

Evolve Active Global Fixed Income Fund

December 31, 2021

Annual Management Report of Fund Performance

This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the investment fund. You can get a copy of the annual 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.

Evolve Active Global Fixed Income Fund

December 31, 2021

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 year ended December 31, 2021, Hedged ETF Units returned 1.1%. The Hedged Class A Mutual Fund Units returned 0.7% and the Hedged Class F Mutual Fund Units returned 0.7%. The Fund's net assets were \$29.6MM as at December 31, 2021.

Portfolio Manager Commentary

Markets started 2021 where they left off in 2020, in a 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 U.S. Senate following the State of Georgia run-off elections, raising hopes of another large U.S. fiscal stimulus in early 2021.

By the end of Q1, the markets were slightly mixed for credit with improving conditions in the U.S. 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 reaching \$66/barrel, then falling back for a volatile second half, finishing the month 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 U.S. Federal Reserve would reduce its highly accommodative policy rhetoric, given robust economic growth and near-term inflationary pressures. The Fed did indeed surprise the market with a more hawkish policy shift than expected, but government yields had mixed performance – 5y U.S. rates were up 9bps to 0.89%, while 10y rates sank 13bps to 1.47%. The U.S. 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.

By the end of Q3, there was a number of more hawkish central bank policy statements against the backdrop of heightened inflation concerns that pushed global sovereign bond yields sharply higher. 10-year US Treasury yields ended the month 18bps higher at 1.49%, with other developed bond markets following the U.S. lead. In currency markets, the U.S. dollar was the main beneficiary, on a trade weighted basis, rising to one-year highs. Oil markets rallied with WTI crude hitting \$75/barrel, a level last seen in October 2018. Other commodities generally followed suit. This all resulted in investors worrying both about stagflation and inflation.

In credit markets, spreads were mixed on the prospect of tighter monetary policy as well as concerns over risks arising out of China. Apart from new regulations on various sectors such as technology, gaming, and education, one of the largest Chinese real estate firms defaulted. Investment Grade corporate spreads narrowed; the Global High Yield universe widened overall, mainly driven by emerging markets as developed countries were flat to slightly tighter.

At the end of Q4, risk sentiment had recovered as early evidence suggested the latest COVID-19 variant, Omicron, resulted in milder symptoms than previous variants. The credit markets responded positively to the COVID-19 news, with spreads on the global corporate universe tightening and high yield narrowing. By region, Europe outperformed the U.S. in Investment Grade and vice-versa for high yield, while Asia continued to struggle on woes in the Chinese real estate sector. Energy was a notable standout by industry, as crude oil futures recovered to \$75/barrel.

Evolve Active Global Fixed Income Fund

December 31, 2021

Market focus during December, turned to a number of key central bank meetings, with pressure growing on the U.S. Federal Reserve and other central banks to tighten policy, given inflation fears. The Fed adjusted its policy stance, delivering on market expectations of a slightly hawkish meeting. The Fed doubled the pace of its asset purchase tapering and changed its dot plot projections to three 25bps rate hikes in 2022, three hikes in 2023, and two hikes in 2024. Aside from the Fed, we saw hawkish moves in other G10 markets. Meanwhile, the European Central Bank indicated that the Pandemic Emergency Purchase Programme (PEPP) will now expire in March 2022 and will be accompanied by a scaling up of purchases under the Asset Purchase Programme (APP).

During the month of December, Allianz added exposure in banks, consumer products, and retail, with portfolio reduction in utilities, mining, chemicals and pharmaceuticals.

The base macroeconomic outlook for 2022 is that the world returns to more normalized growth rates, and cost/inflation pressures persist in the first half of the year. Allianz completed their default study for 2022 and expect a very small increase in default rates in Europe and the U.S., with a potential drop in Asia.

Investment Grade spreads at the end of December were tighter relative to historical averages, but most G7 countries are projecting stronger growth in 2023 than 2019 pre-COVID-19, which is generally favourable for credit spreads barring no exogenous shock.

There is an expectation for increased new issuance in early 2022 as issuers try to lock-in low rates and banks are talking about the return of the mega Leveraged Buy Out (Up to \$50bn). This supply could result in some spread widening; however, high yield in particular can still post positive excess returns vs. cash and government bonds given current spread levels and the moderate duration profile.

Volatility may continue in 2022 with potential “black swan” events as geopolitical and central bank-related risks remain. There is usually a reversion back after a period, however, and thus would use periods of non-credit related volatility as opportunities to add risk to the portfolio.

Recent Developments

In the year 2021, the COVID-19 pandemic persisted and continued to result 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 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 year ended December 31, 2021, the Fund incurred \$207,819 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 year ended December 31, 2021, the Fund incurred \$47,865 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.

