



Evolve ETFs

Evolve Future Leadership 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 Future Leadership Fund (the "Fund") seeks to provide holders of units with long-term capital appreciation by investing primarily in a diversified mix of equity securities of companies located domestically or internationally that the portfolio manager has determined are leaders in sectors that stand to benefit from medium and long term economic trends. The portfolio manager will use a selection process that combines quantitative techniques, fundamental analysis and risk management. The portfolio manager will also write covered call options on up to 33% of the portfolio securities, at its discretion. The level of covered call option writing may vary based on market volatility and other factors.

Risk

Effective August 17, 2021, the risk rating of the Unhedged ETF Units was changed from "Medium" to "Low to Medium". 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 September 9, 2020, no performance data can be shown. The Fund's net assets were \$52.5MM as at June 30, 2021.

Portfolio Manager Commentary

The Evolve Future Leadership Fund (LEAD) was established in September 2020 to provide investors with access to the leading companies of today, and the future companies of tomorrow through four categories of leadership: Finance, Healthcare, Technology, and Media & Entertainment.

Finance

PayPal announced plans to allow users to withdraw cryptocurrency held in PayPal accounts off-platform and into third-party wallets. Though PayPal has allowed purchases of Bitcoin and other cryptocurrencies via the online payment service since October 2020, until now customers have been prevented from moving their digital coins out of the PayPal system.(i)

The proposed merger of Boston Private Financial Holdings, Inc., a leading provider of integrated wealth management, trust and banking services to individuals, families, businesses, and non-profits, into SVB Financial Group (held by the Fund) hit something of a rocky patch late in April. Boston Private adjourned a special meeting of shareholders until May 4, 2021, to solicit additional votes supporting the merger. However, after SVB reiterated that its offer was its "best and final," the vote was taken, and the merger approved.(ii)

Healthcare

Thermo Fisher Scientific Inc., a holding of the Fund, announced several acquisitions in the first half of this year.

Mesa Biotech, Inc., a privately held molecular diagnostic company, was acquired for approximately \$450 million in cash, and a potential additional \$100 million upon completion of certain milestones. Mesa Biotech has developed and commercialized a PCR-based rapid point-of-care testing platform for detecting various infectious diseases, including SARS-CoV-2. This patented technology expands the availability of PCR-based rapid testing to point-of-care diagnostics. The San Diego, CA-based company has approximately 500 employees and 2020 revenues of approximately \$45 million.(iii)

Thermo Fisher also acquired Henogen S.A., Novasep's viral vector manufacturing business for approximately \$877 million in cash. Novasep provides contract manufacturing services for vaccines and therapies to biotechnology companies and large biopharma customers. The Belgium-based company has approximately 400 employees and 2020 revenues of approximately \$95 million.(iv)

French pharmaceutical company Sanofi announced an investment of more than €600 million to build a new vaccine facility in Toronto to increase the supply of its Fluzone High-Dose Quadrivalent influenza vaccine for use in Canada, the United States, and Europe. The Fluzone vaccine has four times more antigen than a standard-dose vaccine and is specifically designed to provide superior protection against influenza for older adults. Sanofi also announced that in partnership with the Governments of Canada and Ontario, and the City of Toronto, the new facility will also focus on enhancing influenza pandemic preparedness.(v)

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Technology

Okta Inc., an identity verification software maker, held by the Fund, announced that it expects 30% Annual Growth to 2024. Okta expects annual revenue of almost \$2 billion by the close of fiscal 2024 without the need for acquisitions beyond Auth0, who last month Okta agreed to purchase for approximately \$6.5 billion.

This projected growth comes from the ongoing dramatic boost Okta experienced thanks to the shift to remote work during the pandemic. For the 12 months through March 1, Okta was used more than 52 billion times to log into an app or website, representing almost 200% growth from the same period a year earlier.

Google and Shopify Inc., both held by the Fund, announced a partnership to allow more merchants to sell across Google properties and boost the search giant's e-commerce business. With the new integration, Shopify's 1.7 million merchants can more easily list items on Google's Shopping site, as well as other properties such as Maps and YouTube.

