Evolve ETFs

Evolve Active Global Fixed Income Fund

June 30, 2020

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, 161 Bay Street, Suite 2700, Toronto, ON, M5J 2S1 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 Active Global Fixed Income Fund (the “Fund”) seeks to generate positive returns throughout the interest rate and economic cycles, first by allocating to different credit asset classes, and also through bottom-up individual security selection. The Fund seeks to provide long term returns in excess of the 3-month U.S. dollar London Interbank Offered Rate (“LIBOR”) by investing primarily in global debt securities of corporate 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 ended June 30, 2020, Hedged ETF Units returned -3.2%, Hedged Class A Mutual Fund Units returned -3.2% and Hedged Class F Mutual Fund Units returned -3.6%. The Fund's net assets were $34.8MM as at June 30, 2020.

Portfolio Manager Commentary

The first six months of 2020 can be divided into two sharply contrasting halves. In the first quarter of 2020, initial positive market momentum was punctured in February-March as Covid-19 spread from a localised outbreak to the biggest global pandemic in over 100 years. Simultaneously, a falling out between members of OPEC and Russia led to a supply glut in the oil market, even as global demand was collapsing from the pandemic. The WTI Crude Oil price fell from just over $60/barrel at the beginning of 2020 to just over $20/barrel at the end of the quarter. This compounded the deflationary effects at the macroeconomic level, which are negative for riskier assets, and impacted the high yield market particularly as around 11% of the index is represented by the Energy sector. Few oil producing companies are profitable with oil prices below $30/barrel and many bonds became distressed. Losses were also a function of credit quality, with CCC-rated issues suffering the most, given their weaker starting financial position.

For context, the 1-5yr global investment grade index was -1.79% in CAD hedged terms for the quarter, while Global High Yield was -15.40%. Our limited exposure in Energy and CCCs helped to mitigate losses, particularly when compared to peers, as did an equity hedge position which was raised to 4% in the depths of the crisis. Losses overall were not out of line with what would have been expected ex-ante, given that credit spreads were 2-3x wider for the period

Two areas did disappoint – some European subordinated financials and mortgage-backed issues, which had been trading to their next call date, saw prices drop as the bonds no longer traded to the first call date and basically “extended”. We also held some leisure-related issuers, which prior to the Corona outbreak, were seen as the most effective way to benefit from the strong consumer and the millennials desire to experience things rather than buy things. Unfortunately, this sector was in the eye of the Corona storm. We also took advantage of several mispriced situations, particularly around “fallen angels” who had been downgraded from investment grade into high yield and were oversold.

Central banks and governments were proactive in their attempts to mitigate the economic shock, with policy rates slashed globally and substantial fiscal stimulus announced. These measures were the prime driver of financial markets’ strong recovery in the second quarter, along with easing infection rates and public health restrictions in many countries. As riskier areas had seen greater drops through the crisis, so the recovery tended to be stronger, however certain sectors such as retail, airlines and hotels still face significant challenges and remained weak.

Looking ahead we have a constructive overall view on credit as the global economy gradually rebounds, balance sheets are repaired and central bank support for the asset class remains strong. It is important to realize, however, that central banks can only solve for liquidity and not solvency, so we still expect a material amount of ratings downgrades and defaults as stimulus wanes and the economy exits at a lower output level. At the same time there will be a number of ‘mispriced dynamics’ where credit risk is over-estimated and active managers can harvest attractive returns.

We have updated our expectations of asset class performance for the next 6-12 months and while we believe all of the credit classes should generate positive excess returns, Securitized stands out in terms of its reward/risk ratio. We may therefore look to increase our allocations in this space subject of course to individual security selection.

Recent Developments

Subsequent to year end, COVID-19 became a global pandemic and resulted unprecedented actions by governments around the world to curtail the spread of the disease. These events have resulted in a high level of uncertainty and volatility in the financial markets and have had an enormous impact on businesses and consumers in all sectors. The duration and impact of these developments is unknown at this time and as such, the financial impact to investments cannot be estimated.

