

Evolve Bitcoin 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 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 six-month period ended June 30, 2024, the Canadian Dollar Unhedged ETF Units returned 47.2% and the US Dollar Unhedged ETF Units returned 41.8%. The Fund's net assets were \$146.8MM as at June 30, 2024.

Portfolio Manager Commentary

The first half of 2024 has been nothing short of eventful for Bitcoin, as it was marked by significant developments and strong performance. 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 it had increased to 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-halving.

Political developments have also influenced Bitcoin, with both major U.S. presidential candidates expressing support for cryptocurrencies. Market volatility was exacerbated by concerns over potential repayments from the defunct Mt. Gox exchange and large-scale transactions by Bitcoin "whales," yet substantial inflows into U.S.-based spot Bitcoin ETFs have provided some stabilization.

(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)

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 six-month period ended June 30, 2024, the Fund incurred \$569,333 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

	June 30, 2024 (\$)	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	15.50	6.11	18.19	20.00
Increase (decrease) from operations:				
Total expenses	(0.17)	(0.18)	(0.23)	(0.30)
Realized gains (losses)	2.71	(0.62)	(8.01)	(0.78)
Unrealized gains (losses)	3.58	10.38	(3.56)	(2.41)
Total increase (decrease) from operations²	6.12	9.58	(11.80)	(3.49)
Net Assets per Unit, end of period	21.98	15.50	6.11	18.19

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

	June 30, 2024 (\$)	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	15.51	6.11	18.19	20.00
Increase (decrease) from operations:				
Total expenses	(0.16)	(0.18)	(0.24)	(0.30)
Realized gains (losses)	3.18	(0.41)	(7.53)	(0.52)
Unrealized gains (losses)	5.52	10.27	(6.40)	(2.30)
Total increase (decrease) from operations²	8.54	9.68	(14.17)	(3.12)
Net Assets per Unit, end of period	22.00	15.51	6.11	18.19

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 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

	June 30, 2024	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	132,563,951	100,041,597	30,669,699	83,602,179
Number of units outstanding ⁴	6,031,300	6,454,300	5,020,300	4,595,601
Management expense ratio ⁵	1.54%	1.69%	2.18%	1.82%
Trading expense ratio ⁶	0.01%	0.03%	0.03%	0.02%
Portfolio turnover rate ⁷	23.78%	127.83%	116.53%	73.33%
Net Asset Value per unit (\$)	21.98	15.50	6.11	18.19
Closing market price (\$)	21.60	15.44	6.11	17.39
US Dollar Unhedged ETF Units - Ratios/Supplemental Data				
Total Net Asset Value (\$) ⁴	14,194,287	21,545,260	5,741,301	25,904,273
Number of units outstanding ⁴	645,250	1,389,250	939,250	1,424,201
Management expense ratio ⁵	1.49%	1.65%	2.10%	1.79%
Trading expense ratio ⁶	0.01%	0.03%	0.03%	0.02%
Portfolio turnover rate ⁷	23.78%	127.83%	116.53%	73.33%
Net Asset Value per unit (\$)	22.00	15.51	6.11	18.19
Closing market price (\$)	21.90	15.44	6.17	17.46

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

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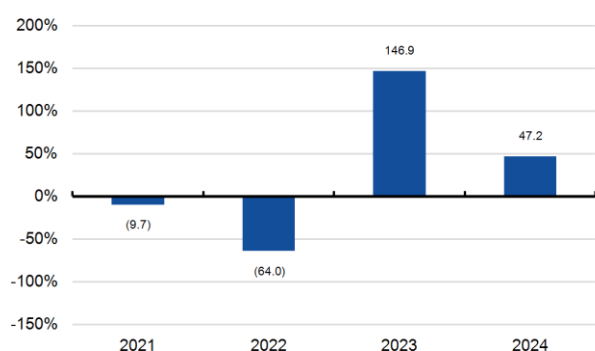
Past Performance

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.

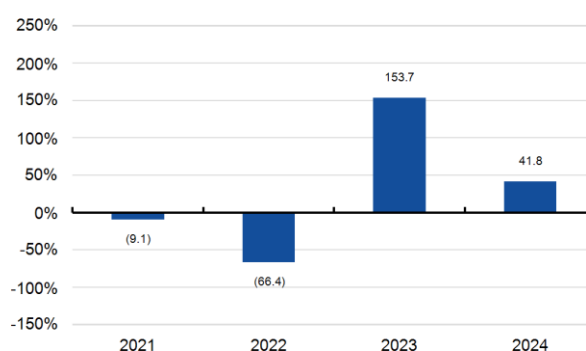
Year-by-Year Returns

The bar chart below shows the Canadian Dollar 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.

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.

Summary of Investment Portfolio

All Positions

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

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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