Evolve ETFs

Evolve Automobile Innovation Index Fund

December 31, 2020

Annual Financial Statements

Ernst & Young LLP
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INDEPENDENT AUDITOR'S REPORT

To the Unitholders of
Evolve Active Canadian Preferred Share Fund
Evolve Active Core Fixed Income Fund
Evolve Active Global Fixed Income Fund
Evolve Automobile Innovation Index Fund
Evolve Cyber Security Index Fund
Evolve Innovation Index Fund
Evolve E-Gaming Index ETF
Evolve Dividend Stability Preferred Share Index ETF
Evolve Global Healthcare Enhanced Yield Fund
Evolve US Banks Enhanced Yield Fund
Evolve Global Materials & Minding Enhanced Yield Index ETF
Evolve Future Leadership Fund
High Interest Savings Account Fund

(collectively, the "Funds")

Opinion

We have audited the financial statements of the Funds, which comprise the statements of financial position as at December 31, 2020 and 2019 (as applicable), and the statements of comprehensive income, statements of changes in net assets attributable to holders of redeemable units and statements of cash flows for the periods indicated in note 1, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Funds as at December 31, 2020 and 2019, and their financial performance and their cash flows for the periods indicated in note 1 in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Funds in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Management Report of Fund Performance of the Funds. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained the Management Report of Fund Performance of the Funds prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Funds or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Funds' financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Funds' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Funds' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up

to the date of our auditor’s report. However, future events or conditions may cause the Funds to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor’s report is Gary Chin.

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
March 24, 2021

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Evolve Automobile Innovation Index Fund

Statements of Financial Position

(in Canadian dollars, except for number of units)

As at (Note 1)	**December 31, 2020 ($)**	December 31, 2019 ($)
Assets		
Current assets		
Investments, at fair value	**48,139,635**	10,636,167
Cash	**215,278**	32,608
Subscriptions receivable	**1,943,933**	205,932
Receivable from investments sold	**1,926,434**	213,054
Interest, dividends and other receivables	**9,477**	7,768
Derivative assets	**170,323**	98,029
	52,405,080	**11,193,558**
Liabilities		
Current liabilities		
Payable on investments purchased	**3,322,225**	356,934
Distributions payable to holders of redeemable units	**9,701**	4,485
Derivative liabilities	**31,192**	7,335
Accrued expenses	**24,297**	5,762
	3,387,415	**374,516**
Net assets attributable to holders of redeemable units	**49,017,665**	**10,819,042**
Net assets attributable to holders of redeemable units		
Unhedged ETF Units	**6,472,690**	2,592,897
Hedged ETF Units	**38,392,450**	7,484,439
US Dollar Unhedged ETF Units	**2,959,196**	741,658
Hedged Class A	**971,935**	24
Hedged Class F	**221,394**	24
Net assets attributable to holders of redeemable units per unit		
Unhedged ETF Units	**51.78**	25.93
Hedged ETF Units	**47.99**	24.95
US Dollar Unhedged ETF Units[1]	**59.18**	29.67
Hedged Class A	**47.78**	23.53
Hedged Class F	**48.41**	23.55

1 Per unit figures are stated in CAD equivalent

Approved on behalf of the Board of Directors of Evolve Funds Group Inc., Manager and Trustee:

Raj Lala
Chief Executive Officer & Director

Elliot Johnson
Chief Operating Officer, Chief Investment Officer & Director

The accompanying notes are an integral part of these financial statements.

Evolve Automobile Innovation Index Fund

Statements of Comprehensive Income

(in Canadian dollars, except for number of units)

For the periods ended (Note 1)	**December 31, 2020 ($)**	December 31, 2019 ($)
Income		
Interest for distribution purposes	**274**	-
Securities lending income	**29,190**	21,266
Dividend income	**87,295**	142,505
Changes in fair value of investments		
Net realized gain (loss)	**4,411,742**	50,015
Net change in unrealized appreciation (depreciation)	**10,017,371**	3,333,844
Changes in fair value of derivative financial instruments		
Net realized gain (loss)	**122,722**	(27,835)
Net change in unrealized appreciation (depreciation)	**48,436**	351,630
Other income (loss)		
Net realized gain (loss) on foreign currency translations	**(1,618)**	(5,815)
Net change in unrealized appreciation (depreciation) on foreign currency translations	**1,149**	426
Total income (loss)	**14,716,561**	**3,866,036**
Expenses		
Management fees (Note 4)	**78,091**	41,743
Administrative fees (Note 4)	**28,835**	15,654
Interest expense and bank charges	**647**	598
Foreign withholding taxes (Note 6)	**15,492**	24,464
Transaction costs (Note 2)	**59,927**	25,784
Total operating expenses	**182,992**	**108,243**
Increase (decrease) in net assets attributable to holders of redeemable units from operations	**14,533,569**	**3,757,793**

Increase (decrease) in net assets attributable to holders of redeemable units from operations		
Unhedged ETF Units	**3,197,747**	708,723
Hedged ETF Units	**10,402,695**	2,821,495
US Dollar Unhedged ETF Units	**730,397**	227,567
Hedged Class A	**125,816**	4
Hedged Class F	**76,914**	4
Increase (decrease) in net assets attributable to holders of redeemable units from operations per unit		
Unhedged ETF Units	**23.34**	8.24
Hedged ETF Units	**27.72**	8.40
US Dollar Unhedged ETF Units	**29.14**	9.10
Hedged Class A	**42.01**	3.53
Hedged Class F	**47.88**	3.55

Evolve Automobile Innovation Index Fund

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units

(in Canadian dollars, except for number of units)

For the periods ended (Note 1)	**December 31, 2020 ($)**	December 31, 2019 ($)
Net assets attributable to holders of redeemable units - beginning of period		
Unhedged ETF Units	**2,592,897**	1,358,077
Hedged ETF Units	**7,484,439**	6,198,706
US Dollar Unhedged ETF Units	**741,658**	518,477
Hedged Class A	**24**	-
Hedged Class F	**24**	-
Net assets attributable to holders of redeemable units - beginning of period	**10,819,042**	**8,075,260**
Increase (decrease) in net assets attributable to holders of redeemable units from operations		
Unhedged ETF Units	**3,197,747**	708,723
Hedged ETF Units	**10,402,695**	2,821,495
US Dollar Unhedged ETF Units	**730,397**	227,567
Hedged Class A	**125,816**	4
Hedged Class F	**76,914**	4
	14,533,569	**3,757,793**
Distributions to holders of redeemable units		
Net investment income		
Unhedged ETF Units	**(1,390)**	(15,781)
Hedged ETF Units	**(7,432)**	(41,208)
US Dollar Unhedged ETF Units	**(318)**	(4,514)
Hedged Class A	**(198)**	-
Hedged Class F	**(45)**	-
	(9,383)	**(61,503)**
Net realized gains		
Unhedged ETF Units	**(7,272)**	-
Hedged ETF Units	**(2,577,865)**	-
US Dollar Unhedged ETF Units	**(138,510)**	-
Hedged Class A	**(68,796)**	-
Hedged Class F	**(17,971)**	-
	(2,810,414)	**-**
Return of capital		
Unhedged ETF Units	**(9,763)**	-
Hedged ETF Units	**-**	(2,242)
US Dollar Unhedged ETF Units	**-**	(150)
	(9,763)	**(2,392)**

Evolve Automobile Innovation Index Fund

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units (cont'd)

(in Canadian dollars, except for number of units)

