Evolve S&P 500 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.

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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 $21.9MM as at December 31, 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 these values with the investments in their portfolios and decarbonize their funds.

In 2021, the S&P 500 gained 26.9% for the year on the back of a series events which could have derailed the market. A fiercely contested presidential election, an assault on the U.S. Capitol, historically high inflation, supply chain disruptions, bearish investors forecasting a market correction, and the raging COVID-19 pandemic did not derail the market. In fact, the S&P 500 notched 70 all-time highs in 2021, a record that’s second only to 1995, albeit amidst periods of volatility.(i)

During the year, Goldman Sachs Group more than tripled environmental, social, and governance (ESG) investments in Asia, stepping up efforts to meet a growing need from clients to limit their greenhouse gas footprints. The New York-based bank has completed nearly 15 investments based on ESG criteria in the past two years, up from just four during the previous period.(ii)

Other global banks have also started to direct more funds toward the green sector. In addition to Goldman Sachs, JPMorgan Chase & Co., Bank of America Corp., Citigroup Inc., and Morgan Stanley committed $4 trillion over the next decade to address climate issues, according to Wells Fargo analysts led by Mike Mayo.(iii)

Amazon announced 14 new renewable energy projects across the U.S., Canada, Finland, and Spain, 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 U.S. 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.(iv)

In March, Tesla CEO Elon Musk reversed his earlier announcement to allow individuals to buy the company’s vehicles using Bitcoin because of the “rapidly increasing use of fossil fuels for Bitcoin mining.” Musk also announced that 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.”(v) Musk pegged this requirement 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.(vi)

Apple’s senior executives will now have a portion of their millions in cash bonus 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 a tumultuous 2020, there was need to have a renewed emphasis on ESG themes, such as diversity, equity and inclusion, and labor policy within Apple.(vii)

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, but rather 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.(viii)

Women held three more seats on the boards of companies in the S&P/ASX 200 Index in December compared to the previous month, marking a year of improvement in the ranks of female directors, according to data compiled by Bloomberg. The percentage of female directorships increased to 34.2% from 32% in January 2021. That is above the 30.6% of women on boards of the S&P 500 in the U.S. and below the 37.2% of the Stoxx 600 in Europe.(ix)

According to a report by Standard & Poor’s Global, mining lags other sectors in reporting on its ESG goals as companies struggle with the lack of a single industry reporting standard. Half of the mining companies assessed by Transition Pathway Initiative have set emission reduction targets, compared to about 75.7% of companies in other sectors. Approximately 80.4% of the assessed coal and diversified mining companies disclosed Scope 1 and Scope 2 greenhouse gas emissions, compared to 85.6% of non-mining companies analyzed by the initiative, which tracks the carbon performance of nearly 500 companies.

Mining companies are under pressure to prove to investors and clients that they are following through on their commitments. Companies have an array of options for their ESG reporting, but the lack of a single format to follow often makes these reports difficult to compare across companies, and the reports have significant inconsistencies in the collection and reporting of data. The high costs of reporting along with the lack of regulation and industry guidance is slowing the sector's progress.(x)

According to FACTSET, there was a 12% decline in the number of S&P 500 companies citing ESG on earnings calls in Q3, compared to Q2. Of these companies, 134 cited the term “ESG” during their earnings calls. This number marks the third-highest overall number of S&P 500 companies citing “ESG” on earnings calls going back at least 10 years.

At the sector level, the Financials (25) and Industrials (25) sectors have the highest number of S&P 500 companies citing “ESG” on earnings calls for Q3. However, the Energy (52%) and Utilities (46%) sectors have the highest percentages of companies that have cited “ESG” on their Q3 earnings calls during this period.

On a quarter-over-quarter basis, there was a 12% decline (134 vs. 152) in the overall number of S&P 500 companies citing “ESG” on earnings calls in Q3 2021 relative to Q2 2021. At the sector level, 6 of the 11 sectors recorded a decrease in the number of companies citing “ESG” on a quarter-over-quarter basis, led by the Consumer Staples (-6), Real Estate (-5), and Industrials (-4) sectors.

FACTSET says that some companies might have placed a higher priority on discussing the impact of inflation and supply chains rather than ESG initiatives on their earnings calls for Q3, which potentially could have contributed to the sequential decrease. It noted that although there was a sequential decline in the number of S&P 500 companies citing “ESG” on earnings calls in Q3 2021 relative to Q2 2021, there was still a substantial year-over-year increase (81%) in the number of S&P 500 companies citing “ESG” on earnings calls in Q3 2021 relative to Q3 2020.

FACTSET also noted that S&P 500 companies that cited “ESG” on their earnings calls for Q3 have higher ESG ratings on average relative to S&P 500 companies that did not cite “ESG” on their earnings calls for Q3.(xi)

Performance Attribution

For the 12-month period ending December 31, 2021, the best performing stock in the Fund was Nividia Corp., followed by Advanced Micro Devices and Ford Motor Company. The largest stocks in the Fund by weight at year end were Apple Inc., followed by Microsoft Corp. and Amazon.com Inc.

