



Evolve ETFs

# Evolve Global Materials & Mining Enhanced Yield Index ETF

June 30, 2021

Semi-Annual Financial Statements (unaudited)

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# Evolve Global Materials & Mining Enhanced Yield Index ETF

## Statements of Financial Position (unaudited)

(in Canadian dollars, except for number of units)

| As at (Note 1)   | June 30,<br>2021<br>(\$) | December 31,<br>2020<br>(\$) |
|--|--------------------------|------------------------------|
| <b>Assets</b>  |                          |                              |
| <b>Current assets</b>  |                          |                              |
| Investments, at fair value   | 52,596,464               | 26,929,018                   |
| Cash   | 276,851                  | 30,190                       |
| Receivable from investments sold                                       | -                        | 9,365                        |
| Interest, dividends and other receivables                              | 94,523                   | 63,347                       |
| Derivative assets  | 12,990                   | 22,061                       |
|  | <b>52,980,828</b>        | <b>27,053,981</b>            |
| <b>Liabilities</b>   |                          |                              |
| <b>Current liabilities</b>   |                          |                              |
| Payable on investments purchased                                       | -                        | 9,354                        |
| Distributions payable to holders of redeemable units                   | 270,000                  | 107,500                      |
| Derivative liabilities   | 218,856                  | 59,633                       |
| Accrued expenses   | 40,750                   | 19,318                       |
|  | <b>529,606</b>           | <b>195,805</b>               |
| <b>Net assets attributable to holders of redeemable units</b>          | <b>52,451,222</b>        | <b>26,858,176</b>            |
| <b>Net assets attributable to holders of redeemable units</b>          |                          |                              |
| Unhedged ETF Units   | 33,726,954               | 24,286,886                   |
| Hedged ETF Units   | 18,724,268               | 2,571,290                    |
| <b>Net assets attributable to holders of redeemable units per unit</b> |                          |                              |
| Unhedged ETF Units   | 28.70                    | 24.91                        |
| Hedged ETF Units   | 29.96                    | 25.71                        |

Approved on behalf of the Board of Directors of Evolve Funds Group Inc., Manager and Trustee:



**Raj Lala**  
Chief Executive Officer & Director



**Elliot Johnson**  
Chief Operating Officer, Chief Investment  
Officer & Director

# Evolve Global Materials & Mining Enhanced Yield Index ETF

## Statements of Comprehensive Income (unaudited)

(in Canadian dollars, except for number of units)

| For the periods ended (Note 1)  | June 30,<br>2021<br>(\$) | June 30,<br>2020<br>(\$) |
|---|--------------------------|--------------------------|
| <b>Income</b>   |                          |                          |
| Securities lending income   | 4,068                    | 627                      |
| Dividend income   | 910,972                  | 142,749                  |
| <b>Changes in fair value of investments</b>   |                          |                          |
| Net realized gain (loss)  | 2,256,925                | (244,960)                |
| Net change in unrealized appreciation (depreciation)  | 3,227,701                | (571,346)                |
| <b>Changes in fair value of derivative financial instruments</b>  |                          |                          |
| Net realized gain (loss)  | (624,895)                | 242,500                  |
| Net change in unrealized appreciation (depreciation)  | (145,460)                | (3,158)                  |
| <b>Other income (loss)</b>  |                          |                          |
| Net realized gain (loss) on foreign currency translations   | (7,073)                  | (984)                    |
| Net change in unrealized appreciation (depreciation) on foreign currency translations                         | 1,163                    | 344                      |
| <b>Total income (loss)</b>  | <b>5,623,401</b>         | <b>(434,228)</b>         |
| <b>Expenses</b>   |                          |                          |
| Management fees (Note 4)  | 136,285                  | 37,549                   |
| Administrative fees (Note 4)  | 34,071                   | 9,387                    |
| Interest expense and bank charges   | 112                      | 120                      |
| Foreign withholding taxes (Note 6)  | 101,416                  | 16,292                   |
| Transaction costs (Note 2)  | 47,460                   | 32,395                   |
| <b>Total operating expenses</b>   | <b>319,344</b>           | <b>95,743</b>            |
| <b>Increase (decrease) in net assets attributable to holders of redeemable units from operations</b>          | <b>5,304,057</b>         | <b>(529,971)</b>         |
| <b>Increase (decrease) in net assets attributable to holders of redeemable units from operations</b>          |                          |                          |
| Unhedged ETF Units  | 4,593,961                | (468,483)                |
| Hedged ETF Units  | 710,096                  | (61,488)                 |
| <b>Increase (decrease) in net assets attributable to holders of redeemable units from operations per unit</b> |                          |                          |
| Unhedged ETF Units  | 4.29                     | (0.90)                   |
| Hedged ETF Units  | 2.02                     | (0.82)                   |

## Evolve Global Materials & Mining Enhanced Yield Index ETF

### Statements of Changes in Net Assets Attributable to Holders of Redeemable Units (unaudited)

(in Canadian dollars, except for number of units)

| For the periods ended (Note 1)   | June 30,<br>2021<br>(\$) | June 30,<br>2020<br>(\$) |
|--|--------------------------|--------------------------|
| <b>Net assets attributable to holders of redeemable units - beginning of period</b>                  |                          |                          |
| Unhedged ETF Units   | 24,286,886               | 10,663,210               |
| Hedged ETF Units   | 2,571,290                | 1,612,226                |
| <b>Net assets attributable to holders of redeemable units - beginning of period</b>                  | <b>26,858,176</b>        | <b>12,275,436</b>        |
| <b>Increase (decrease) in net assets attributable to holders of redeemable units from operations</b> |                          |                          |
| Unhedged ETF Units   | 4,593,961                | (468,483)                |
| Hedged ETF Units   | 710,096                  | (61,488)                 |
|  | <b>5,304,057</b>         | <b>(529,971)</b>         |
| <b>Distributions to holders of redeemable units</b>  |                          |                          |
| <b>Net investment income</b>   |                          |                          |
| Unhedged ETF Units   | (877,500)                | (320,000)                |
| Hedged ETF Units   | (325,000)                | (45,000)                 |
|  | <b>(1,202,500)</b>       | <b>(365,000)</b>         |
| <b>Redeemable unit transactions</b>  |                          |                          |
| <b>Proceeds from sale of redeemable units</b>  |                          |                          |
| Unhedged ETF Units   | 6,433,963                | 2,367,079                |
| Hedged ETF Units   | 15,767,882               | -                        |
|  | <b>22,201,845</b>        | <b>2,367,079</b>         |
| <b>Redemption of units</b>   |                          |                          |
| Unhedged ETF Units   | (710,356)                | -                        |
|  | <b>(710,356)</b>         | <b>-</b>                 |
| <b>Net increase (decrease) from redeemable unit transactions</b>                                     | <b>21,491,489</b>        | <b>2,367,079</b>         |
| <b>Increase (decrease) in net assets attributable to holders of redeemable units for the period</b>  | <b>25,593,046</b>        | <b>1,472,108</b>         |
| <b>Net assets attributable to holders of redeemable units - end of period</b>                        |                          |                          |
| Unhedged ETF Units   | 33,726,954               | 12,241,806               |
| Hedged ETF Units   | 18,724,268               | 1,505,738                |
| <b>Net assets attributable to holders of redeemable units - end of period</b>                        | <b>52,451,222</b>        | <b>13,747,544</b>        |

# Evolve Global Materials & Mining Enhanced Yield Index ETF

## Statements of Cash Flows (unaudited)

(in Canadian dollars, except for number of units)

| For the periods ended (Note 1)  | June 30,<br>2021<br>(\$) | June 30,<br>2020<br>(\$) |
|---|--------------------------|--------------------------|
| <b>Cash Flows from (used in) operating activities</b>   |                          |                          |
| Increase (decrease) in net assets attributable to holders of redeemable units from operations | 5,304,057                | (529,971)                |
| <b>Adjustments for:</b>   |                          |                          |
| Change in unrealized foreign exchange (gain) loss on currency                                 | (50)                     | 97                       |
| Realized (gain) loss on investments   | (2,256,925)              | 244,960                  |
| Realized (gain) loss on derivatives   | 624,895                  | (242,500)                |
| Change in unrealized (appreciation) depreciation in the value of investments                  | (3,227,701)              | 571,346                  |
| Change in unrealized (appreciation) depreciation in the value of derivatives                  | 145,460                  | 3,158                    |
| Purchases of investments and derivatives <sup>2</sup>   | (9,517,717)              | (6,472,469)              |
| Proceeds from sale and maturity of investments and derivatives <sup>2</sup>                   | 10,195,179               | 6,824,041                |
| (Increase) decrease in interest, dividends and other receivables                              | (31,176)                 | 27,913                   |
| Increase (decrease) in accrued expenses   | 21,432                   | 2,874                    |
| <b>Net cash generated by (used in) operating activities</b>                                   | <b>1,257,454</b>         | <b>429,449</b>           |
| <b>Cash Flows from (used in) financing activities</b>   |                          |                          |
| Distributions paid to unitholders of redeemable units, net of reinvested distributions        | (1,040,000)              | (352,500)                |
| Proceeds from sale of units <sup>2</sup>  | 31,273                   | -                        |
| Payments for units redeemed <sup>2</sup>  | (2,116)                  | -                        |
| <b>Net cash generated by (used in) financing activities</b>                                   | <b>(1,010,843)</b>       | <b>(352,500)</b>         |
| Change in unrealized foreign exchange gain (loss) on currency                                 | 50                       | (97)                     |
| Net increase (decrease) in cash   | 246,611                  | 76,949                   |
| Cash (Bank overdraft) - beginning of period   | 30,190                   | 43,763                   |
| <b>Cash (Bank overdraft) - end of period</b>  | <b>276,851</b>           | <b>120,615</b>           |
| <b>Supplemental Information<sup>1</sup></b>   |                          |                          |
| Dividends received, net of foreign withholding taxes  | 778,380                  | 154,370                  |