For the periods ended (Note 1)	**December 31, 2020 ($)**	December 31, 2019 ($)
Redeemable unit transactions		
Proceeds from sale of redeemable units		
Unhedged ETF Units	**5,712,680**	1,588,482
Hedged ETF Units	**21,468,785**	1,953,397
US Dollar Unhedged ETF Units	**1,491,571**	-
Hedged Class A	**854,417**	20
Hedged Class F	**158,356**	20
	29,685,809	**3,541,919**
Reinvestments of distributions to holders of redeemable units		
Unhedged ETF Units	**-**	4,231
Hedged ETF Units	**2,533,322**	-
US Dollar Unhedged ETF Units	**134,398**	278
Hedged Class A	**68,994**	-
Hedged Class F	**18,015**	-
	2,754,729	**4,509**
Redemption of units		
Unhedged ETF Units	**(5,012,209)**	(1,050,835)
Hedged ETF Units	**(911,494)**	(3,445,709)
Hedged Class A	**(8,322)**	-
Hedged Class F	**(13,899)**	-
	(5,945,924)	**(4,496,544)**
Net increase (decrease) from redeemable unit transactions	**26,494,614**	**(950,116)**
Increase (decrease) in net assets attributable to holders of redeemable units for the period	**38,198,623**	**2,743,782**

Net assets attributable to holders of redeemable units - end of period		
Unhedged ETF Units	**6,472,690**	2,592,897
Hedged ETF Units	**38,392,450**	7,484,439
US Dollar Unhedged ETF Units	**2,959,196**	741,658
Hedged Class A	**971,935**	24
Hedged Class F	**221,394**	24
Net assets attributable to holders of redeemable units - end of period	**49,017,665**	**10,819,042**

Evolve Automobile Innovation Index Fund

Statements of Cash Flows

(in Canadian dollars, except for number of units)

For the periods ended (Note 1)	**December 31, 2020 ($)**	December 31, 2019 ($)
Cash Flows from (used in) operating activities		
Increase (decrease) in net assets attributable to holders of redeemable units from operations	**14,533,569**	3,757,793
Adjustments for:		
Change in unrealized foreign exchange (gain) loss on currency	**(99)**	169
Realized (gain) loss on investments	**(4,411,742)**	(50,015)
Realized (gain) loss on derivatives	**(122,722)**	27,835
Change in unrealized (appreciation) depreciation in the value of investments	**(10,017,371)**	(3,333,844)
Change in unrealized (appreciation) depreciation in the value of derivatives	**(48,436)**	(351,630)
Purchases of investments and derivatives[2]	**(19,018,916)**	(6,059,464)
Proceeds from sale and maturity of investments and derivatives[2]	**11,602,624**	6,605,843
(Increase) decrease in interest, dividends and other receivables	**(1,709)**	(4,104)
Increase (decrease) in accrued expenses	**18,535**	(971)
Net cash generated by (used in) operating activities	**(7,466,267)**	**591,612**
Cash Flows from (used in) financing activities		
Distributions paid to unitholders of redeemable units, net of reinvested distributions	**(69,615)**	(134,005)
Proceeds from sale of units[2]	**9,928,314**	1,039,047
Payments for units redeemed[2]	**(2,209,861)**	(1,590,370)
Net cash generated by (used in) financing activities	**7,648,838**	**(685,328)**
Change in unrealized foreign exchange gain (loss) on currency	**99**	(169)
Net increase (decrease) in cash	**182,571**	(93,716)
Cash (Bank overdraft) - beginning of period	**32,608**	126,493
Cash (Bank overdraft) - end of period	**215,278**	**32,608**
Supplemental Information[1]		
Interest received, net of foreign withholding taxes	**274**	-
Dividends received, net of foreign withholding taxes	**70,895**	118,209

1 Included as part of Cash Flows from Operating Activities
2 Excludes in-kind transactions, if any

Evolve Automobile Innovation Index Fund

Schedule of Investment Portfolio

As at December 31, 2020

No. of Shares		Average Cost ($)	Fair Value ($)
Consumer Discretionary (33.4%)			
8,129	Aptiv PLC	1,085,361	1,348,162
30,702	Bayerische Motoren Werke AG, ADR	1,080,157	1,147,015
4,267	Ferrari NV	1,050,995	1,251,751
16,942	Gentherm Inc.	1,105,800	1,406,500
15,116	Hella GmbH & Company KGaA	1,073,249	1,243,458
106,629	Kandi Technologies Group Inc., Callable	1,123,518	936,524
382,500	Mitsubishi Motors Corporation	1,108,848	1,023,233
36,892	NIO Inc., ADR	1,204,280	2,288,822
224,600	Nissan Motor Company Limited	1,319,079	1,550,533
471,400	Tianneng Power International Limited	1,278,382	1,447,393
23,530	Valeo SA	1,018,036	1,181,120
9,635	Visteon Corporation	1,224,093	1,539,426
		13,671,798	**16,363,937**
Industrials (31.4%)			
42,354	Ballard Power Systems Inc.	943,223	1,261,302
34,651	Bloom Energy Corporation	791,017	1,264,114
82,100	Ceres Power Holdings PLC	970,020	1,886,425
302,489	FuelCell Energy Inc., Callable	2,305,281	4,300,877
43,109	GS Yuasa Corporation	1,247,976	1,575,177
205,900	ITM Power PLC	1,088,631	1,849,390
43,128	Plug Power Inc.	904,435	1,861,579
27,850	PowerCell Sweden AB	1,117,628	1,401,189
		9,368,211	**15,400,053**
Information Technology (33.5%)			
9,592	Advanced Micro Devices Inc.	835,947	1,119,748
13,601	Ambarella Inc.	1,152,326	1,589,653
29,746	ams AG	786,535	828,014
6,440	Analog Devices Inc.	1,056,627	1,211,013
11,014	Cirrus Logic Inc.	1,001,457	1,152,421
24,029	Infineon Technologies AG	921,188	1,172,912
10,855	Maxim Integrated Products Inc.	1,018,606	1,224,906
30,711	MaxLinear Inc.	1,074,482	1,492,925
1,476	NVIDIA Corporation	763,701	981,110
5,636	NXP Semiconductors NV	965,931	1,140,748
9,297	SiTime Corporation, Callable	932,372	1,324,597
5,119	Skyworks Solutions Inc.	842,393	996,162
22,136	STMicroelectronics NV	882,047	1,042,302
5,261	Texas Instruments Inc.	964,695	1,099,134
		13,198,307	**16,375,645**
	Transaction Costs	(31,937)	-
	Total Investments (98.3%)	**36,206,379**	**48,139,635**
	Derivative Assets (0.3%)*		170,323
	Derivative Liabilities (-0.1%)*		(31,192)
	Other Assets, less Liabilities (1.5%)		738,899
	NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		**49,017,665**

Evolve Automobile Innovation Index Fund

Schedule of Investment Portfolio (cont'd)

As at December 31, 2020

***Forward Foreign Currency Contracts (0.2%) December 31, 2020**

Counterparty	Counterparty Credit Rating	Settlement Date		Currency Buys Par Value		Currency Sells Par Value	Unrealized Gain/(Loss) ($)
BNY Capital Markets Inc.	A-1+	22-Jan-21	CAD	22,185,871	USD	22,083,149	102,722
BNY Capital Markets Inc.	A-1+	22-Jan-21	CAD	5,844,329	EUR	5,802,842	41,487
BNY Capital Markets Inc.	A-1+	22-Jan-21	CAD	3,531,233	JPY	3,517,547	13,686
BNY Capital Markets Inc.	A-1+	22-Jan-21	CAD	1,263,451	HKD	1,257,386	6,065
BNY Capital Markets Inc.	A-1+	22-Jan-21	CAD	688,325	CHF	684,088	4,237
BNY Capital Markets Inc.	A-1+	22-Jan-21	CAD	398,067	CNH	396,888	1,179
BNY Capital Markets Inc.	A-1+	22-Jan-21	CAD	187,801	SEK	186,917	884
BNY Capital Markets Inc.	A-1+	22-Jan-21	CAD	58,641	GBP	58,578	63
Total							**170,323**
BNY Capital Markets Inc.	A-1+	22-Jan-21	CAD	2,905,332	GBP	2,924,543	(19,211)
BNY Capital Markets Inc.	A-1+	22-Jan-21	USD	1,103,433	CAD	1,110,420	(6,987)
BNY Capital Markets Inc.	A-1+	22-Jan-21	JPY	170,790	CAD	172,157	(1,367)
BNY Capital Markets Inc.	A-1+	22-Jan-21	CAD	970,040	SEK	971,259	(1,219)
BNY Capital Markets Inc.	A-1+	22-Jan-21	EUR	135,881	CAD	136,772	(891)
BNY Capital Markets Inc.	A-1+	22-Jan-21	HKD	115,264	CAD	116,125	(861)
BNY Capital Markets Inc.	A-1+	22-Jan-21	SEK	30,482	CAD	30,741	(259)
BNY Capital Markets Inc.	A-1+	22-Jan-21	CNH	57,876	CAD	58,123	(247)
BNY Capital Markets Inc.	A-1+	22-Jan-21	CHF	16,621	CAD	16,761	(140)
BNY Capital Markets Inc.	A-1+	22-Jan-21	GBP	6,354	CAD	6,361	(7)
BNY Capital Markets Inc.	A-1+	22-Jan-21	CAD	1,513,236	CNH	1,513,239	(3)
Total							**(31,192)**
Total unrealized gain (loss) on forward foreign currency contracts							**139,131**

