

Evolve Metaverse ETF

June 30, 2022

Interim Management Report of Fund Performance

This interim management report of fund performance contains financial highlights but does not contain the complete interim financial statements of the investment fund. You can get a copy of the interim financial statements at your request, and at no cost, by calling 1-844-370-4884, by writing to us at Evolve Funds, 40 King Street West, Suite 3404, Toronto, ON, M5H 3Y2 or by visiting our website at www.evolveetfs.com or SEDAR at www.sedar.com. You may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

Evolve Metaverse ETF

June 30, 2022

Investment Objective and Strategies

The Evolve Metaverse ETF's (the "Fund") investment objective is to provide unitholders with long-term capital appreciation by actively investing in a diversified mix of publicly traded equity securities of issuers from North America, as well as other developed markets from around the world, that are considered by the Manager (as defined herein) to be involved in the development of the Metaverse.

Risk

Effective June 30, 2022, the risk rating of the Hedged ETF Units was changed from "Medium" to "Medium to High". There were no changes to the Fund over the period of this report that materially affected the level of risk associated with an investment in the Fund. Prospective investors should read the Fund's most recent prospectus and consider the description of risks contained therein.

Results of Operations

Since the Fund effectively began operations on November 26, 2021, no performance data can be shown. The Fund's net assets were \$9.0MM as at June 30, 2022.

Portfolio Manager Commentary

Ever since Mark Zuckerberg, the CEO of Meta Platforms, announced that he would devote the future of his company to building a metaverse, the concept of the metaverse has become increasingly endorsed by investors, entrepreneurs, and established tech giants around the world.

Companies such as Microsoft and Disney have announced they are also working on their own metaverses, while Chinese and U.S. firms from TikTok owner, ByteDance, to Apple are also developing headset units involving XR technologies.(i)

In addition, companies as including Amazon.com, Activision Blizzard, and Google's parent, Alphabet, have also been making moves into the Metaverse.(ii)

Adobe Inc., a holding in this Fund, is also staking a claim in the metaverse, As the software giant sees metaverses or virtual worlds and other immersive experiences as the future of digital interactions. The company is currently creating immersive, interactive experiences that target consumers, job training, cultural experiences, gaming, remote meetings, and more for millions of customers around the world.(iii)

Nvidia Corp., another holding in this Fund, believes the metaverse will revolutionize every industry is looking at developing the "omniverse," which is a version of the metaverse that also includes industrial applications and innovations in AI and VR. To support that claim, the company recently announced plans to expand its portfolio of AI-focused chips and software applications. Company CEO Jensen Huang said Nvidia is targeting industries with \$100+ trillion in revenue, noting that \$1 trillion is the company's total addressable market. This includes the automotive industry, chips and systems, AI enterprise software and "Omniverse" simulation software, and video gaming.(iv)

In June, China's Tencent Holdings announced the official formation of an "extended reality" (XR) unit, formally placing its bets on the metaverse concept of virtual worlds. The unit is tasked with building up the extended reality business for Tencent including both software and hardware.(v)

The metaverse market was worth just \$21.9 billion in 2020, but according to a report by Citi, the Metaverse could be worth as much as \$13 trillion by 2030, with total global Metaverse users totalling around five billion.(vi)

In fact, in an interview with CNBC, Mark Zuckerberg said he hopes to attract around a billion people to the metaverse doing hundreds of dollars of commerce, purchasing digital content, and doing different things to express themselves.(vii)

During the period, Meta also reiterated plans to ship a high-end headset codenamed Project Cambria in 2022, following its initial announcement last year. Cambria supports full VR as well as mixed reality. Meta is planning two lines of VR headsets: one that will remain affordable and consumer-focused, like today's Quest 2, and one that will incorporate the company's newest technology, aimed at the "prosumer or professional-grade" market.(viii)

Meta Platforms also announced that it has built a new AI platform to help it develop more realistic avatars for virtual worlds in the metaverse. The new platform, called MyoSuite, creates more realistic musculoskeletal models which work more efficiently than existing ones.(ix)

Evolve Metaverse ETF

June 30, 2022

Unity Software, a holding in this Fund, announced that revenue for the first quarter ended March 31, 2022, increased by 36% year-over-year to a record \$320.1 million. Free cash flow in the first quarter of 2022 was \$86.4 million, compared to a free cash flow low of \$100.6 million for the same period in the last year. Unity ended the quarter with cash, cash equivalents, and restricted cash of \$1.2 billion as of March 31, 2022, compared to \$1.1 billion as of March 31, 2021.(x)

