



Evolve ETFs

Evolve Innovation Index Fund

December 31, 2020

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 Innovation Index Fund (the "Fund") seeks to replicate, to the extent reasonably possible and before fees and expenses, the performance of the Solactive Global Innovation Index. The Solactive Global Innovation Index has been designed to reflect the performance of equity securities of companies listed domestically or internationally that are involved in innovative and disruptive trends across a broad range of industries.

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, 2020, Hedged ETF Units returned 55.5% versus the Solactive Global Innovation PR Index CAD hedged return of 55.0%. The Hedged Class A Mutual Fund Units returned 61.6% and the Hedged Class F Mutual Fund Units returned 62.6% versus the Solactive Global Innovation PR Index CAD hedged return of 55.0%. The Fund's net assets were \$43.1MM as at December 31, 2020.

Portfolio Manager Commentary

MACROECONOMIC HIGHLIGHTS

With the future of work re-defined by the COVID pandemic, developments in connectivity, big data, artificial intelligence (AI), cloud computing, automation, and cyber security gained increasing attention throughout 2020.

Although cloud-based tools were already popular, the pandemic created a surge in demand as businesses were forced to enable their employees to work remotely from home as a result of the implementation of lockdown conditions to prevent the spread of the virus.

According to a JPMorgan analyst, videoconferencing tool Zoom saw its daily usage rise by more than 300% from before the pandemic, while Microsoft announced that its collaboration tool Teams added 12 million daily users in just one week in the first quarter. Effectively, cloud computing emerged as one of the few saving graces for businesses during this pandemic.(i)

According to a survey by IDG Communications, Inc., the world's leading tech media, data, and marketing services company, 92% of organizations said their IT environment (infrastructure, applications, data analytics, etc.) is in the cloud to some extent today, and this is expected to grow to 95% by the end of 2021.(ii)

In similar vein, DocuSign, the largest holding in the Big Data and Cloud segment of the Fund, emerged as one of the hotter work-from-home plays, posting triple digit gains for 2020, as businesses ditched paper and transitioned to e-signatures.(iii) With its stocks rising 200% over the course of the year (much of this growth in the first three quarters), DocuSign's value is now up roughly 515% from its initial public offering (IPO) in 2018. The company reported 822,000 paying customers, representing growth in the client base of 46% year-over-year. DocuSign was well-positioned to capitalize on the accelerated digital transition, and has taken a leadership position in its service category.(iv)

But with working from home becoming the new normal, the stage was set for an increase in cyberattacks. According to the cloud security company Zscaler Inc., there was a 30,000% increase in COVID-19-themed attacks between January and March. The company saw coronavirus-themed attacks grow from around 1,200 observed and blocked COVID-19-related attacks in January to 380,000 such incidents in March.(v)

Already the toll of rising cybersecurity threats in 2020 is clear. Roughly 56% of companies surveyed by CrowdStrike report being targeted by a ransomware attack in the previous 12 months and paying an average of \$1.1 million USD in ransom to have their data and systems decrypted.(vi)

In the meantime, 5G continued to expand in 2020, even as the coronavirus spread across the globe. 5G is more critical than ever now, with people working from home and relying on broadband. According to Ericsson, the Swedish networking giant, 5G was in twice as many hands in 2020 as it had predicted. The total number of 5G subscribers was approximately 190 million in 2020, with the bulk coming from China.(vii)

Conversely, while some major Canadian and European carriers have launched 5G, the pandemic has raised questions about how fast their networks can expand. 5G spectrum auctions have been delayed in Canada until at least June 2021 due to on-going delays from the pandemic.(viii) In the European Union, spectrum auctions were delayed a number of months, with some only getting underway late in 2020. This has pushed out the launch of 5G in places like Sweden by months, if not longer.(ix)

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In the US, the top three US carriers worked to expand their 5G nationwide networks throughout 2020, despite the pandemic. Projections are that by the end of 2021, about 30% of US wireless subscriptions will be 5G.(x)