Evolve Automobile Innovation Index Fund

Fund Specific Notes to Financial Statements

Financial Instrument Risks (Note 3)

Portfolio Concentration Risk

The Fund's significant concentrations by industry sector were as follows:

Portfolio by Category	Percentage of Net Asset Value **December 31, 2020 (%)**	 December 31, 2019 (%)
Equities		
Consumer Discretionary	**33.4**	36.2
Industrials	**31.4**	10.0
Information Technology	**33.5**	48.5
Materials	**-**	3.6
Derivative Assets	**0.3**	0.9
Derivative Liabilities	**(0.1)**	(0.1)
Cash and Cash Equivalents	**0.4**	0.3
Other Assets, less Liabilities	**1.1**	0.6
Total	**100.0**	**100.0**

Other Price/Market Risk

The table below summarizes management's estimate of the effect on net assets of a 10% change in the Fund's value, as at December 31, 2020 and 2019, with all other variables held constant:

Fund	Impact on Net Assets ($) **December 31, 2020 ($)**	 December 31, 2019 ($)
Evolve Automobile Innovation Index Fund	**4,813,964**	1,063,617

Currency Risk

The tables that follow indicate the currencies to which the Fund had significant exposure as at December 31, 2020 and 2019 based on the market value of the Fund's financial instruments (including cash and cash equivalents) and the underlying principal amounts of forward foreign currency contracts, as applicable. They also illustrate the possible impact of a +/- 5% move in the Canadian dollar on the net assets of the Fund as at December 31, 2020 and 2019.

The following tables summarize the foreign currencies to which the unhedged classes of the Fund had exposure as at December 31, 2020 and 2019, adjusting for any currency hedges if applicable.

Currency	Financial Instruments, excluding Derivatives ($)	Forward Foreign Currency Contracts ($)	Net Currency Exposure ($)	Impact on Net Assets ($)
December 31, 2020				
United States Dollar	5,767,950	-	5,767,950	288,398
Euro Currency	1,046,222	-	1,046,222	52,311
Pound Sterling	662,460	-	662,460	33,123
Swiss Franc	146,444	-	146,444	7,322
Japanese Yen	733,727	-	733,727	36,686
Swedish Krona	248,274	-	248,274	12,414
Hong Kong Dollar	254,901	-	254,901	12,745
Total	**8,859,978**	**-**	**8,859,978**	**442,999**

Currency	Financial Instruments, excluding Derivatives ($)	Forward Foreign Currency Contracts ($)	Net Currency Exposure ($)	Impact on Net Assets ($)
December 31, 2019				
United States Dollar	2,232,885	-	2,232,885	111,644
Euro Currency	699,047	-	699,047	34,952
Japanese Yen	225,767	-	225,767	11,289
Swiss Franc	81,134	-	81,134	4,057
Total	**3,238,833**	**-**	**3,238,833**	**161,942**

Fund Specific Notes to Financial Statements (cont'd)

The following tables summarize the foreign currencies to which the hedged classes had exposure as at December 31, 2020 and 2019, adjusting for any currency hedges if applicable.

Currency	Financial Instruments, excluding Derivatives ($)	Forward Foreign Currency Contracts ($)	Net Currency Exposure ($)	Impact on Net Assets ($)
December 31, 2020				
United States Dollar	24,208,181	(20,979,716)	3,228,465	161,423
Euro Currency	4,391,009	(5,666,961)	(1,275,952)	(63,798)
Pound Sterling	2,780,354	(2,976,767)	(196,413)	(9,821)
Swiss Franc	614,629	(667,467)	(52,838)	(2,642)
Japanese Yen	3,079,465	(3,346,757)	(267,292)	(13,365)
Swedish Krona	1,042,008	(1,127,694)	(85,686)	(4,284)
China Renminbi	-	(1,852,251)	(1,852,251)	(92,613)
Hong Kong Dollar	1,069,824	(1,142,122)	(72,298)	(3,615)
Total	**37,185,470**	**(37,759,735)**	**(574,265)**	**(28,715)**

Currency	Financial Instruments, excluding Derivatives ($)	Forward Foreign Currency Contracts ($)	Net Currency Exposure ($)	Impact on Net Assets ($)
December 31, 2019				
United States Dollar	5,011,660	(4,177,278)	834,382	41,719
Swiss Franc	182,103	(197,332)	(15,229)	(761)
Japanese Yen	506,730	(569,341)	(62,611)	(3,131)
Euro Currency	1,568,996	(1,975,947)	(406,951)	(20,348)
China Renminbi	-	(515,489)	(515,489)	(25,774)
Total	**7,269,489**	**(7,435,387)**	**(165,898)**	**(8,295)**

Interest Rate Risk

As at December 31, 2020 and 2019 the majority of the Fund's financial assets and liabilities were non-interest bearing; accordingly, the Fund was not exposed to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates.

Liquidity Risk

The liquidity of the Fund is managed on a day-to-day basis in order to meet expenses and handle redemption of the Fund's redeemable units. As at December 31, 2020 and 2019, the Fund did not have a significant amount of financial liabilities with maturities greater than three months.

Credit Risk

As at December 31, 2020 and 2019 the Fund had no significant investments in fixed-income investments. Refer to the Schedule of Investment Portfolio for the forward foreign currency contracts' counterparty credit ratings.

Evolve Automobile Innovation Index Fund

Fund Specific Notes to Financial Statements (cont'd)

Fair Value Measurements

The following is the fair value measurement hierarchy based on the inputs used as at December 31, 2020 and 2019 in valuing the Fund's financial assets and liabilities carried at fair value:

Financial Assets (Liabilities)

	Level 1 ($)	Level 2 ($)	Level 3 ($)	**Total ($)**
December 31, 2020				
Equities	48,139,635	-	-	**48,139,635**
Derivative Assets	-	170,323	-	**170,323**
Derivative Liabilities	-	(31,192)	-	**(31,192)**
Total	**48,139,635**	**139,131**	**-**	**48,278,766**
December 31, 2019				
Equities	10,636,167	-	-	**10,636,167**
Derivative Assets	-	98,029	-	**98,029**
Derivative Liabilities	-	(7,335)	-	**(7,335)**
Total	**10,636,167**	**90,694**	**-**	**10,726,861**

For the periods ended December 31, 2020 and 2019 there were no transfers of securities between Level 1 and Level 2. There were no Level 3 securities as at or during the periods ended December 31, 2020 and 2019.

Securities Lending Transactions

The tables below presents a reconciliation of the securities lending income as presented in the Statements of Comprehensive Income for the periods ended December 31, 2020 and 2019. Gross amounts are shown generated from securities lending activities, less any taxes withheld, and amounts earned by parties entitled to receive payments out of the gross amount.