1 Included as part of Cash Flows from Operating Activities

2 Excludes in-kind transactions, if any

# Evolve Global Materials & Mining Enhanced Yield Index ETF

## Schedule of Investment Portfolio (unaudited)

As at June 30, 2021

| No. of Shares             |   | Average Cost<br>(\$) | Fair Value<br>(\$) |
|---------------------------|---|----------------------|--------------------|
| <b>Materials (100.3%)</b> |   |                      |                    |
| 94,551                    | AngloGold Ashanti Limited, ADR                                | 2,725,019            | 2,177,676          |
| 70,226                    | ArcelorMittal SA  | 1,768,514            | 2,703,840          |
| 34,050                    | BHP Group PLC, ADR  | 2,255,457            | 2,519,417          |
| 264,762                   | Cia Siderurgica Nacional SA, ADR                              | 1,815,118            | 2,881,587          |
| 114,185                   | Cleveland-Cliffs Inc.   | 2,498,623            | 3,051,683          |
| 26,620                    | DuPont de Nemours Inc.  | 2,332,176            | 2,554,387          |
| 18,055                    | Eastman Chemical Company                                      | 2,158,574            | 2,612,979          |
| 58,808                    | Freeport-McMoRan Inc.   | 1,696,356            | 2,705,260          |
| 207,971                   | Gold Fields Limited, ADR                                      | 2,410,391            | 2,294,428          |
| 64,269                    | MMC Norilsk Nickel PJSC, ADR                                  | 2,477,183            | 2,702,334          |
| 32,877                    | Newmont Corporation   | 2,488,925            | 2,583,009          |
| 25,232                    | Nucor Corporation   | 1,968,908            | 3,000,459          |
| 13,216                    | Reliance Steel & Aluminum Company                             | 2,172,855            | 2,472,127          |
| 25,317                    | Rio Tinto PLC, ADR  | 2,315,751            | 2,632,716          |
| 18,054                    | Royal Gold Inc.   | 2,666,309            | 2,553,528          |
| 112,946                   | Sibanye Stillwater Limited                                    | 2,027,356            | 2,342,332          |
| 28,499                    | Southern Copper Corporation                                   | 2,039,465            | 2,272,256          |
| 39,469                    | Steel Dynamics Inc.   | 1,981,931            | 2,915,976          |
| 52,489                    | Ternium SA, ADR   | 2,188,794            | 2,502,414          |
| 110,275                   | Vale SA, ADR  | 2,131,103            | 3,118,056          |
|                           |   | <b>44,118,808</b>    | <b>52,596,464</b>  |
|                           | Transaction Costs   | (4,707)              | -                  |
|                           | <b>Total Investments (100.3%)</b>                             | <b>44,114,101</b>    | <b>52,596,464</b>  |
|                           | Derivative Assets (0.0%)*                                     |                      | 12,990             |
|                           | Derivative Liabilities (-0.4%)*                               | (123,479)            | (218,856)          |
|                           | Other Assets, less Liabilities (0.1%)                         |                      | 60,624             |
|                           | <b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS</b> |                      | <b>52,451,222</b>  |

### \*Forward Foreign Currency Contracts (-0.1%) June 30, 2021

| Counterparty             | Counterparty<br>Credit Rating | Settlement<br>Date | Currency Buys<br>Par Value | Currency Sells<br>Par Value | Unrealized<br>Gain/(Loss)<br>(\$) |
|--------------------------|-------------------------------|--------------------|----------------------------|-----------------------------|-----------------------------------|
| BNY Capital Markets Inc. | A-1+                          | 23-Jul-21          | CAD 1,795,659              | GBP 1,788,591               | 7,068                             |
| BNY Capital Markets Inc. | A-1+                          | 23-Jul-21          | CAD 1,696,959              | EUR 1,693,937               | 3,022                             |
| BNY Capital Markets Inc. | A-1+                          | 23-Jul-21          | USD 514,439                | CAD 512,075                 | 2,364                             |
| BNY Capital Markets Inc. | A-1+                          | 23-Jul-21          | ZAR 36,376                 | CAD 36,137                  | 239                               |
| BNY Capital Markets Inc. | A-1+                          | 23-Jul-21          | CAD 45,739                 | EUR 45,583                  | 156                               |
| BNY Capital Markets Inc. | A-1+                          | 23-Jul-21          | ZAR 50,146                 | CAD 50,020                  | 126                               |
| BNY Capital Markets Inc. | A-1+                          | 23-Jul-21          | CAD 61,773                 | EUR 61,758                  | 15                                |
| <b>Total</b>             |                               |                    |                            |                             | <b>12,990</b>                     |

# Evolve Global Materials & Mining Enhanced Yield Index ETF

## Schedule of Investment Portfolio (unaudited) (cont'd)

As at June 30, 2021

### \*Forward Foreign Currency Contracts (-0.1%) June 30, 2021 (cont'd)

| Counterparty  | Counterparty<br>Credit Rating | Settlement<br>Date | Currency Buys<br>Par Value | Currency Sells<br>Par Value | Unrealized<br>Gain/(Loss)<br>(\$) |
|---|-------------------------------|--------------------|----------------------------|-----------------------------|-----------------------------------|
| BNY Capital Markets Inc.  | A-1+                          | 23-Jul-21          | CAD 9,568,192              | USD 9,599,555               | (31,363)                          |
| BNY Capital Markets Inc.  | A-1+                          | 23-Jul-21          | CAD 1,985,147              | BRL 2,013,562               | (28,415)                          |
| BNY Capital Markets Inc.  | A-1+                          | 23-Jul-21          | CAD 2,625,085              | ZAR 2,629,519               | (4,434)                           |
| BNY Capital Markets Inc.  | A-1+                          | 23-Jul-21          | CAD 964,620                | RUB 968,495                 | (3,875)                           |
| BNY Capital Markets Inc.  | A-1+                          | 23-Jul-21          | CAD 119,312                | USD 120,242                 | (930)                             |
| BNY Capital Markets Inc.  | A-1+                          | 23-Jul-21          | CAD 56,663                 | USD 57,022                  | (359)                             |
| BNY Capital Markets Inc.  | A-1+                          | 23-Jul-21          | CAD 31,064                 | ZAR 31,266                  | (202)                             |
| BNY Capital Markets Inc.  | A-1+                          | 23-Jul-21          | CAD 51,370                 | GBP 51,446                  | (76)                              |
| BNY Capital Markets Inc.  | A-1+                          | 23-Jul-21          | CAD 44,040                 | EUR 44,113                  | (73)                              |
| BNY Capital Markets Inc.  | A-1+                          | 23-Jul-21          | GBP 25,722                 | CAD 25,765                  | (43)                              |
| BNY Capital Markets Inc.  | A-1+                          | 23-Jul-21          | EUR 42,643                 | CAD 42,661                  | (18)                              |
| <b>Total</b>  |                               |                    |                            |                             | <b>(69,788)</b>                   |
| <b>Total unrealized gain (loss) on forward foreign currency contracts</b> |                               |                    |                            |                             | <b>(56,798)</b>                   |

### \*Options Contracts (-0.3%) June 30, 2021

| Security  | Expiry Date | Strike Price | Number of<br>Options | Proceeds<br>(\$) | Fair Value<br>(\$) |
|---|-------------|--------------|----------------------|------------------|--------------------|
| <b>Written Call Options</b>                     |             |              |                      |                  |                    |
| AngloGold Ashanti Limited, Call Options         | 16-Jul-21   | 20.00        | (102)                | (6,596)          | (1,644)            |
| ArcelorMittal SA, Call Options                  | 16-Jul-21   | 30.00        | (79)                 | (8,057)          | (15,962)           |
| BHP Group PLC, Call Options                     | 16-Jul-21   | 60.00        | (38)                 | (2,316)          | (4,946)            |
| Cleveland-Cliffs Inc., Call Options             | 16-Jul-21   | 22.00        | (124)                | (18,203)         | (14,910)           |
| DuPont de Nemours Inc., Call Options            | 16-Jul-21   | 80.00        | (30)                 | (2,985)          | (2,082)            |
| Eastman Chemical Company, Call Options          | 16-Jul-21   | 120.00       | (20)                 | (4,428)          | (2,777)            |
| Freeport-McMoRan Inc., Call Options             | 16-Jul-21   | 36.00        | (67)                 | (11,084)         | (16,195)           |
| Newmont Corporation, Call Options               | 16-Jul-21   | 67.50        | (36)                 | (3,000)          | (1,294)            |
| Nucor Corporation, Call Options                 | 16-Jul-21   | 97.50        | (28)                 | (8,637)          | (6,352)            |
| Reliance Steel & Aluminum Company, Call Options | 16-Jul-21   | 160.00       | (14)                 | (4,493)          | (1,215)            |
| Rio Tinto PLC, Call Options                     | 16-Jul-21   | 86.57        | (28)                 | (3,768)          | (2,985)            |
| Royal Gold Inc., Call Options                   | 16-Jul-21   | 115.00       | (20)                 | (5,554)          | (4,958)            |
| Sibanye Stillwater Limited, Call Options        | 16-Jul-21   | 17.50        | (126)                | (7,679)          | (4,842)            |
| Southern Copper Corporation, Call Options       | 16-Jul-21   | 60.00        | (28)                 | (7,767)          | (17,424)           |
| Steel Dynamics Inc., Call Options               | 16-Jul-21   | 60.00        | (43)                 | (12,195)         | (9,328)            |
| Ternium SA, Call Options                        | 16-Jul-21   | 35.00        | (58)                 | (7,791)          | (26,602)           |
| Vale SA, Call Options                           | 16-Jul-21   | 22.00        | (123)                | (7,191)          | (15,552)           |
| <b>Total Written Options</b>                    |             |              |                      | <b>(121,744)</b> | <b>(149,068)</b>   |
| Transaction Costs                               |             |              |                      | (1,735)          |                    |
| <b>Total Options</b>                            |             |              |                      | <b>(123,479)</b> | <b>(149,068)</b>   |



