

Evolve Cryptocurrencies ETF

June 30, 2024

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, 40 King Street West, Suite 3404, Toronto, ON, M5H 3Y2 or by visiting our website at www.evolveetfs.com or SEDAR at www.sedar.com. You may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

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Investment Objective and Strategies

The Evolve 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 six-month period ended June 30, 2024, the Unhedged ETF Units returned 45.6% and the US Dollar Unhedged ETF Units returned 41.1%. The Fund's net assets were \$36.2MM as at June 30, 2024.

Portfolio Manager Commentary

The first half of 2024 has been nothing short of eventful for Bitcoin and Ethereum, as both cryptocurrencies were marked by significant developments and strong performance during the period.

Bitcoin's price surged over 46% in the first six months of the year, significantly outpacing the S&P 500, which rose 15% during the period. In fact, at the beginning of the year Bitcoin was priced at USD \$42,258, and by the end of June was at USD \$62,673. In perhaps the most significant development during the period, on January 10th, the U.S. Securities and Exchange Commission (SEC) approved the first spot Bitcoin ETFs for issuance in the U.S. which hit the stock market the next day. Eleven Bitcoin ETFs have since accumulated \$14.64 billion in net inflows and a cumulative volume of over \$310 billion. This led to a significant price surge for Bitcoin, reaching an all-time high of USD \$73,794 on March 14th before fluctuating between USD \$60,400 and USD \$71,700 due to market volatility. This approval marked a significant shift in market sentiment, allowing Bitcoin to attract substantial institutional investment from financial giants, and thereby reinforcing its position in mainstream finance¹. Additionally, on April 19th, Bitcoin experienced its fourth halving, which occurs approximately every four years after 210,000 blocks are mined. The Bitcoin halving, which traditionally boosts the price of Bitcoin due to reduced supply, had a muted immediate impact as the anticipation had been largely priced in². That being said, analysts suggest historical price spikes often occur 8–9 months post-halving².

Turning to Ethereum, Ethereum also demonstrated remarkable growth in the first half of 2024. Starting the year at a price of USD \$2,352.76, Ethereum surged to USD \$3,275.30 by April 1st and further to USD \$3,339.89 by June 26th, marking a 50% increase in price during the period³. Ethereum's momentum in early 2024 was driven by its co-founder Vitalik Buterin's proposal to reduce transaction load, sparking investor excitement. In the article published bringing forth the proposal, Buterin states that although transaction confirmation times on Ethereum L1 have been reduced to 5-20 seconds, comparable to credit card payment experiences, thanks to EIP-1559 and the stable block time after the merger, further reduction in latency still holds significant value, especially for applications requiring delays of a few hundred milliseconds or less⁴. March was pivotal due to speculation surrounding the SEC's pending approval of a spot Ether ETF in the U.S., which heightened investor interest in the cryptocurrency. However, the anticipated ETF approval did not materialize, leading to a 10.4% decline in April as market liquidations increased and optimism waned. May saw renewed confidence as political support for the ETF and the impending Dencun upgrade drove a 25% increase in Ethereum's price, stabilizing at USD \$3,339.89 by late June. The Dencun upgrade will not only improve Ethereum's market efficiency, but will also broaden the network's accessibility, ensuring that Ethereum remains a cornerstone for the development and execution of smart contracts by addressing primary barriers to entry⁵.

In conclusion, Bitcoin and Ethereum's performance in the first half of 2024 has been impressive, marked by significant gains and a strong recovery from setbacks. Bitcoin surpassed record highs, with Ethereum not far behind. The launch of spot Bitcoin ETFs in the U.S. and its April halving event have been the major drivers for its success during the period. Looking ahead, the approval of spot Ether ETFs are predicted to be a significant driver for growth for the cryptocurrency, similarly to the events following the SEC's approval of spot Bitcoin ETFs in the U.S.

(1) <https://medium.com/@shosaski/bitcoin-hits-wall-street-a-recap-of-the-first-half-of-2024-and-future-prospects-9ed5e1ae845a>

(2) [https://stormgain.com/news/bitcoin-2024-mid-year-review-great-comeback#:~:text=Bitcoin%20\(BTC\)%20has%20had%20a,ETFs%20by%20the%20United%20States](https://stormgain.com/news/bitcoin-2024-mid-year-review-great-comeback#:~:text=Bitcoin%20(BTC)%20has%20had%20a,ETFs%20by%20the%20United%20States)

(3) <https://news.duelbits.com/mid-year-review-ethereum-in-2024/>

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(4) <https://www.binance.com/en/square/post/2024-07-01-ethereum-co-founder-vitalik-buterin-proposes-faster-transaction-confirmation-times-10190263201633>

(5) <https://www.forbes.com/sites/nataliakarayaneva/2024/03/19/what-is-ethereums-dencun-upgrade-and-how-does-it-help/>

Recent Developments

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

Related Party Transactions

For the six-month period ended June 30, 2024, the Fund invested in the Evolve Bitcoin ETF and Evolve 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.