	($)	Percentage of Gross securities lending revenue (%)
December 31, 2020		
Gross Securities Lending Income	62,193	100.0
Withholding Taxes	(9,552)	(15.4)
Agent Fees - Canadian Imperial Bank of Commerce	(23,451)	(37.7)
Net Securities Lending Income	**29,190**	**46.9**
December 31, 2019		
Gross Securities Lending Income	47,247	100.0
Withholding Taxes	(4,846)	(10.3)
Agent Fees - Canadian Imperial Bank of Commerce	(21,135)	(44.7)
Net Securities Lending Income	**21,266**	**45.0**

The aggregate closing market value of securities loaned, and collateral received as at December 31, 2020 and 2019 was as follows:

	December 31, 2020 ($)	December 31, 2019 ($)
Fair Value of Securities on Loan	**5,181,926**	1,223,843
Fair Value of Cash Collateral Received	**-**	-
Fair Value of Securities Collateral Received	**5,456,515**	1,319,551

Offsetting of Financial Instruments

The following table presents the gross amount of financial instruments that may be offset, or subject to enforceable master netting agreements or other similar agreements but that are not offset, as at December 31, 2020 and 2019. The "Net Amount" column shows what the impact on the Fund's Statements of Financial Position would be if all set-off rights were exercised.

	Amounts eligible for offset ($)			
Financial Assets and Liabilities	**Gross Amounts of Recognized Financial Assets/Liabilities ($)**	**Net Amounts of Financial Assets/Liabilities Presented in the Statements of Financial Position ($)**	**Financial Instruments Eligible for Offset ($)**	**Net Amount ($)**
December 31, 2020				
Derivative assets	170,323	170,323	(31,192)	139,131
Derivative liabilities	(31,192)	(31,192)	31,192	-
Total	**139,131**	**139,131**	**-**	**139,131**
December 31, 2019				
Derivative assets	98,029	98,029	(7,335)	90,694
Derivative liabilities	(7,335)	(7,335)	7,335	-
Total	**90,694**	**90,694**	**-**	**90,694**

Unit Transactions (Note 5)

The unitholder transactions for the periods ended December 31, 2020 and 2019 were as follows:

	December 31, 2020	December 31, 2019
Unhedged ETF Units		
Number of redeemable units outstanding - Beginning of period	**100,000**	75,000
Issued	**175,000**	75,000
Redeemed	**(150,000)**	(50,000)
Number of redeemable units outstanding - End of period	**125,000**	**100,000**
Hedged ETF Units		
Number of redeemable units outstanding - Beginning of period	**300,000**	375,000
Issued	**550,000**	100,000
Redeemed	**(50,000)**	(175,000)
Number of redeemable units outstanding - End of period	**800,000**	**300,000**

Evolve Automobile Innovation Index Fund

Fund Specific Notes to Financial Statements (cont'd)

	December 31, 2020	December 31, 2019
US Dollar Unhedged ETF Units		
Number of redeemable units outstanding - Beginning of period	**25,000**	25,000
Issued	**25,000**	-
Number of redeemable units outstanding - End of period	**50,000**	**25,000**
Hedged Class A		
Number of redeemable units outstanding - Beginning of period	**1**	-
Issued	**20,511**	1
Reinvested	**13**	-
Redeemed	**(182)**	-
Number of redeemable units outstanding - End of period	**20,343**	**1**
Hedged Class F		
Number of redeemable units outstanding - Beginning of period	**1**	-
Issued	**4,981**	1
Reinvested	**6**	-
Redeemed	**(415)**	-
Number of redeemable units outstanding - End of period	**4,573**	**1**

Income Taxes (Note 6)

As at December 31, 2020, the Fund had no capital and non-capital loss carryforward balances.

1. ORGANIZATION

The Evolve Funds (each a “Fund” and collectively the “Funds”) are established on the establishment dates noted below as open-ended mutual fund trusts under the laws of the Province of Ontario, pursuant to a master declaration of trust dated August 4, 2017 and as amended and restated from time to time. The Units of the exchange traded funds (“ETFs”) are listed on the Toronto Stock Exchange (“TSX”) and NEO Exchange in the case of the Evolve Active Core Fixed Income Fund and High Interest Savings Account Fund. The address of the Funds’ registered office is 40 King Street West, Suite 3404, Toronto, Ontario, M5H 3Y2.

The following list indicates the classes of units offered for sale by each of the Funds, as at the date of these financial statements:

Actively managed Funds

Fund Name	Portfolio Manager/Sub-Advisor	Class	Ticker Symbol	Date of Establishment	Date of Commencement
Evolve Active Canadian Preferred Share Fund	Foyston, Gordon & Payne Inc.	Unhedged ETF Units	DIVS	14-Aug-17	29-Sep-17
	Foyston, Gordon & Payne Inc.	Unhedged Class A	EVF101	14-Aug-17	23-Apr-19
	Foyston, Gordon & Payne Inc.	Unhedged Class F	EVF100	14-Aug-17	23-Apr-19
Evolve Active Core Fixed Income Fund	Foyston, Gordon & Payne Inc.	Unhedged ETF Units	FIXD	21-Mar-18	29-Mar-18
	Foyston, Gordon & Payne Inc.	Unhedged Class A	EVF111	21-Mar-18	04-Jun-19
	Foyston, Gordon & Payne Inc.	Unhedged Class F	EVF110	21-Mar-18	04-Jun-19
Evolve Active Global Fixed Income Fund	Allianz Global Investors	Hedged ETF Units	EARN	30-Oct-18	14-Nov-18
	Allianz Global Investors	Hedged Class A	EVF131	30-Oct-18	23-Apr-19
	Allianz Global Investors	Hedged Class F	EVF130	30-Oct-18	23-Apr-19
Evolve Future Leadership Fund	Evolve Funds Group Inc.	Hedged ETF Units	LEAD	04-Sep-20	14-Sep-20
	Evolve Funds Group Inc.	Unhedged ETF Units	LEAD.B	04-Sep-20	14-Sep-20
	Evolve Funds Group Inc.	US Dollar Unhedged ETF Units	LEAD.U	04-Sep-20	14-Sep-20

Index-tracking Funds

Fund Name	Class	Ticker Symbol	Date of Establishment	Date of Commencement
Evolve Automobile Innovation Index Fund	Hedged ETF Units	CARS	04-Aug-17	29-Sep-17
	Unhedged ETF Units	CARS.B	04-Aug-17	29-Sep-17
	US Dollar Unhedged ETF Units	CARS.U	04-Aug-17	03-Oct-17
	Hedged Class A	EVF141	04-Aug-17	23-Apr-19
	Hedged Class F	EVF140	04-Aug-17	23-Apr-19
Evolve Cyber Security Index Fund	Hedged ETF Units	CYBR	04-Aug-17	20-Sep-17
	Unhedged ETF Units	CYBR.B	04-Aug-17	20-Sep-17
	US Dollar Unhedged ETF Units	CYBR.U	04-Aug-17	16-May-19
	Hedged Class A	EVF151	04-Aug-17	23-Apr-19
	Hedged Class F	EVF150	04-Aug-17	23-Apr-19
Evolve Innovation Index Fund	Hedged ETF Units	EDGE	20-Apr-18	02-May-18
	Hedged Class A	EVF161	20-Apr-18	04-Jun-19
	Hedged Class F	EVF160	20-Apr-18	04-Jun-19
Evolve E-Gaming Index ETF	Hedged ETF Units	HERO	04-Jun-19	17-Jun-19
Evolve Dividend Stability Preferred Share Index ETF	Unhedged ETF Units	PREF	19-Sep-19	19-Sep-26

Each index-tracking Fund seeks to track, to the extent reasonably possible and before fees and expenses, the performance of a broad and widely quoted market index.

