

Annual Report of the Independent Review Committee of the Evolve Group of Funds (the "Funds")

March 5th, 2020

IRC Annual Report to: Securityholders in the Evolve Group of Funds (the "Funds") as listed at the end of this report

Dear Securityholder,

In accordance with **National Instrument 81-107 *Independent Review Committee for Investment Funds*** ("NI 81-107" or the "Instrument"), the Manager established an Independent Review Committee (the "Committee" or "IRC") for the Funds on August 14, 2017. The IRC has functioned in accordance with the applicable securities laws and is composed of three individuals, each of whom is independent of the Fund, the Manager and each entity related to the Manager (as defined in the Instrument).

The IRC is pleased to publish its annual report to securityholders, covering the period from January 1, 2019 to December 31, 2019 (the "Reporting Period").

Mandate of the IRC

In accordance with the Instrument, the mandate of the IRC is to consider and provide decisions to the Manager on conflicts of interest to which the Manager may be subject when managing the Funds. The Manager is required under the Instrument to identify potential conflicts of interest inherent in its management of the Funds, develop written policies and procedures guiding its management of those conflicts and request input from the IRC on those written policies and procedures, hereinafter referred to as the Conflict of Interest Matters manual.

When a conflict matter arises, the Manager must refer its proposed course of action in respect of such conflict to the IRC for its review. While certain matters require the IRC's prior approval, in most cases the IRC will provide a decision to the Manager as to whether or not, in the opinion of the IRC, the Manager's proposed action provides a fair and reasonable result for the Fund. For recurring conflict of interest matters, the IRC can provide the Manager with Standing Instructions ("SIs") that enable the Manager to proceed with certain matters without having to refer them to the IRC each time for approval, providing the Manager deals with the conflicts in accordance with the SIs.

The IRC is empowered to represent the best interest of the Funds in any matter where the Manager has referred a conflict of interest matter to it. In those cases, the IRC has sought to ensure that the Manager's proposed course of action represents a fair and reasonable result for the Fund.

The IRC has engaged Independent Review Inc. to assist it in its duties in accordance with the provisions of the Instrument and the IRC's written charter, to provide certain administrative and record keeping functions, and to act as the IRC's independent secretariat.

Composition of the IRC

The current members of the IRC, and their principal occupations, are as follows:

Name and Municipality of Residence	Principal Occupation	Term of Office
Chair: Kevin Drynan, Toronto, Ontario	Consultant, Retired Financial Services Executive	Appointed August 14, 2017 to December 31, 2019 Re-appointed on November 18, 2019 with effect from January 1, 2020 for a period of three years
Rod McIsaac, Toronto, Ontario	Corporate Director, former chairman and CEO of HSBC Securities (Canada)	Appointed August 14, 2017. Re-appointed on October 11, 2018 with effect from January 1, 2019 for a period of three years
Mark Leung, Toronto, Ontario	Associate Director of Corporate Reporting in the GTAA	Appointed August 14, 2017. Re-appointed on October 11, 2018 with effect from January 1, 2019 for a period of three years

Kevin Drynan was re-appointed November 18, 2019 with effect from January 1, 2020 for a period of three years.

Compensation and Indemnification

Review of Compensation

At least annually, the IRC reviews its compensation giving consideration to the following:

- the nature and extent of the workload of each member of the IRC, including the commitment of time and energy expected from each member;
- the number of meetings required by the IRC including special meetings to consider conflict issues brought to the committee;
- industry best practices, including industry averages and surveys on IRC compensation; and
- the complexity of the conflict issues brought to the IRC.

Members' Fees

In aggregate the IRC members were paid \$15,000 plus applicable taxes, during the Reporting Period.

Indemnities Granted

The Funds and the Manager have provided each IRC Member with a contractual indemnity in keeping with NI 81-107. No payments were paid to the IRC Members pursuant to this indemnity by the Funds or the Manager during the Reporting Period.

