

Evolve Enhanced FANGMA Index 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.

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Investment Objective and Strategies

The Evolve Enhanced FANGMA Index ETF (the "Fund") seeks to replicate, to the extent reasonably possible and before fees and expenses, a 1.25 times multiple of the performance of the Solactive FANGMA Equal Weight Index Canadian Dollar Hedged, or any successor thereto. The Fund invests in equity securities of Alphabet Inc., Amazon Inc., Apple Inc., Meta Platforms Inc. (formerly Facebook Inc.), Netflix Inc. and Microsoft Corp.

Risk

There were no changes to the Fund over the period of this report that materially affected the level of risk associated with an investment in the Fund. Prospective investors should read the Fund's most recent prospectus and consider the description of risks contained therein.

Results of Operations

Since the Fund effectively began operations on February 28, 2022, no performance data can be shown. The Fund's net assets were \$2.2MM as at June 30, 2022.

Leverage

The table below shows the minimum and maximum leverage levels of the Fund for the six-month period ended June 30, 2022, as well the leverage at the end of the reporting period and as a percentage of the Fund's net assets.

The Fund is classified as an "alternative mutual fund" as defined in National Instrument 81-102, Investment Funds ("NI 81-102"). As an alternative mutual fund, the Fund is permitted to lever its assets per the restrictions outlined in NI 81-102. The Fund currently anticipates achieving its investment objectives and creating leverage through the use of cash borrowing. The maximum aggregate exposure of the funds to cash borrowing will not exceed approximately 25% of NAV. In order to ensure that unitholders' risk is limited to the capital invested, funds' leverage will be rebalanced back to 25% of the funds' NAV within two business days of the funds' leverage exceeding 2% above its target leverage ratio of 25% of NAV.

Leverage Calculation (Investments Market Value/Net Asset Value)

Period Ended	Minimum Leverage	Maximum Leverage	Leverage at the end of the Reporting Period	Percentage of Net Asset Value (%)
June 30, 2022	1.224 : 1	1.289 : 1	1.248 : 1	124.80

Portfolio Manager Commentary

At the end of first half of 2022, the Nasdaq Composite was down almost 28%, with big tech stocks recording significant losses. Apple, Alphabet, and Microsoft all recorded losses of more than 22%, while Amazon.com was down by 36%, and Facebook's parent Meta Platforms was down by 51%.(i)

In June, U.S. FCC commissioner requested Apple and Google to remove TikTok from their app stores over China-related data security concerns. The popular short video app is owned by Chinese company ByteDance, which has come under scrutiny in the U.S. In a letter to the two companies, the commissioner said if the Apple and Alphabet do not remove TikTok from their app stores, they should provide statements to him by July 8 which state "the basis for your company's conclusion that the surreptitious access of private and sensitive U.S. user data by persons located in Beijing, coupled with TikTok's pattern of misleading representations and conduct, does not run afoul of any of your app store policies."(ii)

In an interview with CNBC's Jim Kramer, Meta Platforms CEO Mark Zuckerberg said that the metaverse could be a considerable part of the social network operator's business in the second half of the decade. 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. In addition to its metaverse spending, Meta is investing heavily in the development of artificial intelligence, which can bolster advertising – the source of around 97% of the company's revenue.(iii)

Meta Platforms had 3.64 billion monthly active people across its family of applications in the first quarter, up 6% year over year. Meta CEO also announced a slew of monetization updates for Facebook and Instagram, including the news of a revenue-sharing extension. Creators on Facebook and Instagram would not have to share a cut of their revenue with the platforms until 2024. Meta previously said it would hold off on revenue sharing until 2023.(iv)

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Amazon announced that it is launching a fleet of e-cargo bikes and a team of on-foot delivery staff to replace thousands of van deliveries on London's roads. The online retailer is opening its first "micromobility" hub in East London, which along with an existing fleet of electric vehicles will be expected to contribute to 5 deliveries a year across about a 10th of the capital's ultra-low emission zone postcode districts. The bikes will be operated by a variety of partner businesses, not directly by Amazon. The company plans more such delivery hubs around the UK this year as part of its efforts to cut its carbon emissions.(v)

Apple is launching a new feature for Apple Pay to let users pay for purchases in four installments over time without interest, called Apple Pay Later. It is Apple's take on a buy now, pay later service, built right into Apple Pay and coming with iOS 16.(vi) The new features are designed to attract more people to Apple Pay and keep customers locked into the iOS ecosystem.

