

# Evolve Innovation Index Fund

June 30, 2023

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](http://www.evolveetfs.com) or SEDAR at [www.sedar.com](http://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 Innovation Index Fund

June 30, 2023

---

## Investment Objective and Strategies

---

The Evolve Innovation Index Fund (the "Fund") seeks to replicate, to the extent reasonably possible and before fees and expenses, the performance of the Solactive Global Innovation Index. The Solactive Global Innovation Index has been designed to reflect the performance of equity securities of companies listed domestically or internationally that are involved in innovative and disruptive trends across a broad range of industries.

## Risk

---

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

## Results of Operations

---

For the six-month period ended June 30, 2023, Hedged ETF Units returned 19.3% versus the Solactive Global Innovation PR Index CAD hedged return of 19.2%. The US Dollar Unhedged ETF Units returned 19.8% versus the Solactive Global Innovation Index return of 15.9%. The Hedged Class A Mutual Fund Units returned 18.6% and the Hedged Class F Mutual Fund Units returned 19.3% versus the Solactive Global Innovation PR Index CAD hedged return of 19.2%. The difference in performance of the hedged units relative to its benchmark can be attributed primarily to management and administration fees plus applicable sales taxes, to portfolio trading and hedging strategies and to the assumption that all distributions made by the investment fund were reinvested in additional securities whereas the index performance is of price return only. The difference in performance of the US dollar unhedged units relative to its benchmark can be attributed primarily to management and administration fees plus applicable sales taxes, to portfolio trading and to the assumption that all distributions made by the investment fund were reinvested in additional securities whereas the index performance is of price return only. The Fund's net assets were \$58.2MM as at June 30, 2023.

## Portfolio Manager Commentary

---

Over the first half of 2023, the Fund experienced significant growth, driven by advancements in Artificial Intelligence (AI) and chip manufacturing as well as the broader technology sector as a whole. This performance has been particularly pronounced in the generative AI domain, where applications such as ChatGPT, GitHub Copilot, and Stable Diffusion have demonstrated their utility in communication, content creation, and data management, garnering attention from a wide array of stakeholders.<sup>1</sup>

The semiconductor industry has seen explosive growth, with the Philadelphia Semiconductor Index surging to its highest level in 14 months. Chip manufacturers like Nvidia, AMD, Marvell Technology, and Applied Materials have been beneficiaries of this trend. The AI boom is a major driving factor, as AI applications and tools are heavily reliant on advanced chips.<sup>2</sup> Notably, Nvidia's market capitalization crossed the \$1 trillion mark, joining the exclusive club of technology sector giants like Apple, Microsoft, Amazon, and Google. This achievement was largely fueled by the demand for AI tools, which rely on Nvidia's chips. In fact, in their first quarter of fiscal year 2024 earnings report, the chip manufacturer reported over \$2 billion in profit.<sup>3</sup>

In the automobile industry, there has been a notable shift as major automakers accelerated their move towards Electric Vehicles (EVs). Tesla's North American Charging Standard (NACS) has been adopted by several automakers including Ford, GM, Rivian, and Volvo. This adoption signals an industry-wide move towards standardization, which is expected to make charging solutions more accessible and boost the expansion of EV infrastructure.<sup>4</sup>

## Performance Attribution

For the six month period ending June 30, 2023, Evolve Cloud Computing Index ETF made the biggest contribution to the Fund, followed by Evolve Cyber Security Index ETF. By weight, the Fund's largest holdings were Evolve Cloud Computing Index ETF, Evolve Automobile Innovation Index ETF, and Evolve Cyber Security Index ETF.

(1) <https://www.mckinsey.com/capabilities/mckinsey-digital/our-insights/the-economic-potential-of-generative-ai-the-next-productivity-frontier#introduction>

(2) <https://www.ft.com/content/fdd5303c-cdf4-434d-99b3-9ccdc84912d1>

(3) <https://www.theverge.com/2023/5/30/23742123/nvidia-stock-ai-gpu-1-trillion-market-cap-price-value>

(4) <https://techcrunch.com/2023/06/27/volvo-becomes-latest-automaker-to-adopt-tesla-ev-charging-standard/>

# Evolve Innovation Index Fund

June 30, 2023

## Related Party Transactions

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

## Management Fees

The Manager is entitled to an annual management fee of 0.40% of the net asset value of the Hedged ETF Units, the US Dollar Unhedged ETF Units and the Hedged Class F Mutual Fund Units and 1.40% of the net asset value of the Hedged Class A Mutual Fund Units of the Fund, accrued daily and generally paid monthly in arrears. For the six-month period ended June 30, 2023, the Fund incurred \$57,577 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, 2023, the Fund incurred \$51,166 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 Unit<sup>1</sup>

