

Evolve Future Leadership Fund

December 31, 2022

Annual Management Report of Fund Performance

This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the investment fund. You can get a copy of the annual financial statements at your request, and at no cost, by calling 1-844-370-4884, by writing to us at Evolve Funds, 40 King Street West, Suite 3404, Toronto, ON, M5H 3Y2 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 Future Leadership Fund (the "Fund") seeks to provide holders of units with long-term capital appreciation by investing primarily in a diversified mix of equity securities of companies located domestically or internationally that the portfolio manager has determined are leaders in sectors that stand to benefit from medium and long term economic trends. The portfolio manager will use a selection process that combines quantitative techniques, fundamental analysis and risk management. The portfolio manager will also write covered call options on up to 33% of the portfolio securities, at its discretion. The level of covered call option writing may vary based on market volatility and other factors.

Risk

Effective June 30, 2022, the risk rating of the Unhedged ETF Units of the Fund was changed from "Low to Medium" to "Medium". 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 year ended December 31, 2022, the Hedged ETF Units returned -34.1%. The Unhedged ETF Units returned -29.8%. The US Dollar Unhedged ETF Units returned -34.4%. The Fund's net assets were \$27.9MM as at December 31, 2022.

Portfolio Manager Commentary

The highest inflation levels in four decades and the biggest interest-rate hikes in a generation held back the economy in 2022, marking the worst year for stocks since 2008.¹ More specifically, U.S. inflation rates closed the year out at 6.5% on a year-over-year basis, and the federal funds rate increased by 4.25% since the start of the year to 4.50% at year end.^{2,3} In fact, concerns of a recession loomed over the economy during the year following multiple consecutive quarters of negative GDP growth coupled with other macroeconomic factors such as the COVID-19 pandemic, supply chain issues, soaring energy prices, and geopolitical tensions from the Russia-Ukraine war. Unsurprisingly, these challenges have negatively impacted all asset classes. To illustrate, the S&P 500 Index returned -18.13% over the year. Large capitalization companies, specifically richly valued growth companies and technology companies whose valuations soared during the pandemic, were particularly hurt by these trends having sold off significantly. With the Fund focused on investing in future leading companies within the technology, finance, healthcare, and entertainment sectors, many names within the Fund have sold off during the year due to these macroeconomic factors.

In past recessions throughout history, healthcare stocks were seen as more likely to outperform than the broad market due to the fact that their products are viewed as essential regardless of economic conditions. In fact, in the last four recessions since 1990, consumer and healthcare stocks were the only two positive sectors in the S&P 500, according to CFRA Research.⁴ As a result, many healthcare companies reported stronger earnings than expected during the year. Eli Lilly and Company, a holding in this Fund, reported solid third quarter 2022 earnings in November, when they announced that revenue had increased by 7% on a constant currency basis driven by volume growth of key products. The company's third quarter earnings per share (EPS) increased 32% to \$1.61 on a reported basis, and also announced one of the strongest product launches in its history with its launch of Mounjaro that led to \$97.3 million in U.S. revenue in the quarter.⁵ Pfizer, another holding in this Fund, reported Q3 2022 revenues of \$22.6 Billion, a decrease of \$1.4 billion, or 6%, compared to the prior-year quarter, attributing 2% of the decrease operational decline, and the other 4% to the unfavorable impact of foreign exchange. The pharmaceutical giant also raises and narrowed its Full-Year 2022 Adjusted Diluted EPS Guidance from \$6.30 to \$6.45 to \$6.40 to \$6.50.⁶

Banks and financial services providers typically perform well in a rising interest rate environment such as the one experienced in 2022. More specifically, financial institution revenues are typically positively correlated with higher interest rates because the net margins on the bank's loan book increases.⁷ Unfortunately, the earnings results of U.S. banks released throughout the year were more reflective of the challenging macro-economic environment than this trend. In its third quarter 2022 earnings report, JPMorgan Chase & Co., a holding in this Fund, reported net income of \$9.7 billion, down 17% compared to the same quarter in the prior year. However, net revenue was \$33.5 billion, up 10% year-over-year, while net interest income (NII) was \$17.6 billion, up 34% driven by higher interest rates. Diluted earnings per share (EPS) were \$3.12 compared with \$3.74 in the third quarter of 2021.⁸ The Goldman Sachs Group, Inc., a holding in this Fund, reported third quarter earnings which surpassed analyst expectations, driven by strong bond-trading results. The company said profit fell 43% to \$3.07 billion year-over-year, or to \$8.25 per share, exceeding the estimated \$7.69 per share. For comparison, EPS was \$7.73 for the second quarter of 2022. Net revenues were \$11.98 billion for the third quarter of 2022, 1% higher than Q2 2022 but 12% lower year-over-year, driven by lower net revenues in Investment Banking and Asset Management, partially offset by higher net revenues in Global Markets and Consumer & Wealth Management.⁹

