



Evolve ETFs

# High Interest Savings Account 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](http://www.evolveetfs.com) or SEDAR at [www.sedar.com](http://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.

# High Interest Savings Account Fund

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## Investment Objective and Strategies

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The High Interest Savings Account Fund (the "Fund") seeks to maximize monthly income while preserving capital and liquidity by investing primarily in high interest deposit accounts.

## Risk

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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

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For the year ended December 31, 2020, the Unhedged ETF Units returned 0.9% versus the Bank of Canada Treasury Bills One Month Index return of 0.4%. Since the Unhedged Class A and F Mutual Fund Units were launched on January 16, 2020, no performance data can be shown. The Fund's net assets were \$713.3MM as at December 31, 2020.

## Portfolio Manager Commentary

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### MACROECONOMIC HIGHLIGHTS

The Fund's assets are allocated between four Canadian financial institutions: Bank of Montreal, Canadian Imperial Bank of Commerce, Bank of Nova Scotia and National Bank of Canada. The allocation across the four financial institutions is 22%, 22%, 16% and 39% respectively.

During the first quarter of 2020, there were three rate changes to the key Bank of Canada overnight target rate. All three took place in the month of March as part of the Government's response to the COVID-19 pandemic. On March 4, the rate changed from 1.75% to 1.25%. On March 16, there was an additional rate cut of 0.5% sending the policy rate to 0.75%. March 27 saw the last rate change for the period with a further 0.5% rate cut, bringing the overnight rate to 0.25%.

The Bank of Canada maintained its overnight target rate at 0.25% for the balance of 2020 in light of the on-going pandemic conditions.

## Recent Developments

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Subsequent to year end, 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

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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 0.15% of the net asset value of the Unhedged ETF Units and the Unhedged Class F Mutual Fund Units and 0.40% of the Unhedged 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 \$717,619 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](http://www.evolveetfs.com) website, and providing all other services including marketing and promotion.

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## Operating Expenses

Operating expenses are covered by Manager that are 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.

## 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 Unit<sup>1</sup>

	December 31, 2020 (\$)	December 31, 2019 (\$)
For the periods ended:		
<b>UnHedged ETF Units - Net Assets per Unit</b>		
Net Assets per Unit, beginning of period	50.01	50.00
<b>Increase (decrease) from operations:</b>		
Total revenue	0.45	0.13
Total expenses	(0.08)	(0.01)
<b>Total increase (decrease) from operations<sup>3</sup></b>	<b>0.37</b>	<b>0.12</b>
<b>Distributions:</b>		
From income (excluding dividends)	(0.44)	(0.06)
Return of capital	(0.01)	(0.05)
<b>Total annual distributions<sup>4</sup></b>	<b>(0.45)</b>	<b>(0.11)</b>
<b>Net Assets per Unit, end of period</b>	<b>50.00</b>	<b>50.01</b>
<b>Unhedged Class A - Net Assets per Unit</b>		
Net Assets per Unit, beginning of period <sup>2</sup>	10.00	N/A
<b>Increase (decrease) from operations:</b>		
Total revenue	0.08	N/A
Total expenses	(0.04)	N/A
<b>Total increase (decrease) from operations<sup>3</sup></b>	<b>0.04</b>	<b>N/A</b>
<b>Distributions:</b>		
From income (excluding dividends)	(0.06)	N/A
<b>Total annual distributions<sup>4</sup></b>	<b>(0.06)</b>	<b>N/A</b>
<b>Net Assets per Unit, end of period</b>	<b>10.00</b>	<b>N/A</b>

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## The Fund's Net Assets Per Unit<sup>1</sup> (cont'd)

	December 31, 2020 (\$)	December 31, 2019 (\$)
For the periods ended:		
<b>Unhedged Class F - Net Assets per Unit</b>		
Net Assets per Unit, beginning of period <sup>2</sup>	10.00	N/A
<b>Increase (decrease) from operations:</b>		
Total revenue	0.08	N/A
Total expenses	(0.02)	N/A
<b>Total increase (decrease) from operations<sup>3</sup></b>	<b>0.06</b>	<b>N/A</b>
<b>Distributions:</b>		
From income (excluding dividends)	(0.07)	N/A
<b>Total annual distributions<sup>4</sup></b>	<b>(0.07)</b>	<b>N/A</b>
<b>Net Assets per Unit, end of period</b>	<b>10.00</b>	<b>N/A</b>

