

Evolve Cryptocurrencies ETF

December 31, 2023

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.

Evolve Cryptocurrencies ETF

December 31, 2023

Investment Objective and Strategies

The Evolve Cryptocurrencies ETF's (the "Fund") investment objective is to provide unitholders with exposure to the daily price movements of certain digital assets selected by the Manager from time to time, on a market capitalization basis, while experiencing minimal tracking error by investing in other publicly offered investment funds managed by the Manager.

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, 2023, the Unhedged ETF Units returned 127.2% and the US Dollar Unhedged ETF Units returned 132.2%. The Fund's net assets were \$27.9MM as at December 31, 2023.

Portfolio Manager Commentary

The cryptocurrency market in 2023 has been a testament to the adaptability and resilience of its leading currencies, Bitcoin and Ethereum. Both cryptocurrencies have weathered a storm of economic challenges, each emerging with its own narrative of growth and innovation that has captured investor interest and confidence.

Bitcoin, starting the year slightly above \$16,000 USD, showcased a stunning recovery from a challenging year in 2022, reaching nearly \$45,000 USD by the end of 2023. This remarkable recovery not only rebounded from the previous year's tumult, but also shined amidst the economic headwinds of 2023. In spring, the US banking crisis led to the collapse of several small-to-mid size banks including Silicon Valley Bank. This led to subsequent regulatory challenges, particularly the SEC's actions against prominent crypto exchanges, including Binance and Coinbase. Nevertheless, Bitcoin's quick recovery from these adversities, combined with the major steps toward mainstream and institutional adoption — most notably through BlackRock's proposed spot Bitcoin ETF in the U.S. — reinforced its status as a formidable and maturing asset class. Throughout the year, Bitcoin has not only held its own but has also increasingly been seen as a viable component of diversified investment portfolios, indicative of growing investor interest.¹

Ethereum, on the other hand, paralleled this journey with significant technological strides. The Ethereum Shapella hard fork marked a pivotal advancement to the Network, enabling validator withdrawals and fostering the growth of the liquid staking market. This technological leap, amidst the same macroeconomic and regulatory pressures that the cryptocurrency market faced, underscored Ethereum's technological dynamism and its crucial role in the evolving crypto ecosystem. The staking of over 28 million ether has not only secured the network further but has also demonstrated the strong commitment of its community. Ethereum's progress, coupled with the anticipation around the spot Ether ETFs in the U.S., laid the groundwork for expanded utility and adoption. The integration of AI and its potential applications within the Ethereum Network signals a broader horizon for blockchain technology, opening doors for innovative use cases beyond traditional financial markets.²

As we reflect on 2023, the combined narrative of Bitcoin and Ethereum is one of resilience, innovation, and gradual integration into the broader financial and technological landscape. Despite facing a complex web of economic pressures, both cryptocurrencies have demonstrated their unique strengths — Bitcoin as a store of value and Ethereum as a platform for technological advancement. Their interwoven stories underscore the intricate dynamics of the cryptocurrency market, where technological leaps forward meet growing mainstream acceptance, setting the stage for a future where these digital assets play a central role in the financial world.

(1) <https://www.forbes.com/advisor/au/investing/cryptocurrency/bitcoin-2023-year-in-review/>

(2) <https://crypto.com/research/2023-review-2024-ahead>

Recent Developments

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

Evolve Cryptocurrencies ETF

December 31, 2023

Related Party Transactions

For the year ended December 31, 2023, the Fund invested in the Bitcoin ETF and Ether ETF (the "Underlying Funds"), each of which is an investment fund managed by Evolve Funds Group Inc. (the "Manager"). 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 management fees directly payable to the Manager by the Fund are nil. However, the Underlying Funds held by the Fund pay management fees.

Underlying Fund Management Fees

The Underlying Funds currently pay management fees calculated based on 0.75% per annum of the average daily net asset value of the Underlying Funds. The fees are accrued daily and generally paid monthly. These management fees were received by the Manager for the day-to-day operations of the Underlying Funds, including managing the portfolio, maintaining portfolio systems used to manage the Underlying Funds, maintaining the www.evolveetfs.com website, and providing all other services including marketing and promotion.

