

Evolve Active Canadian Preferred Share 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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June 30, 2023

Investment Objective and Strategies

The Evolve Active Canadian Preferred Share Fund (the "Fund") seeks to provide holders of Units with stable income and long-term capital appreciation by investing primarily in a diversified mix of preferred shares of primarily Canadian issuers, in addition to U.S. and international issuers.

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, Unhedged ETF Units returned -0.2%. The Unhedged Class A Mutual Fund Units returned -0.6% and the Unhedged Class F Mutual Fund Units returned -0.3%. The Fund's net assets were \$62.4MM as at June 30, 2023.

Portfolio Manager Commentary

The Fund encountered a dynamic and challenging environment in the first half of 2023. Despite global economic resilience and positive indicators, concerns over inflation and central bank actions triggered uncertainty in the markets. Central banks worldwide resumed tightening monetary policy, prompting the Bank of Canada to raise its overnight target rate. These actions influenced various asset classes, including Canadian preferred shares, which faced challenges due to weak economic data and changes in the dividend tax exemption for Canadian corporations.

Throughout the period, the Fund maintained a defensive portfolio positioning, which helped preserve capital and outperform its benchmark in 2022. However, this positioning resulted in underperformance during market rallies and risk-on sentiment. The Fund's focus on Fixed Resets with high back-end spreads, the banking sector, P-2 rated securities, and issuers with strong fundamentals shaped its performance during the turbulent market conditions.

Amid rising yields and persistent inflation, the Canadian fixed-income universe faced headwinds, affecting bond market performance. Nevertheless, the Fund management demonstrated a long-term perspective, strategically positioning the portfolio to optimize returns over time. Emphasizing solid risk management and navigating through changing market dynamics proved essential to achieving a favorable year-to-date performance compared to the benchmark.

As the global economic landscape continues to evolve, the Fund remains committed to assessing macroeconomic trends and issuer-specific fundamentals to adjust its portfolio positioning. Despite short-term fluctuations, the Fund's emphasis on resilience and strategic decision-making will guide its investment approach, aiming to achieve long-term growth and stability for investors.

Source: Addenda Capital

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 0.65% of the net asset value of the Unhedged ETF Units and the Unhedged Class F Mutual Fund Units and 1.40% of the net asset value of the Unhedged 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 \$262,773 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.

Evolve Active Canadian Preferred Share Fund

June 30, 2023

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 \$60,938 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

For the periods ended:	June 30, 2023 (\$)	December 31, 2022 (\$)	December 31, 2021 (\$)	December 31, 2020 (\$)	December 31, 2019 (\$)	December 31, 2018 (\$)
Unhedged ETF Units - Net Assets per Unit						
Net Assets per Unit, beginning of period	14.39	17.93	15.68	16.86	17.87	20.64
Increase (decrease) from operations:						
Total revenue	0.43	0.81	0.83	0.85	0.94	0.96
Total expenses	(0.07)	(0.16)	(0.17)	(0.16)	(0.17)	(0.22)
Realized gains (losses)	(0.26)	0.01	0.82	(4.85)	(1.34)	(0.30)
Unrealized gains (losses)	(0.06)	(3.52)	1.61	2.55	0.22	(5.78)
Total increase (decrease) from operations²	0.04	(2.86)	3.09	(1.61)	(0.35)	(5.34)
Distributions:						
From income (excluding dividends)	(0.42)	-	-	-	-	-
From dividends	-	(0.70)	(0.62)	(0.74)	(0.77)	(0.44)
Return of capital	-	(0.14)	(0.22)	(0.10)	(0.14)	(0.40)
Total annual distributions³	(0.42)	(0.84)	(0.84)	(0.84)	(0.91)	(0.84)
Net Assets per Unit, end of period	13.94	14.39	17.93	15.68	16.86	17.87
Unhedged Class A - Net Assets per Unit						
Net Assets per Unit, beginning of period	16.50	20.59	18.04	19.41	20.00	N/A
Increase (decrease) from operations:						
Total revenue	0.50	0.91	0.97	0.97	0.77	N/A
Total expenses	(0.15)	(0.33)	(0.36)	(0.32)	(0.25)	N/A
Realized gains (losses)	(0.30)	0.17	0.92	(5.15)	(2.30)	N/A
Unrealized gains (losses)	(0.14)	(4.07)	1.63	4.91	4.63	N/A
Total increase (decrease) from operations²	(0.09)	(3.32)	3.16	0.41	2.85	N/A
Distributions:						
From income (excluding dividends)	(0.42)	-	-	-	-	N/A
From dividends	-	(0.65)	(0.59)	(0.84)	(0.49)	N/A
Return of capital	-	(0.19)	(0.25)	-	(0.07)	N/A
Total annual distributions³	(0.42)	(0.84)	(0.84)	(0.84)	(0.56)	N/A
Net Assets per Unit, end of period	15.98	16.50	20.59	18.04	19.41	N/A