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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, 2024 (\$)	December 31, 2023 (\$)	December 31, 2022 (\$)	December 31, 2021 (\$)
Unhedged ETF Units - Net Assets per Unit				
Net Assets per Unit, beginning of period	9.22	4.06	11.12	10.00
Increase (decrease) from operations:				
Total revenue	-	0.01	0.01	-
Realized gains (losses)	0.59	(1.08)	(1.86)	0.23
Unrealized gains (losses)	3.96	6.33	(5.00)	(3.11)
Total increase (decrease) from operations²	4.55	5.26	(6.85)	(2.88)
Net Assets per Unit, end of period	13.43	9.22	4.06	11.12
US Dollar Unhedged ETF Units - Net Assets per Unit³				
Net Assets per Unit, beginning of period	11.63	5.12	14.03	12.66
Increase (decrease) from operations:				
Total revenue	-	0.01	-	-
Realized gains (losses)	0.76	(1.36)	(2.01)	0.42
Unrealized gains (losses)	4.73	8.28	(8.18)	(1.62)
Total increase (decrease) from operations²	5.49	6.93	(10.19)	(1.20)
Net Assets per Unit, end of period	16.95	11.63	5.12	14.03

- 1 This information is derived from the Fund's unaudited interim financial statements as at June 30, 2024, and the 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:	June 30, 2024	December 31, 2023	December 31, 2022	December 31, 2021
Unhedged ETF Units - Ratios/Supplemental Data				
Total Net Asset Value (\$) ⁴	34,380,881	26,657,882	13,483,326	30,500,213
Number of units outstanding ⁴	2,560,700	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%	0.00%
Management expense ratio ^{6,9}	1.67%	1.13%	1.71%	1.17%
Trading expense ratio ⁷	0.01%	0.02%	0.05%	0.03%
Portfolio turnover rate ⁸	5.92%	10.40%	23.71%	66.14%
Net Asset Value per unit (\$)	13.43	9.22	4.06	11.12
Closing market price (\$)	13.47	9.25	4.05	11.11

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

For the periods ended:	June 30, 2024	December 31, 2023	December 31, 2022	December 31, 2021
US Dollar Unhedged ETF Units - Ratios/Supplemental Data				
Total Net Asset Value (\$)⁴	1,869,104	1,283,333	718,287	3,128,387
Number of units outstanding⁴	110,300	110,300	140,300	223,000
Management expense ratio excluding proportion of expenses from underlying investment funds⁵	0.00%	0.00%	0.00%	0.00%
Management expense ratio⁶,⁹	1.67%	1.13%	1.70%	1.21%
Trading expense ratio⁷	0.01%	0.02%	0.05%	0.03%
Portfolio turnover rate⁸	5.92%	10.40%	23.71%	66.14%
Net Asset Value per unit (\$)	16.95	11.63	5.12	14.03
Closing market price (\$)	17.11	11.57	5.10	14.05

4 This information is provided as at June 30, 2024, and 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.

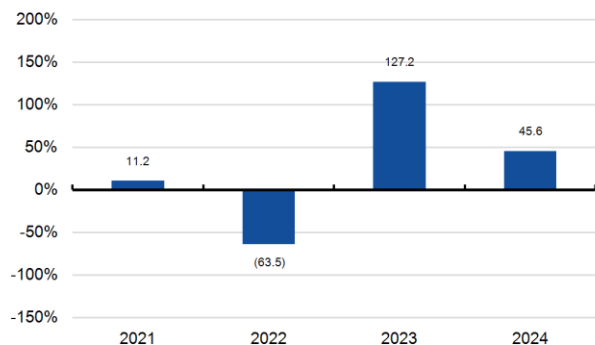
Year-by-Year Returns

The bar chart below shows the Unhedged and US Dollar Unhedged ETF Units' performance for each of the financial years shown and for the six-month period ended June 30, 2024. 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.

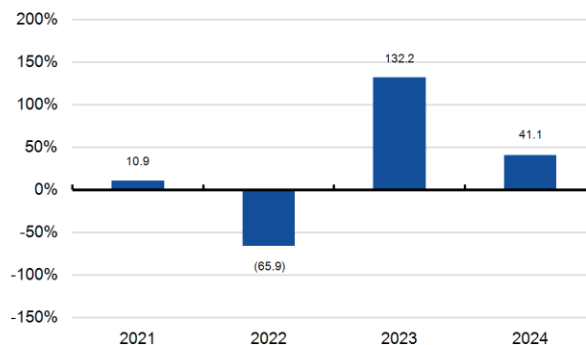
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ETC Unhedged ETF Units¹



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.

Summary of Investment Portfolio

All Positions

	Percentage of Net Asset Value (%)
Security	
Evolve Bitcoin ETF	70.8
Evolve Ether ETF	29.1
Total	99.9

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.



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