Operating Expenses

The Manager pays for all operating expenses incurred by the Fund, other than the following fund costs: taxes payable by the Fund to which the Fund may be subject, including income taxes, sales taxes (including GST/HST) and/or withholding taxes; expenditures incurred upon termination of the Fund; extraordinary expenses that the Fund may incur and all amounts paid on account of any indebtedness (if applicable); any expenses of insurance and costs of all suits or legal proceedings in connection with the Fund or the assets of the Fund or to protect the unitholders, the Trustee, the Manager, any of the Sub-Advisors and the directors, officers, employees or agents of any of them; any expenses of indemnification of the Trustee, the unitholders, the Manager, and the directors, officers, employees or agents of any of them to the extent permitted under the Declaration of Trust; and expenses relating to the preparation, printing and mailing of information to unitholders in connection with meetings of unitholders. The Fund is also responsible for all commissions and other costs of portfolio transactions and any extraordinary expenses of the Fund which may be incurred from time to time.

Underlying Fund Operating Expenses

The Fund indirectly bears the operating expenses that are borne by each of the underlying funds incurred in connection with their operation, administration and related portfolio transactions, including but not limited to: mailing and printing expenses for periodic reports to unitholders; fees payable to the 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; 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 auditor and legal advisors; regulatory filing, stock exchange and licensing fees (if applicable) and CDS fees; banking costs and interest with respect to any borrowing (if applicable); website maintenance costs; 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, consultants (if any), CF Benchmarks (in respect of index licensing and/or consulting fees, if any), custodian and manager which are incurred in respect of matters not in the normal course of the Fund's activities.

Evolve Cryptocurrencies ETF

December 31, 2023

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:	December 31, 2023 (\$)	December 31, 2022 (\$)	December 31, 2021 (\$)
Unhedged ETF Units - Net Assets per Unit			
Net Assets per Unit, beginning of period	4.06	11.12	10.00
Increase (decrease) from operations:			
Total revenue	0.01	0.01	-
Realized gains (losses)	(1.08)	(1.86)	0.23
Unrealized gains (losses)	6.33	(5.00)	(3.11)
Total increase (decrease) from operations²	5.26	(6.85)	(2.88)
Net Assets per Unit, end of period	9.22	4.06	11.12
US Dollar Unhedged ETF Units - Net Assets per Unit³			
Net Assets per Unit, beginning of period	5.12	14.03	12.66
Increase (decrease) from operations:			
Total revenue	0.01	-	-
Realized gains (losses)	(1.36)	(2.01)	0.42
Unrealized gains (losses)	8.28	(8.18)	(1.62)
Total increase (decrease) from operations²	6.93	(10.19)	(1.20)
Net Assets per Unit, end of period	11.63	5.12	14.03

- 1 This information is derived from the Fund's audited annual financial statements as at December 31, 2023, 2022 and 2021. The Unhedged ETF Units and US Dollar Unhedged ETF Units effectively began operations on September 24, 2021.
- 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 Per unit figures are stated in CAD equivalent.

The Fund's Ratios/Supplemental Data

For the periods ended:	December 31, 2023	December 31, 2022	December 31, 2021
Unhedged ETF Units - Ratios/Supplemental Data			
Total Net Asset Value (\$) ⁴	26,657,882	13,483,326	30,500,213
Number of units outstanding ⁴	2,891,700	3,323,700	2,743,800
Management expense ratio excluding proportion of expenses from underlying investment funds ⁵	0.00%	0.00%	0.00%
Management expense ratio ^{6,9}	1.13%	1.71%	1.17%
Trading expense ratio ⁷	0.02%	0.05%	0.03%
Portfolio turnover rate ⁸	10.40%	23.71%	66.14%
Net Asset Value per unit (\$)	9.22	4.06	11.12
Closing market price (\$)	9.25	4.05	11.11

Evolve Cryptocurrencies ETF

December 31, 2023

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

For the periods ended:	December 31, 2023	December 31, 2022	December 31, 2021
US Dollar Unhedged ETF Units - Ratios/Supplemental Data			
Total Net Asset Value (\$) ⁴	1,283,333	718,287	3,128,387
Number of units outstanding ⁴	110,300	140,300	223,000
Management expense ratio excluding proportion of expenses from underlying investment funds ⁵	0.00%	0.00%	0.00%
Management expense ratio ^{6,9}	1.13%	1.70%	1.21%
Trading expense ratio ⁷	0.02%	0.05%	0.03%
Portfolio turnover rate ⁸	10.40%	23.71%	66.14%
Net Asset Value per unit (\$)	11.63	5.12	14.03
Closing market price (\$)	11.57	5.10	14.05

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

5 Management expense ratio excluding proportion of expenses from underlying investment funds 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 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. The MER for prior periods has been restated to include the expenses of any underlying funds.