To compete against Amazon.com, Google has already eliminated retailer fees on its shopping service. As a result, Google has seen an 80% jump in the number of vendors on its site. Google is also introducing features like online shopping carts in Chrome and merchant loyalty programs linked directly in Google accounts to improve its e-commerce offerings.(vi)

Media & Entertainment

Streaming video services were a major part of how people passed their time in lockdown during 2020, and after a very strong year streaming media provider Roku Inc. confirmed in January that it is expecting a very good 2021, as well.

Because Roku is an AVOD (advertising video on demand) platform-meaning that they show commercials during their programs, unlike Netflix-growth in consumer adoption on steaming is good news for Roku's ad-based revenue, with the company projecting advertising growth between 12% and 15% in 2021.(vii)

To continue making itself an attractive platform, Roku inked a major content deal with Quibi in January to bring exclusive premium content to The Roku Channel. This comes on the heels of a December 2020 deal with AT&T to bring WarnerMedia's HBO Max to the Roku channel store.(viii)

Newzoo predicts global videogame revenues could reach a record \$189.3 billion in 2021, after an already record-setting 2020.(ix) Their study also estimates that cloud gaming alone should generate \$1.4 billion by the end of 2021, which is twice the research firm's estimate for 2020. The increase is attributed to the growth in the number of users, the increase in cloud services from companies like Microsoft, Amazon, and Facebook, and increased interest from consumers in cloud gaming as a result of the pandemic. Newzoo further predicts that cloud gaming will be worth \$5.14 billion by the end of 2023.(x)

(i) <https://www.reuters.com/technology/paypal-allow-users-withdraw-cryptocurrency-third-party-wallets-2021-05-26/>

(ii) <https://finance.yahoo.com/news/svb-financial-group-confirms-announced-164200846.html>

(iii) <https://www.prnewswire.com/news-releases/thermo-fisher-scientific-to-acquire-point-of-care-molecular-diagnostics-provider-mesa-biotech-301210467.html>

(iv) <https://www.prnewswire.com/news-releases/thermo-fisher-scientific-acquires-viral-vector-manufacturing-business-from-novasep-301209241.html>

(v) <https://finance.yahoo.com/news/sanofi-build-facility-canada-increase-140500228.html>

(vi) <https://www.bnnbloomberg.ca/google-announces-e-commerce-partnership-with-shopify-1.1605412>

(vii) <https://capital.com/roku-stock-forecast-for-2021>

(viii) <https://www.nasdaq.com/articles/why-roku-stock-surged-17-in-january-2021-02-02>

(ix) <https://finance.yahoo.com/news/consumer-spending-video-games-jump-114511533.html>

(x) <https://www.gamesindustry.biz/articles/2021-03-25-cloud-gaming-expected-to-hit-usd1-4-billion-in-revenue-this-year>

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Recent Developments

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

Related Party Transactions

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

Management Fees

The management fees are calculated based on 0.75% 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 \$167,103 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 \$37,844 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 (\$)	December 31, 2020 (\$)
For the periods ended:		
Unhedged ETF Units - Net Assets per Unit		
Net Assets per Unit, beginning of period	20.80	19.85
Increase (decrease) from operations:		
Total revenue	0.10	0.04
Total expenses	(0.12)	(0.10)
Realized gains (losses)	(0.13)	(0.03)
Unrealized gains (losses)	2.02	1.69
Total increase (decrease) from operations²	1.87	1.60
Distributions:		
From income (excluding dividends)	(0.63)	-
From capital gains	-	(0.08)
Return of capital	-	(0.24)
Total annual distributions³	(0.63)	(0.32)
Net Assets per Unit, end of period	22.09	20.80
Hedged ETF Units - Net Assets per Unit		
Net Assets per Unit, beginning of period	21.30	19.85
Increase (decrease) from operations:		
Total revenue	0.11	0.04
Total expenses	(0.13)	(0.06)
Realized gains (losses)	0.52	0.45
Unrealized gains (losses)	2.02	1.59
Total increase (decrease) from operations²	2.52	2.02
Distributions:		
From income (excluding dividends)	(0.63)	-
From capital gains	-	(0.08)
Return of capital	-	(0.24)
Total annual distributions³	(0.63)	(0.32)
Net Assets per Unit, end of period	23.13	21.30