# Evolve Global Materials & Mining Enhanced Yield Index ETF

## Fund Specific Notes to Financial Statements (unaudited)

### Financial Instrument Risks (Note 3)

#### Portfolio Concentration Risk

The Fund's significant concentrations by industry sector are as follows:

| Portfolio by Category          | Percentage of Net Asset Value |                       |
|--------------------------------|-------------------------------|-----------------------|
|                                | June 30, 2021 (%)             | December 31, 2020 (%) |
| <b>Equities</b>                |                               |                       |
| Materials                      | 100.3                         | 100.2                 |
| Derivative Assets              | 0.0                           | 0.1                   |
| Derivative Liabilities         | (0.4)                         | (0.2)                 |
| Cash and Cash Equivalents      | 0.5                           | 0.1                   |
| Other Assets, less Liabilities | (0.4)                         | (0.2)                 |
| <b>Total</b>                   | <b>100.0</b>                  | <b>100.0</b>          |

#### Other Price/Market Risk

The table below summarizes management's estimate of the effect on net assets of a 10% change in the Fund's value, as at June 30, 2021 and December 31, 2020, with all other variables held constant:

| Fund  | Impact on Net Assets (\$) |                        |
|---|---------------------------|------------------------|
|   | June 30, 2021 (\$)        | December 31, 2020 (\$) |
| Evolve Global Materials & Mining Enhanced Yield Index ETF | 5,259,646                 | 2,692,902              |

#### Currency Risk

The tables that follow indicate the currencies to which the Fund had significant exposure as at June 30, 2021 and December 31, 2020 based on the market value of the Fund's financial instruments (including cash and cash equivalents) and the underlying principal amounts of forward foreign currency contracts, as applicable. It also illustrates the possible impact of a +/- 5% move in the Canadian dollar on the net assets of the Fund as at June 30, 2021 and December 31, 2020.

The following tables summarize the foreign currencies to which the unhedged class of the Fund had exposure as at June 30, 2021 and December 31, 2020, adjusting for any currency hedges if applicable.

| Currency             | Financial Instruments, excluding Derivatives (\$) | Forward Foreign Currency Contracts (\$) | Net Currency Exposure (\$) | Impact on Net Assets (\$) |
|----------------------|---|---|----------------------------|---------------------------|
| <b>June 30, 2021</b> |   |   |                            |                           |
| United States Dollar | 33,771,759  | -                                       | 33,771,759                 | 1,688,588                 |
| <b>Total</b>         | <b>33,771,759</b>                                 | <b>-</b>                                | <b>33,771,759</b>          | <b>1,688,588</b>          |

# Evolve Global Materials & Mining Enhanced Yield Index ETF

## Fund Specific Notes to Financial Statements (unaudited) (cont'd)

| Currency                 | Financial Instruments, excluding Derivatives (\$) | Forward Foreign Currency Contracts (\$) | Net Currency Exposure (\$) | Impact on Net Assets (\$) |
|--------------------------|---|---|----------------------------|---------------------------|
| <b>December 31, 2020</b> |   |   |                            |                           |
| United States Dollar     | 23,440,305  | -                                       | 23,440,305                 | 1,172,015                 |
| <b>Total</b>             | <b>23,440,305</b>                                 | <b>-</b>                                | <b>23,440,305</b>          | <b>1,172,015</b>          |

The following tables summarize the foreign currencies to which the hedged class of the Fund had exposure as at June 30, 2021 and December 31, 2020 adjusting for any currency hedges if applicable.

| Currency             | Financial Instruments, excluding Derivatives (\$) | Forward Foreign Currency Contracts (\$) | Net Currency Exposure (\$) | Impact on Net Assets (\$) |
|----------------------|---|---|----------------------------|---------------------------|
| <b>June 30, 2021</b> |   |   |                            |                           |
| United States Dollar | 18,749,142  | (9,262,380)                             | 9,486,762                  | 474,338                   |
| Russian Ruble        | -   | (968,495)                               | (968,495)                  | (48,425)                  |
| Euro Currency        | -   | (1,802,748)                             | (1,802,748)                | (90,137)                  |
| Pound Sterling       | -   | (1,814,315)                             | (1,814,315)                | (90,716)                  |
| Brazilian Real       | -   | (2,013,562)                             | (2,013,562)                | (100,678)                 |
| South African Rand   | -   | (2,574,263)                             | (2,574,263)                | (128,713)                 |
| <b>Total</b>         | <b>18,749,142</b>                                 | <b>(18,435,763)</b>                     | <b>313,379</b>             | <b>15,669</b>             |

| Currency                 | Financial Instruments, excluding Derivatives (\$) | Forward Foreign Currency Contracts (\$) | Net Currency Exposure (\$) | Impact on Net Assets (\$) |
|--------------------------|---|---|----------------------------|---------------------------|
| <b>December 31, 2020</b> |   |   |                            |                           |
| United States Dollar     | 2,481,661   | (1,117,526)                             | 1,364,135                  | 68,207                    |
| Russian Ruble            | -   | (134,960)                               | (134,960)                  | (6,748)                   |
| Euro Currency            | -   | (175,780)                               | (175,780)                  | (8,789)                   |
| Pound Sterling           | -   | (266,342)                               | (266,342)                  | (13,317)                  |
| South African Rand       | -   | (319,695)                               | (319,695)                  | (15,985)                  |
| Brazilian Real           | -   | (483,855)                               | (483,855)                  | (24,193)                  |
| <b>Total</b>             | <b>2,481,661</b>                                  | <b>(2,498,158)</b>                      | <b>(16,497)</b>            | <b>(825)</b>              |

### Interest Rate Risk

As at June 30, 2021 and December 31, 2020, the majority of the Fund's financial assets and liabilities are non-interest bearing; accordingly, the Fund is not exposed to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates.

### Liquidity Risk

The liquidity of the Fund is managed on a day-to-day basis in order to meet expenses and handle redemption of the Fund's redeemable units. As at June 30, 2021 and December 31, 2020, the Fund did not have a significant amount of financial liabilities with maturities greater than three months.

### Credit Risk

As at June 30, 2021 and December 31, 2020, the Fund had no significant investments in fixed-income investments. Refer to the Schedule of Investment Portfolio for the forward foreign currency contracts' counterparty credit ratings.

# Evolve Global Materials & Mining Enhanced Yield Index ETF

## Fund Specific Notes to Financial Statements (unaudited) (cont'd)

### Fair Value Measurements

The following is the fair value measurement hierarchy based on the inputs used as at June 30, 2021 and December 31, 2020 in valuing the Fund's financial assets and liabilities carried at fair value.

### Financial Assets (Liabilities)

|                          | Level 1<br>(\$)   | Level 2<br>(\$) | Level 3<br>(\$) | Total<br>(\$)     |
|--------------------------|-------------------|-----------------|-----------------|-------------------|
| <b>June 30, 2021</b>     |                   |                 |                 |                   |
| Equities                 | 52,596,464        | -               | -               | <b>52,596,464</b> |
| Derivative Assets        | -                 | 12,990          | -               | <b>12,990</b>     |
| Derivative Liabilities   | (149,068)         | (69,788)        | -               | <b>(218,856)</b>  |
| <b>Total</b>             | <b>52,447,396</b> | <b>(56,798)</b> | -               | <b>52,390,598</b> |
| <b>December 31, 2020</b> |                   |                 |                 |                   |
| Equities                 | 26,929,018        | -               | -               | <b>26,929,018</b> |
| Derivative Assets        | -                 | 22,061          | -               | <b>22,061</b>     |
| Derivative Liabilities   | (56,915)          | (2,718)         | -               | <b>(59,633)</b>   |
| <b>Total</b>             | <b>26,872,103</b> | <b>19,343</b>   | -               | <b>26,891,446</b> |

For the periods ended June 30, 2021 and December 31, 2020, there were no transfers of securities between Level 1 and Level 2. There were no Level 3 securities as at or during the periods ended June 30, 2021 and December 31, 2020.

