

Evolve Cloud Computing Index 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 Cloud Computing Index Fund (the "Fund") seeks to replicate, to the extent reasonably possible and before fees and expenses, the performance of the Solactive Global Cloud Computing Index Canadian Dollar Hedged, or any successor thereto. The Fund invests primarily in equity securities of companies located domestically or internationally that have business operations in the field of cloud computing.

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, 2022, the Hedged ETF Units returned -41.5% versus the Solactive Global Cloud Computing Index return of -36.5%. The Unhedged ETF Units returned -37.0% versus the Solactive Global Cloud Computing Index return of -36.5%. The difference in performance of the hedged units relative to its benchmark can be attributed primarily to management and administration fees plus applicable sales taxes, to portfolio trading and hedging strategies and to the assumption that all distributions made by the investment fund were reinvested in additional securities whereas the index performance is of price return only. The difference in performance of the unhedged units relative to its benchmark can be attributed primarily to management and administration fees plus applicable sales taxes, to portfolio trading and to the assumption that all distributions made by the investment fund were reinvested in additional securities whereas the index performance is of price return only. The Fund's net assets were \$16.1MM as at December 31, 2022.

Portfolio Manager Commentary

During the year, cloud computing companies faced similar market headwinds as most technology companies. To illustrate, the NASDAQ 100 Technology Sector Index (NASDAQ: NDXT) returned -32.38% at year end 2022. Despite market headwinds, cloud usage has shown major growth in recent years driven by the work-from-home trend caused by the COVID-19 pandemic. The global cloud computing market is expected to grow at a Compound Annual Growth Rate (CAGR) of 17.9% from USD \$545.8 billion in 2022 to USD 1.24 trillion by 2027.¹ In fact, 66% of the cloud computing market is dominated by three market leaders, Amazon.com, Microsoft Corp, and Alphabet Inc (all holdings in this Fund). These three companies continued to consolidate and grow their positions as cloud market-share leaders in 2022. Besides these three technology giants, other companies in the cloud computing industry have still proven to show signs of growth. John Dinsdale, a chief analyst at Synergy Research Group, elaborated on this saying, "Beyond these three, all other cloud providers, in aggregate, have been losing around 3 percentage points of market share per year but are still seeing strong double-digit revenue growth".²

The growth in the cloud computing industry was reflected in the three market leader's earnings results throughout the year. Starting with Amazon.com Inc., the company reported a loss per share and overall revenue was below expectations. However, the company's cloud computing unit, Amazon Web Services (AWS), reported revenue growth of 33% year-over-year to \$19.74 billion, reinforcing the importance of the cloud computing business for Amazon.com.³ Alphabet also posted second quarter earnings results that were buoyed by the momentum of its cloud business, which posted 35% year-over-year growth during the period.⁴ In the third quarter of 2022, AWS reported sales growth of 27% year-over-year to \$20.5 billion.⁵ During the same quarter, Alphabet Inc. reported weaker than expected earnings per share of \$1.06 as compared to the \$1.25 that was expected, causing their shares to drop 7% in the day. However, their cloud services revenue beat estimates, with Google Cloud reporting \$6.9 billion in revenues as compared to the estimated \$6.69 billion.⁶ Finally, Microsoft Corp announced earnings in the same period for its fiscal first quarter 2023, reporting that server products and cloud services revenue increased 22% driven by its cloud business, Azure, and other cloud services revenue growth of 35%.⁷

Other notable headlines throughout the year included an announcement made in August by Open Text Corporation, a holding in this Fund, to acquire Focus International plc for \$6.0 billion.⁸ Also in August, Unity Software Inc, a video game software developer announced that they will partner with Microsoft and will make Azure its cloud solution to create real-time 3D experiences. Under the partnership, developers can use Azure and the Unity engine together, which will also allegedly make it easier for them to get their games on PC and Xbox.⁹ Earlier in the year in July, Oracle and Microsoft Announced a partnership to give Azure customers direct, streamlined access to Oracle databases on Oracle Cloud Infrastructure (OCI).¹⁰ Then, in October, UBS and Microsoft announce an expansion of their cloud partnership. Under the partnership, UBS will have more than 50% of its applications running in the Microsoft Azure cloud and the two companies will co-develop products and solutions to meet the digital needs of the bank and financial services industry.¹¹

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Performance Attribution

For the twelve month period ending December 31, 2022, Fair Isaac Corporation (FICO) made the biggest contribution to the Fund, followed by Citrix Systems Inc. and Check Point Software Technologies Ltd. By weight, the Fund's largest holdings were Oracle Corporation, SAP SE, and Microsoft Corporation.

