



Evolve ETFs

Evolve Global Healthcare Enhanced Yield Fund

June 30, 2020

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 Global Healthcare Enhanced Yield Fund (the “Fund”) seeks to replicate, to the extent reasonably possible before fees and expenses, the performance of the Solactive Global Healthcare 20 Index (the “Benchmark”), or any successor thereto, while mitigating downside risk. The Fund seeks to capture global opportunities in the healthcare sector, fuelled by steady population growth, an aging demographic, and increased demand for healthcare stemming from growing prosperity and innovative developments in the sector. The Fund invests primarily in the equity constituents of the Solactive Global Healthcare 20 Index, or any successor thereto, while writing covered call options on up to 33% of the portfolio securities, at the discretion of the Manager. The level of covered call option writing may vary based on market volatility and other factors.

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 ended June 30, 2020, Unhedged ETF Units returned 8.3% versus the Solactive Global Healthcare 20 Index return of 8.9%. Hedged ETF Units returned 3.7% versus the Solactive Global Healthcare 20 Canadian Dollar Index Hedged return of 0.2%. The difference in performance of the hedged units relative to its benchmark can be attributed primarily to management and administrative fees plus applicable sales taxes and to portfolio trading and hedging strategies and the impact of sampling and certain other factors which may have included timing differences versus the Index, and market volatility. The difference in performance of the unhedged units relative to its benchmark can be attributed primarily to management and administrative fees plus applicable sales taxes and to portfolio trading and the impact of sampling and certain other factors which may have included timing differences versus the Index, and market volatility. Furthermore, the difference can also be attributed to the implementation of the call writing strategy where the Fund tend to outperform in flat or down markets and underperform during sharp market advances. This performance difference can be seen over the period the calls are written, typically with one to two months to expiry, and then resets when new option positions are established. Since the US Dollar Unhedged ETF Units were launched on November 27, 2019, no performance data can be shown. Fund’s net assets were \$76.8MM as at June 30, 2020.

Portfolio Manager Commentary

The demand for healthcare products and services remained strong during the first half of the year in the wake of the devastating effects of the COVID-19 pandemic. In fact, it is not expected that demand would decline regardless of the state of the world economy, geopolitical disruptions or any other associated risks. In addition, the industry also continued to benefit from an aging population, increasing longevity and the growing incidence of chronic diseases.

During March, the Fund was the best performing equity ETF on the S&P/TSX, an attribution to the quality of its holdings. According to Raj Lala, President of Evolve Funds, “there won’t be much of a dip in demand for drugs despite the pandemic.” He noted that in the short term, there would be an influx of cash into pharmaceutical research as companies look for effective therapies and a vaccine against COVID-19.

The Fund holds “mega cap” pharmaceutical companies, such as Eli Lilly & Co, Novo-Nordisk ADR, AstraZeneca ADR, Merck & Co., Pfizer Inc., among several other companies, which are “able to withstand any short-term cashflow issues that may arise as people unaffected by COVID-19 forego elective procedures and avoid visits to the doctor’s office,” said Lala.(i)

In April, AstraZeneca, one of the fund’s holdings announced that it will know by July whether its Covid-19 vaccine is effective. The company said that it had partnered with Oxford University to help develop and distribute the vaccine being researched by the Jenner Institute and Oxford Vaccine Group. Under the agreement, AstraZeneca would be responsible for the worldwide manufacturing and supply of Oxford’s vaccine.(ii)

Named AZD1222, the experimental vaccine uses a non-replicating virus to carry genetic material for the SARS-CoV-2 spike protein, which should prime the immune system to attack the actual virus if encountered. In May, AstraZeneca agreed to supply 400 million doses of AZD1222 to the U.S. and UK and reached a \$750 million agreement with the Coalition for Epidemic Preparedness Innovations, Gavi the Vaccine Alliance, and the Serum Institute of India to supply 1 billion doses to low and middle-income countries. A phase 2/3 trial of AZD1222 with around 10,000 volunteers has already begun, and other late-stage studies with the vaccine candidate are expected to begin soon.(iii)

