

Evolve Metaverse ETF

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 Metaverse ETF's (the "Fund") investment objective is to provide unitholders with long-term capital appreciation by actively investing in a diversified mix of publicly traded equity securities of issuers from North America, as well as other developed markets from around the world, that are considered by the Manager (as defined herein) to be involved in the development of the Metaverse.

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, the Hedged ETF Units returned 37.4%. The Fund's net assets were \$9.7MM as at June 30, 2023.

Portfolio Manager Commentary

In the first half of 2023, the technology sector rallied, which positively impacted many companies involved in the development of the metaverse. Most notably, semiconductor companies that are an integral part of the development of Artificial Intelligence (AI) and AR/VR technologies have benefitted from this positive trend. The rally in technology stocks, bolstered by the surging interest in AI, has led to an impressive surge in the sector's market capitalization, with Nvidia leading the charge becoming the most recent company to surpass the trillion-dollar valuation threshold.^{1,2}

Semiconductor companies are poised to ride the wave of increasing AI adoption, as the chips they develop are key to facilitating the complex computations that underpin AI technologies. As AI and machine learning technologies become more integral in various applications, from cloud computing to autonomous vehicles, sustained demand for advanced semiconductor technology is considered highly likely.³

The first half of the year also saw the entrance of heavyweight tech firm, Apple, into the AR market with the launch of their Vision Pro headset. Apple's entrance into the AR/VR market underscores the continued growth in demand for AI driven technologies, which will invariably drive further demand for semiconductors. This trend indicates a shift in consumer appetite for more immersive digital experiences in the metaverse, fueling additional demand for advanced semiconductors that power these technologies.⁴ The fierce competition between Meta and Apple as they delve into the mixed-reality headsets market shows both companies' visions of future computing relying heavily on semiconductors, reinforcing the importance of this sector within the metaverse industry.⁵

Performance Attribution

For the six month period ending June 30, 2023, Nvidia Corporation made the biggest contribution to the Fund, followed by Meta Platforms Inc. By weight, the Fund's largest holdings were Microsoft Corp, Apple Inc, and Coinbase Global Inc.

(1) <https://www.theguardian.com/technology/2023/may/26/tech-stock-surge-interest-artificial-intelligence-technology-nvidia-double-value>

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

(3) <https://www.azom.com/article.aspx?ArticleID=22111>

(4) <https://www.theverge.com/2023/6/5/23738968/apple-vision-pro-ar-headset-features-specs-price-release-date-wwdc-2023>

(5) <https://www.cnn.com/2023/06/05/meta-apple-rivalry-enters-new-phase-as-tech-giants-go-after-headsets.html>

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 0.60% 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 \$30,317 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 \$8,088 in administration fees. These administration fees were received by Evolve Funds Group Inc. for the following operating expenses of the Fund including but not limited to: mailing and printing expenses for periodic reports to unitholders; fees payable to the index provider, 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 that class.

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 (\$)
Hedged ETF Units - Net Assets per Unit			
Net Assets per Unit, beginning of period ²	4.88	9.49	10.00
Increase (decrease) from operations:			
Total revenue	0.02	0.04	-
Total expenses	(0.03)	(0.07)	(0.01)
Realized gains (losses)	(0.24)	(1.80)	(0.24)
Unrealized gains (losses)	2.10	(2.72)	(0.13)
Total increase (decrease) from operations³	1.85	(4.55)	(0.38)
Net Assets per Unit, end of period	6.70	4.88	9.49

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 Fund effectively began operations on November 26, 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.

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The Fund's Ratios/Supplemental Data

For the periods ended:	June 30, 2023	December 31, 2022	December 31, 2021
Hedged ETF Units - Ratios/Supplemental Data			
Total Net Asset Value (\$) ⁴	9,711,622	8,044,381	9,960,698
Number of units outstanding ⁴	1,450,000	1,650,000	1,050,001
Management expense ratio ⁵	0.88%	0.85%	0.81%
Trading expense ratio ⁶	0.09%	0.11%	0.55%
Portfolio turnover rate ⁷	22.24%	80.90%	11.48%
Net Asset Value per unit (\$)	6.70	4.88	9.49
Closing market price (\$)	6.70	4.87	9.50

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

5 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.

6 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.

7 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.

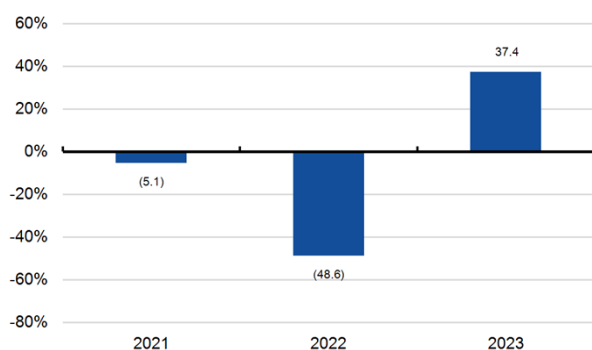
Past Performance

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 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.

MESH Hedged ETF Units¹



1 The Hedged ETF Units of the Fund effectively began operations on November 26, 2021.

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Summary of Investment Portfolio

Top 25 Positions

	Percentage of Net Asset Value (%)
Security	
Activision Blizzard Inc.	3.4
Adobe Inc.	3.4
Advanced Micro Devices Inc	3.4
Alibaba Group Holding Limited, ADR	3.4
Alphabet Inc., Class "A"	3.4
Amazon.com Inc.	3.4
Apple Inc.	3.3
Autodesk Inc.	3.3
Cisco Systems Inc.	3.3
Coinbase Global Inc	3.3
Electronic Arts Inc.	3.3
eXp World Holdings Inc	3.3
Meta Platforms, Inc.	3.3
Intel Corporation	3.3
Matterport Inc.	3.3
Microsoft Corporation	3.3
NetEase Inc	3.3
NVIDIA Corporation	3.3
PTC Inc.	3.3
QUALCOMM Incorporated	3.3
ROBLOX Corp	3.3
Sea Limited, ADR	3.3
Snap Inc.	3.3
Sony Group Corporation, Sponsored ADR	3.3
Synaptics Inc.	3.3
Total	83.1

Industry Allocation

Portfolio by Category	Percentage of Net Asset Value (%)
Equities	
Communication Services	33.2
Consumer Discretionary	9.9
Financials	3.4
Information Technology	49.9
Real Estate	3.3
Derivative Assets	0.1
Derivative Liabilities	(0.1)
Cash and Cash Equivalents	3.1
Other Assets, less Liabilities	(2.8)
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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