Evolve Active Global Fixed Income Fund

December 31, 2020

Annual Management Report of Fund Performance

This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the investment fund. You can get a copy of the annual 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 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 year ended December 31, 2020, Hedged ETF Units returned 0.8%. The Hedged Class A Mutual Fund Units returned 0.1% and the Hedged Class F Mutual Fund Units returned 0.9%. The Fund's net assets were $31.2MM as at December 31, 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. Few oil producing companies were 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.

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.” And leisure-related issuers, which prior to the coronavirus outbreak were seen as the most effective way to benefit from the strong consumer and millennials desire to experience things rather than buy things, were caught in the eye of the coronavirus storm.

Central banks and governments were proactive in their attempts to mitigate the economic shock of the pandemic, 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.

The summer months proved good for risk assets overall, despite spikes in coronavirus infections (especially in the US), strongly negative Q2 GDP prints, and escalating tensions between the US and China. A drip feed of policy stimulus continued which supported asset markets. EU leaders finally came to an agreement on the Next Generation EU recovery fund and a multi-year budget which, along with recent ECB policy measures, helped anchor peripheral Euro bond yields and suppress volatility in these markets. Meanwhile 10-year US Treasury yields continued to grind lower, ending the month at just 0.53% - around historic lows. Oil issues continued their strong recovery, even as WTI crude traded sideways around $40/barrel.

August saw some ongoing recovery in global economic activity which was somewhat limited by an unusually high amount of corporate issuance for that time of year. Fed Chair Jay Powell’s speech at the annual Jackson Hole symposium also led to a rise in US Treasury yields, particularly at the long end, which resulted in USD denominated issues underperforming. At the same time, Emerging Market issuers (particularly Asia) outperformed in August, as did commodity-related credits including oil producers, offering a reprieve for some of the worst performing issuers.

A majority of S&P 500 corporates surprised positively on earnings and many on revenue as well in Q3. While there were indications of an overall pick up in economic activity, the theme of divergence between COVID-exposed industries and others was an on-going one throughout 2020.

October was a positive month for credit overall with spreads tightening 7bps for investment grade corporates and 6bps for high yield. This was despite a deterioration in sentiment late in the month as COVID-19 cases rose in Europe and several governments re-imposed restrictions. Energy explorers also had a weak month as the WTI crude price slipped to $35/barrel. The US yield curve steepened with short rates remaining anchored, while the Euro curve flattened slightly. Risk sentiment remained on a positive footing in November as the much-anticipated US elections saw Joe Biden winning the Presidency and successful COVID-19 vaccine trials raised hopes of a widespread rollout of vaccinations in early 2021.

Macroeconomic data globally suggested a cooling in the pace of recovery that was set in Q3. However, ECB policymakers continued to send a clear message that financial conditions would remain highly supportive for as long as required in order to support the economic recovery.

Despite an escalation in global coronavirus infection rates and renewed travel restrictions late in 2020, market risk sentiment was supported by another round of fiscal stimulus in the US, as well as an EU/UK trade agreement, and the US Federal Reserve and European Central Bank continuing to paint an extremely accommodative policy stance for the foreseeable future. Crude oil prices continued to recover, finishing at just over $48/barrel (having started 2020 at $61).

Credit markets responded positively to these developments with spreads tightening 7bps for investment grade and 42bps for high yield; lower rated and emerging market issues outperformed the more defensive areas. For the year as a whole, investment grade spreads finished just 1bp above where they started, while high yield was 35bps wider. Most credit asset classes produced positive total returns for the year thanks to carry and falling interest rates – the one notable exception being high yield energy names which finished down 6%.

In this context, the portfolio was up 74bps, continuing its recovery from the March lows and taking YTD returns to 174bps. Our high yield, energy, and financials holdings led the way, with the emerging markets positions also performed strongly. There were only a handful of detractors and none cost more than 1bp.