In the meantime, a number of other pharmaceutical companies, several of which are held by the Fund, joined the race to develop a COVID vaccine. The U.S. FDA counted 10 investigation drugs in trials, with 15 being considered for trial launches. Among these companies are Johnson & Johnson which is working on a potential vaccine with human testing due to begin in September; and Sanofi which announced plans to test its arthritis drug, Kevzara as a coronavirus treatment.(iv)

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With the race for a COVID vaccine heating up, the Trump administration has selected its finalists for Operation Warp Speed, which aims to deliver safe and effective coronavirus vaccines to Americans by the end of the year. Among the finalists are AstraZeneca, Merck, Pfizer and Johnson & Johnson – which are all held by the Fund. The vaccine programs selected will get access to additional government funding, clinical trial assistance and manufacturing help.(v)

In the meanwhile, Merck, which has been largely kept to the sidelines of the race for COVID-19 treatments, said it was buying Austrian vaccine maker Themis Bioscience and would collaborate with research non-profit, IAVI to develop two separate vaccines. It also announced a partnership with privately held Ridgeback Biotherapeutics to develop an experimental oral antiviral drug against COVID-19.

The Themis vaccine, developed in collaboration with the Institut Pasteur in Paris, is based on a modified measles virus that delivers bits of the SARS-CoV-2 virus into the body to prevent COVID-19. It was developed in part through funding from the Coalition for Epidemic Preparedness Innovations.(vi)

While the focus has largely been on the development of a COVID vaccine in the first half, it was also recognized that of all industries and use case scenarios, nowhere might the advantages of artificial intelligence-driven data analysis be more tangibly felt than in the medical sector. AI has been accelerating innovation across the biomedical and pharmaceutical landscape in recent times, and its acceleration is well evidenced by the fact that just recently a data-driven algorithm managed to come up with a plausible solution to combat antibiotic-resistant infection strains. AI is also being used to track diseases on a global scale; revolutionize cancer diagnoses; analyze staffing needs; and minimize clinical variations to save on costs.(vii)

Performance Attribution

During the first half, Eli Lilly & Co. was the best performing stock in the portfolio and made the largest contribution to its performance. Gilead Sciences, the largest holding by weight was the second best performing stock as well as the second largest contributor to the Fund's performance.

(i) <https://www.wealthprofessional.ca/investments/etfs/how-three-etfs-stayed-positive-through-march/328669>

(ii) <https://www.cnn.com/2020/04/30/astrazeneca-oxford-should-know-by-july-if-coronavirus-vaccine-effective.html>

(iii) <https://www.fool.com/investing/2020/06/03/report-trump-administration-picks-5-most-likely-co.aspx>

(iv) https://www.morningstar.ca/ca/news/202287/four-healthcare-stocks-racing-to-develop-a-cure.aspxutm_source=newsletter&utm_medium=newsletter&utm_campaign=newsletter

(v) https://www.fiercepharma.com/vaccines/pfizer-merck-az-j-j-and-moderna-selected-as-warp-speed-finalists-nyt?utm_source=newsletter&utm_medium=email&utm_campaign=weekly%20newsletter

(vi) <https://www.reuters.com/article/us-health-coronavirus-merck/merck-to-buy-austrian-vaccine-maker-as-it-jumps-into-covid-19-race-idUSKBN2321CU>

(vii) <https://techwireasia.com/2020/05/four-ways-data-and-ai-is-transforming-the-healthcare-sector/>

Recent Developments

Subsequent to year end, COVID-19 became a global pandemic and resulted unprecedented actions by governments around the world to curtail the spread of the disease. These events have resulted in a high level of uncertainty and volatility in the financial markets and have had an enormous impact on businesses and consumers in all sectors. The duration and impact of these developments is unknown at this time and as such, the financial impact to investments cannot be estimated.

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.