(1) <https://www.businesswire.com/news/home/20221124005188/en/Cloud-Computing-Platform-Global-Market-Report-2022-Increasing-Investments-in-Digital-Initiatives-and-Reduction-in-CapEx-and-OpEx-for-IT-Infrastructure-to-Drive-Market-Growth---ResearchAndMarkets.com#:~:text=The%20global%20cloud%20computing%20platform,17.9%25%20during%20the%20forecast%20period.>

(2) <https://www.crn.com/news/cloud/top-5-cloud-market-share-leaders-aws-microsoft-google-in-q3-2022#:~:text=Worldwide%20enterprise%20spending%20on%20cloud,%2Dover%2Dyear%20revenue%20growth.>

(3) <https://www.cnbc.com/2022/07/28/aws-earnings-q2-2022.html>

(4) <https://www.infoworld.com/article/3668199/losses-widen-even-as-google-cloud-revenue-soars-past-6-billion.html>

(5) <https://ir.aboutamazon.com/news-release/news-release-details/2022/Amazon.com-Announces-Third-Quarter-Results/default.aspx>

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

(7) <https://www.microsoft.com/en-us/investor/earnings/fy-2023-q1/press-release-webcast#:~:text=Microsoft%20returned%20%249.7%20billion%20to,quarter%20of%20fiscal%20year%202022.>

(8) <https://www.prnewswire.com/news-releases/opentext-to-acquire-micro-focus-international-plc-301612801.html>

(9) <https://venturebeat.com/games/unity-and-microsoft-announced-azure-cloud-partnership/>

(10) <https://news.microsoft.com/2022/07/20/oracle-and-microsoft-announce-availability-of-oracle-database-service-for-microsoft-azure/>

(11) <https://news.microsoft.com/2022/10/20/ubs-and-microsoft-announce-landmark-expansion-of-cloud-partnership/>

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 0.60% 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 \$154,763 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, 2022, the Fund incurred \$38,691 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 (\$)
For the periods ended:		
Unhedged ETF Units - Net Assets per Unit		
Net Assets per Unit, beginning of period ²	24.34	20.00
Increase (decrease) from operations:		
Total revenue	0.10	0.13
Total expenses	(0.18)	(0.24)
Realized gains (losses)	(4.20)	1.40
Unrealized gains (losses)	(5.01)	0.02
Total increase (decrease) from operations³	(9.29)	1.31
Distributions:		
From capital gains	-	(0.09)
Return of capital	(0.12)	(0.02)
Total annual distributions⁴	(0.12)	(0.11)
Net Assets per Unit, end of period	15.22	24.34

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

	December 31, 2022	December 31, 2021
	(\$)	(\$)
For the periods ended:		
Hedged ETF Units - Net Assets per Unit		
Net Assets per Unit, beginning of period ²	24.42	20.00
Increase (decrease) from operations:		
Total revenue	0.10	0.12
Total expenses	(0.17)	(0.24)
Realized gains (losses)	(4.56)	0.22
Unrealized gains (losses)	(6.10)	3.47
Total increase (decrease) from operations³	(10.73)	3.57
Distributions:		
From capital gains	-	(0.10)
Return of capital	(0.12)	(0.01)
Total annual distributions⁴	(0.12)	(0.11)
Net Assets per Unit, end of period	14.18	24.42

- This information is derived from the Fund's audited annual financial statements as at December 31, 2022 and 2021. The Hedged and Unhedged ETF Units effectively began operations on January 6, 2021.
- This amount represents the initial launch price.
- 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.
- Distributions were paid in cash or reinvested in additional units of the Fund, or both. Actual distributions may vary slightly owing to rounding.