Late in the year we added to basic industry, consumer cyclical, and telecoms. We did many individual issuer rotations within financials but kept overall exposure steady. We likewise did some individual name rotations in capital goods, transportation, and industrials, while also holding on to some proceeds in cash. We reduced in government-owned, supermarkets, energy, technology, and utilities. During December, we shifted some of our risk in financials from insurance to banking and a REIT. We closed our equity index hedge position early in the month, which was beneficial as stock markets rallied into the holiday period.

There is a balance of offsetting factors keeping the overall direction of credit markets uncertain at this point. Our view remains that monetary policy will remain loose well into 2021. The flow of credit issuance is expected to ease, adding a positive technical factor.

While the approval of several COVID-19 vaccines is positive, there will be logistical challenges in implementation and continued infections for the near term. Vaccines should in turn help economic recovery, but this may be offset by decelerating monetary and fiscal stimulus, as well as persistent unemployment and idiosyncratic company issues. Another potential risk is that as companies become more confident as vaccines are rolled out, they use their large cash balances for share buy-backs, thus increasing leverage, or that vaccine roll-out is slower than currently expected.

Overall, our base case for 2021 is that credit returns should be driven by income, with selectivity required at both the sector and issuer level.

Recent Developments

In the year 2020, COVID-19 became a global pandemic and resulted in 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

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 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 generally paid monthly in arrears. For the year ended December 31, 2020, the Fund incurred $267,133 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 year ended December 31, 2020, the Fund incurred $61,004 in administration fees. These administration fees were received by 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[1]

For the periods ended:	**December 31, 2020 ($)**	December 31, 2019 ($)	December 31, 2018 ($)
Hedged ETF Units - Net Assets per Unit			
Net Assets per Unit, beginning of period	**51.36**	49.22	50.00
Increase (decrease) from operations:			
Total revenue	**1.83**	1.93	0.24
Total expenses	**(0.48)**	(0.50)	(0.06)
Realized gains (losses)	**(1.94)**	0.64	-
Unrealized gains (losses)	**0.38**	0.97	(0.83)
Total increase (decrease) from operations[2]	**(0.21)**	**3.04**	**(0.65)**
Distributions:			
From income (excluding dividends)	**(1.07)**	(1.50)	(0.13)
Return of capital	**(0.43)**	-	-
Total annual distributions[3]	**(1.50)**	**(1.50)**	**(0.13)**
Net Assets per Unit, end of period	**50.22**	**51.36**	**49.22**
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	**1.75**	1.31	N/A
Total expenses	**(0.88)**	(0.66)	N/A
Realized gains (losses)	**1.43**	(0.69)	N/A
Unrealized gains (losses)	**1.72**	1.53	N/A
Total increase (decrease) from operations[2]	**4.02**	**1.49**	**N/A**
Distributions:			
From income (excluding dividends)	**(1.39)**	(1.00)	N/A
Return of capital	**(0.04)**	-	-
Total annual distributions[3]	**(1.43)**	**(1.00)**	**N/A**
Net Assets per Unit, end of period	**48.94**	**50.46**	**N/A**

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

For the periods ended:	**December 31, 2020 ($)**	December 31, 2019 ($)	December 31, 2018 ($)
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	**1.86**	1.31	N/A
Total expenses	**(0.48)**	(0.27)	N/A
Realized gains (losses)	**(2.12)**	0.26	N/A
Unrealized gains (losses)	**0.56**	0.55	N/A
Total increase (decrease) from operations[2]	**(0.18)**	**1.85**	**N/A**
Distributions:			
From income (excluding dividends)	**(0.02)**	(0.50)	N/A
Return of capital	**(1.41)**	-	N/A
Total annual distributions[3]	**(1.43)**	**(0.50)**	**N/A**
Net Assets per Unit, end of period	**50.61**	**51.61**	**N/A**

1 This information is derived from the Fund's audited annual financial statements as at December 31, 2020, 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.

