

*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and only by persons permitted to sell these securities.*

## PROSPECTUS



March 7, 2025

**EVOLVE LEVERED BITCOIN ETF (“LBIT”)  
EVOLVE LEVERED ETHER ETF (“LETH”)  
(Collectively, the “Evolve Funds” and each, an “Evolve Fund”)**

**LBIT is an exchange traded alternative mutual fund that invests in other alternative mutual funds managed by the Manager that invest, directly or indirectly, in the digital currency bitcoin. Given the speculative nature of bitcoin and the volatility of the bitcoin markets, there is no assurance that LBIT will be able to meet its investment objective. An investment in LBIT is not intended as a complete investment program and is appropriate only for investors who have a sophisticated knowledge and understanding of bitcoin and the capacity to absorb a loss of some or all of their investment. An investment in LBIT is considered high risk.**

**LETH is an exchange traded alternative mutual fund that invests in other alternative mutual funds managed by the Manager that invest, directly or indirectly, in the digital currency Ether. Given the speculative nature of Ether and the volatility of the Ether markets, there is no assurance that LETH will be able to meet its investment objective. An investment in LETH is not intended as a complete investment program and is appropriate only for investors who have a sophisticated knowledge and understanding of Ether and the capacity to absorb a loss of some or all of their investment. An investment in LETH is considered high risk.**

### *Initial Public Offering and Continuous Offering*

This prospectus qualifies the distribution of U.S. dollar denominated unhedged ETF units (“**USD Units**”) and Canadian dollar denominated unhedged ETF units (“**CAD Units**”, together with the USD Units, the “**Units**”) of the Evolve Funds, each of which is an alternative mutual fund established under the laws of the province of Ontario. See “Organization and Management Details of the Evolve Funds – Manager”. The Units will be issued at a price equal to the net asset value per Unit. There is no maximum number of Units that may be offered. The CAD Units are denominated in Canadian dollars and the USD Units are denominated in United States dollars.

### **Investment Objectives**

#### ***Evolve Levered Bitcoin ETF***

LBIT’s investment objective is to provide holders of Units (“**Unitholders**”) with exposure to 1.25x the daily price movements of the U.S. dollar price of bitcoin while experiencing minimal tracking error by investing in other publicly offered investment funds managed by the Manager (as defined herein).

LBIT will use leverage in order to achieve its investment objective. Leverage will be created through the use of cash borrowings or as otherwise permitted under applicable securities legislation.

### ***Evolve Levered Ether ETF***

LETH's investment objective is to provide Unitholders with exposure to 1.25x the daily price movements of the U.S. dollar price of Ether while experiencing minimal tracking error by investing in other publicly offered investment funds managed by the Manager.

LETH will use leverage in order to achieve its investment objective. Leverage will be created through the use of cash borrowings or as otherwise permitted under applicable securities legislation.

See "Investment Objectives" for further information.

Evolve Funds Group Inc. (the "**Manager**"), a registered investment fund manager and portfolio manager, acts as promoter, manager, trustee and portfolio manager of the Evolve Funds and is responsible for the administration of the Evolve Funds. CIBC Mellon Trust Company (the "**Custodian**") acts as the Custodian of the assets of the Evolve Funds pursuant to the Custodian Agreement.

### **Listing of Units**

The Evolve Funds issue Units on a continuous basis and there is no maximum number of Units that may be issued. The Units of the Evolve Funds have been conditionally approved for listing on the Toronto Stock Exchange (the "**Designated Exchange**"). Listing is subject to the approval of the Designated Exchange in accordance with its original listing requirements. Subject to satisfying the Designated Exchange's original listing requirements on or before February 6, 2026, the Units will be listed on the Designated Exchange and investors will be able to buy or sell such Units on the Designated Exchange through registered brokers and dealers in the province or territory where the investor resides.

Investors may incur customary brokerage commissions in buying or selling Units. No fees are paid by investors to the Manager or the Evolve Funds in connection with buying or selling Units on the Designated Exchange. Unitholders may also redeem Units of any Evolve Fund for cash at a redemption price per Unit equal to 95% of the closing price of the applicable Units on the Designated Exchange, on the effective day of redemption, subject to a maximum redemption price per Unit equal to the NAV per Unit (as defined herein) on the effective day of redemption, or exchange a Prescribed Number of Units (as defined herein) (or an integral multiple thereof) for cash. See "Exchange and Redemption of Units – Redemption of Units of the Evolve Funds for Cash" for further information.

The Evolve Funds issue Units directly to the Designated Broker (as defined herein) and Dealers (as defined herein).

### **Eligibility for Investment**

Provided that an Evolve Fund qualifies as a "mutual fund trust" within the meaning of the Tax Act (as defined herein), or the Units of that Evolve Fund are listed on a "designated stock exchange" within the meaning of the Tax Act (which currently includes the Designated Exchange), the Units of such Evolve Fund, if issued on the date hereof, would be on such date qualified investments under the Tax Act for a trust governed by a registered retirement savings plan, a first home savings account, a registered retirement income fund, a registered disability savings plan, a deferred profit sharing plan, a registered education savings plan or a tax-free savings account ("**Plans**").

### **Additional Considerations**

Each Evolve Fund is considered an alternative mutual fund within the meaning of National Instrument 81-102 – *Investment Funds* ("**NI 81-102**") and is permitted to invest in asset classes or use investment strategies that are not permitted for other types of mutual funds. As an alternative mutual fund, under NI 81-102, each Evolve Fund is permitted to use strategies generally prohibited by conventional mutual funds, including the ability to invest in other alternative mutual funds, borrow cash to use for investment purposes increased ability to invest in commodities and to employ leverage. While these specific strategies will be used in accordance with the fund's investment objectives and strategies, during certain market conditions they may accelerate the pace at which your investment decreases in value.

LBIT and LETH invest in other alternative mutual funds managed by the Manager that invest, directly or indirectly, in bitcoin or Ether, as applicable. Given the speculative nature of bitcoin and Ether and the volatility of the bitcoin and Ether markets, there is considerable risk that LBIT and LETH will not be able to meet their respective investment objectives. An investment in LBIT or LETH is not intended as a complete investment program and is appropriate only

for investors who have a sophisticated knowledge and understanding of bitcoin or Ether, as applicable, and the capacity to absorb a loss of some or all of their investment.

No designated broker or dealer has been involved in the preparation of this prospectus or has performed any review of the contents of this prospectus and, as such, the Designated Broker and Dealers do not perform many of the usual underwriting activities in connection with the distribution by the Evolve Funds of their Units under this prospectus.

**There is no guarantee that an investment in the Evolve Funds will earn any positive return in the short- or long-term, nor is there any guarantee that the net asset value per Unit will appreciate or be preserved. An investment in the Units is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment. There is currently no market through which the Units may be sold and purchasers may not be able to resell securities purchased under this prospectus. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the Units and the extent of issuer regulation. For a discussion of the risks associated with an investment in Units, see “Risk Factors”.**

Registration of interests in, and transfer of, the Units will be made only through CDS Clearing and Depository Services Inc. Beneficial owners will not have the right to receive physical certificates evidencing their ownership.

#### **Documents Incorporated by Reference**

Additional information about the Evolve Funds is or will be available in the most recently filed annual financial statements, any interim financial statements filed after those annual financial statements, the most recently filed annual management report of fund performance (“**MRFP**”), any interim MRFP filed after the annual MRFP for the Evolve Funds, and the most recently filed ETF Facts (as defined herein) for the Evolve Funds. These documents are incorporated by reference into, and legally form an integral part of, this prospectus. See “Documents Incorporated by Reference” for further details.

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## GLOSSARY

*Unless otherwise indicated, the references to dollar amounts in this prospectus are to Canadian dollars and all references to times in this prospectus are to Toronto time.*

*air drop* – has the meaning ascribed thereto under “Risk Factors – Risk Factors Relating to Bitcoin and Ether – Air Drops”.

*allowable capital loss* – has the meaning ascribed thereto under “Income Tax Considerations – Taxation of Holders”.

*ATR Rules* – has the meaning ascribed thereto under “Exchange and Redemption of Units – Allocations of Capital Gains to Redeeming or Exchanging Unitholders”.

*Bitcoin Halving Event* – refers to an event that occurs on the Bitcoin network approximately every four years where the reward for mining new blocks is halved, meaning miners receive 50% fewer bitcoins for verifying transactions.

*Bitcoin Source* – Trading platforms and OTC counterparties from which the Underlying Funds purchase bitcoin.

*BRR* – means a once-a-day benchmark index price for bitcoin denominated in U.S. dollars.

*CAD Units* – has the meaning set forth on the cover page.

*Canadian Securities Legislation* – means the securities legislation in force in each province and territory of Canada, all regulations, rules, orders and policies made thereunder and all multilateral and national instruments adopted by the Securities Regulatory Authorities, as the same may be amended, restated or replaced from time to time.

*Capital Gains Refund* – has the meaning ascribed thereto under “Income Tax Considerations – Taxation of the Evolve Funds”.

*CDS* – means CDS Clearing and Depository Services Inc.

*CDS Participant* – means a registered dealer or other financial institution that is a participant in CDS and that holds Units on behalf of beneficial owners of Units.

*Counterparty* – has the meaning ascribed thereto under “Risk Factors – Securities Lending Risks”.

*CRA* – means the Canada Revenue Agency.

*CRS Legislation* – has the meaning ascribed thereto under “Unitholder Matters – International Information Reporting”.

*Custodian* – means CIBC Mellon Trust Company or its successor, in its capacity as custodian of the Evolve Funds pursuant to the Custodian Agreement.

*Custodian Agreement* – means the master custodian agreement dated July 24, 2017 between the Manager, in its capacity as manager of the Evolve Funds, and the Custodian, as may be further supplemented, amended, and/or amended and restated from time to time.

*Dealer* – means a registered dealer (that may or may not be the Designated Broker) that has entered into a dealer agreement with the Manager, on behalf of an Evolve Fund, and that subscribes for and purchases Units from that Evolve Fund.

*Declaration of Trust* – means the master declaration of trust dated March 7, 2025 governing the Evolve Funds, as the same may be amended, restated or replaced from time to time.

*Designated Broker* – means a registered dealer that has entered into a designated broker agreement with the Manager, on behalf of an Evolve Fund, pursuant to which the Designated Broker agrees to perform certain duties in relation to that Evolve Fund.

*Designated Exchange* – means the TSX.

*DPSP* – means a deferred profit sharing plan within the meaning of the Tax Act.

*EFG* – means Evolve Funds Group Inc., the promoter, manager, trustee and portfolio manager of the Evolve Funds.

*Equity Repurchase Rules* – has the meaning ascribed thereto under “Risk Factors – Taxation of the Evolve Funds”.

*Ether Source* – Trading platforms and OTC counterparties from which the Underlying Funds purchase Ether.

*ETF Facts* – means ETF Facts prescribed by Canadian Securities Legislation in respect of an exchange traded fund, which summarizes certain features of the exchange traded fund and which is publicly available at [www.sedarplus.com](http://www.sedarplus.com).

*ETHUSD\_RR* – means a once-a-day benchmark index price for Ether denominated in U.S. dollars.

*Evolve Funds* – means the mutual funds listed on the cover page of this prospectus, each an investment trust established under the laws of Ontario pursuant to the Declaration of Trust.

*FHSA* – means a first home savings account within the meaning of the Tax Act.

*fork* – has the meaning ascribed thereto under “Risk Factors – Risk Factors Relating to Bitcoin and Ether – Network Forks”.

*Fund Administrator* – means CIBC Mellon Trust Company, in its capacity as fund administrator of the Evolve Funds.