### Securities Lending Transactions

The table below presents a reconciliation of the securities lending income as presented in the Statement of Comprehensive Income for the period ended June 30, 2021 and 2020. Gross amounts are shown generated from securities lending activities, less any taxes withheld, and amounts earned by parties entitled to receive payments out of the gross amount.

|   | (\$)         | Percentage of<br>Gross<br>securities lending<br>revenue<br>(%) |
|---|--------------|--|
| <b>June 30, 2021</b>                            |              |  |
| Gross Securities Lending Income                 | 9,768        | 100.0  |
| Withholding Taxes                               | (730)        | (7.5)  |
| Agent Fees - Canadian Imperial Bank of Commerce | (4,970)      | (50.9)   |
| <b>Net Securities Lending Income</b>            | <b>4,068</b> | <b>41.6</b>  |
| <b>June 30, 2020</b>                            |              |  |
| Gross Securities Lending Income                 | 1,352        | 100.0  |
| Withholding Taxes                               | (145)        | (10.7)   |
| Agent Fees - Canadian Imperial Bank of Commerce | (580)        | (42.9)   |
| <b>Net Securities Lending Income</b>            | <b>627</b>   | <b>46.4</b>  |

# Evolve Global Materials & Mining Enhanced Yield Index ETF

## Fund Specific Notes to Financial Statements (unaudited) (cont'd)

The aggregate closing market value of securities loaned, and collateral received as at June 30, 2021 and December 31, 2020 is as follows:

|  | June 30,<br>2021<br>(\$) | December 31,<br>2020<br>(\$) |
|--|--------------------------|------------------------------|
| Fair Value of Securities on Loan             | 4,044,937                | 1,139,687                    |
| Fair Value of Cash Collateral Received       | -                        | -                            |
| Fair Value of Securities Collateral Received | 4,284,572                | 1,197,788                    |

### Offsetting of Financial Instruments

The following table presents the gross amount of financial instruments that may be offset, or subject to enforceable master netting agreements or other similar agreements but that are not offset, as at June 30, 2021 and December 31, 2020. The "Net Amount" column shows what the impact on the Fund's Statements of Financial Position would be if all set-off rights were exercised.

| Financial Assets and Liabilities | Amounts eligible for offset<br>(\$)                                       |   |   | Net Amount<br>(\$) |
|----------------------------------|---|---|---|--------------------|
|                                  | Gross Amounts<br>of Recognized<br>Financial<br>Assets/Liabilities<br>(\$) | Net Amounts of<br>Financial<br>Assets/Liabilities<br>Presented in the<br>Statements of<br>Financial<br>Position<br>(\$) | Financial<br>Instruments<br>Eligible for Offset<br>(\$) |                    |
| <b>June 30, 2021</b>             |   |   |   |                    |
| Derivative assets                | 12,990  | 12,990  | (12,990)  | -                  |
| Derivative liabilities           | (69,788)  | (69,788)  | 12,990  | (56,798)           |
| <b>Total</b>                     | <b>(56,798)</b>   | <b>(56,798)</b>   | <b>-</b>  | <b>(56,798)</b>    |
| <b>December 31, 2020</b>         |   |   |   |                    |
| Derivative assets                | 22,061  | 22,061  | (2,718)   | 19,343             |
| Derivative liabilities           | (2,718)   | (2,718)   | 2,718   | -                  |
| <b>Total</b>                     | <b>19,343</b>   | <b>19,343</b>   | <b>-</b>  | <b>19,343</b>      |

### Unit Transactions (Note 5)

The unitholder transactions for the periods ended June 30, 2021 and December 31, 2020 is as follows:

|   | June 30,<br>2021 | December 31,<br>2020 |
|---|------------------|----------------------|
| <b>Unhedged ETF Units</b>                                     |                  |                      |
| Number of redeemable units outstanding - Beginning of period  | 975,000          | 500,000              |
| Issued  | 225,000          | 475,000              |
| Redeemed  | (25,000)         | -                    |
| <b>Number of redeemable units outstanding - End of period</b> | <b>1,175,000</b> | <b>975,000</b>       |
| <b>Hedged ETF Units</b>                                       |                  |                      |
| Number of redeemable units outstanding - Beginning of period  | 100,000          | 75,000               |
| Issued  | 525,000          | 25,000               |
| <b>Number of redeemable units outstanding - End of period</b> | <b>625,000</b>   | <b>100,000</b>       |

### Income Taxes (Note 6)

As at June 30, 2021 the Fund had no capital and non-capital loss carryforward balances.

The accompanying notes are an integral part of these financial statements.

## Notes to Financial Statements

As at and for the periods as disclosed in the financial statements (Note 1) June 30, 2021

### 1. ORGANIZATION

The Evolve Funds (each a “Fund” and collectively the “Funds”) are established on the establishment dates noted below as open-ended mutual fund trusts under the laws of the Province of Ontario, pursuant to a master declaration of trust dated August 4, 2017 and as amended and restated from time to time. The Units of the exchange traded funds (“ETFs”) are listed on the Toronto Stock Exchange (“TSX”) and NEO Exchange in the case of the Evolve Active Core Fixed Income Fund and High Interest Savings Account Fund. The address of the Funds’ registered office is 40 King Street West, Suite 3404, Toronto, Ontario, M5H 3Y2.

The following list indicates the classes of units offered for sale by each of the Funds, as at the date of these financial statements:

#### Actively managed Funds

| Fund Name                                   | Portfolio Manager/Sub-Advisor | Class                        | Ticker Symbol | Date of Establishment | Date of Commencement |
|---|-------------------------------|------------------------------|---------------|-----------------------|----------------------|
| Evolve Active Canadian Preferred Share Fund | Addenda Capital Inc.          | Unhedged ETF Units           | DIVS          | 14-Aug-17             | 29-Sep-17            |
|   | Addenda Capital Inc.          | Unhedged Class A             | EVF101        | 14-Aug-17             | 23-Apr-19            |
|   | Addenda Capital Inc.          | Unhedged Class F             | EVF100        | 14-Aug-17             | 23-Apr-19            |
| Evolve Active Core Fixed Income Fund        | Addenda Capital Inc.          | Unhedged ETF Units           | FIXD          | 21-Mar-18             | 29-Mar-18            |
|   | Addenda Capital Inc.          | Unhedged Class A             | EVF111        | 21-Mar-18             | 04-Jun-19            |
|   | Addenda Capital Inc.          | Unhedged Class F             | EVF110        | 21-Mar-18             | 04-Jun-19            |
| Evolve Active Global Fixed Income Fund      | Allianz Global Investors      | Hedged ETF Units             | EARN          | 30-Oct-18             | 14-Nov-18            |
|   | Allianz Global Investors      | Hedged Class A               | EVF131        | 30-Oct-18             | 23-Apr-19            |
|   | Allianz Global Investors      | Hedged Class F               | EVF130        | 30-Oct-18             | 23-Apr-19            |
| Evolve Future Leadership Fund               | Evolve Funds Group Inc.       | Hedged ETF Units             | LEAD          | 04-Sep-20             | 14-Sep-20            |
|   | Evolve Funds Group Inc.       | Unhedged ETF Units           | LEAD.B        | 04-Sep-20             | 14-Sep-20            |
|   | Evolve Funds Group Inc.       | US Dollar Unhedged ETF Units | LEAD.U        | 04-Sep-20             | 14-Sep-20            |

#### Index-tracking Funds

| Fund Name   | Class                        | Ticker Symbol | Date of Establishment | Date of Commencement |
|---|------------------------------|---------------|-----------------------|----------------------|
| Evolve Automobile Innovation Index Fund             | Hedged ETF Units             | CARS          | 04-Aug-17             | 29-Sep-17            |
|   | Unhedged ETF Units           | CARS.B        | 04-Aug-17             | 29-Sep-17            |
|   | US Dollar Unhedged ETF Units | CARS.U        | 04-Aug-17             | 03-Oct-17            |
|   | Hedged Class A               | EVF141        | 04-Aug-17             | 23-Apr-19            |
|   | Hedged Class F               | EVF140        | 04-Aug-17             | 23-Apr-19            |
| Evolve Cyber Security Index Fund                    | Hedged ETF Units             | CYBR          | 04-Aug-17             | 20-Sep-17            |
|   | Unhedged ETF Units           | CYBR.B        | 04-Aug-17             | 20-Sep-17            |
|   | US Dollar Unhedged ETF Units | CYBR.U        | 04-Aug-17             | 16-May-19            |
|   | Hedged Class A               | EVF151        | 04-Aug-17             | 23-Apr-19            |
|   | Hedged Class F               | EVF150        | 04-Aug-17             | 23-Apr-19            |
| Evolve Innovation Index Fund                        | Hedged ETF Units             | EDGE          | 20-Apr-18             | 02-May-18            |
|   | US Dollar Unhedged ETF Units | EDGE.U        | 20-Apr-18             | 11-Jan-21            |
|   | Hedged Class A               | EVF161        | 20-Apr-18             | 04-Jun-19            |
|   | Hedged Class F               | EVF160        | 20-Apr-18             | 04-Jun-19            |
| Evolve E-Gaming Index ETF                           | Hedged ETF Units             | HERO          | 04-Jun-19             | 17-Jun-19            |
| Evolve Dividend Stability Preferred Share Index ETF | Unhedged ETF Units           | PREF          | 19-Sep-19             | 26-Sep-19            |
| Evolve Cloud Computing Index Fund                   | Hedged ETF Units             | DATA          | 04-Jan-21             | 11-Jan-21            |

## Notes to Financial Statements (cont'd)

As at and for the periods as disclosed in the financial statements (Note 1) June 30, 2021

### Index-tracking Funds (cont'd)

| Fund Name                         | Class                        | Ticker Symbol | Date of Establishment | Date of Commencement |
|-----------------------------------|------------------------------|---------------|-----------------------|----------------------|
|                                   | Unhedged ETF Units           | DATA.B        | 04-Jan-21             | 11-Jan-21            |
| Evolve FANGMA Index ETF           | Hedged ETF Units             | TECH          | 28-Apr-21             | 06-May-21            |
|                                   | Unhedged ETF Units           | TECH.B        | 28-Apr-21             | 06-May-21            |
|                                   | US Dollar Unhedged ETF Units | TECH.U        | 28-Apr-21             | 06-May-21            |
| Evolve S&P/TSX 60 CleanBeta™ Fund | Unhedged ETF Units           | SIXT          | 28-Apr-21             | 10-May-21            |
| Evolve S&P 500 CleanBeta™ Fund    | Hedged ETF Units             | FIVE          | 28-Apr-21             | 10-May-21            |
|                                   | Unhedged ETF Units           | FIVE.B        | 28-Apr-21             | 10-May-21            |
|                                   | US Dollar Unhedged ETF Units | FIVE.U        | 28-Apr-21             | 10-May-21            |

Each index-tracking Fund seeks to track, to the extent reasonably possible and before fees and expenses, the performance of a broad and widely quoted market index.

