



Evolve ETFs

Evolve S&P 500 CleanBeta™ 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 S&P 500 CleanBeta™ Fund (the “Fund”) seeks to provide long-term capital growth by replicating, net of fees and expenses, the performance of the S&P 500 Index while striving to offset the carbon footprint of the constituent securities in the portfolio.

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

Since the Fund effectively began operations on May 5, 2021, no performance data can be shown. The Fund’s net assets were \$19.6MM as at June 30, 2021.

Portfolio Manager Commentary

The Evolve S&P 500 CleanBeta™ Fund (FIVE) provides investors with long-term capital growth by replicating, net of fees and expenses, the performance of the S&P 500 Index while striving to offset the carbon footprint of the constituent securities in the portfolio. Carbon emissions make up the majority of global greenhouse gases. As countries strive to set net-zero emission goals, investors are looking to align their values with the investments in their portfolios and decarbonize their investments.

Amazon announced 14 new renewable energy projects across the U.S., Canada, Finland, and Spain, in the first half of 2021, bringing its total corporate investment in renewable energy to 10 GW of electricity capacity. These projects also make Amazon the largest corporate buyer of clean energy both in the US and globally.

New capacity comprises 11 U.S.-based projects, including solar projects in Arkansas, Mississippi, and Pennsylvania. In Canada, a 375 MW solar farm will bring Amazon’s Canadian capacity to 1 million MWh by 2022. In Finland, Amazon’s first project will be a 52 MW wind farm, while in Spain, Amazon’s fifth solar project will generate 152 MW starting in 2023.

With these new projects, Amazon now has a total of 232 renewable energy projects around the world, including 85 utility-scale wind and solar projects and 147 solar rooftops on facilities and stores.

These initiatives are part of Amazon’s goal, set out in 2019’s The Climate Pledge (which the company co-founded), to meet the Paris Agreement 10 years early and becoming net-zero carbon by 2040. Given the pace of investment, Amazon is set to power its operations with 100% renewable energy by 2025, five years ahead of the initial 2030 target.(i)

In March, Tesla CEO Elon Musk announced via tweet that the electric vehicle manufacturer would accept Bitcoin as payment to buy their cars. Tesla appears to be investing heavily in Bitcoin as part of its operations, having purchased \$1.5 billion US of the digital currency earlier this year.(ii)

This initiative was short-lived however, as Musk once again roiled the cryptocurrency world in May by announcing a halt to purchases of vehicles with Bitcoin. The about-face came over concerns about the “rapidly increasing use of fossil fuels for Bitcoin mining.”

Tesla won’t be selling the \$2.5 billion worth of Bitcoin it currently holds and is open to resuming Bitcoin-based purchases once Bitcoin’s mining “transitions to more sustainable energy.”(iii) Musk pegged this at ~50% of mining-related energy needs filled by clean, renewable sources. He also announced that Tesla would be looking into using other more energy-friendly cryptocurrencies.(iv)

For the first time, Apple’s senior executives will now have a portion of their millions in cash bonus pay packages tied directly to environmental, social, and governance (ESG) metrics. Announced in January, Apple is adding an ESG “bonus modifier,” which can add 10% to a bonus for executing on ESG goals, or deduct 10% for failure to meet such objectives.

While there had been at least one such ESG-focused bonus proposal by Apple shareholders in the past, none had been adopted. What changed this year was the recognition that after such a tumultuous 2020, there needed to be a renewed emphasis on ESG themes, such as diversity, equity and inclusion, and labor policy within Apple.(v)

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NVIDIA released its 12th annual corporate social responsibility report in June, highlighting its efforts to take care of employees and reach sustainability goals during the global pandemic.

NVIDIA'S key ESG initiatives during 2020 included no layoffs, instead moving forward planned salary increases to support families. Vendors and contractors, such as on-site café workers and custodial staff, were all paid while physical office sites were closed. New efforts at fostering company-wide diversity and inclusion yielded tangible results, including the tripling of Black employees in NVIDIA's workforce. NVIDIA's key data centers are ISO 50001 energy management standard certified, with a company-wide goal of sourcing 65% of all energy use from renewables by 2025.(vi)

(i) <https://www.forbes.com/sites/felicijackson/2021/06/23/corporate-demand-drives-renewables-as-amazon-becomes-worlds-largest-buyer/?sh=419c4d423281>

(ii) <https://www.bbc.com/news/technology-56508568>

(iii) <https://www.cnbc.com/2021/05/13/why-elon-musk-is-worried-about-Bitcoin-environmental-impact.html>

(iv) <https://www.reuters.com/business/finance/Bitcoin-jumps-after-musk-says-tesla-could-use-it-again-2021-06-14/>

(v) <https://www.cnbc.com/2021/01/16/apple-ceo-tim-cook-cash-bonus-not-tied-to-sales-profits.html>

(vi) <https://blogs.nvidia.com/blog/2021/06/25/social-responsibility-report/>

Recent Developments

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

Related Party Transactions

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

Management Fees

The management fees are calculated based on 0.2% per annum of the average daily net asset value of the Fund. The fees are accrued daily and generally paid monthly. For the six-month period ended June 30, 2021, the Fund incurred \$4,844 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 \$3,633 in administration fees. These administration fees were received by the Manager for the following operating expenses of the Fund including but not limited to: mailing and printing expenses for periodic reports to unitholders; Registrar and Transfer Agent and Custodian; any reasonable out of pocket expenses incurred by the Manager or its agents in connection with their ongoing obligations to the Fund; IRC committee member fees and expenses in connection with the IRC; expenses related to compliance with NI 81-107; fees and expenses relating to voting of proxies by a third party; insurance coverage for the members of the IRC; fees payable to the auditors and legal advisors of the Fund; regulatory filing, stock exchange and licensing fees and CDS fees; costs and expenses of complying with all applicable laws, regulations and policies, including expenses and costs incurred in connection with the continuous public filing requirements such as permitted prospectus preparation and filing expenses; and legal, accounting and audit fees and fees and expenses of the Trustee, Custodian and Manager which are incurred in respect of matters not in the normal course of the Fund's activities. The administration fee paid to the Manager by the Fund may, in any particular period, be less than or exceed the operating expenses that the Manager incurs for the Fund.

