

Evolve Cloud Computing 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 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 Cloud Computing Index Fund (the "Fund") seeks to replicate, to the extent reasonably possible and before fees and expenses, the performance of the Solactive Global Cloud Computing Index Canadian Dollar Hedged, or any successor thereto. The Fund invests primarily in equity securities of companies located domestically or internationally that have business operations in the field of cloud computing.

Risk

Effective April 25, 2023, the risk rating of the Hedged and Unhedged ETF Units of the Fund 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

For the six-month period ended June 30, 2023, the Hedged ETF Units returned 33.6% versus the Solactive Global Cloud Computing Index return of 32.0%. The Unhedged ETF Units returned 31.0% versus the Solactive Global Cloud Computing Index return of 32.0%. 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 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 \$18.5MM as at June 30, 2023.

Portfolio Manager Commentary

The first half of 2023 saw an upward trajectory for the cloud computing industry, fueled by sustained demand and a broader technology market rally. A key insight from Fortune Business Insights highlighted the strong growth potential in this sector, projecting the global cloud computing market to grow at a CAGR of 20% from 2023 to 2030, reaching a market size of USD 2,432.87 billion by 2030. This growth is primarily driven by the increasing penetration of the internet, smartphones, and the surging consumption of Big Data.¹

Amazon, Microsoft, and Alphabet, all leaders in the cloud computing sector, saw strong performance in their cloud computing businesses during the first half of the year. Amazon's first quarter 2023 earnings report showed that the company beat revenue expectations with \$52.86 billion in revenues as compared to an expected \$51.02 billion. Amazon Web Services (AWS), Amazon's cloud-computing subsidiary, reported revenues of \$21.3 billion, marginally surpassing expectations. However, there was a deceleration in growth to 16% compared to 20% in the previous quarter. This deceleration was attributed to companies trimming their cloud spending amid a challenging economic environment.² Microsoft demonstrated strong performance with a fiscal third quarter earnings beat. Their Intelligent Cloud business segment generated \$22.08 billion in revenue, up 16%, surpassing analysts' expectations. Moreover, Azure and other cloud services revenue grew by 27%, albeit slightly lower than the previous quarter's growth. Microsoft's results reflect the ongoing demand for cloud services and the company's ability to capitalize on this market.³ Alphabet, Google's parent company, also exceeded revenue estimates in the first quarter of 2023, driven by strong cloud computing revenues at \$22.1 billion. This performance highlights Google Cloud's importance to Alphabet as it drove them to beat revenues despite deceleration in other sectors such as ad revenues.⁴

Performance Attribution

For the six month period ending June 30, 2023, Salesforce Inc made the biggest contribution to the Fund, followed by Amazon.com Inc. By weight, the Fund's largest holdings were Amazon.com Inc, Oracle Corp, and Microsoft Corp.

(1) <https://ca.finance.yahoo.com/news/cloud-computing-market-size-surpass-093500578.html#:~:text=Pune%2C%20India%2C%20May%2016%2C,20%25%20during%20the%20forecast%20period>

(2) <https://www.cnbc.com/2023/04/27/amazon-amzn-q1-earnings-report-2023.html>

(3) <https://www.cnbc.com/2023/04/25/microsoft-msft-q3-earnings-report-2023.html>

(4) <https://www.investopedia.com/microsoft-alphabet-earningsg-expectations-alphabet-struggles-with-ad-revenues-7485112>

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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 0.60% 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, 2023, the Fund incurred \$59,931 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 \$16,000 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, 2023 (\$)	December 31, 2022 (\$)	December 31, 2021 (\$)
For the periods ended:			
Unhedged ETF Units - Net Assets per Unit			
Net Assets per Unit, beginning of period ²	15.22	24.34	20.00
Increase (decrease) from operations:			
Total revenue	0.05	0.10	0.13
Total expenses	(0.09)	(0.18)	(0.24)
Realized gains (losses)	(0.23)	(4.20)	1.40
Unrealized gains (losses)	4.85	(5.01)	0.02
Total increase (decrease) from operations³	4.58	(9.29)	1.31
Distributions:			
From income (excluding dividends)	(0.06)	-	-
From capital gains	-	-	(0.09)
Return of capital	-	(0.12)	(0.02)
Total annual distributions⁴	(0.06)	(0.12)	(0.11)
Net Assets per Unit, end of period	19.87	15.22	24.34

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

	June 30, 2023	December 31, 2022	December 31, 2021
	(\$)	(\$)	(\$)
For the periods ended:			
Hedged ETF Units - Net Assets per Unit			
Net Assets per Unit, beginning of period ²	14.18	24.42	20.00
Increase (decrease) from operations:			
Total revenue	0.05	0.10	0.12
Total expenses	(0.08)	(0.17)	(0.24)
Realized gains (losses)	0.18	(4.56)	0.22
Unrealized gains (losses)	4.47	(6.10)	3.47
Total increase (decrease) from operations³	4.62	(10.73)	3.57
Distributions:			
From income (excluding dividends)	(0.06)	-	-
From capital gains	-	-	(0.10)
Return of capital	-	(0.12)	(0.01)
Total annual distributions⁴	(0.06)	(0.12)	(0.11)
Net Assets per Unit, end of period	18.87	14.18	24.42

- 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 and 2021. The Hedged and Unhedged ETF Units effectively began operations on January 6, 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.
- 4 Distributions were paid in cash or reinvested in additional units of the Fund, or both. Actual distributions may vary slightly owing to rounding.

