



Evolve ETFs

Evolve Active Global Fixed Income Fund

June 30, 2021

Interim Management Report of Fund Performance

This interim management report of fund performance contains financial highlights but does not contain the complete interim financial statements of the investment fund. You can get a copy of the interim financial statements at your request, and at no cost, by calling 1-844-370-4884, by writing to us at Evolve Funds, 40 King Street West, Suite 3404, Toronto, ON, M5H 3Y2 or by visiting our website at www.evolveetfs.com or SEDAR at www.sedar.com. You may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

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Investment Objective and Strategies

The Evolve Active Global Fixed Income Fund (the "Fund") seeks to generate positive returns throughout the interest rate and economic cycles, first by allocating to different credit asset classes, and also through bottom-up individual security selection. The Fund seeks to provide long term returns in excess of the 3-month U.S. dollar London Interbank Offered Rate ("LIBOR") by investing primarily in global debt securities of corporate issuers.

Risk

There were no changes to the Fund over the period of this report that materially affected the level of risk associated with an investment in the Fund. Prospective investors should read the Fund's most recent prospectus and consider the description of risks contained therein.

Results of Operations

For the six-month period ended June 30, 2021, Hedged ETF Units returned 1.2%. The Hedged Class A Mutual Fund Units returned 1.3% and the Hedged Class F Mutual Fund Units returned 2.0%. The Fund's net assets were \$28.6MM as at June 30, 2021.

Portfolio Manager Commentary

Markets started 2021 where they left off in 2020, in buoyant mood. The reflation theme that has characterised market sentiment over the past six-to-nine months was given a further boost after Democrats took slim control of the US Senate after the State of Georgia run-off elections, raising hopes of another large US fiscal stimulus in early 2021.

By the end of Q1, the markets were slightly mixed for credit with improving conditions in the US and UK, contrasting with resurgent Covid infections and lockdown measures in continental Europe. President Biden signed a \$2trn stimulus bill and announced a further \$2trn plan for infrastructure spending and job creation, while the US Federal Reserve kept rates unchanged and indicated a willingness to tolerate temporarily above-target inflation. Oil prices climbed strongly at the beginning of the month, with WTI crude getting to \$66/barrel, then fell back and were volatile for the second half, finishing at just under \$60/barrel.

Investment-grade spreads were 3bps wider, while high yield tightened 11bps. Shorter duration issues outperformed in total return terms given rising yields. Emerging markets widened, principally on political instability in Turkey and Brazil.

At the end of Q2, much of the market focus was on whether the US Federal Reserve would reduce its highly accommodative policy rhetoric, given robust economic growth and near-term inflationary pressures. In the event, the Fed did indeed surprise the market with a more hawkish policy shift than was expected, but government yields had mixed performance – 5y US rates were up 9bps to 0.89%, while 10y rates sank 13bps to 1.47%. The US dollar also strengthened, which contributed to underperformance by emerging market issuers. In Europe, the European Central Bank maintained its stance but upgraded its forecasts for growth and inflation; core government bond yields were little changed but peripheral spreads tightened.

In this context, all segments of the Evolve Active Global Fixed Income Fund contributed positively overall but financials led the way, and high yield also contributed strongly, particularly in energy.

We expect default rates to remain low, thus the main risk at this juncture is spread widening. In this respect, high yield compares well to investment grade and other fixed income segments. As central banks start to ease off their accommodation, we believe that shorter duration / high spread assets should outperform. We do not expect spreads to tighten, but see credit as an income play with the ability to withstand some moderate retracement of spreads or government yields.

While we see the market trending towards full value overall, pockets of opportunity do remain. A global opportunity set allows us to allocate flexibly, according to expectations of central bank actions and growth.

Recent Developments

In the year 2020, COVID-19 became a global pandemic and resulted in unprecedented actions by governments around the world to curtail the spread of the disease. These events have resulted in a high level of uncertainty and volatility in the financial markets and have had an enormous impact on businesses and consumers in all sectors. The duration and impact of these developments is unknown at this time and as such, the financial impact to investments cannot be estimated.

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Related Party Transactions

Evolve Funds Group Inc. (the "Manager") complies with its current policy and procedures regarding investments in related issuers and reports periodically to the Investment Review Committee.

