

Ether ETF

June 30, 2022

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.

Ether ETF

June 30, 2022

Investment Objective and Strategies

The Ether ETF's (the "Fund") investment objective is to provide unitholders with exposure to the daily price movements of the U.S. dollar price of ether 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, 2022, the Unhedged ETF Units returned -72.8% versus the CME CF Ether-Dollar Reference Rate return of -73.2%. The US Dollar Unhedged ETF Units returned -73.4% versus the CME CF Ether-Dollar Reference Rate return of -73.2%. The difference in performance of the unhedged units relative to its benchmark can be attributed primarily to management and administration fees plus applicable sales taxes, to portfolio trading and hedging strategies and to the assumption that all distributions made by the investment fund were reinvested in additional securities whereas the index performance is of price return only. The difference in performance of the US dollar unhedged units relative to its benchmark can be attributed primarily to management and administration fees plus applicable sales taxes, to portfolio trading and to the assumption that all distributions made by the investment fund were reinvested in additional securities whereas the index performance is of price return only. The Fund's net assets were \$24.7MM as at June 30, 2022.

Portfolio Manager Commentary

As at June 30, 2022, ether closed at \$1067.30, down from \$3769.70 at the beginning of the year.(i)

One of the most relevant criticisms of the Ethereum network is the lack of supply restrictions. Unlike Bitcoin, Ether's supply isn't limited to 21 million tokens. Instead, there are 120 million units in circulation and a steady stream of new tokens added every day. Some argue that this has made the tokens less valuable.(ii)

However, this weakness is expected to be resolved in 2022, with the implementation of the Ethereum Improvement Proposal (EIP) 1559 which will allow for the burning of ETH on every transaction; and the transition to ETH 2.0 or Proof-of-Stake lock up of a significant amount of circulating supply in a staking pool.(iii)

In April, cryptocurrency-focused bank Silvergate Capital Corp., reported first quarter earnings that came in ahead of analyst expectations. The company announced earnings per share of 79 cents for the first three months of the year, 75% higher than the average analyst estimate of 45 cents. The bank also reported that its number of digital currency customers had jumped to 1,503, an increase of about 36% from the year prior.(iv)

In early June, two US senators introduced a cryptocurrency bill that outlined a comprehensive set of regulations across digital assets in the US. The bill would make small-scale purchases of goods and services tax-free for transactions less than \$200 – potentially clearing a path for a cryptocurrency that acts more like traditional currency. The legislation would grant new oversight powers and a commanding presence to the Commodity Futures Trading Commission.(v)

The legislation attempts to tackle the biggest questions hanging over digital assets. It would set new federal law for stablecoins, taxes on small-scale payments and the jurisdictions of regulators – answering the uncertainties that have kept the fledgling financial sector from maturing.(vi)

At the end of the first half of the year, Ethereum, the world's most used cryptocurrency blockchain network, passed a milestone test ahead of a highly anticipated technical upgrade without any major glitches. Developers ran the latest software for the upgrade known as the Merge on the Ropsten testnet in an effort to find potential bugs and glitches before moving the application to the blockchain. Tim Beiko, a computer scientist who coordinates Ethereum developers, described the completion of the test saying, "The network is stable, but there are some minor (known + expected) issues we are looking into." He added that, "Overall, though, things are looking good."(vii)

(i) https://finance.yahoo.com/quote/ETH-USD/history/?fr=yhssrp_catchall

(ii) <https://www.fool.ca/2022/03/22/could-ethereum-double-in-2022/>

Ether ETF

June 30, 2022

(iii) <https://www.fool.ca/2022/03/22/could-ethereum-double-in-2022/>

(iv) <https://www.bloomberg.com/news/articles/2022-04-19/silvergate-shares-surge-after-blowout-first-quarter-earnings#xj4y7vzkg>

(v) <https://www.coindesk.com/policy/2022/06/07/key-us-senators-introduce-bill-outlining-sweeping-plan-for-future-crypto-rules/>

(vi) <https://www.coindesk.com/policy/2022/06/07/key-us-senators-introduce-bill-outlining-sweeping-plan-for-future-crypto-rules/>

(vii) <https://www.bnnbloomberg.ca/ethereum-moves-closer-to-blockchain-revamp-after-milestone-test-1.1776245>

Recent Developments

In the six-month period ended June 30, 2022, the COVID-19 pandemic persisted and continued to result in unprecedented actions by governments around the world to curtail the spread of the disease. These events have resulted in a high level of uncertainty and volatility in the financial markets and have had an enormous impact on businesses and consumers in all sectors. The duration and impact of these developments is unknown at this time and as such, the financial impact to investments cannot be estimated.

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.

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, 2022, the Fund incurred \$266,208 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, Ether 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 ether.