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The challenging operating environment was also reflected in the earnings reports of technology companies throughout the year. Alphabet, a holding in this Fund, reported weaker than expected third quarter earnings and said it would significantly decrease headcount in the following quarter. Alphabet reported EPS of \$1.06 as compared to analyst expectations of \$1.25 and missed revenue estimates of \$70.58 billion when they reported revenue of \$69.09 billion. Revenue growth slowed to 6% from 41% in the same period of 2021, driven by a decrease in digital advertisement spending globally.¹⁰ Microsoft, another holding in this Fund, reported first fiscal quarter 2023 earnings in October, announcing EPS of \$2.35 per share as compared to analyst expectations of \$2.30. Revenue also surpassed analyst estimates of \$49.61 billion when Microsoft reported \$50.12 billion for the quarter. However, cloud revenue missed expectations and Microsoft gave weak earnings guidance for the upcoming quarter.¹¹ Apple, also a holding in this Fund, announced financial results for its fiscal 2022 fourth quarter ended on September 24, reporting record September quarter revenue of \$90.1 billion, up 8% year-over-year. Apple also reported EPS of \$1.29, up 4% year-over-year, and exceeding analyst estimates of \$1.27. Apple did not provide guidance for its first fiscal quarter of 2023 but did say that it has slowed the pace of its hiring and it looking to make cuts ahead of a possible recession in the next year and as interest rates rise, similarly to other large capitalization technology companies.¹²

The same sentiment was also reflected in the entertainment industry, where inflation and decreased consumer discretionary spending impacted the performance of companies within the sector. Meta, a holding in this Fund, published its third quarter 2022 earnings results in October reporting that revenue had declined by 4% year-over-year, while expenses had simultaneously increased by 19% and headcount increased by 28%. The social media company also fell short on earnings per share (EPS) when it reported \$1.64 per share, missing analyst estimates of \$1.87.¹³ Electronic Arts (EA), another holding in this Fund, announced financial results for its second fiscal quarter ended September 30th in November, announcing diluted earnings per share of \$1.07 vs. \$1.02 at the end of the same quarter in 2021. Total net income was also up slightly at \$299 million vs. \$294 million as compared to the same period. In fact, the quarter marked several milestones for the e-Gaming company, including growing their EA player network to more than 6000 million active accounts at quarter end, and their most successful launch in franchise history with the launch of FIFA 23 with more than 10.3 million players joining the game within the first week. EA also repurchased 2.6 million shares for \$325 million during the quarter, bringing the total for the trailing twelve months to 10.0 million shares for \$1.295 billion.¹⁴

Performance Attribution

For the twelve month period ending December 31, 2022, Lilly Eli & Company made the biggest contribution to the Fund, followed by Twitter Inc. and AbbVie Inc. By weight, the Fund's largest holdings were Meta Platforms, Inc., Novo Nordisk A/S, and Pfizer Inc.

(1) <https://www.wsj.com/livecoverage/stock-market-news-today-11-30-2022/card/it-s-the-worst-year-for-stocks-since-2008-E4m8L8fnl8FcVVDRMKc9>

(2) <https://www.usinflationcalculator.com/inflation/current-inflation-rates/#:~:text=The%20annual%20inflation%20rate%20for,ET>

(3) <https://www.federalreserve.gov/monetarypolicy/openmarket.htm>

(4) <https://www.forbes.com/sites/sergeiklebnikov/2022/06/02/heres-how-the-stock-market-performs-during-economic-recessions/?sh=351a88226852>

(5) <https://investor.lilly.com/news-releases/news-release-details/lilly-reports-solid-third-quarter-2022-financial-results-and>