The iPhone's Wallet app will directly compete with products from other fintech companies such as Affirm and PayPal. Apple will also launch a new payments system that lets users pay someone by tapping their iPhone against theirs. It's a direct competitor to Block's Square.(vii)

Over 90% of Apple's products are made in China by contractors but tensions between China's communist government and the US make the company's reliance on China risky, while COVID-19 lockdowns in China have led to supply-chain disruptions. About one-fifth of Apple's global sales are often attributed to China.(ix)

In a partnership with Samsung, Microsoft launched its Xbox TV app, allowing owners of Samsung's 2022 smart TVs and monitors to play Xbox games without a game console. Xbox Game Pass Ultimate subscribers will be able to access more than 100 games through Samsung's 2022 smart TVs, streaming through the cloud powered by custom Xbox Series X hardware. The Xbox TV app will work very much like Netflix on TVs and will be available from Samsung's gaming hub.(viii)

Netflix reported a loss of 200,000 subscribers during the first quarter. This is the first time the company has reported a subscriber loss in more than a decade. Netflix blamed increased competition, password sharing, inflation and the ongoing Russian invasion of Ukraine for the stagnant subscriber growth. Netflix is forecasting a global paid subscriber loss of 2 million for the second quarter. Netflix previously told shareholders it expected to add 2.5 million net subscribers during the first quarter.

Netflix reported revenue of \$7.87 billion versus analysts forecast of \$7.93 billion in the first quarter for an earnings per share of \$3.53 versus \$2.89, according to a Refinitiv survey of analysts.(x)

Google is introducing new options to reject tracking cookies in Europe after its existing dialog boxes were found to be in violation of EU data laws. Earlier this year, France's data protection agency CNIL fined Google €150 million for deploying confusing language in cookie banners. Previously, Google allowed users to accept all tracking cookies with a single click, but forced people to click through various menus to reject them all. To remedy the situation, Google's new cookie banners give clear, balanced choices: "reject all," "accept all," or "more options."(xi)

Performance Attribution

For the period ending June 30, 2022, Microsoft Corp was the largest contributor to the Fund's performance, followed by Apple Inc. The largest holding by weight in the Fund was Apple Inc., followed by Microsoft Corp.

(i) <https://www.barrons.com/articles/tech-stocks-secondhalf-could-be-worse-51656693199?mod=Searchresults>

(ii) <https://www.cnbc.com/2022/06/29/fcc-commissioner-tells-apple-google-to-remove-tiktok-from-app-stores.html>

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

(iv) <https://www.theverge.com/2022/6/21/23176749/meta-instagram-facebook-creators-revenue-policy-reels>

(v) <https://www.theguardian.com/technology/2022/jul/04/amazon-e-cargo-bikes-deliveries-london>

(vi) <https://www.theverge.com/2022/6/6/23156672/apple-pay-later-installments-wwdc-ios-16-buy-now-bnpl>

(vii) <https://www.cnbc.com/2022/06/07/apple-expands-fintech-ambitions-in-ios-16.html>

(viii) <https://www.theverge.com/2022/6/9/23159460/microsoft-xbox-tv-app-samsung-2022-tv-xbox-cloud-gaming-streaming>

(ix) <https://www.cnet.com/news/apple-wants-to-increase-production-outside-of-china-report-says/>

(x) <https://www.cnbc.com/2022/04/19/netflix-nflx-earnings-q1-2022.html>

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(xi) <https://www.theverge.com/2022/4/21/23035289/google-reject-all-cookie-button-eu-privacy-data-laws>

Related Party Transactions

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

Management Fees

The management fees are calculated based on 0.50% 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 \$4,796 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 \$1,556 in administration fees. These administration fees were received by the Manager for the following operating expenses of the Fund including but not limited to: mailing and printing expenses for periodic reports to unitholders; Registrar and Transfer Agent and Custodian; any reasonable out of pocket expenses incurred by the Manager or its agents in connection with their ongoing obligations to the Fund; IRC committee member fees and expenses in connection with the IRC; expenses related to compliance with NI 81-107; fees and expenses relating to voting of proxies by a third party; insurance coverage for the members of the IRC; fees payable to the auditors and legal advisors of the Fund; regulatory filing, stock exchange and licensing fees and CDS fees; costs and expenses of complying with all applicable laws, regulations and policies, including expenses and costs incurred in connection with the continuous public filing requirements such as permitted prospectus preparation and filing expenses; and legal, accounting and audit fees and fees and expenses of the Trustee, Custodian and Manager which are incurred in respect of matters not in the normal course of the Fund's activities. The administration fee paid to the Manager by the Fund may, in any particular period, be less than or exceed the operating expenses that the Manager incurs for the Fund.

