

Evolve Future Leadership Fund

December 31, 2023

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

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, 2023, the Hedged ETF Units returned 33.8%. The Unhedged ETF Units returned 32.2%. The US Dollar Unhedged ETF Units returned 35.1%. The Fund's net assets were \$19.4MM as at December 31, 2023.

Portfolio Manager Commentary

During 2023, the technology sector experienced significant growth, buoyed by the recovery and strong performance of mega-cap technology stocks like Nvidia, Microsoft, Apple, and Alphabet.¹ These companies not only bounced back from headwinds in 2022 but also substantially outperformed the broader market. The surge in adoption of artificial intelligence (AI) technologies, such as Microsoft's integration of OpenAI's GPT-4, played a crucial role in the success of these technology giants.² Moreover, during the year Nvidia made the incredible achievement of surpassing the \$1 trillion market capitalization threshold, thanks to the growing demand for its chips which are used in the development of AI technology.³ Another key theme throughout the year was the technology sector's shift towards cost efficiency, with companies like Meta and Google focusing on revenue per employee and revising internal policies accordingly with the goal of achieving sustainable growth.⁴

In the financial sector, initial turbulence in the first quarter of the year was marked by the collapse of several US banks including Silicon Valley Bank.⁵ This crisis spurred strategic consolidation in order to stabilize in the sector as exemplified by JPMorgan Chase's acquisition of First Republic Bank.⁶ The subsequent benefit from higher interest rates led to a rally in bank stocks, with major indexes like the S&P 500 Banks Index and the KBW Regional Banking Index posting gains.⁷ By the end of the year, banks reported strong earnings, beating analysts' expectations, which solidified the health of the US consumer and business sectors.⁸ This resilience, combined with cautious optimism about the future, contributed to the sector's recovery during the year.

The healthcare sector, despite underperforming compared to the broader market, saw significant developments throughout the year. The breakthrough in GLP-1 drugs for chronic disease management, particularly in obesity and diabetes treatment, led to substantial sales growth for companies like Novo Nordisk and Eli Lilly who have proven to be the market leaders in this area of the pharmaceutical industry.^{9,10} This advancement, however, also led to challenges for sectors not aligned with these trends, such as MedTech companies specializing in diabetes care devices.¹¹ Further, the decline in COVID-19 vaccine sales indicated a shift in market dynamics as the urgency of the pandemic faded from consumers' minds.¹² This led to underperformance in healthcare companies whose sales growth once relied heavily upon COVID-19 vaccines and treatments, such as Pfizer and AstraZeneca.

In the entertainment sector, Meta's stock rebounded impressively during the year, marking its best year since its inception with gains of more than 180%. This recovery validated CEO Mark Zuckerberg's focus on efficiency and indicated investor confidence in the company's core business.¹³ The resolution of the Hollywood writers' strike after 146 days also marked a significant moment for the industry, reflecting the sector's ability to adapt to changing consumer interests and challenges.¹⁴ Another major event which impacted the sector during the year was the closing completion of Microsoft's acquisition of Activision Blizzard in October. The deal, valued at \$69 billion, brings a vast library of popular franchises including Call of Duty, World of Warcraft, and Diablo under Microsoft's corporate umbrella. The acquisition was the largest in Microsoft's history, and has major implications for the e-Gaming market as it is expected to significantly shift the balance of power within the industry in favor of Microsoft and their consol, Xbox.¹⁵

Performance Attribution

For the twelve-month period ending December 31, 2023, Meta Platforms, Inc. made the biggest contribution to the Fund, followed by Novo Nordisk A/S. By weight, the Fund's largest holdings were US Premium Cash Management Fund, Take-Two Interactive Software Inc., and Nintendo Company Limited.

