EVOLVE ETFs

Evolve S&P/TSX 60 CleanBeta™ 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 S&P/TSX 60 CleanBeta™ Fund

December 31, 2021

Investment Objective and Strategies

The Evolve S&P/TSX 60 CleanBeta™ Fund (the "Fund") seeks to provide long-term capital growth by replicating, net of fees and expenses, the performance of the S&P/TSX 60 Index while striving to offset the carbon footprint of the constituent securities in the portfolio.

Risk

Effective March 24, 2022, the risk rating of the Unhedged ETF Units of the Fund 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 May 5, 2021, no performance data can be shown. The Fund's net assets were $2.2MM as at December 31, 2021.

Portfolio Manager Commentary

The Evolve S&P/TSX 60 CleanBeta™ Fund (SIXT) was established in May 2021 to provide investors with the world's first carbon-neutral ETF based on the performance of the S&P/TSX 60 Index. Carbon emissions make up the majority of global Greenhouse Gases. As countries strive to set net-zero emission goals, investors are looking to align these values with the investments in their portfolios and decarbonize their funds.

The S&P/TSX 60 Index returned 24.4% in 2021, with several companies owned by this Fund, including the Toronto Dominion Bank, Royal Bank, Brookfield Asset Management, Shopify, Canadian Natural Resources, Bank of Montreal, Bank of Nova Scotia, and Enbridge, making the largest contributions to the performance of the Index.

In December, Canadian National Railway Co., a holding of this Fund, was recognized for leadership in corporate governance, ranking first in the Globe and Mail's Report on Business' annual comprehensive assessment of 220 S&P/TSX Composite Index Members. CN received a score of 98 out of 100 points. Companies were ranked on a range of subjects, including ESG, sustainability, board composition, shareholding and compensation, shareholder rights, and disclosure.(i)

Earlier in the year, CN announced new ESG measures, including the creation of the CN Indigenous Advisory Council, an annual advisory vote on CN's climate change action plan, and a commitment to a Board of Directors that has at least 50% of the independent directors come from diverse groups, including gender parity, by 2022. The measures also encompass a revamping of governance policies to reduce the age limit and tenure of Directors, in an effort to further restrict the number of other boards on which Directors can serve, and to reduce the size of the Board. These governance changes took effect as of the April 2021 AGM.(ii)

Canadian Tire Corporation Limited (CTC), a holding of this Fund, was listed as one of Corporate Knights' Global 100 Most Sustainable Corporations for the third time. CTC ranked as the top general merchandiser in the country and placed first among its peers headquartered in Canada. This achievement reflects the company's progressive work in environmental, social, and governance practices and adds to a growing list of awards and accolades for the company's business sustainability strategy.(iii)

In its effort to combat climate change, Canadian Pacific Railway, owned by this Fund, increased its order of fuel cells to "significantly expand" its hydrogen locomotive program, according to Ballard Power, the railway's partner on its zero-emissions project.

Ballard announced that CP has requested eight additional 200 kW fuel cell modules, bringing its total to 14, in order to expand production from one to three locomotives expected to be delivered this year. CP plans to refine the conversion of diesel-electric powertrains to hydrogen-electric powertrains across three categories of locomotives, which collectively represent the majority of those used in North America.

Ballard estimates that by 2030 the total addressable market for hydrogen-electric trains will reach $4 billion. The company has already used its hydrogen power modules in the UK's first full-sized train refurbished with hydrogen power. It has also partnered with companies including German industrial conglomerate Siemens on hydrogen rail projects in Europe and Asia.(iv)

Canada's largest banks including RBC, TD, Scotiabank, BMO, and CIBC, joined the Net-Zero Banking Alliance, a voluntary initiative convened by former Bank of Canada Governor, Mark Carney. As part of the Alliance, the banks commit to net zero in their financed emissions by mid-century, consistent with no more than 1.5 degrees of warming by 2100. Banks also commit to setting a 2030 target that Carney says should represent their fair share of the halving of emissions needed by that date. None of those commitments are mandatory, but Canada's regulators have so far taken little action to decarbonize Canada's financial sector to combat the systemic risk that is building with the climate crisis.

Incidentally, Canada's five largest banks – all rank among the top 25 fossil fuel lenders in the world, collectively lending well over half a trillion dollars to fossil fuels since the Paris Agreement was signed, including hundreds of billions for fossil fuel expansion. This conflicts with the International Energy Agency's pathway for net zero.(v)

In March 2021, Brookfield Asset Management signaled its increased commitment to ESG principles throughout its business when it signed the Net Zero Asset Managers initiative. As a signatory to this initiative, Brookfield is committed to reducing the carbon emissions of its investments over time, with the goal of reaching net-zero emissions by 2050 or sooner across all assets under management.

To help achieve this goal, Brookfield has brought on Mark Carney to head Brookfield's ESG and Impact Fund investing.(vi)

The Royal Bank of Canada released its 2020 Environmental, Social, and Governance (ESG) Performance Report in April 2021. Reporting on a year defined by the challenges of a global pandemic, RBC lauded its commitment to ESG goals despite the upheaval. Highlights from the RBC report include being the first Canadian bank to release a detailed action plan against systemic racism and publish a formal statement on respecting internationally recognized human rights, in line with the United Nations Guiding Principles on Business and Human Rights.

RCB also reported that its commitment to diversity and inclusion was paying dividends, with 42% and 17% of Directors identified as women and BIPOC (black, Indigenous and people of color), respectively. In a similar vein, 51% and 35% of new hires were identified as women and BIPOC, respectively.

