

*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and only by persons permitted to sell these securities.*

## PROSPECTUS



*Initial Public Offering and Continuous Offering*

August 23, 2022

This prospectus qualifies the distribution of certain units of the following investment fund which is established under the laws of the province of Ontario:

### **US High Interest Savings Account Fund**

**(“Evolve Fund” or “HISU”)**

Evolve Funds Group Inc. (the “**Manager**”) is the promoter, manager, trustee and portfolio manager of the Evolve Fund and is responsible for the administration of the Evolve Fund. The Evolve Fund is offering the following units: Unhedged ETF Units (USD\$) (“**Unhedged ETF Units**” or the “**ETF Units**”), Unhedged Class A Mutual Fund Units (USD\$) (“**Class A Mutual Fund Units**”), Unhedged Class F Mutual Fund Units (USD\$) (“**Class F Mutual Fund Units**”) and Unhedged Class I Mutual Fund Units (USD\$) (“**Class I Mutual Fund Units**”, together with Class A Mutual Fund Units and Class F Mutual Fund Units, “**Mutual Fund Units**”). ETF Units and Mutual Fund Units are collectively referred to as “**Units**”. The base currency of HISU is U.S. dollars. HISU may make its ETF Units available in Canadian dollars. The Manager will issue a press release announcing the listing of any Canadian dollar denominated ETF Units on or prior to the applicable listing date, if any, in which case subscriptions and redemptions for Canadian dollar ETF Units would be permitted in either U.S. or Canadian currency. See “Organization and Management Details of the Evolve Fund – Manager”.

HISU seeks to maximize monthly income while preserving capital and liquidity by investing primarily in high interest US dollar deposit accounts. See “Investment Objectives”.

#### **Listing of Units**

The Evolve Fund issues Units on a continuous basis and there is no maximum number of Units that may be issued. The ETF Units of the Evolve Fund have been conditionally approved for listing on the Toronto Stock Exchange (the “**Designated Exchange**”). Listing is subject to the approval of the Designated Exchange in accordance with its original listing requirements. Subject to satisfying the Designated Exchange’s original listing requirements on or before August 23, 2023, the ETF Units will be listed on the Designated Exchange and investors will be able to buy or sell such ETF Units on the Designated Exchange through registered brokers and dealers in the province or territory where the investor resides.

Investors may incur customary brokerage commissions in buying or selling Units. No fees are paid by investors to the Manager or the Evolve Fund in connection with buying or selling of Units on the Designated Exchange. Unitholders may also redeem Units for cash at a redemption price per Unit equal to 95% of the closing price of the Units on the Designated Exchange on the effective day of redemption, subject to a maximum redemption price per Unit equal to the net asset value per Unit on the effective day of redemption, or exchange a Prescribed Number of Units (as defined herein) (or an integral multiple thereof) for Baskets of Securities (as defined herein) and cash or, in certain circumstances, for cash. See “Exchange and Redemption of Units – Redemption of Units of the Evolve Fund for Cash” and “Exchange and Redemption of Units – Exchange of Units of the Evolve Fund at Net Asset Value per Unit for Baskets of Securities and/or Cash” for further information.

The Evolve Fund will issue Units directly to the Designated Broker (as defined herein) and Dealers (as defined herein).

***Class A Mutual Fund Units***

Class A Mutual Fund Units are available to all investors through authorized dealers.

***Class F Mutual Fund Units***

Class F Mutual Fund Units are available to investors who have fee based accounts with their dealer. The Manager has designed the Class F Mutual Fund Units to offer investors an alternative means of paying their dealer for investment advice and other services. Instead of paying sales charges, investors buying Class F Mutual Fund Units pay fees to their dealer for investment advice and other services. The Manager does not pay any commissions to dealers in respect of the Class F Mutual Fund Units which allows it to charge a lower Management Fee (as defined herein).

If a Unitholder ceases to be eligible to hold Class F Mutual Fund Units, the Manager may switch a Unitholder's Class F Mutual Fund Units into Class A Mutual Fund Units of the same Evolve Fund after providing the Unitholder with 5 days' notice, unless the Unitholder notifies the Manager during the notice period and the Manager agrees that such Unitholder is once again eligible to hold Class F Mutual Fund Units. Unitholders may be charged a sales commission in connection with the switch by their dealer.

***Class I Mutual Fund Units***

Class I Mutual Fund Units are available to institutional investors, including funds, who meet the criteria established by the Manager. The management fees for Class I Mutual Fund Units are negotiated in a subscription agreement with the Manager and paid directly by Unitholders of Class I Mutual Fund Units, not by the Evolve Fund. Class I Mutual Fund Units may not be purchased by individuals. Management fees paid directly by the investor are generally not deductible for tax purposes. Class I Mutual Fund Unit investors should consult their own tax advisors regarding the tax treatment of management and advisory fees paid directly by the investor. Since Class I Mutual Fund Unit investors are typically financial services companies, their need for portfolio information may be different from other investors. As a result, the Manager may provide them with portfolio disclosure more frequently than the Manager provides this disclosure to other investors, and the information provided may be more detailed and/or presented in a somewhat different fashion. This information is only provided subject to an agreement limiting the investor's use of the information and prohibiting the investor from disclosing it to any other party.

Investors can buy or redeem Mutual Fund Units through a qualified financial advisor or broker. All orders are based on the next NAV calculated after the Manager's receipt of an order. Redemption orders which are received by the Manager before 4:00 p.m. (Toronto time) or such other cut-off time as specified by the Manager on any Valuation Date (as defined herein) will be priced using that day's NAV.

**Eligibility for Investment**

Provided that the Evolve Fund qualifies as a "mutual fund trust" within the meaning of the Tax Act (as defined herein), the Units, if issued on the date hereof, would be on such date qualified investments under the Tax Act for a trust governed by a registered retirement savings plan, a registered retirement income fund, a registered disability savings plan, a deferred profit sharing plan, a registered education savings plan or a tax-free savings account. Alternatively, provided that the ETF Units are listed on a "designated stock exchange" within the meaning of the Tax Act (which currently includes the Designated Exchange), such units will be qualified investments for a trust governed by a registered retirement savings plan, a registered retirement income fund, a registered disability savings plan, a deferred profit sharing plan, a registered education savings plan or a tax-free savings account.

**Additional Considerations**

No designated broker or dealer has been involved in the preparation of this prospectus or has performed any review of the contents of this prospectus and as such, the Designated Broker and Dealers do not perform many of the usual underwriting activities in connection with the distribution by the Evolve Fund of its Units under this prospectus.

For a discussion of the risks associated with an investment in Units, see "Risk Factors".

Although the Evolve Fund primarily invests in bank deposit accounts, the Evolve Fund is not covered by the Canada Deposit Insurance Corporation or any other government deposit insurer.

The Evolve Fund is a money market fund within the definition set out in NI 81-102 and complies with all applicable requirements of NI 81-102.

Registration of interests in, and transfer of, the Units will be made only through CDS Clearing and Depository Services Inc. Beneficial owners will not have the right to receive physical certificates evidencing their ownership.

**Documents Incorporated by Reference**

Additional information about the Evolve Fund is or will be available in the most recently filed annual financial statements, any interim financial statements filed after those annual financial statements, the most recently filed annual management report of fund performance (“**MRFP**”), any interim MRFP filed after the annual MRFP for the Evolve Fund, and the most recently filed ETF Facts (as defined herein) or Fund Facts (as defined herein) for the Evolve Fund. These documents are incorporated by reference into, and legally form an integral part of, this prospectus. See “Documents Incorporated by Reference” for further details.

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## GLOSSARY

*Unless otherwise indicated, the references to dollar amounts in this prospectus are to Canadian dollars and all references to times in this prospectus are to Toronto time.*

*allowable capital loss* – has the meaning ascribed thereto under “Income Tax Considerations – Taxation of Holders”.

*Basket of Securities* – means, in relation to the Evolve Fund, a group of securities and/or assets determined by the Manager from time to time representing the constituents of the portfolio of the Evolve Fund.

*Canadian Securities Legislation* – means the securities legislation in force in each province and territory of Canada, all regulations, rules, orders and policies made thereunder and all multilateral and national instruments adopted by the Securities Regulatory Authorities, as the same may be amended, restated or replaced from time to time.

*Capital Gains Refund* – has the meaning ascribed thereto under “Income Tax Considerations – Taxation of the Evolve Fund”.

*CDS* – means CDS Clearing and Depository Services Inc.

*CDS Participant* – means a registered dealer or other financial institution that is a participant in CDS and that holds ETF Units on behalf of beneficial owners of Units.

*Class A Mutual Fund Units* – means unhedged class A mutual fund units of the Evolve Fund.

*Class F Mutual Fund Units* – means unhedged class F mutual fund units of the Evolve Fund.

*Class I Mutual Fund Units* – means unhedged class I mutual fund units of the Evolve Fund.

*CRA* – means the Canada Revenue Agency.

*CRS Legislation* – has the meaning ascribed thereto under “Unitholder Matters – International Information Reporting”.

*Custodian* – means CIBC Mellon Trust Company or its successor, in its capacity as custodian of the Evolve Fund pursuant to the Custodian Agreement.

*Custodian Agreement* – means the master custodian agreement between the Manager, in its capacity as manager of the Evolve Fund, and the Custodian, supplemented, amended, and/or amended and restated from time to time.

*Dealer* – means a registered dealer (that may or may not be the Designated Broker) that has entered into a continuous distribution dealer agreement with the Manager, on behalf of the Evolve Fund, and that subscribes for and purchases Units from the Evolve Fund.

*Declaration of Trust* – means the amended and restated master declaration of trust establishing the Evolve Fund dated August 23, 2022, as the same may be amended, restated or replaced from time to time.

*Derivatives* – means instruments that derive their value from the market price, value or level of an underlying security, commodity, economic indicator, index or financial instrument and which may include put options, call options, futures contracts, forward contracts, swaps or debt-like securities.

*Designated Broker* – means a registered dealer that has entered into a designated broker agreement with the Manager, on behalf of the Evolve Fund, pursuant to which the Designated Broker agrees to perform certain duties in relation to the Evolve Fund.

*Designated Exchange* – means the Toronto Stock Exchange.

*DFA Rules* – has the meaning ascribed thereto under “Risk Factors – Taxation of the Evolve Fund”.

*Distribution Record Date* – means a date determined by the Manager as a record date for the determination of the Unitholders entitled to receive a distribution.

*DPSP* – means a deferred profit sharing plan within the meaning of the Tax Act.

*EFG* – means Evolve Funds Group Inc., the promoter, manager, trustee and portfolio manager of the Evolve Fund.

*ETF Facts* – means ETF Facts prescribed by Canadian Securities Legislation in respect of an exchange traded fund, which summarizes certain features of the exchange traded fund and which is publicly available at [www.sedar.com](http://www.sedar.com) and provided or made available to registered dealers for delivery to purchasers of securities of an exchange traded fund.

*ETF Units* – means the Unhedged ETF Units of the Evolve Fund.

*Evolve Fund* – means the exchange traded fund listed on the cover page of this prospectus, an investment trust established under the laws of Ontario pursuant to the Declaration of Trust.

*Fund Administrator* – means CIBC Mellon Global Securities Services Company or its successor, in its capacity as fund administrator of the Evolve Fund pursuant to the Custodian Agreement.

*Fund Facts* – means a fund facts document in respect of the Mutual Fund Units, which summarizes certain features of the applicable class of Mutual Fund Units and which is publicly available at [www.sedar.com](http://www.sedar.com).

*GST/HST* – means taxes exigible under Part IX of the *Excise Tax Act* (Canada) and the regulations made thereunder.

*Holder* – has the meaning ascribed thereto under “Income Tax Considerations”.

*International Information Exchange Legislation* – has the meaning ascribed thereto under “Unitholder Matters – International Information Reporting”.

*Interested Parties* – has the meaning ascribed thereto under “Organization and Management Details of the Evolve Fund – Conflicts of Interest”.

*IRC or Independent Review Committee* – means the independent review committee of the Evolve Fund established under NI 81-107.

*Manager* – has the meaning ascribed thereto on the cover page.

*Management Fee* – has the meaning ascribed thereto under “Fees and Expenses – Fees and Expenses Payable by the Evolve Fund – Management Fees”.

*Management Fee Distributions* – has the meaning ascribed thereto under “Fees and Expenses – Fees and Expenses Payable by the Evolve Fund – Management Fees”.

*Minimum Distribution Requirements* – has the meaning ascribed thereto under “Income Tax Considerations – Status of the Evolve Fund”.

*MRFP* – has the meaning ascribed thereto on the cover page.

*Mutual Fund Units* – means the Class A Mutual Fund Units, Class F Mutual Fund Units and Class I Mutual Fund Units of the Evolve Fund offered under this prospectus.

*NAV and NAV per Unit* – means the net asset value of the Evolve Fund and the net asset value per Unit, calculated by the Fund Administrator as described under “Calculation of Net Asset Value”.

*NI 81-102* – means National Instrument 81-102 – *Investment Funds*, as the same may be amended, restated or replaced from time to time.

*NI 81-106* – means National Instrument 81-106 – *Investment Fund Continuous Disclosure*, as the same may be amended, restated or replaced from time to time.

*NI 81-107* – means National Instrument 81-107 – *Independent Review Committee for Investment Funds*, as the same may be amended, restated or replaced from time to time.

*Non-Portfolio Income* – has the meaning ascribed thereto under “Income Tax Considerations – Taxation of the Evolve Fund”.

*NP 11-203* – means National Policy 11-203 – *Process for Exemptive Relief Applications in Multiple Jurisdictions* as the same may be amended, restated or replaced from time to time.

*Permitted Mergers* – has the meaning ascribed thereto under “Unitholder Matters – Permitted Mergers”.

*Plans* – has the meaning ascribed thereto under “Income Tax Considerations – Status of the Evolve Fund”.

*PNU or Prescribed Number of Units* – means the number of ETF Units determined by the Manager from time to time for the purpose of subscription orders, exchanges, redemptions or for other purposes.

*Policy* – has the meaning ascribed thereto under "Fund Governance – Policies, procedures, practices and guidelines".

*Proxy Voting Policy* – has the meaning ascribed thereto under "Proxy Voting Disclosure for Portfolio Securities Held".

*RDSP* – means a registered disability savings plan within the meaning of the Tax Act.

*Registrar and Transfer Agent* – means TSX Trust Company or its successor, in its capacity as transfer agent of the Evolve Fund.

*RESP* – means a registered education savings plan within the meaning of the Tax Act.

*RRIF* – means a registered retirement income fund within the meaning of the Tax Act.

*RRSP* – means a registered retirement savings plan within the meaning of the Tax Act.

*Securities Regulatory Authorities* – means the securities commission or similar regulatory authority in each province and territory of Canada that is responsible for administering the Canadian Securities Legislation in force in such province or territory.

*SIFT Rules* – has the meaning ascribed thereto under "Risk Factors – Taxation of the Evolve Fund".

*Substituted Property* – has the meaning ascribed thereto under "Income Tax Considerations – Taxation of the Evolve Fund".

*Tax Act* – means the *Income Tax Act* (Canada) and the regulations thereunder, as amended from time to time.

*Tax Amendment* – means a proposed amendment to the Tax Act publicly announced by the Minister of Finance (Canada) prior to the date hereof.

*Tax Treaties* – has the meaning ascribed thereto under "Risk Factors – Taxation of the Evolve Fund".

*taxable capital gain* – has the meaning ascribed thereto under "Income Tax Considerations – Taxation of Holders".

*TFSA* – means a tax-free savings account within the meaning of the Tax Act.

*Trading Day* – means, unless otherwise agreed by the Manager, a day on which: (i) a regular session of the Designated Exchange is held, and (ii) the primary market or exchange for the majority of securities held by the Evolve Fund is open for trading.

*Trustee* – means EFG, in its capacity as trustee of the Evolve Fund pursuant to the Declaration of Trust, or its successor.

*Unhedged Class A Mutual Fund Units* – has the meaning set forth in the table on the cover page.

*Unhedged Class F Mutual Fund Units* – has the meaning set forth in the table on the cover page.

*Unhedged Class I Mutual Fund Units* – has the meaning set forth in the table on the cover page.

*Unhedged ETF Units* - has the meaning set forth in the table on the cover page.

*Unit* – means a redeemable, transferable unit of a class or series of the Evolve Fund, which represents an equal, undivided interest in the net assets of that class or series of the Evolve Fund.

*Unitholder* – means a holder of Units.

*Valuation Date* – means each Trading Day or any other day designated by the Manager on which the NAV and NAV per Unit of the Evolve Fund is calculated.

*Valuation Time* – means 4:00 p.m. (Toronto time) on a Valuation Date or such other time that the Manager deems appropriate on each Valuation Date.



## PROSPECTUS SUMMARY

*The following is a summary of the principal features of this distribution and should be read together with the more detailed information, financial data and financial statements contained elsewhere in this prospectus or incorporated by reference in this prospectus.*

**Issuer:** US High Interest Savings Account Fund (the “**Evolve Fund**” or “**HISU**”)

The Evolve Fund is an investment fund established under the laws of the Province of Ontario. Evolve Funds Group Inc. (“**EFG**”) is the promoter, manager, trustee and portfolio manager of the Evolve Fund and is responsible for the administration of the Evolve Fund.

The Evolve Fund is offering the following units: Unhedged ETF Units (USD\$) (“**Unhedged ETF Units**” or the “**ETF Units**”), Unhedged Class A Mutual Fund Units (USD\$) (“**Class A Mutual Fund Units**”), Unhedged Class F Mutual Fund Units (USD\$) (“**Class F Mutual Fund Units**”) and Unhedged Class I Mutual Fund Units (USD\$) (“**Class I Mutual Fund Units**”, together with Class A Mutual Fund Units and Class F Mutual Fund Units, “**Mutual Fund Units**”). ETF Units and Mutual Fund Units are collectively referred to as “**Units**”. The base currency of HISU is U.S. dollars. HISU may make its ETF Units available in Canadian dollars. The Manager will issue a press release announcing the listing of any Canadian dollar denominated ETF Units on or prior to the applicable listing date, if any, in which case subscriptions and redemptions for Canadian dollar ETF Units would be permitted in either U.S. or Canadian currency.

**Continuous Distribution:**

### *ETF Units*

The Evolve Fund issues Units on a continuous basis and there is no maximum number of Units that may be issued. The ETF Units of the Evolve Fund have been conditionally approved for listing on the Designated Exchange. Listing is subject to the approval of the Designated Exchange in accordance with its original listing requirements. Subject to satisfying the Designated Exchange’s original listing requirements, the ETF Units will be listed on the Designated Exchange and investors will be able to buy or sell such ETF Units on the Designated Exchange through registered brokers and dealers in the province or territory where the investor resides.

Investors may incur customary brokerage commissions in buying or selling ETF Units. No fees are paid by investors to the Manager or the Evolve Fund in connection with the buying or selling of Units on the Designated Exchange. Investors may trade ETF Units in the same way as other securities listed on the Designated Exchange, including by using market orders and limit orders.

### *Class A Mutual Fund Units*

Class A Mutual Fund Units are available to all investors through authorized dealers.

### *Class F Mutual Fund Units*

Class F Mutual Fund Units are available to investors who have fee based accounts with their dealer. The Manager has designed the Class F Mutual Fund Units to offer investors an alternative means of paying their dealer for investment advice and other services. Instead of paying sales charges, investors buying Class F Mutual Fund Units pay fees to their dealer for investment advice and other services. The Manager does not pay any commissions to dealers in respect of the Class F Mutual Fund Units which allows it to charge a lower Management Fee.

If a Unitholder ceases to be eligible to hold Class F Mutual Fund Units, the Manager may switch a Unitholder’s Class F Mutual Fund Units into Class A Mutual Fund Units of the same Evolve Fund after providing the Unitholder with 5 days’ notice, unless the Unitholder notifies the Manager during the notice period and the Manager agrees that such Unitholder

is once again eligible to hold Class F Mutual Fund Units. Unitholders may be charged a sales commission in connection with the switch by their dealer.

### *Class I Mutual Fund Units*

Class I Mutual Fund Units are available to institutional investors, including funds, who meet the criteria established by the Manager. The management fees for Class I Mutual Fund Units are negotiated in a subscription agreement with the Manager and paid directly by Unitholders of Class I Mutual Fund Units, not by the Evolve Fund. Class I Mutual Fund Units may not be purchased by individuals. Management fees paid directly by the investor are generally not deductible for tax purposes. Class I Mutual Fund Unit investors should consult their own tax advisors regarding the tax treatment of management and advisory fees paid directly by the investor. Since Class I Mutual Fund Unit investors are typically financial services companies, their need for portfolio information may be different from other investors. As a result, the Manager may provide them with portfolio disclosure more frequently than the Manager provides this disclosure to other investors, and the information provided may be more detailed and/or presented in a somewhat different fashion. This information is only provided subject to an agreement limiting the investor's use of the information and prohibiting the investor from disclosing it to any other party.

See "Purchases of Units – Continuous Distribution".

#### **Investment Objectives:**

HISU seeks to maximize monthly income while preserving capital and liquidity by investing primarily in high interest US dollar deposit accounts.

See "Investment Objectives".

#### **Investment Strategies:**

HISU primarily invests in high interest US dollar deposit accounts with one or more Canadian chartered banks, credit unions or trust companies, and may also invest in high-quality, short-term debt securities (with a term to maturity of 365 days or less) with a designated rating, including treasury bills and promissory notes issued or guaranteed by Canadian governments or their agencies, and bankers acceptances.

HISU is a money market fund within the definition set out in NI 81-102 and complies with all applicable requirements of NI 81-102.

#### **General Investment Strategies:**

##### *Currency Hedging*

Any foreign currency exposure of the portfolio of the Evolve Fund will not be hedged back to the currency in which the Units are denominated. The currency hedging mandate applicable to a particular class of Units shall not be changed by the Manager without first obtaining approval of Unitholders of the affected class of Units.

Units of the Evolve Fund are denominated in U.S. dollars.

Currency forward agreements, if any, will be entered into in compliance with NI 81-102 with financial institutions that have a "designated rating" as defined in NI 81-102.

##### *Cash Management*

From time to time, the Evolve Fund may hold cash or cash equivalents, including through investments in money market instruments or investments in securities of money market funds managed by the Manager or a third party.

See "Investment Strategies".