*GST/HST* – means taxes exigible under Part IX of the *Excise Tax Act* (Canada) and the regulations made thereunder.

*hashrate* – refers to the amount of computing power that miners are using to validate the Bitcoin blockchain or Ethereum Network blockchain, as applicable, measured in hashes per second.

*Holder* – has the meaning ascribed thereto under “Income Tax Considerations”.

*IGA Legislation* – has the meaning ascribed thereto under “Unitholder Matters – International Information Reporting”.

*IRC or Independent Review Committee* – means the independent review committee of the Evolve Funds established under NI 81-107.

*IRS* – has the meaning ascribed thereto under “Unitholder Matters – International Information Reporting”.

*Lending Agent* – means The Bank of New York Mellon, in its capacity as lending agent pursuant to the Securities.

*Management Fee* – has the meaning ascribed thereto under “Fees and Expenses – Fees and Expenses Payable by the Evolve Funds – Management Fees”.

*Manager* – has the meaning ascribed thereto on the cover page.

*miners* – means the hardware providers for the Bitcoin Network or Ethereum Network, as applicable (as defined under “Overview of the Sectors that the Evolve Funds Invest In”).

*Minimum Distribution Requirements* – has the meaning ascribed thereto under “Income Tax Considerations – Status of the Evolve Funds”.

*MRFP* – has the meaning ascribed thereto on the cover page.

*NAV and NAV per Unit* – means the net asset value of the Evolve Funds and the net asset value per Unit, calculated by the Fund Administrator as described under “Calculation of Net Asset Value”.

*NI 81-102* – means National Instrument 81-102 – *Investment Funds*, as the same may be amended, restated or replaced from time to time.

*NI 81-106* – means National Instrument 81-106 – *Investment Fund Continuous Disclosure*, as the same may be amended, restated or replaced from time to time.

*NI 81-107* – means National Instrument 81-107 – *Independent Review Committee for Investment Funds*, as the same may be amended, restated or replaced from time to time.

*OTC* – means over-the-counter.

*Permitted Mergers* – has the meaning ascribed thereto under “Unitholder Matters – Permitted Mergers”.

*Plan* – means an RRSP, FHSA, RRIF, RDSP, DPSP, RESP or a TFSA.

*PNU or Prescribed Number of Units* – means the number of Units determined by the Manager from time to time for the purpose of subscription orders, exchanges, redemptions or for other purposes.

*Policy* – has the meaning ascribed thereto under “Fund Governance – Policies, procedures, practices and guidelines”.

*Prime Broker* – means TD Securities Inc.

*Proxy Voting Policy* – has the meaning ascribed thereto under “Proxy Voting Disclosure for Portfolio Securities Held”.

*RDSP* – means a registered disability savings plan within the meaning of the Tax Act.

*Registrar and Transfer Agent* – means TSX Trust Company or its successor, in its capacity as transfer agent of the Evolve Funds.

*RESP* – means a registered education savings plan within the meaning of the Tax Act.

*RRIF* – means a registered retirement income fund within the meaning of the Tax Act.

*RRSP* – means a registered retirement savings plan within the meaning of the Tax Act.

*scaling* – means increasing the capacity of transactions a network can handle at the core blockchain layer.

*Securities Lending Agreement* – has the meaning ascribed thereto under “Organization and Management Details of the Evolve Fund – Securities Lending Agent”.

*Securities Regulatory Authorities* – means the securities commission or similar regulatory authority in each province and territory of Canada that is responsible for administering the Canadian Securities Legislation in force in such province or territory.

*SIFT Rules* – has the meaning ascribed thereto under “Risk Factors – Taxation of the Evolve Funds”.

*stablecoin* – is a type of cryptocurrency that is pegged to an underlying asset, such as the U.S. dollar or gold.

*Substituted Property* – has the meaning ascribed thereto under “Income Tax Considerations – Taxation of the Evolve Funds”.

*Tax Act* – means the *Income Tax Act* (Canada) and the regulations thereunder, as amended from time to time.

*Tax Amendment* – means a proposed amendment to the Tax Act publicly announced by the Minister of Finance (Canada) prior to the date hereof.

*taxable capital gain* – has the meaning ascribed thereto under “Income Tax Considerations – Taxation of Holders”.

*TFSA* – means a tax-free savings account within the meaning of the Tax Act.

*Trading Day* – means, unless otherwise agreed by the Manager, a day on which a regular session of the TSX is held.

*Trustee* – means EFG, in its capacity as trustee of the Evolve Funds pursuant to the Declaration of Trust, or its successor.

*TSX* – means the Toronto Stock Exchange.

*Underlying Funds* – means each alternative mutual fund managed by the Manager that is invested in by the Evolve Funds.

*Unit* – means, in relation to a particular Evolve Fund, a unit of a class or series of that Evolve Fund which represents an equal, undivided interest in the net assets of that class or series of that Evolve Fund.

*United States or U.S.* – means the United States of America.

*Unitholder* – means a holder of Units.

*USD Units* – has the meaning set forth on the cover page.

*Valuation Date* – means each Trading Day or any other day designated by the Manager on which the NAV and NAV per Unit of the Evolve Funds is calculated.

*Valuation Time* – means 11:00 a.m. (Toronto time) on a Valuation Date or such other time that the Manager deems appropriate on each Valuation Date.



## PROSPECTUS SUMMARY

*The following is a summary of the principal features of this distribution and should be read together with the more detailed information, financial data and financial statements contained elsewhere in this prospectus or incorporated by reference in this prospectus.*

**Issuer and Offering:** Evolve Levered Bitcoin ETF  
Evolve Levered Ether ETF  
(collectively, the “**Evolve Funds**”)

Each Evolve Fund is offering the following units:

Evolve Fund	Units	
	USD Units	CAD Units
LBIT	✓	✓
LETH	✓	✓

USD Units and CAD Units are collectively referred to in this prospectus as “**Units**”.

Each Evolve Fund is an exchange traded alternative mutual fund established under the laws of the Province of Ontario. Evolve Funds Group Inc. (“**EFG**”) is the promoter, manager, trustee and portfolio manager of the Evolve Funds and is responsible for the administration of the Evolve Funds.

Each Evolve Fund is considered an alternative mutual fund within the meaning of National Instrument 81-102 Investment Funds (“**NI 81-102**”) and is permitted to invest in asset classes or use investment strategies that are not permitted for other types of mutual funds. As an alternative mutual fund, under NI 81-102, each Evolve Fund is permitted to use strategies generally prohibited by conventional mutual funds, including the ability to invest in other alternative mutual funds, borrow cash to use for investment purposes, increased ability to invest in commodities and to employ leverage. While these specific strategies will be used in accordance with the fund's investment objectives and strategies, during certain market conditions they may accelerate the pace at which your investment decreases in value.

LBIT and LETH invest in other alternative mutual funds managed by the Manager that invest, directly or indirectly, in bitcoin or Ether, as applicable. Given the speculative nature of bitcoin and Ether and the volatility of the bitcoin and Ether markets, there is considerable risk that LBIT and LETH will not be able to meet their respective investment objectives. An investment in LBIT or LETH is not intended as a complete investment program and is appropriate only for investors who have a sophisticated knowledge and understanding of bitcoin or Ether, as applicable, and the capacity to absorb a loss of some or all of their investment.

**Continuous Distribution:**

The Evolve Funds issue Units on a continuous basis and there is no maximum number of Units that may be issued. The Units of the Evolve Funds have been conditionally approved for listing on the Designated Exchange. Listing is subject to the approval of the Designated Exchange in accordance with its original listing requirements. Subject to satisfying the Designated Exchange’s original listing requirements, the Units will be listed on the Designated Exchange and investors will be able to buy or sell such Units on the Designated Exchange through registered brokers and dealers in the province or territory where the investor resides.

Investors may incur customary brokerage commissions in buying or selling Units. No fees are paid by investors to the Manager or the Evolve Funds in connection with the buying or selling of Units on the Designated Exchange, as applicable. Investors may trade Units in the same way as other securities listed on the Designated Exchange, including by using market orders and limit orders.

See “Purchases of Units”.

**Investment Objectives:**

**LBIT** LBIT's investment objective is to provide Unitholders with exposure to 1.25x the daily price movements of the U.S. dollar price of bitcoin while experiencing minimal tracking error by investing in other publicly offered investment funds managed by the Manager.

LBIT will use leverage in order to achieve its investment objective. Leverage will be created through the use of cash borrowings or as otherwise permitted under applicable securities legislation.

**LETH** LETH's investment objective is to provide Unitholders with exposure to 1.25x the daily price movements of the U.S. dollar price of Ether while experiencing minimal tracking error by investing in other publicly offered investment funds managed by the Manager.

LETH will use leverage in order to achieve its investment objective. Leverage will be created through the use of cash borrowings or as otherwise permitted under applicable securities legislation.

See "Investment Objectives".

**Specific Investment Strategies:**

**LBIT** To achieve its investment objectives, LBIT will not invest in bitcoin directly. Instead, in order to achieve its investment objectives, LBIT will invest in other publicly offered investment funds, including alternative mutual funds, managed by the Manager that invest, directly or indirectly, in bitcoin. LBIT intends to invest in the Evolve Bitcoin ETF, which is an investment fund currently managed by the Manager.

LBIT seeks to achieve its investment objective by borrowing cash to invest in and hold a proportionate share of publicly offered investment funds in order to track up to approximately 1.25 times the daily price movements of the U.S. dollar price of bitcoin.

LBIT's leverage will be rebalanced in certain circumstances and when the leverage breaches certain bands. Specifically, LBIT's leverage will be rebalanced back to 25% of LBIT's NAV within two business days of LBIT's leverage exceeding 2% above its target leverage of 25% of NAV (i.e., if the leverage is greater than 27% of LBIT's NAV).

LBIT will not use derivatives and does not intend to pay regular cash distributions.

LBIT does not seek to hedge any foreign currency exposure in respect of either its USD Units or its CAD Units.

As it is LBIT's intention to invest indirectly in bitcoin on a passive basis, LBIT's holdings will not be actively managed and accordingly, will not be hedged or repositioned to attempt to take defensive positions if the price of bitcoin declines or is expected to decline, and it is not the intention of LBIT to attempt to predict increases in the price of bitcoin in order to increase returns.

As of the date hereof, LBIT intends to invest in the Evolve Bitcoin ETF, an investment fund currently managed by the Manager:

Evolve Bitcoin ETF

To achieve its investment objectives, the Evolve Bitcoin ETF invests in long-term holdings of bitcoin, purchased through reputable bitcoin trading platforms (commonly referred to as bitcoin trading platforms) and over-the-counter ("OTC") counterparties, in order to provide investors with a convenient, secure alternative to a direct investment in bitcoin. The Evolve Bitcoin ETF's portfolio is priced based on, and its net asset value is calculated using, the Bitcoin Reference

Rate (“**BRR**”). The BRR is a once-a-day benchmark index price for bitcoin denominated in U.S. dollars. Calculated every day since its launch on November 14, 2016, the BRR is a registered benchmark under the United Kingdom’s Benchmark Regulation regime and its provider, CF Benchmarks is authorised and regulated by the UK FCA (FRN 847100). The BRR is published every day of the year and is available on major vendor platforms such as Bloomberg and Reuters. Additional information regarding the BRR is available at <https://www.cfbenchmarks.com/indices/BRR>.

For more information about the Evolve Bitcoin ETF, please refer to its prospectus, which is publicly available on the Manager’s website at [www.evolveetfs.com](http://www.evolveetfs.com) and at [www.sedarplus.com](http://www.sedarplus.com).

