



Evolve ETFs

Evolve Global Healthcare Enhanced Yield Fund

June 30, 2019

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 Global Healthcare Enhanced Yield Fund (the "Fund") seeks to replicate, to the extent reasonably possible before fees and expenses, the performance of the Solactive Global Healthcare 20 Index (the "Benchmark"), or any successor thereto, while mitigating downside risk. The Fund invests primarily in the equity constituents of the Solactive Global Healthcare 20 Index, or any successor thereto, while writing covered call options on up to 33% of the portfolio securities, at the discretion of the Manager. The level of covered call option writing may vary based on market volatility and other factors.

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, 2019, the non-hedged units returned 2.17% versus the Solactive Global Healthcare 20 Index return of 3.19%. The hedged units returned 6.84% versus the Solactive Global Healthcare 20 Canadian Dollar Index Hedged return of 6.02%. The difference in performance of the hedged units relative to its benchmark can be attributed primarily to management fees plus applicable sales taxes and to portfolio trading and hedging strategies. The difference in performance of the non-hedged units relative to its benchmark can be attributed primarily to management fees plus applicable sales taxes and to portfolio trading. Furthermore, the difference can also be attributed to the implementation of the call writing strategy where the Fund tend to outperform in flat or down markets and underperform during sharp market advances. This performance difference can be seen over the period the calls are written, typically with one to two months to expiry, and then resets when new option positions are established. Fund's net assets were \$3.995MM as at June 30, 2019.

Portfolio Manager Commentary

The demand for healthcare remained strong during the first half in the wake of an aging population, increasing longevity and the growing incidence of chronic diseases, benefitting a broad spectrum of companies involved in providing healthcare solutions.

It is not expected that demand for health-related products and services would decline, regardless of the state of the world economy, geopolitical disruptions or any other associated risks.

In its 2019 Global Health Care Outlook report, Deloitte notes that global health care expenditures are expected to continue to grow, with spending projected to increase at an annual rate of 5.4 percent between 2017-2022, from USD \$7.724 trillion to USD \$10.059 trillion.(i)

Incidentally, the emergence of personalized medicine, the increased use of exponential technologies, the emergence of disruptive and non-traditional competitors, the demand for expanded care delivery sites, and revamped payment and public funding models will all have an impact on the financial performance of the health care ecosystem.(ii)

Often, health-care stocks reflect policy uncertainty ahead of elections, and 2019 will be no different. Since 1976, they have had the weakest median excess return versus the S&P 500 of any sector. Nonetheless, fundamentals in the sector remain healthy, supported by strong earnings-per-share revisions based on financial results reported at the end of the first quarter. If the focus of the policy debate turns to drug pricing from Medicare for all, managed-care stocks should outperform health-care peers but both biotech and pharma stocks are at risk from potential drug-pricing regulations.(iii)

On the other hand, healthcare stocks tend to do well in volatile markets. According to Bloomberg research, the more than 60 publicly traded companies that make up the benchmark Standard & Poor's 500 Health Care Index are the sole mainstay among the market's winners during all volatile periods.(iv)

As the healthcare sector expands, private equity investments have become increasingly frequent and diversified in recent years. There were more than 700 private equity deals in the healthcare industry in 2018, and the trend has continued in 2019.(v)

Opportunity in the sector has resulted in large technology companies such as Amazon, Apple and Uber jumping onto the healthcare bandwagon to grab a piece of the of the market which brings in more than \$2.8 trillion annually in the US alone. As well, the American health care industry is deemed to be extremely inefficient, which means that technology companies can play an important role in the enormous industry that has many sub-sectors.(vi)

For instance, electronic health records are a famously fraught area of the medical system, and the tangled evolution of e-health technology has, for many patients, lead to a fragmented paper trail filled with gaps.(vii)

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Performance Attribution

The Fund made a positive return for the 6-month period ending June 30. Danaher Corp., the best performing stock in the portfolio, was the largest holding by weight and the biggest contributor to the Fund's performance for the period. Thermo Fisher Scientific Inc. and Novartis AG-sponsored ADR were the next best performing stocks.