	June 30, 2023	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018
For the periods ended:	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
<b>Hedged ETF Units - Net Assets per Unit</b>						
Net Assets per Unit, beginning of period	26.65	40.04	35.71	22.99	17.35	19.91
<b>Increase (decrease) from operations:</b>						
Total revenue	0.13	0.16	0.24	0.21	0.15	0.11
Total expenses	(0.07)	(0.14)	(0.19)	(0.20)	(0.14)	(0.11)
Realized gains (losses)	(0.96)	(2.97)	2.94	4.30	0.64	(0.10)
Unrealized gains (losses)	6.06	(11.80)	0.32	9.85	4.99	(4.07)
<b>Total increase (decrease) from operations<sup>3</sup></b>	<b>5.16</b>	<b>(14.75)</b>	<b>3.31</b>	<b>14.16</b>	<b>5.64</b>	<b>(4.17)</b>
<b>Distributions:</b>						
From income (excluding dividends)	(0.01)	-	-	-	-	-
From dividends	-	(0.02)	(0.02)	(0.02)	(0.02)	-
Return of capital	-	-	-	-	-	(0.02)
<b>Total annual distributions<sup>4</sup></b>	<b>(0.01)</b>	<b>(0.02)</b>	<b>(0.02)</b>	<b>(0.02)</b>	<b>(0.02)</b>	<b>(0.02)</b>
<b>Net Assets per Unit, end of period</b>	<b>31.78</b>	<b>26.65</b>	<b>40.04</b>	<b>35.71</b>	<b>22.99</b>	<b>17.35</b>

# Evolve Innovation Index Fund

June 30, 2023

## The Fund's Net Assets Per Unit<sup>1</sup> (cont'd)

For the periods ended:	June 30, 2023 (\$)	December 31, 2022 (\$)	December 31, 2021 (\$)	December 31, 2020 (\$)	December 31, 2019 (\$)	December 31, 2018 (\$)
<b>US Dollar Unhedged ETF Units - Net Assets per Unit<sup>5</sup></b>						
Net Assets per Unit, beginning of period <sup>2</sup>	19.39	28.44	26.10	N/A	N/A	N/A
<b>Increase (decrease) from operations:</b>						
Total revenue	0.09	0.11	0.17	N/A	N/A	N/A
Total expenses	(0.05)	(0.10)	(0.13)	N/A	N/A	N/A
Realized gains (losses)	(1.07)	(2.31)	1.73	N/A	N/A	N/A
Unrealized gains (losses)	4.38	(7.67)	0.94	N/A	N/A	N/A
<b>Total increase (decrease) from operations<sup>3</sup></b>	<b>3.35</b>	<b>(9.97)</b>	<b>2.71</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Distributions:</b>						
From income (excluding dividends)	(0.01)	-	-	N/A	N/A	N/A
From dividends	-	(0.02)	(0.02)	N/A	N/A	N/A
Return of capital	-	(0.01)	(0.01)	N/A	N/A	N/A
<b>Total annual distributions<sup>4</sup></b>	<b>(0.01)</b>	<b>(0.03)</b>	<b>(0.03)</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Net Assets per Unit, end of period</b>	<b>22.72</b>	<b>19.39</b>	<b>28.44</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Hedged Class A - Net Assets per Unit</b>						
Net Assets per Unit, beginning of period	25.00	37.95	34.30	21.24	18.42	N/A
<b>Increase (decrease) from operations:</b>						
Total revenue	0.12	0.13	0.23	0.21	0.14	N/A
Total expenses	(0.22)	(0.45)	(0.60)	(0.49)	(0.02)	N/A
Realized gains (losses)	(0.94)	(2.76)	2.50	5.92	0.80	N/A
Unrealized gains (losses)	5.65	(10.01)	0.09	12.30	0.32	N/A
<b>Total increase (decrease) from operations<sup>3</sup></b>	<b>4.61</b>	<b>(13.09)</b>	<b>2.22</b>	<b>17.94</b>	<b>1.24</b>	<b>N/A</b>
<b>Distributions:</b>						
From income (excluding dividends)	(0.01)	-	-	-	-	N/A
From dividends	-	-	-	(0.02)	-	N/A
From capital gains	-	-	(0.01)	-	-	N/A
Return of capital	-	(0.02)	(0.01)	-	-	N/A
<b>Total annual distributions<sup>4</sup></b>	<b>(0.01)</b>	<b>(0.02)</b>	<b>(0.02)</b>	<b>(0.02)</b>	<b>-</b>	<b>N/A</b>
<b>Net Assets per Unit, end of period</b>	<b>29.65</b>	<b>25.00</b>	<b>37.95</b>	<b>34.30</b>	<b>21.24</b>	<b>N/A</b>