Index-tracking Funds with active covered call strategies

Fund Name	Class	Ticker Symbol	Date of Establishment	Date of Commencement
Evolve Global Healthcare Enhanced Yield Fund	Hedged ETF Units	LIFE	04-Aug-17	25-Oct-17
	Unhedged ETF Units	LIFE.B	04-Aug-17	25-Oct-17
	US Dollar Unhedged ETF Units	LIFE.U	04-Aug-17	27-Nov-19
	Hedged Class A	EVF171	04-Aug-17	07-Jul-20
	Hedged Class F	EVF170	04-Aug-17	07-Jul-20
Evolve US Banks Enhanced Yield Fund	Hedged ETF Units	CALL	04-Aug-17	16-Oct-17
	Unhedged ETF Units	CALL.B	04-Aug-17	16-Oct-17
	US Dollar Unhedged ETF Units	CALL.U	04-Aug-17	27-Nov-19
Evolve Global Materials & Mining Enhanced Yield Index ETF	Hedged ETF Units	BASE	04-Jun-19	12-Jun-19
	Unhedged ETF Units	BASE.B	04-Jun-19	12-Jun-19

Money Market

Fund Name	Class	Ticker Symbol	Date of Establishment	Date of Commencement
High Interest Savings Account Fund	Unhedged ETF Units	HISA	15-Nov-19	21-Nov-19
	Unhedged Class A	EVF200	15-Nov-19	16-Jan-20
	Unhedged Class F	EVF201	15-Nov-19	16-Jan-20

Each index-tracking Fund with active covered call strategies seeks to track, to the extent reasonably possible and before fees and expenses, the performance of a broad and widely quoted market index and in addition to provide the return of a strategy of selling call options against not more than 33% of the equity securities of any of the portfolios with the covered call strategies.

Certain Funds offer classes of Hedged Units, Unhedged Units and US Dollar Unhedged Units. In instances where the Funds invest their assets in securities that are denominated in currencies other than the Canadian dollar and/or offer US Dollar Unhedged Units, the value of the portfolio will vary due to changes in foreign currency exchange rates. For Funds with Hedged Units, currency risk is mitigated by entering into forward foreign currency contracts to hedge the foreign currency exposure back to Canadian dollar and, as such, the Hedged Units do not have significant exposure to currency risk. For Funds with Unhedged Units and US Dollar Unhedged Units, currency risk is not mitigated, as the currency exposure is not hedged back to the Canadian dollar and, as such, the Unhedged Units and the US Dollar Unhedged Units have a significant exposure to currency risk. As a result, due to the difference in currency hedging strategies, the net asset value attributable to holders of redeemable units of each class will not be the same.

Evolve Funds Group Inc. (the "Manager") is the trustee, manager and investment manager of the Funds.

The Schedule of Investment Portfolio for each of the Funds is as at December 31, 2020. The Statements of Financial Position of each of the Funds that commenced operations in 2020 are as at December 31, 2020 and for the Funds that commenced operations in years prior to 2020 are as at December 31, 2020 and 2019. The Statements of Comprehensive Income, Statements of Changes in Net Assets Attributable to Holders of Redeemable Units, and Statements of Cash Flows of each of the Funds are for the years ended December 31 of the years shown, except for Funds established during either period, in which case the information presented is for the period from the date of establishment to December 31 for the years shown, if applicable.

The financial statements were approved for issuance by the Manager on March 24, 2021.

Class A units are available to all investors. Class F units are for investors who are participants in a fee-for-service or wrap account program sponsored by certain registered dealers.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies followed by the Funds:

Basis of Preparation

The financial statements of the Funds have been prepared in accordance with International Financial Reporting Standards ("IFRS") as published by the International Accounting Standards Board. The financial statements have been prepared on a going concern basis using the historical cost convention except for financial assets and liabilities measured at fair value through profit or loss ("FVTPL"). Each Fund is an investment entity and primarily all financial assets and liabilities are measured at fair value in accordance with IFRS. Accordingly, the Funds' accounting policies for measuring the fair value of investments and derivatives are consistent with those used in measuring the Net Asset Value for transactions with unitholders.

In applying IFRS, management may make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses during the reporting periods. Actual results may differ from such estimates.

Classification and Recognition of Financial Instruments

Financial instruments include financial assets and liabilities such as debt and equity securities, and derivatives, cash and other receivables and payables. The Funds classify and measure financial instruments in accordance with IFRS 9, *Financial Instruments* ("IFRS 9"). Upon initial recognition, financial assets are classified as FVTPL and financial liabilities are carried at amortized cost. Derivatives liabilities are classified as FVTPL.

All financial instruments are recognized in the Statements of Financial Position when a Fund becomes a party to the contractual requirements of the instrument. A financial asset is derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. As such, investment purchase and sale transactions are recorded as of the trade date.

Financial instruments are subsequently measured as FVTPL with changes in fair value recognized in the Statements of Comprehensive Income.

Classification of Redeemable Units

IAS 32 *Financial Instruments*: Presentation, requires that securities of the Funds, which are considered puttable instruments, be classified as either financial liabilities or equity instruments. The units of the Funds do not meet the criteria to be classified as equity instruments. Consequently, the Funds' outstanding redeemable units are classified as financial liabilities in accordance with IAS 32.

Measurement of Financial Instruments

Financial instruments at FVTPL are recorded in the Statements of Financial Position at fair value upon initial recognition. All transaction costs such as brokerage commissions, incurred in the purchase and sale of securities for such instruments are recognized directly in profit or loss.

Subsequent changes in the fair value of those financial instruments (i.e., the excess/shortfall of the sum of the fair value of portfolio investments over/below the sum of the average cost of each portfolio investment) are recorded in unrealized appreciation (depreciation) in the value of investments. The applicable period change in unrealized appreciation (depreciation) of investments is included in the Statements of Comprehensive Income.

For the purposes of determining the average cost of each portfolio investment, the purchase price of portfolio investments acquired by each Fund is added to the average cost of the particular portfolio investment immediately prior to the purchase. The average cost of a portfolio investment is reduced by the number of shares sold multiplied by the average cost of the portfolio investment at the time of the sale. The average cost per share of each portfolio investment sold is determined by dividing the average cost of the portfolio investment by the number of shares held immediately prior to the sale transaction. Transaction costs incurred in portfolio transactions are excluded from the average cost of investments and are recognized immediately in net income and are presented as a separate expense item in the financial statements. Realized gains and losses from the sale of portfolio investments are also calculated based on the average costs, excluding transaction costs, of the related investment.

The net asset value ("NAV") per unit of each Fund is calculated each day the Funds are open for business as of regularly scheduled close of regular trading on the respective exchange of each Fund. NAV per unit is calculated by dividing the net assets of each Fund by the number of units outstanding of that Fund. Units of each Fund are being issued and sold on a continuous basis and there is no maximum number of units that may be issued. In calculating each class of each Fund's NAV, investments are valued under policies approved by the Board of Directors of the Manager. Equity securities (including preferred stock) listed or dealt in upon a stock exchange are valued at the last sale price or closing price on the exchange or system on which they are principally traded when the price falls within the bid-ask spread range. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point that the bid-ask spread is most representative of fair value based on the specific facts and circumstances. Foreign currency contracts are valued based on the difference between the value of the contract on the valuation date and the value on the date the contract was originated. The fair value of fixed income securities that are not listed or dealt in upon a stock exchange are determined using valuation techniques. Valuation techniques include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, broker input and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

Fair Value Measurement

IFRS describe fair value as the price that each Fund would receive upon selling an asset or paid to transfer a liability in an orderly transaction between market participants as at the measurement date. It established a three-tier hierarchy of inputs to be used when determining fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk — for example, the risk inherent in a particular valuation technique used to measure fair value (such as a pricing model) and/or the risk inherent in the inputs to the valuation technique.

Inputs may be observable or unobservable. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability. Observable inputs are based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability. Unobservable inputs are based on the best information available in the circumstances. The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

Level 1 – Quoted (unadjusted) prices in active markets for identical assets or liabilities at measurement date.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.).