RBC is also accelerating its enterprise climate change strategy for 2021. The bank will now strive to achieve net-zero emissions in lending by 2050 and remaining carbon-neutral in its operations.(vii)

In June, Telus Corp, held by this Fund, experienced huge demand for its innovative sale of $750 million in bonds that pay a low interest rate if the telecom company cuts greenhouse gas emissions, but a much higher rate should it miss those goals. While such sustainability-linked bonds, or SLBs, were first developed in Europe, Telus in the first company to pioneer them in Canada.

The Telus bonds pays 2.85% annually over the next 10 years, significantly lower than the rate the company would pay on a traditional bond. However, if Telus misses its greenhouse gas emissions—which call for a 46% reduction by 2030—interest rates will rise to 3.85% thereafter.

Telus' greenhouse gas emissions will be independently audited to ensure compliance. Telus's offering also received the endorsement of Sustainalytics, an Amsterdam-based independent ESG analytics firm which confirmed the company's approach aligned with international standards for sustainability-linked debt.

Also, in June Enbridge Inc (held by this Fund) filed for their first SLB offering, believed to be a North American first for a pipeline company. Enbridge's filing aims for a 35% reduction in greenhouse gas emissions in 2030. It also set targets for 28% representation from racial and ethnic groups in its workforce, 40% gender diversity across the organization, and a 40% female board of directors by 2025.(viii)

Performance Attribution

For the 12-month period ending December 31, 2021, Cenovus Energy Inc. made the largest contribution to the performance of the Fund, followed by Loblaw Companies Ltd. and Brookfield Asset Management. The largest holding in the Fund by weight was Shopify Inc., followed by Royal Bank and Toronto Dominion Bank.

(i) https://ca.sports.yahoo.com/news/cn-board-ranks-1st-canada-154500742.html

(ii) https://www.cn.ca/en/news/2021/02/cn-undertakes-major-new-environmental-social-and-governance-init/

(iii) https://ca.finance.yahoo.com/news/canadian-tire-corporation-named-most-155500798.html

(iv) https://ca.finance.yahoo.com/news/cp-rail-significantly-expand-hydrogen-train-project-155809528.html

(v) https://www.newswire.ca/news-releases/shareholder-group-releases-net-zero-roadmap-for-canadian-banks-847792987.html

(vi) https://www.brookfield.com/sites/default/files/2021-06/2020_ESG_Report.pdf

(vii) http://www.rbc.com/newsroom/news/2021/20210406-esg-report.html

(viii) https://www.enbridge.com/media-center/news/details?id=123680&lang=en

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 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 year ended December 31, 2021, the Fund incurred $2,310 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 $1,733 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 S&P/TSX 60 CleanBeta™ 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 Unit[1]

For the periods ended:	December 31, 2021 ($)
Unhedged ETF Units - Net Assets per Unit	
Net Assets per Unit, beginning of period[2]	**20.00**
Increase (decrease) from operations:	
Total revenue	**0.42**
Total expenses	**(0.10)**
Realized gains (losses)	**0.04**
Unrealized gains (losses)	**2.01**
Total increase (decrease) from operations[3]	**2.37**
Distributions:	
From dividends	**(0.18)**
From capital gains	**(0.01)**
Return of capital	**(0.16)**
Total annual distributions[4]	**(0.35)**
Net Assets per Unit, end of period	**22.24**

1 This information is derived from the Fund's audited annual financial statements as at December 31, 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.

The Fund's Ratios/Supplemental Data

For the periods ended:	December 31, 2021
Unhedged ETF Units - Ratios/Supplemental Data	
Total Net Asset Value ($)[5]	**2,224,242**
Number of units outstanding[5]	**100,000**
Management expense ratio[6]	**0.39%**
Trading expense ratio[7]	**0.34%**
Portfolio turnover rate[8]	**3.15%**
Net Asset Value per unit ($)	**22.24**
Closing market price ($)	**22.21**

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

Evolve S&P/TSX 60 CleanBeta™ Fund

December 31, 2021

Past Performance

Since the Fund is a reporting issuer for less than one year, with inception date May 5, 2021, providing performance data for the period is not permitted.

Summary of Investment Portfolio

Top 25 Positions

Security	Percentage of Net Asset Value (%)
Shopify Inc., Class 'A'	8.1
Royal Bank of Canada	7.8
The Toronto-Dominion Bank	7.3
Brookfield Asset Management Inc., Class 'A'	4.6
The Bank of Nova Scotia	4.5
Enbridge Inc.	4.1
Canadian National Railway Company	3.9
Bank of Montreal	3.6
Canadian Pacific Railway Limited	3.5
Canadian Imperial Bank of Commerce	2.7
Canadian Natural Resources Limited	2.6
BCE Inc.	2.4
TC Energy Corporation	2.4
Nutrien Limited	2.2
Manulife Financial Corporation	1.9
Suncor Energy Inc.	1.9
Constellation Software Inc.	1.9
Waste Connections Inc.	1.8
Alimentation Couche-Tard Inc.	1.8
Sun Life Financial Inc.	1.7
Barrick Gold Corporation	1.7
TELUS Corporation	1.7
National Bank of Canada	1.3
Franco-Nevada Corporation	1.3
Fortis Inc.	1.2
Total	**77.9**

Evolve S&P/TSX 60 CleanBeta™ Fund

December 31, 2021

Industry Allocation

Portfolio by Category	Percentage of Net Asset Value (%)
Equities	
Communication Services	5.7
Consumer Discretionary	3.8
Consumer Staples	3.8
Energy	13.5
Financials	36.6
Health Care	0.5
Industrials	10.8
Information Technology	11.6
Materials	9.7
Real Estate	0.8
Utilities	3.3
Cash and Cash Equivalents	0.3
Other Assets, less Liabilities	(0.4)
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 S&P/TSX 60 CleanBeta™ Fund