Related Party Transactions

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 Hedged 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 are generally paid monthly in arrears. For the six-month period ended June 30, 2020, the Fund incurred $143,822 in management fees. These management fees were received by Evolve Funds Group Inc. 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, 2020, the Fund incurred $33,922 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; 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 Unit[1]

For the periods ended:	**June 30, 2020 ($)**	December 31, 2019 ($)	December 31, 2018 ($)
Hedged Units - Net Assets per Unit			
Net Assets per Unit, beginning of period	**51.36**	49.22	50.00
Increase (decrease) from operations:			
Total revenue	**0.93**	1.93	0.24
Total expenses	**(0.24)**	(0.50)	(0.06)
Realized gains (losses)	**(2.61)**	0.64	-
Unrealized gains (losses)	**0.04**	0.97	(0.83)
Total increase (decrease) from operations[2]	**(1.88)**	**3.04**	**(0.65)**
Distributions:			
From income (excluding dividends)	**(0.75)**	(1.50)	(0.13)
Total annual distributions[3]	**(0.75)**	**(1.50)**	**(0.13)**
Net Assets per Unit, end of period	**48.96**	**51.36**	**49.22**

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The Fund's Net Assets Per Unit[1] (cont'd)

For the periods ended:	**June 30, 2020 ($)**	December 31, 2019 ($)	December 31, 2018 ($)
Hedged Class A - Net Assets per Unit			
Net Assets per Unit, beginning of period	**50.46**	50.00	N/A
Increase (decrease) from operations:			
Total revenue	**0.87**	1.31	N/A
Total expenses	**(0.44)**	(0.66)	N/A
Realized gains (losses)	**(0.08)**	(0.69)	N/A
Unrealized gains (losses)	**2.42**	1.53	N/A
Total increase (decrease) from operations[2]	**2.77**	**1.49**	**N/A**
Distributions:			
From income (excluding dividends)	**(0.68)**	(1.00)	N/A
Total annual distributions[3]	**(0.68)**	**(1.00)**	**N/A**
Net Assets per Unit, end of period	**47.93**	**50.46**	**N/A**
Hedged Class F - Net Assets per Unit			
Net Assets per Unit, beginning of period	**51.61**	50.00	N/A
Increase (decrease) from operations:			
Total revenue	**0.93**	1.31	N/A
Total expenses	**(0.24)**	(0.27)	N/A
Realized gains (losses)	**(2.60)**	0.26	N/A
Unrealized gains (losses)	**0.25**	0.55	N/A
Total increase (decrease) from operations[2]	**(1.66)**	**1.85**	**N/A**
Distributions:			
From income (excluding dividends)	**(0.68)**	(0.50)	N/A
Total annual distributions[3]	**(0.68)**	**(0.50)**	**N/A**
Net Assets per Unit, end of period	**49.27**	**51.61**	**N/A**

1 This information is derived from the Fund's unaudited interim financial statements as at June 30, 2020 and the audited annual financial statements as at December 31, 2019 and 2018. The Hedged ETF Units began operations on November 14, 2018 and the Hedged Class A and F Mutual Fund Units 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, 2020**	December 31, 2019	December 31, 2018
Hedged Units - Ratios/Supplemental Data			
Total Net Asset Value ($)[4]	**34,295,775**	39,063,215	9,843,937
Number of units outstanding[4]	**700,505**	760,505	200,000
Management expense ratio[5]	**0.93%**	0.90%	0.92%
Trading expense ratio[6]	**0.04%**	0.06%	0.00%
Portfolio turnover rate[7]	**51.24%**	57.54%	5.58%
Net Asset Value per unit ($)	**48.96**	51.36	49.22
Closing market price ($)	**48.93**	51.29	49.28

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

For the periods ended:	**June 30, 2020**	December 31, 2019	December 31, 2018
Hedged Class A - Ratios/Supplemental Data			
Total Net Asset Value ($)[4]	**490,725**	6,628	N/A
Number of units outstanding[4]	**10,237**	131	N/A
Management expense ratio[5]	**1.79%**	1.84%	N/A
Trading expense ratio[6]	**0.04%**	0.06%	N/A
Portfolio turnover rate[7]	**51.24%**	57.54%	N/A
Net Asset Value per unit ($)	**47.93**	50.46	N/A
Hedged Class F - Ratios/Supplemental Data			
Total Net Asset Value ($)[4]	**4,914**	5,147	N/A
Number of units outstanding[4]	**100**	100	N/A
Management expense ratio[5]	**0.93%**	0.85%	N/A
Trading expense ratio[6]	**0.04%**	0.06%	N/A
Portfolio turnover rate[7]	**51.24%**	57.54%	N/A
Net Asset Value per unit ($)	**49.27**	51.61	N/A

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

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' and the Hedged Class A and F Mutual Fund Units’ annual performance for each of the financial years shown and for the six-month period ended June 30, 2020. The chart shows, in percentage terms, how much an investment made in the Fund on the first day would have grown or decreased by the last day of the period.