Management Fees

The Manager is entitled to an annual management fee of 0.65% of the net asset value of the Hedged ETF Units and the Hedged Class F Mutual Fund Units and 1.40% of the net asset value of the Hedged Class A Mutual Fund Units of the Fund, accrued daily and generally paid monthly in arrears. For the six-month period ended June 30, 2021, the Fund incurred \$113,458 in management fees. These management fees were received by the Manager for the day-to-day operations of the fund, including managing the portfolio, maintaining portfolio systems used to manage the Fund, maintaining the www.evolveetfs.com website, and providing all other services including marketing and promotion.

Administration Fees

The administration fees are calculated based on 0.15% per annum of the average daily net asset value of the Fund. The fees are accrued daily and are generally paid monthly. For the six-month period ended June 30, 2021, the Fund incurred \$26,084 in administration fees. These administration fees were received by the Manager for the following operating expenses of the Fund including but not limited to: mailing and printing expenses for periodic reports to unitholders; Registrar and Transfer Agent and Custodian; any reasonable out of pocket expenses incurred by the Manager or its agents in connection with their ongoing obligations to the Fund; IRC committee member fees and expenses in connection with the IRC; expenses related to compliance with NI 81-107; fees and expenses relating to voting of proxies by a third party; insurance coverage for the members of the IRC; fees payable to the auditors and legal advisors of the Fund; regulatory filing, stock exchange and licensing fees and CDS fees; costs and expenses of complying with all applicable laws, regulations and policies, including expenses and costs incurred in connection with the continuous public filing requirements such as permitted prospectus preparation and filing expenses; and legal, accounting and audit fees and fees and expenses of the Trustee, Custodian and Manager which are incurred in respect of matters not in the normal course of the Fund's activities. The administration fee paid to the Manager by the Fund may, in any particular period, be less than or exceed the operating expenses that the Manager incurs for the Fund.

Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help readers understand the Fund's financial performance for the period indicated.

The Fund's Net Assets Per Unit¹

	June 30, 2021	December 31, 2020	December 31, 2019	December 31, 2018
For the periods ended:	(\$)	(\$)	(\$)	(\$)
Hedged ETF Units - Net Assets per Unit				
Net Assets per Unit, beginning of period	50.22	51.36	49.22	50.00
Increase (decrease) from operations:				
Total revenue	0.87	1.83	1.93	0.24
Total expenses	(0.23)	(0.48)	(0.50)	(0.06)
Realized gains (losses)	1.77	(1.94)	0.64	-
Unrealized gains (losses)	(1.84)	0.38	0.97	(0.83)
Total increase (decrease) from operations²	0.57	(0.21)	3.04	(0.65)
Distributions:				
From income (excluding dividends)	(0.75)	(1.07)	(1.50)	(0.13)
Return of capital	-	(0.43)	-	-
Total annual distributions³	(0.75)	(1.50)	(1.50)	(0.13)
Net Assets per Unit, end of period	50.05	50.22	51.36	49.22

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

For the periods ended:	June 30, 2021	December 31, 2020	December 31, 2019	December 31, 2018
	(\$)	(\$)	(\$)	(\$)
Hedged Class A - Net Assets per Unit				
Net Assets per Unit, beginning of period	48.94	50.46	50.00	N/A
Increase (decrease) from operations:				
Total revenue	0.88	1.75	1.31	N/A
Total expenses	(0.43)	(0.88)	(0.66)	N/A
Realized gains (losses)	(0.28)	1.43	(0.69)	N/A
Unrealized gains (losses)	(0.26)	1.72	1.53	N/A
Total increase (decrease) from operations²	(0.09)	4.02	1.49	N/A
Distributions:				
From income (excluding dividends)	(0.75)	(1.39)	(1.00)	N/A
Return of capital	-	(0.04)	-	-
Total annual distributions³	(0.75)	(1.43)	(1.00)	N/A
Net Assets per Unit, end of period	48.80	48.94	50.46	N/A
Hedged Class F - Net Assets per Unit				
Net Assets per Unit, beginning of period	50.61	51.61	50.00	N/A
Increase (decrease) from operations:				
Total revenue	1.04	1.86	1.31	N/A
Total expenses	-	(0.48)	(0.27)	N/A
Realized gains (losses)	1.77	(2.12)	0.26	N/A
Unrealized gains (losses)	(1.81)	0.56	0.55	N/A
Total increase (decrease) from operations²	1.00	(0.18)	1.85	N/A
Distributions:				
From income (excluding dividends)	-	(0.02)	(0.50)	N/A
Return of capital	-	(1.41)	-	N/A
Total annual distributions³	-	(1.43)	(0.50)	N/A
Net Assets per Unit, end of period	51.62	50.61	51.61	N/A

- 1 This information is derived from the Fund's unaudited interim financial statements as at June 30, 2021 and the audited annual financial statements as at December 31, 2020, 2019 and 2018. The Hedged ETF Units effectively began operations on November 9, 2018 and the Hedged Class A and F Mutual Fund Units effectively began operations on April 23, 2019.
- 2 Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of units outstanding over the period.
- 3 Distributions were paid in cash or reinvested in additional units of the Fund, or both. Actual distributions may vary slightly owing to rounding.