Ether ETF

June 30, 2022

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, 2022 (\$)	December 31, 2021 (\$)
For the periods ended:		
Canadian Dollar Unhedged ETF Units - Net Assets per Unit⁴		
Net Assets per Unit, beginning of period ²	13.60	8.00
Increase (decrease) from operations:		
Total expenses	(0.08)	(0.15)
Realized gains (losses)	(0.51)	0.48
Unrealized gains (losses)	(9.41)	2.00
Total increase (decrease) from operations³	(10.00)	2.33
Net Assets per Unit, end of period	3.62	13.60
Unhedged ETF Units - Net Assets per Unit		
Net Assets per Unit, beginning of period ²	17.00	10.00
Increase (decrease) from operations:		
Total expenses	(0.10)	(0.19)
Realized gains (losses)	(0.60)	0.56
Unrealized gains (losses)	(11.67)	6.44
Total increase (decrease) from operations³	(12.37)	6.81
Net Assets per Unit, end of period	4.53	17.00

- 1 This information is derived from the Fund's unaudited interim financial statements as at June 30, 2022 and the audited annual financial statements as at December 31, 2021. The Unhedged ETF Units and US Dollar Unhedged ETF Units effectively began operations on April 19, 2021.
- 2 This amount represents the initial launch price.
- 3 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.
- 4 Per unit figures are stated in USD equivalent.

The Fund's Ratios/Supplemental Data

	June 30, 2022	December 31, 2021
For the periods ended:		
Canadian Dollar Unhedged ETF Units - Ratios/Supplemental Data		
Total Net Asset Value (\$) ⁵	20,977,646	74,699,759
Number of units outstanding ⁵	5,793,500	5,492,600
Management expense ratio ⁶	1.69%	1.23%
Trading expense ratio ⁷	0.04%	0.02%
Portfolio turnover rate ⁸	18.69%	21.63%
Net Asset Value per unit (\$)	3.62	13.60
Closing market price (\$)	3.64	13.12

Ether ETF

June 30, 2022

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

For the periods ended:	June 30, 2022	December 31, 2021
Unhedged ETF Units - Ratios/Supplemental Data		
Total Net Asset Value (\$)⁵	3,700,952	16,335,259
Number of units outstanding⁵	817,700	960,900
Management expense ratio⁶	1.69%	1.21%
Trading expense ratio⁷	0.04%	0.02%
Portfolio turnover rate⁸	18.69%	21.63%
Net Asset Value per unit (\$)	4.53	17.00
Closing market price (\$)	4.51	16.40

5 This information is provided as at June 30, 2022 and December 31, 2021.

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 effective HST tax rate is calculated using the attribution percentage of each province based on unitholder residency and can be different from 13%.

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.

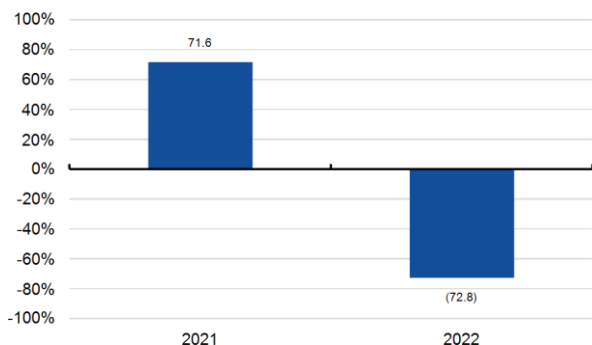
Past Performance

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.

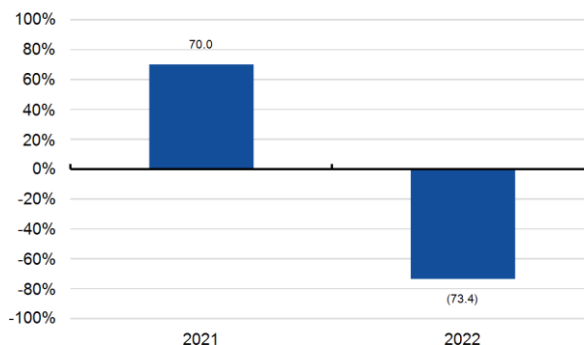
Year-by-Year Returns

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, 2022. The chart shows, in percentage terms, how much an investment made in the Fund on the first day of each financial year would have grown or decreased by the last day of each financial year.

ETHR Unhedged ETF Units¹



ETHR/U Unhedged ETF Units²



1 The Unhedged ETF Units of the Fund effectively began operations on April 19, 2021. Returns presented based on NAV equivalent in USD.

2 The US Dollar Unhedged ETF Units of the Fund effectively began operations on April 19, 2021.

Ether ETF

June 30, 2022

Summary of Investment Portfolio

All Positions

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

Industry Allocation

Portfolio by Category	Percentage of Net Asset Value (%)
Digital Assets	
Ethereum	100.0
Cash and Cash Equivalents	0.5
Other Assets, less Liabilities	(0.5)
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.



Ether ETF