Evolve Active Global Fixed Income Fund

December 31, 2021

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

	December 31, 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	1.68	1.83	1.93	0.24
Total expenses	(0.43)	(0.48)	(0.50)	(0.06)
Realized gains (losses)	1.66	(1.94)	0.64	-
Unrealized gains (losses)	(2.39)	0.38	0.97	(0.83)
Total increase (decrease) from operations²	0.52	(0.21)	3.04	(0.65)
Distributions:				
From income (excluding dividends)	(1.18)	(1.07)	(1.50)	(0.13)
From capital gains	(0.03)	-	-	-
Return of capital	(0.29)	(0.43)	-	-
Total annual distributions³	(1.50)	(1.50)	(1.50)	(0.13)
Net Assets per Unit, end of period	49.26	50.22	51.36	49.22
Hedged Class A - Net Assets per Unit				
Net Assets per Unit, beginning of period	48.94	50.46	50.01	N/A
Increase (decrease) from operations:				
Total revenue	1.76	1.75	1.31	N/A
Total expenses	(0.87)	(0.88)	(0.66)	N/A
Realized gains (losses)	(0.56)	1.43	(0.69)	N/A
Unrealized gains (losses)	(0.51)	1.72	1.53	N/A
Total increase (decrease) from operations²	(0.18)	4.02	1.49	N/A
Distributions:				
From income (excluding dividends)	(1.49)	(1.39)	(1.00)	N/A
Return of capital	(0.01)	(0.04)	-	-
Total annual distributions³	(1.50)	(1.43)	(1.00)	N/A
Net Assets per Unit, end of period	47.78	48.94	50.46	N/A

Evolve Active Global Fixed Income Fund

December 31, 2021

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

For the periods ended:	December 31, 2021 (\$)	December 31, 2020 (\$)	December 31, 2019 (\$)	December 31, 2018 (\$)
Hedged Class F - Net Assets per Unit				
Net Assets per Unit, beginning of period	50.61	51.61	50.04	N/A
Increase (decrease) from operations:				
Total revenue	1.20	1.86	1.31	N/A
Total expenses	-	(0.48)	(0.27)	N/A
Realized gains (losses)	1.66	(2.12)	0.26	N/A
Unrealized gains (losses)	(2.49)	0.56	0.55	N/A
Total increase (decrease) from operations²	0.37	(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	50.99	50.61	51.61	N/A

- 1 This information is derived from the Fund's audited annual financial statements as at December 31, 2021, 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:	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018
Hedged ETF Units - Ratios/Supplemental Data				
Total Net Asset Value (\$) ⁴	29,578,373	30,658,805	39,063,215	9,843,937
Number of units outstanding ⁴	600,505	610,505	760,505	200,000
Management expense ratio ⁵	0.84%	0.92%	0.90%	0.92%
Trading expense ratio ⁶	0.03%	0.04%	0.06%	0.00%
Portfolio turnover rate ⁷	80.75%	90.99%	57.54%	5.58%
Net Asset Value per unit (\$)	49.26	50.22	51.36	49.22
Closing market price (\$)	49.37	50.13	51.29	49.28
Hedged Class A - Ratios/Supplemental Data				
Total Net Asset Value (\$) ⁴	2,045	503,809	6,628	N/A
Number of units outstanding ⁴	43	10,294	131	N/A
Management expense ratio ⁵	1.76%	1.76%	1.84%	N/A
Trading expense ratio ⁶	0.03%	0.04%	0.06%	N/A
Portfolio turnover rate ⁷	80.75%	90.99%	57.54%	N/A
Net Asset Value per unit (\$)	47.78	48.94	50.46	N/A

Evolve Active Global Fixed Income Fund

December 31, 2021

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

For the periods ended:	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018
Hedged Class F - Ratios/Supplemental Data				
Total Net Asset Value (\$) ⁴	53	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	0.03%	0.04%	0.06%	N/A
Portfolio turnover rate ⁷	80.75%	90.99%	57.54%	N/A
Net Asset Value per unit (\$)	50.99	50.61	51.61	N/A

4 This information is provided as at December 31, 2021, 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.

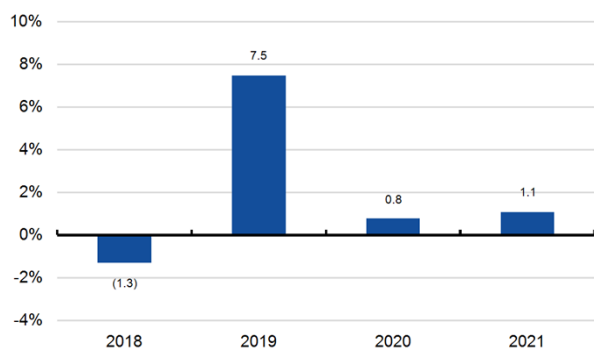
Past Performance

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.

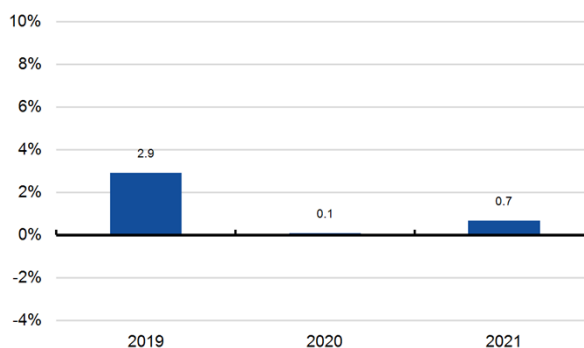
Year-by-Year Returns

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. 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.