Financial Highlights

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

The Fund's Net Assets Per Unit¹

	June 30, 2022 (\$)
For the period ended:	
Unhedged ETF Units - Net Assets per Unit	
Net Assets per Unit, beginning of period ²	10.00
Increase (decrease) from operations:	
Total revenue	0.01
Total expenses	(0.03)
Realized gains (losses)	(1.06)
Unrealized gains (losses)	(2.14)
Total increase (decrease) from operations³	(3.22)
Distributions:	
From income (excluding dividends)	(0.01)
Total annual distributions⁴	(0.01)
Net Assets per Unit, end of period	6.77

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

	June 30, 2022 (\$)
For the period ended:	
Hedged ETF Units - Net Assets per Unit	
Net Assets per Unit, beginning of period ²	10.00
Increase (decrease) from operations:	
Total revenue	0.01
Total expenses	(0.03)
Realized gains (losses)	(1.25)
Unrealized gains (losses)	(2.15)
Total increase (decrease) from operations³	(3.42)
Distributions:	
From income (excluding dividends)	(0.01)
Total annual distributions⁴	(0.01)
Net Assets per Unit, end of period	6.57
US Dollar Unhedged ETF Units - Net Assets per Unit⁵	
Net Assets per Unit, beginning of period ²	12.70
Increase (decrease) from operations:	
Total revenue	0.01
Total expenses	(0.04)
Realized gains (losses)	(1.35)
Unrealized gains (losses)	(2.71)
Total increase (decrease) from operations³	(4.09)
Distributions:	
From income (excluding dividends)	(0.01)
Total annual distributions⁴	(0.01)
Net Assets per Unit, end of period	8.60

- 1 This information is derived from the Fund's unaudited interim financial statements as at June 30, 2022. The Hedged, Unhedged, and US Dollar Unhedged ETF Units effectively began operations on February 28, 2022.
- 2 This amount represents the initial launch price.
- 3 Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of units outstanding over the period.
- 4 Distributions were paid in cash or reinvested in additional units of the Fund, or both. Actual distributions may vary slightly owing to rounding.
- 5 Per unit figures are stated in CAD equivalent.

The Fund's Ratios/Supplemental Data

	June 30, 2022
For the period ended:	
Unhedged ETF Units - Ratios/Supplemental Data	
Total Net Asset Value (\$) ⁶	676,867
Number of units outstanding ⁶	100,000
Management expense ratio ⁷	1.06%
Management expense ratio excluding cost of financing ⁷	0.69%
Trading expense ratio ⁸	0.07%
Portfolio turnover rate ⁹	138.93%
Net Asset Value per unit (\$)	6.77
Closing market price (\$)	6.77

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

	June 30, 2022
For the period ended:	
Hedged ETF Units - Ratios/Supplemental Data	
Total Net Asset Value (\$) ⁶	656,833
Number of units outstanding ⁶	100,000
Management expense ratio ⁷	1.06%
Management expense ratio excluding cost of financing ⁷	0.69%
Trading expense ratio ⁸	0.07%
Portfolio turnover rate ⁹	138.93%
Net Asset Value per unit (\$)	6.57
Closing market price (\$)	6.57
US Dollar Unhedged ETF Units - Ratios/Supplemental Data	
Total Net Asset Value (\$) ⁶	859,721
Number of units outstanding ⁶	100,000
Management expense ratio ⁷	1.06%
Management expense ratio excluding cost of financing ⁷	0.69%
Trading expense ratio ⁸	0.07%
Portfolio turnover rate ⁹	138.93%
Net Asset Value per unit (\$)	8.60
Closing market price (\$)	8.60

6 This information is provided as at June 30, 2022.

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

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

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

Past Performance

Since the Fund is a reporting issuer for less than one year, with inception date February 28, 2022, providing performance data for the period is not permitted.

Summary of Investment Portfolio

All Positions

	Percentage of Net Asset Value (%)
Security	
Microsoft Corporation	25.0
Alphabet Inc., Class 'A'	23.0
Apple Inc.	22.7
Meta Platforms Inc.	20.9
Amazon.com Inc.	19.0
Netflix Inc.	14.2
Total	124.8

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Industry Allocation

Portfolio by Category	Percentage of Net Asset Value (%)
Equities	
Communication Services	58.1
Consumer Discretionary	19.0
Information Technology	47.7
Derivative Assets	0.1
Derivative Liabilities	(0.0)
Cash and Cash Equivalents	0.2
Other Assets, less Liabilities	(25.1)
Total	100.0

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



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