204,508
Number of units outstanding ⁵	25,000	25,000	50,000
Management expense ratio ⁶	0.66%	0.64%	0.66%
Trading expense ratio ⁷	0.39%	0.29%	0.51%
Portfolio turnover rate ⁸	60.91%	76.01%	12.56%
Net Asset Value per unit (\$)	23.32	20.74	24.09
Closing market price (\$)	23.30	20.72	24.09
Hedged Class A - Ratios/Supplemental Data			
Total Net Asset Value (\$) ⁵	18	-	-
Number of units outstanding ⁵	1	-	-
Management expense ratio ⁶	0.00%	-	-
Trading expense ratio ⁷	0.39%	-	-
Portfolio turnover rate ⁸	60.91%	-	-
Net Asset Value per unit (\$)	18.34	-	-
Hedged Class F - Ratios/Supplemental Data			
Total Net Asset Value (\$) ⁵	18	-	-
Number of units outstanding ⁵	1	-	-
Management expense ratio ⁶	0.00%	-	-
Trading expense ratio ⁷	0.39%	-	-
Portfolio turnover rate ⁸	60.91%	-	-
Net Asset Value per unit (\$)	18.39	-	-

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

6 Management expense ratio ("MER") is based on total expenses plus harmonized sales tax (excluding distributions, commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.

7 The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of average daily net assets during the period.

8 The Fund's portfolio turnover rate indicates how actively the Fund's portfolio manager trades its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. The higher the Fund's portfolio turnover rate in a period, the greater the trading costs payable by the Fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

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Past Performance

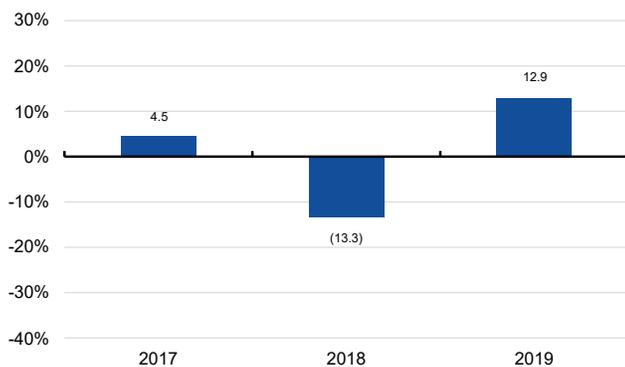
The performance information does not take into account sales, redemption, distribution, income taxes payable by any unitholder or other optional charges that, if applicable, would have reduced returns or performance. The performance information shown assumes that all distributions made by the investment 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.

Since the hedged class A and F mutual fund classes with inception date April 23, 2019, has been in operation for less than one year, providing performance data for the period is not permitted.

Year-by-Year Returns

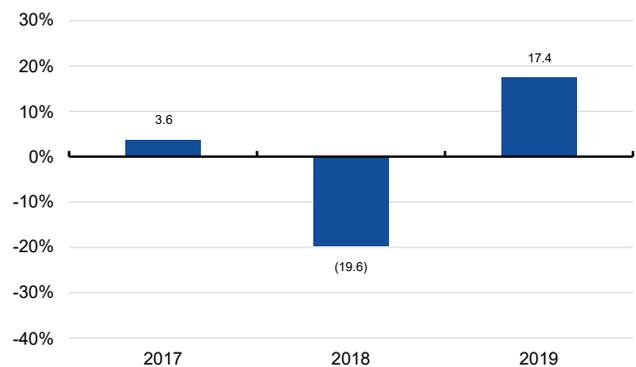
The bar chart below shows the Fund's annual performance for the periods shown. The chart shows, in percentage terms, how much an investment made in the Fund on the first day would have grown or decreased by the last day of the period.

CARS/B¹



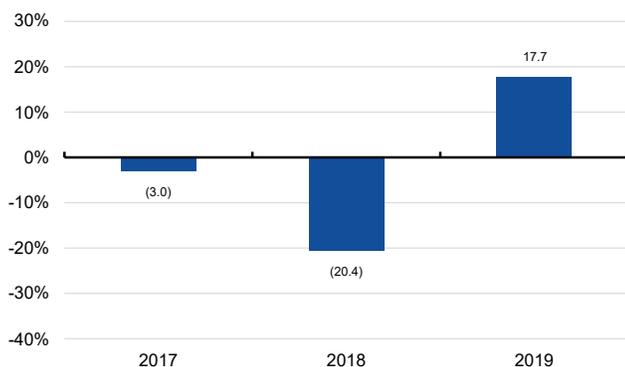
1 The non-hedged class of the Fund effectively began operation on September 29, 2017.

CARS²



2 The hedged class of the Fund effectively began operation on September 29, 2017.

CARS/U³



3 The US Dollar non-hedged class of the Fund effectively began operation on October 3, 2017.

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Summary of Investment Portfolio

Top 25 Positions

	Percentage of Net Asset Value (%)
Security	
Hitachi Chemical Company Limited	4.2
Ferrari NV	4.1
Dialog Semiconductor PLC	4.0
ams AG	3.9
Advanced Micro Devices Inc.	3.8
Bloom Energy Corporation	3.6
Maxim Integrated Products Inc.	3.5
Analog Devices Inc.	3.4
EnerSys	3.4
STMicroelectronics NV	3.4
Texas Instruments Inc.	3.4
Gentherm Inc.	3.4
Cirrus Logic Inc.	3.4
Hella GmbH & Company KGaA	3.4
General Motors Company	3.4
Valeo SA	3.4
NXP Semiconductors NV	3.4
GS Yuasa Corporation	3.3
Ambarella Inc.	3.2
Melexis NV	3.1
Aptiv PLC	3.1
Plug Power Inc.	3.0
NVIDIA Corporation	3.0
Bayerische Motoren Werke AG, ADR	2.9
MaxLinear Inc.	2.9
Total	85.6

Industry Allocation

Portfolio by Category	Percentage of Net Asset Value (%)
Equities	
Consumer Discretionary	22.5
Consumer Staples	8.1
Energy	3.0
Industrials	10.4
Information Technology	49.9
Materials	4.2
Derivative Assets	0.6
Derivative Liabilities	(0.0)
Cash and Cash Equivalents	1.4
Other Assets, less Liabilities	(0.1)
Total	100.0

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



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