LETH To achieve its investment objectives, LETH will not invest in Ether directly. Instead, in order to achieve its investment objectives, LETH will invest in other publicly offered investment funds, including alternative mutual funds, managed by the Manager that invest, directly or indirectly, in Ether.

LETH intends to invest in the Evolve Ether ETF, which is an investment fund currently managed by the Manager.

LETH seeks to achieve its investment objective by borrowing cash to invest in and hold a proportionate share of publicly offered investment funds in order to track up to approximately 1.25 times the daily price movements of the U.S. dollar price of Ether.

LETH’s leverage will be rebalanced in certain circumstances and when the leverage breaches certain bands. Specifically, LETH’s leverage will be rebalanced back to 25% of LETH’s NAV within two business days of LETH’s leverage exceeding 2% above its target leverage of 25% of NAV (i.e., if the leverage is greater than 27% of LETH’s NAV).

LETH will not use derivatives and does not intend to pay regular cash distributions.

LETH does not seek to hedge any foreign currency exposure in respect of either its USD Units or its CAD Units.

As it is LETH’s intention to invest indirectly in Ether on a passive basis, LETH’s holdings will not be actively managed and accordingly, will not be hedged or repositioned to attempt to take defensive positions if the price of Ether declines or is expected to decline, and it is not the intention of LETH to attempt to predict increases in the price of Ether in order to increase returns.

As of the date hereof, LETH intends to invest in the Evolve Ether ETF, an investment fund currently managed by the Manager:

#### Evolve Ether ETF

To achieve its investment objectives, the Evolve Ether ETF invests in long-term holdings of Ether, purchased through reputable Ether trading platforms (referred to as digital asset trading platforms or “Ether trading platforms”) and OTC counterparties, in order to provide investors with a convenient, secure alternative to a direct investment in Ether. The Evolve Ether ETF’s portfolio is priced based on, and the Evolve Ether ETF’s NAV is calculated using, the ETHUSD\_RR. The ETHUSD\_RR is a once-a-day benchmark index price for Ether denominated in U.S. dollars. Calculated every day since its launch on May 14, 2018, the ETHUSD\_RR is a registered benchmark under the United Kingdom’s Benchmark Regulation regime and its provider, CF Benchmarks is authorised and regulated by the UK FCA (FRN 847100). The ETHUSD\_RR is published every day of the year and is available on major vendor platforms such as Bloomberg and Reuters.

Additional information regarding the ETHUSD\_RR is available at [https://www.cfbenchmarks.com/indices/ETHUSD\\_RR](https://www.cfbenchmarks.com/indices/ETHUSD_RR).

For more information about the Evolve Ether ETF, please refer to its prospectus, which is publicly available on the Manager's website at [www.evolveetfs.com](http://www.evolveetfs.com) and at [www.sedarplus.com](http://www.sedarplus.com).

See "Investment Strategies".

**General  
Investment  
Strategies:**

*Use of Leverage*

As alternative mutual funds, each Evolve Fund may use leverage. In accordance with applicable securities regulation, leverage may be created by an alternative mutual fund through the use of cash borrowings and/or short sales. Such securities regulations provide that an alternative mutual fund may borrow cash up to 50% of its NAV and may sell securities short, whereby the aggregate market value of the securities sold short will be limited to 50% of its NAV. The combined use of short-selling and cash borrowing by each Evolve Fund is subject to an overall limit of 50% of its NAV.

**Notwithstanding the foregoing and such permitted legislative limits, in accordance with its investment objective, the maximum aggregate exposure of each Evolve Fund to cash borrowing and short selling will not exceed approximately 25% of its NAV.** Although each Evolve Fund generally intends to employ leverage up to a 1.25 times multiple of the daily price movements of the U.S. dollar price of bitcoin or Ether, as applicable, there is no guarantee that each Evolve Fund will employ leverage at all times, or at all, depending on a number of factors including margin requirements, collateral requirements, and subscription or redemption processes, among other reasons.

The aggregate market exposure of all instruments held directly or indirectly by each Evolve Fund, calculated daily on a mark-to-market basis, can exceed each Evolve Fund's NAV. Each Evolve Fund's leverage will be rebalanced in certain circumstances and when the leverage breaches certain bands. Specifically, an Evolve Fund's leverage will be rebalanced back to 25% of such Evolve Fund's NAV within two business days of the Evolve Fund's leverage exceeding 2% above its target leverage of 25% of NAV (i.e., if the leverage is greater than 27% of the Evolve Fund's NAV).

In addition, securities regulation provide that an alternative mutual fund's aggregate gross exposure, to be calculated as the sum of the following, must not exceed 300% of its net asset value: (i) the aggregate market value of cash borrowing; and (ii) the aggregate market value of physical short sales on equities, fixed income securities or other portfolio assets. Leverage will be calculated in accordance with the methodology prescribed by securities laws, or any exemptions therefrom.

*Investment in other Investment Funds*

In accordance with applicable securities legislation, as part of its investment strategy and as an alternative to or in conjunction with investing in and holding securities directly, each Evolve Fund will invest in one or more other investment funds or exchange traded funds listed on a stock exchange in Canada or the United States, including exchange traded funds managed by the Manager. In such case, there shall be no management fees or incentive fees that are payable by the Evolve Funds that, to a reasonable person, would duplicate a fee payable by the underlying exchange traded fund for the same service.

*Cash Management*

From time to time, each Evolve Fund may hold cash or cash equivalents, including through investments in money market instruments or investments in securities of money market funds managed by the Manager or a third party.

*Securities Lending*

An Evolve Fund may enter into securities lending, repurchase and reverse repurchase transactions in compliance with NI 81-102 in order to earn additional income for the Evolve Fund.

**Special  
Considerations for  
Purchasers:**

The Manager, on behalf of the Evolve Funds, has obtained exemptive relief to permit Unitholders to acquire more than 20% of the Units through purchases on the Designated Exchange without regard to the takeover bid requirements of applicable Canadian Securities Legislation. The provisions of the so-called “early warning” requirements set out in Canadian securities legislation do not apply in connection with the acquisition of Units of the Evolve Funds.

Each Evolve Fund is considered an alternative mutual fund within the meaning of NI 81-102 and is permitted to invest in asset classes or use investment strategies that are not permitted for other types of mutual funds. As an alternative mutual fund, under NI 81-102, each Evolve Fund is permitted to use strategies generally prohibited by conventional mutual funds, including the ability to invest in other alternative mutual funds, borrow cash to use for investment purposes, increased ability to invest in commodities and to employ leverage. While these specific strategies will be used in accordance with the fund's investment objectives and strategies, during certain market conditions they may accelerate the pace at which your investment decreases in value.

LBIT and LETH invest in other alternative mutual funds managed by the Manager that invest, directly or indirectly, in bitcoin or Ether, as applicable. **Given the speculative nature of bitcoin and Ether and the volatility of the bitcoin and Ether markets, there is considerable risk that LBIT and LETH will not be able to meet their respective investment objectives. An investment in LBIT or LETH is not intended as a complete investment program and is appropriate only for investors who have a sophisticated knowledge and understanding of bitcoin or Ether, as applicable, and the capacity to absorb a loss of some or all of their investment.**

See “Attributes of the Securities – Description of the Securities Distributed”.

**Risk Factors:**

An investment in Units will be subject to certain risk factors, as well as certain risks associated with an investment in bitcoin or Ether, as applicable.

LBIT and LETH invest in other alternative mutual funds managed by the Manager that invest, directly or indirectly, in bitcoin or Ether, as applicable. Given the speculative nature of bitcoin and Ether and the volatility of the bitcoin and Ether markets, there is considerable risk that LBIT and LETH will not be able to meet their respective investment objectives. An investment in LBIT or LETH is not intended as a complete investment program and is appropriate only for investors who have a sophisticated knowledge and understanding of bitcoin or Ether, as applicable, and the capacity to absorb a loss of some or all of their investment.

An investment in each Evolve Fund is considered high risk.

See “Risk Factors”.

**Income Tax  
Considerations:**

A Unitholder who is resident in Canada will generally be required to include, in computing income for a taxation year, the amount of income (including any net realized taxable capital gains) that is paid or becomes payable to the Unitholder by an Evolve Fund in that year (including such income that is paid in Units).

A Unitholder who disposes of a Unit that is held as capital property, including on a redemption or otherwise, will generally realize a capital gain (or capital loss) to the extent that the proceeds of disposition (other than any amount payable by an Evolve Fund which

represents capital gains allocated and designated to the redeeming Unitholder), net of costs of disposition, exceed (or are less than) the adjusted cost base of that Unit.

Each investor should satisfy himself or herself as to the federal and provincial tax consequences of an investment in Units by obtaining advice from his or her tax advisor.

See “Income Tax Considerations”.

**Exchanges and Redemptions of Units:**

In addition to the ability to sell Units on the Designated Exchange, Unitholders may also (i) redeem Units for cash at a redemption price per Unit equal to 95% of the closing price of the Units on the Designated Exchange on the effective day of redemption, subject to a maximum redemption price per Unit equal to the NAV per Unit on the effective day of redemption, less any applicable administrative fee determined by the Manager, in its sole discretion, from time to time, or (ii) exchange a PNU, in certain circumstances, for cash.

See “Exchange and Redemption of Units – Redemption of Units of the Evolve Funds for Cash” and “Exchange and Redemption of Units – Exchange of Units of the Evolve Funds at Net Asset Value per Unit for Cash” for further information.

**Distributions:**

It is not anticipated that the Evolve Funds will make regular cash distributions. See “Distribution Policy”.

**Termination:**

The Evolve Funds do not have a fixed termination date but may be terminated at the discretion of the Manager in accordance with the terms of the Declaration of Trust. See “Termination of the Evolve Funds”.

**Eligibility for Investment:**

Provided that an Evolve Fund qualifies as a “mutual fund trust” within the meaning of the Tax Act, or Units of that Evolve Fund are listed on a “designated stock exchange” within the meaning of the Tax Act (which currently includes the Designated Exchange), the Units of such Evolve Fund, if issued on the date hereof, would be on such date qualified investments under the Tax Act for a trust governed by a Plan.

See “Income Tax Considerations – Taxation of Registered Plans”.

**Documents Incorporated by Reference:**

Additional information about each Evolve Fund is or will be available in the most recently filed annual financial statements, any interim financial statements filed after those annual financial statements, the most recently filed annual management report of fund performance (“MRFP”), any interim MRFP filed after the annual MRFP for each Evolve Fund, and the most recently filed ETF Facts for each Evolve Fund. These documents are incorporated by reference into, and legally form an integral part of, this prospectus. These documents are publicly available on the Manager’s website at [www.evolveetfs.com](http://www.evolveetfs.com) and may be obtained upon request, at no cost, by calling (416)-214-4884 or toll-free at 1-844-370-4884, by sending an email request to [info@evolveetfs.com](mailto:info@evolveetfs.com) or by contacting a registered dealer. These documents and other information about each Evolve Fund are also publicly available at [www.sedarplus.com](http://www.sedarplus.com).

See “Documents Incorporated by Reference”.

