

Bitcoin 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.

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Investment Objective and Strategies

The Bitcoin ETF's (the "Fund") investment objective is to provide unitholders with exposure to the daily price movements of the U.S. dollar price of bitcoin while experiencing minimal tracking error by utilizing the benefits of the creation and redemption processes offered by the exchange traded fund structure.

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 Canadian Dollar Unhedged ETF Units returned 146.9% and the US Dollar Unhedged ETF Units returned 153.7%. The Fund's net assets were \$121.6MM as at December 31, 2023.

Portfolio Manager Commentary

Bitcoin's journey through 2023 has been nothing short of remarkable, illustrating the resiliency and innovative nature that have become hallmarks of the cryptocurrency market. Starting the year just above \$16,000 USD, Bitcoin witnessed an impressive 180% gain, climbing to nearly \$45,000 USD by December. This surge, in the face of a tumultuous 2022 and significant global economic challenges, highlights the unique position Bitcoin occupies in the financial ecosystem. The year's trajectory underscores Bitcoin's ability to bounce back, drawing strength from a mix of market dynamics and broader economic trends.¹

Key events throughout the year played pivotal roles in shaping Bitcoin's market performance. The collapse of Silicon Valley Bank (SVB) was a critical moment, spotlighting the fragility of traditional banking systems and elevating discussions around decentralized currencies like Bitcoin. This event, coupled with the increased transparency and security offered by decentralized systems, significantly bolstered investor confidence in Bitcoin. However, the year was not without its challenges. Legal actions by the SEC against major crypto exchanges like Binance and Coinbase introduced volatility and uncertainty, momentarily dampening investor sentiment. Despite these setbacks, Bitcoin demonstrated remarkable resilience, swiftly recovering from these downturns.¹

Another exciting development during the year was the entry of heavyweights like BlackRock into the crypto space, with their proposed Bitcoin ETF further cementing Bitcoin's standing in the financial markets. This move not only provided a significant vote of confidence from a major institutional player but also hinted at a future where Bitcoin and other cryptocurrencies might become more integrated into mainstream investment strategies. When compared to traditional equities, Bitcoin's performance in 2023 stands out. While certain individual stocks may have outperformed Bitcoin, the cryptocurrency's significant gains as compared to broader market indices underscore its growing relevance as an alternative investment class, capable of yielding substantial returns even amidst broader market uncertainties.¹

In summary, Bitcoin's performance in 2023 exemplifies its emerging role as a resilient and increasingly mainstream asset. While challenges and volatility are inherent to its nature, the year's developments suggest a growing maturity and acceptance of Bitcoin within the broader financial landscape, marking it as a noteworthy investment opportunity for both retail and institutional investors.

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

Recent Developments

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

Related Party Transactions

Evolve Funds Group Inc. (the "Manager") complies with its current policy and procedures regarding investments in related issuers and reports periodically to the Investment Review Committee.

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Management Fees

The management fees are calculated based on 0.75% per annum of the average daily net asset value of the Fund. The fees are accrued daily and generally paid monthly. For the year ended December 31, 2023, the Fund incurred \$614,198 in management fees. These management fees were received by the Manager for the day-to-day operations of the fund, including managing the portfolio, maintaining portfolio systems used to manage the Fund, maintaining the www.evolveetfs.com website, and providing all other services including marketing and promotion.

Operating Expenses

Unless waived or reimbursed by the Manager, the Fund pays for all operating expenses of the Fund incurred in connection with the operation and administration of the Evolve Fund, 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 to the Fund; IRC committee member fees and expenses in connection with the IRC; expenses related to compliance with NI 81-107; fees and expenses relating to voting of proxies by a third party; insurance coverage for the members of the IRC; fees payable to the auditors and legal advisors of the Fund; regulatory filing, stock exchange and licensing fees (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, Bitcoin consultant (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. Additional costs which are also payable by the Fund include any taxes payable by 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, 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, including brokerage and trading commissions and other fees and expenses associated with the execution of transactions in respect of the Fund's investment in bitcoin.

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

	December 31, 2023 (\$)	December 31, 2022 (\$)	December 31, 2021 (\$)
For the periods ended:			
Canadian Dollar Unhedged ETF Units - Net Assets per Unit³			
Net Assets per Unit, beginning of period	6.11	18.19	20.00
Increase (decrease) from operations:			
Total expenses	(0.18)	(0.23)	(0.30)
Realized gains (losses)	(0.62)	(8.01)	(0.78)
Unrealized gains (losses)	10.38	(3.56)	(2.41)
Total increase (decrease) from operations²	9.58	(11.80)	(3.49)
Net Assets per Unit, end of period	15.50	6.11	18.19

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The Fund's Net Assets Per Unit¹ (cont'd)

	December 31, 2023	December 31, 2022	December 31, 2021
For the periods ended:			
	(\$)	(\$)	(\$)
US Dollar Unhedged ETF Units - Net Assets per Unit			
Net Assets per Unit, beginning of period	6.11	18.19	20.00
Increase (decrease) from operations:			
Total expenses	(0.18)	(0.24)	(0.30)
Realized gains (losses)	(0.41)	(7.53)	(0.52)
Unrealized gains (losses)	10.27	(6.40)	(2.30)
Total increase (decrease) from operations²	9.68	(14.17)	(3.12)
Net Assets per Unit, end of period	15.51	6.11	18.19

- 1 This information is derived from the Fund's audited annual financial statements as at December 31, 2023, 2022 and 2021. The Canadian Dollar Unhedged ETF Units and US Dollar Unhedged ETF Units began operations on February 17, 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 USD equivalent.