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable (including each Fund's assumptions in determining the fair value of investments).

The inputs or methodology used for valuation are not necessarily an indication of the risk associated with investing in those investments.

The Funds have included the fair value hierarchy in the Fund Specific Notes to Financial Statements.

Securities Lending

In order to generate additional returns, the Funds are authorized to enter into securities lending agreements with borrowers deemed acceptable in accordance with National Instrument 81-102, *Investment Funds*.

Aggregate market value of all securities loaned by a Fund cannot exceed 50% of the fair value of the assets of the Fund. The Funds receive collateral against the loaned securities in the form of debt obligations of the Government of Canada and Canadian provincial governments. The government of the United States of America or the government of one of the states of the Unites States of America. The government of the sovereign state of G7 countries, Austria, Belgium, Denmark, Finland, Netherlands, Spain, Sweden or Switzerland; or a permitted supranational agency of Organisation for Economic Co-operation and Development countries. The minimum allowable collateral is 102% of the fair value of the loaned securities. The aggregate closing market value of securities loaned, and collateral received and a reconciliation of the gross securities lending revenue to the securities lending revenue reported by each Fund in the Funds' Statements of Comprehensive Income are disclosed on the Securities Lending Transactions section of the Fund Specific Notes.

Under a securities lending agreement, the borrower must pay the Funds a negotiated securities lending fee, provide compensation to the Funds equal to any distributions received by the borrower on the securities borrowed, and the Funds must receive an acceptable form of collateral in excess of the value of the securities loaned. Although such collateral is marked to market, each Fund may be exposed to the risk of loss should a borrower default on its obligations to return the borrowed securities and the collateral is insufficient to reconstitute the portfolio of loaned securities.

Forward Foreign Currency Contracts

A forward foreign currency contract ("Forward Contract") involves an obligation to purchase or sell a specific currency at a future date, which may be any fixed number of days from the date of the contract agreed upon by the parties, at a price set at the time of the contract. These contracts are principally traded in the inter-bank market conducted directly between currency traders (usually large, commercial banks) and their customers. A Forward Contract generally does not require an initial margin deposit and no commissions are charged at any stage for trades. However, if a Fund is in an unrealized loss position on a Forward Contract, it may be required to pledge collateral (or additional collateral) to the counterparty.

Risks may arise upon entering into a Forward Contract from the potential inability of the counterparties to meet the terms of their contracts and from unanticipated movements in the value of foreign currencies relative to the Canadian dollar.

A Forward Contract is valued at fair value of the gain or loss that would be realized on a valuation date if the position was to be closed out. Realized and unrealized gains (losses) on forward foreign currency contracts are recorded in realized gain (loss) on derivatives and change in unrealized appreciation (depreciation) in the value of derivatives in the Statements of Comprehensive Income.

Options Contracts

Outstanding option positions are valued at an amount equal to the current fair value that would have the effect of closing the position. Any difference resulting from revaluation and gains or losses realized upon expiration or exercise of the options are recognized in the Statements of Comprehensive Income.

Futures Contracts

The margin deposits with brokers relating to futures contracts are included in cash on the Statements of Financial Position. Any change in the margin requirement is settled daily and is included in cash on the Statements of Financial Position. Any difference between the settlement value at the close of business on each valuation date and the settlement value at the close of business on the previous valuation date is recorded as net change in unrealized appreciation (depreciation) in value of derivative financial instruments on the Statements of Comprehensive Income.

Short Sales

When a Fund sells a security short, it will borrow that security from a broker to complete the sale. A Fund will incur a loss as a result of a short sale if the price of the borrowed security increases between the date of the short sale and the date on which a Fund closes out its short position by buying that security. A Fund will realize a gain if the security declines in price between those dates.

Investment Transactions and Investment Income

Investment transactions are recorded as of the date that the securities are purchased or sold (trade date). Realized and unrealized gains and losses are calculated on an average cost basis. The cost of investments represents the amount paid for each security and is determined using the average cost method, excluding commissions and transaction costs. Transaction costs, such as brokerage commissions and settlement charges incurred in the purchase and sale of securities, are shown as a separate line item in the Statements of Comprehensive Income and are not part of the cost of investments. Dividend income is recognized on the ex-dividend date, gross of any foreign taxes withheld. The interest for distribution purposes shown on the Statements of Comprehensive Income represent the coupon interest received by the Funds accounted for on an accrual basis. Premiums received from writing options are included in the Statements of Financial Position as a liability and subsequently adjusted to fair value. When a written option expires unexercised, the Funds will realize a gain equal to the premium received. When a written option is closed, the Funds will realize a gain or loss equal to the difference between the cost at which the contract was closed and the premium received. Income earned from securities lending transactions in the form of securities lending fees payable by the borrower and, in certain circumstances, interest paid on cash or securities held as collateral. Revenue, if any, earned on securities lending transactions during the period is disclosed in the Funds' Statements of Comprehensive Income.

Foreign Currency Translation

The Funds' functional and presentation currency is the Canadian dollar. The Canadian dollar is the currency of the primary economic environment in which the Funds operate. The Funds' performance is evaluated and their liquidity is managed in Canadian dollars. Therefore, the Canadian dollar is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. Foreign currencies, as well as investment securities and other assets and liabilities denominated in foreign currencies, are translated into Canadian dollars using exchange rates prevailing on the respective dates of such transactions. Realized and unrealized foreign exchange gains and losses on investments are included as a component of net realized gain (loss) on sale of investments and change in unrealized appreciation (depreciation) of investments, respectively, on the Statements of Comprehensive Income. Net realized and unrealized foreign exchange gains (losses) arising from sales of foreign currencies, include: gains (losses) on forward foreign currency contracts, currency gains (losses) recognized between the trade and settlement dates on investment transactions, and the difference between the amounts of dividends and foreign withholding taxes recorded on the Funds' books and the Canadian dollar equivalent of the amounts actually received or paid. These gains (losses) are included in net realized gain (loss) and/or change in unrealized appreciation (depreciation) on foreign currency contracts and foreign currency translations in the Statements of Comprehensive Income.

Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units from Operations per Unit

The increase (decrease) in net assets attributable to holders of redeemable units from operations per unit is calculated by dividing the increase (decrease) in net assets attributable to holders of redeemable units from operations by the weighted average number of units outstanding during the period.

Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Funds' financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts recognized in the financial statements and disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

In the process of applying the Funds' accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the financial statements:

Classification and Measurement of Investments

In classifying and measuring financial instruments held by the Funds, the Manager has assessed the Funds' business model for managing their respective portfolios of investments and evaluating the performance on a fair value basis and concluded that these financial assets and liabilities should be measured at FVTPL in accordance with IFRS 9.

Assessment as Investment Entity

Entities that meet the definition of an investment entity within IFRS 10, Consolidated Financial Statements are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria which define an investment entity are, as follows:

- an entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- an entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- an entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Funds' prospectuses detail the objective of providing investment management services to investors, for the purpose of returns in the form of investment income and capital appreciation.

The Funds report to their investors via semi-annual investor information, and to their management via internal management reports, on a fair value basis. All investments are reported at fair value to the extent allowed by IFRS in the Funds' financial statements. The Funds have a clearly documented exit strategy for all of their investments.

The Manager has also concluded that the Funds meet the additional characteristics of an investment entity, in that they have more than one investment; the investments are predominantly in the form of equities and similar securities; they have more than one investor; and their investors are not related parties.

These conclusions will be reassessed on an annual basis, if any of these criteria or characteristics change.

3. FINANCIAL INSTRUMENT RISKS

The Funds' activities may expose them to a variety of financial risks associated with financial instruments, including concentration risk, market risk (which includes currency risk, interest rate risk and other price/market risk), liquidity risk and credit risk. The Manager seeks to minimize potential adverse effects of these risks on the Funds' performance by employing professional, experienced portfolio managers, by daily monitoring of the Funds' position and market events, and by diversifying the investment portfolio within the constraints of the investment objective.