***Organization and Management of the Evolve Funds***

- Manager, Trustee and Portfolio Manager:** In its capacity as manager, EFG is responsible for the administration and operations of the Evolve Funds. In its capacity as trustee, EFG holds title to the assets of the Evolve Funds in trust for the Unitholders. In its capacity as portfolio manager, EFG is responsible for the oversight and provision of investment advisory services to the Evolve Funds.
- The principal office of the Evolve Funds and EFG is located at Scotia Plaza, 40 King Street West, Suite 3404, Toronto, ON M5H 3Y2.
- See “Organization and Management Details of the Evolve Funds – Manager” and “Organization and Management Details of the Evolve Funds – Trustee”.
- Promoter:** EFG has taken the initiative of founding and organizing the Evolve Funds and is, accordingly, the promoter of the Evolve Funds within the meaning of securities legislation of certain provinces and territories of Canada.
- See “Organization and Management Details of the Evolve Funds – Promoter”.
- Custodian:** CIBC Mellon Trust Company, at its principal office in Toronto, Ontario, is the Custodian of the assets of each Evolve Fund and holds those assets in safekeeping. The Custodian is entitled to receive fees from the Manager as described under “Fees and Expenses” and to be reimbursed for all expenses and liabilities that are properly incurred by the Custodian in connection with the activities of the Evolve Fund.
- See “Organization and Management Details of the Evolve Funds – Custodian”.
- Registrar and Transfer Agent:** TSX Trust Company, at its principal office in Toronto, Ontario, is the registrar and transfer agent for the Units and maintains the register of registered Unitholders. The register of the Evolve Funds is kept in Toronto, Ontario.
- See “Organization and Management Details of the Evolve Funds – Registrar and Transfer Agent”.
- Securities Lending Agent:** The Bank of New York Mellon, at its principal office in Toronto, Ontario, may act as the securities lending agent (the “Lending Agent”) for the Evolve Fund pursuant to a securities lending authorization agreement.
- Auditors:** Ernst & Young LLP, at its principal offices in Toronto, Ontario, are the auditors of the Evolve Funds. The auditors audit each Evolve Fund’s annual financial statements and provide an opinion as to whether they present fairly each Evolve Fund’s financial position, financial performance and cash flows in accordance with International Financial Reporting Standards. The auditors are independent with respect to the Evolve Funds within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.
- See “Organization and Management Details of the Evolve Funds – Auditors”.
- Prime Broker:** The Prime Broker will be providing the Evolve Fund with prime brokerage services, including, in respect of the Evolve Fund, margin facilities under a custody and securities services agreement. The Prime Broker is independent of the Manager. The Prime Broker will be providing margin lending to the Evolve Fund to acquire additional equity securities.
- Fund Administrator:** CIBC Mellon Trust Company, at its principal office in Toronto, Ontario, is the Fund Administrator. The Fund Administrator is responsible for certain aspects of the day-to-day administration of the Evolve Funds, including NAV calculations, calculating net income and net realized capital gains of the Evolve Funds and maintaining books and records with respect to the Evolve Funds.
- See “Organization and Management Details of the Evolve Funds – Fund Administrator”.

### **Summary of Fees and Expenses**

The following table lists the fees and expenses that an investor may have to pay if the investor invests in an Evolve Fund. An investor may have to pay some of these fees and expenses directly. An Evolve Fund may have to pay some of these fees and expenses, which will therefore reduce the value of an investment in such Evolve Fund. See “Fees and Expenses”.

#### *Fees and Expenses Payable by the Evolve Funds*

<b>Type of Fee</b>	<b>Amount and Description</b>
<b>Management Fee:</b>	Each Evolve Fund pays an annual management fee (the “ <b>Management Fee</b> ”) to the Manager for acting as trustee, manager and portfolio manager of the Evolve Funds. The Management Fee for each class of each Evolve Fund is equal to a percentage of its NAV, calculated daily and payable monthly in arrears, plus applicable taxes, as follows:

<b>Evolve Fund</b>	<b>Class of Units</b>	<b>Management Fee</b>
Evolve Levered Bitcoin ETF	CAD Units	Nil
	USD Units	Nil
Evolve Levered Ether ETF	CAD Units	Nil
	USD Units	Nil

#### **Underlying Fund Management Fees of the Evolve Funds**

The Evolve Funds, in accordance with applicable Canadian securities legislation, invest in exchange traded funds, mutual funds or other public investment funds that are managed by the Manager. With respect to such investments, no management fees or incentive fees are payable by the Evolve Funds that, to a reasonable person, would duplicate a fee payable by such underlying fund for the same service. As the Evolve Funds do not pay any management fees directly to the Manager, no management fees or incentive fees payable by the Evolve Funds would duplicate a fee payable by the underlying funds for the same service.

The underlying funds in which the Evolve Funds invest will pay applicable management fees. As a result, the actual aggregate management fees indirectly payable to the Manager in respect of an investment in the Evolve Funds will be greater than nil.

Further, no sales fees or redemption fees are payable by the Evolve Funds in relation to purchases or redemptions of the securities of the underlying funds in which they invest if these funds are managed by the Manager or an affiliate or associate of the Manager, and no sales fees or redemption fees are payable by the Evolve Funds in relation to their purchases or redemptions of securities of underlying funds that, to a reasonable person, would duplicate a fee payable by an investor in the Evolve Funds.

As of the date hereof, the Evolve Funds invest in the Evolve Bitcoin ETF and Evolve Ether ETF, as applicable, each of which is an investment fund currently managed by the Manager.

Each of the Evolve Bitcoin ETF and Evolve Ether ETF currently pay the Manager an annual management fee for acting as trustee, manager and portfolio manager equal to 0.75% of net asset value, calculated daily and payable monthly in arrears, plus applicable taxes.



**Operating Expenses:** Other than ETF Costs (as defined below), in consideration for the payment by an Evolve Fund of a fixed administration fee (the “**Administration Fee**”) to the Manager, and subject to compliance with NI 81-102, the Manager pays for the following operating expenses of an Evolve Fund (“**Operating Expenses**”), including but not limited to: mailing and printing expenses for periodic reports to Unitholders; fees payable to the Prime Broker, 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 an Evolve 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 an Evolve Fund; regulatory filing, stock exchange and licensing fees (if applicable) and CDS fees; Fundserv fees (if applicable); 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, Custodian and Manager which are incurred in respect of matters not in the normal course of an Evolve Fund’s activities. The Administration Fee paid to the Manager by an Evolve Fund may, in any particular period, be less than or exceed the Operating Expenses that the Manager incurs. The Manager is not obligated to pay any other expense, cost or fee, including those arising from new government or regulatory requirements relating to the foregoing expenses, costs and fees.

The Administration Fee is equal to a specified percentage of the NAV of each class of an Evolve Fund, calculated and paid in the same manner as the Management Fee for the Evolve Fund. The rate of the annual Administration Fee for each Evolve Fund is set out below.

<b>Evolve Fund</b>	<b>Administration Fee</b>
Evolve Levered Bitcoin ETF	0.15%
Evolve Levered Ether ETF	0.15%

**ETF Costs:** The ETF costs (“**ETF Costs**”) which are payable by each Evolve Fund include any taxes payable by an Evolve Fund to which the Evolve Fund may be subject, including income taxes, sales taxes (including GST/HST) and/or withholding taxes (including preparation costs for tax filings in respect of any such taxes); expenditures incurred upon termination of an Evolve Fund; extraordinary expenses that an Evolve 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 an Evolve Fund or the assets of an Evolve 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. Each Evolve Fund is also responsible for all commissions and other costs of portfolio transactions and any extraordinary expenses of each Evolve Fund which may be incurred from time to time.

Each class of an Evolve Fund is responsible for its proportionate share of common ETF Costs, in addition to the expenses it incurs alone.

**Underlying Fund  
Operating Expenses of  
the Evolve Funds:**

The Evolve Funds will indirectly bear 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 Evolve Funds' activities.

#### *Fees and Expenses Payable Directly by Unitholders*

<b>Type of Fee</b>	<b>Amount and Description</b>
<b>Other Unit Charges:</b>	<p>An amount as may be agreed to between the Manager and the Designated Broker or a Dealer, of the Evolve Funds may be charged to offset certain transaction costs associated with an issue, exchange or redemption of Units. This charge does not apply to Unitholders who buy and sell their Units through the facilities of the Designated Exchange.</p> <p>See “Fees and Expenses – Fees and Expenses Payable Directly by the Unitholders – Other Unit Charges” and “Exchange and Redemption of Units – Other Unit Charges”.</p>
<b>Short-term Trading Fees:</b>	<p>At the present time, the Manager is of the view that it is not necessary to impose any short-term trading restrictions on the Units.</p> <p>See “Fees and Expenses – Fees and Expenses Payable Directly by the Unitholders – Short-term Trading Fees”.</p>

#### **Forward Looking Statements**

Certain statements in this prospectus are forward-looking statements, including those identified by the expressions “anticipate”, “believe”, “plan”, “estimate”, “expect”, “intend”, “target”, “seek”, “will” and similar expressions to the extent they relate to the Evolve Funds and the Manager. Forward-looking statements are not historical facts but reflect the current expectations of the Evolve Funds or the Manager regarding future results or events. Such forward-looking statements reflect each Evolve Fund’s or the Manager’s current beliefs and are based on information currently available to them. Forward-looking statements involve significant risks and uncertainties. A number of factors could cause actual results or events to differ materially from current expectations including global economic conditions. Some of these risks, uncertainties and other factors are described in this prospectus under the heading “Risk Factors”. Although the forward-looking statements contained in this prospectus are based upon assumptions that the Evolve Funds and the Manager believe to be reasonable, none of the Evolve Funds or the Manager can assure investors that actual results will be consistent with these forward-looking statements. The forward-looking statements contained herein were prepared for the purpose of providing prospective investors with information about the Evolve Funds and may not be appropriate for other purposes. None of the Evolve Funds or the Manager assumes any obligation to update or revise them to reflect new events or circumstances, except as required by law.

#### **Market and Industry Data**

The prospectus contains information that has been obtained from publicly available sources including industry publications and websites. The Manager believes that this information has been obtained from sources that are reliable however, the Manager is not able to independently verify this information. Accordingly, no assurance can be given as to the accuracy or completeness of this information and investors should not place undue reliance upon information attributed to third-party sources.

## OVERVIEW OF THE LEGAL STRUCTURE OF THE EVOLVE FUNDS

Each Evolve Fund is an alternative mutual fund established under the laws of the Province of Ontario, pursuant to the terms of the Declaration of Trust. Each Evolve Fund is a mutual fund under the securities legislation of the provinces and territories of Canada.

EFG, a registered investment fund manager and portfolio manager, will be the promoter, trustee, manager and portfolio manager of the Evolve Funds, and in its capacity as manager, will be responsible for the administration of the Evolve Funds. The principal office of the Evolve Funds and EFG is located at Scotia Plaza, 40 King Street West, Suite 3404, Toronto, ON M5H 3Y2.

Each Evolve Fund is considered an alternative mutual fund within the meaning of NI 81-102 and is permitted to invest in asset classes or use investment strategies that are not permitted for other types of mutual funds. As an alternative mutual fund, under NI 81-102, each Evolve Fund is permitted to use strategies generally prohibited by conventional mutual funds, including the ability to invest in other alternative mutual funds, borrow cash to use for investment purposes, increased ability to invest in commodities and to employ leverage. While these specific strategies will be used in accordance with the fund's investment objectives and strategies, during certain market conditions they may accelerate the pace at which your investment decreases in value.

LBIT and LETH invest in other alternative mutual funds managed by the Manager that invest, directly or indirectly, in bitcoin or Ether, as applicable. Given the speculative nature of bitcoin and Ether and the volatility of the bitcoin and Ether markets, there is considerable risk that LBIT and LETH will not be able to meet their respective investment objectives. An investment in LBIT or LETH is not intended as a complete investment program and is appropriate only for investors who have a sophisticated knowledge and understanding of bitcoin or Ether, as applicable, and the capacity to absorb a loss of some or all of their investment.