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- (1) <https://www.usbank.com/investing/financial-perspectives/market-news/investing-in-tech-stocks.html>
- (2) <https://www.technologyreview.com/2023/12/05/1084393/make-no-mistake-ai-is-owned-by-big-tech/>
- (3) <https://www.cnn.com/2023/05/30/investing/nvidia-1-trillion/index.html>
- (4) <https://www.businessinsider.com/big-tech-cost-cutting-meta-google-apple-vr-tesla-solar-2023-3>
- (5) <https://www.bloomberg.com/news/articles/2023-06-06/2023-banking-crisis-key-lessons-from-the-svb-first-republic-collapses>
- (6) <https://www.nytimes.com/2023/05/01/business/first-republic-stock-deposits-sale.html>
- (7) <https://www.reuters.com/business/finance/us-banks-second-quarter-earnings-results-charts-2023-07-21/>
- (8) <https://www.reuters.com/business/finance/us-bank-shares-set-more-gains-loan-growth-hopes-rate-cuts-2023-12-15/>
- (9) <https://www.science.org/content/article/breakthrough-of-the-year-2023>
- (10) <https://www.cnn.com/2023/11/02/business/novo-nordisk-eli-lilly-earnings-boost-weight-loss-ozempic/index.html>
- (11) <https://www.bnnbloomberg.ca/no-end-in-sight-for-ozempic-fueled-drop-in-medical-device-stocks-1.1983341#:~:text=Mania%20surrounding%20injectable%20drugs%20Ozempic,over%20the%20past%20six%20months.>
- (12) <https://www.investopedia.com/shares-of-covid-19-vaccine-makers-fall-after-pfizer-cfo-warns-of-outlook-haircut-7971184>
- (13) <https://www.cnn.com/2023/12/18/metaspire-stock-wrapping-up-record-year-spurred-by-cost-cuts.html#:~:text=Tech,Meta's%20stock%20is%20wrapping%20up%20a%20record%20year%2C%20spurred%20by,that%20followed%20a%20disastrous%202022&text=Meta's%20stock%20is%20poised%20to,2023%20as%20of%20Friday's%20close.>
- (14) <https://www.vox.com/culture/2023/9/24/23888673/wga-strike-end-sag-aftra-contract>
- (15) https://www.linkedin.com/pulse/2023-year-review-gaming-industry-kopazar-l5whf/?trk=organization_guest_main-feed-card_feed-article-content

Recent Developments

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

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, 2023, the Fund incurred \$220,223 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.

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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 year ended December 31, 2023, the Fund incurred \$49,084 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

For the periods ended:	December 31, 2023 (\$)	December 31, 2022 (\$)	December 31, 2021 (\$)	December 31, 2020 (\$)
Unhedged ETF Units - Net Assets per Unit				
Net Assets per Unit, beginning of period	14.49	22.30	20.80	19.85
Increase (decrease) from operations:				
Total revenue	0.17	0.11	0.12	0.04
Total expenses	(0.22)	(0.20)	(0.25)	(0.10)
Realized gains (losses)	(1.07)	(2.28)	0.47	(0.03)
Unrealized gains (losses)	5.33	(4.51)	2.29	1.69
Total increase (decrease) from operations²	4.21	(6.88)	2.63	1.60
Distributions:				
From capital gains	-	-	(0.36)	(0.08)
Return of capital	(1.26)	(1.26)	(0.90)	(0.24)
Total annual distributions³	(1.26)	(1.26)	(1.26)	(0.32)
Net Assets per Unit, end of period	17.70	14.49	22.30	20.80
Hedged ETF Units - Net Assets per Unit				
Net Assets per Unit, beginning of period	14.03	23.01	21.30	19.85
Increase (decrease) from operations:				
Total revenue	0.17	0.11	0.11	0.04
Total expenses	(0.22)	(0.20)	(0.27)	(0.06)
Realized gains (losses)	(0.61)	(3.03)	0.03	0.45
Unrealized gains (losses)	4.89	(4.60)	2.59	1.59
Total increase (decrease) from operations²	4.23	(7.72)	2.46	2.02
Distributions:				
From capital gains	-	-	(0.35)	(0.08)
Return of capital	(1.26)	(1.26)	(0.91)	(0.24)
Total annual distributions³	(1.26)	(1.26)	(1.26)	(0.32)
Net Assets per Unit, end of period	17.31	14.03	23.01	21.30