### Index-tracking Funds with active covered call strategies

| Fund Name   | Class                        | Ticker Symbol | Date of Establishment | Date of Commencement |
|---|------------------------------|---------------|-----------------------|----------------------|
| Evolve Global Healthcare Enhanced Yield Fund              | Hedged ETF Units             | LIFE          | 04-Aug-17             | 25-Oct-17            |
|   | Unhedged ETF Units           | LIFE.B        | 04-Aug-17             | 25-Oct-17            |
|   | US Dollar Unhedged ETF Units | LIFE.U        | 04-Aug-17             | 27-Nov-19            |
|   | Hedged Class A               | EVF171        | 04-Aug-17             | 07-Jul-20            |
|   | Hedged Class F               | EVF170        | 04-Aug-17             | 07-Jul-20            |
| Evolve US Banks Enhanced Yield Fund                       | Hedged ETF Units             | CALL          | 04-Aug-17             | 16-Oct-17            |
|   | Unhedged ETF Units           | CALL.B        | 04-Aug-17             | 16-Oct-17            |
|   | US Dollar Unhedged ETF Units | CALL.U        | 04-Aug-17             | 27-Nov-19            |
| Evolve Global Materials & Mining Enhanced Yield Index ETF | Hedged ETF Units             | BASE          | 04-Jun-19             | 12-Jun-19            |
|   | Unhedged ETF Units           | BASE.B        | 04-Jun-19             | 12-Jun-19            |

### Money Market

| Fund Name                          | Class              | Ticker Symbol | Date of Establishment | Date of Commencement |
|------------------------------------|--------------------|---------------|-----------------------|----------------------|
| High Interest Savings Account Fund | Unhedged ETF Units | HISA          | 15-Nov-19             | 21-Nov-19            |
|                                    | Unhedged Class A   | EVF200        | 15-Nov-19             | 16-Jan-20            |
|                                    | Unhedged Class F   | EVF201        | 15-Nov-19             | 16-Jan-20            |

### Digital currency Funds

| Fund Name   | Class                              | Ticker Symbol | Date of Establishment | Date of Commencement |
|-------------|------------------------------------|---------------|-----------------------|----------------------|
| Bitcoin ETF | Canadian Dollar Unhedged ETF Units | EBIT          | 12-Feb-21             | 19-Feb-21            |
|             | Unhedged ETF Units                 | EBIT.U        | 12-Feb-21             | 19-Feb-21            |
| Ether ETF   | Canadian Dollar Unhedged ETF Units | ETHR          | 16-Apr-21             | 20-Apr-21            |
|             | Unhedged ETF Units                 | ETHR.U        | 16-Apr-21             | 20-Apr-21            |

## Notes to Financial Statements (cont'd)

As at and for the periods as disclosed in the financial statements (Note 1) June 30, 2021

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Each index-tracking Fund with active covered call strategies seeks to track, to the extent reasonably possible and before fees and expenses, the performance of a broad and widely quoted market index and in addition to provide the return of a strategy of selling call options against not more than 33% of the equity securities of any of the portfolios with the covered call strategies.

Certain Funds offer classes of Hedged Units, Unhedged Units and US Dollar Unhedged Units. In instances where the Funds invest their assets in securities that are denominated in currencies other than the Canadian dollar and/or offer US Dollar Unhedged Units, the value of the portfolio will vary due to changes in foreign currency exchange rates. For Funds with Hedged Units, currency risk is mitigated by entering into forward foreign currency contracts to hedge the foreign currency exposure back to Canadian dollar and, as such, the Hedged Units do not have significant exposure to currency risk. For Funds with Unhedged Units and US Dollar Unhedged Units, currency risk is not mitigated, as the currency exposure is not hedged back to the Canadian dollar and, as such, the Unhedged Units and the US Dollar Unhedged Units have a significant exposure to currency risk. As a result, due to the difference in currency hedging strategies, the net asset value attributable to holders of redeemable units of each class will not be the same.

Evolve Funds Group Inc. (the "Manager") is the trustee, manager and investment manager of the Funds.

The Schedule of Investment Portfolio for each of the Funds is as at June 30, 2021. The Statements of Financial Position of each of the Funds that commenced operations in 2021 are as at June 30, 2021 and for the Funds that commenced operations in years prior to 2021 are as at June 30, 2021 and December 31, 2020. The Statements of Comprehensive Income, Statements of Changes in Net Assets Attributable to Holders of Redeemable Units, and Statements of Cash Flows of each of the Funds are for the six-month period ended June 30 of the years shown, except for Funds established during either period, in which case the information presented is for the period from the date of establishment to June 30 for the years shown, if applicable.

The financial statements were approved for issuance by the Manager on August 20, 2021.

Class A units are available to all investors. Class F units are for investors who are participants in a fee-for-service or wrap account program sponsored by certain registered dealers.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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The following is a summary of significant accounting policies followed by the Funds:

### Basis of Preparation

The financial statements of the Funds have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34") as published by the International Accounting Standards Board. The financial statements have been prepared on a going concern basis using the historical cost convention except for financial assets and liabilities measured at fair value through profit or loss ("FVTPL"). Each Fund is an investment entity and primarily all financial assets and liabilities are measured at fair value in accordance with IFRS. Accordingly, the Funds' accounting policies for measuring the fair value of investments and derivatives are consistent with those used in measuring the Net Asset Value for transactions with unitholders.

In applying IFRS, management may make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses during the reporting periods. Actual results may differ from such estimates.

### Classification and Recognition of Financial Instruments

Financial instruments include financial assets and liabilities such as debt and equity securities, and derivatives, cash and other receivables and payables. The Funds classify and measure financial instruments in accordance with IFRS 9, *Financial Instruments* ("IFRS 9"). Upon initial recognition, financial assets are classified as FVTPL and financial liabilities are carried at amortized cost. Derivatives liabilities are classified as FVTPL.

All financial instruments are recognized in the Statements of Financial Position when a Fund becomes a party to the contractual requirements of the instrument. A financial asset is derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. As such, investment purchase and sale transactions are recorded as of the trade date.

Financial instruments are subsequently measured as FVTPL with changes in fair value recognized in the Statements of Comprehensive Income.

## Notes to Financial Statements (cont'd)

As at and for the periods as disclosed in the financial statements (Note 1) June 30, 2021

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### Classification of Redeemable Units

IAS 32 *Financial Instruments: Presentation*, requires that securities of the Funds, which are considered puttable instruments, be classified as either financial liabilities or equity instruments. The units of the Funds do not meet the criteria to be classified as equity instruments. Consequently, the Funds' outstanding redeemable units are classified as financial liabilities in accordance with IAS 32.

### Measurement of Financial Instruments

Financial instruments at FVTPL are recorded in the Statements of Financial Position at fair value upon initial recognition. All transaction costs such as brokerage commissions, incurred in the purchase and sale of securities for such instruments are recognized directly in profit or loss.

Subsequent changes in the fair value of those financial instruments (i.e., the excess/shortfall of the sum of the fair value of portfolio investments over/below the sum of the average cost of each portfolio investment) are recorded in unrealized appreciation (depreciation) in the value of investments. The applicable period change in unrealized appreciation (depreciation) of investments is included in the Statements of Comprehensive Income.

For the purposes of determining the average cost of each portfolio investment, the purchase price of portfolio investments acquired by each Fund is added to the average cost of the particular portfolio investment immediately prior to the purchase. The average cost of a portfolio investment is reduced by the number of shares sold multiplied by the average cost of the portfolio investment at the time of the sale. The average cost per share of each portfolio investment sold is determined by dividing the average cost of the portfolio investment by the number of shares held immediately prior to the sale transaction. Transaction costs incurred in portfolio transactions are excluded from the average cost of investments and are recognized immediately in net income and are presented as a separate expense item in the financial statements. Realized gains and losses from the sale of portfolio investments are also calculated based on the average costs, excluding transaction costs, of the related investment.

The net asset value ("NAV") per unit of each Fund is calculated each day the Funds are open for business as of regularly scheduled close of regular trading on the respective exchange of each Fund. NAV per unit is calculated by dividing the net assets of each Fund by the number of units outstanding of that Fund. Units of each Fund are being issued and sold on a continuous basis and there is no maximum number of units that may be issued. In calculating each class of each Fund's NAV, investments are valued under policies approved by the Board of Directors of the Manager. Equity securities (including preferred stock) listed or dealt in upon a stock exchange are valued at the last sale price or closing price on the exchange or system on which they are principally traded when the price falls within the bid-ask spread range. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point that the bid-ask spread is most representative of fair value based on the specific facts and circumstances. Foreign currency contracts are valued based on the difference between the value of the contract on the valuation date and the value on the date the contract was originated. The fair value of fixed income securities that are not listed or dealt in upon a stock exchange are determined using valuation techniques. Valuation techniques include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, broker input and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

### Fair Value Measurement

IFRS describe fair value as the price that each Fund would receive upon selling an asset or paid to transfer a liability in an orderly transaction between market participants as at the measurement date. It established a three-tier hierarchy of inputs to be used when determining fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk — for example, the risk inherent in a particular valuation technique used to measure fair value (such as a pricing model) and/or the risk inherent in the inputs to the valuation technique.

Inputs may be observable or unobservable. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability. Observable inputs are based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability. Unobservable inputs are based on the best information available in the circumstances. The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

Level 1 – Quoted (unadjusted) prices in active markets for identical assets or liabilities at measurement date.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.).

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable (including each Fund's assumptions in determining the fair value of investments).

The inputs or methodology used for valuation are not necessarily an indication of the risk associated with investing in those investments.