**Special Considerations for Purchasers:**

The provisions of the so-called “early warning” requirements set out in Canadian securities legislation do not apply in connection with the acquisition of Units of the Evolve Fund. The Manager, on behalf of the Evolve Fund, has obtained exemptive relief to permit Unitholders to acquire more than 20% of the Units through purchases on the Designated Exchange without regard to the takeover bid requirements of applicable Canadian Securities Legislation.

See “Attributes of the Securities – Description of the Securities Distributed”.

**Risk Factors:**

There are certain general risk factors inherent in an investment in the Evolve Fund. See “Risk Factors”.

**Income Tax Considerations:**

A Unitholder who is resident in Canada will generally be required to include, in computing income for a taxation year, the amount of income (including any net realized taxable capital gains) that is paid or becomes payable to the Unitholder by the Evolve Fund in that year (including such income that is paid in Units or reinvested in additional Units).

A Unitholder who disposes of a Unit that is held as capital property, including on a redemption or otherwise, will generally realize a capital gain (or capital loss) to the extent that the proceeds of disposition (other than any amount payable by the Evolve Fund which represents capital gains allocated and designated to the redeeming Unitholder), net of costs of disposition, exceed (or are less than) the adjusted cost base of that Unit.

Each investor should satisfy himself or herself as to the federal and provincial tax consequences of an investment in Units by obtaining advice from his or her tax advisor.

See “Income Tax Considerations”.

**Exchanges and Redemptions of ETF Units:**

In addition to the ability to sell ETF Units on the Designated Exchange, Unitholders may also (i) redeem ETF Units for cash at a redemption price per ETF Unit equal to 95% of the closing price of the ETF Units on the Designated Exchange on the effective day of redemption, subject to a maximum redemption price per Unit equal to the NAV per ETF Unit on the effective day of redemption, less any applicable administrative fee determined by the Manager, in its sole discretion, from time to time, or (ii) exchange a PNU (or an integral multiple thereof) for Baskets of Securities and cash or, in certain circumstances, for cash.

Holder of Canadian dollar denominated ETF Units, if any, may request that their redemption proceeds be paid in U.S. or Canadian dollars.

See "Exchange and Redemption of ETF Units – Redemption of ETF Units of the Evolve Fund for Cash" and "Exchange and Redemption of ETF Units – Exchange of ETF Units of the Evolve Fund at Net Asset Value per ETF Unit for Baskets of Securities and/or Cash" for further information.

**Purchases, Switches and Redemptions of Mutual Fund Units:**

Unitholders or their investment professional are responsible for determining which class of Mutual Fund Units of the Evolve Fund is appropriate for purchase. All orders are based on the next NAV calculated after the Manager's receipt of an order. Different classes or series may have different minimum investment levels and may require investors to pay different fees. There is no limit on the number of Mutual Fund Units an investor can buy.

*Class A Mutual Fund Units*

Class A Mutual Fund Units are available to all investors through authorized dealers.

*Class F Mutual Fund Units*

Class F Mutual Fund Units are available to investors who have fee based accounts with their dealer. The Manager has designed the Class F Mutual Fund Units to offer investors an alternative means of paying their dealer for investment advice and other services. Instead of paying sales charges, investors buying Class F Mutual Fund Units pay fees to their dealer for investment advice and other services. The Manager does not pay any commissions to

dealers in respect of the Class F Mutual Fund Units which allows it to charge a lower Management Fee.

If a Unitholder ceases to be eligible to hold Class F Mutual Fund Units, the Manager may switch a Unitholder's Class F Mutual Fund Units into Class A Mutual Fund Units of the Evolve Fund after providing the Unitholder with 5 days' notice, unless the Unitholder notifies the Manager during the notice period and the Manager agrees that such Unitholder is once again eligible to hold Class F Mutual Fund Units. Unitholders may be charged a sales commission in connection with the switch by their dealer.

*Class I Mutual Fund Units*

Class I Mutual Fund Units are available to institutional investors, including funds, who meet the criteria established by the Manager. The management fees for Class I Mutual Fund Units are negotiated in a subscription agreement with the Manager and paid directly by Unitholders of Class I Mutual Fund Units, not by the Evolve Fund. Class I Mutual Fund Units may not be purchased by individuals. Management fees paid directly by the investor are generally not deductible for tax purposes. Class I Mutual Fund Unit investors should consult their own tax advisors regarding the tax treatment of management and advisory fees paid directly by the investor. Since Class I Mutual Fund Unit investors are typically financial services companies, their need for portfolio information may be different from other investors. As a result, the Manager may provide them with portfolio disclosure more frequently than the Manager provides this disclosure to other investors, and the information provided may be more detailed and/or presented in a somewhat different fashion. This information is only provided subject to an agreement limiting the investor's use of the information and prohibiting the investor from disclosing it to any other party.

See "Purchases of Units – Purchases of Mutual Fund Units" and "Switches and Redemptions of Mutual Fund Units" for further information.

**Distributions:**

Cash distributions of income, if any, on ETF Units will be made payable monthly and paid monthly.

Distributions payable on Mutual Fund Units, if any, will be made payable daily and paid monthly, and will be automatically reinvested in additional Mutual Fund Units of the same class or series, as the case may be. Holders of Mutual Fund Units who wish to receive cash as of a particular distribution record date should speak with their broker, dealer or investment advisor for details.

The Evolve Fund will not have a fixed distribution amount. The frequency and amount of distributions, if any, will be based on the Manager's assessment of anticipated cash flow and anticipated expenses of the Evolve Fund from time to time. The date of any cash distribution of the Evolve Fund will be announced in advance by issuance of a press release. The Manager may, in its complete discretion, change the frequency of these distributions and any such change will be announced by issuance of a press release.

Depending on the underlying investments of the Evolve Fund, distributions on Units may consist of ordinary income, including interest received by the Evolve Fund, and net realized capital gains, less the expenses of the Evolve Fund and may include returns of capital. To the extent that the expenses of the Evolve Fund exceed the income generated by the Evolve Fund in any applicable distribution period, it is not expected that a distribution for that period will be paid.

In addition, the Evolve Fund may from time to time pay additional distributions on its Units, including without restriction in connection with returns of capital. The tax treatment to Unitholders of distributions is discussed under the heading "Income Tax Considerations".

See "Distribution Policy".

**Distribution  
Reinvestment Plan:**

The Evolve Fund may provide Unitholders with the opportunity to reinvest cash distributions in additional Units through participation in a distribution reinvestment plan.

See “Distribution Policy – Distribution Reinvestment Plan”.

**Termination:** The Evolve Fund does not have a fixed termination date but may be terminated at the discretion of the Manager in accordance with the terms of the Declaration of Trust. See “Termination of the Evolve Fund”.

**Eligibility for Investment:** Provided that the Evolve Fund qualifies as a “mutual fund trust” within the meaning of the Tax Act, Units, if issued on the date hereof, would be on such date qualified investments under the Tax Act for a trust governed by an RRSP, a RRIF, an RDSP, a DPSP, an RESP or a TFSA. Alternatively, provided the ETF Units are listed on a “designated stock exchange” within the meaning of the Tax Act (which currently includes the Designated Exchange), such units will be qualified investments for a trust governed by an RRSP, a RRIF, an RDSP, a DPSP, an RESP, or a TFSA.

See “Income Tax Considerations – Taxation of Registered Plans”.

**Documents Incorporated by Reference:** Additional information about the Evolve Fund is or will be available in the most recently filed annual financial statements, any interim financial statements filed after those annual financial statements, the most recently filed annual management report of fund performance (“**MRFP**”), any interim MRFP filed after the annual MRFP for the Evolve Fund, and the most recently filed ETF Facts or Fund Facts for the Evolve Fund. These documents are incorporated by reference into, and legally form an integral part of, this prospectus. These documents are available on the Manager’s website at [www.evolveefs.com](http://www.evolveefs.com) or by contacting the Manager at (416)-214-4884 or toll-free at 1-844-370-4884 or by email at [info@evolvefunds.com](mailto:info@evolvefunds.com). These documents and other information about the Evolve Fund are available on the Internet at [www.sedar.com](http://www.sedar.com).

See “Documents Incorporated by Reference”.

### *Organization and Management of the Evolve Fund*

**Manager, Trustee and Portfolio Manager:** In its capacity as manager, EFG will be responsible for the administration and operations of the Evolve Fund. In its capacity as trustee, EFG will hold title to the assets of the Evolve Fund in trust for the Unitholders.

The principal office of the Evolve Fund and EFG is located at Scotia Plaza, 40 King Street West, Suite 3404, Toronto, ON M5H 3Y2.

See “Organization and Management Details of the Evolve Fund – Manager” and “Organization and Management Details of the Evolve Fund – Trustee”.

**Promoter:** EFG has taken the initiative of founding and organizing the Evolve Fund and is, accordingly, the promoter of the Evolve Fund within the meaning of securities legislation of certain provinces and territories of Canada.

See “Organization and Management Details of the Evolve Fund – Promoter”.

**Custodian:** CIBC Mellon Trust Company, at its principal office in Toronto, Ontario, is the Custodian of the assets of the Evolve Fund and holds those assets in safekeeping. The Custodian is entitled to receive fees from the Manager as described under “Fees and Expenses” and to be reimbursed for all expenses and liabilities that are properly incurred by the Custodian in connection with the activities of the Evolve Fund.

See “Organization and Management Details of the Evolve Fund – Custodian”.

**Fund Administrator:** CIBC Mellon Global Securities Services Company, at its principal office in Toronto, Ontario, is the Fund Administrator. The Fund Administrator is responsible for certain aspects of the day-to-day administration of the Evolve Fund, including NAV calculations, calculating net income and net realized capital gains of the Evolve Fund and maintaining books and records with respect to the Evolve Fund.

See “Organization and Management Details of the Evolve Fund – Fund Administrator”.

**Registrar and Transfer Agent:** TSX Trust Company, at its principal office in Toronto, Ontario, is the registrar and transfer agent for the Units and maintains the register of registered Unitholders. The register of the Evolve Fund is kept in Toronto, Ontario.

See “Organization and Management Details of the Evolve Fund – Transfer Agent and Registrar”.

**Auditors:** Ernst & Young LLP, at its principal offices in Toronto, Ontario, are the auditors of the Evolve Fund. The auditors will audit the Evolve Fund’s annual financial statements and provide an opinion as to whether they present fairly the Evolve Fund’s financial position, financial performance and cash flows in accordance with International Financial Reporting Standards. The auditors are independent with respect to the Evolve Fund within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

See “Organization and Management Details of the Evolve Fund – Auditors”.

### ***Summary of Fees and Expenses***

The following table lists the fees and expenses that an investor may have to pay if the investor invests in the Evolve Fund. An investor may have to pay some of these fees and expenses directly. The Evolve Fund may have to pay some of these fees and expenses, which will therefore reduce the value of an investment in the Evolve Fund. See “Fees and Expenses”.

#### *Fees and Expenses Payable by the Evolve Fund*

<b>Type of Fee</b>	<b>Amount and Description</b>
<b>Management Fee:</b>	The Evolve Fund will pay an annual management fee (the “ <b>Management Fee</b> ”) to the Manager for acting as trustee, manager and portfolio manager of the Evolve Fund equal to a percentage of the NAV of the Evolve Fund, calculated daily and payable monthly in arrears, plus applicable taxes, as follows:

<b>Class of Units</b>	<b>Management Fee</b>
Unhedged ETF Units	0.15% <sup>1</sup>
Class A Mutual Fund Units	0.40%
Class F Mutual Fund Units	0.15%

No Management Fee is charged to the Evolve Fund with respect to the Class I Mutual Fund Units. Each investor in Class I Mutual Fund Units of the Evolve Fund negotiates a separate Management Fee, which fee is negotiated between the investor and the Manager, and which is payable directly to the Manager (plus applicable taxes). The combined Management Fee and Operating Expenses of the Class I Mutual Fund Units of the Evolve Fund will not exceed the combined amount charged on the Class A Mutual Fund Units of the Evolve Fund. The maximum annual fee for Class I Mutual Fund Units of the Evolve Fund, excluding applicable taxes, is 0.40%.

<sup>1</sup> The Manager has reduced the management fee on the Unhedged ETF Units of the Evolve Fund through December 31, 2022. As a result, until December 31, 2022, the effective annual management fee for the Unhedged ETF Units of the Evolve Fund is 0.05%.

The Manager may, at its discretion, agree to charge a reduced Management Fee for some Unitholders as compared to the Management Fee that the Manager would otherwise be entitled to receive from the Evolve Fund, provided that the difference between the fee otherwise chargeable and the reduced fee is distributed periodically by the Evolve Fund to the applicable Unitholders as a management fee distribution (the “**Management Fee Distributions**”). Any reduction will depend on a number of factors, including the amount invested, the NAV of the Evolve Fund and the expected amount of account activity. Management Fee Distributions will be paid first out of net income of the Evolve Fund then out of capital gains of the Evolve Fund and thereafter out of capital. See “Fees and Expenses”.

**Certain Operating Expenses:**

The Manager pays for the operating expenses of HISU (the “**Operating Expenses**”), including but not limited to: mailing and printing expenses for periodic reports to Unitholders; fees payable to the 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 HISU; 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 HISU; regulatory filing, stock exchange and licensing fees and CDS fees; Fundserv fees (if applicable); banking and interest with respect to any borrowing (if applicable); website maintenance costs; 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 HISU’s activities. The Manager is not obligated to pay any other expense, cost or fee, including those arising from new government or regulatory requirements relating to the foregoing expenses, costs and fees.

Subject to compliance with NI 81-102, the fund expenses which are payable by HISU include any taxes payable by HISU to which HISU may be subject, including income taxes, sales taxes (including GST/HST) and/or withholding taxes (including preparation costs of such tax filings); expenditures incurred upon termination of HISU; extraordinary expenses that HISU may incur and all amounts paid on account of any indebtedness (if applicable); any expenses of insurance and costs of all suits or legal proceedings in connection with HISU or the assets of HISU or to protect the Unitholders, the Trustee, the Manager, and the directors, officers, employees or agents of any of them; any expenses of indemnification of the Trustee, the Unitholders, the Manager and the directors, officers, employees or agents of any of them to the extent permitted under the Declaration of Trust; and expenses relating to the preparation, printing and mailing of information to Unitholders in connection with meetings of Unitholders. HISU is also responsible for all commissions and other costs of portfolio transactions and any extraordinary expenses of HISU which may be incurred from time to time.

*Fees and Expenses Payable Directly by Unitholders*

Type of Fee	Amount and Description
<b>Class A Mutual Fund Unit Sales Charges:</b>	An investor's dealer, investment advisor or financial advisor may charge a sales charge of up to 5% of the purchase price of the Class A Mutual Fund Units at the time of purchase. The Manager deducts the sales charge from the amount invested and pays it on behalf of the Unitholder to the applicable dealer, investment advisor or financial advisor dealer as a commission.

**Short-Term Trading Fees:** At the present time, the Manager is of the view that it is not necessary to impose any short-term trading restrictions on the ETF Units.

If a Unitholder redeems Mutual Fund Units within 30 days of purchasing such Mutual Fund Units, the Manager may charge a short-term trading fee on behalf of the Evolve Fund of up to 2% of the value of such Mutual Fund Units in circumstances where the Manager determines that the trading activity represents market timing or excessive short-term trading. No short-term trading fees are charged on redemptions that may occur when a Unitholder fails to meet the minimum investment amount for the Evolve Fund.

See "Fees and Expenses – Fees and Expenses Payable Directly by the Unitholders – Short-term Trading Fees".

**Other ETF Unit Charges:** An amount as may be agreed to between the Manager and the Designated Broker or a Dealer, of the Evolve Fund may be charged to offset certain transaction costs associated with an issue, exchange or redemption of ETF Units. This charge does not apply to Unitholders who buy and sell their ETF Units through the facilities of the Designated Exchange.

See "Fees and Expenses – Fees and Expenses Payable Directly by the Unitholders – Other ETF Unit Charges" and "Exchange and Redemption of Units – Other ETF Unit Charges".



## **OVERVIEW OF THE LEGAL STRUCTURE OF THE EVOLVE FUND**

The Evolve Fund is an exchange traded mutual fund established under the laws of the Province of Ontario, pursuant to the terms of the Declaration of Trust. The Evolve Fund is a mutual fund under the securities legislation of the provinces and territories of Canada.

EFG, a registered investment fund manager and portfolio manager, will be the promoter, trustee, manager and portfolio manager of the Evolve Fund, and in its capacity as manager, will be responsible for the administration of the Evolve Fund. The principal office of the Evolve Fund and EFG is located at Scotia Plaza, 40 King Street West, Suite 3404, Toronto, ON M5H 3Y2.

### **INVESTMENT OBJECTIVES**

HISU seeks to maximize monthly income while preserving capital and liquidity by investing primarily in high interest US dollar deposit accounts.

The investment objective of the Evolve Fund may not be changed except with the approval of its Unitholders. See “Unitholder Matters” for additional descriptions of the process for calling a meeting of Unitholders and the requirements of Unitholder approval.

### **INVESTMENT STRATEGIES**

HISU primarily invests in high interest US dollar deposit accounts with one or more Canadian chartered banks, credit unions or trust companies, and may also invest in high-quality, short-term debt securities (with a term to maturity of 365 days or less) with a designated rating, including treasury bills and promissory notes issued or guaranteed by Canadian governments or their agencies, and bankers acceptances.

HISU is a money market fund within the definition set out in NI 81-102 and complies with all applicable requirements of NI 81-102.

#### *Currency Hedging*

Any foreign currency exposure of the portfolio of the Evolve Fund will not be hedged back to the currency in which the Units are denominated. The currency hedging mandate applicable to a particular class of Units shall not be changed by the Manager without first obtaining approval of Unitholders of the affected class of Units.

Units of the Evolve Fund are denominated in U.S. dollars.

Currency forward agreements, if any, will be entered into in compliance with NI 81-102 with financial institutions that have a “designated rating” as defined in NI 81-102.

#### *Cash Management*

From time to time, the Evolve Fund may hold cash or cash equivalents, including through investments in money market instruments or investments in securities of money market funds managed by the Manager or a third party.

## **OVERVIEW OF THE SECTORS THAT THE EVOLVE FUND INVESTS IN**

HISU invests primarily in high interest U.S. dollar deposit accounts.

### **INVESTMENT RESTRICTIONS**

The Evolve Fund is subject to certain investment restrictions and practices contained in securities legislation, including NI 81-102, which are designed in part to ensure that the investments of the Evolve Fund are diversified and relatively liquid and to ensure its proper administration. A change to the fundamental investment objective of the Evolve Fund would require the approval of the Unitholders. Please see “Unitholder Matters – Matters Requiring Unitholders Approval”.

The Evolve Fund is a money market fund within the definition set out in NI 81-102 and complies with all applicable requirements of NI 81-102.

Subject to the following, and any exemptive relief that has been or will be obtained, the Evolve Fund is managed in accordance with the investment restrictions and practices set out in the applicable securities legislation, including NI 81-102. See “Exemptions and Approvals”.

### **Tax Related Investment Restrictions**

The Evolve Fund will not make an investment or conduct any activity that would result in the Evolve Fund failing to qualify as a “unit trust” or “mutual fund trust” within the meaning of the Tax Act.

## **FEES AND EXPENSES**

This section details the fees and expenses that an investor may have to pay if the investor invests in the Evolve Fund. An investor may have to pay some of these fees and expenses directly. The Evolve Fund may have to pay some of these fees and expenses, which will therefore reduce the value of an investment in the Evolve Fund.

### **Fees and Expenses Payable by the Evolve Fund**

#### *Management Fees*

The Evolve Fund will pay an annual management fee (the “**Management Fee**”) to the Manager for acting as trustee, manager and portfolio manager of the Evolve Fund equal to a percentage of the NAV of the Evolve Fund, calculated daily and payable monthly in arrears, plus applicable taxes, as follows:

<b>Class of Units</b>	<b>Management Fee</b>
Unhedged ETF Units	0.15% <sup>2</sup>
Class A Mutual Fund Units	0.40%
Class F Mutual Fund Units	0.15%

No Management Fee is charged to the Evolve Fund with respect to the Class I Mutual Fund Units. Each investor in Class I Mutual Fund Units of the Evolve Fund negotiates a separate Management Fee, which fee is negotiated between the investor and the Manager, and which is payable directly to the Manager (plus applicable taxes). The combined Management Fee and Operating Expenses of the Class I Mutual Fund Units of the Evolve Fund will not exceed the combined amount charged on the Class A Mutual Fund Units of the Evolve Fund. The maximum annual fee for Class I Mutual Fund Units of the Evolve Fund, excluding applicable taxes, is 0.40%.

See “Organization and Management Details of the Evolve Fund – Manager – Duties and Services to be Provided by the Manager” for a description of the services provided by the Manager.

To encourage very large investments in the Evolve Fund by a particular Unitholder, the Manager may, at its discretion, agree to charge a reduced Management Fee for some Unitholders as compared to the Management Fee that the Manager would otherwise be entitled to receive from the Evolve Fund, provided that the difference between the fee otherwise chargeable and the reduced fee is distributed periodically by the Evolve Fund to the applicable Unitholders as a management fee distribution (the “**Management Fee Distributions**”). Any reduction will depend on a number of factors, including the amount invested, the NAV of the Evolve Fund and the expected amount of account activity. Management Fee Distributions will be paid first out of net income of the Evolve Fund then out of capital gains of the Evolve Fund and thereafter out of capital. The tax consequences of a Management Fee Distribution will generally be borne by the Unitholder who receives the distribution. See “Income Tax Considerations – Taxation of Holders”.

#### *Certain Operating Expenses*

The Manager pays for the operating expenses of HISU (the “**Operating Expenses**”), including but not limited to: mailing and printing expenses for periodic reports to Unitholders; fees payable to the 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 HISU; IRC committee member fees and expenses in connection with the IRC; expenses related

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<sup>2</sup> The Manager has reduced the management fee on the Unhedged ETF Units of the Evolve Fund through December 31, 2022. As a result, until December 31, 2022, the effective annual management fee for the Unhedged ETF Units of the Evolve Fund is 0.05%.

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 HISU; regulatory filing, stock exchange and licensing fees and CDS fees; Fundserv fees (if applicable); banking and interest with respect to any borrowing (if applicable); website maintenance costs; 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 HISU's activities. The Manager is not obligated to pay any other expense, cost or fee, including those arising from new government or regulatory requirements relating to the foregoing expenses, costs and fees.