In the social media segment of the portfolio, Pinterest—the online platform for sharing images, short videos, and other media—had a banner year in 2020 as people spent more time online trying to stay in touch in ways that were compliant with social distancing guidelines. The best-performing stock in the social media segment of the portfolio, shares of Pinterest rose 253.5% in 2020, beating analysts' earnings targets each quarter, and expanding its total monthly active users to 442 million, a 37% increase over the prior-year period. This engagement growth helped boost Pinterest's digital ad sales revenue, as well as integration with online retail. A natural fit for e-commerce promotions and integration, Pinterest is well positioned for continued growth into 2021 as the effects of the pandemic continue to be felt.(xi)

In the genomics space, Exelixis Inc., a holding in the Fund, announced the Initiation of Phase 3 Pivotal Trial of a drug to treat metastatic non-small cell lung cancer. This phase follows positive results from a previous trial. In addition, two additional phase 3 pivotal trials for another drug to treat metastatic castration-resistant prostate cancer and renal cell carcinoma are planned as part of the clinical trial collaboration between Exelixis and Roche.[i] Bristol Myers Squibb and Exelixis also announced positive topline results from pivotal phase 3 trial evaluating a drug for use in previously untreated advanced renal cell carcinoma.(xiii)

Another company held by the Fund, Blueprint Medicines, announced a global collaboration with Roche to develop and commercialize a drug for patients with RET-altered cancers.(xiv)

PERFORMANCE ATTRIBUTION

The Fund tracks a benchmark index designed to expose investors to returns in seven sectors: Big Data and Cloud Computing, Robotics and Automation, 5G, Cyber Security, Automotive Innovation and Social Media, which together accounted for 88% of the weight of the portfolio in roughly equal individual segment weights at the end of June 2020; and Genomics – which has a 12% weight. The Automotive Innovation and Cyber Security segments of the portfolio made the largest contribution to the Fund's performance, followed by the Big Data and Cloud Computing segment. The best performing individual stocks were the Big Data and Cloud stock, DocuSign Inc., followed by the 5G stock Qualcomm Inc.

(i) <https://www.forbes.com/sites/forbestechcouncil/2020/05/22/the-current-pandemic-gives-cloud-computing-a-needed-jolt/#264321c46a09>

(ii) <https://www.globenewswire.com/news-release/2020/06/18/2050275/0/en/The-Shift-to-Cloud-Computing-Persists-as-Organizations-Use-Multiple-Public-Clouds.html>

(iii) <https://money.yahoo.com/docu-sign-ceo-shift-to-digital-accelerated-by-covid-19-pandemic-155148539.html>

(iv) <https://www.fool.com/investing/2021/01/09/why-docusign-stock-skyrocketed-200-in-2020/>

(v) <https://www.rcrwireless.com/20200428/network-infrastructure/cybersecurity-firm-reports-30000-increase-in-covid-19-themed-attacks-since-january>

(vi) <https://www.crowdstrike.com/resources/reports/2020-crowdstrike-global-threat-report/>

(vii) <https://www.cnet.com/news/not-even-the-coronavirus-can-derail-5gs-global-momentum/>

(viii) <https://www.itworldcanada.com/article/canada-delays-key-3500mhz-5g-spectrum-auction-to-mid-2021/431801>

(ix) <https://www.lightreading.com/5g/spectrum-auctions-slowing-europes-5g-progress/d/d-id/764585>

(x) <https://www.cnet.com/news/not-even-the-coronavirus-can-derail-5gs-global-momentum/>

(xi) <https://www.fool.com/investing/2021/01/04/why-pinterest-stock-skyrocketed-2535-in-2020/>

(xii) <https://ir.exelixis.com/news-releases/news-release-details/exelixis-announces-initiation-contact-01-phase-3-pivotal-trial>

(xiii) <https://ir.exelixis.com/news-releases/news-release-details/bristol-myers-squibb-and-exelixis-announce-positive-topline>