For the periods ended:	**December 31, 2020**	December 31, 2019	December 31, 2018
Hedged ETF Units - Ratios/Supplemental Data			
Total Net Asset Value ($)[4]	**30,658,805**	39,063,215	9,843,937
Number of units outstanding[4]	**610,505**	760,505	200,000
Management expense ratio[5]	**0.92%**	0.90%	0.92%
Trading expense ratio[6]	**0.04%**	0.06%	0.00%
Portfolio turnover rate[7]	**90.99%**	57.54%	5.58%
Net Asset Value per unit ($)	**50.22**	51.36	49.22
Closing market price ($)	**50.13**	51.29	49.28
Hedged Class A - Ratios/Supplemental Data			
Total Net Asset Value ($)[4]	**503,809**	6,628	N/A
Number of units outstanding[4]	**10,294**	131	N/A
Management expense ratio[5]	**1.76%**	1.84%	N/A
Trading expense ratio[6]	**0.04%**	0.06%	N/A
Portfolio turnover rate[7]	**90.99%**	57.54%	N/A
Net Asset Value per unit ($)	**48.94**	50.46	N/A

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For the periods ended:	**December 31, 2020**	December 31, 2019	December 31, 2018
Hedged Class F - Ratios/Supplemental Data			
Total Net Asset Value ($)[4]	**53**	5,147	N/A
Number of units outstanding[4]	**1**	100	N/A
Management expense ratio[5]	**0.93%**	0.85%	N/A
Trading expense ratio[6]	**0.04%**	0.06%	N/A
Portfolio turnover rate[7]	**90.99%**	57.54%	N/A
Net Asset Value per unit ($)	**50.61**	51.61	N/A

4 This information is provided as at December 31, 2020, 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

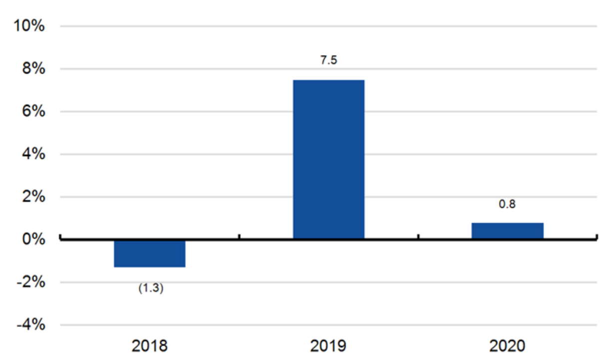
Past Performance

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.

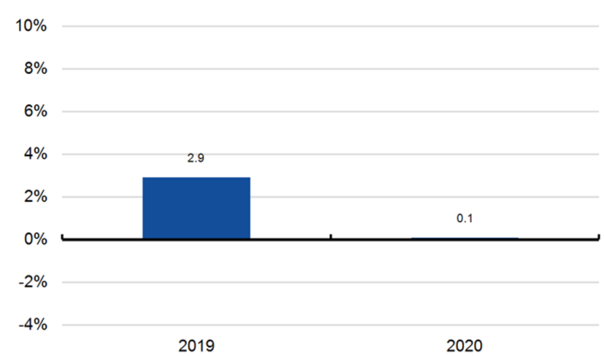
Year-by-Year Returns

The bar chart below shows the Hedged ETF Units' and the Hedged Class A and F Mutual Fund Units’ annual performance for the periods shown. 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.

EARN Hedged ETF Units[1]



Hedged Class A Mutual Fund Units[2]



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

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

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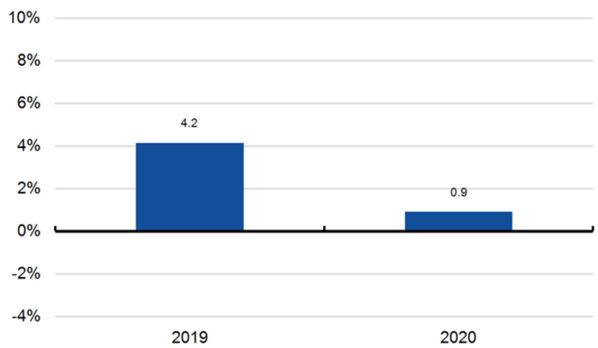
Hedged Class F Mutual Fund Units[3]