Subject to compliance with NI 81-102, the fund expenses which are payable by HISU include any taxes payable by HISU to which HISU may be subject, including income taxes, sales taxes (including GST/HST) and/or withholding taxes (including preparation costs of such tax filings); expenditures incurred upon termination of HISU; extraordinary expenses that HISU may incur and all amounts paid on account of any indebtedness (if applicable); any expenses of insurance and costs of all suits or legal proceedings in connection with HISU or the assets of HISU or to protect the Unitholders, the Trustee, the Manager, and the directors, officers, employees or agents of any of them; any expenses of indemnification of the Trustee, the Unitholders, the Manager and the directors, officers, employees or agents of any of them to the extent permitted under the Declaration of Trust; and expenses relating to the preparation, printing and mailing of information to Unitholders in connection with meetings of Unitholders. HISU is also responsible for all commissions and other costs of portfolio transactions and any extraordinary expenses of HISU which may be incurred from time to time.

### **Fees and Expenses Payable Directly by the Unitholders**

#### *Class A Mutual Fund Units Sales Charges*

An investor's dealer, investment advisor or financial advisor may charge a sales charge of up to 5% of the purchase price of the Class A Mutual Fund Units at the time of purchase. The Manager deducts the sales charge from the amount invested and pays it on behalf of the Unitholder to the applicable dealer, investment advisor or financial advisor dealer as a commission.

#### *Short-term Trading Fees*

At the present time, the Manager is of the view that it is not necessary to impose any short-term trading restrictions on the ETF Units.

If a Unitholder redeems Mutual Fund Units within 30 days of purchasing such Mutual Fund Units, the Manager may charge a short-term trading fee on behalf of the Evolve Fund of up to 2% of the value of such Mutual Fund Units in circumstances where the Manager determines that the trading activity represents market timing or excessive short-term trading. No short-term trading fees are charged on redemptions that may occur when a Unitholder fails to meet the minimum investment amount for the Evolve Fund.

#### *Other ETF Unit Charges*

An amount as may be agreed to between the Manager and the Designated Broker or a Dealer may be charged to offset certain transaction costs associated with an issue, exchange or redemption of ETF Units. This charge does not apply to Unitholders who buy and sell their ETF Units through the facilities of the Designated Exchange. See "Exchange and Redemption of ETF Units – Other ETF Unit Charges".

### **Impact of Sales Charges**

The following table shows the fees that a Unitholder would pay if:

- (a) the Unitholder invested \$1,000 in Mutual Fund Units or ETF Units; and
- (b) the Unitholder held that investment for one, three, five or 10 years and redeemed the entire investment immediately before the end of that period.

	Fee at time of purchase	Redemption fee before end of:			
		1 year	3 years	5 years	10 years
ETF Units	Nil	Nil	Nil	Nil	Nil
Class A Mutual Fund Units	\$50 <sup>1</sup>	Nil	Nil	Nil	Nil
Class F Mutual Fund Units	Nil	Nil	Nil	Nil	Nil
Class I Mutual Fund Units	Nil	Nil	Nil	Nil	Nil

**Note:**

<sup>(1)</sup> Assumes the maximum initial sales charge of 5%. The actual amount of the initial sales charge will be negotiated by the Unitholder and his or her dealer. The Manager does not receive a sales charge or commission when an investor buys, redeems or switches Mutual Fund Units or ETF Units.

**RISK FACTORS**

A mutual fund is a pool of investments made on behalf of people with a similar investment objective. When a Unitholder invests in a mutual fund, the Unitholder's money is working together with that of many other investors. Investors share a mutual fund's income, expenses, gains and losses in proportion to their interest in the mutual fund. Mutual funds can give individuals the advantages of a simpler, more accessible, less expensive and less time-consuming method of investing in a portfolio of securities.

Mutual funds own different types of investments, depending upon their investment objectives. The value of these investments will change from day to day, reflecting changes in interest rates, economic conditions and market and company news. As a result, the value of a mutual fund's units may go up and down, and the value of a Unitholder's investment in a mutual fund may be more or less at the time of redemption or sale as compared to the value of the Units at the time of purchase.

Although the Evolve Fund primarily invests in bank deposit accounts, the Evolve Fund is not covered by the Canada Deposit Insurance Corporation or any other government deposit insurer.

In addition to the considerations set out elsewhere in this prospectus, the following are certain considerations relating to an investment in Units that prospective investors should consider before purchasing such Units:

**Risks Relating to an Investment in the Evolve Fund**

*General Risks of Investments*

The value of the underlying securities of the Evolve Fund, whether held directly or indirectly, may fluctuate in accordance with changes in the financial condition of the issuers of those underlying securities, the condition of markets generally and other factors.

The risks inherent in investments in debt securities, whether held directly or indirectly, include the risk that the financial condition of the issuers of the securities may become impaired or that the general condition of the stock market may deteriorate. Debt securities are susceptible to general stock market fluctuations and the financial condition of the issuer. These investor perceptions are based on various and unpredictable factors, including expectations regarding government, economic, monetary and fiscal policies, inflation and interest rates, economic expansion or contraction and global or regional political, economic and banking crises.

*General Risks of Debt Instruments*

The value of the underlying debt securities of the Evolve Fund will be affected by changes in the general level of interest rates. Generally, debt securities will decrease in value when interest rates rise and will increase in value when interest rates decline. Securities with longer durations tend to be more interest rate sensitive, which may make them more volatile than securities with shorter durations. The NAV of the Evolve Fund will fluctuate with interest rate

changes and the corresponding changes in the value of the securities held by the Evolve Fund. The value of the bonds held by the Evolve Fund may be affected by price changes due to a change in general economic conditions.

Credit rating downgrades and defaults (failure to make interest or principal payment) may potentially reduce the Evolve Fund's income and share price. An issuer of debt instruments to which the Evolve Fund may be exposed may be unable to make interest payments or repay principal. Changes in an issuer's financial strength or in an instrument's credit rating may affect an instrument's value and, thus, impact the performance of the Evolve Fund.

#### *Asset Class Risk*

The securities in the portfolio of the Evolve Fund may underperform the returns of other securities that track other countries, regions, industries, asset classes or sectors. Various asset classes tend to experience cycles of outperformance and underperformance in comparison to the general securities markets.

#### *Issuer Risk*

Performance of the Evolve Fund depends on the performance of the individual securities to which the Evolve Fund has exposure. Changes in the financial condition or credit rating of an issuer of those securities may cause the value of the securities to decline.

#### *Sensitivity to Interest Rate Fluctuations*

It is anticipated that the market price for Units at any given time will be affected by the level of interest rates prevailing at such time. A rise in interest rates may have a negative effect on the market price of the Units. Unitholders who wish to redeem or sell their Units may, therefore, be exposed to the risk that the redemption price or sale price of the Units will be negatively affected by interest rate fluctuations.

#### *Reliance on Key Personnel*

Unitholders will be dependent on the abilities of the Manager to effectively manage the Evolve Fund in a manner consistent with its investment objective, investment strategies and investment restrictions. There is no certainty that the individuals who are principally responsible for providing administration and portfolio management services to the Evolve Fund will continue to be employed by the Manager.

#### *Trading Price of ETF Units*

ETF Units may trade in the market at a premium or a discount to the NAV per Unit. There can be no assurance that ETF Units will trade at prices that reflect their NAV per Unit. The trading price of the ETF Units will fluctuate in accordance with changes in the Evolve Fund's NAV, as well as market supply and demand on the Designated Exchange.

#### *Fluctuations in NAV and NAV per Unit*

The NAV and NAV per Unit of the Evolve Fund will vary according to, among other things, the value of the securities held by the Evolve Fund. The Manager and the Evolve Fund have no control over the factors that affect the value of the securities held by the Evolve Fund, including factors that affect debt markets generally, such as general economic and political conditions, fluctuations in interest rates and factors unique to each issuer included in the applicable portfolio, such as changes in management, changes in strategic direction, achievement of strategic goals, mergers, acquisitions and divestitures, changes in distribution and dividend policies and other events.

#### *Country Risk*

The Evolve Fund may invest primarily in a specific region or country, may be more volatile than a more geographically diversified fund and will be strongly affected by the overall economic performance of that specific region or country. The Evolve Fund must continue to follow its investment objective regardless of the economic performance of a specific region or country.

#### *Currency Fluctuations Risk*

As a portion of the portfolio of the Evolve Fund may be invested in securities traded in currencies other than the currency in which such Units are denominated, the NAV of the Evolve Fund, when measured in the currency in which such Units are denominated, will, to the extent this has not been hedged against, be affected by changes in the value of the relevant currency relative to the currency of the applicable class of Units.

### *Cease Trading of Securities Risk*

If the securities of an issuer included in the portfolio of the Evolve Fund are cease-traded by order of the relevant Securities Regulatory Authority or are halted from trading by the relevant stock exchange, the Evolve Fund may halt trading in its ETF Units or temporarily suspend redemptions. Accordingly, securities of the Evolve Fund bear the risk of cease trading orders against all issuers whose securities are included in its portfolio, not just one. If portfolio securities of the Evolve Fund are cease-traded by order of a Securities Regulatory Authority, if normal trading of such securities is suspended on the relevant exchange, or if for any reason it is likely there will be no closing bid price for such securities, the Evolve Fund may suspend the right to redeem Units, subject to any required prior regulatory approval. If the right to redeem securities for cash is suspended, the Evolve Fund may return redemption requests to Unitholders who have submitted them. In respect of the ETF Units, if securities are cease-traded, they may not be delivered on an exchange of a PNU for a Basket of Securities until such time as the cease-trade order is lifted.

### *Exchange Rate Risk*

Changes in foreign currency exchange rates may affect the NAV of the Evolve Fund to the extent it holds investments denominated in currencies other than the U.S. dollar. The Units are U.S. dollar denominated.

### *Changes in Legislation*

There can be no assurance that income tax, securities and other laws will not be changed in a manner that adversely affects the Evolve Fund or the Unitholders. There can be no assurance that Canadian federal income tax laws and the administrative policies and assessing practices of the CRA respecting the treatment of mutual fund trusts, SIFT trusts or an investment in a non-resident trust will not be changed in a manner that adversely affects the Evolve Fund or the Unitholders.

### *Taxation of the Evolve Fund*

It is anticipated that the Evolve Fund will qualify, or will be deemed to qualify, at all times as a “mutual fund trust” within the meaning of the Tax Act. For the Evolve Fund to qualify as a “mutual fund trust”, it must comply on a continuous basis with certain requirements relating to the qualification of its Units for distribution to the public, the number of Unitholders and the dispersal of ownership of a particular class of its Units.

A trust will be deemed not to be a mutual fund trust if it is established or maintained primarily for the benefit of non-residents of Canada unless, at that time, all or substantially all of its property is property other than property that would be “taxable Canadian property” (if the definition of such term in the Tax Act were read without reference to paragraph (b) thereof). The law does not provide any means of rectifying a loss of mutual fund trust status if this requirement is not met. The Evolve Fund contains a restriction on the number of permitted non-resident Unitholders.

The Evolve Fund is expected to meet all the requirements to qualify as a “mutual fund trust” for the purposes of the Tax Act before the 91<sup>st</sup> day after the end of its first taxation year (determined without regard to any taxation year-end that may be deemed to occur for other purposes under the rules in the Tax Act relating to “loss restriction events”). Assuming the Evolve Fund meets these requirements before such day, the Evolve Fund will file an election to qualify as a mutual fund trust from its inception.

If the Evolve Fund does not qualify as a mutual fund trust or were to cease to so qualify, the income tax considerations as described under “Income Tax Considerations” would in some respects be materially and adversely different. For example, if the Evolve Fund does not qualify as a “mutual fund trust” within the meaning of the Tax Act throughout a taxation year, the Evolve Fund may be liable to pay alternative minimum tax and/or tax under Part XII.2 of the Tax Act, and would not be entitled to the Capital Gains Refund (as defined herein). In addition, if the Evolve Fund does not qualify as a mutual fund trust, it may be subject to the “mark-to-market” rules under the Tax Act if more than 50% of the fair market value of its Units are held by “financial institutions”, within the meaning of the Tax Act.

The tax treatment of gains and losses realized by the Evolve Fund will depend on whether such gains or losses are treated as being on income or capital account, as described in this paragraph. In determining its income for tax purposes, the Evolve Fund will treat foreign exchange gains or losses realized on the disposition of foreign currency held by it as capital gains and losses. Designations with respect to the Evolve Fund’s income and capital gains will be made and reported to Unitholders on the foregoing basis. The CRA’s practice is not to grant advance income tax rulings on the characterization of items as capital gains or income and no advance income tax ruling has been requested or obtained. If these foregoing dispositions or transactions of the Evolve Fund are determined not to be on capital account, the net income of the Evolve Fund for tax purposes and the taxable component of distributions to its Unitholders could

increase. Any such redetermination by the CRA may result in the Evolve Fund being liable for unremitted withholding taxes on prior distributions made to its Unitholders who were not resident in Canada for purposes of the Tax Act at the time of the distribution. Such potential liability may reduce the NAV and NAV per Unit.

Pursuant to rules in the Tax Act, if the Evolve Fund experiences a “loss restriction event” (i) it will be deemed to have a year-end for tax purposes (which would result in an unscheduled distribution of the Evolve Fund’s net income and net realized capital gains, if any, at such time to Unitholders so that the Evolve Fund is not liable for income tax on such amounts under Part I of the Tax Act), and (ii) it will become subject to the loss restriction rules generally applicable to a corporation that experiences an acquisition of control, including a deemed realization of any unrealized capital losses and restrictions on its ability to carry forward losses. Generally, the Evolve Fund will be subject to a loss restriction event if a Unitholder becomes a “majority-interest beneficiary”, or a group of persons becomes a “majority-interest group of beneficiaries”, of the Evolve Fund, as those terms are defined in the affiliated persons rules contained in the Tax Act, with certain modifications. Generally, a majority-interest beneficiary of the Evolve Fund is a beneficiary in the income or capital, as the case may be, of the Evolve Fund whose beneficial interests, together with the beneficial interests of persons and partnerships with whom the beneficiary is affiliated, have a fair market value that is greater than 50% of the fair market value of all the interests in the income or capital, as the case may be, of the Evolve Fund. Please see “Income Tax Considerations – Taxation of Holders” for the tax consequences of an unscheduled or other distribution to Unitholders. Trusts that qualify as “investment funds” as defined in the rules in the Tax Act relating to loss restriction events are generally excepted from the application of such rules. An “investment fund” for this purpose includes a trust that meets certain conditions, including satisfying certain of the conditions necessary to qualify as a “mutual fund trust” for purposes of the Tax Act, not holding any property that it uses in the course of carrying on a business and complying with certain asset diversification requirements. If the Evolve Fund were not to qualify as an “investment fund”, it could potentially have a loss restriction event and thereby become subject to the related tax consequences described above.

The Tax Act contains rules (the “**SIFT Rules**”) concerning the taxation of publicly traded Canadian trusts and partnerships that own certain types of property defined as “non-portfolio property”. A trust that is subject to these rules is subject to trust level taxation, at rates comparable to those that apply to corporations, on the trust’s income earned from “non-portfolio property” to the extent that such income is distributed to its unitholders. If the Evolve Fund is subject to tax under the SIFT Rules, the after-tax return to its Unitholders could be reduced, particularly in the case of a Unitholder who is exempt from tax under the Tax Act or is a non-resident of Canada.

#### *Lack of Operating History and Absence of an Active Market*

The Evolve Fund is a newly organized investment trust with no operating history. Although the Evolve Fund may be listed on the Designated Exchange, there is no assurance that an active public market for the ETF Units will develop or be sustained.

#### *Cease Trading of Units*

If issuers in the portfolio of the Evolve Fund are cease traded at any time by a Securities Regulatory Authority or other relevant regulator or stock exchange, the Manager may suspend the exchange or redemption of Units until such time as the transfer of the securities is permitted as described under “Purchases of Units – Suspension of Exchanges and Redemptions”. As a result, when the Evolve Fund holds securities traded on an exchange or other organized market, the Evolve Fund bears the risk of cease trading orders against any securities held in its portfolio.

#### *Cyber Security Risk*

Cyber security risk is the risk of harm, loss and liability resulting from a failure or breach of information technology systems. Failures or breaches of the information technology systems (“**Cyber Security Incidents**”) can result from deliberate attacks or unintentional events and may arise from external or internal sources. Deliberate cyber attacks include, but are not limited to, gaining unauthorized access to digital systems (e.g. through “hacking” or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data, equipment or systems, or causing operational disruption. Deliberate cyber attacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (i.e. efforts to make network services unavailable to intended users).

The primary risks to the Evolve Fund from the occurrence of a Cyber Security Incident include disruption in operations, reputational damage, disclosure of confidential information, the incurrence of regulatory penalties, additional compliance costs associated with corrective measures and/or financial loss. Cyber Security Incidents of the Evolve

Fund's third party service providers (e.g. administrators, transfer agents, custodians and sub-custodians) or issuers that the Fund invests in can also subject the Evolve Fund to many of the same risks associated with direct Cyber Security Incidents. The Fund and its Unitholders could be negatively impacted as a result.

### **Suitability**

This section describes the type of investment portfolio or investor the Evolve Fund may be suitable for. This is meant as a general guide only. For advice about individual circumstances, Unitholders and investors are encouraged to consult their financial advisor.

HISU is for investors:

- seeking exposure to U.S. high interest deposit accounts;
- that are looking for a liquid, short term investment; and
- that want to receive regular monthly cash flows (if any).

### **Risk Rating of the Evolve Fund**

The investment risk level of the Evolve Fund is required to be determined in accordance with a standardized risk classification methodology that is based on the historical volatility of the Evolve Fund, as measured by the 10-year standard deviation of the returns of the Evolve Fund. As the Evolve Fund is new, the Manager calculates the investment risk level of the Evolve Fund using a reference index that is expected to reasonably approximate the standard deviation of the Evolve Fund. Once the Evolve Fund has 10 years of performance history, the methodology will calculate the standard deviation of the Evolve Fund using the return history of the Evolve Fund rather than that of the reference index. The Evolve Fund is assigned an investment risk rating in one of the following categories: low, low to medium, medium, medium to high or high risk. There may be times when the classification methodology produces a result that the Manager believes is inappropriate in which case the Manager may re-classify the Evolve Fund to a higher risk level, if appropriate.

The following chart sets out a description of the reference index used for the Evolve Fund:

<b>Evolve Fund</b>	<b>Reference Index</b>
US High Interest Savings Account Fund	Bloomberg US Generic 1 Month T-Bill

Unitholders should know that other types of risks, both measurable and non-measurable, exist. Also, just as historical performance may not be indicative of future returns, historical volatility may not be indicative of future volatility. The risk rating of the Evolve Fund is reviewed annually and any time it is no longer reasonable in the circumstances. A more detailed explanation of the risk classification methodology used to identify the risk rating of the Evolve Fund is available on request, at no cost, by calling toll-free 1-844-370-4884 or by writing to Evolve Funds Group Inc., Scotia Plaza, 40 King Street West, Suite 3404, Toronto, ON M5H 3Y2.

### **DISTRIBUTION POLICY**

Cash distributions of income, if any, on ETF Units will be made payable monthly and paid monthly.

Distributions payable on Mutual Fund Units, if any, will be made payable daily and paid monthly, and will be automatically reinvested in additional Mutual Fund Units of the same class or series, as the case may be. Holders of Mutual Fund Units who wish to receive cash as of a particular distribution record date should speak with their broker, dealer or investment advisor for details.

The Evolve Fund does not have a fixed distribution amount. The amount of distributions, if any, will be based on the Manager's assessment of anticipated cash flow and anticipated expenses of the Evolve Fund from time to time. The date of any cash distribution of the Evolve Fund will be announced in advance by issuance of a press release. The Manager may, in its complete discretion, change the frequency of these distributions and any such change will be announced by issuance of a press release.



Depending on the underlying investments of the Evolve Fund, distributions on Units may consist of ordinary income, including interest received by the Evolve Fund, and net realized capital gains, less the expenses of the Evolve Fund and may include returns of capital. To the extent that the expenses of the Evolve Fund exceed the income generated by such Evolve Fund in any applicable distribution period, it is not expected that a distribution for that period will be paid. Management Fee Distributions, if any, will be paid first out of the net income, then out of capital gains of the Evolve Fund and thereafter out of capital. The tax consequences of a Management Fee Distribution will generally be borne by the Unitholder who receives the distribution.

If, for any taxation year, after the ordinary distributions, if any, there would remain in the Evolve Fund additional net income or net realized capital gains, the Evolve Fund will be required to pay or make payable such net income and net realized capital gains as one or more special year-end distributions in such year to Unitholders as is necessary to ensure that the Evolve Fund will not be liable for income tax on such amounts under Part I of the Tax Act (after taking into account all available deductions, credits and refunds). Such special distributions may be paid in the form of Units of the applicable class of the Evolve Fund and/or cash. Any special distributions payable in Units of a class of the Evolve Fund will increase the aggregate adjusted cost base of a Unitholder's Units of such class. Immediately following payment of such a special distribution in Units of a class, the number of Units of such class held by a Unitholder will be automatically consolidated such that the number of Units of such class held by the Unitholder after such distribution will be equal to the number of Units of such class held by such Unitholder immediately prior to such distribution, except in the case of a non-resident Unitholder to the extent tax is required to be withheld in respect of the distribution.

The tax treatment to Unitholders of distributions is discussed under the heading "Income Tax Considerations".

#### **Distribution Reinvestment Plan**

The Manager may adopt a distribution reinvestment plan in respect of the Evolve Fund under which cash distributions are used to purchase additional ETF Units and are credited to the participating Unitholder in accordance with the terms of such plan (a copy of which would be available through the Unitholder's broker or dealer). The following are the key terms of such a distribution reinvestment plan:

- Participation in a distribution reinvestment plan will be restricted to Unitholders who are residents of Canada for the purposes of the Tax Act or "Canadian partnerships" as defined in the Tax Act. Immediately upon becoming a non-resident of Canada or ceasing to be a Canadian partnership, a participating Unitholder will be required to notify his, her or its CDS Participant and terminate participation in the distribution reinvestment plan.
- A Unitholder who wishes to enrol in the distribution reinvestment plan as of a particular Distribution Record Date should notify his, her or its CDS Participant sufficiently in advance of that Distribution Record Date to allow the CDS Participant to notify CDS by 4:00 p.m. (Toronto time) on that Distribution Record Date.
- Distributions that participating Unitholders are due to receive will be used to purchase ETF Units on behalf of such Unitholder in the market.
- No fractional ETF Units will be delivered under a distribution reinvestment plan. Payment in cash for any remaining uninvested funds may be made in lieu of delivering fractional ETF Units by the plan agent to CDS or a CDS Participant, on a monthly or quarterly basis, as the case may be. Where applicable, CDS will, in turn, credit the participating Unitholder, via the applicable CDS Participant.