The Fund's Ratios/Supplemental Data

For the periods ended:	June 30, 2021	December 31, 2020	December 31, 2019	December 31, 2018
Hedged ETF Units - Ratios/Supplemental Data				
Total Net Asset Value (\$) ⁴	28,556,088	30,658,805	39,063,215	9,843,937
Number of units outstanding ⁴	570,505	610,505	760,505	200,000
Management expense ratio ⁵	0.91%	0.92%	0.90%	0.92%
Trading expense ratio ⁶	0.02%	0.04%	0.06%	0.00%
Portfolio turnover rate ⁷	51.19%	90.99%	57.54%	5.58%
Net Asset Value per unit (\$)	50.05	50.22	51.36	49.22
Closing market price (\$)	50.14	50.13	51.29	49.28

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

For the periods ended:	June 30, 2021	December 31, 2020	December 31, 2019	December 31, 2018
Hedged Class A - Ratios/Supplemental Data				
Total Net Asset Value (\$) ⁴	1,557	503,809	6,628	N/A
Number of units outstanding ⁴	32	10,294	131	N/A
Management expense ratio ⁵	1.76%	1.76%	1.84%	N/A
Trading expense ratio ⁶	0.02%	0.04%	0.06%	N/A
Portfolio turnover rate ⁷	51.19%	90.99%	57.54%	N/A
Net Asset Value per unit (\$)	48.80	48.94	50.46	N/A
Hedged Class F - Ratios/Supplemental Data				
Total Net Asset Value (\$) ⁴	54	53	5,147	N/A
Number of units outstanding ⁴	1	1	100	N/A
Management expense ratio ⁵	0.00%	0.93%	0.85%	N/A
Trading expense ratio ⁶	0.02%	0.04%	0.06%	N/A
Portfolio turnover rate ⁷	51.19%	90.99%	57.54%	N/A
Net Asset Value per unit (\$)	51.62	50.61	51.61	N/A

4 This information is provided as at June 30, 2021 and December 31, 2020, 2019 and 2018.

5 Management expense ratio ("MER") is based on total expenses plus harmonized sales tax (excluding distributions, commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.

6 The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of average daily net assets during the period.

7 The Fund's portfolio turnover rate indicates how actively the Fund's portfolio manager trades its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. The higher the Fund's portfolio turnover rate in a period, the greater the trading costs payable by the Fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

Past Performance

The performance information does not take into account sales, redemption, distribution, income taxes payable by any unitholder or other optional charges that, if applicable, would have reduced returns or performance. The performance information shown assumes that all distributions made by the investment Fund in the periods shown were reinvested in additional securities of the investment fund. How the Fund has performed in the past does not necessarily indicate how it will perform in the future.

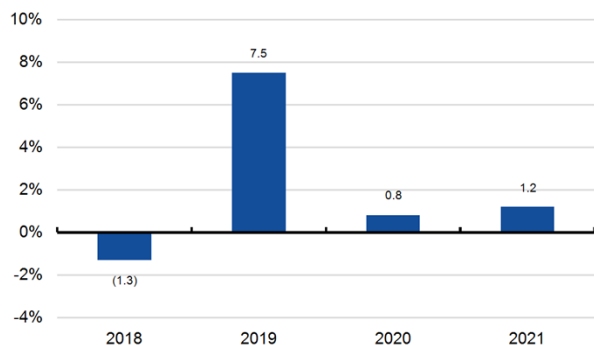
Year-by-Year Returns

The bar chart below shows the Hedged ETF Units' and the Hedged Class A and F Mutual Fund Units' performance for each of the financial years shown and for the six-month period ended June 30, 2021. The chart shows, in percentage terms, how much an investment made in the Fund on the first day of each financial year would have grown or decreased by the last day of each financial year.