The Fund's Ratios/Supplemental Data

	December 31, 2022	December 31, 2021
For the periods ended:		
Unhedged ETF Units - Ratios/Supplemental Data		
Total Net Asset Value (\$) ⁵	1,521,909	5,476,295
Number of units outstanding ⁵	100,000	225,000
Management expense ratio ⁶	0.83%	0.85%
Trading expense ratio ⁷	0.07%	0.10%
Portfolio turnover rate ⁸	44.48%	43.23%
Net Asset Value per unit (\$)	15.22	24.34
Closing market price (\$)	15.21	24.35
Hedged ETF Units - Ratios/Supplemental Data		
Total Net Asset Value (\$) ⁵	14,537,564	32,362,616
Number of units outstanding ⁵	1,025,000	1,325,000
Management expense ratio ⁶	0.82%	0.85%
Trading expense ratio ⁷	0.07%	0.10%
Portfolio turnover rate ⁸	44.48%	43.23%
Net Asset Value per unit (\$)	14.18	24.42
Closing market price (\$)	14.12	24.55

- This information is provided as at December 31, 2022 and 2021.
- 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 trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of average daily net assets during the period.
- 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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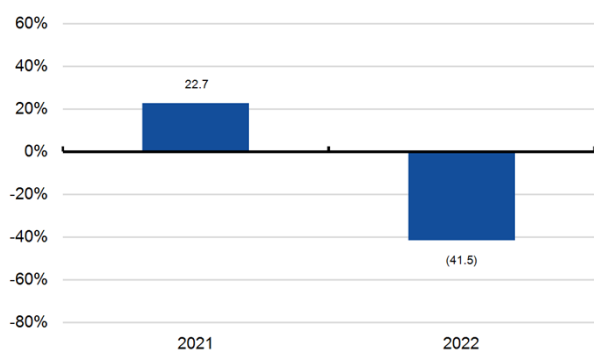
Past Performance

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.

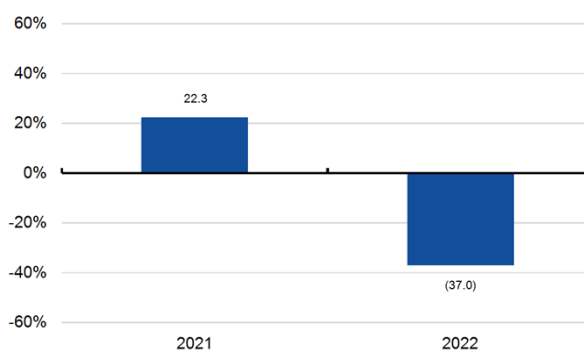
Year-by-Year Returns

The bar chart below shows the Hedged and 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.

DATA Hedged ETF Units¹



DATA/B Unhedged ETF Units²



1 The Hedged ETF Units of the Fund effectively began operations on January 6, 2021.

2 The Unhedged ETF Units of the Fund effectively began operations on January 6, 2021.

Annual Compound Return

The table below shows the historical annual compound total return of the Hedged and Unhedged ETF Units. The returns are for period ended December 31, 2022. For a discussion of the relative performance of the Fund as compared to the index, please refer to the "Results of Operations" section in the "Management Discussion of Fund Performance".

	Since Inception ¹ (%)	1 Year (%)
Hedged ETF Units	(15.4)	(41.5)
Solactive Global Cloud Computing Index	(11.6)	(36.5)
Unhedged ETF Units	(12.4)	(37.0)
Solactive Global Cloud Computing Index	(11.6)	(36.5)

1 From inception date of January 6, 2021.

Summary of Investment Portfolio

Top 25 Positions

Security	Percentage of Net Asset Value (%)
Oracle Corporation	9.2

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Top 25 Positions (cont'd)

	Percentage of Net Asset Value (%)
Security	
SAP SE, ADR	8.8
Microsoft Corporation	7.6
Intuit Inc.	7.4
Salesforce Inc.	6.8
Alphabet Inc., Class 'A'	6.6
Amazon.com Inc.	5.7
ServiceNow Inc.	5.5
VMware Inc.	3.6
Snowflake Inc.	3.2
Fortinet Inc.	2.7
Workday Inc.	2.4
CrowdStrike Holdings Inc.	1.6
Datadog Inc.	1.5
Paycom Software Inc.	1.3
Zoom Video Communications Inc.	1.2
Zscaler Inc.	1.1
Check Point Software Technologies Limited	1.1
OBIC Company Limited	1.1
Fair Isaac Corporation	1.1
Splunk Inc.	1.0
HubSpot Inc.	1.0
MongoDB Inc.	0.9
Akamai Technologies Inc.	0.9
NetApp Inc.	0.9
Total	84.2

Industry Allocation

Portfolio by Category	Percentage of Net Asset Value (%)
Equities	
Communication Services	7.5
Consumer Discretionary	5.7
Industrials	0.4
Information Technology	85.9
Derivative Assets	0.7
Derivative Liabilities	(0.1)
Cash and Cash Equivalents	(0.0)
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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