The automatic reinvestment of distributions under the distribution reinvestment plan does not relieve participating Unitholders of any income tax applicable to the distributions.

The tax treatment to Unitholders of reinvested distributions is discussed under the heading "Income Tax Considerations".

Participating Unitholders will be able to terminate their participation in the distribution reinvestment plan as of a particular Distribution Record Date by notifying their CDS Participant by the prescribed cut-off time prior to the applicable Distribution Record Date. Beginning on the first distribution payment date after such notice is delivered, distributions to such Unitholders will be in cash. The form of termination notice will be available from CDS Participants and any expenses associated with the preparation and delivery of such termination notice will be for the account of the participating Unitholder exercising its rights to terminate participation in the distribution reinvestment

plan. The Manager will be permitted to terminate the distribution reinvestment plan, in its sole discretion, upon not less than 30 days' notice to participating Unitholders and the plan agent, subject to any required regulatory approval.

The Manager is permitted to amend, modify or suspend the distribution reinvestment plan, or add additional features including authorizing pre-authorized cash contributions or systematic withdrawals, at any time, in its sole discretion, provided that it complies with certain requirements, and gives notice of such amendment, modification or suspension to the participating Unitholders and the plan agent, subject to any required regulatory approval, which notice may be given by issuing a press release containing a summary description of the amendment or in any other manner that the Manager determines to be appropriate.

The Manager may from time to time adopt rules and regulations to facilitate the administration of the distribution reinvestment plan. The Manager reserves the right to regulate and interpret the distribution reinvestment plan as it deems necessary or desirable to ensure the efficient and equitable operation of the distribution reinvestment plan.

## **PURCHASES OF UNITS**

### **Initial Investment in the Evolve Fund**

The Evolve Fund will not issue Units to the public until subscriptions aggregating not less than \$500,000 have been received and accepted by the Evolve Fund from investors other than persons or companies related to the Manager or its affiliates.

### **Continuous Distribution**

Units are being issued and sold on a continuous basis and there is no maximum number of Units that may be issued.

Unitholders or their investment professional are responsible for determining which class of Mutual Fund Units of the Evolve Fund is appropriate for purchase. Different classes or series may have different minimum investment levels and may require investors to pay different fees. There is no limit on the number of Mutual Fund Units an investor can buy.

### **Designated Broker for ETF Units**

All orders to purchase ETF Units directly from the Evolve Fund must be placed by the Designated Broker or Dealers. The Evolve Fund reserves the absolute right to reject any subscription order placed by the Designated Broker and/or a Dealer. No fees will be payable by the Evolve Fund to the Designated Broker or a Dealer in connection with the issuance of ETF Units. On the issuance of ETF Units, the Manager may, at its discretion, charge an administrative fee to a Dealer or the Designated Broker to offset any expenses (including any Designated Exchange additional listing fees) incurred in issuing the ETF Units.

On any Trading Day, the Designated Broker or a Dealer may place a subscription order for the PNU or integral multiple PNU of the Evolve Fund. If a subscription order is received by the Evolve Fund at or before the applicable cut-off time, or such other time prior to the Valuation Time on such Trading Day as the Manager may permit, and is accepted by the Manager, the Evolve Fund will generally issue to the Dealer or Designated Broker the PNU (or an integral multiple thereof) within two Trading Days (or such later date as may be permitted) from the effective date of the subscription order. The Evolve Fund must receive payment for the ETF Units subscribed for within two Trading Days (or such later date as may be permitted) from the effective date of the subscription order. The effective date of a subscription order is the Trading Day on which the Valuation Time that applies to such subscription order takes place.

Unless the Manager shall otherwise agree or the Declaration of Trust shall otherwise provide, as payment for a PNU of the Evolve Fund, a Dealer or the Designated Broker must deliver subscription proceeds consisting of a Basket of Securities and cash in an amount sufficient so that the value of the Basket of Securities and cash delivered is equal to the NAV of the applicable PNU of the Evolve Fund determined at the Valuation Time on the effective date of the subscription order. The Manager may, in its complete discretion, instead accept subscription proceeds consisting of (i) cash only in an amount equal to the NAV of the applicable PNU of the Evolve Fund determined at the Valuation Time on the effective date of the subscription order, plus (ii) if applicable, associated costs and expenses that the Evolve Fund incurs or expects to incur in purchasing securities on the market with such cash proceeds.

The Manager may from time to time and, in any event not more than once quarterly, require the Designated Broker to subscribe for ETF Units of the Evolve Fund for cash in a dollar amount not to exceed 0.30% of the NAV of the Evolve Fund, or such other amount as may be agreed to by the Manager and the Designated Broker. The number of ETF Units

issued will be the subscription amount divided by the NAV per ETF Unit next determined following the delivery by the Manager of a subscription notice to the Designated Broker. Payment for the ETF Units must be made by the Designated Broker by no later than the second Trading Day after the subscription notice has been delivered.

The Manager will, except when circumstances prevent it from doing so, disclose the number of ETF Units comprising a PNU for the Evolve Fund to applicable investors, the Designated Broker and Dealers following the close of business on each Trading Day. The Manager may, at its discretion, increase or decrease the applicable PNU from time to time.

**Purchases of Mutual Fund Units**

Investors can buy or sell Mutual Fund Units through a qualified financial advisor or broker. All orders are based on the next NAV calculated after the Manager’s receipt of an order. Unitholders can switch Mutual Fund Units of the Evolve Fund for another class of Mutual Fund Units of the Evolve Fund through a registered broker or dealer. Unitholders cannot transfer or switch Mutual Fund Units of the Evolve Fund for ETF Units or ETF Units of the Evolve Fund for a class of Mutual Fund Units.

**Class A Mutual Fund Units**

Class A Mutual Fund Units are available to all investors through authorized dealers.

**Class F Mutual Fund Units**

Class F Mutual Fund Units are available to investors who have fee based accounts with their dealer. The Manager has designed the Class F Mutual Fund Units to offer investors an alternative means of paying their dealer for investment advice and other services. Instead of paying sales charges, investors buying Class F Mutual Fund Units pay fees to their dealer for investment advice and other services. The Manager does not pay any commissions to dealers in respect of the Class F Mutual Fund Units, which allows it to charge a lower Management Fee.

If a Unitholder ceases to be eligible to hold Class F Mutual Fund Units, the Manager may switch a Unitholder’s Class F Mutual Fund Units into Class A Mutual Fund Units of the same Evolve Fund after providing the Unitholder with 5 days’ notice, unless the Unitholder notifies the Manager during the notice period and the Manager agrees that such Unitholder is once again eligible to hold Class F Mutual Fund Units. Unitholders may be charged a sales commission in connection with the switch by their dealer.

**Class I Mutual Fund Units**

Class I Mutual Fund Units are available to institutional investors, including funds, who meet the criteria established by the Manager. The management fees for Class I Mutual Fund Units are negotiated in a subscription agreement with the Manager and paid directly by Unitholders of Class I Mutual Fund Units, not by the Evolve Fund. Class I Mutual Fund Units may not be purchased by individuals. Management fees paid directly by the investor are generally not deductible for tax purposes. Class I Mutual Fund Unit investors should consult their own tax advisors regarding the tax treatment of management and advisory fees paid directly by the investor. Since Class I Mutual Fund Unit investors are typically financial services companies, their need for portfolio information may be different from other investors. As a result, the Manager may provide them with portfolio disclosure more frequently than the Manager provides this disclosure to other investors, and the information provided may be more detailed and/or presented in a somewhat different fashion. This information is only provided subject to an agreement limiting the investor’s use of the information and prohibiting the investor from disclosing it to any other party.

***Minimum Balance***

An investment in Mutual Fund Units requires Unitholders to invest and maintain a minimum balance. The table below outlines the minimums along with the minimum requirements for additional investments of Class A Mutual Fund Units, Class F Mutual Fund Units and Class I Mutual Fund Units.

<b>Class</b>	<b>Minimum Balance</b>	<b>Minimum Additional Investments<sup>(1)(2)</sup></b>
Class A Mutual Fund Units	\$500	N/A
Class F Mutual Fund Units	\$500	N/A
Class I Mutual Fund Units	\$500	N/A

**Notes:**

<sup>(1)</sup> Investors purchasing through dealers may be subject to higher minimum initial or additional investment amounts.

<sup>(2)</sup> Minimums are per transaction in Canadian dollars.

If a Unitholder's balance falls below the minimum required balance for a particular class or series of Mutual Fund Units, as the case may be, or the Unitholder otherwise becomes ineligible to hold a particular class or series of Mutual Fund Units, the Manager may redeem or switch the Unitholder's Mutual Fund Units. Units may also be redeemed by the Manager in circumstances described under "Plan of Distribution – Non-Resident Unitholders". The Manager may redeem a Unitholder's Mutual Fund Units if permitted or required to do so, including in connection with the termination of the Evolve Fund, in accordance with applicable law. If the Manager redeems or switches a Unitholder's Mutual Fund Units, the result will be the same as if the Unitholder initiated the transaction. For redemptions in non-registered accounts, the Manager may transfer the proceeds to the Unitholder, and for redemptions in Plans, the Manager may transfer the proceeds to a registered savings deposit within the Plan. The Manager will not give Unitholders or their dealer notice prior to taking any action.

For the Manager to act on an order to buy, redeem or switch Mutual Fund Units, as the case may be, the branch, telephone salesperson or dealer must send the order to the Manager on the same day it is received before 4:00 p.m. (Toronto time) or such other time as indicated on the website for the Evolve Fund (the "order cut-off time") and assume all associated costs.

When an order is placed through a financial advisor on behalf of a Unitholder, the financial advisor sends it to the Manager. If the Manager receives an order before the order cut-off time, the order will be processed using that day's NAV. A separate NAV is calculated for each class or series of Mutual Fund Units. If the Manager receives an order after the order cut-off time, the order will be processed using the next business day's NAV. If the Manager determines that the NAV will be calculated at a time other than after the usual closing time of the designated exchange, the NAV paid or received will be determined relative to that time. All orders are processed within two business days (or such longer time as may be permitted). A dealer may establish earlier order cut-off times. Unitholders are encouraged to contact their dealer for details.

All Unitholders must pay for Mutual Fund Units at the time of purchase. If the Manager does not receive payment in full, the Manager will cancel the order and redeem the Mutual Fund Units including any Mutual Fund Units bought through a switch. If the Manager redeems the Mutual Fund Units for more than the value for which they were issued, the difference will go to the Evolve Fund. If the Manager redeems the Mutual Fund Units for less than the value for which they were issued, the Manager will pay the difference to the Evolve Fund and collect this amount, plus the cost of doing so, from the applicable dealer. Accordingly, dealers may require Unitholders to reimburse them for the amount paid if they suffer a loss as a result.

**The Manager has the right to refuse any order to buy or switch Mutual Fund Units within one business day from the time of receiving the order. If the Manager refuses an order to buy or switch, the Manager will immediately return any monies received with the order.**

The Manager may limit or "cap" the size of the Evolve Fund by restricting new purchases of Mutual Fund Units. The Manager will continue redemptions and the calculation of the Evolve Fund's NAV for each class of Mutual Fund Units. The Manager may subsequently decide to start accepting new purchases of Units of or switches within the Evolve Fund at any time.

#### ***To Unitholders of the Evolve Fund as Distributions Paid in Units***

In addition to the issuance of Units as described above, distributions may be made by way of the issuance of Units. See "Distribution Policy".

#### ***Buying and Selling ETF Units of the Evolve Fund***

The ETF Units of the Evolve Fund have been conditionally approved for listing on the Designated Exchange. Listing is subject to the approval of the Designated Exchange in accordance with its original listing requirements. Subject to satisfying the Designated Exchange's original listing requirements, the ETF Units will be listed on the Designated Exchange and investors will be able to buy or sell such ETF Units on the Designated Exchange through registered brokers and dealers in the province or territory where the investor resides.

Investors may incur customary brokerage commissions in buying or selling ETF Units. No fees are paid by investors to the Manager or the Evolve Fund in connection with buying or selling of ETF Units on the Designated Exchange.

#### ***Special Considerations for Unitholders***

The provisions of the so-called “early warning” requirements set out in Canadian Securities Legislation do not apply in connection with the acquisition of Units. In addition, the Evolve Fund has applied for or obtained exemptive relief from the Securities Regulatory Authorities to permit Unitholders to acquire more than 20% of the Units through purchases on the Designated Exchange without regard to the take-over bid requirements of Canadian Securities Legislation, provided that any such Unitholder, and any person acting jointly or in concert with the Unitholder, undertakes to the Manager not to vote more than 20% of the Units at any meeting of Unitholders.

### *Special Circumstances*

ETF Units may also be issued by the Evolve Fund to the Designated Broker in a number of special circumstances, including when cash redemptions of ETF Units occur as described below under “Exchange and Redemption of ETF Units – Redemption of ETF Units of the Evolve Fund for Cash”, or the Evolve Fund otherwise has cash that the Manager wants to invest.

## **SWITCHES AND REDEMPTIONS OF MUTUAL FUND UNITS**

### **Switches**

Holders of Mutual Fund Units may switch Mutual Fund Units of any class into Mutual Fund Units of any other class of the Evolve Fund. However, Unitholders cannot transfer or switch Mutual Fund Units of the Evolve Fund for ETF Units of the Evolve Fund or ETF Units of the Evolve Fund for a class of Mutual Fund Units of the Evolve Fund. In addition, Unitholders cannot switch Units of the Evolve Fund for units of any other funds.

### **Redemptions**

Unitholders can sell some or all of their Mutual Fund Units at any time. This is called a redemption. A Unitholder’s dealer must send the redemption request on the same day it is received. The dealer must assume all associated costs. Redemption requests for the Evolve Fund are processed in the order in which they are received. The Manager will not process redemption requests specifying a forward date or specific price.

Redemption orders which are received by the Manager before 4:00 p.m. (Toronto time) or such other order cut-off time as specified by the Manager on any Valuation Date will be priced using that day’s NAV. Redemption orders which are received by the Manager after 4:00 p.m. (Toronto time) or such other order cut-off time as specified by the Manager on a Valuation Date will be priced on the next Valuation Date. If the Manager decides to calculate NAV at a time other than after the usual closing time of the Designated Exchange, the NAV received will be determined relative to that time. Note that a Unitholder’s dealer may establish an earlier order cut-off time.

If a Unitholder’s balance falls below the minimum required balance for a particular class or series of Mutual Fund Units, or the Unitholder otherwise becomes ineligible to hold a particular class or series of the Evolve Fund, the Manager may redeem or switch the Unitholder’s Mutual Fund Units.

Within two business days following each Valuation Date (or such later time as may be permitted), the Manager will pay to each Unitholder who has requested a redemption the value of the Mutual Fund Units determined on the Valuation Date. Payments will be considered made upon deposit of the redemption proceeds in the Unitholder’s bank account or the mailing of a cheque in a postage prepaid envelope addressed to the Unitholder unless the cheque is not honoured for payment.

A Unitholder’s redemption (or switch) transaction will not be processed until his or her dealer has received all documentation. The dealer will inform the Unitholder of the documentation it requires. The dealer must provide all required documents within 10 business days of the date the redemption order is processed. If not, the Manager will repurchase the Mutual Fund Units. If the cost of repurchasing the Mutual Fund Units is less than the redemption proceeds, the Evolve Fund will keep the difference. If the cost of repurchasing the Mutual Fund Units is more than the redemption proceeds, the applicable dealer must pay the difference and any related costs. Accordingly, the dealer may require the Unitholder to reimburse the amount paid if the dealer has suffered a loss as a result.

If a Unitholder redeems Mutual Fund Units, the Unitholder can tell the Manager to mail him or her a cheque or transfer the proceeds to a particular bank account with any financial institution. **For non-registered accounts, the Unitholder is responsible for tracking and reporting to the CRA any capital gains or losses that the Unitholder realizes from redeeming or switching Units.** If a Unitholder holds their Units in a Plan, tax may apply upon the withdrawal of money from the Plan.

### **Suspension of Redemptions**

The Manager may suspend the redemption of Mutual Fund Units or payment of redemption proceeds of the Evolve Fund: (i) during any period when or on any day on which normal trading is suspended on a stock exchange or other market on which securities owned by the Evolve Fund are listed and traded, if these securities represent more than 50% by value or underlying market exposure of the total assets of the Evolve Fund, without allowance for liabilities, and if these securities are not traded on any other exchange that represents a reasonably practical alternative for the Evolve Fund; or (ii) with the prior permission of the Securities Regulatory Authorities where required, for any period not exceeding 30 days during which the Manager determines that conditions exist which render impractical the sale of assets of the Evolve Fund or which impair the ability of the Custodian to determine the value of the assets of the Evolve Fund. The suspension may apply to all requests for redemption received prior to the suspension but as to which payment has not been made, as well as to all requests received while the suspension is in effect. All Unitholders making such requests shall be advised by the Manager of the suspension and that the redemption will be effected at a price determined on the first Valuation Date following the termination of the suspension. All such Unitholders shall have and shall be advised that they have the right to withdraw their requests for redemption. The suspension shall terminate in any event on the first day on which the condition giving rise to the suspension has ceased to exist, provided that no other condition under which a suspension is authorized then exists. To the extent not inconsistent with official rules and regulations promulgated by any government body having jurisdiction over the Evolve Fund, any declaration of suspension made by the Manager shall be conclusive.

### **Allocations of Capital Gains to Redeeming Unitholders**

Pursuant to the Declaration of Trust, the Evolve Fund may allocate and designate as payable any capital gains realized by the Evolve Fund as a result of any disposition of property of the Evolve Fund undertaken to permit or facilitate the redemption of Mutual Fund Units to a Unitholder whose Mutual Fund Units are being redeemed. In addition, the Evolve Fund has the authority to distribute, allocate and designate any capital gains of the Evolve Fund to a Unitholder who has redeemed Mutual Fund Units of the Evolve Fund during a year in an amount equal to the Unitholder's share, at the time of redemption, of the Evolve Fund's capital gains for the year. Any such allocations and designations will reduce the redemption price otherwise payable to the redeeming Unitholder.

Based on recent amendments to the Tax Act, a taxable capital gain in respect of an amount so allocated and designated to a redeeming or exchanging Unitholder would only be deductible to the Evolve Fund to the extent of half of the amount of the gain that would otherwise be realized by the Unitholder on the redemption or exchange of Units (the "**Enacted Amendments**"). However, recent Tax Amendments were released that are intended to better facilitate allocations of capital gains to redeeming or exchanging Unitholders of exchange-traded funds, such as the Evolve Fund, that offer ETF Units or a combination of ETF Units and Mutual Fund Units (the "**ETF Amendments**" and, together with the Enacted Amendments, the "**ATR Rule**"). The deductible amount in respect of a taxable capital gain so allocated and designated to redeeming or exchanging Unitholders of the Evolve Fund is proposed to generally be determined, in the case of a Mutual Fund Unitholder, pursuant to the Enacted Amendments, and in the case of an ETF Unitholder, pursuant to the ETF Amendments, in each case, to the extent of the portion of the net taxable capital gain that is referable to the Mutual Fund Units or the ETF Units, respectively, of the Evolve Fund (as determined under the ETF Amendments).

Any taxable capital gains that are not deductible by an Evolve Fund under the ATR Rule may be made payable to non-redeeming or exchanging Unitholders of the Evolve Fund so that the Evolve Fund will not be liable for non-refundable income tax thereon. Accordingly, the amounts and taxable component of distributions to non-redeeming or exchanging Unitholders of an Evolve Fund may be greater than would have been the case in the absence of the ATR Rule.

### **Short-term Trading**

Most mutual funds are considered long-term investments, so the Manager discourages investors from buying, redeeming or switching units frequently.

Some investors may seek to trade fund Mutual Fund Units frequently in an effort to benefit from differences between the value of the Evolve Fund's Mutual Fund Units and the value of the underlying securities ("**market timing**"). Frequent trading or switching in order to time the market or otherwise can negatively impact the value of the Evolve Fund to the detriment of other Unitholders. Excessive short-term trading can also reduce the Evolve Fund's return because the Evolve Fund may be forced to hold additional cash to pay redemption proceeds or, alternatively, to sell portfolio holdings, thereby incurring additional trading costs.

Depending on the particular circumstances, the Manager will employ a combination of preventative and detective measures to discourage and identify excessive short-term trading in the funds, including:

- (a) imposition of short-term trading fees; and
- (b) monitoring of trading activity and refusal of trades.

The Manager regularly monitor transactions in the Evolve Fund. The Manager has established criteria for the Evolve Fund that is applied fairly and consistently in an effort to eliminate trading activity that the Manager deems potentially detrimental to long-term Unitholders. The Manager reserves the right to restrict or reject any purchase or switch order without any prior notice, including transactions accepted by a Unitholder's dealer. Generally speaking, trading may be considered excessive if a Unitholder sells or switches their Mutual Fund Units within 30 days of buying them on more than one occasion.

The Manager retains the right to consider trading activity in multiple accounts under common ownership, control or influence as trading in a single account when exercising its right to reject a purchase or switch. **Whether trading is considered excessive will be determined by the Manager in its sole discretion.**

## EXCHANGE AND REDEMPTION OF ETF UNITS

### Exchange of ETF Units of the Evolve Fund at NAV per ETF Unit for Baskets of Securities and/or Cash

Unitholders may exchange the applicable PNU (or an integral multiple thereof) of the Evolve Fund on any Trading Day for Baskets of Securities and cash, subject to the requirement that a minimum PNU be exchanged. To effect an exchange of ETF Units, a Unitholder must submit an exchange request in the form and at the location prescribed by the Evolve Fund from time to time at or before the applicable cut-off time on a Trading Day, or such other time prior to the Valuation Time on such Trading Day as the Manager may permit. The exchange price will be equal to the NAV of each PNU tendered for exchange determined at the Valuation Time on the effective date of the exchange request, payable by delivery of a Basket of Securities (constituted as most recently published prior to the effective date of the exchange request) and cash. The ETF Units will be redeemed in the exchange. The Manager will also make available to Dealers and the Designated Broker the applicable PNU to redeem ETF Units on each Trading Day. The effective date of an exchange request is the Trading Day on which the Valuation Time that applies to such redemption request takes place.