The Units of the Evolve Funds have been conditionally approved for listing on the Designated Exchange. Listing is subject to the approval of the Designated Exchange in accordance with its original listing requirements. Subject to satisfying the Designated Exchange's original listing requirements, the Units will be listed on the Designated Exchange and investors will be able to buy or sell such Units on the Designated Exchange through registered brokers and dealers in the province or territory where the investor resides.

The following chart sets out the full legal name as well as the ticker symbol for the Units for each Evolve Fund:

Evolve Fund	Ticker Symbol	
	CAD Units	USD Units
Evolve Levered Bitcoin ETF	LBIT	LBIT.U
Evolve Levered Ether ETF	LETH	LETH.U

See "Attributes of the Securities – Description of the Securities Distributed."

## INVESTMENT OBJECTIVES

### *Evolve Levered Bitcoin ETF*

LBIT's investment objective is to provide Unitholders with exposure to 1.25x the daily price movements of the U.S. dollar price of bitcoin while experiencing minimal tracking error by investing in other publicly offered investment funds managed by the Manager.

LBIT will use leverage in order to achieve its investment objective. Leverage will be created through the use of cash borrowings or as otherwise permitted under applicable securities legislation.

### *Evolve Levered Ether ETF*

LETH's investment objective is to provide Unitholders with exposure to 1.25x the daily price movements of the U.S. dollar price of Ether while experiencing minimal tracking error by investing in other publicly offered investment funds managed by the Manager.

LETH will use leverage in order to achieve its investment objective. Leverage will be created through the use of cash borrowings or as otherwise permitted under applicable securities legislation.

The investment objective of each Evolve Fund may not be changed except with the approval of its Unitholders. See "Unitholder Matters" for additional descriptions of the process for calling a meeting of Unitholders and the requirements of Unitholder approval.

## INVESTMENT STRATEGIES

### *Evolve Levered Bitcoin ETF*

LBIT is considered an alternative mutual fund within the meaning of NI 81-102 and is permitted to invest in asset classes or use investment strategies that are not permitted for other types of mutual funds. As an alternative mutual fund, under NI 81-102, LBIT is permitted to use strategies generally prohibited by conventional mutual funds, including the ability to invest in other alternative mutual funds, to borrow cash to use for investment purposes, increased ability to invest in commodities and to employ leverage. While these specific strategies will be used in accordance with the fund's investment objectives and strategies, during certain market conditions they may accelerate the pace at which your investment decreases in value.

To achieve its investment objectives, LBIT will not invest in bitcoin directly. Instead, in order to achieve its investment objectives, LBIT will invest in other publicly offered investment funds, including alternative mutual funds, managed by the Manager that invest, directly or indirectly, in bitcoin. LBIT intends to invest in the Evolve Bitcoin ETF, which is an investment fund currently managed by the Manager.

LBIT seeks to achieve its investment objective by borrowing cash to invest in and hold a proportionate share of publicly offered investment funds in order to track up to approximately 1.25 times the daily price movements of the U.S. dollar price of bitcoin.

LBIT's leverage will be rebalanced in certain circumstances and when the leverage breaches certain bands. Specifically, LBIT's leverage will be rebalanced back to 25% of LBIT's NAV within two business days of LBIT's leverage exceeding 2% above its target leverage of 25% of NAV (i.e., if the leverage is greater than 27% of LBIT's NAV).

LBIT will not use derivatives and does not intend to pay regular cash distributions.

LBIT does not seek to hedge any foreign currency exposure in respect of either its USD Units or its CAD Units.

As it is LBIT's intention to invest indirectly in bitcoin on a passive basis, LBIT's holdings will not be actively managed and accordingly, will not be hedged or repositioned to attempt to take defensive positions if the price of bitcoin declines or is expected to decline, and it is not the intention of LBIT to attempt to predict increases in the price of bitcoin in order to increase returns.

As of the date hereof, LBIT intends to invest in the Evolve Bitcoin ETF, an investment fund currently managed by the Manager:

### Evolve Bitcoin ETF

To achieve its investment objectives, the Evolve Bitcoin ETF invests in long-term holdings of bitcoin, purchased through reputable bitcoin trading platforms (commonly referred to as bitcoin trading platforms) and over-the-counter ("OTC") counterparties, in order to provide investors with a convenient, secure alternative to a direct investment in bitcoin. The Evolve Bitcoin ETF's portfolio is priced based on, and its net asset value is calculated using, the Bitcoin Reference Rate ("**BRR**"). The BRR is a once-a-day benchmark index price for bitcoin denominated in U.S. dollars. Calculated every day since its launch on November 14, 2016, the BRR is a registered benchmark under the United Kingdom's Benchmark Regulation regime and its provider, CF Benchmarks is authorised and regulated by the UK FCA (FRN 847100). The BRR is published every day of the year and is available on major vendor platforms such as

Bloomberg and Reuters. Additional information regarding the BRR is available at <https://www.cfbenchmarks.com/indices/BRR>.

For more information about the Evolve Bitcoin ETF, please refer to its prospectus, which is publicly available on the Manager's website at [www.evolveetfs.com](http://www.evolveetfs.com) and at [www.sedarplus.com](http://www.sedarplus.com).

#### *Evolve Levered Ether ETF*

LETH is considered an alternative mutual fund within the meaning of NI 81-102 and is permitted to invest in asset classes or use investment strategies that are not permitted for other types of mutual funds. As an alternative mutual fund, under NI 81-102, LETH is permitted to use strategies generally prohibited by conventional mutual funds, including the ability to invest in other alternative mutual funds, borrow cash to use for investment purposes, increased ability to invest in commodities and to employ leverage. While these specific strategies will be used in accordance with the fund's investment objectives and strategies, during certain market conditions they may accelerate the pace at which your investment decreases in value.

To achieve its investment objectives, LETH will not invest in Ether directly. Instead, in order to achieve its investment objectives, LETH will invest in other publicly offered investment funds, including alternative mutual funds, managed by the Manager that invest, directly or indirectly, in Ether.

LETH intends to invest in the Evolve Ether ETF, which is an investment fund currently managed by the Manager. LETH seeks to achieve its investment objective by borrowing cash to invest in and hold a proportionate share of publicly offered investment funds in order to track up to approximately 1.25 times the daily price movements of the U.S. dollar price of Ether.

LETH's leverage will be rebalanced in certain circumstances and when the leverage breaches certain bands. Specifically, LETH's leverage will be rebalanced back to 25% of LETH's NAV within two business days of LETH's leverage exceeding 2% above its target leverage of 25% of NAV (i.e., if the leverage is greater than 27% of LETH's NAV).

LETH will not use derivatives and does not intend to pay regular cash distributions.

LETH does not seek to hedge any foreign currency exposure in respect of either its USD Units or its CAD Units.

As it is LETH's intention to invest indirectly in Ether on a passive basis, LETH's holdings will not be actively managed and accordingly, will not be hedged or repositioned to attempt to take defensive positions if the price of Ether declines or is expected to decline, and it is not the intention of LETH to attempt to predict increases in the price of Ether in order to increase returns.

As of the date hereof, LBIT intends to invest in the Evolve Bitcoin ETF, an investment fund currently managed by the Manager:

#### Evolve Ether ETF

To achieve its investment objectives, the Evolve Ether ETF invests in long-term holdings of Ether, purchased through reputable Ether trading platforms (referred to as digital asset trading platforms or "Ether trading platforms") and OTC counterparties, in order to provide investors with a convenient, secure alternative to a direct investment in Ether. The Evolve Ether ETF's portfolio is priced based on, and the Evolve Ether ETF's NAV is calculated using, the ETHUSD\_RR. The ETHUSD\_RR is a once-a-day benchmark index price for Ether denominated in U.S. dollars. Calculated every day since its launch on May 14, 2018, the ETHUSD\_RR is a registered benchmark under the United Kingdom's Benchmark Regulation regime and its provider, CF Benchmarks is authorised and regulated by the UK FCA (FRN 847100). The ETHUSD\_RR is published every day of the year and is available on major vendor platforms such as Bloomberg and Reuters. Additional information regarding the ETHUSD\_RR is available at [https://www.cfbenchmarks.com/indices/ETHUSD\\_RR](https://www.cfbenchmarks.com/indices/ETHUSD_RR).

For more information about the Evolve Ether ETF, please refer to its prospectus, which is publicly available on the Manager's website at [www.evolveetfs.com](http://www.evolveetfs.com) and at [www.sedarplus.com](http://www.sedarplus.com).

### **General Investment Strategies of the Evolve Funds**

#### *Investment in other Investment Funds*

In accordance with applicable securities legislation, as part of its investment strategy and as an alternative to or in conjunction with investing in and holding securities directly, each Evolve Fund will invest in one or more other investment funds or exchange traded funds listed on a stock exchange in Canada or the United States, including exchange traded funds managed by the Manager. In such case, there shall be no management fees or incentive fees that are payable by the Evolve Funds that, to a reasonable person, would duplicate a fee payable by the underlying exchange traded fund for the same service.

#### *Use of Leverage*

As alternative mutual funds, each Evolve Fund may use leverage. In accordance with applicable securities regulation, leverage may be created by an alternative mutual fund through the use of cash borrowings and/or short sales. Such securities regulations provide that an alternative mutual fund may borrow cash up to 50% of its NAV and may sell securities short, whereby the aggregate market value of the securities sold short will be limited to 50% of its NAV. The combined use of short-selling and cash borrowing by each Evolve Fund is subject to an overall limit of 50% of its NAV.

**Notwithstanding the foregoing and such permitted legislative limits, in accordance with its investment objective, the maximum aggregate exposure of each Evolve Fund to cash borrowing and short selling will not exceed approximately 25% of its NAV.** Although each Evolve Fund generally intends to employ leverage up to a 1.25 times multiple of the daily price movements of the U.S. dollar price of bitcoin or Ether, as applicable, there is no guarantee that each Evolve Fund will employ leverage at all times, or at all, depending on a number of factors including margin requirements, collateral requirements, and subscription or redemption processes, among other reasons.

The aggregate market exposure of all instruments held directly or indirectly by each Evolve Fund, calculated daily on a mark-to-market basis, can exceed each Evolve Fund's NAV. Each Evolve Fund's leverage will be rebalanced in certain circumstances and when the leverage breaches certain bands. Specifically, an Evolve Fund's leverage will be rebalanced back to 25% of such Evolve Fund's NAV within two business days of the Evolve Fund's leverage exceeding 2% above its target leverage of 25% of NAV (i.e., if the leverage is greater than 27% of the Evolve Fund's NAV).

In addition, securities regulations provide that an alternative mutual fund's aggregate gross exposure, to be calculated as the sum of the following, must not exceed 300% of its net asset value: (i) the aggregate market value of cash borrowing; and (ii) the aggregate market value of physical short sales on equities, fixed income securities or other portfolio assets. Leverage will be calculated in accordance with the methodology prescribed by securities laws, or any exemptions therefrom.

See "Income Tax Considerations – Taxation of the Evolve Funds".

#### *Securities Lending*

An Evolve Fund may, in compliance with NI 81-102, lend securities to securities borrowers that are acceptable to it pursuant to the terms of a Securities Lending Agreement under which: (i) the borrower will pay to the Evolve Fund a negotiated securities lending fee and will make compensation payments to the Evolve Fund equal to any distributions received by the borrower on the securities borrowed; (ii) the securities loans must qualify as "securities lending arrangements" for the purposes of the Tax Act; and (iii) the Evolve Fund will receive collateral. The applicable Lending Agent is responsible for the ongoing administration of the securities loans, including the obligation to mark-to-market the loaned securities and collateral on a daily basis, and ensuring that the collateral at least equals the required margin percentage as set out in the applicable Securities Lending Agreement. Any securities lending revenues,

net of Lending Agent fees, taxes and, if applicable, rebate payments to borrowers for cash collateral, will be credited to the account of the Evolve Fund from which the securities were borrowed.