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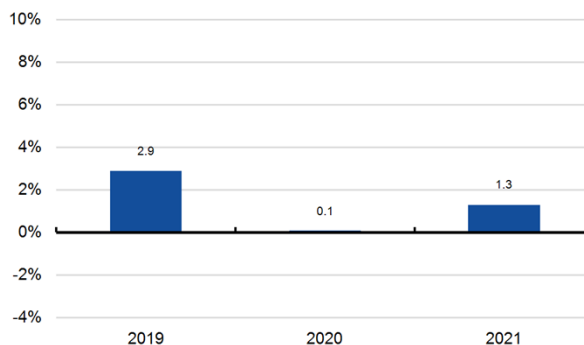
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EARN Hedged ETF Units¹



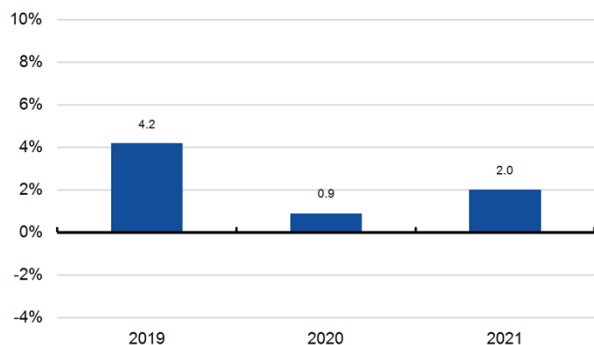
1 The Hedged ETF Units effectively began operations on November 9, 2018.

Hedged Class A Mutual Fund Units²



2 The Hedged Class A Mutual Fund Units of the Fund effectively began operations on April 23, 2019.

Hedged Class F Mutual Fund Units³



3 The Hedged Class F Mutual Fund Units of the Fund effectively began operations on April 23, 2019.

Summary of Investment Portfolio

Top 25 Positions

Security	Percentage of Net Asset Value (%)
United States Treasury Bill	2.6
Credit Agricole Assurances SA, Variable, Callable, Perpetual	1.7
Orano SA, Callable	1.7
Arrow CMBS 2018 DAC, Series '18-1', Class 'A1', Floating Rate	1.6
FCT Credit Agricole Habitat 2018, Series '18-1', Class 'A', Floating Rate, Callable	1.6
Petroleos Mexicanos	1.4
Arcelik AS	1.4
HSBC Holdings PLC, Variable, Callable, Perpetual	1.3
Verisure Holding AB, Callable	1.3
Ripon Mortgages PLC, Series '1X', Class 'A1', Floating Rate, Callable	1.3

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Top 25 Positions (cont'd)

	Percentage of Net Asset Value (%)
Security	
Nexi SpA	1.3
Lloyds Banking Group PLC	1.3
Jaguar Land Rover Automotive PLC, Callable	1.2
Intesa Sanpaolo SpA	1.2
Pacific Gas and Electric Company, Callable	1.2
Paragon Mortgages PLC, Series '25', Class 'A', Floating Rate, Callable	1.2
Enel SpA, Variable, Callable	1.1
EDP - Energias de Portugal SA, Variable, Callable	1.1
Iberdrola International BV, Variable, Callable, Perpetual	1.1
The Goldman Sachs Group Inc., Floating Rate, Callable	1.1
KBC Group NV, Variable, Callable, Perpetual	1.1
Vodafone Group PLC, Floating Rate	1.1
Raiffeisen Bank International AG, Variable, Callable, Perpetual	1.1
Phoenix Group Holdings PLC, Callable	1.1
Teva Pharmaceutical Finance Netherlands III BV	1.1
Total	33.2

Industry Allocation

Portfolio by Category	Percentage of Net Asset Value (%)
Debt Instruments	
Asset-Backed Securities	9.5
Communication Services	7.7
Consumer Discretionary	11.6
Consumer Staples	1.6
Energy	6.2
Financials	28.6
Health Care	8.4
Industrials	7.0
Information Technology	2.3
Materials	3.3
Real Estate	2.3
Utilities	6.2
Short-Term Investments	2.6
Derivative Assets	0.6
Derivative Liabilities	(0.5)
Cash and Cash Equivalents	1.9
Other Assets, less Liabilities	0.7
Total	100.0

The summary of Investment Portfolio may change due to the ongoing portfolio transactions of the Fund. Updates are available quarterly by visiting our website at www.evolveetfs.com.



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