(6) https://s28.q4cdn.com/781576035/files/doc_financials/2022/q3/Q3-2022-PFE-Earnings-Release.pdf

(7) <https://www.investopedia.com/articles/investing/052814/these-sectors-benefit-rising-interest-rates.asp>

(8) <https://www.jpmorganchase.com/content/dam/jpmc/jpmorgan-chase-and-co/investor-relations/documents/quarterly-earnings/2022/3rd-quarter/c363d5ac-0a3e-483e-88ec-89767a8e266e.pdf>

(9) <https://www.goldmansachs.com/media-relations/press-releases/current/pdfs/2022-q3-results.pdf>

(10) <https://www.cnbc.com/2022/10/25/alphabet-googl-q3-2022-earnings-.html>

(11) <https://www.cnbc.com/2022/10/25/microsoft-msft-earnings-q1-2023.html>

(12) <https://www.cnbc.com/2022/10/27/apple-aapl-earnings-q4-2022.html>

(13) <https://www.investopedia.com/facebook-meta-q3-fy2022-earnings-6822082>

(14) <https://ir.ea.com/press-releases/press-release-details/2022/Electronic-Arts-Reports-Q2-FY23-Financial-Results/default.aspx>

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Recent Developments

In the year ended December 31, 2022, the COVID-19 pandemic persisted and continued to result in 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 are unknown at this time and as such, the financial impact to investments cannot be estimated.

Related Party Transactions

Evolve Funds Group Inc. (the "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 0.75% per annum of the average daily net asset value of the Fund. The fees are accrued daily and generally paid monthly. For the year ended December 31, 2022, the Fund incurred \$317,985 in management fees. These management fees were received by the Manager 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 year ended December 31, 2022, the Fund incurred \$70,645 in administration fees. These administration fees were received by the Manager 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 may, in any particular period, be less than or exceed the operating expenses that the Manager incurs for the Fund.

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

	December 31, 2022 (\$)	December 31, 2021 (\$)	December 31, 2020 (\$)
For the periods ended:			
Unhedged ETF Units - Net Assets per Unit			
Net Assets per Unit, beginning of period	22.30	20.80	19.85
Increase (decrease) from operations:			
Total revenue	0.11	0.12	0.04
Total expenses	(0.20)	(0.25)	(0.10)
Realized gains (losses)	(2.28)	0.47	(0.03)
Unrealized gains (losses)	(4.51)	2.29	1.69
Total increase (decrease) from operations²	(6.88)	2.63	1.60
Distributions:			
From capital gains	-	(0.36)	(0.08)
Return of capital	(1.26)	(0.90)	(0.24)
Total annual distributions³	(1.26)	(1.26)	(0.32)
Net Assets per Unit, end of period	14.49	22.30	20.80

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

For the periods ended:	December 31, 2022 (\$)	December 31, 2021 (\$)	December 31, 2020 (\$)
Hedged ETF Units - Net Assets per Unit			
Net Assets per Unit, beginning of period	23.01	21.30	19.85
Increase (decrease) from operations:			
Total revenue	0.11	0.11	0.04
Total expenses	(0.20)	(0.27)	(0.06)
Realized gains (losses)	(3.03)	0.03	0.45
Unrealized gains (losses)	(4.60)	2.59	1.59
Total increase (decrease) from operations²	(7.72)	2.46	2.02
Distributions:			
From capital gains	-	(0.35)	(0.08)
Return of capital	(1.26)	(0.91)	(0.24)
Total annual distributions³	(1.26)	(1.26)	(0.32)
Net Assets per Unit, end of period	14.03	23.01	21.30
US Dollar Unhedged ETF Units - Net Assets per Unit⁴			
Net Assets per Unit, beginning of period	29.42	27.37	26.11
Increase (decrease) from operations:			
Total revenue	0.15	0.15	0.05
Total expenses	(0.26)	(0.33)	(0.13)
Realized gains (losses)	(2.81)	0.63	(0.04)
Unrealized gains (losses)	(6.94)	3.19	2.08
Total increase (decrease) from operations²	(9.86)	3.64	1.96
Distributions:			
From capital gains	-	(0.45)	(0.11)
Return of capital	(1.78)	(1.13)	(0.30)
Total annual distributions³	(1.78)	(1.58)	(0.41)
Net Assets per Unit, end of period	19.13	29.42	27.37