EARN Hedged ETF Units¹



Hedged Class A Mutual Fund Units²



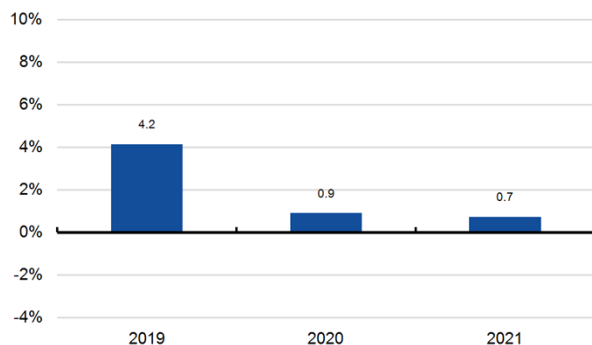
1 The Hedged ETF Units effectively began operations on November 9, 2018.

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

Evolve Active Global Fixed Income Fund

December 31, 2021

Hedged Class F Mutual Fund Units³



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

Annual Compound Return

The table below shows the historical annual compound total return of the Hedged ETF Units and the Hedged Class A and F Mutual Fund Units. The returns are for period ended December 31, 2021. As a basis of comparison, we have provided the performance of ICE BofA 1-5 Year Global Corporate Index (100% CAD Hedged) ("Index"). As the criteria for determining the constituents of the Fund and the Index differ, it is not expected that the Fund's performance will mirror that of the Index. Further, the return of the Index is calculated without the deduction of management fees and fund expenses whereas the performance of the Fund is calculated after deducting such fees and expenses.

	Since Inception ¹ (%)	1 Year (%)	3 Year (%)
Hedged ETF Units	2.5	1.1	3.1
ICE BofA 1-5 Year Global Corporate Index (100% CAD Hedged)	3.3	0.0	3.3
Hedged Class A Mutual Fund Units	1.4	0.7	N/A
ICE BofA 1-5 Year Global Corporate Index (100% CAD Hedged)	2.8	0.0	N/A
Hedged Class F Mutual Fund Units	2.1	0.7	N/A
ICE BofA 1-5 Year Global Corporate Index (100% CAD Hedged)	2.8	0.0	N/A

¹ From inception date of November 9, 2018 for the Hedged ETF Units and from inception date of April 23, 2019 for the Hedged Class A and F Mutual Fund Units.

Summary of Investment Portfolio

Top 25 Positions

Security	Percentage of Net Asset Value (%)
Arcelik AS	2.4
Orano SA, Callable	1.6
CPUK Finance Limited, Callable	1.5
Paragon Mortgages PLC, Series '25', Class 'A', Floating Rate, Callable	1.5
FCT Credit Agricole Habitat 2018, Series '18-1', Class 'A', Floating Rate, Callable	1.5
Arrow CMBS 2018 Designated Activity Company, Series '18-1', Class 'A1'	1.4
Petroleos Mexicanos	1.4
Domi 2021-1 BV, Series '21-1', Class 'A', Floating Rate, Callable	1.3
HSBC Holdings PLC, Variable, Callable, Perpetual	1.3

Evolve Active Global Fixed Income Fund

December 31, 2021

Top 25 Positions (cont'd)

Security	Percentage of Net Asset Value (%)
Verisure Holding AB, Callable	1.2
Nexi SpA.	1.2
Lloyds Banking Group PLC	1.2
Ripon Mortgages PLC, Series '1X', Class 'A1', Floating Rate, Callable	1.1
Deutsche Bank AG	1.1
The Goldman Sachs Group Inc., Floating Rate, Callable	1.1
Assicurazioni Generali SpA	1.1
Vodafone Group PLC, Floating Rate	1.1
Raiffeisen Bank International AG, Variable, Callable, Perpetual	1.1
Enel SpA, Variable, Callable	1.0
EDP - Energias de Portugal SA, Variable, Callable.	1.0
KBC Group NV, Variable, Callable, Perpetual	1.0
AIB Group PLC, Variable, Callable	1.0
BP Capital Markets PLC, Variable, Callable	1.0
Ford Motor Credit Company LLC	1.0
Phoenix Group Holdings PLC, Callable	1.0
Total	31.1

Industry Allocation

Portfolio by Category	Percentage of Net Asset Value (%)
Debt Instruments	
Asset-Backed Securities	9.1
Communication Services	8.3
Consumer Discretionary	11.2
Consumer Staples	3.0
Energy	6.2
Financials	32.4
Health Care	6.5
Industrials	8.3
Information Technology	2.1
Materials	1.4
Real Estate	0.6
Utilities	3.7
Derivative Assets	0.2
Derivative Liabilities	(0.3)
Cash and Cash Equivalents	6.7
Other Assets, less Liabilities	0.6
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.



Evolve Active Global Fixed Income Fund