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

	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020
	(\$)	(\$)	(\$)	(\$)
For the periods ended:				
US Dollar Unhedged ETF Units - Net Assets per Unit⁴				
Net Assets per Unit, beginning of period	19.13	29.42	27.37	26.11
Increase (decrease) from operations:				
Total revenue	0.24	0.15	0.15	0.05
Total expenses	(0.30)	(0.26)	(0.33)	(0.13)
Realized gains (losses)	(1.05)	(2.81)	0.63	(0.04)
Unrealized gains (losses)	6.81	(6.94)	3.19	2.08
Total increase (decrease) from operations²	5.70	(9.86)	3.64	1.96
Distributions:				
From capital gains	-	-	(0.45)	(0.11)
Return of capital	(1.70)	(1.78)	(1.13)	(0.30)
Total annual distributions³	(1.70)	(1.78)	(1.58)	(0.41)
Net Assets per Unit, end of period	23.34	19.13	29.42	27.37

- 1 This information is derived from the Fund's audited annual financial statements as at December 31, 2023, 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

	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020
For the periods ended:				
Unhedged ETF Units - Ratios/Supplemental Data				
Total Net Asset Value (\$) ⁵	3,098,097	7,243,548	22,854,200	19,240,732
Number of units outstanding ⁵	175,000	500,000	1,025,000	925,000
Management expense ratio excluding underlying fund expenses ⁶	0.96%	0.90%	0.91%	1.01%
Management expense ratio ⁷	1.03%	0.99%	1.01%	1.09%
Trading expense ratio ⁸	0.31%	0.20%	0.17%	0.51%
Portfolio turnover rate ⁹	81.93%	82.79%	69.42%	31.06%
Net Asset Value per unit (\$)	17.70	14.49	22.30	20.80
Closing market price (\$)	17.70	14.46	22.50	20.72
Hedged ETF Units - Ratios/Supplemental Data				
Total Net Asset Value (\$) ⁵	13,415,453	16,836,973	19,554,463	5,323,823
Number of units outstanding ⁵	775,000	1,200,000	850,000	250,000
Management expense ratio excluding underlying fund expenses ⁶	0.96%	0.92%	0.92%	0.39%
Management expense ratio ⁷	1.03%	1.01%	1.02%	0.95%
Trading expense ratio ⁸	0.31%	0.20%	0.17%	0.51%
Portfolio turnover rate ⁹	81.93%	82.79%	69.42%	31.06%
Net Asset Value per unit (\$)	17.31	14.03	23.01	21.30
Closing market price (\$)	17.42	13.97	23.15	21.28

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

For the periods ended:	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020
US Dollar Unhedged ETF Units - Ratios/Supplemental Data				
Total Net Asset Value (\$)⁵	2,917,410	3,826,519	16,917,149	13,000,886
Number of units outstanding⁵	125,000	200,000	575,000	475,000
Management expense ratio excluding underlying fund expenses⁶	0.97%	0.89%	0.91%	1.01%
Management expense ratio⁷	1.04%	0.98%	1.01%	1.09%
Trading expense ratio⁸	0.31%	0.20%	0.17%	0.51%
Portfolio turnover rate⁹	81.93%	82.79%	69.42%	31.06%
Net Asset Value per unit (\$)	23.34	19.13	29.42	27.37
Closing market price (\$)	23.35	19.13	29.45	27.35

5 This information is provided as at December 31, 2023, 2022, 2021, and 2020.

6 Management expense ratio excluding underlying fund expenses 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 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.

8 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.

9 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.

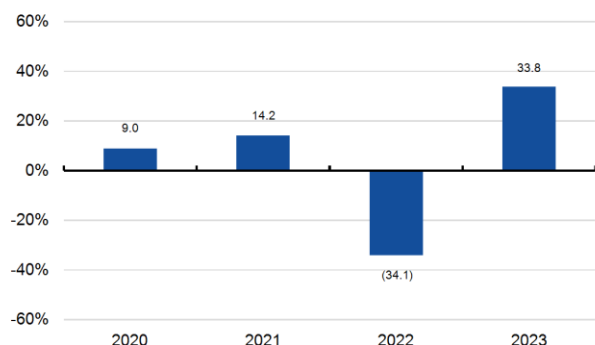
Year-by-Year Returns

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 period would have grown or decreased by the last day of that financial period.