### *Cash Management*

From time to time, each Evolve Fund may hold cash or cash equivalents, including through investments in money market instruments or investments in securities of money market funds managed by the Manager or a third party..

## **OVERVIEW OF THE SECTORS THAT THE EVOLVE FUNDS INVEST IN**

Bitcoin and Ether are digital assets that are not issued by any government, bank or central organization. Bitcoin and Ether are based on the decentralized, open source protocol of the peer-to-peer bitcoin computer network (the “**Bitcoin Network**”) or the decentralized, open source protocol of the peer-to-peer Ethereum computer network (the “**Ethereum Network**”), which each create a decentralized public transaction ledger, known as a “blockchain”, on which all bitcoin or Ether transactions, as applicable, are recorded. Movement of bitcoin and Ether is facilitated by a digital, transparent and immutable ledger, enabling the rapid transfer of value across the internet without the need for centralized intermediaries. The Bitcoin Network and Ethereum Network software source code each include the protocol that governs the creation of bitcoin or Ether, as applicable, and the cryptographic operations that verify and secure bitcoin and Ether transactions, as applicable. It is common practice to refer to Bitcoin with a capital “B” when referring to the protocol or network, and bitcoin with a lowercase “b” when referring to the digital asset. Each blockchain is an official record of every bitcoin or Ether transaction, as applicable, (including creation or “mining” of new bitcoin or Ether) and every bitcoin or Ethereum address is associated with a quantity of bitcoin or Ether, as applicable. The Bitcoin Network, the Ethereum Network and software applications built atop each of these networks, can each interpret a blockchain to determine the exact bitcoin or Ether balance, if any, of any public Bitcoin or Ethereum address listed in the applicable blockchain. A Bitcoin or Ethereum Network private key controls the transfer or “spending” of bitcoin or Ether, as applicable, from its associated public Bitcoin or Ethereum address. A Bitcoin or Ethereum Network “wallet” is a collection of public bitcoin or Ethereum Network addresses, as applicable, and their associated private key(s). It is designed such that only the owner of bitcoin or Ether can send bitcoin or Ether, only the intended recipient of bitcoin or Ether can unlock what the sender sent and the transactional validation and bitcoin or Ether ownership can be verified by any third party anywhere in the world.

The use of bitcoin and Ether, each as a means of exchange, is increasing rapidly throughout the world, particularly in nations where faith in central bank backed fiat currencies (a currency that a government has declared a legal currency) has been unstable, or where necessary banking infrastructure is lacking. Bitcoin and Ether each make it possible for users to accept and send global transactions directly from their smart phone, twenty-four hours a day.

The entire Bitcoin Network and Ethereum Network can each be described using the analogy of a computer. The most basic level of any computer is the hardware that all of the software runs upon. The hardware providers for the Bitcoin Network are called “miners” and for the Ethereum Network are called “validators.” Bitcoin miners buy specialized computational equipment in the form of servers that are composed of primarily application specific integrated circuits (ASICs), and these servers have been constructed entirely for the purpose of verifying bitcoin transactions, building bitcoin’s blockchain and thereby minting new bitcoin. Ethereum validators are able to verify Ether transactions, build the Ethereum blockchain and mint new Ether using consumer-level computer hardware.

Miners’ and validators’ servers run Bitcoin or Ethereum Network software, which can be thought of as the operating system on top of the hardware, just as personal computers have installed an operating system. Bitcoin and Ethereum Network software is maintained in the open source model, with the community collaborating on GitHub. GitHub is a platform for software creation, orchestrating the storage, version control and integration of code for different software projects. Bitcoin’s software and Ethereum’s software are each available for all developers and non-developers to peruse and discuss. For example, from GitHub one can download the entire source code of Bitcoin or Ethereum Network software. While there are a few different implementations of Bitcoin software, the one used by most miners is called “Bitcoin Core”. There are also a few different implementations of Ethereum Network software, with popular ones being Geth, Nethermind, Besu and Erigon. Bitcoin Core and Ethereum Network software are each maintained by over 600 developers. By running similar software on similar hardware, the miners have created a basic worldwide computer that operates in sync, despite being geographically distributed.

Just as one may run applications on top of the hardware and operating system of their computer, various companies have built applications that run on top of the hardware and operating system of each of the Bitcoin Network and the Ethereum Network. Applications include wallets that store users’ bitcoin or Ether, exchanges that allow users to swap bitcoin or Ether for other currencies, remittances providers that send money to people in other countries and decentralized marketplaces that function similar to an online distributor (e.g. eBay). Accordingly, there is no central

company. While each of Bitcoin and the Ethereum Network’s application ecosystem is still in its early development, the Manager believes that, as more developers and users adopt the platform over time there will be an increasing number of applications, which will provide greater functionality to the system as a whole.

The end user relies on the hardware, operating system, and applications provided by bitcoin miners, Ether validators, developers and companies, respectively. The greater the number of bitcoin or Ether users, the greater the incentive will be potentially for miners, validators, developers and companies to continue to develop their systems, which in turn should promote the Bitcoin Network and the Ethereum Network as a whole.

Bitcoin and Ether trading platforms operate websites that facilitate the purchase and sale of bitcoin and Ether, as applicable, for various government issued currencies, including the U.S. dollar, the euro and the Chinese yuan. Activity on the bitcoin and Ether trading platforms should not be confused with the process of users sending bitcoin or Ether from one address to another bitcoin or Ethereum Network address. The latter is an activity that uses bitcoin or Ether as a means of exchange and is largely conducted directly using Bitcoin or the Ethereum Network’s blockchain, as applicable, whereas the former is mostly an activity around bitcoin or Ether as a store of value and largely occurs within the trade books of exchanges (i.e., off-blockchain).

Bitcoin and Ether trading platforms generally report publicly on their websites the bid and ask prices for the purchase or sale of bitcoin or Ether, as applicable. Although each bitcoin and Ether trading platform has its own market price, it is expected that most bitcoin and Ether trading platforms’ market prices should be relatively consistent with the bitcoin and Ether trading platforms’ market averages since market participants can choose the bitcoin or Ether trading platform on which to buy or sell bitcoin or Ether. Price differentials across bitcoin and Ether trading platforms enable arbitrage between bitcoin and Ether prices, as applicable, on the various exchanges, and occur most notably between geographies.

Bitcoin and Ether trading platforms are open 24 hours a day and every day of the year. There currently exist globally over 100 bitcoin and Ether trading platforms. Bitcoin and Ether trading platforms with the most economically significant trading volume are Binance, Coinbase, Kraken, OKCoin.com (HK), LMAX Digital, Bitfinex, Bitstamp, bitFlyer, Gemini, Bittrex, and itBit. A majority of these exchanges employ KYC procedures in compliance with applicable AML regulation.

## **INVESTMENT RESTRICTIONS**

Each Evolve Fund is subject to certain investment restrictions and practices contained in securities legislation, including NI 81-102, which are designed in part to ensure that the investments of each Evolve Fund are diversified and relatively liquid and to ensure its proper administration. Certain restrictions and practices that are applicable to conventional mutual funds are not applicable to the Evolve Funds because they are each an “alternative mutual fund”. The term “alternative mutual fund” includes, among others, a mutual fund that has adopted fundamental investment objectives that permit it to borrow cash or to engage in short selling in a manner that is not permitted by other mutual funds under NI 81-102. A change to the fundamental investment objective of each Evolve Fund would require the approval of the Unitholders. Please see “Unitholder Matters – Matters Requiring Unitholder Approval”.

Subject to the following, and any exemptive relief that has been or will be obtained, each Evolve Fund is managed in accordance with the investment restrictions and practices set out in the applicable securities legislation, including NI 81-102. See “Exemptions and Approvals”.

### **Tax Related Investment Restrictions**

Each Evolve Fund will not make an investment or conduct any activity that would result in such Evolve Fund failing to qualify as a “unit trust” or “mutual fund trust” within the meaning of the Tax Act.

## **FEES AND EXPENSES**

This section details the fees and expenses that an investor may have to pay if the investor invests in the Evolve Funds. An investor may have to pay some of these fees and expenses directly. The Evolve Funds may have to pay some of these fees and expenses, which will therefore reduce the value of an investment in the Evolve Funds.



## Fees and Expenses Payable by the Evolve Funds

### *Management Fees*

Each Evolve Fund pays an annual management fee (the “**Management Fee**”) to the Manager for acting as trustee, manager and portfolio manager of the Evolve Fund equal to a percentage of the NAV of the Evolve Fund, calculated daily and payable monthly in arrears, plus applicable taxes, as follows:

<b>Evolve Fund</b>	<b>Class of Units</b>	<b>Management Fee</b>
Evolve Levered Bitcoin ETF	CAD Units	Nil
	USD Units	Nil
Evolve Levered Ether ETF	CAD Units	Nil
	USD Units	Nil

### *Underlying Fund Management Fees of the Evolve Funds*

The Evolve Funds, in accordance with applicable Canadian securities legislation, invest in exchange traded funds, mutual funds or other public investment funds that are managed by the Manager. With respect to such investments, no management fees or incentive fees are payable by the Evolve Funds that, to a reasonable person, would duplicate a fee payable by such underlying fund for the same service. As the Evolve Funds do not pay any management fees directly to the Manager, no management fees or incentive fees payable by the Evolve Funds would duplicate a fee payable by the underlying funds for the same service.

The underlying funds in which the Evolve Funds invest will pay applicable management fees. As a result, the actual aggregate management fees indirectly payable to the Manager in respect of an investment in the Evolve Funds will be greater than nil.

Further, no sales fees or redemption fees are payable by the Evolve Funds in relation to purchases or redemptions of the securities of the underlying funds in which they invest if these funds are managed by the Manager or an affiliate or associate of the Manager, and no sales fees or redemption fees are payable by the Evolve Funds in relation to their purchases or redemptions of securities of underlying funds that, to a reasonable person, would duplicate a fee payable by an investor in the Evolve Funds.

As of the date hereof, the Evolve Funds invest in the Evolve Bitcoin ETF and Evolve Ether ETF, as applicable, each of which is an investment fund currently managed by the Manager.

Each of the Evolve Bitcoin ETF and Evolve Ether ETF currently pay the Manager an annual management fee for acting as trustee, manager and portfolio manager equal to 0.75% of net asset value, calculated daily and payable monthly in arrears, plus applicable taxes.

### *Operating Expenses*

Other than ETF Costs (as defined below), in consideration for the payment by the Evolve Funds of a fixed administration fee (the “**Administration Fee**”) to the Manager, and subject to compliance with NI 81-102, the Manager pays for the following operating expenses of the Evolve Funds (“**Operating Expenses**”), including but not limited to: mailing and printing expenses for periodic reports to Unitholders; fees payable to the Prime Broker, 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 each Evolve 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 each Evolve Fund; regulatory filing, stock exchange and licensing fees (if applicable) and CDS fees; Fundserv fees (if applicable); 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, Custodian and Manager which are incurred in respect of matters not in the normal course of each Evolve Fund’s activities. The Administration

Fee paid to the Manager by the Evolve Funds may, in any particular period, be less than or exceed the Operating Expenses that the Manager incurs. The Manager is not obligated to pay any other expense, cost or fee, including those arising from new government or regulatory requirements relating to the foregoing expenses, costs and fees.

The Administration Fee is equal to a specified percentage of the NAV of each class of an Evolve Fund, calculated and paid in the same manner as the Management Fee for the Evolve Fund. The rate of the annual Administration Fee for each Evolve Funds is set out below.