Disclosure of IRC Members' Holdings

As at December 31, 2019, the IRC Members did not beneficially own, directly or indirectly:

- any units of any of the Evolve Funds;
- any interests in the Manager; or
- any interests in a company or person that provides services to the Manager or the Fund.

Decisions and Approvals

On November 18, 2019 the Manager proposed the implementation of a special securities lending arrangement for the Evolve U.S. Marijuana ETF (USMJ or the "Fund") in order to improve its liquidity. The IRC

determined that after reasonable inquiry and review of the materials provided and discussion during the meeting that the Manager's course of action to lend units of the Funds with waiver of fee to the market makers of the Funds of no more than Net Asset Value equal to \$2 million CDN to be used exclusively by the market makers to provide liquidity for the Fund, provided a fair and reasonable result for each of the Fund.

Standing Instruction Approved

The IRC has approved one SI, which constitute a written approval or decision from the IRC that permits the Manager to proceed with the specific action(s) set out in an SI on an ongoing basis, without having to refer the conflict of interest matter or its proposed action to the IRC, provided that the Manager complies with the terms and conditions of the SI. The SI required the Manager to comply with its related policy and procedures and to report periodically to the IRC.

Standing Instruction No. 1: Omnibus.

This SI deals with a number of conflict of interest matters including:

1. Fees and Expenses
2. Trade Allocations
3. Portfolio Pricing Issues
4. Pricing Errors and other Errors
5. Broker Selection
6. Showing Favoritism
7. Outsourcing to Third-party Services
8. Personal Trading
9. Client Complaints
10. Capacity Issues

Manager's Report on its Standing Instructions

In accordance with the Instrument, the Manager provided a written report to the IRC describing its reliance on the SI during the Reporting Period. The Manager relied on the SI during the Reporting Period.

Funds Served by the IRC

Evolve Active US Core Equity ETF (terminated November 29, 2019)
Evolve Active Short Duration Bond ETF (terminated November 29, 2019)
Evolve Active Canadian Preferred Share ETF
Evolve Cyber Security Index ETF
Evolve North American Gender Diversity Index ETF
Evolve Automobile Innovation Index ETF
Evolve US Banks Enhanced Yield ETF
Evolve Global Healthcare Enhanced Yield ETF
Sphere FTSE Emerging Markets Sustainable Yield Index ETF
Evolve Marijuana ETF
Evolve Active Global Fixed Income ETF
Evolve Innovation Index ETF
Evolve Active Core Fixed Income ETF
Evolve Global Materials & Mining Enhanced Yield Index ETF
Evolve E-Gaming Index ETF
Evolve Dividend Stability Preferred Share Index ETF
Evolve U.S. Marijuana ETF
High Interest Savings Account ETF
Gold Miners Split Corp.

This report is available on Manager's website at <https://evolveetfs.com/> or you may request a copy, at no cost to you, by contacting the Manager at (416) 214-4884 or email the Funds info@evolvefunds.com. This document and other information about the Funds are available on www.sedar.com

Yours truly,

“Kevin Drynan”

Chair: Kevin Drynan

Kevin Drynan serves as a member of the Independent Review Committees for the following funds:

Investment funds that are reporting issuers managed by Evolve Funds Group Inc.;

Investment funds that are reporting issuers managed by Vertex One Asset Management Inc.;

Investment funds that are reporting issuers managed by Willoughby Asset Management Inc.;

Investment funds that are reporting issuers managed by Genus Capital Management Inc.; and

Investment funds that are reporting issuers managed by Sprott Asset Management Inc.

Appointed February 20, 2019

Rod McIsaac as a member of the Independent Review Committees for the following funds:

Investment funds that are reporting issuers managed by Federated Investors Canada, ULC; and

Investment funds that are reporting issuers managed by SmartBe Wealth.

Investment funds that are reporting issuers managed by Evolve Funds Group Inc.

Certain investment funds managed by Goodwood Inc.;

Appointed on October 22, 2019

Mark Leung serves as a member of the Independent Review Committees for the following funds:

Investment funds that are reporting issuers managed by Fiera Capital Corporation