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Management Fees

The management fees are calculated based on 0.45% 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, 2020, the Fund incurred \$110,249 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, 2020, the Fund incurred \$36,750 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 may, 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, 2020 (\$)	December 31, 2019 (\$)	December 31, 2018 (\$)	December 31, 2017 (\$)
Unhedged Units - Net Assets per Unit				
Net Assets per Unit, beginning of period	22.71	21.10	19.02	19.80
Increase (decrease) from operations:				
Total revenue	0.38	0.68	0.60	0.05
Total expenses	(0.16)	(0.28)	(0.54)	(0.03)
Realized gains (losses)	0.56	0.24	(3.16)	0.02
Unrealized gains (losses)	0.66	2.40	3.51	(0.61)
Total increase (decrease) from operations²	1.44	3.04	0.41	(0.57)
Distributions:				
From income (excluding dividends)	(0.75)	-	-	-
From dividends	-	(0.27)	-	(0.01)
Return of capital	-	(1.07)	(0.87)	(0.14)
Total annual distributions³	(0.75)	(1.34)	(0.87)	(0.15)
Net Assets per Unit, end of period	23.82	22.71	21.10	19.02

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

For the periods ended:	June 30, 2020 (\$)	December 31, 2019 (\$)	December 31, 2018 (\$)	December 31, 2017 (\$)
Hedged Units - Net Assets per Unit				
Net Assets per Unit, beginning of period	21.14	18.79	19.28	19.73
Increase (decrease) from operations:				
Total revenue	0.30	0.59	0.51	0.06
Total expenses	(0.13)	(0.26)	(0.45)	(0.03)
Realized gains (losses)	0.66	0.17	0.68	(0.26)
Unrealized gains (losses)	0.61	3.96	(1.20)	(0.31)
Total increase (decrease) from operations²	1.44	4.46	(0.46)	(0.54)
Distributions:				
From income (excluding dividends)	(0.75)	-	-	-
From dividends	-	(0.27)	-	(0.00)
Return of capital	-	(1.07)	(0.87)	(0.15)
Total annual distributions³	(0.75)	(1.34)	(0.87)	(0.15)
Net Assets per Unit, end of period	21.15	21.14	18.79	19.28
US Dollar Unhedged Units - Net Assets per Unit⁴				
Net Assets per Unit, beginning of period	26.91	26.64	N/A	N/A
Increase (decrease) from operations:				
Total revenue	0.47	0.03	N/A	N/A
Total expenses	(0.20)	(0.02)	N/A	N/A
Realized gains (losses)	0.61	(0.07)	N/A	N/A
Unrealized gains (losses)	1.09	0.52	N/A	N/A
Total increase (decrease) from operations²	1.97	0.46	N/A	N/A
Distributions:				
From income (excluding dividends)	(1.03)	-	N/A	N/A
From dividends	-	(0.15)	N/A	N/A
Total annual distributions³	(1.03)	(0.15)	N/A	N/A
Net Assets per Unit, end of period	28.09	26.91	N/A	N/A

1 This information is derived from the Fund's unaudited interim financial statement as at June 30, and the audited annual financial statements as at December 31, 2019, 2018 and 2017. The Unhedged and Hedged ETF Units began operations on October 25, 2017 and the US Dollar Unhedged ETF Units began operations on November 27, 2019.

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 Per unit figures are stated in CAD equivalent.

The Fund's Ratios/Supplemental Data

For the periods ended:	June 30, 2020	December 31, 2019	December 31, 2018	December 31, 2017
Unhedged Units - Ratios/Supplemental Data				
Total Net Asset Value (\$) ⁵	30,965,510	2,838,431	1,055,018	1,902,143
Number of units outstanding ⁵	1,300,000	125,000	50,000	100,000
Management expense ratio ⁶	0.68%	0.68%	0.69%	0.67%
Trading expense ratio ⁷	0.16%	0.25%	1.31%	0.14%
Portfolio turnover rate ⁸	35.48%	78.19%	341.86%	1.44%
Net Asset Value per unit (\$)	23.82	22.71	21.10	19.02
Closing market price (\$)	23.72	22.63	21.07	19.11

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The Fund's Ratios/Supplemental Data (cont'd)