The Funds have included the fair value hierarchy in the Fund Specific Notes to Financial Statements.



## Notes to Financial Statements (cont'd)

As at and for the periods as disclosed in the financial statements (Note 1) June 30, 2021

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### Securities Lending

In order to generate additional returns, the Funds are authorized to enter into securities lending agreements with borrowers deemed acceptable in accordance with National Instrument 81-102, *Investment Funds*.

Aggregate market value of all securities loaned by a Fund cannot exceed 50% of the fair value of the assets of the Fund. The Funds receive collateral against the loaned securities in the form of debt obligations of the Government of Canada and Canadian provincial governments. The government of the United States of America or the government of one of the states of the United States of America. The government of the sovereign state of G7 countries, Austria, Belgium, Denmark, Finland, Netherlands, Spain, Sweden or Switzerland; or a permitted supranational agency of Organisation for Economic Co-operation and Development countries. The minimum allowable collateral is 102% of the fair value of the loaned securities. The aggregate closing market value of securities loaned, and collateral received and a reconciliation of the gross securities lending revenue to the securities lending revenue reported by each Fund in the Funds' Statements of Comprehensive Income are disclosed on the Securities Lending Transactions section of the Fund Specific Notes.

Under a securities lending agreement, the borrower must pay the Funds a negotiated securities lending fee, provide compensation to the Funds equal to any distributions received by the borrower on the securities borrowed, and the Funds must receive an acceptable form of collateral in excess of the value of the securities loaned. Although such collateral is marked to market, each Fund may be exposed to the risk of loss should a borrower default on its obligations to return the borrowed securities and the collateral is insufficient to reconstitute the portfolio of loaned securities.

### Forward Foreign Currency Contracts

A forward foreign currency contract ("Forward Contract") involves an obligation to purchase or sell a specific currency at a future date, which may be any fixed number of days from the date of the contract agreed upon by the parties, at a price set at the time of the contract. These contracts are principally traded in the inter-bank market conducted directly between currency traders (usually large, commercial banks) and their customers. A Forward Contract generally does not require an initial margin deposit and no commissions are charged at any stage for trades. However, if a Fund is in an unrealized loss position on a Forward Contract, it may be required to pledge collateral (or additional collateral) to the counterparty.

Risks may arise upon entering into a Forward Contract from the potential inability of the counterparties to meet the terms of their contracts and from unanticipated movements in the value of foreign currencies relative to the Canadian dollar.

A Forward Contract is valued at fair value of the gain or loss that would be realized on a valuation date if the position was to be closed out. Realized and unrealized gains (losses) on forward foreign currency contracts are recorded in realized gain (loss) on derivatives and change in unrealized appreciation (depreciation) in the value of derivatives in the Statements of Comprehensive Income.

### Options Contracts

Outstanding option positions are valued at an amount equal to the current fair value that would have the effect of closing the position. Any difference resulting from revaluation and gains or losses realized upon expiration or exercise of the options are recognized in the Statements of Comprehensive Income.

### Futures Contracts

The margin deposits with brokers relating to futures contracts are included in cash on the Statements of Financial Position. Any change in the margin requirement is settled daily and is included in cash on the Statements of Financial Position. Any difference between the settlement value at the close of business on each valuation date and the settlement value at the close of business on the previous valuation date is recorded as net change in unrealized appreciation (depreciation) in value of derivative financial instruments on the Statements of Comprehensive Income.

### Short Sales

When a Fund sells a security short, it will borrow that security from a broker to complete the sale. A Fund will incur a loss as a result of a short sale if the price of the borrowed security increases between the date of the short sale and the date on which a Fund closes out its short position by buying that security. A Fund will realize a gain if the security declines in price between those dates.

## Notes to Financial Statements (cont'd)

As at and for the periods as disclosed in the financial statements (Note 1) June 30, 2021

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### Investment Transactions and Investment Income

Investment transactions are recorded as of the date that the securities are purchased or sold (trade date). Realized and unrealized gains and losses are calculated on an average cost basis. The cost of investments represents the amount paid for each security and is determined using the average cost method, excluding commissions and transaction costs. Transaction costs, such as brokerage commissions and settlement charges incurred in the purchase and sale of securities, are shown as a separate line item in the Statements of Comprehensive Income and are not part of the cost of investments. Dividend income is recognized on the ex-dividend date, gross of any foreign taxes withheld. The interest for distribution purposes shown on the Statements of Comprehensive Income represent the coupon interest received by the Funds accounted for on an accrual basis. Premiums received from writing options are included in the Statements of Financial Position as a liability and subsequently adjusted to fair value. When a written option expires unexercised, the Funds will realize a gain equal to the premium received. When a written option is closed, the Funds will realize a gain or loss equal to the difference between the cost at which the contract was closed and the premium received. Income earned from securities lending transactions in the form of securities lending fees payable by the borrower and, in certain circumstances, interest paid on cash or securities held as collateral. Revenue, if any, earned on securities lending transactions during the period is disclosed in the Funds' Statements of Comprehensive Income.

### Foreign Currency Translation

The Funds' functional and presentation currency is the Canadian dollar. The Canadian dollar is the currency of the primary economic environment in which the Funds operate. The Funds' performance is evaluated and their liquidity is managed in Canadian dollars. Therefore, the Canadian dollar is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. Foreign currencies, as well as investment securities and other assets and liabilities denominated in foreign currencies, are translated into Canadian dollars using exchange rates prevailing on the respective dates of such transactions. Realized and unrealized foreign exchange gains and losses on investments are included as a component of net realized gain (loss) on sale of investments and change in unrealized appreciation (depreciation) of investments, respectively, on the Statements of Comprehensive Income. Net realized and unrealized foreign exchange gains (losses) arising from sales of foreign currencies, include: gains (losses) on forward foreign currency contracts, currency gains (losses) recognized between the trade and settlement dates on investment transactions, and the difference between the amounts of dividends and foreign withholding taxes recorded on the Funds' books and the Canadian dollar equivalent of the amounts actually received or paid. These gains (losses) are included in net realized gain (loss) and/or change in unrealized appreciation (depreciation) on foreign currency contracts and foreign currency translations in the Statements of Comprehensive Income.

### Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units from Operations per Unit

The increase (decrease) in net assets attributable to holders of redeemable units from operations per unit is calculated by dividing the increase (decrease) in net assets attributable to holders of redeemable units from operations by the weighted average number of units outstanding during the period.

### Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Funds' financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts recognized in the financial statements and disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

In the process of applying the Funds' accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the financial statements:

#### Classification and Measurement of Investments

In classifying and measuring financial instruments held by the Funds, the Manager has assessed the Funds' business model for managing their respective portfolios of investments and evaluating the performance on a fair value basis and concluded that these financial assets and liabilities should be measured at FVTPL in accordance with IFRS 9.

#### Assessment as Investment Entity

Entities that meet the definition of an investment entity within IFRS 10, Consolidated Financial Statements are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria which define an investment entity are, as follows:

- an entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- an entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- an entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

## Notes to Financial Statements (cont'd)

As at and for the periods as disclosed in the financial statements (Note 1) June 30, 2021

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The Funds' prospectuses detail the objective of providing investment management services to investors, for the purpose of returns in the form of investment income and capital appreciation.

The Funds report to their investors via semi-annual investor information, and to their management via internal management reports, on a fair value basis. All investments are reported at fair value to the extent allowed by IFRS in the Funds' financial statements. The Funds have a clearly documented exit strategy for all of their investments.

The Manager has also concluded that the Funds meet the additional characteristics of an investment entity, in that they have more than one investment; the investments are predominantly in the form of equities and similar securities; they have more than one investor; and their investors are not related parties.

These conclusions will be reassessed on an annual basis, if any of these criteria or characteristics change.

### 3. FINANCIAL INSTRUMENT RISKS

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The Funds' activities may expose them to a variety of financial risks associated with financial instruments, including concentration risk, market risk (which includes currency risk, interest rate risk and other price/market risk), liquidity risk and credit risk. The Manager seeks to minimize potential adverse effects of these risks on the Funds' performance by employing professional, experienced portfolio managers, by daily monitoring of the Funds' position and market events, and by diversifying the investment portfolio within the constraints of the investment objective.

Details of the Funds' exposure to financial instrument risks are available in the Fund Specific Notes to Financial Statements, as applicable.

#### Concentration Risk

Concentration indicates the relative sensitivity of the Funds' performance to developments affecting a particular industry or geographical location. Concentrations of risk arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

#### Other Price/Market Risk

Other price/market risk is the risk that the fair values or future cash flows of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment or its issuer, or all factors affecting all instruments traded in a market or market segment. All securities are exposed to other price/market risk. The maximum risk is equivalent to the financial instrument's fair value.

#### Currency Risk

Currency risk arises from financial instruments that are denominated in foreign currencies. The Funds are exposed to the risk that the value of securities denominated in foreign currencies will fluctuate due to changes in exchange rates. When the value of the Canadian dollar falls in relation to foreign currencies, then the value of foreign investments rises. When the value of the Canadian dollar rises, the value of foreign investments falls.

The Funds hold securities denominated in foreign currencies during the reporting period may hedge their foreign currency exposures by entering into Forward Contracts to reduce currency risk.

#### Interest Rate Risk

Interest rate risk is the risk that the market value of a Fund's interest-bearing financial instruments will fluctuate due to changes in market interest rates. Prices of longer-term fixed-income securities will generally fluctuate more in response to interest rate changes than would shorter-term securities. Generally, the fair value of fixed income securities will vary inversely in relation to a change in interest rates. As interest rates rise, the fair value of fixed income securities falls and vice versa. The magnitude of the fall and rise will generally be greater for long-term fixed income securities than for short-term fixed income securities.