(xiv) <https://www.streetinsider.com/PRNewswire/Blueprint+Medicines+Announces+Global+Collaboration+with+Roche+to+Develop+and+Commercialize+Pralsetinib+for+Patients+with+RET+Altered+Cancers/17108831.html>

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Recent Developments

In the year 2020, COVID-19 became a global pandemic and resulted 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 is 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 Manager is entitled to an annual management fee of 0.40% of the net asset value of the Hedged ETF Units and the Hedged Class F Mutual Fund Units and 1.40% of the net asset value of the Hedged Class A Mutual Fund Units of the Fund, accrued daily and generally paid monthly in arrears. For the year ended December 31, 2020, the Fund incurred \$60,316 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, 2020, the Fund incurred \$30,551 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.

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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, 2020 (\$) | December 31, 2019 (\$) | December 31, 2018 (\$) |
|--|------------------------------|------------------------------|------------------------------|
| For the periods ended: | | | |
| Hedged ETF Units - Net Assets per Unit | | | |
| Net Assets per Unit, beginning of period | 22.99 | 17.35 | 20.00 |
| Increase (decrease) from operations: | | | |
| Total revenue | 0.21 | 0.15 | 0.11 |
| Total expenses | (0.20) | (0.14) | (0.11) |
| Realized gains (losses) | 4.30 | 0.64 | (0.10) |
| Unrealized gains (losses) | 9.85 | 4.99 | (4.07) |
| Total increase (decrease) from operations² | 14.16 | 5.64 | (4.17) |
| Distributions: | | | |
| From dividends | (0.02) | (0.02) | - |
| Return of capital | - | - | (0.02) |
| Total annual distributions³ | (0.02) | (0.02) | (0.02) |
| Net Assets per Unit, end of period | 35.71 | 22.99 | 17.35 |
| Hedged Class A - Net Assets per Unit | | | |
| Net Assets per Unit, beginning of period | 21.24 | 20.00 | N/A |
| Increase (decrease) from operations: | | | |
| Total revenue | 0.21 | 0.14 | N/A |
| Total expenses | (0.49) | (0.02) | N/A |
| Realized gains (losses) | 5.92 | 0.80 | N/A |
| Unrealized gains (losses) | 12.30 | 0.32 | N/A |
| Total increase (decrease) from operations² | 17.94 | 1.24 | N/A |
| Distributions: | | | |
| From dividends | (0.02) | - | N/A |
| Total annual distributions³ | (0.02) | - | N/A |
| Net Assets per Unit, end of period | 34.30 | 21.24 | N/A |

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

| | December 31, 2020 (\$) | December 31, 2019 (\$) | December 31, 2018 (\$) |
|--|------------------------------|------------------------------|------------------------------|
| For the periods ended: | | | |
| Hedged Class F - Net Assets per Unit | | | |
| Net Assets per Unit, beginning of period | 21.00 | 20.00 | N/A |
| Increase (decrease) from operations: | | | |
| Total revenue | 0.19 | 0.06 | N/A |
| Total expenses | (0.22) | (0.10) | N/A |
| Realized gains (losses) | 8.05 | 0.03 | N/A |
| Unrealized gains (losses) | 14.30 | 0.25 | N/A |
| Total increase (decrease) from operations² | 22.32 | 0.24 | N/A |
| Distributions: | | | |
| From dividends | (0.01) | - | N/A |
| From capital gains | (0.01) | - | N/A |
| Return of capital | - | (0.01) | N/A |
| Total annual distributions³ | (0.02) | (0.01) | N/A |
| Net Assets per Unit, end of period | 34.07 | 21.00 | N/A |

- 1 This information is derived from the Fund's audited annual financial statements as at December 31, 2020, 2019 and 2018. The Hedged ETF Units began operations on May 2, 2018. The Hedged Class A and F mutual fund units began operations on June 4, 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.