# Evolve Innovation Index Fund

June 30, 2023

## The Fund's Net Assets Per Unit<sup>1</sup> (cont'd)

For the periods ended:	June 30, 2023 (\$)	December 31, 2022 (\$)	December 31, 2021 (\$)	December 31, 2020 (\$)	December 31, 2019 (\$)	December 31, 2018 (\$)
<b>Hedged Class F - Net Assets per Unit</b>						
Net Assets per Unit, beginning of period	25.43	38.17	34.07	21.00	18.35	N/A
<b>Increase (decrease) from operations:</b>						
Total revenue	0.12	0.16	0.23	0.19	0.06	N/A
Total expenses	(0.06)	(0.13)	(0.18)	(0.22)	(0.10)	N/A
Realized gains (losses)	(0.97)	(2.96)	2.45	8.05	0.03	N/A
Unrealized gains (losses)	6.08	(12.64)	0.19	14.30	0.25	N/A
<b>Total increase (decrease) from operations<sup>3</sup></b>	<b>5.17</b>	<b>(15.57)</b>	<b>2.69</b>	<b>22.32</b>	<b>0.24</b>	<b>N/A</b>
<b>Distributions:</b>						
From income (excluding dividends)	(0.01)	-	-	-	-	N/A
From dividends	-	(0.02)	(0.02)	(0.01)	-	N/A
From capital gains	-	-	-	(0.01)	-	N/A
Return of capital	-	-	-	-	(0.01)	N/A
<b>Total annual distributions<sup>4</sup></b>	<b>(0.01)</b>	<b>(0.02)</b>	<b>(0.02)</b>	<b>(0.02)</b>	<b>(0.01)</b>	<b>N/A</b>
<b>Net Assets per Unit, end of period</b>	<b>30.33</b>	<b>25.43</b>	<b>38.17</b>	<b>34.07</b>	<b>21.00</b>	<b>N/A</b>

1 This information is derived from the Fund's unaudited interim financial statements as at June 30, 2023 and the audited annual financial statements as at December 31, 2022, 2021, 2020, 2019, and 2018. The Hedged ETF Units effectively began operations on April 30, 2018 and the US Dollar Unhedged ETF Units effectively began operations on January 7, 2021. The Hedged Class A and F Mutual Fund Units effectively began operations on June 4, 2019.

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

For the periods ended:	June 30, 2023	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018
<b>Hedged ETF Units - Ratios/Supplemental Data</b>						
Total Net Asset Value (\$) <sup>6</sup>	50,053,026	49,962,468	110,102,937	40,178,061	11,493,197	11,280,089
Number of units outstanding <sup>6</sup>	1,575,000	1,875,000	2,750,000	1,125,000	500,000	650,000
Management expense ratio excluding underlying fund expenses <sup>7</sup>	0.33%	0.33%	0.33%	0.50%	0.48%	0.60%
Management expense ratio <sup>8</sup>	0.67%	0.67%	0.69%	0.66%	0.65%	0.66%
Trading expense ratio <sup>9</sup>	0.04%	0.04%	0.09%	0.14%	0.12%	0.15%
Portfolio turnover rate <sup>10</sup>	18.28%	52.90%	86.47%	82.42%	92.88%	20.34%
Net Asset Value per unit (\$)	31.78	26.65	40.04	35.71	22.99	17.35
Closing market price (\$)	31.91	26.60	40.15	35.72	23.01	17.37
<b>US Dollar Unhedged ETF Units - Ratios/Supplemental Data</b>						
Total Net Asset Value (\$) <sup>6</sup>	2,840,154	2,423,548	5,688,798	N/A	N/A	N/A
Number of units outstanding <sup>6</sup>	125,000	125,000	200,000	N/A	N/A	N/A
Management expense ratio excluding underlying fund expenses <sup>7</sup>	0.37%	0.33%	0.33%	N/A	N/A	N/A
Management expense ratio <sup>8</sup>	0.71%	0.67%	0.69%	N/A	N/A	N/A
Trading expense ratio <sup>9</sup>	0.04%	0.04%	0.09%	N/A	N/A	N/A
Portfolio turnover rate <sup>10</sup>	18.28%	52.90%	86.47%	N/A	N/A	N/A
Net Asset Value per unit (\$)	22.72	19.39	28.44	N/A	N/A	N/A
Closing market price (\$)	22.80	19.46	28.46	N/A	N/A	N/A

