

Evolve NASDAQ Technology Index Fund

December 31, 2023

Annual Management Report of Fund Performance

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

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Investment Objective and Strategies

The Evolve NASDAQ Technology Index Fund (the "Fund") seeks to replicate, to the extent reasonably possible and before fees and expenses, the performance of the NASDAQ-100 Technology Sector Adjusted Market-Cap Weighted Index, or any successor thereto.

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 July 11, 2023, no performance data can be shown. The Fund's net assets were \$10.5MM as at December 31, 2023.

Portfolio Manager Commentary

2023 was an incredible year for the technology sector, buoyed by the wider stock market's recovery and the surge in investor interest in companies involved in the development of artificial intelligence (AI) technology. The fund's success can be largely attributed to its investment in the "mega-cap" technology stocks that dominated market gains during the period, including NVIDIA, Meta, Microsoft, Apple and Alphabet. The year solidified the sentiment that "there is no AI without Big Tech", with all new entrants in the space having to rely on the computing infrastructure of Microsoft, Amazon, and Google to train their systems, and on those same firms' vast consumer market reach to deploy and sell their AI related products. These companies not only recovered from their previous year's setbacks, but also substantially outperformed the broader market.¹ A key example of this was Microsoft's partnership with OpenAI which it announced in June, with the partnership intended to leverage Microsoft's computing infrastructure against the exclusive licensing of OpenAI's models.² In other news, demand for NVIDIA's chips used in the development of AI technologies catapulted the company's valuation to surpass \$1 trillion during the year, a feat that only a handful of companies have accomplished in the past.³

In addition to AI, another key theme in the technology sector in 2023 has been cost cutting. Major tech companies like Meta are emphasizing efficiency, particularly focusing on improving revenue per employee metrics. This shift comes after a period of significant hiring, which did not correspond with proportional revenue increases, leading to accusations of "fake work" and triggering layoffs. Google is also implementing cost-cutting measures, including reduced office perks and more efficient data center operations. Additionally, Meta is revising its work policies, moving away from remote work options in new job postings, signaling a broader industry trend away from pro-remote work stances.⁴

Performance Attribution

For the twelve-month period ending December 31, 2023, Broadcom Inc. made the biggest contribution to the Fund, followed by Advanced Micro Devices Inc. By weight, the Fund's largest holdings were Meta Platforms, Inc., NVIDIA Corporation, and Apple Inc.

(1) <https://www.usbank.com/investing/financial-perspectives/market-news/investing-in-tech-stocks.html>

(2) <https://www.technologyreview.com/2023/12/05/1084393/make-no-mistake-ai-is-owned-by-big-tech/>

(3) <https://www.cnn.com/2023/05/30/investing/nvidia-1-trillion/index.html>

(4) <https://www.businessinsider.com/big-tech-cost-cutting-meta-google-apple-vr-tesla-solar-2023-3>

Recent Developments

There are no known changes at this time to the investment strategy of the Fund or the Manager.

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.

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Management Fees

The management fees are calculated based on 0.25% per annum of the average daily net asset value of the Fund. The fees are accrued daily and generally paid monthly. For the year ended December 31, 2023, the Fund incurred \$12,429 in management fees. These management fees were received by the Manager for the day-to-day operations of the fund, including managing the portfolio, maintaining portfolio systems used to manage the Fund, maintaining the www.evolveetfs.com website, and providing all other services including marketing and promotion.

Administration Fees

The administration fees are calculated based on 0.15% per annum of the average daily net asset value of the Fund. The fees are accrued daily and are generally paid monthly. For the year ended December 31, 2023, the Fund incurred \$7,456 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

	December 31, 2023 (\$)
For the period ended:	
Unhedged ETF Units - Net Assets per Unit	
Net Assets per Unit, beginning of period ²	20.00
Increase (decrease) from operations:	
Total revenue	0.07
Total expenses	(0.07)
Realized gains (losses)	1.69
Unrealized gains (losses)	2.02
Total increase (decrease) from operations³	3.71
Distributions:	
Return of capital	(0.06)
Total annual distributions⁴	(0.06)
Net Assets per Unit, end of period	23.46
Hedged ETF Units - Net Assets per Unit	
Net Assets per Unit, beginning of period ²	20.00
Increase (decrease) from operations:	
Total revenue	0.07
Total expenses	(0.07)
Realized gains (losses)	1.97
Unrealized gains (losses)	3.41
Total increase (decrease) from operations³	5.38
Distributions:	
From dividends	(0.01)
Return of capital	(0.05)
Total annual distributions⁴	(0.06)
Net Assets per Unit, end of period	23.34