Details of the Funds' exposure to financial instrument risks are available in the Fund Specific Notes to Financial Statements, as applicable.

Concentration Risk

Concentration indicates the relative sensitivity of the Funds' performance to developments affecting a particular industry or geographical location. Concentrations of risk arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

Currency Risk

Currency risk arises from financial instruments that are denominated in foreign currencies. The Funds are exposed to the risk that the value of securities denominated in foreign currencies will fluctuate due to changes in exchange rates. When the value of the Canadian dollar falls in relation to foreign currencies, then the value of foreign investments rises. When the value of the Canadian dollar rises, the value of foreign investments falls.

The Funds hold securities denominated in foreign currencies during the reporting period may hedge their foreign currency exposures by entering into Forward Contracts to reduce currency risk.

Interest Rate Risk

Interest rate risk is the risk that the market value of a Fund's interest-bearing financial instruments will fluctuate due to changes in market interest rates. Prices of longer-term fixed-income securities will generally fluctuate more in response to interest rate changes than would shorter-term securities. Generally, the fair value of fixed income securities will vary inversely in relation to a change in interest rates. As interest rates rise, the fair value of fixed income securities falls and vice versa. The magnitude of the fall and rise will generally be greater for long-term fixed income securities than for short-term fixed income securities.

Other Price/Market Risk

Other price/market risk is the risk that the fair values or future cash flows of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment or its issuer, or all factors affecting all instruments traded in a market or market segment. All securities are exposed to other price/market risk. The maximum risk is equivalent to the financial instruments' fair value.

Liquidity Risk

Liquidity risk is the possibility that investments in a Fund cannot be readily converted into cash when required. The Funds generally maintain sufficient liquidity to meet expenses and redemption of units by investing primarily in liquid securities. However, unexpected heavy demand for redemptions of units could result in the Funds having to dispose of investments at a time when it is not optimal in order to meet such redemption requests. To manage the Funds' overall liquidity and enable the Funds to meet their obligations, the assets of the Funds are invested primarily in securities that are traded on active markets and that the Manager believes can be readily disposed of through market facilities under normal circumstances.

Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Funds. To help manage the credit risk of the Funds, the Manager carefully monitors the creditworthiness and operational robustness of counterparties that conduct transactions on behalf of the Funds. Generally, the greater the credit rating of a security, the lower the probability of the issuer defaulting on its obligations.

Credit ratings for preferred shares are obtained from Dominion Bond Rating Services and Standard & Poor's. A rating of P1 is of superior credit quality and is supported by entities with strong earnings and balance sheet characteristics. P2 is of satisfactory credit quality. Protection of dividends and principal is still substantial, but earnings, the balance sheet and coverage ratios are not as strong as P1 rated companies. P3 is of adequate credit quality. While protection of dividends and principal is still considered acceptable, the issuing entity is more susceptible to adverse changes in financial and economic conditions, and there may be other adverse conditions present which detract from debt protection.

For those Funds that invest in fixed-income securities, credit ratings are obtained from Standard & Poor's Global Ratings, Moody's and/or Fitch Ratings. A rating of AAA indicates the highest of quality with minimal risk, whereas AA rating suggests high quality with very low credit risk. Obligations rated A considered upper-middle-grade and are subject to low credit risk. Obligations rated BBB possesses moderate credit risk. They are considered medium grade. Although considered investment grade, they may possess speculative characteristics.

Offsetting Financial Instruments

A Fund's risk of loss from counterparty credit risk on over-the-counter derivatives is generally limited to the aggregate unrealized gain netted against any collateral held by the Fund. The Fund attempts to mitigate counterparty risk by only entering into agreements with counterparties that it believes have the financial resources to honour their obligations and by monitoring the financial stability of those counterparties. For financial reporting purposes, financial assets and financial liabilities are offset when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The Funds enter into various master netting agreements or similar agreements that do not meet the criteria for offsetting in the Statements of Financial Position.

In order to better define their contractual rights and to secure rights that will help the Funds mitigate their counterparty risk, the Funds may enter into an International Swaps and Derivatives Association, Inc. Master Agreement or similar agreement with their counterparties.

4. RELATED PARTY TRANSACTIONS

Administrative Fees

Each Fund will pay the Manager an Administrative Fee as set forth in the table below based on the average daily NAV of the units of the Funds to pay for expenses incurred during the day-to-day operating of the Funds. The fees specified below are the same for all classes per Fund where applicable. The Administrative Fees, plus applicable taxes, will be accrued daily and paid monthly in arrears. Administrative Fees are the same for all classes on a fund level.

The administrative fee rates applicable to each fund are as follow:

Fund Name	Administrative Fee (annual rate) (%)
Evolve Active Canadian Preferred Share Fund	0.15% of NAV
Evolve Active Core Fixed Income Fund	0.15% of NAV
Evolve Active Global Fixed Income Fund	0.15% of NAV
Evolve Automobile Innovation Index Fund	0.15% of NAV
Evolve Cyber Security Index Fund	0.15% of NAV
Evolve Innovation Index Fund	0.15% of NAV
Evolve E-Gaming Index ETF	0.15% of NAV
Evolve Dividend Stability Preferred Share Index ETF	0.15% of NAV
Evolve Global Healthcare Enhanced Yield Fund	0.15% of NAV
Evolve US Banks Enhanced Yield Fund	0.15% of NAV
Evolve Global Materials & Mining Enhanced Yield Index ETF	0.15% of NAV
Evolve Future Leadership Fund	0.15% of NAV
High Interest Savings Account Fund	0.00% of NAV

Management Fees

Each Fund will pay the Manager a management fee as set forth in the table below based on the average daily NAV of the units of the Funds. The Manager, in its capacity as manager of the Funds, manages the day-to-day business of each Fund, including negotiating contractual agreements with service providers and preparing reports to unitholders and securities regulatory authorities. The management fee, plus applicable taxes, will be accrued daily and paid monthly in arrears. The Manager may, from time to time in its discretion, waive all or a portion of the management fee charged at any given time. Expenses payable to the Manager and receivable on expenses waived by the Manager are disclosed in the Statements of Financial Position.

The management fee rates applicable to the respective classes of each Fund are as follow:

Fund Name	Class	Management Fee (annual rate) (%)
Evolve Active Canadian Preferred Share Fund	Unhedged ETF Units	0.65% of NAV
	Unhedged Class A	1.40% of NAV
	Unhedged Class F	0.65% of NAV
Evolve Active Core Fixed Income Fund	Unhedged ETF Units	0.45% of NAV

The management fee rates applicable to the respective classes of each Fund are as follow: (cont'd)