The Fund's Ratios/Supplemental Data

| | December 31, 2020 | December 31, 2019 | December 31, 2018 |
|--|----------------------|----------------------|----------------------|
| For the periods ended: | | | |
| Hedged ETF Units - Ratios/Supplemental Data | | | |
| Total Net Asset Value (\$) ⁴ | 40,178,061 | 11,493,197 | 11,280,089 |
| Number of units outstanding ⁴ | 1,125,000 | 500,000 | 650,000 |
| Management expense ratio ⁵ | 0.50% | 0.48% | 0.60% |
| Trading expense ratio ⁶ | 0.14% | 0.12% | 0.15% |
| Portfolio turnover rate ⁷ | 82.42% | 92.88% | 20.34% |
| Net Asset Value per unit (\$) | 35.71 | 22.99 | 17.35 |
| Closing market price (\$) | 35.72 | 23.01 | 17.37 |
| Hedged Class A - Ratios/Supplemental Data | | | |
| Total Net Asset Value (\$) ⁴ | 909,640 | 21 | N/A |
| Number of units outstanding ⁴ | 26,516 | 1 | N/A |
| Management expense ratio ⁵ | 1.55% | - | N/A |
| Trading expense ratio ⁶ | 0.14% | 0.12% | N/A |
| Portfolio turnover rate ⁷ | 82.42% | 92.88% | N/A |
| Net Asset Value per unit (\$) | 34.30 | 21.24 | N/A |

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

| For the periods ended: | December 31, 2020 | December 31, 2019 | December 31, 2018 |
|--|----------------------|----------------------|----------------------|
| Hedged Class F - Ratios/Supplemental Data | | | |
| Total Net Asset Value (\$) ⁴ | 2,026,134 | 5,030 | N/A |
| Number of units outstanding ⁴ | 59,476 | 239 | N/A |
| Management expense ratio ⁵ | 0.55% | 0.54% | N/A |
| Trading expense ratio ⁶ | 0.14% | 0.12% | N/A |
| Portfolio turnover rate ⁷ | 82.42% | 92.88% | N/A |
| Net Asset Value per unit (\$) | 34.07 | 21.00 | N/A |

4 This information is provided as at December 31, 2020, 2019 and 2018.

5 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.

6 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.

7 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.

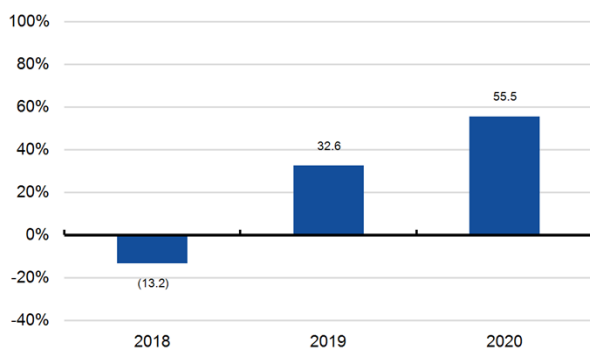
Past Performance

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.

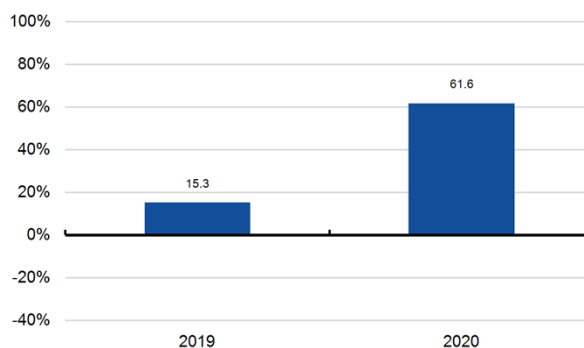
Year-by-Year Returns

The bar chart below shows the Hedged ETF Units' and the Hedged Class A and F Mutual Fund Units' annual performance for the periods shown. 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.