(i) <https://www2.deloitte.com/global/en/pages/life-sciences-and-healthcare/articles/global-health-care-sector-outlook.html>

(ii) <https://www2.deloitte.com/global/en/pages/life-sciences-and-healthcare/articles/global-health-care-sector-outlook.html>

(iii) <https://www.bloomberg.com/news/articles/2019-04-25/goldman-outlines-how-to-play-health-care-sector-amid-policy-risk>

(iv) <https://www.bloomberg.com/opinion/articles/2019-02-15/health-care-stocks-defy-market-volatility>

(v) <https://www.beckershospitalreview.com/finance/why-healthcare-execs-should-prepare-for-private-equity-to-come-knocking.html>

(vi) <https://www.theverge.com/2019/1/3/18166673/technology-health-care-amazon-apple-uber-alphabet-google-verily>

(vii) <https://www.theverge.com/2019/1/3/18166673/technology-health-care-amazon-apple-uber-alphabet-google-verily>

Recent Developments

There are no known changes at this time to the investment strategy of the Fund or the Manager.

Related Party Transactions

The Manager complies with its current policy and procedures regarding investments in related issuers and reports periodically to the Independent Review Committee.

Management Fees

The management fees are calculated based on 0.45% 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, 2019, the Fund incurred \$10,526 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, 2019, the Fund incurred \$3,509 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, in any particular period, be less than or exceed the operating expenses that the Manager incurs for that class.

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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, 2019 (\$)	December 31, 2018 (\$)	December 31, 2017 (\$)
Unhedged Units - Net Assets per Unit			
Net Assets per Unit, beginning of period	21.10	19.02	19.80
Increase (decrease) from operations:			
Total revenue	0.49	0.60	0.05
Total expenses	(0.17)	(0.54)	(0.03)
Realized gains (losses)	(0.16)	(3.16)	0.02
Unrealized gains (losses)	0.12	3.51	(0.61)
Total increase (decrease) from operations²	0.28	0.41	(0.57)
Distributions:			
From income (excluding dividends)	(0.65)	-	-
From dividends	-	-	(0.01)
Return of capital	-	(0.87)	(0.14)
Total annual distributions³	(0.65)	(0.87)	(0.15)
Net Assets per Unit, end of period	20.91	21.10	19.02
Hedged Units - Net Assets per Unit			
Net Assets per Unit, beginning of period	18.79	19.28	19.73
Increase (decrease) from operations:			
Total revenue	0.45	0.51	0.06
Total expenses	(0.16)	(0.45)	(0.03)
Realized gains (losses)	(0.14)	0.68	(0.26)
Unrealized gains (losses)	1.02	(1.20)	(0.31)
Total increase (decrease) from operations²	1.17	(0.46)	(0.54)
Distributions:			
From income (excluding dividends)	(0.65)	-	-
From dividends	-	-	(0.00)
Return of capital	-	(0.87)	(0.15)
Total annual distributions³	(0.65)	(0.87)	(0.15)
Net Assets per Unit, end of period	19.42	18.79	19.28

1 This information is derived from the Fund's unaudited interim financial statement as at June 30, 2019, and the audited annual financial statements as at December 31 for the years shown. The Fund began operations on October 25, 2017.

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.