## Notes to Financial Statements (cont'd)

As at and for the periods as disclosed in the financial statements (Note 1) June 30, 2021

### Liquidity Risk

Liquidity risk is the possibility that investments in a Fund cannot be readily converted into cash when required. The Funds generally maintain sufficient liquidity to meet expenses and redemption of units by investing primarily in liquid securities. However, unexpected heavy demand for redemptions of units could result in the Funds having to dispose of investments at a time when it is not optimal in order to meet such redemption requests. To manage the Funds' overall liquidity and enable the Funds to meet their obligations, the assets of the Funds are invested primarily in securities that are traded on active markets and that the Manager believes can be readily disposed of through market facilities under normal circumstances.

### Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Funds. To help manage the credit risk of the Funds, the Manager carefully monitors the creditworthiness and operational robustness of counterparties that conduct transactions on behalf of the Funds. Generally, the greater the credit rating of a security, the lower the probability of the issuer defaulting on its obligations.

Credit ratings for preferred shares are obtained from Dominion Bond Rating Services and Standard & Poor's. A rating of P1 is of superior credit quality and is supported by entities with strong earnings and balance sheet characteristics. P2 is of satisfactory credit quality. Protection of dividends and principal is still substantial, but earnings, the balance sheet and coverage ratios are not as strong as P1 rated companies. P3 is of adequate credit quality. While protection of dividends and principal is still considered acceptable, the issuing entity is more susceptible to adverse changes in financial and economic conditions, and there may be other adverse conditions present which detract from debt protection.

For those Funds that invest in fixed-income securities, credit ratings are obtained from Standard & Poor's Global Ratings, Moody's and/or Fitch Ratings. A rating of AAA indicates the highest of quality with minimal risk, whereas AA rating suggests high quality with very low credit risk. Obligations rated A considered upper-middle-grade and are subject to low credit risk. Obligations rated BBB possesses moderate credit risk. They are considered medium grade. Although considered investment grade, they may possess speculative characteristics.

### Offsetting Financial Instruments

A Fund's risk of loss from counterparty credit risk on over-the-counter derivatives is generally limited to the aggregate unrealized gain netted against any collateral held by the Fund. The Fund attempts to mitigate counterparty risk by only entering into agreements with counterparties that it believes have the financial resources to honour their obligations and by monitoring the financial stability of those counterparties. For financial reporting purposes, financial assets and financial liabilities are offset when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The Funds enter into various master netting agreements or similar agreements that do not meet the criteria for offsetting in the Statements of Financial Position.

In order to better define their contractual rights and to secure rights that will help the Funds mitigate their counterparty risk, the Funds may enter into an International Swaps and Derivatives Association, Inc. Master Agreement or similar agreement with their counterparties.

## 4. RELATED PARTY TRANSACTIONS

### Administrative Fees

Each Fund will pay the Manager an Administrative Fee as set forth in the table below based on the average daily NAV of the units of the Funds to pay for expenses incurred during the day-to-day operating of the Funds. The fees specified below are the same for all classes per Fund where applicable. The Administrative Fees, plus applicable taxes, will be accrued daily and paid monthly in arrears. Administrative Fees are the same for all classes on a fund level.

The administrative fee rates applicable to each fund are as follow:

| Fund Name                                   | Administrative Fee<br>(annual rate)<br>(%) |
|---|--|
| Evolve Active Canadian Preferred Share Fund | 0.15% of NAV                               |
| Evolve Active Core Fixed Income Fund        | 0.15% of NAV                               |
| Evolve Active Global Fixed Income Fund      | 0.15% of NAV                               |
| Evolve Automobile Innovation Index Fund     | 0.15% of NAV                               |
| Evolve Cyber Security Index Fund            | 0.15% of NAV                               |
| Evolve Innovation Index Fund                | 0.15% of NAV                               |
| Evolve E-Gaming Index ETF                   | 0.15% of NAV                               |

## Notes to Financial Statements (cont'd)

As at and for the periods as disclosed in the financial statements (Note 1) June 30, 2021

### The administrative fee rates applicable to each fund are as follow: (cont'd)

| Fund Name   | Administrative Fee<br>(annual rate)<br>(%) |
|---|--|
| Evolve Dividend Stability Preferred Share Index ETF       | 0.15% of NAV                               |
| Evolve Global Healthcare Enhanced Yield Fund              | 0.15% of NAV                               |
| Evolve US Banks Enhanced Yield Fund                       | 0.15% of NAV                               |
| Evolve Global Materials & Mining Enhanced Yield Index ETF | 0.15% of NAV                               |
| Evolve Future Leadership Fund                             | 0.15% of NAV                               |
| High Interest Savings Account Fund                        | 0.00% of NAV                               |
| Evolve Cloud Computing Index Fund                         | 0.15% of NAV                               |
| Evolve FANGMA Index ETF                                   | 0.15% of NAV                               |
| Evolve S&P/TSX 60 CleanBeta™ Fund                         | 0.15% of NAV                               |
| Evolve S&P 500 CleanBeta™ Fund                            | 0.15% of NAV                               |
| Bitcoin ETF   | 0.00% of NAV                               |
| Ether ETF   | 0.00% of NAV                               |

### The management fee rates applicable to the respective classes of each Fund are as follow:

| Fund Name   | Class                        | Management Fee<br>(annual rate)<br>(%) |
|---|------------------------------|--|
| Evolve Active Canadian Preferred Share Fund               | Unhedged ETF Units           | 0.65% of NAV                           |
|   | Unhedged Class A             | 1.40% of NAV                           |
|   | Unhedged Class F             | 0.65% of NAV                           |
| Evolve Active Core Fixed Income Fund                      | Unhedged ETF Units           | 0.45% of NAV                           |
|   | Unhedged Class A             | 1.20% of NAV                           |
|   | Unhedged Class F             | 0.45% of NAV                           |
| Evolve Active Global Fixed Income Fund                    | Hedged ETF Units             | 0.65% of NAV                           |
|   | Hedged Class A               | 1.40% of NAV                           |
|   | Hedged Class F               | 0.65% of NAV                           |
| Evolve Automobile Innovation Index Fund                   | Hedged ETF Units             | 0.40% of NAV                           |
|   | Unhedged ETF Units           | 0.40% of NAV                           |
|   | US Dollar Unhedged ETF Units | 0.40% of NAV                           |
|   | Hedged Class A               | 1.40% of NAV                           |
| Evolve Cyber Security Index Fund                          | Hedged Class F               | 0.40% of NAV                           |
|   | Hedged ETF Units             | 0.40% of NAV                           |
|   | Unhedged ETF Units           | 0.40% of NAV                           |
|   | US Dollar Unhedged ETF Units | 0.40% of NAV                           |
| Evolve Innovation Index Fund                              | Hedged Class A               | 1.40% of NAV                           |
|   | Hedged Class F               | 0.40% of NAV                           |
|   | Hedged ETF Units             | 0.40% of NAV                           |
|   | Hedged Class A               | 1.40% of NAV                           |
| Evolve E-Gaming Index ETF                                 | Hedged Class F               | 0.40% of NAV                           |
|   | Hedged ETF Units             | 0.70% of NAV                           |
|   | Hedged Class A               | 1.40% of NAV                           |
| Evolve Dividend Stability Preferred Share Index ETF       | Unhedged ETF Units           | 0.45% of NAV                           |
|   | Hedged ETF Units             | 0.45% of NAV                           |
|   | Unhedged ETF Units           | 0.45% of NAV                           |
|   | US Dollar Unhedged ETF Units | 0.45% of NAV                           |
|   | Hedged Class A               | 1.45% of NAV                           |
| Evolve US Banks Enhanced Yield Fund                       | Hedged Class F               | 0.45% of NAV                           |
|   | Hedged ETF Units             | 0.45% of NAV                           |
|   | Unhedged ETF Units           | 0.45% of NAV                           |
| Evolve Global Materials & Mining Enhanced Yield Index ETF | US Dollar Unhedged ETF Units | 0.45% of NAV                           |
|   | Hedged ETF Units             | 0.60% of NAV                           |
|   | Hedged Class A               | 1.45% of NAV                           |

## Notes to Financial Statements (cont'd)

As at and for the periods as disclosed in the financial statements (Note 1) June 30, 2021

### The management fee rates applicable to the respective classes of each Fund are as follow: (cont'd)

| Fund Name                          | Class                              | Management Fee<br>(annual rate)<br>(%) |
|------------------------------------|------------------------------------|--|
| Evolve Future Leadership Fund      | Unhedged ETF Units                 | 0.60% of NAV                           |
|                                    | Hedged ETF Units                   | 0.75% of NAV                           |
| High Interest Savings Account Fund | Unhedged ETF Units                 | 0.75% of NAV                           |
|                                    | US Dollar Unhedged ETF Units       | 0.75% of NAV                           |
|                                    | Unhedged Class A                   | 0.40% of NAV                           |
| Evolve Cloud Computing Index Fund  | Unhedged ETF Units                 | 0.60% of NAV                           |
| Evolve FANGMA Index ETF            | Hedged ETF Units                   | 0.40% of NAV                           |
|                                    | Unhedged ETF Units                 | 0.40% of NAV                           |
| Evolve S&P/TSX 60 CleanBeta™ Fund  | US Dollar Unhedged ETF Units       | 0.40% of NAV                           |
|                                    | Unhedged ETF Units                 | 0.20% of NAV                           |
|                                    | Hedged ETF Units                   | 0.20% of NAV                           |
| Evolve S&P 500 CleanBeta™ Fund     | Unhedged ETF Units                 | 0.20% of NAV                           |
|                                    | US Dollar Unhedged ETF Units       | 0.20% of NAV                           |
|                                    | Canadian Dollar Unhedged ETF Units | 0.75% of NAV                           |
| Bitcoin ETF                        | Unhedged ETF Units                 | 0.75% of NAV                           |
|                                    | Canadian Dollar Unhedged ETF Units | 0.75% of NAV                           |
| Ether ETF                          | Canadian Dollar Unhedged ETF Units | 0.75% of NAV                           |
|                                    | Unhedged ETF Units                 | 0.75% of NAV                           |

## 5. REDEEMABLE UNITS

Each Fund is authorized to issue an unlimited number of redeemable, transferable units, each of which represents an equal, undivided interest in the net assets of that Fund.