7 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.

8 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.

9 The Fund's MER includes an estimated proportion of the MER for any underlying investment funds held in the Fund's portfolio during the period.

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.

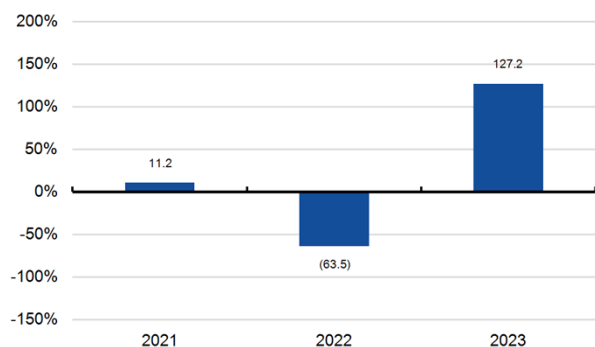
Year-by-Year Returns

The bar chart below shows the Unhedged and US Dollar Unhedged ETF Units' performance for each of the financial years shown. The chart shows, in percentage terms, how much an investment made in the Fund on the first day of each financial period would have grown or decreased by the last day of that financial period.

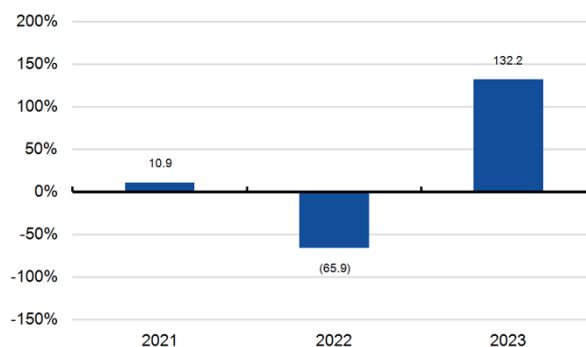
Evolve Cryptocurrencies ETF

December 31, 2023

ETC Unhedged ETF Units¹



ETC/U US Dollar Unhedged ETF Units²



1 The Unhedged ETF Units of the Fund effectively began operations on September 24, 2021.

2 The US Dollar Unhedged ETF Units of the Fund effectively began operations on September 24, 2021. Returns presented based on NAV equivalent in USD.

Annual Compound Return

The table below shows the historical annual compound total return of the Unhedged and US Dollar Unhedged ETF Units. The returns are for period ended December 31, 2023. As a basis of comparison, we have provided the performance of an equally weighted monthly rebalanced portfolio of the CME CF Bitcoin Reference Rate and the CME CF Ether-Dollar Reference Rate ("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 (%)
Unhedged ETF Units	(3.5)	127.2
50%: CME CF Bitcoin Reference Rate, 50%: CME CF Ether-Dollar Reference Rate	(6.5)	127.6
US Dollar Unhedged ETF Units	(5.5)	132.2
50%: CME CF Bitcoin Reference Rate, 50%: CME CF Ether-Dollar Reference Rate	(6.5)	127.6

1 From inception date of September 24, 2021 for the Unhedged and US Dollar Unhedged ETF Units.

Summary of Investment Portfolio

All Positions

	Percentage of Net Asset Value (%)
Security	
Bitcoin ETF	71.2
Ether ETF	28.7
Total	99.9

Evolve Cryptocurrencies ETF

December 31, 2023

Industry Allocation

Portfolio by Category	Percentage of Net Asset Value (%)
Equities	
ETFs - Digital Assets	99.9
Cash and Cash Equivalents	0.1
Other Assets, less Liabilities	(0.0)
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 Cryptocurrencies ETF