Upon the request of a Unitholder, the Manager may, in its complete discretion, satisfy an exchange request by delivering cash only in an amount equal to the NAV of each PNU tendered for exchange determined at the Valuation Time on the effective date of the exchange request, provided that the Unitholder agrees to pay the costs and expenses that the Evolve Fund incurs or expects to incur in selling securities on the market to obtain the necessary cash for exchange.

If an exchange request is not received by the applicable cut-off time, the exchange order will be effective only on the next Trading Day. Settlement of exchanges for Baskets of Securities and/or cash will generally be made by the second Trading Day after the effective day of the exchange request.

If any securities in which the Evolve Fund has invested are cease-traded at any time by order of a Securities Regulatory Authority or other relevant regulator or stock exchange, the delivery of Baskets of Securities to a Unitholder, Dealer or the Designated Broker on an exchange in the PNU may be postponed until such time as the transfer of the Baskets of Securities is permitted by law.

As described under "Book-Entry Only System", registration of interests in, and transfers of, ETF Units will be made only through the book-entry only system of CDS. The redemption rights described below must be exercised through the CDS Participant through which the owner holds ETF Units. Beneficial owners of ETF Units should ensure that they provide redemption instructions to the CDS Participant through which they hold such ETF Units sufficiently in advance of the cut-off times described below to allow such CDS Participant to notify CDS and for CDS to notify the Manager prior to the relevant cut-off time.

### Redemption of ETF Units of the Evolve Fund for Cash

On any Trading Day, Unitholders of the Evolve Fund may redeem (i) ETF Units for cash at a redemption price per ETF Unit equal to 95% of the closing price of the ETF Units on the Designated Exchange on the effective day of the redemption, subject to a maximum redemption price per ETF Unit equal to the NAV per ETF Unit on the effective

day of redemption, less any applicable administrative fee determined by the Manager, in its sole discretion, from time to time, or (ii) a PNU of the Evolve Fund or a multiple PNU of the Evolve Fund for cash equal to the NAV of that number of ETF Units, less any applicable administrative fee determined by the Manager, in its sole discretion from time to time. Because Unitholders will generally be able to sell ETF Units at the market price on the Designated Exchange through a registered broker or dealer subject only to customary brokerage commissions, Unitholders are advised to consult their brokers, dealers or investment advisors before redeeming such ETF Units for cash. No fees or expenses are paid by Unitholders to the Manager or the Evolve Fund in connection with selling ETF Units on the Designated Exchange.

In order for a cash redemption to be effective on a Trading Day, a cash redemption request with respect to the Evolve Fund must be delivered to the Manager in the form and at the location prescribed by the Manager from time to time at or before the applicable cut-off time on such Trading Day. Any cash redemption request received after such time will be effective only on the next Trading Day. Where possible, payment of the redemption price will be made by no later than the second Trading Day after the effective day of the redemption. The cash redemption request forms may be obtained from any registered broker or Dealer.

Unitholders that have delivered a redemption request prior to the Distribution Record Date for any distribution will not be entitled to receive that distribution.

In connection with the redemption of ETF Units of the Evolve Fund, the Evolve Fund will generally dispose of securities or other financial instruments.

Holders of Canadian dollar denominated ETF Units, if any, may request that their redemption proceeds be paid in U.S. or Canadian dollars.

### **Suspension of Exchanges and Redemptions**

The Manager may suspend the exchange or redemption of ETF Units or payment of redemption proceeds of the Evolve Fund: (i) during any period when normal trading is suspended on a stock exchange or other market on which securities owned by the Evolve Fund are listed and traded, if these securities represent more than 50% by value or underlying market exposure of the total assets of the Evolve Fund, without allowance for liabilities, and if these securities are not traded on any other exchange that represents a reasonably practical alternative for the Evolve Fund; or (ii) with the prior permission of the Securities Regulatory Authorities where required, for any period not exceeding 30 days during which the Manager determines that conditions exist which render impractical the sale of assets of the Evolve Fund or which impair the ability of the Custodian to determine the value of the assets of the Evolve Fund. The suspension may apply to all requests for exchange or redemption received prior to the suspension but as to which payment has not been made, as well as to all requests received while the suspension is in effect. All Unitholders making such requests shall be advised by the Manager of the suspension and that the exchange or redemption will be effected at a price determined on the first Valuation Date following the termination of the suspension. All such Unitholders shall have and shall be advised that they have the right to withdraw their requests for exchange or redemption. The suspension shall terminate in any event on the first day on which the condition giving rise to the suspension has ceased to exist, provided that no other condition under which a suspension is authorized then exists. To the extent not inconsistent with official rules and regulations promulgated by any government body having jurisdiction over the Evolve Fund, any declaration of suspension made by the Manager shall be conclusive.

### **Other ETF Unit Charges**

An amount as may be agreed to between the Manager and the Designated Broker or a Dealer of ETF Units may be charged to offset certain transaction costs associated with an issue, exchange or redemption of ETF Units. This charge does not apply to Unitholders who buy and sell their ETF Units through the facilities of the Designated Exchange.

### **Allocations of Capital Gains to Redeeming or Exchanging Unitholders**

Pursuant to the Declaration of Trust, the Evolve Fund may allocate and designate as payable any capital gains realized by the Evolve Fund as a result of any disposition of property of the Evolve Fund undertaken to permit or facilitate the redemption or exchange of ETF Units to a Unitholder whose ETF Units are being redeemed or exchanged. In addition, the Evolve Fund has the authority to distribute, allocate and designate any capital gains of the Evolve Fund to a Unitholder who has redeemed or exchanged ETF Units of the Evolve Fund during a year in an amount equal to the Unitholder's share, at the time of redemption or exchange, of the Evolve Fund's capital gains for the year. Any such allocations and designations will reduce the redemption price otherwise payable to the redeeming or exchanging Unitholder.



Based on recent amendments to the Tax Act, a taxable capital gain in respect of an amount so allocated and designated to a redeeming or exchanging Unitholder would only be deductible to the Evolve Fund to the extent of half of the amount of the gain that would otherwise be realized by the Unitholder on the redemption or exchange of Units. However, pursuant to the ETF Amendments, the deductible amount in respect of a taxable capital gain so allocated and designated to redeeming or exchanging Unitholders of the Evolve Fund is proposed to generally be determined, in the case of a Mutual Fund Unitholder, pursuant to the Enacted Amendments, and in the case of an ETF Unitholder, pursuant to the ETF Amendments, in each case, to the extent of the portion of the net taxable capital gain that is referable to the Mutual Fund Units or the ETF Units, respectively, of the Evolve Fund (as determined under the ETF Amendments).

Any taxable capital gains that are not deductible by an Evolve Fund under the ATR Rule may be made payable to non-redeeming or exchanging Unitholders of the Evolve Fund so that the Evolve Fund will not be liable for non-refundable income tax thereon. Accordingly, the amounts and taxable component of distributions to non-redeeming or exchanging Unitholders of an Evolve Fund may be greater than would have been the case in the absence of the ATR Rule.

### **Book-Entry Only System**

Registration of interests in, and transfers of, ETF Units will be made only through the book-entry only system of CDS. ETF Units must be purchased, transferred and surrendered for redemption only through a CDS Participant. All rights of an owner of ETF Units must be exercised through, and all payments or other property to which such owner is entitled will be made or delivered by, CDS or the CDS Participant through which the owner holds such ETF Units. Upon buying ETF Units, the owner will receive only the customary confirmation. References in this prospectus to a holder of ETF Units means, unless the context otherwise requires, the owner of the beneficial interest of such ETF Units.

Neither the Evolve Fund nor the Manager will have any liability for: (i) records maintained by CDS relating to the beneficial interests in ETF Units or the book entry accounts maintained by CDS; (ii) maintaining, supervising or reviewing any records relating to such beneficial ownership interests; or (iii) any advice or representation made or given by CDS and made or given with respect to the rules and regulations of CDS or any action taken by CDS or at the direction of the CDS Participants.

The ability of a beneficial owner of ETF Units to pledge such ETF Units or otherwise take action with respect to such owner's interest in such ETF Units (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

The Evolve Fund has the option to terminate registration of ETF Units through the book-entry only system in which case certificates for ETF Units in fully registered form will be issued to beneficial owners of such ETF Units or to their nominees.

### **Short-term Trading**

Unlike the Mutual Fund Units, in which short-term trading by investors may cause the Evolve Fund to incur additional unnecessary trading costs in connection with the purchase of additional portfolio securities and the sale of portfolio securities to fund Unitholder redemptions, the Manager does not believe that it is necessary to impose any short-term trading restrictions on the ETF Units at this time as: (i) the ETF Units are generally traded by investors on an exchange in the secondary market in the same way as listed securities; and (ii) the few transactions involving ETF Units that do not occur on the secondary market involve the Designated Broker and/or Dealers, who can only purchase or redeem ETF Units in a PNU and on whom the Manager may impose an administrative fee. The administrative fee is intended to compensate the Evolve Fund for any costs and expenses incurred by the Evolve Fund in order to fund the redemption of ETF Units.

## **PRIOR SALES**

Trading price and volume information is not yet available because the Evolve Fund is new.

## **INCOME TAX CONSIDERATIONS**

The following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations under the Tax Act generally applicable to the acquisition, holding and disposition of Units by a Unitholder who acquires

Units pursuant to this prospectus. This summary only applies to a prospective Unitholder who is an individual (other than a trust) resident in Canada for purposes of the Tax Act who deals at arm's length with the Evolve Fund, the Designated Broker and the Dealers and is not affiliated with the Evolve Fund, the Designated Broker or any Dealer and who holds Units as capital property (a "**Holder**").

Generally, Units will be considered to be capital property to a Holder provided that the Holder does not hold such Units in the course of carrying on a business of buying and selling securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Provided that the Evolve Fund qualifies as a "mutual fund trust" for purposes of the Tax Act, certain Holders who might not otherwise be considered to hold Units as capital property may, in certain circumstances, be entitled to have such Units and all other "Canadian securities" owned or subsequently acquired by them treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. This summary does not apply to a Holder who has entered or will enter into a "derivative forward agreement" as that term is defined in the Tax Act with respect to the Units or any Basket of Securities disposed of in exchange for Units.

This summary is based on the assumptions that (i) the Evolve Fund will not be subject to the tax for "SIFT trusts" for purposes of the Tax Act, (ii) none of the issuers of the securities in the portfolio of the Evolve Fund will be foreign affiliates of the Evolve Fund or of any Holder, (iii) none of the securities in the portfolio of the Evolve Fund will be a "tax shelter investment" within the meaning of section 143.2 of the Tax Act, (iv) the Evolve Fund will not enter into any arrangement where the result is a dividend rental arrangement for purposes of the Tax Act, and (v) none of the securities in the portfolio of the Evolve Fund will be an offshore investment fund property (or an interest in a partnership that holds such property) that would require the Evolve Fund (or the partnership) to include significant amounts in the Evolve Fund's (or the partnership's) income pursuant to section 94.1 of the Tax Act, or an interest in a trust (or a partnership which holds such an interest) which would require the Evolve Fund (or the partnership) to report significant amounts of income in connection with such interest pursuant to the rules in section 94.2 of the Tax Act, or an interest in a non-resident trust other than an "exempt foreign trust" (or a partnership which holds such interest).

This summary also assumes that the Evolve Fund will comply with its investment restrictions.

This summary is based on the facts described herein, the current provisions of the Tax Act, and an understanding of the current publicly available administrative policies and assessing practices of the CRA published in writing prior to the date hereof. This summary takes into account the Tax Amendments. This description is not exhaustive of all Canadian federal income tax consequences and does not take into account or anticipate changes in the law or in administrative policy or assessing practice, whether by legislative, governmental or judicial action other than the Tax Amendments in their present form, nor does it take into account provincial, territorial or foreign tax considerations which may differ significantly from those discussed herein. There can be no assurance that the Tax Amendments will be enacted in the form publicly announced, or at all.

**This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Units. This summary does not address the deductibility of interest on any funds borrowed by a Holder to purchase Units. The income and other tax consequences of investing in Units will vary depending on an investor's particular circumstances including the province or territory in which the investor resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any holder of Units. Prospective investors should consult their own tax advisors with respect to the income tax consequences to them of an acquisition of Units based on their particular circumstances.**

Holders are required to compute their income and gains for tax purposes in Canadian dollars. Amounts denominated in another currency generally must be converted into Canadian dollars based on the exchange rate quoted by the Bank of Canada on the date such amounts arise or such other rate of exchange as is acceptable to the CRA. Therefore, the amount of income, cost, proceeds of disposition and other amounts in respect of Units will be affected by fluctuations in the exchange rate of the Canadian dollar against the relevant foreign currency.

#### **Status of the Evolve Fund**

This summary assumes that the Evolve Fund will qualify or be deemed to qualify at all times as a "mutual fund trust" within the meaning of the Tax Act.

To qualify as a mutual fund trust (i) the Evolve Fund must be a Canadian resident “unit trust” for purposes of the Tax Act, (ii) the only undertaking of the Evolve Fund must be (a) the investing of its funds in property (other than real property or interests in real property or an immovable or a real right in an immovable), (b) the acquiring, holding, maintaining, improving, leasing or managing of any real property (or interest in real property) or of any immovable (or real right in immovables) that is capital property of the Evolve Fund, or (c) any combination of the activities described in (a) and (b), and (iii) the Evolve Fund must comply with certain minimum requirements respecting the ownership and dispersal of a particular class of Units (the “**Minimum Distribution Requirements**”). In addition, in order to qualify as a mutual fund trust, the Evolve Fund cannot at any time reasonably be considered to have been established and/or maintained primarily for the benefit of non-residents unless, at that time, substantially all of its property consists of property other than property that would be “taxable Canadian property” within the meaning of the Tax Act (if the definition of such term were read without reference to paragraph (b) of that definition).

In this connection, (i) the Manager intends to cause the Evolve Fund to qualify as a unit trust throughout the life of the Evolve Fund, (ii) the Evolve Fund’s undertaking conforms with the restrictions for mutual fund trusts, and (iii) the Manager intends to file the necessary election so that the Evolve Fund will qualify as a mutual fund trust from its inception and the Manager has no reason to believe that the Evolve Fund will not comply with the Minimum Distribution Requirements before the 91<sup>st</sup> day after the end of its first taxation year (determined without regard to any taxation year-end that may be deemed to occur for other purposes under the rules in the Tax Act relating to “loss restriction events”) and at all times thereafter, thereby permitting the filing by the Evolve Fund of such election.

If the Evolve Fund were not to qualify or be deemed to qualify as a mutual fund trust at all times, the income tax considerations described below would, in some respects, be materially and adversely different than would be the case if it were a mutual fund trust.

Provided that the Evolve Fund qualifies as a “mutual fund trust” within the meaning of the Tax Act, or the Units are listed on a “designated stock exchange” within the meaning of the Tax Act (which currently includes the Designated Exchange), Units will be qualified investments under the Tax Act for a trust governed by an RRSP, a RRIF, a DPSP, an RDSP, an RESP or a TFSA (the “**Plans**”). See “Income Tax Considerations – Taxation of Registered Plans” for the consequences of holding Units in Plans.

### **Taxation of the Evolve Fund**

The Evolve Fund must pay tax on its net income (including net realized taxable capital gains) for a taxation year, less the portion thereof that it deducts in respect of the amount paid or payable to its Unitholders in the year. An amount will be considered to be payable to a Unitholder in a year if it is paid to the Unitholder in that year by the Evolve Fund or if the Unitholder is entitled in that year to enforce payment of the amount. The Declaration of Trust requires that sufficient amounts be paid or made payable each year so that the Evolve Fund is not liable for any non-refundable income tax under Part I of the Tax Act.

With respect to indebtedness, the Evolve Fund will be required to include in its income for a taxation year all interest thereon that accrues (or is deemed to accrue) to it to the end of that year (or until the disposition of the indebtedness in that year, including on a redemption or repayment on maturity) or that has become receivable or is received by the Evolve Fund before the end of that year except to the extent that such interest was included in computing the Evolve Fund’s income for a preceding year and excluding any interest that accrued prior to the time of the acquisition of the indebtedness by the Evolve Fund.

The Evolve Fund intends to enter into transactions denominated in currencies other than the Canadian dollar. The cost and proceeds of disposition of interest, distributions and all other amounts will be determined for the purposes of the Tax Act in Canadian dollars using the appropriate exchange rates determined in accordance with the detailed rules in the Tax Act in that regard. The amount of income, gains and losses realized by an Evolve Fund may be affected by fluctuations in the value of other currencies relative to the Canadian dollar. In determining its income for tax purposes, the Evolve Fund will treat foreign exchange gains or losses realized on the disposition of foreign currency held by it as capital gains and losses.

The Evolve Fund will be entitled for each taxation year throughout which it is a mutual fund trust for purposes of the Tax Act to reduce (or receive a refund in respect of) its liability, if any, for tax on its net realized capital gains by an amount determined under the Tax Act based on the redemptions of Units during the year (the “**Capital Gains Refund**”). The Capital Gains Refund in a particular taxation year may not completely offset the tax liability of the

Evolve Fund for such taxation year which may arise upon the sale or other disposition of foreign currency or other capital property in connection with the redemption of Units.

A loss realized by the Evolve Fund on a disposition of capital property will be a suspended loss for purposes of the Tax Act if the Evolve Fund, or a person affiliated with the Evolve Fund, acquires a property (a “**Substituted Property**”) that is the same as or identical to the property disposed of, within 30 days before and 30 days after the disposition and the Evolve Fund, or a person affiliated with the Evolve Fund, owns the Substituted Property 30 days after the original disposition. If a loss is suspended, the Evolve Fund cannot deduct the loss from the Evolve Fund’s capital gains until the Substituted Property is disposed of and is not reacquired by the Evolve Fund, or a person affiliated with the Evolve Fund, within 30 days before and after the disposition.

The Evolve Fund will be entitled to deduct an amount equal to the reasonable expenses that it incurs in the course of issuing Units. Such issue expenses paid by the Evolve Fund and not reimbursed will be deductible by the Evolve Fund ratably over a five-year period subject to reduction in any taxation year which is less than 365 days. In computing its income under the Tax Act, the Evolve Fund may deduct reasonable administrative and other expenses incurred to earn income.

Losses incurred by the Evolve Fund in a taxation year cannot be allocated to Holders, but may be deducted by the Evolve Fund in future years in accordance with the Tax Act.

### **Taxation of Holders**

A Holder will generally be required to include in computing income for a particular taxation year of the Holder such portion of the net income of the Evolve Fund, including the taxable portion of any net realized capital gains, as is paid or becomes payable to the Holder by the Evolve Fund in that particular taxation year (whether in cash, in Units or reinvested in additional Units or whether as a Management Fee Distribution).

Under the Tax Act, the Evolve Fund is permitted to deduct in computing its income for a taxation year an amount that is less than the amount of its distributions of income for the year to the extent necessary to enable the Evolve Fund to use, in that taxation year, losses from prior years without affecting the ability of the Evolve Fund to distribute its income annually. In such circumstances, the amount distributed to a Holder of the Evolve Fund but not deducted by the Evolve Fund will not be included in the Holder’s income. However, the adjusted cost base of the Holder’s Units will be reduced by such amount. The non-taxable portion of the Evolve Fund’s net realized capital gains for a taxation year, the taxable portion of which was designated in respect of a Holder for the taxation year, that is paid or becomes payable to the Holder for the year will not be included in computing the Holder’s income for the year. Any other amount in excess of a Holder’s share of the net income of the Evolve Fund for a taxation year that is paid or becomes payable to the Holder for the year (i.e. returns of capital) will not generally be included in the Holder’s income for the year, but will reduce the adjusted cost base of the Holder’s Units. To the extent that the adjusted cost base of a Unit to a Holder would otherwise be a negative amount, the negative amount will be deemed to be a capital gain and the adjusted cost base of the Unit to the Holder will be increased by the amount of such deemed capital gain to zero.

Provided that appropriate designations are made by the Evolve Fund, such portion of the net realized taxable capital gains of the Evolve Fund as is paid or becomes payable to a Holder will effectively retain its character and be treated as such in the hands of the Holder for purposes of the Tax Act.

Any loss of the Evolve Fund for purposes of the Tax Act cannot be allocated to, and cannot be treated as a loss of, a Holder.

On the disposition or deemed disposition of a Unit, including on a redemption, a Holder will realize a capital gain (or capital loss) to the extent that the Holder’s proceeds of disposition (other than any amount payable by the Evolve Fund which represents capital gains allocated and designated to the redeeming Holder), net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the Unit. For the purpose of determining the adjusted cost base of a Holder’s Units of a particular class, when additional Units of that class are acquired by the Holder (as a result of a distribution by the Evolve Fund in the form of Units, a reinvestment in Units pursuant to the distribution reinvestment plan or otherwise), the cost of the newly acquired Units will be averaged with the adjusted cost base of all Units of the same class owned by the Holder as capital property immediately before that time. For this purpose, the cost of Units that have been issued on a distribution will generally be equal to the amount of the distribution. A consolidation of Units following a distribution paid in the form of additional Units as described under “Distribution Policy” will not be regarded as a disposition of Units and will not affect the aggregate adjusted cost base to a Holder.

Any additional Units acquired by a Holder on the reinvestment of distributions will generally have a cost equal to the amount reinvested.

In the case of an exchange of ETF Units for a Basket of Securities, a Holder's proceeds of disposition of the ETF Units would generally be equal to the aggregate of the fair market value of the distributed property and the amount of any cash received. The cost to a Holder of any property received from the Evolve Fund upon the exchange will generally be equal to the fair market value of such property at the time of the distribution. In the case of an exchange of ETF Units for a Basket of Securities, the investor may receive securities that may or may not be qualified investments under the Tax Act for Plans. If such securities are not qualified investments for Plans, such Plans (and, in the case of certain Plans, the annuitants, beneficiaries or subscribers thereunder or holders thereof) may be subject to adverse tax consequences. Investors should consult their own tax counsel for advice on whether or not such securities would be qualified investments for Plans.

