

Evolve Active Global Fixed Income Fund

June 30, 2022

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 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 Secured Overnight Financing Rate 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 six-month period ended June 30, 2022, Hedged ETF Units returned -7.1%. The Hedged Class A Mutual Fund Units returned -7.0% and the Hedged Class F Mutual Fund Units returned -7.5%. The Fund's net assets were \$24.8MM as at June 30, 2022.

Portfolio Manager Commentary

For the first time in more than a decade, global bond investors have had to deal with synchronized tightening of monetary policy in most major markets, with the only notable exception being Japan.

North American yield curves are now remarkably flat, suggesting that economic momentum will slow. Interest-rate hikes increase the probability of a deeper slowdown in growth or even a recession. In the meantime, inflation is becoming increasingly widespread in most major economies.⁽ⁱ⁾

In the first half of June, bond yields were propelled higher as the major central banks re-affirmed their hawkish policy stance following further upside surprises in the inflation data; 10-year U.S. Treasury yields hit their highest levels since 2011, at 3.5%.

At its latest policy meeting, the U.S. Federal Reserve raised the upper bound of the funds rate to 1.75% and increased its "dot plot" projections to show a Fed funds rate of 3.4% at end-2022 and 3.8% at end-2023. In the Euro area, the European Central Bank also stated that it expects to begin lifting policy rates in July and at subsequent meetings, signalling an end to the negative interest rate era. However, in the second half of June, bond yields fell back when concerns about the U.S. and global growth backdrop re-emerged, and the ECB signalled that it would take steps to avoid a fragmentation in the Euro bond markets.

Credit markets were negatively affected by these developments, as investors contended with the increasing likelihood of a recession in the near term. Spreads on global investment grade corporates widened by 30bps, while for global high yield the figure was +163bps. Securitized assets were relatively resilient given their short duration profile. In terms of quality, lower-rated credits generally underperformed. By region, Europe underperformed in Investment Grade while Asia lagged in High Yield.

Going forward, the tight global monetary policy stance is increasing the downside growth, and recession risks, for the global economy over the next 6-12 months. Although, heightened near term inflationary pressures and uncertainty about the path of inflation would suggest that central banks will remain reluctant to pivot from their hawkish stance in the near term. We believe that, at least in the short-term, central banks will want to deliver on current market pricing for rate hike expectations, although we think that the appetite for further tightening is likely to wane into 2023 as downside growth risks become more evident. Over the coming months, uncertainty about the path of inflation and a weakening of central banks' forward guidance is likely to result in further volatility in interest rate markets.

Since the beginning of the year, yields and spreads have moved significantly wider such that global investment grade corporates are now yielding 4.3% with a spread of 176bps. European IG stands out with spreads now at +218bps, close to the COVID-19 high water mark (+247bps) and approaching one standard deviation cheap versus its long-term historical average.

Likewise, the yield and spread of the Global High Yield Index has moved to 9.1% and 642bps from 4.6% and 373bps respectively from year end 2021. While the macro environment remains challenged, the extent of these moves has changed the index return expectations somewhat as the "cushion" against bad news has increased. Based on our recently updated internal default probabilities, even with the current high levels of volatility the market is now screening more than 50bps cheap. The likely return distribution is now more skewed in investors' favour, and those who are short or who have limited exposure should certainly begin to review the asset class in a more favourable light.

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We caveat that we are in very uncertain times, but many companies have termed out their debt at low interest rates and there is a limited short term refinancing wall. Away from macro forces, we see the biggest risks being idiosyncratic business failures over the coming months, and thus much more differentiation between good and bad credits.

(i) <https://www.rbcgam.com/en/ca/article/global-fixed-income-markets-spring-2022/detail>