EDGE Hedged ETF Units¹



Hedged Class A Mutual Fund Units²



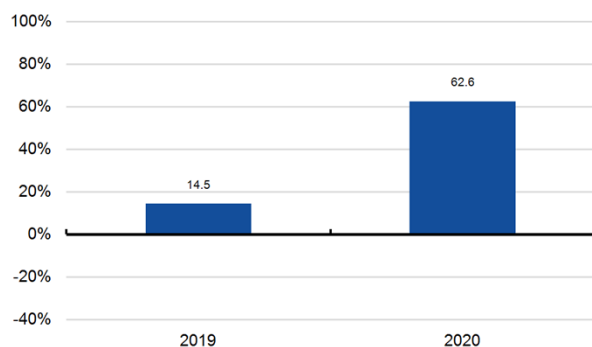
1 The Hedged ETF Units effectively began operations on May 2, 2018

2 The Hedged Class A Mutual Fund Units of the Fund effectively began operations on June 4, 2019.

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Hedged Class F Mutual Fund Units³



³ The Hedged Class F Mutual Fund Units of the Fund effectively began operations on June 4, 2019.

Annual Compound Return

The table below shows the historical annual compound total return of the Hedged ETF Units and the Hedged Class A and F Mutual Fund Units. The returns are for period ended December 31, 2020. 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 | 24.4 | 55.5 |
| Solactive Global Innovation PR Index CAD hedged | 24.1 | 55.0 |
| Hedged Class A Mutual Fund Units | 50.6 | 61.6 |
| Solactive Global Innovation PR Index CAD hedged | 48.6 | 55.0 |
| Hedged Class F Mutual Fund Units | 50.5 | 62.6 |
| Solactive Global Innovation PR Index CAD hedged | 48.6 | 55.0 |

¹ From inception date of May 2, 2018 for the Hedged ETF Units and from inception date of June 4, 2019 for the Hedged Class A and F Mutual Fund Units.

Summary of Investment Portfolio

Top 25 Positions

| | Percentage of Net Asset Value (%) |
|---|---|
| Security | |
| Evolve Automobile Innovation Index Fund | 17.8 |
| Evolve Cyber Security Index Fund | 14.5 |
| QUALCOMM Inc. | 3.1 |
| Celltrion Healthcare Company Limited | 2.4 |
| Baidu Inc., ADR | 2.0 |
| Pinterest Inc. | 1.9 |
| Samsung Electronics Company Limited | 1.7 |
| Sony Corporation, ADR | 1.7 |
| Paycom Software Inc. | 1.6 |
| Alphabet Inc., Class 'A' | 1.6 |
| FANUC Corporation, ADR | 1.6 |

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Top 25 Positions (cont'd)

| | Percentage of Net Asset Value (%) |
|--------------------------------------|---|
| Security | |
| Innovent Biologics Inc. | 1.6 |
| SoftBank Group Corporation | 1.5 |
| Atlassian Corporation PLC, Class 'A' | 1.5 |
| Twitter Inc. | 1.5 |
| Corteva Inc. | 1.5 |
| Keyence Corporation | 1.5 |
| Emerson Electric Company | 1.4 |
| T-Mobile US Inc. | 1.4 |
| Intuitive Surgical Inc. | 1.4 |
| Yandex NV | 1.4 |
| Genmab AS | 1.4 |
| Intuit Inc. | 1.4 |
| KDDI Corporation | 1.4 |
| Coupa Software Inc. | 1.4 |
| Total | 70.2 |

Industry Allocation

| Portfolio by Category | Percentage of Net Asset Value (%) |
|--------------------------------|---|
| Equities | |
| Communication Services | 21.3 |
| Consumer Discretionary | 1.7 |
| ETFs - Domestic Fixed Income | 1.2 |
| ETFs - International Equity | 32.3 |
| Health Care | 12.7 |
| Industrials | 3.0 |
| Information Technology | 24.1 |
| Materials | 1.5 |
| Derivative Assets | 0.3 |
| Derivative Liabilities | (0.1) |
| Cash and Cash Equivalents | 1.6 |
| Other Assets, less Liabilities | 0.4 |
| 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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