Pursuant to the Declaration of Trust, the Evolve Fund may allocate and designate as payable any capital gains realized by the Evolve Fund as a result of any disposition of property of the Evolve Fund undertaken to permit or facilitate the redemption or exchange of Units to a Holder whose Units are being redeemed or exchanged. In addition, the Evolve Fund has the authority to distribute, allocate and designate any capital gains of the Evolve Fund to a Holder who has redeemed or exchanged Units of the Evolve Fund during a year in an amount equal to the Holder's share, at the time of redemption or exchange, of the Evolve Fund's capital gains for the year. Any such allocations and designations will reduce the redemption price otherwise payable to the redeeming or exchanging Holder, and therefore the Holder's proceeds of disposition. Based on recent amendments to the Tax Act, a taxable capital gain in respect of an amount so allocated and designated to a redeeming or exchanging Unitholder would only be deductible to the Evolve Fund to the extent of half of the amount of the gain that would otherwise be realized by the Unitholder on the redemption or exchange of Units. However, pursuant to the ETF Amendments, the deductible amount in respect of a taxable capital gain so allocated and designated to redeeming or exchanging Unitholders of the Evolve Fund is proposed to generally be determined, in the case of a Mutual Fund Unitholder, pursuant to the Enacted Amendments, and in the case of an ETF Unitholder, pursuant to the ETF Amendments, in each case, to the extent of the portion of the net taxable capital gain that is referable to the Mutual Fund Units or the ETF Units, respectively, of the Evolve Fund (as determined under the ETF Amendments).

In general, one-half of any capital gain (a "**taxable capital gain**") realized by a Holder on the disposition of Units or a taxable capital gain designated by the Evolve Fund in respect of the Holder for a taxation year of the Holder will be included in computing the Holder's income for that year and one-half of any capital loss (an "**allowable capital loss**") realized by the Holder in a taxation year of the Holder generally must be deducted from taxable capital gains realized by the Holder in the taxation year or designated by the Evolve Fund in respect of the Holder for the taxation year in accordance with the detailed provisions of the Tax Act. Allowable capital losses for a taxation year in excess of taxable capital gains for that taxation year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against taxable capital gains in accordance with the provisions of the Tax Act.

Based in part on the current published administrative policies and assessing practices of the CRA, a switch of one class of Mutual Fund Units into another class of Mutual Fund Units of the Evolve Fund will not constitute a disposition of the Mutual Fund Units so switched for the purposes of the Tax Act.

Amounts designated by the Evolve Fund to a Holder as taxable capital gains and taxable capital gains realized on the disposition of Units may increase the Holder's liability, if any, for alternative minimum tax.

### **Taxation of Registered Plans**

Distributions received by Plans on Units and capital gains realized by Plans on the disposition of Units are generally not taxable under Part I of the Tax Act provided the Units are "qualified investments" for the Plan for purposes of the Tax Act.

Holders should consult with their own advisors regarding the tax implications of establishing, amending, terminating or withdrawing amounts from a Plan.

Notwithstanding the foregoing, the holder of a TFSA or RDSP, the annuitant of an RRSP or RRIF or the subscriber of an RESP will be subject to a penalty tax in respect of Units held by such Plan if such Units are a "prohibited investment" for such Plan for the purposes of the Tax Act. The Units will not be a "prohibited investment" for a trust governed by such a Plan unless the holder of the TFSA or RDSP, the annuitant of the RRSP or RRIF or the subscriber

of the RESP, as applicable, (i) does not deal at arm's length with the Evolve Fund for purposes of the Tax Act, or (ii) has a "significant interest" as defined in the Tax Act in the Evolve Fund. Generally, a holder, annuitant or subscriber, as the case may be, will not have a significant interest in the Evolve Fund unless the holder, annuitant or subscriber, as the case may be, owns interests as a beneficiary under the Evolve Fund that have a fair market value of 10% or more of the fair market value of the interests of all beneficiaries under the Evolve Fund, either alone or together with persons and partnerships with which the holder, annuitant or subscriber, as the case may be, does not deal at arm's length. In addition, the Units will not be a prohibited investment if such Units are "excluded property" as defined in the Tax Act for a trust governed by a TFSA, RDSP, RRSF, RRIF or RESP.

Holders, annuitants and subscribers should consult their own tax advisors with respect to whether Units would be prohibited investments, including with respect to whether such Units would be excluded property.

### **Tax Implications of the Evolve Fund's Distribution Policy**

The NAV per Unit of the Evolve Fund will, in part, reflect any income and gains of the Evolve Fund that have accrued or have been realized, but have not been made payable at the time Units were acquired. Accordingly, a Holder who acquires Units, including on a distribution of Units or on a reinvestment in Units, may become taxable on the Holder's share of such income and gains of the Evolve Fund. In particular, an investor who acquires Units at any time in the year but prior to a distribution being paid or made payable will have to pay tax on the entire distribution (to the extent it is a taxable distribution) notwithstanding that such amounts may have been reflected in the price paid by the Holder for the Units.

Where the Evolve Fund realizes capital gains on the disposition of assets effected to fund the redemption price for Units tendered for redemption during a year, or has otherwise realized gains during the year prior to the time of redemption, such gains may be made allocated or designated to Unitholders who hold Units of the Evolve Fund at the end of the year rather than to the redeeming Unitholders.

## **ORGANIZATION AND MANAGEMENT DETAILS OF THE EVOLVE FUND**

### **Manager**

EFG will be the trustee, manager, promoter and portfolio manager of the Evolve Fund and will be responsible for the administration of the Evolve Fund. In its capacity as portfolio manager, EFG is responsible for the oversight and provision of investment advisory services to the Evolve Fund.

The Manager is registered as an investment fund manager and portfolio manager with the applicable Securities Regulatory Authorities in Canada. The registered office of the Evolve Fund and the Manager is located at Scotia Plaza, 40 King Street West, Suite 3404, Toronto, ON M5H 3Y2.

The Manager will perform or arrange for the performance of management services for the Evolve Fund and will be responsible for the administration of the Evolve Fund. The Manager is entitled to fees for its services as manager under the Declaration of Trust as described under "Fees and Expenses" and will be reimbursed for all reasonable costs and expenses incurred by the Manager on behalf of the Evolve Fund.

### ***Duties and Services to be provided by the Manager***

Pursuant to the Declaration of Trust, the Manager has full authority and responsibility to manage and direct the business and affairs of the Evolve Fund, to make all decisions regarding the business of the Evolve Fund and to bind the Evolve Fund. The Manager may delegate certain of its powers to third parties where, in the discretion of the Manager, it would be in the best interests of the Evolve Fund to do so.

The Manager is responsible for providing, or causing to be provided, management, administrative and portfolio advisory and investment management services to the Evolve Fund. The Manager's duties include, without limitation:

- (i) negotiating contracts with certain third-party service providers, including but not limited to investment managers, sub-advisors, custodians, registrars, transfer agents, auditors and printers;
- (ii) authorizing the payment of operating expenses incurred on behalf of the Evolve Fund;
- (iii) maintaining accounting records;
- (iv) preparing the reports to Unitholders and to the applicable Securities Regulatory Authorities;

- (v) calculating the amount and determining the frequency of distributions by the Evolve Fund;
- (vi) preparing financial statements, income tax returns and financial and accounting information as required;
- (vii) ensuring that Unitholders are provided with financial statements and other reports as are required from time to time by applicable law;
- (viii) ensuring that the Evolve Fund complies with all other regulatory requirements including continuous disclosure obligations under applicable securities laws;
- (ix) administering purchases, redemptions and other transactions in Units;
- (x) arranging for any payments required upon termination of the Evolve Fund;
- (xi) dealing and communicating with Unitholders;
- (xii) providing office facilities and personnel to carry out these services, if not otherwise furnished by any other service provider to the Evolve Fund;
- (xiii) monitoring the investment strategy of the Evolve Fund to ensure that the Evolve Fund complies with its investment objective, investment strategies and investment restrictions and practices; and
- (xiv) facilitating the execution of orders and investment recommendations provided by sub-advisors where required.

The Manager is required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of the Unitholders, and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Declaration of Trust provides that the Manager will not be liable to the Evolve Fund or to any Unitholder or any other person for any loss or damage relating to any matter regarding the Evolve Fund, including any loss or diminution of value of the assets of the Evolve Fund if it has satisfied its standard of care set forth above.

The administration and management services of the Manager under the Declaration of Trust are not exclusive and nothing in the Declaration of Trust prevents the Manager from providing similar administrative and management services to other investment funds and other clients (whether or not their investment objectives and policies are similar to those of the Evolve Fund) or from engaging in other activities.

The Manager and each of its directors, officers, employees and agents may be indemnified out of the assets of the Evolve Fund from and against all claims whatsoever, including costs, charges and expenses in connection therewith, brought, commenced or prosecuted against it for or in respect of any act, deed, matter or thing whatsoever made, done or omitted in or in relation to the execution of its duties to the Evolve Fund as long as the person acted honestly and in good faith with a view to the best interests of the Evolve Fund.

The Manager may resign upon 90 days' prior written notice to the Trustee or upon such lesser notice period as the Trustee may accept. The Manager may also be removed by the Trustee on at least 90 days' written notice to the Manager. The Manager is deemed to have resigned if the Manager ceases to (i) be resident in Canada for the purposes of the Tax Act; or (ii) carry out its functions of managing the Evolve Fund in Canada. The Trustee shall make every effort to select and appoint a successor manager prior to the effective date of the Manager's resignation.

#### **Officers and Directors of the Manager**

The name and municipality of residence of each of the directors and executive officers of the Manager and their principal occupations are as follows:

***Name and Municipality of  
Residence***

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RAJ LALA  
Toronto, Ontario

***Position with the Manager and Principal Occupation***

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**President, Chief Executive Officer, Director and Ultimate Designated Person, EFG**

Prior to founding EFG, Raj Lala served as Head of WisdomTree Canada – a division of WisdomTree Investments Inc., one of the world’s largest ETF issuers. Prior to this, Mr. Lala was Executive Vice President and Head of Retail Markets for Fiera Capital Corporation, a prominent Canadian investment management firm with over \$100 billion in assets under management. Mr. Lala co-founded and served as President and CEO of Propel Capital Corporation (which was acquired by Fiera Capital Corporation in September 2014). Propel raised approximately \$1 billion in structured products in its five years of operation. Prior to Propel, Mr. Lala worked with Jovian Capital. Mr. Lala held several roles at Jovian including President of JovFunds Inc., an asset management division of Jovian Capital. Mr. Lala holds a Bachelor’s degree in Economics from the University of Toronto (1994).

SCHARLET DIRADOUR  
Toronto, Ontario

**Chief Financial Officer, EFG**

Prior to joining EFG, Ms. Diradour played a key role in the establishment of a Derivatives and Alternative Investments Administration group at Fiera Capital Corporation, a major Canadian investment management firm with over \$100 billion in asset under management. In addition, Ms. Diradour was an integral part of driving a full-scale operational process for Fiera Quantum Limited Partnership, an alternative investment manager. Previously, Ms. Diradour was a Senior Analyst on the Operations Risk and Valuation Group at Curaçao International Trust Company Fund Services (Canada), working closely with many prominent US and European hedge funds. Ms. Diradour received a BA Dipl. with Honours from Humber Business School, a BAS Specialized Honours from York University and a MFin from Queens University. Ms. Diradour has completed Level II of the CFA Program. Through Humber Business Schools Ms. Diradour was awarded the David Dodge Economics Award, personally presented by David Dodge, the Former Governor of the Bank of Canada for excellence in studies in economics. Ms. Diradour was also presented the Rosemary Brown Human Rights Award for outstanding academic achievement. Ms. Diradour volunteers as an advisor for Queen’s University Smith School of Business – Alumni Advisory Program.

ELLIOT JOHNSON  
TORONTO, ONTARIO

**Chief Investment Officer, Chief Operating Officer, Chief Compliance Officer, Corporate Secretary and Director, EFG**

Prior to joining EFG, Mr. Johnson was Senior Vice President, Retail Markets at Fiera Capital Corporation, a prominent Canadian investment management firm. Prior to this role, Mr. Johnson served as Chief Operating Officer of Fiera Quantum Limited Partnership, an alternative investment manager. From 2010 to 2012, Mr. Johnson led technology management for a number of business lines at National Bank of Canada. Prior to 2012 he spent 13 years at GMP Capital Corp. in a variety of management roles across institutional brokerage, wealth management and asset management businesses. Mr. Johnson holds the Canadian Investment Manager (CIM) designation, the Derivatives Markets Specialist (DMS) designation and is a Fellow of the Canadian Securities Institute (FCSI). From 2016 to 2020, Mr. Johnson served on the board of Trinity College at the University of Toronto as the Chair of the Committee on Investments. Mr. Johnson currently serves as Chair,



***Name and Municipality of  
Residence***

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***Position with the Manager and Principal Occupation***

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KEITH CRONE  
Toronto, Ontario

President and a trustee of the Upper Canada College Foundation and is also a trustee of the US based Upper Canada Educational Foundation.

**Executive Vice President, Head of Marketing and Director, EFG**

Prior to joining EFG, Mr. Crone served as Vice President, Retail Markets at Fiera Capital Corporation, a prominent Canadian investment management firm with over \$100 billion in assets under management. Mr. Crone served as Vice President and Partner of Propel Capital Corporation (which was acquired by Fiera Capital Corporation in September 2014). Propel raised approximately \$1 billion in structured products in its five years of operation. Prior to Propel, Mr. Crone served as Senior Vice President, Sales within JovFunds Inc., the specialty investment arm of Jovian Capital Corporation. Prior to 2005, Mr. Crone served in various sales and marketing capacities at Dynamic Funds, which is now a wholly-owned subsidiary of Scotiabank.

MICHAEL SIMONETTA  
TORONTO, ONTARIO

**Chairman and Director, EFG**

Mr. Simonetta has a broad background in management, investment and capital markets. Mr. Simonetta was one of the founding partners of First Asset Management Inc. ("FAMI"), and served as President and CEO of FAMI from 1997 to 2006. At the time FAMI was sold in 2005, FAMI managed in excess of \$30 billion in assets and was one of Canada's top ten largest companies in the pension and high net worth asset management business. FAMI's affiliates have included: Beutel, Goodman & Company Ltd.; Foyston Gordon & Payne, Inc.; Deans Knight Capital Management Ltd., Montrusco Bolton Investments Inc.; Covington Capital Corporation; First Asset Funds Inc. (formerly Triax Capital Corporation); and Northwest Mutual Funds Inc. FAMI was sold in 2005 to Affiliated Managers Group, Inc. (NYSE: AMG), a publicly listed investment management company based in Boston. Mr. Simonetta is a member of the Institute of Chartered Accountants of Ontario, obtaining his C.A. designation in 1984 while achieving Top 20 Honour Roll standing, and holds a Bachelor of Arts from the University of Waterloo (1983 – Gold Medal).

CHARLES PENNOCK  
TORONTO, ONTARIO

**Director, EFG**

Mr. Pennock is a Principal with Origin Merchant Partners and has over 30 years of investment banking experience at both Canadian and international investment banks. Mr. Pennock has extensive investment banking experience in public and private debt & equity financings, M&A and advisory services with Origin Merchant Partners, Blackmont Capital, Midland Walwyn/Merrill Lynch, TD Securities and Richardson Greenshields. Mr. Pennock is currently on the board of Urbana Corporation. Mr. Pennock graduated with a Bachelor of Commerce (Honours) from Queens University.

**Brokerage Arrangements**

The Manager may utilize various brokers to effect securities transactions on behalf of the Evolve Fund. These brokers may directly provide the Manager with research and related services, in addition to executing transactions. Although the Evolve Fund may not benefit equally from each research and related service received from a broker, the Manager will endeavour to ensure that the Evolve Fund receives an equitable benefit over time. The Manager will monitor and evaluate the execution performance of its brokers with a view to determining whether steps should be taken to improve the quality of trade execution. When determining whether a broker should be added to the Manager's list of approved

brokers, there are numerous factors that are considered including transaction cost, value of research, type and size of an order, speed and certainty of execution, responsiveness and trade matching quality.

Approved brokers will be monitored on a regular basis to ensure that the value of the goods and services, as outlined above, provides a reasonable benefit as compared to the amount of brokerage commissions paid for the goods and services.

### **Conflicts of Interest**

The administration, management and investment advisory services of the Manager are not exclusive and nothing in the Declaration of Trust prevents the Manager from providing similar services to other investment funds and other clients (whether or not their investment objectives and policies are similar to those of the Evolve Fund) or from engaging in other activities.

Investments in securities purchased by the Manager on behalf of the Evolve Fund and other investment funds managed by the Manager will be allocated to the Evolve Fund and such other investment funds on a fair and equitable basis according to the size of the order and the applicable investment restrictions and policies of the Evolve Fund and the other investment funds.

When it is determined that it would be appropriate for the Evolve Fund and one or more other investment accounts managed by the Manager or its affiliates to participate in an investment opportunity, the Manager will seek to make such investments for all of the participating investment accounts, including the Evolve Fund, on an equitable basis, taking into account such factors as the relative amounts of capital available for new investments and the investment programs and portfolio positions of the Evolve Fund and the affiliated entities for which participation is appropriate. Orders may be combined for all such accounts, and if any order is not filled at the same price, they may be allocated on an average price basis. Similarly, if an investment for the account of more than one account cannot be fully executed under prevailing market conditions, investments may be allocated among the different accounts on a basis which the Manager or its affiliates consider equitable. The Manager may recommend that the Evolve Fund sell a security, while not recommending such sale for other accounts in order to enable the Evolve Fund to have sufficient liquidity to honor Unitholders' repurchase requests.

The Declaration of Trust acknowledges that the Manager may provide services to the Evolve Fund in other capacities, provided that the terms of any such arrangement are no less favourable to the Evolve Fund than those that would be obtained from parties that are at arm's length for comparable services.

The Manager may at times have interests that differ from the interests of the Unitholders. Where the Manager or its respective affiliates otherwise perceive in the course of business, that they are or may be in a material conflict of interest position, the matter will be referred to the IRC. The IRC will consider all matters referred to it and provide its recommendations to the Manager as soon as possible. In evaluating these conflicts of interest, potential investors should be aware that the Manager has a responsibility to the Unitholders to exercise good faith and fairness in all dealings affecting the Evolve Fund. In the event that a Unitholder believes that the Manager has violated its duty to such Unitholder, the Unitholder may seek relief for itself or on behalf of the Evolve Fund to recover damages from or to require an accounting by the Manager. Unitholders should be aware that the performance by the Manager of its responsibilities to the Evolve Fund will be measured in accordance with (i) the provisions of the agreement by which the Manager have been appointed to its position with the Evolve Fund; and (ii) applicable laws.

Neither the Designated Broker nor any Dealer has been involved in the preparation of this prospectus or has performed any review of the contents of this prospectus and, as such, the Designated Broker and the Dealers do not perform many of the usual underwriting activities in connection with the distribution by the Evolve Fund of its Units under this prospectus. Units do not represent an interest or an obligation of the Designated Broker, any Dealer or any affiliate thereof and a Unitholder does not have any recourse against any such parties in respect of amounts payable by the Evolve Fund to the Designated Broker or applicable Dealers.

A registered dealer acts as the Designated Broker and one or more registered dealers acts or may act as a Dealer and/or a market maker. These relationships may create actual or perceived conflicts of interest that investors should consider in relation to an investment in the Evolve Fund. In particular, by virtue of these relationships, these registered dealers may profit from the sale and trading of Units. The Designated Broker, as market maker of the Evolve Fund in the secondary market, may therefore have economic interests that differ from, and may be adverse to, those of Unitholders. Any such registered dealer and its affiliates may, at present or in the future, engage in business with the Evolve Fund, with the issuers of securities making up the investment portfolio of the Evolve Fund or with the Manager or any funds

sponsored by the Manager or its affiliates, including by making loans, entering into Derivative transactions or providing advisory or agency services to the Manager or its affiliates. In addition, the relationship between any such registered dealer and its affiliates and the Manager and its affiliates may extend to other activities, such as being part of a distribution syndicate for other funds sponsored by the Manager or its affiliates.

See also “Other Material Facts”.

### **Independent Review Committee**

As required by NI 81-107, the Manager has established an IRC to review all conflicts of interest matters identified and referred to the IRC by the Manager relating to the Evolve Fund. The IRC reviews and gives its approval or recommendations as to the conflict of interests matters referred to it. A conflict of interest matter is a situation where a reasonable person would consider the Manager or an entity related to the Manager to have an interest that conflicts with the Manager’s ability to act in good faith and in the best interest of the Evolve Fund. The IRC is also required to approve certain reorganizations involving the Evolve Fund and any change of the auditors of the Evolve Fund.

The IRC is made up of members who are independent. The Manager considers that an individual is independent if the individual is not a director, officer or employee of any of the Manager or an affiliate of the Manager for at least 5 years. In addition, the individual must be independent of management and free from any interest and any business or other relationship that could, or could reasonably be perceived to, materially interfere with the individual’s ability to act with the view to the best interest of the Evolve Fund.

The members of the IRC are Kevin Drynan (Chair), Rod McIsaac and Mark Leung.

The IRC has a written charter that sets out its powers, duties and responsibilities. Additionally, pursuant to NI 81-107, the IRC assesses, at least annually, the adequacy and effectiveness of the following: the Manager’s policies and procedures regarding conflict of interest matters; any standing instructions that the IRC gave to the Manager for conflict of interest matters related to the Evolve Fund; the compliance of the Manager and the Evolve Fund with any conditions imposed by the IRC on a recommendation or approval it has provided to the Manager; the independence and compensation of its members; the IRC’s effectiveness as a committee; and the contribution of each member to the IRC.

The IRC prepares a report for Unitholders, at least annually, of its activities. Such report is made available on the Manager’s website at [www.evolveetfs.com](http://www.evolveetfs.com) or, at the request of a Unitholder and at no cost, by calling the Manager at 416-214-4884 or toll-free at 1-844-370-4884 or by sending an email request to [info@evolvefunds.com](mailto:info@evolvefunds.com).

The members of the IRC are paid an annual fee for serving on the IRC of the investment funds in the Evolve Funds. Each investment fund, including the Evolve Funds, is responsible for a portion of that fee, which is allocated by the Manager among the various funds. Currently, annual fees are payable to the following members of the IRC as follows: Kevin Drynan (Chair, \$10,000), Rod McIsaac (\$7,500) and Mark Leung (\$7,500). In addition to the annual fee, the IRC will receive \$2,000 for each additional meeting held after the first two meetings in any year.

The investment funds in the EFG family of ETFs all share the same IRC. Fees and expenses of the IRC are borne and shared by all of the investment funds in the EFG family of ETFs.