The Fund's Ratios/Supplemental Data

	June 30, 2023	December 31, 2022	December 31, 2021
For the periods ended:			
Unhedged ETF Units - Ratios/Supplemental Data			
Total Net Asset Value (\$) ⁵	2,484,140	1,521,909	5,476,295
Number of units outstanding ⁵	125,000	100,000	225,000
Management expense ratio ⁶	0.91%	0.83%	0.85%
Trading expense ratio ⁷	0.04%	0.07%	0.10%
Portfolio turnover rate ⁸	16.08%	44.48%	43.23%
Net Asset Value per unit (\$)	19.87	15.22	24.34
Closing market price (\$)	19.88	15.21	24.35
Hedged ETF Units - Ratios/Supplemental Data			
Total Net Asset Value (\$) ⁵	16,042,458	14,537,564	32,362,616
Number of units outstanding ⁵	850,000	1,025,000	1,325,000
Management expense ratio ⁶	0.86%	0.82%	0.85%
Trading expense ratio ⁷	0.04%	0.07%	0.10%
Portfolio turnover rate ⁸	16.08%	44.48%	43.23%
Net Asset Value per unit (\$)	18.87	14.18	24.42
Closing market price (\$)	18.94	14.12	24.55

- 5 This information is provided as at June 30, 2023 and December 31, 2022 and 2021.
- 6 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.
- 7 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.
- 8 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.

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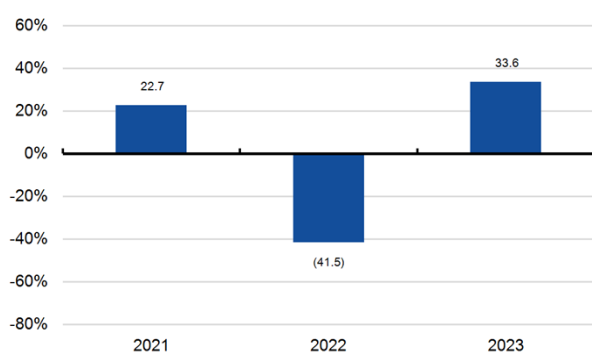
Past Performance

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.

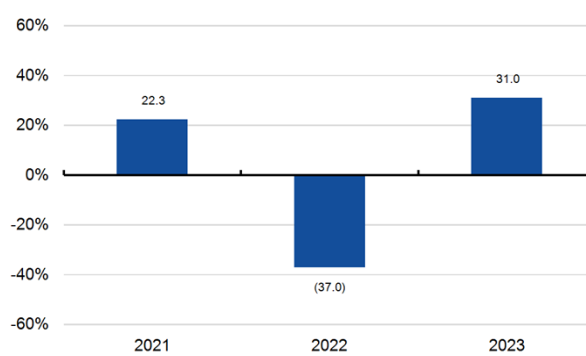
Year-by-Year Returns

The bar chart below shows the Hedged and Unhedged ETF 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.

DATA Hedged ETF Units¹



DATA/B Unhedged ETF Units²



1 The Hedged ETF Units of the Fund effectively began operations on January 6, 2021.

2 The Unhedged ETF Units of the Fund effectively began operations on January 6, 2021.

Summary of Investment Portfolio

Top 25 Positions

Security	Percentage of Net Asset Value (%)
Amazon.com Inc.	8.3
Oracle Corporation	8.1
Microsoft Corporation	7.8
Alphabet Inc., Class 'A'	7.2
Salesforce Inc.	7.1
SAP SE, ADR	7.0
Intuit Inc.	6.8
ServiceNow Inc.	6.4
VMware Inc.	3.4
Fortinet Inc.	3.3
Snowflake Inc., Class 'A'	3.2
Workday Inc.	2.6
CrowdStrike Holdings Inc.	1.8
Datadog Inc., Class 'A'	1.6
MongoDB Inc.	1.6
HubSpot Inc.	1.5

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Top 25 Positions (cont'd)

	Percentage of Net Asset Value (%)
Security	
Zscaler Inc.	1.2
WiseTech Global Limited	1.1
Paycom Software Inc.	1.1
OBIC Company Limited	1.0
Splunk Inc.	1.0
Zoom Video Communications Inc.	0.9
NetApp Inc.	0.9
Check Point Software Technologies Limited	0.9
Dynatrace Inc.	0.8
Total	86.6

Industry Allocation

Portfolio by Category	Percentage of Net Asset Value (%)
Equities	
Communication Services	7.7
Consumer Discretionary	8.3
Industrials	0.4
Information Technology	83.5
Derivative Assets	0.1
Derivative Liabilities	(0.1)
Cash and Cash Equivalents	0.3
Other Assets, less Liabilities	(0.2)
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.



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