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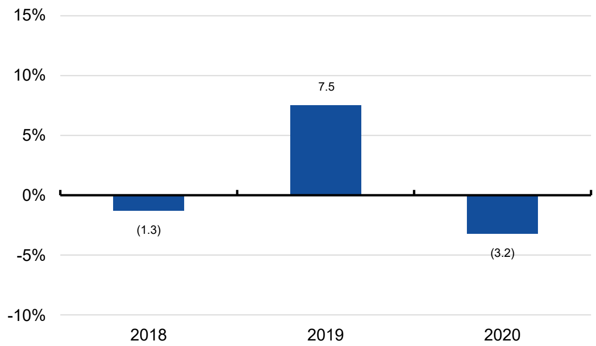
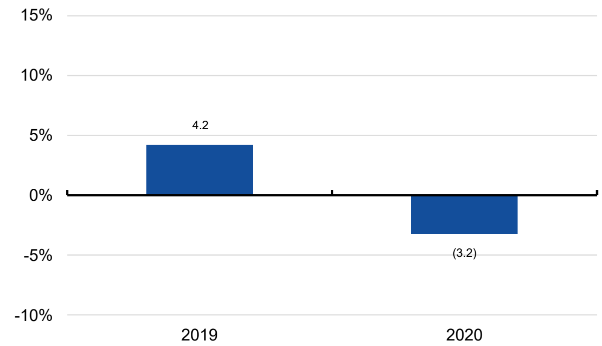
EARN Hedged ETF Units[1]



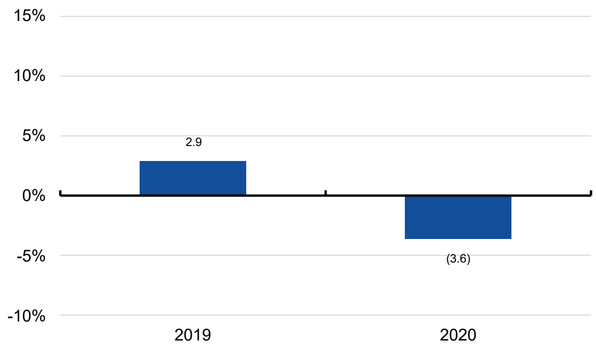
1 The Hedged ETF Units of the Fund effectively began operations on November 14, 2018.

Hedged Class A Mutual Fund Units[2]



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

Hedged Class F Mutual Fund Units[3]



3 The Hedged 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 (%)
United States Treasury Bill	6.2
Credit Agricole Assurances SA, Variable, Callable, Perpetual	1.4
NN Group NV, Variable, Callable, Perpetual	1.4
Arrow CMBS, Series '2018-1', Class 'A1', Floating Rate	1.4
Logicor Financing SARL, Callable	1.4
Tesco Corporate Treasury Services PLC, Callable	1.3
Votorantim Cimentos International SA	1.3
FCT Credit Agricole Habitat, Series '2018-1', Class 'A', Floating Rate, Callable	1.3
Broadcom Corporation/Cayman Finance Limited, Callable	1.3
Energy Transfer Operating Limited Partnership, Callable	1.2

Top 25 Positions (cont'd)

Security	Percentage of Net Asset Value (%)
Arcelik AS	1.2
Ripon Mortgages PLC	1.2
Seagate HDD Cayman, Callable	1.1
London Wall Mortgage Capital PLC, Floating Rate, Callable	1.1
Santander UK Group Holdings PLC, Floating Rate	1.1
Nexi SpA	1.1
RSA Insurance Group PLC, Variable, Callable	1.1
Sumitomo Mitsui Financial Group Inc.	1.1
Paragon Mortgages PLC, Series '25', Class 'A', Floating Rate, Callable	1.1
General Motors Company, Callable	1.1
Petrobras Global Finance BV	1.0
Society of Lloyd's	1.0
Lennar Corporation, Callable	1.0
Clearway Energy Operating LLC, Callable	1.0
Western Digital Corporation, Callable	1.0
Total	**34.4**

Industry Allocation

Portfolio by Category	Percentage of Net Asset Value (%)
Debt Instruments	
Asset-Backed Securities	7.7
Communication Services	5.8
Consumer Discretionary	8.7
Consumer Staples	3.1
Energy	12.1
Financials	29.4
Health Care	4.2
Industrials	3.0
Information Technology	4.5
Materials	2.0
Real Estate	2.1
Utilities	5.4
Short-Term Investments	6.2
Derivative Assets	0.5
Derivative Liabilities	(0.1)
Cash and Cash Equivalents	10.1
Other Assets, less Liabilities	(4.7)
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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