



Evolve ETFs

Evolve FANGMA Index ETF

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 FANGMA Index ETF (the "Fund") seeks to replicate, to the extent reasonably possible and before fees and expenses, the performance of the Solactive FANGMA Equal Weight Index Canadian Dollar Hedged, or any successor thereto. The Fund invests in equity securities of Alphabet Inc., Amazon Inc., Apple Inc., Facebook Inc., Netflix Inc. and Microsoft Corp.

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 4, 2021, no performance data can be shown. The Fund's net assets were \$18.9MM as at June 30, 2021.

Portfolio Manager Commentary

The Evolve FANGMA Index ETF (TECH) was established in May 2021 to provide investors with access to the big six tech companies that have transformed our world and been a significant driver of growth and returns for our markets—Alphabet Inc., Amazon Inc., Apple Inc., Facebook Inc., Netflix Inc., and Microsoft Corp. With TECH investors get exposure to all six companies for a reasonable unit price.

In May, Google and Shopify Inc. 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, Google said 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. "With just a few clicks, these retailers can sign up to appear across Google's one billion shopping journeys each day," said Bill Ready, Google's president of commerce.

In an effort 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.(i)

The major cloud providers—Google, Amazon, and Microsoft—all had impressive quarterly results, but the clear winner in the cloud computing space continues to be Microsoft.

Google Cloud posted Q1 revenue of \$4 billion, up 46% year-over-year. Amazon AWS likewise posted strong returns, with revenue climbing to \$13.5 billion, up 32% from Q1 2020. However, by virtue of sheer size, Microsoft's cloud business continued to edge out the combined cloud businesses of Google and Amazon by posting commercial-cloud revenue of \$17.7 billion for its fiscal Q3 ended March 31. This figure is up from 33% for the same period in 2020.(ii)

In June, Microsoft showcased Windows 11, its first major operating system revamp since 2015. Expected to hit the market by year's end, in addition to new functionality the major innovation in Windows 11 is the new Windows Store that will allow software developers to use their own in-app payment systems without paying a commission to Microsoft. The move is widely seen as a direct challenge to Apple's "walled garden" approach with its App Store, as well as Google Play Store, which like Apple, also charges developers commissions of up to 30%.(iii)

And it is this "walled garden" approach on the part of Apple Inc that is part of potential antitrust reform legislation introduced in the US House of Representatives in June. Under the terms of the proposed legislation, Apple users would have the option to uninstall pre-installed apps, like the App Store, from their Apple devices. Currently, the option to delete pre-installed apps is not available on Apple devices, which lawmakers contend gives Apple an unfair advantage over competitors.(iv)

Late in June, a US judge dismissed federal and state antitrust complaints against Facebook Inc as "legally insufficient." Seeking to force the sale of Instagram and WhatsApp, the judge said the FTC had failed to show that Facebook had monopoly power in the social networking market. The judge did keep open the option for the FTC to file a new complaint by July 29. He also dismissed similar lawsuit from several US states, saying they waited too long to challenge the acquisitions of Instagram and WhatsApp in 2012 and 2014 respectively. The judge did not invite the states to refile their complaint. On news of the dismissal, Facebook stock rose more than 4%, putting Facebook's market capitalization over \$1 trillion for the first time.(v)

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

(ii) <https://cloudwars.co/microsoft/microsoft-q1-cloud-revenue-beats-amazon-google-combined/>

(iii) <https://www.reuters.com/technology/microsoft-unveil-first-new-windows-six-years-2021-06-24/>

(iv) <https://www.bloomberg.com/news/articles/2021-06-16/apple-pre-installed-apps-would-be-banned-under-antitrust-package>

(v) <https://www.reuters.com/technology/us-judge-tells-ftc-file-new-complaint-against-facebook-2021-06-28/>

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 0.4% 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 \$8,816 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 \$3,307 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	10.00
Increase (decrease) from operations:	
Total revenue	0.01
Total expenses	(0.01)
Realized gains (losses)	0.03
Unrealized gains (losses)	0.71
Total increase (decrease) from operations³	0.74
Distributions:	
From income (excluding dividends)	(0.00)
Net Assets per Unit, end of period	10.74
Hedged ETF Units - Net Assets per Unit	
Net Assets per Unit, beginning of period ²	10.00
Increase (decrease) from operations:	
Total expenses	(0.01)
Realized gains (losses)	(0.14)
Unrealized gains (losses)	1.10
Total increase (decrease) from operations³	0.95
Distributions:	
From income (excluding dividends)	(0.00)
Net Assets per Unit, end of period	10.66
US Dollar Unhedged ETF Units - Net Assets per Unit⁵	
Net Assets per Unit, beginning of period ²	12.31
Increase (decrease) from operations:	
Total revenue	0.01
Total expenses	(0.01)
Realized gains (losses)	0.05
Unrealized gains (losses)	1.00
Total increase (decrease) from operations³	1.05
Distributions:	
From income (excluding dividends)	(0.00)
Net Assets per Unit, end of period	13.22

- 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 4, 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	1,073,952
Number of units outstanding ⁶	100,001
Management expense ratio ⁷	0.61%
Trading expense ratio ⁸	0.04%
Portfolio turnover rate ⁹	7.49%
Net Asset Value per unit (\$)	10.74
Closing market price (\$)	10.75
Hedged ETF Units - Ratios/Supplemental Data	
Total Net Asset Value (\$) ⁶	11,195,613
Number of units outstanding ⁶	1,050,001
Management expense ratio ⁷	0.60%
Trading expense ratio ⁸	0.04%
Portfolio turnover rate ⁹	7.49%
Net Asset Value per unit (\$)	10.66
Closing market price (\$)	10.67
US Dollar Unhedged ETF Units - Ratios/Supplemental Data	
Total Net Asset Value (\$) ⁶	6,610,386
Number of units outstanding ⁶	500,001
Management expense ratio ⁷	0.61%
Trading expense ratio ⁸	0.04%
Portfolio turnover rate ⁹	7.49%
Net Asset Value per unit (\$)	13.22
Closing market price (\$)	13.25

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 or all Positions

Security	Percentage of Net Asset Value (%)
Facebook Inc., Class 'A'	18.1
Alphabet Inc., Class 'A'	17.1
Microsoft Corporation	16.6
Apple Inc.	16.4

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Top 25 Positions or all Positions (cont'd)

	Percentage of Net Asset Value (%)
Security	
Amazon.com Inc.	16.1
Netflix Inc.	15.5
Total	99.8

Industry Allocation

Portfolio by Category	Percentage of Net Asset Value (%)
Equities	
Communication Services	50.7
Consumer Discretionary	16.1
Information Technology	33.0
Derivative Liabilities	(0.2)
Cash and Cash Equivalents	0.5
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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