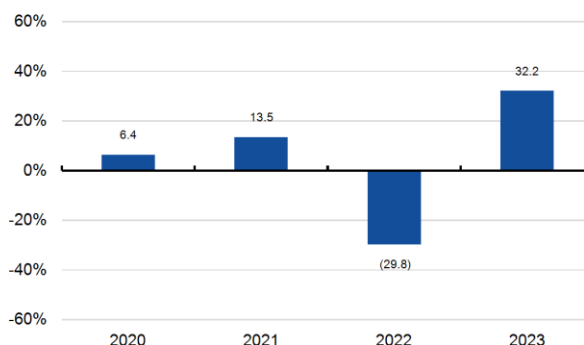
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LEAD Hedged ETF Units¹



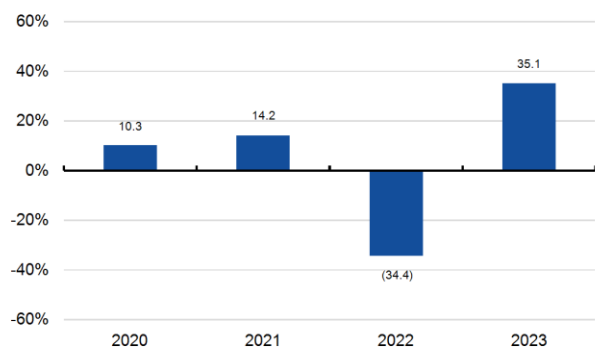
LEAD/B Unhedged ETF Units²



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 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, 2023. 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 (%)	3 Year (%)
Hedged ETF Units	2.8	33.8	0.2
MSCI World 100% Hedged to CAD Net Total Return Index	11.5	22.8	8.4
Unhedged ETF Units	3.5	32.2	1.7
MSCI WORLD Net Total Return CAD Index	11.0	20.5	8.5
US Dollar Unhedged ETF Units	3.4	35.1	0.4

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	Since Inception ¹ (%)	1 Year (%)	3 Year (%)
MSCI World Index	11.5	24.4	7.8

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	
US Premium Cash Management Fund	6.6
Take-Two Interactive Software Inc.	5.2
Nintendo Company Limited, ADR	4.9
Novo Nordisk A/S, ADR	4.5
Eli Lilly & Company	4.4
Coinbase Global Inc.	3.8
Intuitive Surgical Inc.	3.7
Meta Platforms Inc., Class 'A'	3.6
MicroStrategy Inc.	3.3
UnitedHealth Group Inc.	3.2
Evolve E-Gaming Index ETF	3.0
The Walt Disney Company	2.8
Amazon.com Inc.	2.6
Shopify Inc., Class "A"	2.5
Microsoft Corporation	2.5
Visa Inc., Class 'A'	2.5
Evolve NASDAQ Technology Enhanced Yield Index Fund	2.4
Sony Group Corporation, ADR	2.4
Mastercard Inc., Class 'A'	2.4
Apple Inc.	2.3
Intuit Inc.	2.2
Alphabet Inc., Class 'A'	2.1
Evolve Global Healthcare Enhanced Yield Fund	2.1
Tesla Inc.	2.0
Advanced Micro Devices Inc.	2.0
Total	79.0

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Industry Allocation

Portfolio by Category	Percentage of Net Asset Value (%)
Equities	
Communication Services	19.6
Consumer Discretionary	7.1
ETFs - International Equity	10.5
ETFs - US Money Market	6.6
Financials	15.0
Health Care	16.8
Information Technology	24.6
Derivative Assets	0.5
Derivative Liabilities	(0.4)
Cash and Cash Equivalents	0.3
Other Assets, less Liabilities	(0.6)
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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