

Bitcoin ETF

June 30, 2023

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 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, 2023, the Canadian Dollar Unhedged ETF Units returned 75.5% and the US Dollar Unhedged ETF Units returned 80.7%. The Fund's net assets were \$94.7MM as at June 30, 2023.

Portfolio Manager Commentary

The first half of 2023 has proven to be an eventful period for Bitcoin, as the cryptocurrency market rallied significantly, spurred by various factors including institutional interest in Bitcoin ETFs. In fact, during the period Bitcoin surged above \$30,000 to its highest mark in more than a year.¹

One of the major catalysts for this rally was BlackRock's application to launch a spot Bitcoin ETF in the United States. BlackRock, the world's largest asset manager, is seen by many as having the financial clout and track record to potentially succeed where previous efforts have failed in this regard. This application has spurred optimism among cryptocurrency enthusiasts and investors, and was reflected through the rise in the price of Bitcoin.¹

Following BlackRock's move, Fidelity Investments, another major asset management firm, also filed for a Bitcoin ETF. Along with Fidelity, other financial institutions followed suit including WisdomTree, VanEck, and Invesco all taking steps towards establishing their own Bitcoin funds. Additionally, Cathie Wood's Ark Invest amended its proposed Bitcoin fund to be more in line with BlackRock's application. These efforts by major financial institutions have further fueled optimism in the cryptocurrency market. The U.S. Securities and Exchange Commission (SEC) has yet to approve a spot Bitcoin ETF on the back of concerns regarding Bitcoin's market transparency and susceptibility to manipulation. As a result, BlackRock's filing includes a proposed surveillance-sharing agreement aimed at alleviating these concerns. Other filings have followed suit with similar proposals, suggesting that this might be a step towards meeting regulatory requirements.²

Bitcoin also showed resilience amid a banking crisis in the U.S. which saw the closure of several banks such as Silvergate Capital, Silicon Valley Bank, Signature Bank of New York, and First Republic Bank. This has led to a narrative shift in which Bitcoin is being viewed as a potential hedge against traditional banking vulnerabilities. However, similarly to typical fiat currencies, Bitcoin's price movements remains heavily influenced by inflation and Federal Reserve rate hikes.³

The Bitcoin 2023 conference in Miami Beach demonstrated continued interest and support for the cryptocurrency, although attendance was lower compared to the previous year. This signals a more measured approach from the community, potentially indicating that the hype is stabilizing and the market is maturing.⁴

Performance Attribution

EBIT provides investors 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. EBIT offers investors exposure to bitcoin by investing directly in bitcoin, with EBIT's holdings of bitcoin priced based on the CME CF Bitcoin Reference Rate, a once a day benchmark index price for bitcoin denominated in U.S. dollars.

(1) <https://www.ft.com/content/1886c3a3-3fb8-411a-b95a-e4667de560d1>

(2) <https://www.cnbc.com/2023/06/29/fidelity-joins-the-rush-for-a-bitcoin-etf-following-blackrock-ark-invest-and-others.html>

(3) <https://www.bloomberg.com/news/articles/2023-05-19/bitcoin-2023-btc-bash-in-miami-is-subdued-after-2022-crypto-losses>

(4) <https://www.cnbc.com/2023/03/17/crypto-rallies-bitcoin-heads-for-its-best-week-since-january-2021.html>

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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, 2023, the Fund incurred \$251,108 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, 2023 (\$)	December 31, 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	6.11	18.19	20.00
Increase (decrease) from operations:			
Total expenses	(0.09)	(0.23)	(0.30)
Realized gains (losses)	(1.16)	(8.01)	(0.78)
Unrealized gains (losses)	6.04	(3.56)	(2.41)
Total increase (decrease) from operations³	4.79	(11.80)	(3.49)
Net Assets per Unit, end of period	11.04	6.11	18.19

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

	June 30, 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 ²	6.11	18.19	20.00
Increase (decrease) from operations:			
Total expenses	(0.09)	(0.24)	(0.30)
Realized gains (losses)	(1.18)	(7.53)	(0.52)
Unrealized gains (losses)	5.93	(6.40)	(2.30)
Total increase (decrease) from operations³	4.66	(14.17)	(3.12)
Net Assets per Unit, end of period	11.05	6.11	18.19

- This information is derived from the Fund's unaudited interim financial statements as at June 30, 2023 and the audited annual financial statements as at December 31, 2022 and 2021. The Canadian Dollar Unhedged ETF Units and US Dollar Unhedged ETF Units began operations on February 17, 2021.
- This amount represents the initial launch price.
- 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.
- Per unit figures are stated in USD equivalent.

The Fund's Ratios/Supplemental Data

	June 30, 2023	December 31, 2022	December 31, 2021
For the periods ended:			
Canadian Dollar Unhedged ETF Units - Ratios/Supplemental Data			
Total Net Asset Value (\$) ⁵	72,901,393	30,669,699	83,602,179
Number of units outstanding ⁵	6,603,300	5,020,300	4,595,601
Management expense ratio ⁶	1.92%	2.18%	1.82%
Trading expense ratio ⁷	0.03%	0.03%	0.02%
Portfolio turnover rate ⁸	51.32%	116.53%	73.33%
Net Asset Value per unit (\$)	11.04	6.11	18.19
Closing market price (\$)	11.17	6.11	17.39
US Dollar Unhedged ETF Units - Ratios/Supplemental Data			
Total Net Asset Value (\$) ⁵	21,819,887	5,741,301	25,904,273
Number of units outstanding ⁵	1,975,250	939,250	1,424,201
Management expense ratio ⁶	1.90%	2.10%	1.79%
Trading expense ratio ⁷	0.03%	0.03%	0.02%
Portfolio turnover rate ⁸	51.32%	116.53%	73.33%
Net Asset Value per unit (\$)	11.05	6.11	18.19
Closing market price (\$)	11.19	6.17	17.46

- This information is provided as at June 30, 2023 and December 31, 2022 and 2021.
- 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 trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of average daily net assets during the period.
- 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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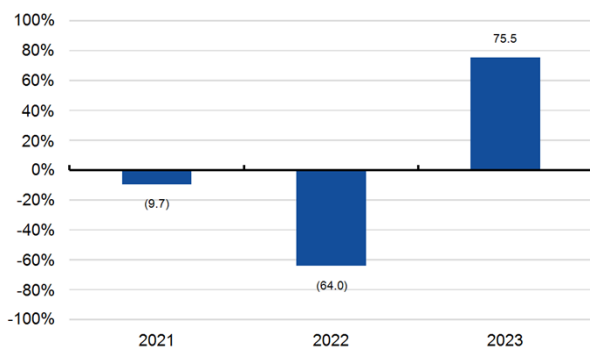
Past Performance

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.

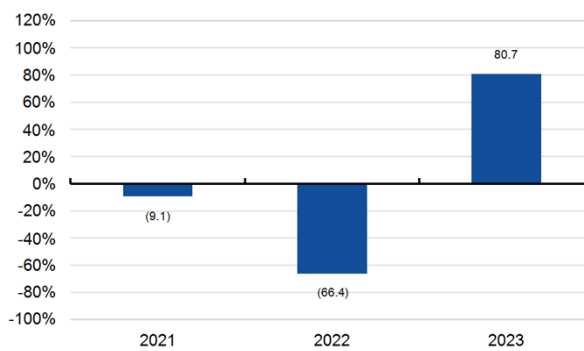
Year-by-Year Returns

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, 2023. 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

	Percentage of Net Asset Value (%)
Security	
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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