<b>Evolve Fund</b>	<b>Administration Fee</b>
Evolve Levered Bitcoin ETF	0.15%
Evolve Levered Ether ETF	0.15%

#### *ETF Costs*

The ETF costs (“**ETF Costs**”) which are payable by each Evolve Fund include any taxes payable by each Evolve Fund to which the Evolve Fund may be subject, including income taxes, sales taxes (including GST/HST) and/or withholding taxes (including preparation costs for tax filings in respect of any such taxes); expenditures incurred upon termination of an Evolve Fund; extraordinary expenses that each Evolve 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 each Evolve Fund or the assets of each Evolve 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. Each Evolve Fund is also responsible for all commissions and other costs of portfolio transactions and any extraordinary expenses of each Evolve Fund which may be incurred from time to time.

Each class of the Evolve Funds is responsible for its proportionate share of common ETF Costs of each Evolve Fund, in addition to the expenses it incurs alone.

#### *Underlying Fund Operating Expenses of the Evolve Funds*

The Evolve Funds will indirectly bear 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 Evolve Funds’ activities.

#### **Fees and Expenses Payable Directly by the Unitholders**

##### *Short-term Trading Fees*

At the present time, the Manager is of the view that it is not necessary to impose any short-term trading restrictions on the Units.

##### *Other Unit Charges*

An amount as may be agreed to between the Manager and the Designated Broker or a Dealer, may be charged to offset certain transaction costs associated with an issue, exchange or redemption of Units. This charge does not apply to

Unitholders who buy and sell their Units through the facilities of the Designated Exchange. See “Exchange and Redemption of Units – Other Unit Charges”.

## **RISK FACTORS**

LBIT and LETH invest in other alternative mutual funds managed by the Manager that invest, directly or indirectly, in either bitcoin or Ether, as applicable. **Given the speculative nature of bitcoin and Ether and the volatility of the bitcoin and Ether markets, there is considerable risk that LBIT and LETH will not be able to meet their respective investment objectives. An investment in LBIT and LETH is not intended as a complete investment program and is appropriate only for investors who have a sophisticated knowledge and understanding of bitcoin or Ether, as applicable, and the capacity to absorb a loss of some or all of their investment.**

In addition to the considerations set out elsewhere in this prospectus, the following are certain considerations relating to an investment in Units that prospective investors should consider before purchasing such Units:

### **Risk Factors Relating to Bitcoin and Ether**

#### *Speculative Nature of Bitcoin and Ether*

Investing in bitcoin and Ether is speculative, prices are volatile, and market movements are difficult to predict. Supply and demand for bitcoin or Ether can change rapidly and are affected by a variety of factors, including regulation and general economic trends.

#### *Unforeseeable Risks*

Bitcoin and Ether have gained commercial acceptance only within recent years and, as a result, there is little data on their long-term investment potential. Additionally, due to the rapidly evolving nature of the bitcoin and Ether markets, including advancements in the underlying technology, changes to bitcoin or Ether may expose investors in the Evolve Funds to additional risks which are impossible to predict as of the date of this prospectus. This uncertainty makes an investment in the Units very risky.

#### *Access Loss or Theft*

There is a risk that some or all of either of each Evolve Fund’s underlying fund’s (the “**Underlying Funds**”) holdings of bitcoin or Ether, as applicable, could be lost, stolen, destroyed or inaccessible, potentially by the loss or theft of the private keys held by the applicable custodian or sub-custodian associated with the public addresses that hold an Evolve Fund’s bitcoin or Ether, as applicable, and/or destruction of storage hardware. Multiple thefts of bitcoin, Ether and other digital assets from other holders have occurred in the past. Because of the decentralized process for transferring bitcoin and Ether, thefts can be difficult to trace, which may make bitcoin or Ether a particularly attractive target for theft. The Underlying Funds have adopted security procedures intended to protect their respective assets, but there can be no assurance that those procedures will be successful in preventing such loss, theft or restriction on access. You should not invest unless you understand the risk that the Underlying Funds may lose possession or control of their respective assets. Access to an Underlying Fund’s bitcoin or Ether, as applicable, could be restricted by natural events (such as an earthquake or flood) or human actions (such as a terrorist attack). An Underlying Fund’s bitcoin or Ether, as applicable, held in custody accounts will likely be an appealing target for hackers or malware distributors seeking to destroy, damage or steal an Underlying Fund’s bitcoin and Ether, as applicable, or private keys.

Security breaches, cyber-attacks, computer malware and computer hacking attacks have been a prevalent concern for the digital asset trading platforms on which bitcoin and Ether trade. Any cyber security breach caused by hacking, which involves efforts to gain unauthorized access to information or systems, or to cause intentional malfunctions or loss or corruption of data, software, hardware or other computer equipment, and the inadvertent transmission of computer viruses, could harm an Evolve Fund’s or an Underlying Fund’s business operations or reputation, resulting in loss of an Underlying Fund’s assets. Digital asset trading platforms may in particular be at risk of cyber security breaches orchestrated or funded by state actors. For example, it has been reported that South Korean digital asset trading platforms have been subject to cybersecurity attacks by North Korean state actors with the intent of stealing digital assets, including bitcoin, possibly with the intention of evading international economic sanctions. Any problems relating to the performance and effectiveness of security procedures used by the Underlying Funds and their custodians to protect an Evolve Fund’s indirect holdings of bitcoin or Ether, as applicable, such as algorithms, codes, passwords, multiple signature systems, encryption and telephone call-backs will have an adverse impact on the NAV of the Evolve

Funds and an investment in the Units. Furthermore, if and as the Underlying Funds' bitcoin or Ether holdings, as applicable, grow, the Underlying Funds and their custodians may become a more appealing target for cyber security threats such as hackers and malware. Furthermore, cybersecurity attacks orchestrated or funded by state actors may be particularly difficult to defend against because of the resources that state actors have at their disposal.

No storage system is impenetrable, and storage systems employed by the Underlying Funds and their custodians may not be free from defect or immune to force majeure events. Any loss due to a security breach, software defect or force majeure event generally will be borne by the Underlying Funds, which may adversely affect the value of the Units of the Evolve Funds.

Such storage systems and operational infrastructure may be breached due to the actions of outside parties, error or insider malfeasance of an employee of the Manager or its custodians, or otherwise, and, as a result, an unauthorized party may obtain access to the Manager's, the Underlying Funds', or the Underlying Funds' custodians' storage systems, private keys, data or bitcoin and Ether, as applicable. Additionally, outside parties may attempt to fraudulently induce employees of the custodians or the Manager to disclose sensitive information in order to gain access to an Underlying Fund's infrastructure. The Manager, its custodians or any technological consultant engaged by them may periodically examine and propose modifications to storage systems, protocols and internal controls to address the use of new devices and technologies to safeguard the Underlying Funds' systems, bitcoin and Ether, as applicable. As the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently, or may be designed to remain dormant until a predetermined event and often are not recognized until launched against a target, the Manager may be unable to anticipate these techniques or implement adequate preventative measures. If an actual or perceived breach of a storage system occurs, a loss of confidence in the Bitcoin Network or the Ethereum Network may decrease the market price of the applicable Underlying Fund's and Evolve Fund's investments. An actual or perceived breach may also cause Unitholders to seek redemption of or sell their Units, which may harm the applicable Evolve Fund's investment performance.

If an Underlying Fund's holdings of bitcoin or Ether, as applicable, are lost, stolen or destroyed under circumstances rendering a party liable to that Underlying Fund, the responsible party may not have the financial resources sufficient to satisfy such Underlying Fund's claim. For example, as to a particular event of loss, the only source of recovery for an Underlying Fund may be limited to the relevant custodian or, to the extent identifiable, other responsible third parties (for example, a thief or terrorist), any of which may not have the financial resources (including liability insurance coverage) to satisfy a valid claim of such Underlying Fund. Similarly, the Underlying Funds' custodians have limited liability to the Underlying Funds, which will adversely affect the Underlying Funds' ability to seek recovery from them, even when they are at fault.

#### *Bitcoin and Ether Investment Risks*

The further development and acceptance of bitcoin and Ether is subject to a variety of factors that are difficult to evaluate. The slowing or stopping of the development or acceptance of bitcoin and Ether may adversely affect the NAV of the applicable Evolve Fund and an investment in the Units.

The use of bitcoin and Ether to, among other things, buy and sell goods and services is part of the new, experimental and rapidly evolving cryptocurrency industry. While bitcoin and Ether are each a prominent part of this industry, it is not the only part. The growth of this industry, as well as each of bitcoin and Ether's significant market share, is subject to a high degree of uncertainty. The factors affecting each of bitcoin and Ether's further growth and development, as well as their continued dominance, include, but are not limited to:

- continued worldwide growth in the adoption and use of bitcoin and Ether;
- government and quasi-government regulation of bitcoin and Ether and their use, or restrictions on or regulation of access to and operation of the Bitcoin Network and the Ethereum Network;
- changes in consumer demographics, demand and preferences;
- the maintenance and development of the open-source software protocol of the Bitcoin Network and the Ethereum Network;
- the availability and popularity of other forms or methods of buying and selling goods and services, including other cryptocurrencies and new means of using fiat currencies;
- the further development of additional applications and scaling solutions; and
- general economic conditions and the regulatory environment relating to bitcoin, Ether and other cryptocurrencies; and negative consumer or public perception of bitcoin, Ether or cryptocurrencies generally.

*Bitcoin and Ether Generally* – Bitcoin and Ether are each loosely regulated and there is no central marketplace for bitcoin or Ether. Supply is determined by a computer code, not by a central bank, and prices can be extremely volatile. Additionally, bitcoin and Ether trading platforms may suffer from operational issues, such as delayed execution, that could have an adverse effect on the applicable Evolve Fund. Some bitcoin and Ether trading platforms have been closed due to fraud, failure or security breaches.

Several factors may affect the price of bitcoin and Ether, including, but not limited to: supply and demand, investors' expectations with respect to the rate of inflation, interest rates, currency exchange rates or future regulatory measures (if any) that restrict the trading of bitcoin and Ether or the use of bitcoin and Ether as a form of payment. There is no assurance that bitcoin or Ether will maintain their long-term value in terms of purchasing power in the future, or that mainstream retail merchants will accept bitcoin or Ether as a form of payment.

Bitcoin and Ether are each created, issued, transmitted, and stored according to protocols run by computers in the Bitcoin Network and Ethereum Network, respectively. It is possible that the bitcoin protocol or the Ether protocol each have undiscovered flaws which could result in the loss of some or all of the assets held by the applicable Evolve Fund. There may also be network-scale attacks against the bitcoin protocol or the Ether protocol, which could result in the loss of some or all of the bitcoin or Ether indirectly held by the applicable Evolve Fund. Advancements in quantum computing could break bitcoin or Ether's cryptographic rules. The Manager makes no guarantees about the reliability of the cryptography used to create, issue, or transmit bitcoin or Ether which will be indirectly held by the applicable Evolve Fund.

*Short History Risk* – Bitcoin launched in 2009, which makes it a new technological innovation with a limited history and one of the youngest multi-billion dollar assets in the world. Ether is a new technological innovation with a limited history. Due to this short history, it is not clear how all elements of bitcoin or Ether will unfold over time, specifically with regard to governance between miners, developers and users, as well as the long-term security model as the rate of inflation of bitcoin and Ether decreases. There is no assurance that usage of bitcoin, Ether or their respective blockchains will continue to grow. A contraction in the use of bitcoin, Ether or their respective blockchains may result in increased volatility or a reduction in the price of bitcoin or Ether which could have a material adverse effect on the NAV of the applicable Evolve Fund and an investment in the Units.