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

Annual Compound Return

The table below shows the historical annual compound total return of the Hedged ETF Units and the Hedged Class A and F Mutual Fund Unitsis listed. The returns are for period ended December 31, 2020. As a basis of comparison, we have provided the performance of ICE BofA 1-5 Year Global Corporate Index (100% CAD Hedged) (“Index”). As the criteria for determining the constituents of the Fund and the Index differ, it is not expected that the Fund’s performance will mirror that of the Index. Further, the return of the Index is calculated without the deduction of management fees and fund expenses whereas the performance of the Fund is calculated after deducting such fees and expenses.

	Since Inception[1] (%)	1 Year (%)
Hedged ETF Units	3.2	0.8
ICE BofA 1-5 Year Global Corporate Index (100% CAD Hedged)	5.1	4.1
Hedged Class A Mutual Fund Units	1.8	0.1
ICE BofA 1-5 Year Global Corporate Index (100% CAD Hedged)	6.9	4.1
Hedged Class F Mutual Fund Units	3.0	0.9
ICE BofA 1-5 Year Global Corporate Index (100% CAD Hedged)	6.9	4.1

1 From inception date of November 14, 2018 for the Hedged ETF Units and from inception date of April 23, 2019 for the Hedged Class A and F Mutual Fund Units.

Summary of Investment Portfolio

Top 25 Positions

Security	Percentage of Net Asset Value (%)
Credit Agricole Assurances SA, Variable, Callable, Perpetual	1.7
NN Group NV, Variable, Callable, Perpetual	1.7
Logicor Financing SARL, Callable	1.6
Arrow CMBS, Series '2018-1', Class 'A1', Floating Rate	1.6
FCT Credit Agricole Habitat, Series '2018-1', Class 'A', Floating Rate, Callable	1.5
Broadcom Corporation/Cayman Finance Limited, Callable	1.4
RSA Insurance Group PLC, Variable, Callable	1.3
Energy Transfer Operating Limited Partnership, Callable	1.3
Arcelik AS	1.3

Top 25 Positions (cont'd)

Security	Percentage of Net Asset Value (%)
Ripon Mortgages PLC	1.3
Nexi SpA	1.3
Rolls-Royce PLC, Callable	1.3
Lloyds Banking Group PLC	1.2
London Wall Mortgage Capital PLC, Floating Rate, Callable	1.2
Paragon Mortgages PLC, Series '25', Class 'A', Floating Rate, Callable	1.1
Intesa Sanpaolo SpA	1.1
Thames Water Utilities Finance PLC	1.1
Western Digital Corporation, Callable	1.1
Jaguar Land Rover Automotive PLC, Callable	1.1
Macy's Retail Holdings Inc., Callable	1.1
EDP - Energias de Portugal SA, Variable, Callable	1.1
Iberdrola International BV, Variable, Callable, Perpetual	1.1
Enel SpA, Variable, Callable	1.1
Lennar Corporation, Callable	1.1
KBC Group NV, Variable, Callable, Perpetual	1.1
Total	**31.8**

Industry Allocation

Portfolio by Category	Percentage of Net Asset Value (%)
Debt Instruments	
Asset-Backed Securities	9.1
Communication Services	7.2
Consumer Discretionary	11.7
Consumer Staples	1.4
Energy	9.8
Financials	28.0
Health Care	4.4
Industrials	5.9
Information Technology	3.2
Materials	2.6
Real Estate	6.1
Utilities	5.3
Derivative Assets	0.8
Derivative Liabilities	(0.1)
Cash and Cash Equivalents	3.7
Other Assets, less Liabilities	0.9
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.

Evolve ETFs

Evolve Active Global Fixed Income Fund