The Fund's Ratios/Supplemental Data

	December 31, 2023	December 31, 2022	December 31, 2021
For the periods ended:			
Canadian Dollar Unhedged ETF Units - Ratios/Supplemental Data			
Total Net Asset Value (\$) ⁴	100,041,597	30,669,699	83,602,179
Number of units outstanding ⁴	6,454,300	5,020,300	4,595,601
Management expense ratio ⁵	1.69%	2.18%	1.82%
Trading expense ratio ⁶	0.03%	0.03%	0.02%
Portfolio turnover rate ⁷	127.83%	116.53%	73.33%
Net Asset Value per unit (\$)	15.50	6.11	18.19
Closing market price (\$)	15.44	6.11	17.39
US Dollar Unhedged ETF Units - Ratios/Supplemental Data			
Total Net Asset Value (\$) ⁴	21,545,260	5,741,301	25,904,273
Number of units outstanding ⁴	1,389,250	939,250	1,424,201
Management expense ratio ⁵	1.65%	2.10%	1.79%
Trading expense ratio ⁶	0.03%	0.03%	0.02%
Portfolio turnover rate ⁷	127.83%	116.53%	73.33%
Net Asset Value per unit (\$)	15.51	6.11	18.19
Closing market price (\$)	15.44	6.17	17.46

- 4 This information is provided as at December 31, 2023, 2022 and 2021.
- 5 Management expense ratio ("MER") is based on total expenses plus harmonized sales tax (excluding distributions, commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.
- 6 The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of average daily net assets during the period.
- 7 The Fund's portfolio turnover rate indicates how actively the Fund's portfolio manager trades its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. The higher the Fund's portfolio turnover rate in a period, the greater the trading costs payable by the Fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

Past Performance

The performance information does not take into account sales, redemption, distribution, income taxes payable by any unitholder or other optional charges that, if applicable, would have reduced returns or performance. The performance information shown assumes that all distributions made by the investment fund in the periods shown were reinvested in additional securities of the investment fund. How the Fund has performed in the past does not necessarily indicate how it will perform in the future.

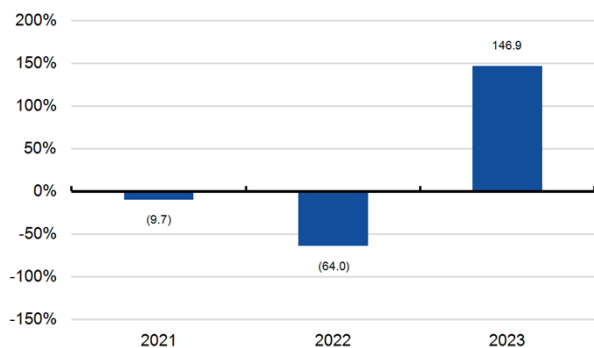
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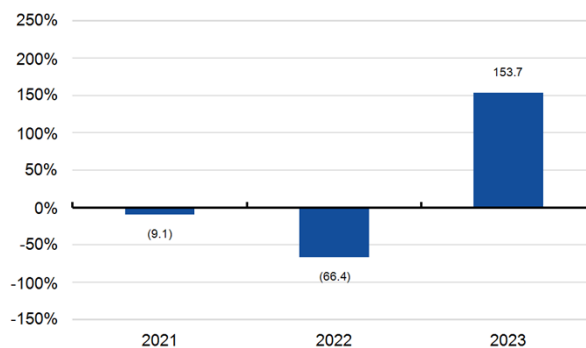
Year-by-Year Returns

The bar chart below shows the Canadian Dollar 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.

EBIT Canadian Dollar Unhedged ETF Units¹



EBIT/U US Dollar Unhedged ETF Units²



1 The Canadian Dollar Unhedged ETF Units of the Fund effectively began operations on February 17, 2021. Returns presented based on NAV equivalent in USD.

2 The US Dollar Unhedged ETF Units of the Fund effectively began operations on February 17, 2021.

Annual Compound Return

The table below shows the historical annual compound total return of the Canadian Dollar Unhedged and US Dollar Unhedged ETF Units. The returns are for period ended December 31, 2023. For a discussion of the relative performance of the Fund as compared to the index, please refer to the "Results of Operations" section in the "Management Discussion of Fund Performance".

	Since Inception ¹ (%)	1 Year (%)
Canadian Dollar Unhedged ETF Units	(7.4)	146.9
CME CF Bitcoin Reference Rate	(6.2)	158.7
US Dollar Unhedged ETF Units	(8.5)	153.7
CME CF Bitcoin Reference Rate	(6.2)	158.7

1 From inception date of February 17, 2021 for the Canadian Dollar Unhedged and US Dollar Unhedged ETF Units.

Summary of Investment Portfolio

All Positions

	Percentage of Net Asset Value (%)
Security	
Bitcoin	100.0
Total	100.0

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Industry Allocation

Portfolio by Category	Percentage of Net Asset Value (%)
Digital Assets	
Bitcoin	100.0
Cash and Cash Equivalents	0.2
Other Assets, less Liabilities	(0.2)
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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