- 1 This information is derived from the Fund's audited annual financial statements as at December 31, 2022, 2021, and 2020. The Hedged, Unhedged, and US Dollar Unhedged ETF Units began operations on September 10, 2020.
- 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:	December 31, 2022	December 31, 2021	December 31, 2020
Unhedged ETF Units - Ratios/Supplemental Data			
Total Net Asset Value (\$) ⁵	7,243,548	22,854,200	19,240,732
Number of units outstanding ⁵	500,000	1,025,000	925,000
Management expense ratio excluding underlying fund expenses ⁶	0.90%	0.91%	1.01%
Management expense ratio ⁶	0.99%	1.01%	1.09%
Trading expense ratio ⁷	0.20%	0.17%	0.51%
Portfolio turnover rate ⁸	82.79%	69.42%	31.06%
Net Asset Value per unit (\$)	14.49	22.30	20.80
Closing market price (\$)	14.46	22.50	20.72

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

For the periods ended:	December 31, 2022	December 31, 2021	December 31, 2020
Hedged ETF Units - Ratios/Supplemental Data			
Total Net Asset Value (\$)⁵	16,836,973	19,554,463	5,323,823
Number of units outstanding⁵	1,200,000	850,000	250,000
Management expense ratio excluding underlying fund expenses⁶	0.92%	0.92%	0.39%
Management expense ratio⁶	1.01%	1.02%	0.95%
Trading expense ratio⁷	0.20%	0.17%	0.51%
Portfolio turnover rate⁸	82.79%	69.42%	31.06%
Net Asset Value per unit (\$)	14.03	23.01	21.30
Closing market price (\$)	13.97	23.15	21.28
US Dollar Unhedged ETF Units - Ratios/Supplemental Data			
Total Net Asset Value (\$)⁵	3,826,519	16,917,149	13,000,886
Number of units outstanding⁵	200,000	575,000	475,000
Management expense ratio excluding underlying fund expenses⁶	0.89%	0.91%	1.01%
Management expense ratio⁶	0.98%	1.01%	1.09%
Trading expense ratio⁷	0.20%	0.17%	0.51%
Portfolio turnover rate⁸	82.79%	69.42%	31.06%
Net Asset Value per unit (\$)	19.13	29.42	27.37
Closing market price (\$)	19.13	29.45	27.35

5 This information is provided as at December 31, 2022, 2021, and 2020.

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. The MER for prior periods has been restated to include the expenses of any underlying funds.

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.

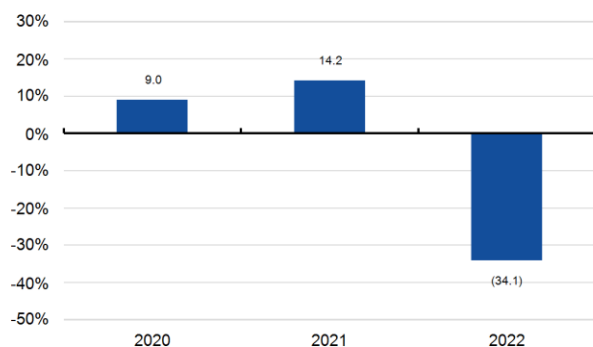
Year-by-Year Returns

The bar chart below shows the Hedged, Unhedged, and US Dollar Unhedged ETF Units' performance for each of the financial years shown. The chart shows, in percentage terms, how much an investment made in the Fund on the first day of each financial year would have grown or decreased by the last day of each financial year.

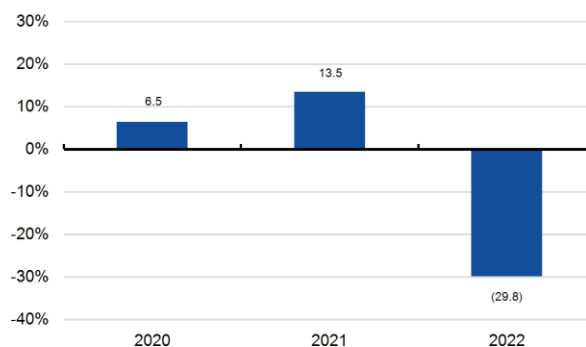
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LEAD Hedged ETF Units¹