Evolve Active Canadian Preferred Share Fund

June 30, 2023

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

For the periods ended:	June 30, 2023 (\$)	December 31, 2022 (\$)	December 31, 2021 (\$)	December 31, 2020 (\$)	December 31, 2019 (\$)	December 31, 2018 (\$)
Unhedged Class F - Net Assets per Unit						
Net Assets per Unit, beginning of period	18.69	23.01	20.06	20.22	19.99	N/A
Increase (decrease) from operations:						
Total revenue	0.52	0.97	1.02	1.01	0.76	N/A
Total expenses	(0.09)	(0.19)	(0.22)	(0.03)	(0.02)	N/A
Realized gains (losses)	(0.09)	(0.65)	0.99	(5.98)	(1.41)	N/A
Unrealized gains (losses)	(0.13)	(0.50)	0.64	4.90	0.89	N/A
Total increase (decrease) from operations²	0.21	(0.37)	2.43	(0.10)	0.22	N/A
Distributions:						
From income (excluding dividends)	(0.42)	-	-	-	-	N/A
From dividends	-	(0.64)	(0.62)	(0.07)	-	N/A
Return of capital	-	(0.20)	(0.08)	-	-	N/A
Total annual distributions³	(0.42)	(0.84)	(0.70)	(0.07)	-	N/A
Net Assets per Unit, end of period	18.21	18.69	23.01	20.06	20.22	N/A

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 Unhedged ETF Units effectively began operations on September 27, 2017 and the Unhedged Class A and F Mutual Fund Units effectively began operations on April 23, 2019.

2 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.

3 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

For the periods ended:	June 30, 2023	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018
Unhedged ETF Units - Ratios/Supplemental Data						
Total Net Asset Value (\$) ⁴	62,143,043	74,555,334	150,341,987	136,368,768	209,870,181	226,117,125
Number of units outstanding ⁴	4,456,785	5,181,785	8,382,800	8,694,800	12,444,800	12,650,000
Management expense ratio excluding underlying fund expenses ⁵	0.91%	0.90%	0.89%	0.92%	0.90%	0.90%
Management expense ratio ⁶	0.91%	0.90%	0.89%	0.93%	0.92%	0.90%
Trading expense ratio ⁷	0.06%	0.06%	0.08%	0.18%	0.13%	0.21%
Portfolio turnover rate ⁸	8.42%	34.81%	44.91%	60.97%	81.45%	37.33%
Net Asset Value per unit (\$)	13.94	14.39	17.93	15.68	16.86	17.87
Closing market price (\$)	13.90	14.38	17.86	15.63	16.82	17.82
Unhedged Class A - Ratios/Supplemental Data						
Total Net Asset Value (\$) ⁴	205,994	215,659	637,369	615,781	375,544	N/A
Number of units outstanding ⁴	12,891	13,073	30,960	34,136	19,345	N/A
Management expense ratio excluding underlying fund expenses ⁵	1.75%	1.71%	1.69%	1.78%	1.73%	N/A
Management expense ratio ⁶	1.75%	1.71%	1.69%	1.78%	1.78%	N/A
Trading expense ratio ⁷	0.06%	0.06%	0.08%	0.18%	0.13%	N/A
Portfolio turnover rate ⁸	8.42%	34.81%	44.91%	60.97%	81.45%	N/A
Net Asset Value per unit (\$)	15.98	16.50	20.59	18.04	19.41	N/A

Evolve Active Canadian Preferred Share 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
Unhedged Class F - Ratios/Supplemental Data						
Total Net Asset Value (\$) ⁴	1,358	148,786	11,961	20	20	N/A
Number of units outstanding ⁴	75	7,962	520	1	1	N/A
Management expense ratio excluding underlying fund expenses ⁵	0.91%	0.88%	0.88%	0.00%	0.00%	N/A
Management expense ratio ⁶	0.91%	0.88%	0.88%	0.00%	0.05%	N/A
Trading expense ratio ⁷	0.06%	0.06%	0.08%	0.18%	0.13%	N/A
Portfolio turnover rate ⁸	8.42%	34.81%	44.91%	60.97%	81.45%	N/A
Net Asset Value per unit (\$)	18.21	18.69	23.01	20.06	20.22	N/A

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

5 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.

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. The MER for prior periods has been restated to include the expenses of any underlying funds.

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.

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.