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

	June 30, 2021	December 31, 2020
	(\$)	(\$)
For the periods ended:		
US Dollar Unhedged ETF Units - Net Assets per Unit⁴		
Net Assets per Unit, beginning of period	27.37	26.11
Increase (decrease) from operations:		
Total revenue	0.13	0.05
Total expenses	(0.16)	(0.13)
Realized gains (losses)	(0.15)	(0.04)
Unrealized gains (losses)	2.82	2.08
Total increase (decrease) from operations²	2.64	1.96
Distributions:		
From income (excluding dividends)	(0.79)	-
From capital gains	-	(0.11)
Return of capital	-	(0.30)
Total annual distributions³	(0.79)	(0.41)
Net Assets per Unit, end of period	29.11	27.37

- 1 This information is derived from the Fund's unaudited annual financial statements as at June 30, 2021 and the audited annual financial statement as at December 31, 2020. The Fund began operations on September 10, 2020.
- 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.
- 4 Per unit figures are stated in CAD equivalent.

The Fund's Ratios/Supplemental Data

	June 30, 2021	December 31, 2020
For the periods ended:		
Unhedged ETF Units - Ratios/Supplemental Data		
Total Net Asset Value (\$) ⁵	20,428,846	19,240,732
Number of units outstanding ⁵	925,000	925,000
Management expense ratio ⁶	0.91%	1.01%
Trading expense ratio ⁷	0.17%	0.51%
Portfolio turnover rate ⁸	22.09%	31.06%
Net Asset Value per unit (\$)	22.09	20.80
Closing market price (\$)	22.13	20.72
Hedged ETF Units - Ratios/Supplemental Data		
Total Net Asset Value (\$) ⁵	16,772,162	5,323,823
Number of units outstanding ⁵	725,000	250,000
Management expense ratio ⁶	0.93%	0.39%
Trading expense ratio ⁷	0.17%	0.51%
Portfolio turnover rate ⁸	22.09%	31.06%
Net Asset Value per unit (\$)	23.13	21.30
Closing market price (\$)	23.18	21.28

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

For the periods ended:	June 30, 2021	December 31, 2020
US Dollar Unhedged ETF Units - Ratios/Supplemental Data		
Total Net Asset Value (\$) ⁵	15,280,814	13,000,886
Number of units outstanding ⁵	525,000	475,000
Management expense ratio ⁶	0.91%	1.01%
Trading expense ratio ⁷	0.17%	0.51%
Portfolio turnover rate ⁸	22.09%	31.06%
Net Asset Value per unit (\$)	29.11	27.37
Closing market price (\$)	29.11	27.35

5 This information is provided as at June 30, 2021 and December 31, 2020.

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

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

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

Past Performance

Since the Fund is a reporting issuer for less than one year, with inception date September 4, 2020, providing performance data for the period is not permitted.

Summary of Investment Portfolio

Top 25 Positions

Security	Percentage of Net Asset Value (%)
Evolve E-Gaming Index ETF	4.3
Evolve Global Healthcare Enhanced Yield Fund	3.9
Intuit Inc.	3.5
Thermo Fisher Scientific Inc.	3.4
SVB Financial Group	3.3
Intuitive Surgical Inc.	3.2
Evolve Cyber Security Index Fund	3.1
UnitedHealth Group Inc.	3.0
Square Inc., Class 'A'	2.9
Stryker Corporation	2.9
Alphabet Inc., Class 'A'	2.8
PayPal Holdings Inc.	2.8
Evolve US Banks Enhanced Yield Fund	2.6
Agilent Technologies Inc.	2.5
Roku Inc.	2.4
Evolve Cloud Computing Index Fund	2.3
Evolve Automobile Innovation Index Fund	2.1
Nasdaq Inc.	2.1
NVIDIA Corporation	2.0
Danaher Corporation	2.0

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Top 25 Positions (cont'd)

	Percentage of Net Asset Value (%)
Security	
Amazon.com Inc.	2.0
Sea Limited, ADR	1.9
T-Mobile US Inc.	1.9
BeiGene Limited, ADR	1.9
The Goldman Sachs Group Inc.	1.8
Total	66.6

Industry Allocation

Portfolio by Category	Percentage of Net Asset Value (%)
Equities	
Communication Services	19.4
Consumer Discretionary	3.1
ETFs - International Equity	15.8
ETFs - US Equity	2.6
Financials	9.6
Health Care	22.3
Information Technology	27.3
Derivative Assets	0.0
Derivative Liabilities	(0.3)
Cash and Cash Equivalents	0.3
Other Assets, less Liabilities	(0.1)
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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