Microsoft announced that Kawasaki is a new customer for the tech giant's so-called "industrial metaverse", or in other words, a factory floor of workers who will wear a HoloLens headset to help with production, repairs, and managing supply chains. Kawasaki was joined by Heinz and Boeing which also announced that they would use the Microsoft industrial metaverse in their operations.(xi)

Performance Attribution

During the six-month period ended June 30, 2022, Activision Blizzard made the largest contribution to the Fund's performance, followed by Alibaba Group Holding Ltd. The largest holding by weight in the Fund was NetEase Inc, followed by Ubisoft Entertainment SA.

(i) <https://www.reuters.com/world/china/tencent-forms-extended-reality-unit-metaverse-race-gathers-steam-sources-2022-06-20/>

(ii) https://evolveetfs.com/2022/04/more-companies-moving-into-the-metaverse/?utm_source=newsletter&utm_medium=email&utm_campaign=weekly+newsletter

(iii) https://evolveetfs.com/2022/04/more-companies-moving-into-the-metaverse/?utm_source=newsletter&utm_medium=email&utm_campaign=weekly+newsletter

(iv) https://evolveetfs.com/2022/04/more-companies-moving-into-the-metaverse/?utm_source=newsletter&utm_medium=email&utm_campaign=weekly+newsletter

(v) <https://www.reuters.com/world/china/tencent-forms-extended-reality-unit-metaverse-race-gathers-steam-sources-2022-06-20/>

(vi) https://evolveetfs.com/2022/04/more-companies-moving-into-the-metaverse/?utm_source=newsletter&utm_medium=email&utm_campaign=weekly+newsletter

(vii) <https://www.cNBC.com/2022/06/22/mark-zuckerberg-envisions-1-billion-people-in-the-metaverse.html>

(viii) <https://www.theverge.com/2022/6/20/23172503/mark-zuckerberg-meta-vr-headset-prototype-reveal-butterscotch-sunburst-holocake-mirror-lake>

(ix) https://evolveetfs.com/2022/06/the-metaverse-may-change-your-life/?utm_source=newsletter&utm_medium=email&utm_campaign=Newsletter-2022-06-19

(x) https://evolveetfs.com/2022/06/the-metaverse-may-change-your-life/?utm_source=newsletter&utm_medium=email&utm_campaign=Newsletter-2022-06-19

(xi) <https://www.cNBC.com/2022/05/24/microsoft-partners-with-kawasaki-for-industrial-metaverse.html>

Recent Developments

In the six-month period ended June 30, 2022, the COVID-19 pandemic persisted and continued to result in unprecedented actions by governments around the world to curtail the spread of the disease. These events have resulted in a high level of uncertainty and volatility in the financial markets and have had an enormous impact on businesses and consumers in all sectors. The duration and impact of these developments is unknown at this time and as such, the financial impact to investments cannot be estimated.

Related Party Transactions

Evolve Funds Group Inc. (the "Manager") complies with its current policy and procedures regarding investments in related issuers and reports periodically to the Investment Review Committee.

Evolve Metaverse ETF

June 30, 2022

Management Fees

The management fees are calculated based on 0.60% per annum of the average daily net asset value of the Fund. The fees are accrued daily and generally paid monthly. For the six-month period ended June 30, 2022, the Fund incurred \$39,291 in management fees. These management fees were received by the Manager for the day-to-day operations of the fund, including managing the portfolio, maintaining portfolio systems used to manage the Fund, maintaining the www.evolveetfs.com website, and providing all other services including marketing and promotion.

Administration Fees

The administration fees are calculated based on 0.15% per annum of the average daily net asset value of the Fund. The fees are accrued daily and are generally paid monthly. For the six-month period ended June 30, 2022, the Fund incurred \$9,823 in administration fees. These administration fees were received by Evolve Funds Group Inc. for the following operating expenses of the Fund including but not limited to: mailing and printing expenses for periodic reports to unitholders; fees payable to the index provider, Registrar and Transfer Agent and Custodian; any reasonable out of pocket expenses incurred by the Manager or its agents in connection with their ongoing obligations to the Fund; IRC committee member fees and expenses in connection with the IRC; expenses related to compliance with NI 81-107; fees and expenses relating to voting of proxies by a third party; insurance coverage for the members of the IRC; fees payable to the auditors and legal advisors of the Fund; regulatory filing, stock exchange and licensing fees and CDS fees; costs and expenses of complying with all applicable laws, regulations and policies, including expenses and costs incurred in connection with the continuous public filing requirements such as permitted prospectus preparation and filing expenses; and legal, accounting and audit fees and fees and expenses of the Trustee, Custodian and Manager which are incurred in respect of matters not in the normal course of the Fund's activities. The administration fee paid to the Manager by the Fund may, in any particular period, be less than or exceed the operating expenses that the Manager incurs for that class.

Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help readers understand the Fund's financial performance for the period indicated.

The Fund's Net Assets Per Unit¹

	June 30, 2022 (\$)	December 31, 2021 (\$)
For the periods ended:		
Hedged ETF Units - Net Assets per Unit		
Net Assets per Unit, beginning of period ²	9.49	10.00
Increase (decrease) from operations:		
Total revenue	0.02	-
Total expenses	(0.04)	(0.01)
Realized gains (losses)	(0.60)	(0.24)
Unrealized gains (losses)	(3.11)	(0.13)
Total increase (decrease) from operations³	(3.73)	(0.38)
Net Assets per Unit, end of period	5.62	9.49

1 This information is derived from the Fund's unaudited interim financial statements as at June 30, 2022 and the audited annual financial statement as at December 31, 2021. The Fund effectively began operations on November 26, 2021.

2 This amount represents the initial launch price.

3 Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of units outstanding over the period.

Evolve Metaverse ETF

June 30, 2022

The Fund's Ratios/Supplemental Data

For the periods ended:	June 30, 2022	December 31, 2021
Hedged ETF Units - Ratios/Supplemental Data		
Total Net Asset Value (\$) ⁴	8,989,271	9,960,698
Number of units outstanding ⁴	1,600,000	1,050,001
Management expense ratio ⁵	0.85%	0.81%
Trading expense ratio ⁶	0.12%	0.55%
Portfolio turnover rate ⁷	44.68%	11.48%
Net Asset Value per unit (\$)	5.62	9.49
Closing market price (\$)	5.59	9.50

4 This information is provided as at June 30, 2022 and December 31, 2021.

5 Management expense ratio ("MER") is based on total expenses plus harmonized sales tax (excluding distributions, commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.

6 The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of average daily net assets during the period.

7 The Fund's portfolio turnover rate indicates how actively the Fund's portfolio manager trades its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. The higher the Fund's portfolio turnover rate in a period, the greater the trading costs payable by the Fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of a fund

Past Performance

Since the Fund is a reporting issuer for less than one year, with inception date November 26, 2021, providing performance data for the period is not permitted.

Summary of Investment Portfolio

Top 25 Positions

Security	Percentage of Net Asset Value (%)
NetEase Inc., ADR	3.4
Alphabet Inc., Class 'A'	3.4
Ubisoft Entertainment SA, ADR	3.4
Activision Blizzard Inc.	3.3
Sony Group Corporation, ADR	3.3
Tencent Holdings Limited, ADR	3.3
eXp World Holdings Inc.	3.3
Taiwan Semiconductor Manufacturing Company Limited, ADR	3.3
Amazon.com Inc.	3.3
Apple Inc.	3.3
Microsoft Corporation	3.3
Cisco Systems Inc.	3.3
The Walt Disney Company	3.3
Alibaba Group Holding Limited, ADR	3.3
Electronic Arts Inc.	3.3
Roblox Corporation	3.3
Adobe Inc.	3.3
Intel Corporation	3.3
Sea Limited, ADR	3.3
Take-Two Interactive Software Inc.	3.3

Evolve Metaverse ETF

June 30, 2022

Top 25 Positions (cont'd)

	Percentage of Net Asset Value (%)
Security	
Coinbase Global Inc.	3.3
Snap Inc.	3.3
Qualcomm Inc.	3.3
Autodesk Inc.	3.3
Matterport Inc.	3.3
Total	82.8

Industry Allocation

Portfolio by Category	Percentage of Net Asset Value (%)
Equities	
Communication Services	36.6
Consumer Discretionary	10.0
Financials	3.3
Information Technology	46.3
Real Estate	3.3
Derivative Assets	0.3
Derivative Liabilities	(0.0)
Cash and Cash Equivalents	1.4
Other Assets, less Liabilities	(1.2)
Total	100.0

The summary of Investment Portfolio may change due to the ongoing portfolio transactions of the Fund. Updates are available quarterly by visiting our website at www.evolveetfs.com.



Evolve Metaverse ETF