All units of each Fund have equal rights and privileges. Each whole unit is entitled to one vote at all meetings of unitholders and is entitled to participate equally with respect to any and all distributions made by each Fund to unitholders, other than management fee distributions, but including distributions of net income, net realized capital gains and distributions upon the termination of each Fund. Any special distributions payable in units of each Fund will increase the aggregate adjusted cost base of a unitholder's units. Immediately following payment of such a special distribution in units, the number of units of each Fund outstanding will be automatically consolidated such that the number of units that each unitholder will hold after such distribution will be equal to the number of units held by such unitholder immediately prior to such distribution, except in the case of a non-resident unitholder to the extent tax is required to be withheld in respect of the distribution. Units are issued only as fully paid and are non-assessable.

On any trading day, unitholders of ETF units may exchange the prescribed number of units (or an integral multiple thereof) for baskets of securities and/or cash at a redemption price per unit equal to 95% of the closing price for the applicable units on the TSX (or the applicable exchange the units of the Fund being redeemed is trading on), subject to a maximum redemption price per unit equal to the NAV per unit on the effective day of redemption. The right to redeem units of the Funds may be suspended with the approval of the Canadian Securities Administrators.

Transactions in units for the Funds are disclosed in the Fund Specific Notes to Financial Statements. The consideration for the purchase of creation units of the Funds generally consists of the in-kind contribution of a designated portfolio of equity securities constituting a portfolio sampling representation of the securities included in the relevant Funds' underlying index and an amount of cash. Investors purchasing and redeeming creation units may be charged a purchase transaction fee and a redemption transaction fee to offset transfer and other transaction costs associated with the issuance and redemption of creation units.

Units issued and outstanding are considered to be capital of the Funds. The Funds are not subject to externally imposed capital requirements and have no legal restrictions on the issue, repurchase or resale of redeemable shares beyond those included in the Funds' prospectuses. The capital received by each Fund is managed to achieve the investment objective of each Fund while maintaining liquidity to satisfy unitholder redemptions.

The changes in issued and outstanding units of the Funds can be found in the statement of Changes in Net Assets Attributable to Holders of Redeemable Units.

The following is a summary of the closing market prices and fair value of the net assets attributed to holders of redeemable units at closing market price as at period-end:

## Notes to Financial Statements (cont'd)

As at and for the periods as disclosed in the financial statements (Note 1) June 30, 2021

| Fund Name   | Class                              | TSX Ticker Symbol | Market Price as at<br>June 30,<br>2021<br>(\$) |
|---|------------------------------------|-------------------|--|
| Evolve Active Canadian Preferred Share Fund               | Unhedged ETF Units                 | DIVS              | 17.72  |
| Evolve Active Global Fixed Income Fund                    | Hedged ETF Units                   | EARN              | 50.14  |
| Evolve Automobile Innovation Index Fund                   | Hedged ETF Units                   | CARS              | 52.93  |
| Evolve Automobile Innovation Index Fund                   | Unhedged ETF Units                 | CARS.B            | 55.56  |
| Evolve Automobile Innovation Index Fund                   | US Dollar Unhedged ETF Units       | CARS.U            | 63.52  |
| Evolve Cyber Security Index Fund                          | Hedged ETF Units                   | CYBR              | 48.29  |
| Evolve Cyber Security Index Fund                          | Unhedged ETF Units                 | CYBR.B            | 51.18  |
| Evolve Cyber Security Index Fund                          | US Dollar Unhedged ETF Units       | CYBR.U            | 69.28  |
| Evolve Innovation Index Fund                              | Hedged ETF Units                   | EDGE              | 40.22  |
| Evolve Innovation Index Fund                              | US Dollar Unhedged ETF Units       | EDGE.U            | 28.38  |
| Evolve E-Gaming Index ETF                                 | Hedged ETF Units                   | HERO              | 39.60  |
| Evolve Global Healthcare Enhanced Yield Fund              | Hedged ETF Units                   | LIFE              | 22.61  |
| Evolve Global Healthcare Enhanced Yield Fund              | Unhedged ETF Units                 | LIFE.B            | 24.03  |
| Evolve Global Healthcare Enhanced Yield Fund              | US Dollar Unhedged ETF Units       | LIFE.U            | 28.18  |
| Evolve US Banks Enhanced Yield Fund                       | Hedged ETF Units                   | CALL              | 19.50  |
| Evolve US Banks Enhanced Yield Fund                       | Unhedged ETF Units                 | CALL.B            | 20.76  |
| Evolve US Banks Enhanced Yield Fund                       | US Dollar Unhedged ETF Units       | CALL.U            | 25.55  |
| Evolve Global Materials & Mining Enhanced Yield Index ETF | Hedged ETF Units                   | BASE              | 29.92  |
| Evolve Global Materials & Mining Enhanced Yield Index ETF | Unhedged ETF Units                 | BASE.B            | 28.60  |
| Evolve Dividend Stability Preferred Share Index ETF       | Unhedged ETF Units                 | PREF              | 25.63  |
| Evolve Future Leadership Fund                             | Hedged ETF Units                   | LEAD              | 23.18  |
| Evolve Future Leadership Fund                             | Unhedged ETF Units                 | LEAD.B            | 22.13  |
| Evolve Future Leadership Fund                             | US Dollar Unhedged ETF Units       | LEAD.U            | 29.11  |
| High Interest Savings Account Fund                        | Unhedged ETF Units                 | HISA              | 50.00  |
| Evolve Cloud Computing Index Fund                         | Hedged ETF Units                   | DATA              | 23.26  |
| Evolve Cloud Computing Index Fund                         | Unhedged ETF Units                 | DATA.B            | 22.75  |
| Evolve FANGMA Index ETF                                   | Hedged ETF Units                   | TECH              | 10.67  |
| Evolve FANGMA Index ETF                                   | Unhedged ETF Units                 | TECH.B            | 10.75  |
| Evolve FANGMA Index ETF                                   | US Dollar Unhedged ETF Units       | TECH.U            | 13.25  |
| Evolve S&P/TSX 60 CleanBeta™ Fund                         | Unhedged ETF Units                 | SIXT              | 20.95  |
| Evolve S&P 500 CleanBeta™ Fund                            | Hedged ETF Units                   | FIVE              | 20.60  |
| Evolve S&P 500 CleanBeta™ Fund                            | Unhedged ETF Units                 | FIVE.B            | 20.81  |
| Evolve S&P 500 CleanBeta™ Fund                            | US Dollar Unhedged ETF Units       | FIVE.U            | 25.54  |
| Bitcoin ETF   | Canadian Dollar Unhedged ETF Units | EBIT              | 13.32  |
| Bitcoin ETF   | Unhedged ETF Units                 | EBIT.U            | 13.37  |
| Ether ETF   | Canadian Dollar Unhedged ETF Units | ETHR              | 8.17   |
| Ether ETF   | Unhedged ETF Units                 | ETHR.U            | 10.20  |

## Notes to Financial Statements (cont'd)

As at and for the periods as disclosed in the financial statements (Note 1) June 30, 2021

| Fund Name                            | Class              | NEO Ticker Symbol | Market Price as at<br>June 30,<br>2021<br>(\$) |
|--------------------------------------|--------------------|-------------------|--|
| Evolve Active Core Fixed Income Fund | Unhedged ETF Units | FIXD              | 20.59  |
| High Interest Savings Account Fund   | Unhedged ETF Units | HISA              | 50.00  |

### 6. INCOME TAXES

The Funds qualify or intend to qualify as mutual fund trusts, under the provisions of the *Income Tax Act* (Canada).

Capital losses and non-capital losses available in the Funds are presented in the Fund Specific Notes to Financial Statements, as applicable. Capital losses may be carried forward indefinitely and used to reduce future realized capital gains. Non-capital losses may be used to reduce future net income and capital gains for up to 20 years. The Funds may incur withholding taxes imposed by certain countries on investment income and capital gains. Such income and gains are recorded on a gross basis and the related withholding taxes are shown as a separate expense in the Statements of Comprehensive Income.

Occasionally, distributions by the Funds will exceed the net investment income and taxable capital gains realized by the Funds. To the extent that the excess is not designated by the Funds to be income for Canadian tax purposes and taxable to holders of redeemable units, this excess distribution is a return of capital and is not immediately taxable to unitholders.

### 7. STRUCTURED ENTITIES

The Funds may invest in other investment funds ("Underlying Funds"). Each Underlying Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for its unitholders. Each Underlying Fund finances its operations primarily through the issuance of units, which are puttable at the unitholder's option and entitle the unitholder to a proportionate share of the Underlying Fund's net assets. The Funds' interests in Underlying Funds held in the form of redeemable units, are reported in their Schedule of Investments at fair value, which represents the Funds' maximum exposure on those investments. Distributions earned from Underlying Funds are included in "Income" in the Statements of Comprehensive Income. The net realized and change in unrealized gains (losses) arising from Underlying Funds are also included in the Statements of Comprehensive Income. The Funds do not provide any additional significant financial or other support to Underlying Funds.





**Evolve ETFs**

**Evolve Global Materials & Mining Enhanced Yield Index ETF**