- 1 This information is derived from the Fund's audited annual financial statements as at December 31, 2020 and 2019. The Unhedged ETF Units began operations on November 21, 2019. The Unhedged Class A and F Mutual Fund Units began operations on January 16, 2020.
- 2 This amount represents the initial launch price.
- 3 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.
- 4 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
For the periods ended:		
<b>UnHedged ETF Units - Ratios/Supplemental Data</b>		
Total Net Asset Value (\$) <sup>5</sup>	527,508,646	80,009,210
Number of units outstanding <sup>5</sup>	10,550,000	1,600,000
Management expense ratio <sup>6</sup>	0.17%	0.17%
Trading expense ratio <sup>7</sup>	0.00%	0.00%
Portfolio turnover rate <sup>8</sup>	0.00%	0.00%
Net Asset Value per unit (\$)	50.00	50.01
Closing market price (\$)	50.00	50.01
<b>Unhedged Class A - Ratios/Supplemental Data</b>		
Total Net Asset Value (\$) <sup>5</sup>	66,136,309	N/A
Number of units outstanding <sup>5</sup>	6,613,625	N/A
Management expense ratio <sup>6</sup>	0.44%	N/A
Trading expense ratio <sup>7</sup>	0.00%	N/A
Portfolio turnover rate <sup>8</sup>	0.00%	N/A
Net Asset Value per unit (\$)	10.00	N/A

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

For the periods ended:	December 31, 2020	December 31, 2019
<b>Unhedged Class F - Ratios/Supplemental Data</b>		
Total Net Asset Value (\$)⁵	119,646,534	N/A
Number of units outstanding⁵	11,964,655	N/A
Management expense ratio⁶	0.16%	N/A
Trading expense ratio⁷	0.00%	N/A
Portfolio turnover rate⁸	0.00%	N/A
Net Asset Value per unit (\$)	10.00	N/A

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

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

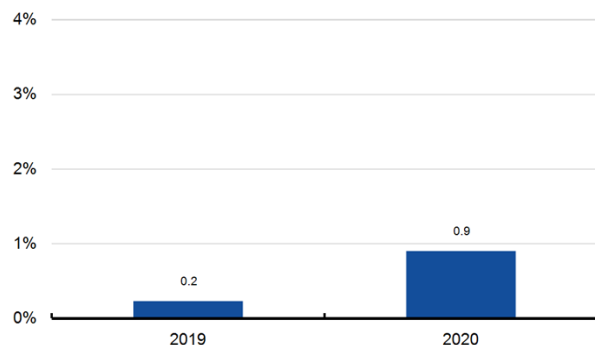
The performance information does not take into account sales, redemption, distribution, income taxes payable by any unitholder or other optional charges that, if applicable, would have reduced returns or performance. The performance information shown assumes that all distributions made by the investment 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 Unhedged Class A and F Mutual Fund Units with inception date January 16, 2020, has been in operation for less than one year, providing performance data for the period is not permitted.

## Year-by-Year Returns

The bar chart below shows the Unhedged ETF 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.

### HISA Unhedged ETF Units¹



1 The Unhedged ETF Units of the Fund effectively began operations on November 21, 2019.

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## Annual Compound Return

The table below shows the historical annual compound total return of the Unhedged ETF 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 <sup>1</sup> (%)	1 Year (%)
Unhedged ETF Units	1.0	0.9
Bank of Canada Treasury Bills One Month Index	0.4	0.4

1 From inception date of November 21, 2019.

## Summary of Investment Portfolio

### Top 25 Positions or all Positions

	Percentage of Net Asset Value (%)
Security	
National Bank of Canada Cash Account, 0.75%	34.4
CIBC Cash Account, 0.75%	28.1
Scotia Bank Cash Account, 0.75%	20.0
BMO Cash Account, 0.75%	17.5
<b>Total</b>	<b>100.0</b>

## Industry Allocation

Portfolio by Category	Percentage of Net Asset Value (%)
<b>Debt Instruments</b>	
Money Markets	100.0
Other Assets, less Liabilities	0.0
<b>Total</b>	<b>100.0</b>

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](http://www.evolveetfs.com).



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