Recent Developments

In the six-month period ended June 30, 2022, 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 six-month period ended June 30, 2022, the Fund incurred \$99,132 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, 2022, the Fund incurred \$22,876 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, 2022 (\$)	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	49.26	50.22	51.36	49.22	50.00
Increase (decrease) from operations:					
Total revenue	0.72	1.68	1.83	1.93	0.24
Total expenses	(0.22)	(0.43)	(0.48)	(0.50)	(0.06)
Realized gains (losses)	0.93	1.66	(1.94)	0.64	-
Unrealized gains (losses)	(4.86)	(2.39)	0.38	0.97	(0.83)
Total increase (decrease) from operations²	(3.43)	0.52	(0.21)	3.04	(0.65)
Distributions:					
From income (excluding dividends)	(0.75)	(1.18)	(1.07)	(1.50)	(0.13)
From capital gains	-	(0.03)	-	-	-
Return of capital	-	(0.29)	(0.43)	-	-
Total annual distributions³	(0.75)	(1.50)	(1.50)	(1.50)	(0.13)
Net Assets per Unit, end of period	45.06	49.26	50.22	51.36	49.22
Hedged Class A - Net Assets per Unit					
Net Assets per Unit, beginning of period	47.78	48.94	50.46	50.01	N/A
Increase (decrease) from operations:					
Total revenue	0.73	1.76	1.75	1.31	N/A
Total expenses	(0.42)	(0.87)	(0.88)	(0.66)	N/A
Realized gains (losses)	(0.26)	(0.56)	1.43	(0.69)	N/A
Unrealized gains (losses)	(2.51)	(0.51)	1.72	1.53	N/A
Total increase (decrease) from operations²	(2.46)	(0.18)	4.02	1.49	N/A
Distributions:					
From income (excluding dividends)	(0.50)	(1.49)	(1.39)	(1.00)	N/A
Return of capital	-	(0.01)	(0.04)	-	N/A
Total annual distributions³	(0.50)	(1.50)	(1.43)	(1.00)	N/A
Net Assets per Unit, end of period	43.96	47.78	48.94	50.46	N/A

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

For the periods ended:	June 30, 2022 (\$)	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	50.99	50.61	51.61	50.04	N/A
Increase (decrease) from operations:					
Total revenue	0.72	1.20	1.86	1.31	N/A
Total expenses	(0.24)	-	(0.48)	(0.27)	N/A
Realized gains (losses)	2.45	1.66	(2.12)	0.26	N/A
Unrealized gains (losses)	(7.78)	(2.49)	0.56	0.55	N/A
Total increase (decrease) from operations²	(4.85)	0.37	(0.18)	1.85	N/A
Distributions:					
From income (excluding dividends)	(0.25)	-	(0.02)	(0.50)	N/A
Return of capital	-	-	(1.41)	-	N/A
Total annual distributions³	(0.25)	-	(1.43)	(0.50)	N/A
Net Assets per Unit, end of period	46.90	50.99	50.61	51.61	N/A

- 1 This information is derived from the Fund's unaudited interim financial statements as at June 30, 2022 and the 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:	June 30, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018
Hedged ETF Units - Ratios/Supplemental Data					
Total Net Asset Value (\$) ⁴	24,803,630	29,578,373	30,658,805	39,063,215	9,843,937
Number of units outstanding ⁴	550,505	600,505	610,505	760,505	200,000
Management expense ratio ⁵	0.92%	0.84%	0.92%	0.90%	0.92%
Trading expense ratio ⁶	0.02%	0.03%	0.04%	0.06%	0.00%
Portfolio turnover rate ⁷	30.05%	80.75%	90.99%	57.54%	5.58%
Net Asset Value per unit (\$)	45.06	49.26	50.22	51.36	49.22
Closing market price (\$)	45.10	49.37	50.13	51.29	49.28
Hedged Class A - Ratios/Supplemental Data					
Total Net Asset Value (\$) ⁴	49	2,045	503,809	6,628	N/A
Number of units outstanding ⁴	1	43	10,294	131	N/A
Management expense ratio ⁵	1.81%	1.76%	1.76%	1.84%	N/A
Trading expense ratio ⁶	0.02%	0.03%	0.04%	0.06%	N/A
Portfolio turnover rate ⁷	30.05%	80.75%	90.99%	57.54%	N/A
Net Asset Value per unit (\$)	43.96	47.78	48.94	50.46	N/A

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

For the periods ended:	June 30, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018
Hedged Class F - Ratios/Supplemental Data					
Total Net Asset Value (\$) ⁴	1,892	53	53	5,147	N/A
Number of units outstanding ⁴	40	1	1	100	N/A
Management expense ratio ⁵	0.96%	0.00%	0.93%	0.85%	N/A
Trading expense ratio ⁶	0.02%	0.03%	0.04%	0.06%	N/A
Portfolio turnover rate ⁷	30.05%	80.75%	90.99%	57.54%	N/A
Net Asset Value per unit (\$)	46.90	50.99	50.61	51.61	N/A

4 This information is provided as at June 30, 2022 and 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.

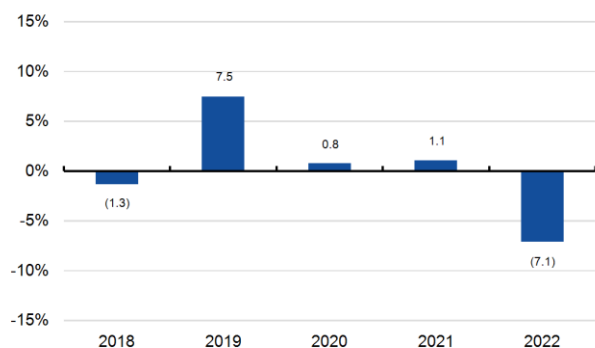
Past Performance

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.