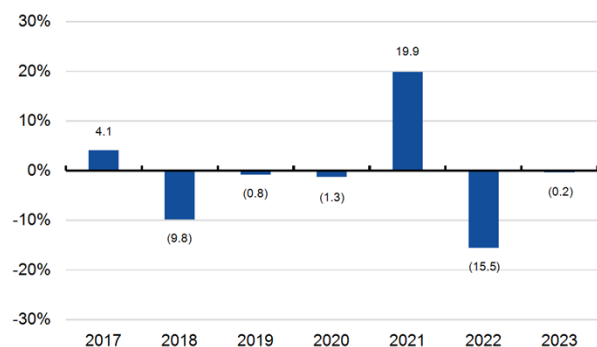
Year-by-Year Returns

The bar chart below shows the Unhedged ETF Units' and the Unhedged 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 Active Canadian Preferred Share Fund

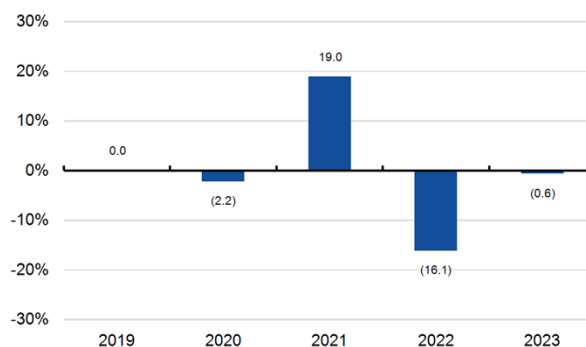
June 30, 2023

DIVS Unhedged ETF Units¹



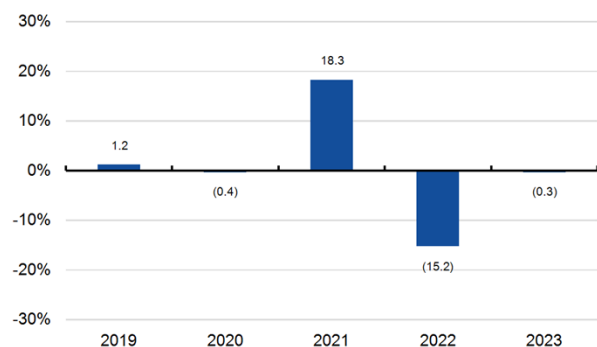
1 The Unhedged ETF Units of the Fund effectively began operations on September 27, 2017.

Unhedged Class A Mutual Fund Units²



2 The Unhedged Class A Mutual Fund Units of the Fund effectively began operations on April 23, 2019.

Unhedged Class F Mutual Fund Units³



3 The Unhedged Class F Mutual Fund Units of the Fund effectively began operations on April 23, 2019.

Summary of Investment Portfolio

Top 25 Positions

Security	Percentage of Net Asset Value (%)
Royal Bank of Canada, Series 'BT', Variable, Callable	3.9
Enbridge Inc., Preferred, Series '19'	3.8
The Toronto-Dominion Bank, Variable, Callable	3.6
Manulife Financial Corporation, Variable, Callable	3.3
Power Corporation of Canada, Preferred, Series 'G'	3.2
Pembina Pipeline Corporation, Preferred, Series '15'	3.1
Canadian Imperial Bank of Commerce, Preferred, Series '47'	2.9
Rogers Communications Inc., Variable, Callable	2.9
AltaGas Limited, Preferred, Series 'E'	2.7
The Toronto-Dominion Bank, Preferred, Series '3'	2.7

Evolve Active Canadian Preferred Share Fund

June 30, 2023

Top 25 Positions (cont'd)

Security	Percentage of Net Asset Value (%)
Bank of Montreal, Variable, Callable	2.7
Manulife Financial Corporation, Preferred, Series '11'	2.7
Pembina Pipeline Corporation, Preferred, Series '25'	2.5
Power Financial Corporation, Preferred, Series 'V'	2.3
Great-West Lifeco Inc., Preferred, Series 'S'	2.1
TC Energy Corporation, Preferred, Series '7'	2.0
Manulife Financial Corporation, Preferred, Series '9'	2.0
Enbridge Inc., Preferred, Series '7'	2.0
Brookfield Renewable Power Preferred Equity Inc., Preferred, Series '5'	2.0
The Toronto-Dominion Bank, Preferred, Series '18'	1.8
Bank of Montreal, Preferred, Series '27'	1.6
Gibson Energy Inc., Variable, Callable	1.6
Power Corporation of Canada, Preferred, Series 'D'	1.6
The Toronto-Dominion Bank	1.6
Power Financial Corporation, Preferred, Series 'E'	1.6
Total	62.2

Industry Allocation

Portfolio by Category	Percentage of Net Asset Value (%)
Debt Instruments	
Communication Services	2.9
Energy	3.8
Financials	7.0
Equities	
Communication Services	0.6
Energy	17.3
Financials	55.3
Utilities	8.1
Cash and Cash Equivalents	6.7
Other Assets, less Liabilities	(1.7)
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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