Fund Name	Class	Management Fee (annual rate) (%)
	Unhedged Class A	1.20% of NAV
	Unhedged Class F	0.45% of NAV
Evolve Active Global Fixed Income Fund	Hedged ETF Units	0.65% of NAV
	Hedged Class A	1.40% of NAV
	Hedged Class F	0.65% of NAV
Evolve Automobile Innovation Index Fund	Hedged ETF Units	0.40% of NAV
	Unhedged ETF Units	0.40% of NAV
	US Dollar Unhedged ETF Units	0.40% of NAV
	Hedged Class A	1.40% of NAV
	Hedged Class F	0.40% of NAV
Evolve Cyber Security Index Fund	Hedged ETF Units	0.40% of NAV
	Unhedged ETF Units	0.40% of NAV
	US Dollar Unhedged ETF Units	0.40% of NAV
	Hedged Class A	1.40% of NAV
	Hedged Class F	0.40% of NAV
Evolve Innovation Index Fund	Hedged ETF Units	0.40% of NAV
	Hedged Class A	1.40% of NAV
	Hedged Class F	0.40% of NAV
Evolve E-Gaming Index ETF	Hedged ETF Units	0.70% of NAV
Evolve Dividend Stability Preferred Share Index ETF	Unhedged ETF Units	0.45% of NAV
Evolve Global Healthcare Enhanced Yield Fund	Hedged ETF Units	0.45% of NAV
	Unhedged ETF Units	0.45% of NAV
	US Dollar Unhedged ETF Units	0.45% of NAV
	Hedged Class A	1.45% of NAV
	Hedged Class F	0.45% of NAV
Evolve US Banks Enhanced Yield Fund	Hedged ETF Units	0.45% of NAV
	Unhedged ETF Units	0.45% of NAV
	US Dollar Unhedged ETF Units	0.45% of NAV
Evolve Global Materials & Mining Enhanced Yield Index ETF	Hedged ETF Units	0.60% of NAV
	Unhedged ETF Units	0.60% of NAV
Evolve Future Leadership Fund	Hedged ETF Units	0.75% of NAV
	Unhedged ETF Units	0.75% of NAV
	US Dollar Unhedged ETF Units	0.75% of NAV
High Interest Savings Account Fund	Unhedged ETF Units	0.15% of NAV
	Unhedged Class A	0.40% of NAV
	Unhedged Class F	0.15% of NAV

5. REDEEMABLE UNITS

Each Fund is authorized to issue an unlimited number of redeemable, transferable units, each of which represents an equal, undivided interest in the net assets of that Fund.

All units of each Fund have equal rights and privileges. Each whole unit is entitled to one vote at all meetings of unitholders and is entitled to participate equally with respect to any and all distributions made by each Fund to unitholders, other than management fee distributions, but including distributions of net income, net realized capital gains and distributions upon the termination of each Fund. Any special distributions payable in units of each Fund will increase the aggregate adjusted cost base of a unitholder's units. Immediately following payment of such a special distribution in units, the number of units of each Fund outstanding will be automatically consolidated such that the number of units that each unitholder will hold after such distribution will be equal to the number of units held by such unitholder immediately prior to such distribution, except in the case of a non-resident unitholder to the extent tax is required to be withheld in respect of the distribution. Units are issued only as fully paid and are non-assessable.

On any trading day, unitholders of ETF units may exchange the prescribed number of units (or an integral multiple thereof) for baskets of securities and/or cash at a redemption price per unit equal to 95% of the closing price for the applicable units on the TSX (or the applicable exchange the units of the Fund being redeemed is trading on), subject to a maximum redemption price per unit equal to the NAV per unit on the effective day of redemption. The right to redeem units of the Funds may be suspended with the approval of the Canadian Securities Administrators.

Transactions in units for the Funds are disclosed in the Fund Specific Notes to Financial Statements. The consideration for the purchase of creation units of the Funds generally consists of the in-kind contribution of a designated portfolio of equity securities constituting a portfolio sampling representation of the securities included in the relevant Funds' underlying index and an amount of cash. Investors purchasing and redeeming creation units may be charged a purchase transaction fee and a redemption transaction fee to offset transfer and other transaction costs associated with the issuance and redemption of creation units.

Units issued and outstanding are considered to be capital of the Funds. The Funds are not subject to externally imposed capital requirements and have no legal restrictions on the issue, repurchase or resale of redeemable shares beyond those included in the Funds' prospectuses. The capital received by each Fund is managed to achieve the investment objective of each Fund while maintaining liquidity to satisfy unitholder redemptions.

The changes in issued and outstanding units of the Funds can be found in the statement of Changes in Net Assets Attributable to Holders of Redeemable Units.

The following is a summary of the closing market prices and fair value of the net assets attributed to holders of redeemable units at closing market price as at period-end:

Fund Name	Class	TSX Ticker Symbol	Market Price as at December 31, 2020 ($)
Evolve Active Canadian Preferred Share Fund	Unhedged ETF Units	DIVS	15.63
Evolve Active Global Fixed Income Fund	Hedged ETF Units	EARN	50.13
Evolve Automobile Innovation Index Fund	Hedged ETF Units	CARS	48.22
Evolve Automobile Innovation Index Fund	Unhedged ETF Units	CARS.B	51.84
Evolve Automobile Innovation Index Fund	US Dollar Unhedged ETF Units	CARS.U	59.33
Evolve Cyber Security Index Fund	Hedged ETF Units	CYBR	46.96
Evolve Cyber Security Index Fund	Unhedged ETF Units	CYBR.B	51.24
Evolve Cyber Security Index Fund	US Dollar Unhedged ETF Units	CYBR.U	68.43
Evolve Innovation Index Fund	Hedged ETF Units	EDGE	35.72
Evolve E-Gaming Index ETF	Hedged ETF Units	HERO	37.26
Evolve Global Healthcare Enhanced Yield Fund	Hedged ETF Units	LIFE	21.16
Evolve Global Healthcare Enhanced Yield Fund	Unhedged ETF Units	LIFE.B	23.16
Evolve Global Healthcare Enhanced Yield Fund	US Dollar Unhedged ETF Units	LIFE.U	27.21
Evolve US Banks Enhanced Yield Fund	Hedged ETF Units	CALL	16.25
Evolve US Banks Enhanced Yield Fund	Unhedged ETF Units	CALL.B	17.70
Evolve US Banks Enhanced Yield Fund	US Dollar Unhedged ETF Units	CALL.U	21.85
Evolve Global Materials & Mining Enhanced Yield Index ETF	Hedged ETF Units	BASE	25.70
Evolve Global Materials & Mining Enhanced Yield Index ETF	Unhedged ETF Units	BASE.B	24.97
Evolve Dividend Stability Preferred Share Index ETF	Unhedged ETF Units	PREF	24.97

Fund Name	Class	NEO Ticker Symbol	Market Price as at December 31, 2020 ($)
Evolve Active Core Fixed Income Fund	Unhedged ETF Units	FIXD	20.81
Evolve Future Leadership Fund	Hedged ETF Units	LEAD	21.28
Evolve Future Leadership Fund	Unhedged ETF Units	LEAD.B	20.72
Evolve Future Leadership Fund	US Dollar Unhedged ETF Units	LEAD.U	27.35
High Interest Savings Account Fund	Unhedged ETF Units	HISA	50.00

6. INCOME TAXES

The Funds qualify or intend to qualify as mutual fund trusts, under the provisions of the *Income Tax Act* (Canada).

Capital losses and non-capital losses available in the Funds are presented in the Fund Specific Notes to Financial Statements, as applicable. Capital losses may be carried forward indefinitely and used to reduce future realized capital gains. Non-capital losses may be used to reduce future net income and capital gains for up to 20 years. The Funds may incur withholding taxes imposed by certain countries on investment income and capital gains. Such income and gains are recorded on a gross basis and the related withholding taxes are shown as a separate expense in the Statements of Comprehensive Income.

Occasionally, distributions by the Funds will exceed the net investment income and taxable capital gains realized by the Funds. To the extent that the excess is not designated by the Funds to be income for Canadian tax purposes and taxable to holders of redeemable units, this excess distribution is a return of capital and is not immediately taxable to unitholders.

7. STRUCTURED ENTITIES

The Funds may invest in other investment funds ("Underlying Funds"). Each Underlying Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for its unitholders. Each Underlying Fund finances its operations primarily through the issuance of units, which are puttable at the unitholder's option and entitle the unitholder to a proportionate share of the Underlying Fund's net assets. The Funds' interests in Underlying Funds held in the form of redeemable units, are reported in their Schedule of Investments at fair value, which represents the Funds' maximum exposure on those investments. Distributions earned from Underlying Funds are included in "Income" in the Statements of Comprehensive Income. The net realized and change in unrealized gains (losses) arising from Underlying Funds are also included in the Statements of Comprehensive Income. The Funds do not provide any additional significant financial or other support to Underlying Funds.

Evolve ETFs

Evolve Automobile Innovation Index Fund