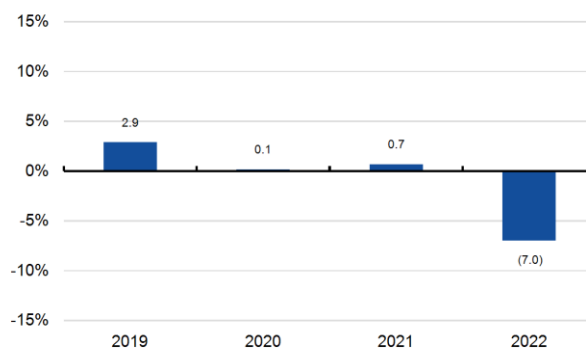
Year-by-Year Returns

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 and for the six-month period ended June 30, 2022. 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



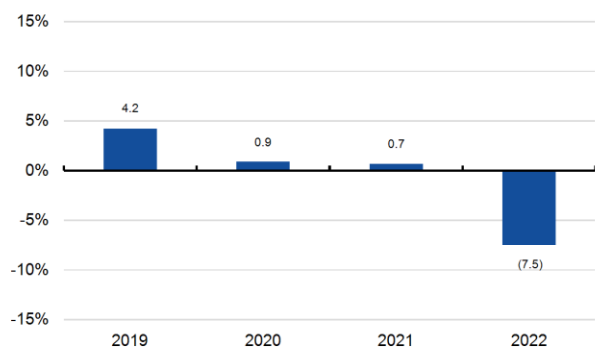
1 The Hedged ETF Units of the Fund effectively began operations on November 9, 2018.

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

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Hedged Class F Mutual Fund Units³



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

Summary of Investment Portfolio

Top 25 Positions

	Percentage of Net Asset Value (%)
Security	
Toyota Motor Credit Corporation, Floating Rate	1.8
FCT Credit Agricole Habitat 2018, Series '18-1', Class 'A', Floating Rate, Callable	1.6
Arrow CMBS 2018 Designated Activity Company, Series '18-1', Class 'A1'	1.5
Pacific Gas and Electric Company, Callable	1.5
Paragon Mortgages PLC, Series '25', Class 'A', Floating Rate, Callable	1.5
Permanent TSB Group Holdings PLC	1.3
Vodafone Group PLC, Floating Rate	1.3
The Goldman Sachs Group Inc., Floating Rate, Callable	1.3
Domi 2021-1 BV, Series '21-1', Class 'A', Floating Rate, Callable	1.3
Lloyds Banking Group PLC, Variable, Callable, Perpetual	1.2
Intesa Sanpaolo SpA	1.1
Hammerson PLC	1.1
Deutsche Bank AG	1.1
EDP - Energias de Portugal SA, Variable, Callable	1.1
NBM US Holdings Inc., Callable	1.1
Assicurazioni Generali SpA	1.1
GSK Consumer Healthcare Capital NL BV, Callable	1.0
UnitedHealth Group Inc.	1.0
Kinder Morgan Inc., Floating Rate	1.0
Axis Bank Limited	1.0
Banque Federative du Credit Mutuel SA, Floating Rate	1.0
SAZKA Group AS, Callable	1.0
Turkiye Garanti Bankasi AS	1.0
KBC Group NV, Variable, Callable, Perpetual	1.0
American Express Company Floating Rate	1.0
Total	29.9

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Industry Allocation

Portfolio by Category	Percentage of Net Asset Value (%)
Debt Instruments	
Asset-Backed Securities	8.0
Communication Services	9.0
Consumer Discretionary	8.9
Consumer Staples	1.6
Energy	4.9
Financials	33.9
Health Care	6.9
Industrials	8.2
Information Technology	1.6
Materials	1.4
Real Estate	1.8
Utilities	3.7
Derivative Assets	0.2
Derivative Liabilities	(0.3)
Other Assets, less Liabilities	10.2
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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