# Evolve Innovation Index Fund

June 30, 2023

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

For the periods ended:	June 30, 2023	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018
<b>Hedged Class A - Ratios/Supplemental Data</b>						
Total Net Asset Value (\$) <sup>6</sup>	2,162,412	1,889,842	3,296,352	909,640	21	N/A
Number of units outstanding <sup>6</sup>	72,936	75,599	86,850	26,516	1	N/A
Management expense ratio excluding underlying fund expenses <sup>7</sup>	1.46%	1.43%	1.45%	1.55%	0.00%	N/A
Management expense ratio <sup>8</sup>	1.80%	1.77%	1.82%	1.75%	0.28%	N/A
Trading expense ratio <sup>9</sup>	0.04%	0.04%	0.09%	0.14%	0.12%	N/A
Portfolio turnover rate <sup>10</sup>	18.28%	52.90%	86.47%	82.42%	92.88%	N/A
Net Asset Value per unit (\$)	29.65	25.00	37.95	34.30	21.24	N/A
<b>Hedged Class F - Ratios/Supplemental Data</b>						
Total Net Asset Value (\$) <sup>6</sup>	3,112,464	3,155,713	9,194,912	2,026,134	5,030	N/A
Number of units outstanding <sup>6</sup>	102,615	124,096	240,925	59,476	239	N/A
Management expense ratio excluding underlying fund expenses <sup>7</sup>	0.33%	0.32%	0.33%	0.55%	0.54%	N/A
Management expense ratio <sup>8</sup>	0.67%	0.67%	0.69%	0.75%	0.82%	N/A
Trading expense ratio <sup>9</sup>	0.04%	0.04%	0.09%	0.14%	0.12%	N/A
Portfolio turnover rate <sup>10</sup>	18.28%	52.90%	86.47%	82.42%	92.88%	N/A
Net Asset Value per unit (\$)	30.33	25.43	38.17	34.07	21.00	N/A

6 This information is provided as at June 30, 2023 and December 31, 2022, 2021, 2020, 2019, and 2018.

7 Management expense ratio excluding underlying fund expenses 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 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.

9 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.

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

## Past Performance

The performance information does not take into account sales, redemption, distribution, income taxes payable by any unitholder or other optional charges that, if applicable, would have reduced returns or performance. The performance information shown assumes that all distributions made by the investment fund in the periods shown were reinvested in additional securities of the investment fund. How the Fund has performed in the past does not necessarily indicate how it will perform in the future.

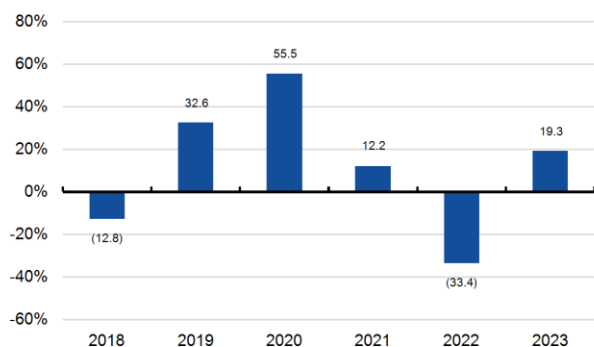
## Year-by-Year Returns

The bar chart below shows the Hedged and US Dollar Unhedged ETF Units', and the Hedged Class A and F Mutual Fund Units' performance for each of the financial years shown and for the six-month period ended June 30, 2023. The chart shows, in percentage terms, how much an investment made in the Fund on the first day of each financial period would have grown or decreased by the last day of that financial period.