(i) https://www.forbes.com/advisor/investing/stock-market-year-in-review-2021/

(ii) https://www.bloomberg.com/news/articles/2021-12-17/goldman-triples-asia-esg-investments-as-bets-start-paying-off

(iii) https://www.bloomberg.com/news/articles/2021-12-17/goldman-triples-asia-esg-investments-as-bets-start-paying-off

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

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

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

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

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

(ix) https://www.bloomberg.com/news/articles/2022-01-13/women-held-three-more-seats-on-s-p-asx-200-boards-in-december

(x) https://www.spglobal.com/marketintelligence/en/news-insights/latest-news-headlines/esg-reporting-in-mining-industry-the-wild-west-67803988

(xi) https://insight.factset.com/12-decline-in-number-of-sp-500-companies-citing-esg-on-earnings-calls-in-q3-vs.-q2

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 $28,495 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 $21,371 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.

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	**0.21**
Total expenses	**(0.11)**
Realized gains (losses)	**0.10**
Unrealized gains (losses)	**3.50**
Total increase (decrease) from operations[3]	**3.70**
Distributions:	
From dividends	**(0.09)**
Return of capital	**(0.06)**
Total annual distributions[4]	**(0.15)**
Net Assets per Unit, end of period	**23.49**
Hedged ETF Units - Net Assets per Unit	
Net Assets per Unit, beginning of period[2]	**20.00**
Increase (decrease) from operations:	
Total revenue	**0.21**
Total expenses	**(0.11)**
Realized gains (losses)	**(1.22)**
Unrealized gains (losses)	**3.99**
Total increase (decrease) from operations[3]	**2.87**
Distributions:	
From dividends	**(0.08)**
Return of capital	**(0.08)**
Total annual distributions[4]	**(0.16)**
Net Assets per Unit, end of period	**22.73**

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The Fund's Net Assets Per Unit[1] (cont'd)

For the periods ended:	December 31, 2021 ($)
US Dollar Unhedged ETF Units - Net Assets per Unit[5]	
Net Assets per Unit, beginning of period[2]	**24.54**
Increase (decrease) from operations:	
Total revenue	**0.25**
Total expenses	**(0.14)**
Realized gains (losses)	**0.12**
Unrealized gains (losses)	**4.42**
Total increase (decrease) from operations[3]	**4.65**
Distributions:	
From dividends	**(0.11)**
Return of capital	**(0.08)**
Total annual distributions[4]	**(0.19)**
Net Assets per Unit, end of period	**28.81**

1 This information is derived from the Fund's audited annual financial statements as at December 31, 2021. The Hedged, Unhedged, and US Dollar Unhedged ETF Units 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.

The Fund's Ratios/Supplemental Data

For the periods ended:	December 31, 2021
Unhedged ETF Units - Ratios/Supplemental Data	
Total Net Asset Value ($)[6]	**7,045,684**
Number of units outstanding[6]	**300,000**
Management expense ratio[7]	**0.39%**
Trading expense ratio[8]	**0.18%**
Portfolio turnover rate[9]	**5.45%**
Net Asset Value per unit ($)	**23.49**
Closing market price ($)	**23.49**
Hedged ETF Units - Ratios/Supplemental Data	
Total Net Asset Value ($)[6]	**9,091,936**
Number of units outstanding[6]	**400,000**
Management expense ratio[7]	**0.39%**
Trading expense ratio[8]	**0.18%**
Portfolio turnover rate[9]	**5.45%**
Net Asset Value per unit ($)	**22.73**
Closing market price ($)	**22.74**

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

For the periods ended:	December 31, 2021
US Dollar Unhedged ETF Units - Ratios/Supplemental Data	
Total Net Asset Value ($)[6]	**5,762,205**
Number of units outstanding[6]	**200,000**
Management expense ratio[7]	**0.39%**
Trading expense ratio[8]	**0.18%**
Portfolio turnover rate[9]	**5.45%**
Net Asset Value per unit ($)	**28.81**
Closing market price ($)	**28.83**

6 This information is provided as at December 31, 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 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 (%)
iShares Core S&P 500 ETF	23.1
Apple Inc.	5.2
Microsoft Corporation	4.8
Amazon.com Inc.	2.7
Alphabet Inc., Class 'A'	1.6
Tesla Inc.	1.6
Alphabet Inc., Class 'C'	1.5
Meta Platforms Inc.	1.5
NVIDIA Corporation	1.4
Berkshire Hathaway Inc., Class 'B'	1.0
UnitedHealth Group Inc.	0.9
JPMorgan Chase & Company	0.9
Johnson & Johnson	0.8
The Home Depot Inc.	0.8
The Procter & Gamble Company	0.7
Visa Inc., Class 'A'	0.7
Pfizer Inc.	0.6
Bank of America Corporation	0.6
Mastercard Inc., Class 'A'	0.6
The Walt Disney Company	0.5
Broadcom Inc.	0.5

Top 25 Positions (cont'd)

Security	Percentage of Net Asset Value (%)
Adobe Inc.	0.5
Cisco Systems Inc.	0.5
Netflix Inc.	0.5
Thermo Fisher Scientific Inc.	0.5
Total	**54.0**

Industry Allocation

Portfolio by Category	Percentage of Net Asset Value (%)
Equities	
Communication Services	7.7
Consumer Discretionary	9.5
Consumer Staples	4.5
Energy	2.0
ETFs - US Equity	23.1
Financials	8.2
Health Care	10.1
Industrials	6.0
Information Technology	22.2
Materials	1.9
Real Estate	2.1
Utilities	1.9
Derivative Assets	0.9
Cash and Cash Equivalents	0.1
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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