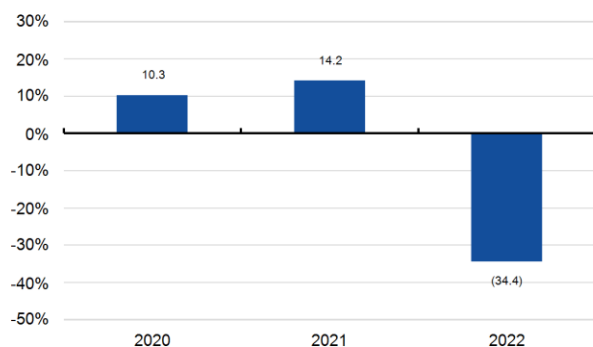
LEAD/B Unhedged ETF Units²



1 The Hedged ETF Units of the Fund effectively began operations on September 10, 2020.

2 The Unhedged ETF Units of the Fund effectively began operations on September 10, 2020.

LEAD/U US Dollar Unhedged ETF Units³



3 The US Dollar Unhedged ETF Units of the Fund effectively began operations on September 10, 2020. Returns presented based on NAV equivalent in USD.

Annual Compound Return

The table below shows the historical annual compound total return of the Hedged, Unhedged, and US Dollar Unhedged ETF Units. The returns are for period ended December 31, 2022. As a basis of comparison, we have provided the performance of the MSCI World 100% Hedged to CAD Net Total Return Index, the MSCI WORLD Net Total Return CAD Index, and the MSCI World Index for the Hedged, Unhedged, and US Dollar Unhedged ETF Units, respectively ("Index"). As the criteria for determining the constituents of the Fund and the Index differ, it is not expected that the Fund's performance will mirror that of the Index. Further, the return of the Index is calculated without the deduction of management fees and fund expenses whereas the performance of the Fund is calculated after deducting such fees and expenses.

	Since Inception ¹ (%)	1 Year (%)
Hedged ETF Units	(8.3)	(34.1)
MSCI World 100% Hedged to CAD Net Total Return Index	6.9	(16.3)
Unhedged ETF Units	(6.9)	(29.8)
MSCI WORLD Net Total Return CAD Index	7.1	(12.2)
US Dollar Unhedged ETF Units	7.9	(34.4)

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	Since Inception ¹ (%)	1 Year (%)
MSCI World Index	6.3	(17.7)

1 From inception date of September 10, 2020 for the Hedged, Unhedged, and US Dollar Unhedged ETF Units.

Summary of Investment Portfolio

Top 25 Positions

	Percentage of Net Asset Value (%)
Security	
Meta Platforms Inc.	5.6
Novo Nordisk A/S, ADR	4.6
Pfizer Inc.	4.3
Evolve Global Healthcare Enhanced Yield Fund	4.2
AbbVie Inc.	4.0
Eli Lilly and Company	4.0
Johnson & Johnson	3.8
UnitedHealth Group Inc.	3.7
Spotify Technology SA	3.6
The Walt Disney Company	3.5
Microsoft Corporation	3.0
Alphabet Inc., Class 'A'	2.7
Take-Two Interactive Software Inc.	2.7
Electronic Arts Inc.	2.6
High Interest Savings Account ETF	2.3
Block Inc.	2.3
The Goldman Sachs Group Inc.	2.3
JPMorgan Chase & Company	2.3
Nasdaq Inc.	2.1
Constellation Software Inc.	2.0
Evolve US Banks Enhanced Yield Fund	2.0
Shopify Inc., Class 'A'	2.0
Intuit Inc.	1.8
PayPal Holdings Inc.	1.7
Evolve E-Gaming Index ETF	1.7
Total	74.8

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Industry Allocation

Portfolio by Category	Percentage of Net Asset Value (%)
Equities	
Communication Services	22.0
Consumer Discretionary	2.2
ETFs - Domestic Fixed Income	2.3
ETFs - International Equity	9.0
ETFs - US Equity	2.0
Financials	10.3
Health Care	24.4
Information Technology	27.5
Derivative Assets	0.4
Derivative Liabilities	(0.2)
Cash and Cash Equivalents	0.9
Other Assets, less Liabilities	(0.8)
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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