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Financial Highlights

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

The Fund's Net Assets Per Unit¹

	June 30, 2021 (\$)
For the period ended:	
Unhedged ETF Units - Net Assets per Unit	
Net Assets per Unit, beginning of period ²	20.00
Increase (decrease) from operations:	
Total revenue	0.05
Total expenses	(0.03)
Unrealized gains (losses)	0.91
Total increase (decrease) from operations³	0.93
Distributions:	
From income (excluding dividends)	(0.04)
Total annual distributions⁴	(0.04)
Net Assets per Unit, end of period	20.81
Hedged ETF Units - Net Assets per Unit	
Net Assets per Unit, beginning of period ²	20.00
Increase (decrease) from operations:	
Total revenue	0.06
Total expenses	(0.03)
Realized gains (losses)	(0.22)
Unrealized gains (losses)	0.82
Total increase (decrease) from operations³	0.63
Distributions:	
From income (excluding dividends)	(0.04)
Total annual distributions⁴	(0.04)
Net Assets per Unit, end of period	20.60
US Dollar Unhedged ETF Units - Net Assets per Unit⁵	
Net Assets per Unit, beginning of period ²	24.54
Increase (decrease) from operations:	
Total revenue	0.06
Total expenses	(0.04)
Unrealized gains (losses)	1.30
Total increase (decrease) from operations³	1.32
Distributions:	
From income (excluding dividends)	(0.04)
Total annual distributions⁴	(0.04)
Net Assets per Unit, end of period	25.53

1 This information is derived from the Fund's unaudited interim financial statements as at June 30, 2021. The Fund effectively began operations on May 5, 2021.

2 This amount represents the initial launch price.

3 Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of units outstanding over the period.

4 Distributions were paid in cash or reinvested in additional units of the Fund, or both. Actual distributions may vary slightly owing to rounding.

5 Per unit figures are stated in CAD equivalent.

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The Fund's Ratios/Supplemental Data

	June 30, 2021
For the period ended:	
Unhedged ETF Units - Ratios/Supplemental Data	
Total Net Asset Value (\$)⁶	6,242,917
Number of units outstanding⁶	300,001
Management expense ratio⁷	0.36%
Trading expense ratio⁸	0.51%
Portfolio turnover rate⁹	0.76%
Net Asset Value per unit (\$)	20.81
Closing market price (\$)	20.81
Hedged ETF Units - Ratios/Supplemental Data	
Total Net Asset Value (\$)⁶	8,240,073
Number of units outstanding⁶	400,001
Management expense ratio⁷	0.37%
Trading expense ratio⁸	0.51%
Portfolio turnover rate⁹	0.76%
Net Asset Value per unit (\$)	20.60
Closing market price (\$)	20.60
US Dollar Unhedged ETF Units - Ratios/Supplemental Data	
Total Net Asset Value (\$)⁶	5,106,641
Number of units outstanding⁶	200,001
Management expense ratio⁷	0.36%
Trading expense ratio⁸	0.51%
Portfolio turnover rate⁹	0.76%
Net Asset Value per unit (\$)	25.53
Closing market price (\$)	25.54

6 This information is provided as at June 30, 2021.

7 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.

8 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.

9 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

Since the Fund is a reporting issuer for less than one year, with inception date April 28, 2021, providing performance data for the period is not permitted.

Summary of Investment Portfolio

Top 25 Positions

Security	Percentage of Net Asset Value (%)
iShares Core S&P 500 ETF	24.7
Apple Inc.	4.4
Microsoft Corporation	4.2
Amazon.com Inc.	3.0

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Top 25 Positions (cont'd)

Security	Percentage of Net Asset Value (%)
Facebook Inc., Class 'A'	1.7
Alphabet Inc., Class 'A'	1.5
Alphabet Inc., Class 'C'	1.5
Berkshire Hathaway Inc., Class 'B'	1.1
Tesla Inc.	1.1
NVIDIA Corporation	1.0
JPMorgan Chase & Company	1.0
Johnson & Johnson	0.9
Visa Inc., Class 'A'	0.8
UnitedHealth Group Inc.	0.8
The Home Depot Inc.	0.7
PayPal Holdings Inc.	0.7
The Procter & Gamble Company	0.7
Mastercard Inc., Class 'A'	0.7
The Walt Disney Company	0.7
Bank of America Corporation	0.6
Adobe Inc.	0.6
Exxon Mobil Corporation	0.6
Comcast Corporation, Class 'A'	0.5
Netflix Inc.	0.5
Verizon Communications Inc.	0.5
Total	54.5

Industry Allocation

Portfolio by Category	Percentage of Net Asset Value (%)
Equities	
Communication Services	8.4
Consumer Discretionary	9.2
Consumer Staples	4.4
Energy	2.1
ETFs - US Equity	24.7
Financials	8.6
Health Care	9.7
Industrials	6.4
Information Technology	20.5
Materials	1.9
Real Estate	1.9
Utilities	1.8
Derivative Liabilities	(0.1)
Cash and Cash Equivalents	0.7
Other Assets, less Liabilities	(0.2)
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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