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

	December 31, 2023 (\$)
For the period ended:	
US Dollar Unhedged ETF Units - Net Assets per Unit⁵	
Net Assets per Unit, beginning of period ²	26.47
Increase (decrease) from operations:	
Total revenue	0.09
Total expenses	(0.09)
Realized gains (losses)	1.73
Unrealized gains (losses)	2.79
Total increase (decrease) from operations³	4.52
Distributions:	
Return of capital	(0.08)
Total annual distributions⁴	(0.08)
Net Assets per Unit, end of period	31.04

1 This information is derived from the Fund's audited annual financial statements as at December 31, 2023. The Hedged, Unhedged and US Dollar Unhedged ETF Units effectively began operations on July 11, 2023.

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

	December 31, 2023
For the period ended:	
Unhedged ETF Units - Ratios/Supplemental Data	
Total Net Asset Value (\$) ⁶	1,759,190
Number of units outstanding ⁶	75,000
Management expense ratio ⁷	0.45%
Trading expense ratio ⁸	0.13%
Portfolio turnover rate ⁹	65.76%
Net Asset Value per unit (\$)	23.46
Closing market price (\$)	23.46
Hedged ETF Units - Ratios/Supplemental Data	
Total Net Asset Value (\$) ⁶	6,417,888
Number of units outstanding ⁶	275,000
Management expense ratio ⁷	0.45%
Trading expense ratio ⁸	0.13%
Portfolio turnover rate ⁹	65.76%
Net Asset Value per unit (\$)	23.34
Closing market price (\$)	23.36

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

	December 31, 2023
For the period ended:	
US Dollar Unhedged ETF Units - Ratios/Supplemental Data	
Total Net Asset Value (\$) ⁶	2,328,285
Number of units outstanding ⁶	75,000
Management expense ratio ⁷	0.45%
Trading expense ratio ⁸	0.13%
Portfolio turnover rate ⁹	65.76%
Net Asset Value per unit (\$)	31.04
Closing market price (\$)	31.05

6 This information is provided as at December 31, 2023.

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 July 11, 2023, providing performance data for the period is not permitted.

Summary of Investment Portfolio

Top 25 Positions

Security	Percentage of Net Asset Value (%)
Meta Platforms Inc., Class 'A'	10.0
NVIDIA Corporation	9.9
Apple Inc.	9.5
Microsoft Corporation	9.3
Broadcom Inc.	8.2
Alphabet Inc., Class 'A'	5.1
Alphabet Inc., Class 'C'	4.9
Adobe Inc.	4.1
Advanced Micro Devices Inc.	3.3
Intel Corporation	3.0
Intuit Inc.	2.6
Texas Instruments Inc.	2.5
Qualcomm Inc.	2.3
Applied Materials Inc.	2.1
Lam Research Corporation	1.5
Analog Devices Inc.	1.4
Micron Technology Inc.	1.4
Palo Alto Networks Inc.	1.3
KLA Corporation	1.2
PDD Holdings Inc., ADR	1.2
Synopsys Inc.	1.2

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Top 25 Positions (cont'd)

	Percentage of Net Asset Value (%)
Security	
Cadence Design Systems Inc.	1.1
ASML Holding NV	1.0
Roper Technologies Inc.	0.9
NXP Semiconductors NV	0.9
Total	89.9

Industry Allocation

Portfolio by Category	Percentage of Net Asset Value (%)
Equities	
Communication Services	20.0
Consumer Discretionary	1.7
Information Technology	78.1
Derivative Assets	0.6
Derivative Liabilities	(0.0)
Cash and Cash Equivalents	0.9
Other Assets, less Liabilities	(1.3)
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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