# Evolve Innovation Index Fund

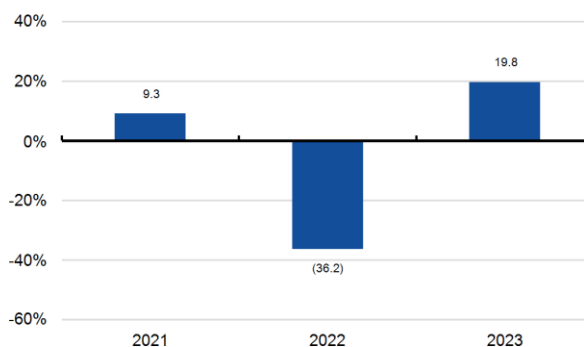
June 30, 2023

## EDGE Hedged ETF Units<sup>1</sup>



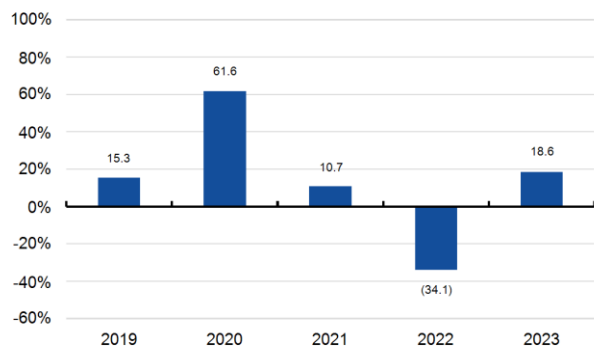
1 The Hedged ETF Units of the Fund effectively began operations on April 30, 2018.

## EDGE/U US Dollar Unhedged ETF Units<sup>2</sup>



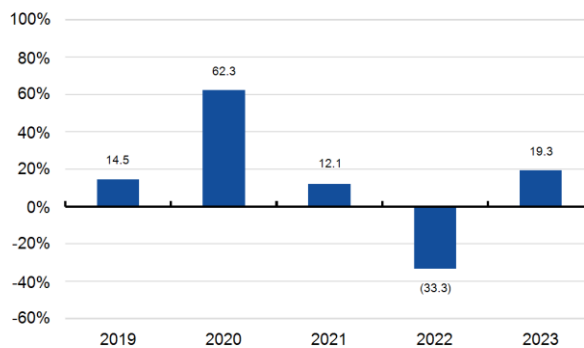
2 The US Dollar Unhedged ETF Units of the Fund effectively began operations on January 7, 2021. Returns presented based on NAV equivalent in USD.

## Hedged Class A Mutual Fund Units<sup>3</sup>



3 The Hedged Class A Mutual Fund Units of the Fund effectively began operations on June 4, 2019.

## Hedged Class F Mutual Fund Units<sup>4</sup>



4 The Hedged Class F Mutual Fund Units of the Fund effectively began operations on June 4, 2019.

## Summary of Investment Portfolio

### Top 25 Positions

	Percentage of Net Asset Value (%)
Security	
Evolve Cloud Computing Index Fund	13.6
Evolve Automobile Innovation Index Fund	12.9
Evolve Cyber Security Index Fund	12.6
Evolve E-Gaming Index ETF	12.0
Qualcomm Inc.	2.3
NVIDIA Corporation	1.9
Marvell Technology Inc.	1.8
Shopify Inc., Class 'A'	1.6
Premium Cash Management Fund	1.5

# Evolve Innovation Index Fund

June 30, 2023

## Top 25 Positions (cont'd)

	Percentage of Net Asset Value (%)
Security	
SoftBank Group Corporation	1.5
Intuitive Surgical Inc.	1.5
Advanced Micro Devices Inc.	1.5
Broadridge Financial Solutions Inc.	1.4
VMware Inc.	1.4
Microchip Technology Inc.	1.3
Fortinet Inc.	1.3
Adyen NV	1.3
Fiserv Inc.	1.3
KDDI Corporation	1.3
Intel Corporation	1.2
Mastercard Inc., Class 'A'	1.2
Visa Inc., Class 'A'	1.2
Keyence Corporation	1.2
FANUC Corporation, ADR	1.2
Intuit Inc.	1.2
<b>Total</b>	<b>81.2</b>

## Industry Allocation

Portfolio by Category	Percentage of Net Asset Value (%)
<b>Equities</b>	
Communication Services	7.1
Consumer Discretionary	1.1
ETFs - Canadian Money Market	1.6
ETFs - International Equity	51.0
Financials	1.3
Health Care	10.7
Industrials	2.6
Information Technology	23.7
Materials	1.1
Derivative Assets	0.2
Derivative Liabilities	(0.1)
Cash and Cash Equivalents	0.1
Other Assets, less Liabilities	(0.4)
<b>Total</b>	<b>100.0</b>

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](http://www.evolveetfs.com).





**Evolve Innovation Index Fund**