### **Trustee**

Pursuant to the Declaration of Trust, the Manager is also the trustee of the Evolve Fund. The Trustee may resign upon 90 days’ notice to Unitholders and the Manager. The Trustee must be removed if the Trustee ceases to (i) be resident in Canada for purposes of the Tax Act; (ii) carry out its function of managing the Evolve Fund in Canada; or (iii) exercise the main powers and discretions of the Trustee in respect of the Evolve Fund in Canada. If the Trustee resigns or if it becomes incapable of acting as trustee, the Trustee may appoint a successor trustee prior to its resignation, and its resignation shall become effective upon the acceptance of such appointment by its successor. If no successor has been appointed within 90 days after the Trustee has provided the Manager with 90 days’ notice of its intention to resign, the Evolve Fund will be terminated, and the property of the Evolve Fund shall be distributed in accordance with the terms of the Declaration of Trust.

The Declaration of Trust provides that the Trustee shall act honestly, in good faith and in the best interests of the Evolve Fund and shall perform its duties to the standard of care that a reasonably prudent person would exercise in the circumstances. In addition, the Declaration of Trust contains other customary provisions limiting the liability of

the Trustee and indemnifying the Trustee in respect of certain liabilities incurred by it in carrying out the Trustee's duties.

At any time during which the Manager is the trustee, the Manager will receive no fee in respect of the provision of services as trustee.

### **Custodian**

CIBC Mellon Trust Company, at its principal office in Toronto, Ontario, is custodian of the assets of the Evolve Fund pursuant to the Custodian Agreement. The Custodian has appointed qualified foreign sub-custodians in each jurisdiction in which the Evolve Fund has securities. The Manager or the Custodian may terminate the Custodian Agreement at any time upon ninety (90) days' written notice.

The Custodian is entitled to receive fees from the Manager as described under "Fees and Expenses" and to be reimbursed for all expenses and liabilities that are properly incurred by the Custodian in connection with the activities of the Evolve Fund.

### **Auditors**

The auditors of the Evolve Fund are Ernst & Young LLP located at its principal offices in Toronto, Ontario. The auditors of the Evolve Fund may not be changed unless the IRC has approved the change and Unitholders have received at least 60 days' notice before the effective date of the change, or as otherwise required by Canadian Securities Legislation.

### **Registrar and Transfer Agent**

TSX Trust Company, at its principal offices in Toronto, Ontario, is the Registrar and Transfer Agent for the Evolve Fund pursuant to a registrar and transfer agency agreement entered into as of the date of the initial issuance of Units.

### **Fund Administrator**

CIBC Mellon Global Securities Services Company, at its principal offices in Toronto, Ontario, is the Fund Administrator. The Fund Administrator is responsible for certain aspects of the day-to-day administration of the Evolve Fund, including NAV calculations, accounting for net income and net realized capital gains of the Evolve Fund and maintaining books and records with respect to the Evolve Fund.

### **Promoter**

The Manager has taken the initiative in founding and organizing the Evolve Fund and is, accordingly, the promoter of the Evolve Fund within the meaning of securities legislation of certain provinces and territories of Canada. The Manager, in its capacity as manager of the Evolve Fund, receives compensation from the Evolve Fund. See "Fees and Expenses".

## **CALCULATION OF NET ASSET VALUE**

The NAV and NAV per Unit of a class of Units of the Evolve Fund are calculated by the Fund Administrator as of the Valuation Time on each Valuation Date. The NAV of a class of Units of the Evolve Fund on a particular date is equal to the aggregate value of the assets of the Evolve Fund attributable to that class less the aggregate value of the liabilities of the Evolve Fund attributable to that class, including any accrued management fees and any income, net realized capital gains or other amounts payable to Unitholders on or before such date, expressed in Canadian dollars. The NAV per Unit of a class of Units on any day is obtained by dividing the NAV of the Evolve Fund attributable to that class on such day by the applicable number of Units of that class of the Evolve Fund then outstanding.

The issue and redemption price of Mutual Fund Units is based on the Evolve Fund's NAV next determined after the receipt of a purchase order and a redemption order.

### **Valuation Policies and Procedures of the Evolve Fund**

In determining the NAV of the Evolve Fund at any time, the Fund Administrator uses the following valuation principles:

- a) cash on hand or on deposit, bills, demand notes, accounts receivable, prepaid expenses, cash dividends received or receivable and interest accrued and not yet received, shall be deemed to be the face value thereof unless the Manager has determined that any such deposit, bill, demand note, account receivable, prepaid expense, cash dividend received or receivable or interest is not worth the full face value, in which event the value thereof shall be deemed to be such value as the Manager determines to be reasonable;
- b) bonds, debentures, notes, money market instruments and other obligations shall be valued by taking the average of the most recently available bid and asked quotations at the Valuation Time on the Valuation Date;
- c) loans, including senior loans, shall be valued at the Valuation Time on the Valuation Date in the following manner:
  - (i) the bid-side quote determined by any of Loan Pricing Corporation, MarkIt Partners or any other nationally recognized loan pricing service selected by the Manager; or
  - (ii) if such quote described in clause (i) above is not available, the average of the bid-side quotes determined by the Manager, from three independent broker-dealers active in the trading of such asset; or (A) if only two such bids can be obtained, the average of the bid-side quotes of such two bids; or (B) if only one such bid can be obtained, such bid; or
  - (iii) if such quote or bid described in clauses (i) and (ii) above are not available, the value of such loan (expressed as a percentage of par) shall be the value assigned by the Manager based on its best estimate of fair value, taking into consideration all relevant factors, including, but not limited to, the earnings and cash flow of the applicable obligor, comparable loans and/or obligors in the market, credit ratings and/or market credit spreads, interest rate levels, liquidity levels and position concentration levels;
- d) any security which is listed or dealt in upon a stock exchange shall be valued at its current market value;
- e) any security which is not listed or dealt in upon a stock exchange shall be valued at the most recently available sale price on the Valuation Date, or if such sale price is unavailable, the average of the bid and asked quotations immediately prior to the Valuation Time on the Valuation Date shall be used;
- f) restricted securities shall be valued at the lesser of:
  - (i) the value thereof based on reported quotations in common use; and
  - (ii) that percentage of the market value of securities of the same class, the trading of which is not restricted or limited by reason of any representation, undertaking or agreement or by law, equal to the percentage that the Evolve Fund's acquisition cost was of the market value of such securities at the time of acquisition, as applicable, provided that a gradual taking into account of the actual value of the securities may be made where the date on which the restrictions will be lifted is known;
- g) purchased or written clearing corporation options, options on futures, over-the-counter options, debt-like securities and listed warrants shall be valued at the current market value thereof;
- h) where a covered clearing corporation option, option on futures or over-the-counter option is written, the premium received by the Evolve Fund shall be reflected as a deferred credit which shall be valued at an amount equal to the current market value of the clearing corporation option, option on futures or over-the-counter option that would have the effect of closing the position. Any difference resulting from revaluation shall be treated as an unrealized gain or loss on investment. The deferred credit shall be deducted in arriving at the NAV. The securities, if any, which are the subject of a written clearing corporation option or over-the-counter option shall be valued at their current market value;
- i) the value of a futures contract, forward contract or other Derivatives, such as swap contracts or options on financial futures, shall be the gain or loss with respect thereto that would be realized if, at the Valuation Time, the position in the futures contract, or the forward contract, as the case may be, were to be closed out in accordance with its terms, unless "daily limits" are in effect, in which case fair value shall be based on the current market value of the underlying interest;

- j) margin paid or deposited in respect of futures contracts and forward contracts shall be reflected as an account receivable and margin consisting of assets other than cash shall be noted as held as margin;
- k) translating amounts in a foreign currency to Canadian currency shall be based on the rate of exchange in effect on the applicable Valuation Date, as quoted by a recognized source, at the Manager's sole discretion;
- l) if any Valuation Date is not a business day in any jurisdiction which is relevant for the purposes of valuing investments of the Evolve Fund, the prices or quotations as of the preceding business day in such jurisdiction shall be used for the purposes of such valuation;
- m) any security purchased, the purchase price of which has not been paid, shall be included for valuation purposes as a security held, and the purchase price, including brokers' commissions and other expenses, shall be treated as a liability of the Evolve Fund;
- n) any security sold, but not delivered, pending receipt of the proceeds, shall be excluded for valuation purposes as a security held, and the selling price, net of brokers' commissions and other expenses, shall be treated as an asset of the Evolve Fund; and
- o) if any investment cannot be valued under the foregoing rules or if the foregoing rules are at any time considered by the Manager to be inappropriate under the circumstances, then notwithstanding the foregoing rules, the Manager shall make such valuation as it considers fair and reasonable.

Unless otherwise indicated, for purposes hereof, "current market value" means the most recently available sale price applicable to the relevant security on the principal exchange on which it is traded immediately preceding the Valuation Time on the Valuation Date, provided that, if no sale has taken place on a Valuation Date, the average of the bid and asked quotations immediately prior to the Valuation Time on the Valuation Date shall be used.

For the purposes of the foregoing valuation policies, quotations may be obtained from any report in common use, or from a reputable broker or other financial institutions, provided always that the Manager shall retain sole discretion to use such information and methods as it deems to be necessary or desirable for valuing the assets of the Evolve Fund, including the use of a formula computation.

If any investment cannot be valued under the foregoing rules or if the foregoing rules are at any time considered by the Manager to be inappropriate under the circumstances, then notwithstanding the foregoing rules, the Manager shall make such valuation as it considers fair and reasonable under the circumstances and, if there is an industry practice, in a manner consistent with such industry practice for valuing such investment.

Pursuant to NI 81-106, investment funds calculate their net asset value using fair value for purposes of securityholder transactions. The Manager considers the policies above to result in fair valuation of the securities held by the Evolve Fund in accordance with NI 81-106 and such policies have been approved by the Board of Directors of the Manager. Net assets of the Evolve Fund will continue to be calculated in accordance with the rules and policies of the Canadian Securities Administrators or any exemption therefrom that the Evolve Fund may obtain.

Although the purchases and redemptions of Units are recorded on a class basis, the assets attributable to all of the classes or series of the Evolve Fund are pooled to create one fund for investment purposes. Each class or series pays its proportionate share of Operating Expenses, as applicable, in addition to its Management Fee. The difference in Management Fees and Operating Expenses, as applicable, between each class means that each class has a different NAV per Unit.

### **Reporting of Net Asset Value**

The Manager will publish the NAV and NAV per Unit for the Evolve Fund following the Valuation Time on the Valuation Date on its website at [www.evolveetfs.com](http://www.evolveetfs.com).

## ATTRIBUTES OF THE SECURITIES

### Description of the Securities Distributed

The Evolve Fund is authorized to issue an unlimited number of classes or series of redeemable, transferable Units, each of which represents an undivided interest in the net assets of the Evolve Fund. The Evolve Fund is offering the following units: Unhedged ETF Units (CAD\$) (“**Unhedged ETF Units**” or the “**ETF Units**”), Unhedged Class A Mutual Fund Units (CAD\$) (“**Class A Mutual Fund Units**”), Unhedged Class F Mutual Fund Units (CAD\$) (“**Class F Mutual Fund Units**”) and Unhedged Class I Mutual Fund Units (CAD\$) (“**Class I Mutual Fund Units**”, together with Class A Mutual Fund Units and Class F Mutual Fund Units, “**Mutual Fund Units**”). ETF Units and Mutual Fund Units are collectively referred to as “**Units**”. Units of the Evolve Fund are denominated in U.S. dollars.

Class A Mutual Fund Units are available to all investors. Class F Mutual Fund Units have lower fees than Class A Mutual Fund Units and are available for sale to investors who have accounts with dealers who have signed a fee-based agreement with them. These investors pay their dealers a fee directly for investment advice or other services. Class I Mutual Fund Units are available to institutional investors, including funds, who meet the criteria established by the Manager. The management fees for Class I Mutual Fund Units are negotiated in a subscription agreement with the Manager and paid directly by Unitholders of Class I Mutual Fund Units, not by the Evolve Fund. Class I Mutual Fund Units may not be purchased by individuals. Management fees paid directly by the investor are generally not deductible for tax purposes. Class I Mutual Fund Unit investors should consult their own tax advisors regarding the tax treatment of management and advisory fees paid directly by the investor. Since Class I Mutual Fund Unit investors are typically financial services companies, their need for portfolio information may be different from other investors. As a result, the Manager may provide them with portfolio disclosure more frequently than the Manager provides this disclosure to other investors, and the information provided may be more detailed and/or presented in a somewhat different fashion. This information is only provided subject to an agreement limiting the investor’s use of the information and prohibiting the investor from disclosing it to any other party. The Evolve Fund is authorized to issue an unlimited number of Units of each class. All Units of each class of the Evolve Fund have equal rights and privileges. The interest of each Unitholder in the Evolve Fund is shown by how many Units are registered in the name of such Unitholder. There is no fixed issue price. No Unit of a class of the Evolve Fund has any preference or priority over another Unit of the same class.

On December 16, 2004, the *Trust Beneficiaries’ Liability Act, 2004* (Ontario) came into force. This statute provides that holders of units of a trust are not, as beneficiaries, liable for any default, obligation or liability of the trust if, when the default occurs or the liability arises: (i) the trust is a reporting issuer under the *Securities Act* (Ontario); and (ii) the trust is governed by the laws of the Province of Ontario. The Evolve Fund is a reporting issuer under the *Securities Act* (Ontario) and the Evolve Fund is governed by the laws of Ontario by virtue of the provisions of the Declaration of Trust.

### *Certain Provisions of the Units*

Each Unit entitles the holder thereof to one vote at meetings of Unitholders and to participate equally with all other Units of the same class of the Evolve Fund with respect to all payments made to Unitholders, other than Management Fee Distributions, including distributions of net income and net realized capital gains and, on liquidation, to participate equally in the net assets of the Evolve Fund remaining after satisfaction of any outstanding liabilities that are attributable to Units of that class of the Evolve Fund. Notwithstanding the foregoing, the Evolve Fund may allocate and designate as payable certain capital gains to a Unitholder whose Units are being redeemed or exchanged as described under “Exchange and Redemption of ETF Units – Allocations of Capital Gains to Redeeming or Exchanging Unitholders” and “Switches and Redemptions of Mutual Fund Units – Allocations of Capital Gains to Redeeming Unitholders”. All Units will be fully paid, with no liability for future assessments, when issued and will not be transferable except by operation of law. Unitholders are entitled to require the Evolve Fund to redeem their Units of such Evolve Fund as outlined under “Exchange and Redemption of ETF Units – Redemption of ETF Units of the Evolve Fund for Cash” and “Switches and Redemptions of Mutual Fund Units – Redemptions”.

### *Exchange of ETF Units for Baskets of Securities*

As set out under “Exchange and Redemption of ETF Units – Exchange of ETF Units of the Evolve Fund at NAV per ETF Unit for Baskets of Securities and/or Cash”, Unitholders may exchange the applicable PNU (or an integral

multiple thereof) of the Evolve Fund on any Trading Day for Baskets of Securities and/or cash, subject to the requirement that a minimum PNU be exchanged.

### ***Redemptions of ETF Units for Cash***

On any Trading Day, Unitholders may redeem ETF Units for cash at a redemption price per ETF Unit equal to 95% of the closing price of the applicable Units on the Designated Exchange on the effective day of redemption, subject to a maximum redemption price per ETF Unit equal to the NAV per ETF Unit on the effective day of redemption, less any applicable administrative fee determined by the Manager, in its sole discretion, from time to time. Because Unitholders will generally be able to sell ETF Units at the market price on the Designated Exchange through a registered broker or dealer subject only to customary brokerage commissions, Unitholders are advised to consult their brokers, dealers or investment advisers before redeeming their ETF Units for cash.

### ***Modification of Terms***

All rights attached to the Units may only be modified, amended or varied in accordance with the terms of the Declaration of Trust. See “Unitholder Matters – Amendments to the Declaration of Trust”.

The Manager may amend the Declaration of Trust from time to time to redesignate the name of the Evolve Fund or to create a new class or series of units of the Evolve Fund without notice to existing Unitholders.

### ***Voting Rights in the Portfolio Securities***

Holders of Units will not have any voting rights in respect of the securities in the Evolve Fund’s portfolio.

## **UNITHOLDER MATTERS**

### **Meetings of Unitholders**

Meetings of Unitholders will be held if called by the Manager or upon the written request to the Manager of Unitholders holding not less than 25% of the then outstanding Units.

### **Matters Requiring Unitholder Approval**

NI 81-102 requires a meeting of Unitholders to be called to approve certain changes as follows:

- (i) the basis of the calculation of a fee or expense that is charged to the Evolve Fund or its Unitholders is changed in a way that could result in an increase in charges to the Evolve Fund or to its Unitholders, except where (a) the Evolve Fund is at arm’s length with the person or company charging the fee; and (b) the Unitholders have received at least 60 days’ notice before the effective date of the change;
- (ii) a fee or expense, to be charged to the Evolve Fund or directly to its Unitholders by the Evolve Fund or the Manager in connection with the holding of Units that could result in an increase in charges to the Evolve Fund or its Unitholders, is introduced;
- (iii) the Manager is changed, unless the new manager of the Evolve Fund is an affiliate of the Manager;
- (iv) the fundamental investment objective of the Evolve Fund is changed;
- (v) the Evolve Fund decreases the frequency of the calculation of its NAV per Unit;
- (vi) other than a Permitted Merger (as defined below) for which Unitholder approval is not required, the Evolve Fund undertakes a reorganization with, or transfers its assets to, another mutual fund, if the Evolve Fund ceases to continue after the reorganization or transfer of assets and the transaction results in the Unitholders becoming securityholders in the other mutual fund;
- (vii) the Evolve Fund undertakes a reorganization with, or acquires assets from, another mutual fund, if the Evolve Fund continues after the reorganization or acquisition of assets, the transaction results in the securityholders of the other mutual fund becoming Unitholders, and the transaction would be a material change to the Evolve Fund; or
- (viii) any matter which is required by the constitutive documents of the Evolve Fund, by the laws applicable to the Evolve Fund or by any agreement to be submitted to a vote of the Unitholders.



In addition, the auditors of the Evolve Fund may not be changed unless the IRC of the Evolve Fund has approved the change and Unitholders have received at least 60 days' notice before the effective date of the change.

Approval of Unitholders of any such matter will be given if a majority of the votes cast at a meeting of Unitholders duly called and held for the purpose of considering the same approve the related resolution.

#### **Amendments to the Declaration of Trust**

The Trustee may amend the Declaration of Trust from time to time but may not, without the approval of a majority of the votes of Unitholders voting at a meeting of Unitholders duly called for such purpose, make any amendment relating to any matter in respect of which NI 81-102 requires a meeting, as set out above, or any amendment that will adversely affect the voting rights of Unitholders. All Unitholders shall be bound by an amendment affecting the Evolve Fund from the effective date of the amendment.

#### **Permitted Mergers**

The Evolve Fund may, without Unitholder approval, enter into a merger or other similar transaction (a "**Permitted Merger**") that has the effect of combining the Evolve Fund with any other investment fund or funds that have investment objectives, valuation procedures and fee structures that are similar to the Evolve Fund, subject to:

- (i) approval of the merger by the IRC;
- (ii) compliance with certain merger pre-approval conditions set out in NI 81-102; and
- (iii) written notice being sent to Unitholders at least 60 days before the effective date of the merger.

In connection with a Permitted Merger, the merging funds will be valued at their respective net asset values and Unitholders will be offered the right to redeem their Units for cash at the applicable NAV per Unit.

#### **Accounting and Reporting to Unitholders**

The fiscal year-end of the Evolve Fund is December 31. The Evolve Fund will deliver or make available to Unitholders: (i) audited annual financial statements; (ii) unaudited interim financial statements; and (iii) annual and interim management reports of fund performance. Such documents are, or will be, incorporated by reference into, and form an integral part of, this prospectus. See "Documents Incorporated by Reference".

Each Unitholder will also be mailed annually, by his, her or its broker, as and when required under applicable law, information necessary to enable such Unitholder to complete an income tax return with respect to amounts paid or payable by the Evolve Fund owned by such Unitholder in respect of the preceding taxation year of the Evolve Fund. Neither the Manager nor the Registrar and Transfer Agent is responsible for tracking the adjusted cost base of a Unitholder's Units. Unitholders should consult with their tax or investment adviser in respect of how to compute the adjusted cost base of their Units and in particular how distributions made by the Evolve Fund to a Unitholder affect the Unitholder's tax position. See "Income Tax Considerations".

The Manager will ensure that the Evolve Fund complies with all applicable reporting and administrative requirements. The Manager will also ensure that adequate books and records are kept reflecting the activities of the Evolve Fund. A Unitholder or his, her or its duly authorized representative has the right to examine the books and records of the Evolve Fund during normal business hours at the offices of the Fund Administrator. Notwithstanding the foregoing, a Unitholder shall not have access to any information that, in the opinion of the Manager, should be kept confidential in the interests of the Evolve Fund.

#### **International Information Reporting**

The Tax Act includes provisions which implement the Organization for Economic Co-operation and Development Common Reporting Standard and the Canada-United States Enhanced Tax Information Exchange Agreement (the "**International Information Exchange Legislation**"). Pursuant to the International Information Exchange Legislation, certain "Canadian financial institutions" (as defined in the International Information Exchange Legislation) are required to have procedures in place, in general terms, to identify accounts held by residents of foreign countries or by certain entities organized in, or the "controlling persons" of which are resident in, a foreign country (or, in the case of the U.S., of which the holder or any such controlling person is a citizen or resident, including U.S. persons not residing in the U.S.) and to report required information to the CRA. Under the International Information Exchange Legislation, Unitholders may be required to provide certain information including citizenship, tax residence and tax identification numbers, which information may be required to be reported to the CRA unless the investment

is held within a Plan (as defined in the section entitled “Income Tax Considerations – Taxation of Registered Plans”). Such information is exchanged by the CRA on a reciprocal, bilateral basis with the countries in which the account holder or any such controlling person is resident (or of which such holder or person is a citizen or resident, where applicable), where such countries (including the U.S.) have agreed to a bilateral information exchange with Canada to which the International Information Exchange Legislation applies.

### **TERMINATION OF THE EVOLVE FUND**

The Evolve Fund may be terminated by the Manager on at least sixty (60) days’ notice to Unitholders of such termination and the Manager will issue a press release in advance thereof. The Manager may also terminate the Evolve Fund if the Trustee resigns or becomes incapable of acting and is not replaced. The rights of Unitholders to exchange and redeem Units described under “Exchange and Redemption of Units – Exchange of Units of the Evolve Fund at Net Asset Value per Unit for Baskets of Securities and/or Cash” and “Exchange and Redemption of Units – Redemption of Units of the Evolve Fund for Cash” will cease as and from the date of termination of the Evolve Fund.