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The Fund's Ratios/Supplemental Data

For the periods ended:	June 30, 2019	December 31, 2018	December 31, 2017
Unhedged Units - Ratios/Supplemental Data			
Total Net Asset Value (\$) ⁴	1,567,931	1,055,018	1,902,143
Number of units outstanding ⁴	75,000	50,000	100,000
Management expense ratio ⁵	0.69%	0.69%	0.67%
Trading expense ratio ⁶	0.38%	1.31%	0.14%
Portfolio turnover rate ⁷	48.60%	341.86%	1.44%
Net Asset Value per unit (\$)	20.91	21.10	19.02
Closing market price (\$)	20.91	21.07	19.11
Hedged Units - Ratios/Supplemental Data			
Total Net Asset Value (\$) ⁴	2,426,935	2,349,306	1,445,902
Number of units outstanding ⁴	125,000	125,000	75,000
Management expense ratio ⁵	0.69%	0.69%	0.66%
Trading expense ratio ⁶	0.38%	1.31%	0.14%
Portfolio turnover rate ⁷	48.60%	341.86%	1.44%
Net Asset Value per unit (\$)	19.42	18.79	19.28
Closing market price (\$)	19.42	18.80	19.34

4 This information is provided as at June 30, 2019 and December 31 for the other years shown.

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.

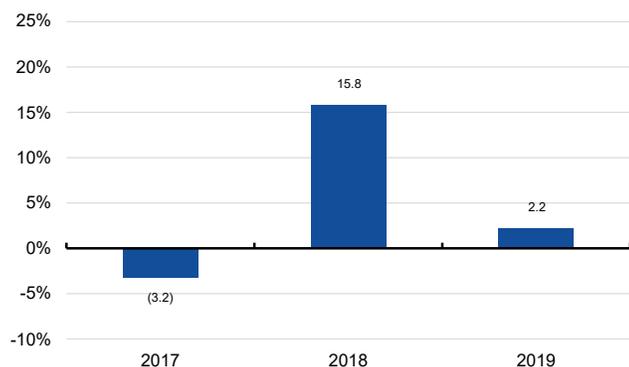
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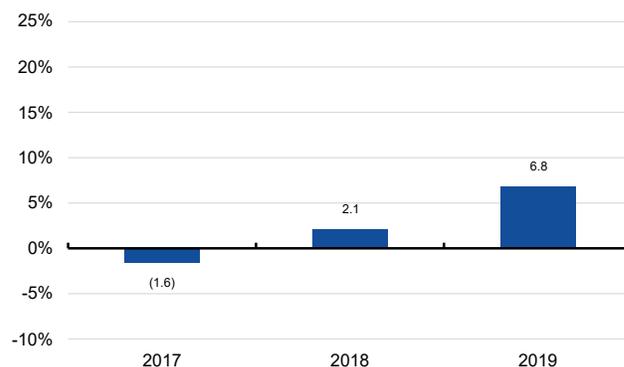
Year-by-Year Returns

The bar chart below shows the Fund's 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.

LIFE/B¹



LIFE²



1 The non-hedged class of the Fund effectively began operation on October 25, 2017.

2 The hedged class of the Fund effectively began operation on October 25, 2017.

Summary of Investment Portfolio

Top 25 Positions

	Percentage of Net Asset Value (%)
Security	
Medtronic PLC	5.5
Novo Nordisk A/S, ADR	5.5
Danaher Corporation	5.3
Abbott Laboratories	5.3
Stryker Corporation	5.3
Roche Holding AG, ADR	5.1
Merck & Company Inc.	5.1
Pfizer Inc.	5.1
Thermo Fisher Scientific Inc.	5.1
AstraZeneca PLC, ADR	5.0
Johnson & Johnson	5.0
Gilead Sciences Inc.	5.0
Sanofi, ADR	4.9
Bristol-Myers Squibb Company	4.9
Novartis AG, ADR	4.8
GlaxoSmithKline PLC, ADR	4.8
Amgen Inc.	4.5
AbbVie Inc.	4.5
Intuitive Surgical Inc.	4.5
Eli Lilly & Company	4.4
Total	99.6

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Industry Allocation

Portfolio by Category	Percentage of Net Asset Value (%)
Equities	
Health Care	99.6
Derivative Assets	0.5
Derivative Liabilities	(0.0)
Cash and Cash Equivalents	0.6
Other Assets, less Liabilities	(0.7)
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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