For the periods ended:	June 30, 2020	December 31, 2019	December 31, 2018	December 31, 2017
Hedged Units - Ratios/Supplemental Data				
Total Net Asset Value (\$) ⁵	40,181,785	8,984,401	2,349,306	1,445,902
Number of units outstanding ⁵	1,900,000	425,000	125,000	75,000
Management expense ratio ⁶	0.68%	0.68%	0.69%	0.66%
Trading expense ratio ⁷	0.16%	0.25%	1.31%	0.14%
Portfolio turnover rate ⁸	35.48%	78.19%	341.86%	1.44%
Net Asset Value per unit (\$)	21.15	21.14	18.79	19.28
Closing market price (\$)	21.18	21.08	18.80	19.34
US Dollar Unhedged Units - Ratios/Supplemental Data				
Total Net Asset Value (\$) ⁵	5,617,915	1,345,610	N/A	N/A
Number of units outstanding ⁵	200,000	50,000	N/A	N/A
Management expense ratio ⁶	0.72%	0.00%	N/A	N/A
Trading expense ratio ⁷	0.16%	0.25%	N/A	N/A
Portfolio turnover rate ⁸	35.48%	78.19%	N/A	N/A
Net Asset Value per unit (\$)	28.09	26.91	N/A	N/A
Closing market price (\$)	28.12	26.91	N/A	N/A

5 This information is provided as at June 30, 2020 and December 31, 2019, 2018 and 2017.

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.

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 US Dollar Unhedged ETF Units with inception date November 27, 2019 has been in operations for less than one year, providing performance data for the period is not permitted.

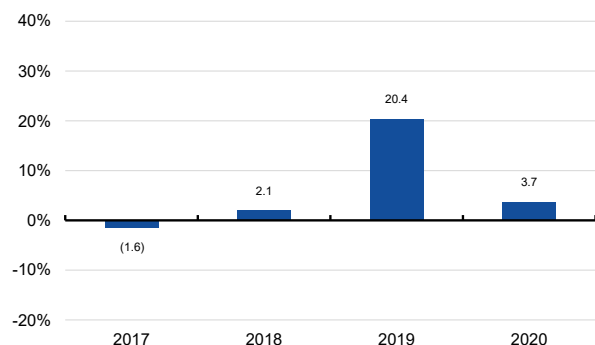
Year-by-Year Returns

The bar chart below shows the Hedged and Unhedged ETF Units' performance for each of the financial years shown and for the six-month period ended June 30, 2020. 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.

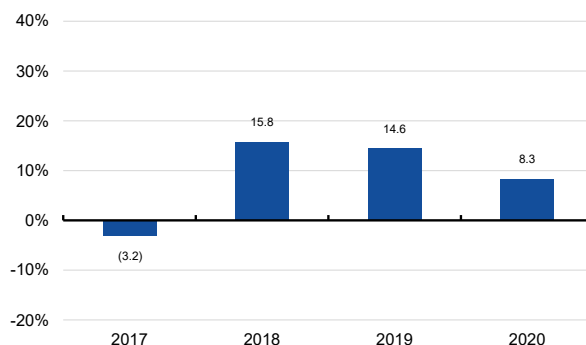
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LIFE Hedged ETF Units¹



LIFE/B Unhedged ETF Units²



1 The Hedged ETF Units of the Fund effectively began operations on October 25, 2017.

2 The Unhedged ETF Units of the Fund effectively began operations on October 25, 2017.

Summary of Investment Portfolio

Top 25 Positions

	Percentage of Net Asset Value (%)
Security	
Chugai Pharmaceutical Company Limited, ADR	5.8
AbbVie Inc.	5.6
Danaher Corporation	5.6
AstraZeneca PLC, ADR	5.4
Eli Lilly & Company	5.3
Thermo Fisher Scientific Inc.	5.2
Sanofi, ADR	5.2
Roche Holding AG, ADR	5.0
Abbott Laboratories	5.0
Novartis AG, ADR	4.9
Amgen Inc.	4.9
GlaxoSmithKline PLC, ADR	4.9
Gilead Sciences Inc.	4.8
Novo Nordisk AS, ADR	4.8
Johnson & Johnson	4.6
Bristol-Myers Squibb Company	4.6
CSL Limited, ADR	4.4
Merck & Company Inc.	4.3
Pfizer Inc.	4.3
Medtronic PLC	4.3
Total	98.9

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Industry Allocation

Portfolio by Category	Percentage of Net Asset Value (%)
Equities	
Health Care	98.9
Derivative Liabilities	(0.2)
Cash and Cash Equivalents	1.8
Other Assets, less Liabilities	(0.5)
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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