The Trustee shall be entitled to retain out of any assets of the Evolve Fund, at the date of termination of the Evolve Fund, full provision for all costs, charges, expenses, claims and demands incurred or believed by the Trustee to be due or to become due in connection with or arising out of the termination of the Evolve Fund and the distribution of its assets to the Unitholders. Out of the moneys so retained, the Trustee is entitled to be indemnified and saved harmless against all costs, charges, expenses, claims and demands. Upon such termination, the portfolio securities, cash and other assets remaining after paying or providing for all liabilities and obligations of the Evolve Fund shall be distributed pro rata based on NAV among the Unitholders.

### **PLAN OF DISTRIBUTION**

Units are being offered for sale on a continuous basis by this prospectus and there is no maximum number of Units that may be issued. The Units shall be offered for sale at a price equal to the NAV of such class of Units determined at the Valuation Time on the effective date of the subscription order.

#### **Non-Resident Unitholders**

At no time may (i) non-residents of Canada, (ii) partnerships that are not Canadian partnerships or (iii) a combination of non-residents of Canada and such partnerships (all as defined in the Tax Act) be the beneficial owners of a majority of the Units (on either a number of Units or fair market value basis) and the Manager shall inform the Registrar and Transfer Agent of this restriction. The Manager may require declarations as to the jurisdictions in which a beneficial owner of Units is resident and, if a partnership, its status as a Canadian partnership. If the Manager becomes aware, as a result of requiring such declarations as to beneficial ownership or otherwise, that the beneficial owners of 40% of the Units then outstanding (on either a number of Units or fair market value basis) are, or may be, non-residents and/or partnerships that are not Canadian partnerships, or that such a situation is imminent, the Manager may make a public announcement thereof. If the Manager determines that more than 40% of the Units (on either a number of Units or fair market value basis) are beneficially held by non-residents and/or partnerships that are not Canadian partnerships, the Manager may send a notice to such non-residents and/or partnerships, chosen in inverse order to the order of acquisition or in such manner as the Manager may consider equitable and practicable, requiring them to sell their Units or a portion thereof within a specified period of not less than 30 days. If the Unitholders receiving such notice have not sold the specified number of Units or provided the Manager with satisfactory evidence that they are not non-residents or partnerships other than Canadian partnerships within such period, the Manager may on behalf of such Unitholders sell such Units and, in the interim, shall suspend the voting and distribution rights attached to such Units. Upon such sale, the affected holders shall cease to be beneficial holders of Units and their rights shall be limited to receiving the net proceeds of sale of such Units.

Notwithstanding the foregoing, the Manager may determine not to take any of the actions described above if the Manager has been advised by legal counsel that the failure to take any of such actions would not adversely impact the status of the Evolve Fund as a mutual fund trust for purposes of the Tax Act or, alternatively, may take such other action or actions as may be necessary to maintain the status of the Evolve Fund as a mutual fund trust for purposes of the Tax Act.

## **RELATIONSHIP BETWEEN THE EVOLVE FUND AND THE DEALERS**

The Manager, on behalf of the Evolve Fund, may enter into various agreements with registered dealers (that may or may not be the Designated Broker) pursuant to which the Dealers may subscribe for Units as described under “Purchases of Units”.

Neither the Designated Broker nor any Dealer has been involved in the preparation of this prospectus or has performed any review of the contents of this prospectus and, as such, the Designated Broker and the Dealers do not perform many of the usual underwriting activities in connection with the distribution by the Evolve Fund of its Units under this prospectus. Units do not represent an interest or an obligation of the Designated Broker, any Dealer or any affiliate thereof and a Unitholder does not have any recourse against any such parties in respect of amounts payable by the Evolve Fund to the Designated Broker or applicable Dealers. See “Organization and Management Details of the Evolve Fund – Conflicts of Interest”.

### **DEALER COMPENSATION**

#### **How an investment professional and dealer are paid**

An investment professional is usually the person through whom an investor purchases Units of the Evolve Fund. An investment professional could be a broker, financial planner or advisor who is registered to sell mutual funds. A dealer is the firm for which the investment professional works.

#### ***Class A Mutual Fund Units***

If an investor buys Class A Mutual Fund Units, the negotiated commission (up to 5% of the purchase amount) is deducted from the purchase amount and paid by the Unitholder, through the Manager, to the dealer. In addition, the Manager pays the dealer a service fee when holding Class A Mutual Fund Units. The Evolve Fund may also charge a short-term trading fee if the Manager redeems a Unitholder’s Class A Mutual Fund Units within 30 days of purchase.

#### ***Trailing Commission***

The Manager pays a service fee known as a “trailing commission” to a Unitholder’s dealer, either monthly or quarterly for ongoing services that the dealer provides to purchasers on the Class A Mutual Fund Units. The service fee is a percentage of the value of the Class A Mutual Fund Units held. The Manager pays the dealer the service fee out of the Management Fee payable to the Manager for as long as the Class A Mutual Fund Units are held. The Manager may change the terms of the service fee, including the manner and frequency with which it is paid at any time. The Manager may do this without informing Unitholders. Dealers typically pay a portion of the service fee they receive to their investment professionals for the services they provide to their clients.

Trailing commissions are not paid on ETF Units or Class F Mutual Fund Units.

#### ***Class F Mutual Fund Units***

The Manager does not pay dealers a commission if an investor buys Class F Mutual Fund Units. Investors who buy Class F Mutual Fund Units pay a negotiated fee to their dealer for investment advice and other services. The Evolve Fund may also charge a short-term trading fee if a Unitholder redeems their units within 30 days of buying them.

#### ***Class I Mutual Fund Units***

The Manager does not pay dealers a commission if an investor buys Class I Mutual Fund Units. The Evolve Fund may charge a short-term trading fee if a Unitholder redeems their units within 30 days of buying them.

#### ***ETF Units***

The Manager does not pay any dealer a commission for the purchase of ETF Units. At the present time, the Manager is of the view that it is not necessary to impose any short-term trading restrictions on the ETF Units. See “Exchange and Redemption of ETF Units – Short-term Trading”.

#### **Other forms of dealer support**

The Manager may participate in co-operative advertising programs with dealers to help them market the Evolve Fund. The Manager may use part of the Management Fee to pay up to 50% of the cost of these advertising programs in accordance with rules set out in National Instrument 81-105 – *Mutual Fund Sales Practices*.

## **RELATIONSHIP BETWEEN THE EVOLVE FUND AND THE DEALERS**

The Manager, on behalf of the Evolve Fund, may enter into various agreements with registered dealers (that may or may not be the Designated Broker) pursuant to which the Dealers may subscribe for ETF Units of the Evolve Fund as described under “Purchases of Units”.

No Designated Broker or Dealer has been involved in the preparation of this prospectus or has performed any review of the contents of this prospectus and, as such, the Designated Broker and the Dealers do not perform many of the usual underwriting activities in connection with the distribution by the Evolve Fund of its Units under this prospectus. ETF Units of the Evolve Fund do not represent an interest or an obligation of the applicable Designated Broker, any Dealer or any affiliate thereof and a Unitholder does not have any recourse against any such parties in respect of amounts payable by the Evolve Fund to the applicable Designated Broker or applicable Dealers. See “Organization and Management Details of the Evolve Fund – Conflicts of Interest”.

## **PRINCIPAL HOLDERS OF UNITS**

CDS & Co., the nominee of CDS, will be the registered owner of the ETF Units which it holds for various brokers and other persons on behalf of their clients and others. From time to time, the Designated Broker, a Dealer, the Evolve Fund or another investment fund managed by the Manager or an affiliate thereof, may beneficially own, directly or indirectly, more than 10% of the ETF Units.

As of the date hereof, no person or company owns of record or, to the knowledge of the Evolve Fund or the Manager, beneficially, directly or indirectly, more than 10% of the outstanding Class A Mutual Fund Units, Class F Mutual Fund Units or Class I Mutual Fund Units of the Evolve Fund.

## **PROXY VOTING DISCLOSURE FOR PORTFOLIO SECURITIES HELD**

The Manager has established policies and procedures with respect to the voting of proxies received from issuers of securities held in the Evolve Fund’s portfolio. The Manager’s Proxy Voting Policy provides that the Manager will vote (or refrain from voting) proxies for the Evolve Fund for which it has voting power in the best economic interests of the Evolve Fund. The Proxy Voting Policy is not exhaustive and due to the variety of proxy voting issues that the Manager may be required to consider, are intended only to provide guidance and are not intended to dictate how proxies are to be voted in each instance. The Manager may depart from the Proxy Voting Policy in order to avoid voting decisions that may be contrary to the best interests of the Evolve Fund.

The Manager will publish these records on an annual basis on the Evolve Fund’s website at [www.evolveetfs.com](http://www.evolveetfs.com). The Evolve Fund’s proxy voting record for the annual period from July 1 to June 30 will be available at any time after August 31 following the end of that annual period, to any Unitholder on request, at no cost, and will also be available at [www.evolveetfs.com](http://www.evolveetfs.com).

## **MATERIAL CONTRACTS**

The only contracts material to the Evolve Fund are the Declaration of Trust and the Custodian Agreement.

Copies of these agreements may be examined at the head office of the Manager at Scotia Plaza, 40 King Street West, Suite 3404, Toronto, ON M5H 3Y2.

## **LEGAL AND ADMINISTRATIVE PROCEEDINGS**

The Evolve Fund is not involved in any legal proceedings, nor is the Manager aware of existing or pending legal or arbitration proceedings involving the Evolve Fund.

## **EXPERTS**

The auditors of the Evolve Fund, Ernst & Young LLP, Chartered Professional Accountants, Licensed Public Accountants have audited the statement of financial position contained herein. Ernst & Young LLP has advised that

it is independent with respect to the Evolve Fund within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

### **EXEMPTIONS AND APPROVALS**

The Manager, on behalf of the Evolve Fund has obtained exemptive relief from the Securities Regulatory Authorities:

- (a) to permit a Unitholder to acquire more than 20% of the Units through purchases on the Designated Exchange without regard to the takeover bid requirements of applicable Canadian Securities Legislation;
- (b) to relieve the Evolve Fund from the requirement that a prospectus contain a certificate of the underwriters;
- (c) to relieve the Evolve Fund from the requirement to prepare and file a simplified prospectus and annual information form in accordance with National Instrument 81-101 – *Mutual Fund Prospectus Disclosure* for the Mutual Fund Units in the form prescribed by Form 81-101F1 – *Contents of Simplified Prospectus* and Form 81-101F2 – *Contents of Annual Information Form*, provided that the Evolve Fund files a long form prospectus for the Mutual Fund Units in accordance with the provisions of National Instrument 41-101 – *Distribution Requirements*; and
- (d) to treat the ETF Units and Mutual Fund Units of the Evolve Fund as if such securities were separate funds in connection with their compliance with the provisions of Parts 9, 10 and 14 of NI 81-102.

### **PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION**

#### *Mutual Fund Units*

Securities legislation in some provinces gives Unitholders the right to withdraw from an agreement to buy mutual funds within two business days of receiving the prospectus or fund facts, or to cancel their purchase within 48 hours of receiving confirmation of the order.

Securities legislation in some provinces and territories also allows Unitholders to cancel an agreement to buy units and get their money back or to make a claim for damages, if the prospectus, fund facts or financial statements misrepresent any facts about the fund. These rights must usually be exercised within certain time limits.

The purchaser should refer to the applicable provisions of the securities legislation of the province or territory for the particulars of these rights or should consult with a legal adviser.

#### *ETF Units*

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase exchange traded mutual fund securities within 48 hours after the receipt of a confirmation of a purchase of such securities. In several of the provinces and territories of Canada, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation, or for non-delivery of the ETF Facts, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory.

The purchaser should refer to the applicable provisions of the securities legislation of the province or territory for the particulars of these rights or should consult with a legal adviser.

### **DOCUMENTS INCORPORATED BY REFERENCE**

Additional information about the Evolve Fund is, or will be, available in the following documents:

- (i) the most recently filed ETF Facts or Fund Facts of the Evolve Fund;
- (ii) the most recently filed comparative annual financial statements of the Evolve Fund, together with the accompanying report of the auditors;

- (iii) any unaudited interim financial statements of the Evolve Fund filed after the most recently filed comparative annual financial statements of the Evolve Fund;
- (iv) the most recently filed annual MRFP of the Evolve Fund; and
- (v) any interim MRFP of the Evolve Fund filed after that most recently filed annual MRFP of the Evolve Fund.

These documents are or will be incorporated by reference into this prospectus, which means that they legally form part of this document just as if they were printed as part of this document.

These documents are available on the Manager's website at [www.evolveetfs.com](http://www.evolveetfs.com) or by contacting the Manager at (416)-214-4884 or toll-free at 1-844-370-4884 or by email at [info@evolvefunds.com](mailto:info@evolvefunds.com). These documents and other information about the Evolve Fund are available on the Internet at [www.sedar.com](http://www.sedar.com).

In addition to the documents listed above, any documents of the type described above that are filed on behalf of the Evolve Fund after the date of this prospectus and before the termination of the distribution of the Evolve Fund are deemed to be incorporated by reference into this prospectus.

## INDEPENDENT AUDITORS' REPORT

To the Unitholder and Manager of  
US High Interest Savings Account Fund (the "Fund")

### Opinion

We have audited the financial statement of the Fund, which comprises the statement of financial position as at August 23, 2022 and notes to the financial statement, including a summary of significant accounting policies.

In our opinion, the accompanying financial statement presents fairly, in all material respects, the financial position of the Fund as at August 23, 2022 in accordance with those requirements of International Financial Reporting Standards [IFRSs] relevant to preparing such financial statement.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statement* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statement in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with those requirements of IFRS relevant to preparing such financial statement, and for such internal control as management determines is necessary to enable the preparation of a financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the financial statement, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial statement.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statement, including the disclosures, and whether the financial statement represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

(Signed) "Ernst & Young LLP"

Toronto, Canada  
August 23, 2022



**US HIGH INTEREST SAVINGS ACCOUNT FUND**

**STATEMENT OF FINANCIAL POSITION**

**As at August 23, 2022**

**ASSETS**

**Current Assets**

Cash ..... \$130

**Total Assets** ..... **\$130**

**NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS (Units issued and redeemable)**

Net assets attributable to holders of redeemable unhedged ETF units (1 Unhedged ETF Unit) ..... \$100

Net assets attributable to holders of redeemable Class A Mutual Fund Units (1 Class A Mutual Fund Unit) .. \$10

Net assets attributable to holders of redeemable Class F Mutual Fund Units (1 Class F Mutual Fund Unit) ... \$10

Net assets attributable to holders of redeemable Class I Mutual Fund Units (1 Class I Mutual Fund Unit) ..... \$10

**NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNHEDGED ETF UNIT**  
..... **\$100**

**NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS CLASS A MUTUAL FUND UNIT** ..... \$10

**NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER CLASS F MUTUAL FUND UNIT** ..... \$10

**NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER CLASS I MUTUAL FUND UNIT** ..... \$10

*The accompanying notes are an integral part of this statement of financial position.*

## US HIGH INTEREST SAVINGS ACCOUNT FUND

### Notes to the Financial Statement

August 23, 2022

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#### 1. General Information

The US High Interest Savings Account Fund (the “**Evolve Fund**”) is an exchange traded mutual fund established under the laws of the Province of Ontario, pursuant to the terms of the Declaration of Trust. The Evolve Fund is a mutual fund under the securities legislation of the provinces and territories of Canada. Evolve Funds Group Inc. (the “**Manager**”) is the promoter, trustee, manager and investment manager of the Evolve Fund and is responsible for the administration of the Evolve Fund.

The Evolve Fund seeks to maximize monthly income while preserving capital and liquidity by investing primarily in high interest US dollar deposit accounts.

The principal office of the Evolve Fund and Evolve Funds Group Inc. is located at Scotia Plaza, 40 King Street West, Suite 3404, Toronto, ON M5H 3Y2.

The financial statement as at August 23, 2022 was authorized for issue by the Manager on August 23, 2022.

#### 2. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of the financial statement are set out below.

##### 2.1 Basis of Preparation

The financial statement of the Evolve Fund has been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB), relevant to preparing a statement of financial position. The financial statement of the Evolve Fund has been prepared under the historical cost convention.

##### 2.2 Functional and Presentation Currency

The financial statement of the Evolve Fund is presented in U.S. dollars, which is the functional and presentation currency of the Evolve Fund.

##### 2.3 Financial Instruments

The Evolve Fund recognizes financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments measured at amortized cost. Regular way purchases and sales of financial assets are recognized at their trade date.

Cash comprises amounts held in trust with the custodian of the Evolve Fund and is stated at fair value.

##### 2.4 Redeemable Units

The Evolve Fund is authorized to issue an unlimited number of classes and series redeemable, transferable units, each of which represents an undivided interest in the net assets of that class of the Evolve Fund (the “**Units**”). The Units are classified as financial liabilities in accordance with the requirements of International Accounting Standard 32, Financial Instruments: Presentation.

#### 3. Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The carrying values of cash and the obligation of the Evolve Fund for net assets attributable to holders of redeemable units approximate their fair values due to their short-term nature.

#### 4. **Risks associated with financial instruments**

The Evolve Fund's overall risk management program seeks to maximize the returns derived for the level of risk to which the Evolve Fund is exposed and seeks to minimize potential adverse effects on the Evolve Fund's financial performance.

##### *4.1 Credit risk*

The Evolve Fund is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. As at August 23, 2022, the credit risk is considered limited as the cash balance was held in trust by the custodian of the Evolve Fund.

##### *4.2 Liquidity risk*

Liquidity risk is the risk that the Evolve Fund will encounter difficulty in meeting obligations associated with financial liabilities. The Evolve Fund maintains sufficient cash on hand to fund anticipated redemptions.

#### 5. **Capital Risk Management**

The capital of the Evolve Fund is represented by the net assets attributable to holders of Units. The amount of net assets attributable to holders of redeemable units can change.

#### 6. **Authorized units**

The Evolve Fund is authorized to issue an unlimited number of redeemable, transferable Units, each of which represents an undivided interest in the net assets of the Evolve Fund.

Each Unit entitles the owner to one vote at meetings of Unitholders and is entitled to participate equally with all other Units with respect to all payments made to Unitholders, other than management fee distributions, including distributions of net income and net realized capital gains and, on liquidation, to participate equally in the net assets of the Evolve Fund remaining after satisfaction of any outstanding liabilities that are attributable to Units. All Units are fully paid, with no liability for future assessments, when issued and will not be transferable except by operation of law.

In accordance with the objectives outlined in Note 1 and the risk management policies in Note 4, the Evolve Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions.

The Manager has initially purchased one ETF Unit of the Evolve Fund.

#### 7. **Management Fees and other expenses**

The Evolve Fund will pay an annual management fee (the "**Management Fee**") to the Manager for acting as trustee, manager and portfolio manager of the Evolve Fund equal to a percentage of the NAV of the Evolve Fund, calculated daily and payable monthly in arrears, plus applicable taxes, as follows:

<b>Class of Units</b>	<b>Management Fee</b>
Unhedged ETF Units	0.15% <sup>3</sup>
Class A Mutual Fund Units	0.40%
Class F Mutual Fund Units	0.15%

<sup>3</sup> The Manager has reduced the management fee on the Unhedged ETF Units of the Evolve Fund through December 31, 2022. As a result, until December 31, 2022, the effective annual management fee for the Unhedged ETF Units of the Evolve Fund is 0.05%.

No Management Fee is charged to the Evolve Fund with respect to the Class I Mutual Fund Units. Each investor in Class I Mutual Fund Units of the Evolve Fund negotiates a separate Management Fee, which fee is negotiated between the investor and the Manager, and which is payable directly to the Manager (plus applicable taxes). The combined Management Fee and Operating Expenses of the Class I Mutual Fund Units of the Evolve Fund will not exceed the combined amount charged on the Class A Mutual Fund Units of the Evolve Fund. The maximum annual fee for Class I Mutual Fund Units of the Evolve Fund, excluding applicable taxes, is 0.40%.

The Manager pays for the operating expenses of HISU (the “**Operating Expenses**”), including but not limited to: mailing and printing expenses for periodic reports to Unitholders; fees payable to the 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 HISU; 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 HISU; regulatory filing, stock exchange and licensing fees and CDS fees; Fundserv fees (if applicable); banking and interest with respect to any borrowing (if applicable); website maintenance costs; 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 HISU’s activities. The Manager is not obligated to pay any other expense, cost or fee, including those arising from new government or regulatory requirements relating to the foregoing expenses, costs and fees.

Subject to compliance with NI 81-102, the fund expenses which are payable by HISU include any taxes payable by HISU to which HISU may be subject, including income taxes, sales taxes (including GST/HST) and/or withholding taxes (including preparation costs of such tax filings); expenditures incurred upon termination of HISU; extraordinary expenses that HISU may incur and all amounts paid on account of any indebtedness (if applicable); any expenses of insurance and costs of all suits or legal proceedings in connection with HISU or the assets of HISU or to protect the Unitholders, the Trustee, the Manager, and the directors, officers, employees or agents of any of them; any expenses of indemnification of the Trustee, the Unitholders, the Manager and the directors, officers, employees or agents of any of them to the extent permitted under the Declaration of Trust; and expenses relating to the preparation, printing and mailing of information to Unitholders in connection with meetings of Unitholders. HISU is also responsible for all commissions and other costs of portfolio transactions and any extraordinary expenses of HISU which may be incurred from time to time.

**CERTIFICATE OF THE EVOLVE FUND, THE MANAGER AND PROMOTER**

Dated: August 23, 2022

This prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of each of the provinces and territories of Canada.

**EVOLVE FUNDS GROUP INC.**

(As manager, trustee and promoter and on behalf of the Evolve Fund)

(signed) "*Raj Lala*"

Raj Lala

Chief Executive Officer of Evolve Funds Group Inc., the  
Manager, Trustee and Promoter of the Evolve Fund, and  
on behalf of the Evolve Fund

(signed) "*Scharlet Diradour*"

Scharlet Diradour

Chief Financial Officer of Evolve Funds Group Inc.,  
the Manager, Trustee and Promoter of the Evolve  
Fund, and on behalf of the Evolve Fund

On behalf of the Board of Directors  
of Evolve Funds Group Inc.

(signed) "*Keith Crone*"

Keith Crone

Director

(signed) "*Elliot Johnson*"

Elliot Johnson

Director