Bitcoin trading platforms have a limited operating history. Since 2009, several bitcoin trading platforms have been closed or experienced disruptions due to fraud, failure, security breaches or distributed denial of service attacks. In many of these instances, the customers of such trading platforms were not compensated or made whole for the partial or complete loss of funds held at such bitcoin trading platforms. The potential for instability of bitcoin trading platforms and the closure or temporary shutdown of bitcoin trading platforms due to fraud, business failure, hackers, distributed denial of service attacks or malware or government-mandated regulation may reduce confidence in bitcoin, which may adversely affect the NAV per Unit.

Public bitcoin trading platforms have a limited history. The price of bitcoin on trading platforms throughout the world has historically been volatile and subject to influence by any number of factors including supply and demand, geopolitical uncertainties, macroeconomic concerns such as inflation, speculative investor interest, and the level of liquidity on such exchanges.

*Risks Related to the Pricing Source* – The Underlying Funds' bitcoin and Ether, as applicable, will be valued, including for purposes of determining the NAV of the applicable Underlying Fund, based upon the BRR or the ETHUSD\_RR, respectively.

As the BRR and the ETHUSD\_RR are each calculated based on Constituent Bitcoin Trading Platforms and Constituent Ether Trading Platforms, respectively, only, it will not necessarily be reflective of the price of bitcoin or Ether available on any given bitcoin or Ether trading platform or other venue where the Underlying Funds' trades are executed. In addition, the BRR and the ETHUSD\_RR are each available once per day, whereas bitcoin and Ether each trade 24 hours a day. As such, the BRR and the ETHUSD\_RR may not be reflective of market events and other developments that occur after their pricing windows and thus the BRR the ETHUSD\_RR may not be reflective of the then-available market price of bitcoin or Ether, as applicable, in periods between their calculation. The Manager does not intend, and disclaims any obligation, to determine whether the BRR or the ETHUSD\_RR reflect the realizable market value of bitcoin or Ether, as applicable, or the price at which market transactions in bitcoin or Ether could be readily affected at any given time.

Because the NAV of the Underlying Funds is based almost entirely on the value of the Underlying Funds' bitcoin or Ether portfolio, as applicable, as determined by reference to the BRR or the ETHUSD\_RR, as applicable, and redemptions and subscriptions are valued based on the NAV per unit of each Underlying Fund, if the BRR or the

ETHUSD\_RR do not reflect the realizable market value of bitcoin or Ether, as applicable, at a given time, redemption or subscriptions of the Underlying Funds will be effected at prices that may materially adversely affect unitholders of the Underlying Funds and the Evolve Funds.

*Volatility* – Bitcoin and Ether’s value have each historically been highly volatile. The Ether markets are sensitive to new developments, and since volumes are still maturing, any significant changes in market sentiment (by way of sensationalism in the media or otherwise) can induce large swings in volume and subsequent price changes. The value of the bitcoin or Ether, as applicable, indirectly held by the Evolve Funds could decline rapidly in future periods, including to zero.

*Settlement of Transactions on the Bitcoin Network or the Ethereum Network* – There is no central clearing house for cash-to bitcoin or Ether transactions. Current practice is for the purchaser of bitcoin or Ether to send fiat currency to a bank account designated by the seller, and for the seller to broadcast the transfer of bitcoin or Ether to the purchaser’s public bitcoin address or Ethereum Network address upon receipt of the cash. The purchaser and seller monitor the transfer with a transaction identification number that is available immediately upon transfer and is expected to be included in the next block confirmation. When an Underlying Fund purchases bitcoin from a Bitcoin Source or Ether from an Ether Source, as applicable, there is a risk that the Bitcoin Source or Ether Source will not initiate the transfer on the Bitcoin Network or Ethereum Network upon receipt of cash from the applicable Underlying Fund, or that the bank where the Bitcoin Source’s account or the Ether Source’s account is located will not credit the incoming cash from the applicable Underlying Fund for the account of the Bitcoin Source or Ether Source. Each Underlying Fund seeks to mitigate this risk by transacting with regulated Bitcoin Sources and Ether Sources, as applicable, that have undergone due diligence and by confirming the solvency of the Bitcoin Source or Ether Source, as applicable, and the bank designated by each Bitcoin Source or Ether Source based on publicly available information. Furthermore, each Underlying Fund settles OTC transactions at their applicable custodian such that unless both cash and crypto assets are both present the transaction will not be settled.

*General Economic and Market Conditions* – During the global financial crisis of 2007 to 2008, various sectors of the global financial markets experienced an extended period of adverse conditions featuring market uncertainty, reduced liquidity, greater volatility, general widening of credit spreads and a lack of price transparency. To the extent that similar marketplace events were to occur in the future, either as a result of the coronavirus pandemic or otherwise, these events may have an adverse impact on the Evolve Funds’ investments and in turn the NAV of the Evolve Funds. In addition, governments from time to time intervene, directly and by regulation. Such intervention is often intended to directly influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction. It is also possible that a default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs may cause a series of defaults by other institutions. This is sometimes referred to as a “systemic risk.” These factors and general market conditions could have a material adverse effect on markets in general and on the Evolve Funds’ portfolios and on the NAV of the Evolve Funds.

*Momentum Pricing* – The market value of the Units in the Evolve Funds may be affected by momentum pricing of bitcoin or Ether, as applicable, due to speculation about future price appreciation. Momentum pricing typically is associated with growth stocks and other assets whose valuation, as determined by the investing public, is impacted by anticipated future appreciation in value. Momentum pricing may result in speculation regarding future appreciation in the value of digital assets, which inflates prices and may lead to increased volatility.

*Limited Use* – Bitcoin has only recently become accepted as a means of payment for certain goods and services by certain major retail and commercial outlets and use of bitcoin for such services remains limited. Use of Ether as a means of payment for goods and services remains limited. Price volatility undermines bitcoin and Ether’s utility as a medium of exchange and use of bitcoin and Ether as a medium of exchange and payment method may always be low. A lack of continued growth as a medium of exchange and payment method, or a contraction of such use, as well as a lack of adoption of the Ethereum Network, may result in increased volatility or a reduction in the value of bitcoin or Ether, as applicable, either of which could adversely impact the NAV of the applicable Evolve Fund and an investment in the Units. There can be no assurance that such acceptance will grow, or not decline, in the future.

There is no assurance that bitcoin will maintain its long-term value in terms of purchasing power in the future or that the acceptance of bitcoin as a means for payments by mainstream retail merchants and commercial businesses will continue to grow. In the event that the price of bitcoin declines, the Manager expects the NAV per Unit of LBIT to decline proportionately. As relatively new products and technologies, crypto assets such as bitcoin have only recently become widely accepted as a means of payment for goods and services by many major retail and commercial outlets, and use of bitcoin by consumers to pay such retail and commercial outlets remains limited. Banks and other established financial institutions may refuse to process funds for bitcoin transactions, process wire transfers to or from bitcoin trading platforms, bitcoin related companies or service providers, or maintain accounts for persons or entities

transacting in bitcoin. Conversely, a significant portion of bitcoin demand is generated by speculators and investors seeking to profit from the short- or long-term holding of bitcoin. A decrease in demand and use of bitcoin could adversely affect the NAV per Unit of LBIT.

*Scaling Obstacles* – Many digital asset networks face significant scaling challenges. For several years, participants in the bitcoin ecosystem debated potential approaches to increasing the average number of transactions per second that the Bitcoin Network could handle. As of August 2017, bitcoin was upgraded with a technical feature known as “segregated witness” that, among other things, could approximately double the transactions per second that can be handled on-chain.

As the use of digital asset networks increases without a corresponding increase in throughput of the networks, average fees and settlement times can increase significantly. Bitcoin and Ether’s networks have been, at times, at capacity, which has led to increased transaction fees and decreased settlement speeds.

Increased fees and decreased settlement speeds could preclude certain use cases for bitcoin and Ether and can reduce demand for and the price of bitcoin and Ether, which could adversely impact the NAV of the applicable Evolve Fund and an investment in the Units.

There is no guarantee that any of the mechanisms in place or being explored for increasing the scale of settlement of transactions in bitcoin and Ether will be effective, or how long these mechanisms will take to become effective, which could adversely impact the NAV of the Evolve Fund and an investment in the Units.

*Private Keys* – Bitcoin and Ether private keys are stored in two different forms: “hot wallet” storage, whereby the private keys are connected to the internet; and “cold” storage, where digital currency private keys are stored completely offline. The bitcoin and Ether that a custodian holds for the applicable Underlying Fund is stored generally offline in cold storage only. Private keys must be safeguarded and kept private in order to prevent a third-party from accessing the digital asset while held in such wallet. To the extent a private key is lost, destroyed or otherwise compromised and no backup of the private key is accessible, the applicable Underlying Fund will be unable to access, and will effectively lose, the bitcoin or Ether, as applicable, held in the related digital wallet. Any loss of private keys by a custodian relating to digital wallets used to store an Underlying Fund’s bitcoin and Ether, as applicable, could adversely affect the NAV of the applicable Evolve Fund and an investment in the Units.

*Irrevocable Nature of Blockchain-Recorded Transactions* – Bitcoin and Ether transactions recorded on the bitcoin blockchain and the Ethereum Network, respectively, are not, from an administrative perspective, reversible without the consent and active participation of the recipient of the transaction or, in theory, control or consent of a majority of the Bitcoin Network or Ethereum Network’s aggregate hashrate. Once a transaction has been verified and recorded in a block that is added to the blockchain, an incorrect transfer of bitcoin or Ether or a theft of bitcoin or Ether generally will not be reversible, and the applicable Underlying Fund may not be capable of seeking compensation for any such transfer or theft. It is possible that, through computer or human error, or through theft or criminal action, an Underlying Fund’s bitcoin or Ether, as applicable, could be transferred from custody accounts in incorrect quantities or to unauthorized third parties. To the extent that the Manager is unable to seek a corrective transaction with such third-party or is incapable of identifying the third-party that has received an Underlying Fund’s bitcoin or Ether, as applicable, through error or theft, such Underlying Fund will be unable to revert or otherwise recover incorrectly transferred bitcoin or Ether. To the extent that an Underlying Fund is unable to seek redress for such error or theft, such loss could indirectly adversely affect the NAV of such Evolve Fund and an investment in the Units.

*Internet Disruptions* – A significant disruption in internet connectivity could disrupt the Bitcoin Network or Ethereum Network’s operations until the disruption is resolved, and such disruption could have an adverse effect on the price of bitcoin or Ether, as applicable. In particular, some digital assets have experienced a number of denial-of-service attacks, which have led to temporary delays in block creation and digital asset transfers. While in certain cases in response to an attack, an additional “hard fork” has been introduced to increase the cost of certain network functions, the relevant network has continued to be the subject of additional attacks. Moreover, it is possible that as bitcoin or Ether increases in value, they may become bigger targets for hackers and subject to more frequent hacking and denial-of-service attacks.

*Gateway Protocol Hijackings* – Digital assets are also susceptible to border gateway protocol hijacking, or BGP hijacking. Such an attack can be a very effective way for an attacker to intercept traffic en route to a legitimate destination. BGP hijacking impacts the way different nodes and miners are connected to one another to isolate portions of them from the remainder of the network, which could lead to a risk of the network allowing double-spending and other security issues. If BGP hijacking occurs on the Bitcoin Network or the Ethereum Network, participants may lose faith in the security of bitcoin or Ether, as applicable, which could affect bitcoin or Ether’s value and consequently the value of the Units.

Any future attacks that impact the ability to transfer bitcoin or Ether could have a material adverse effect on the price of bitcoin or Ether and the value of an investment in the Units.

*Malicious Attacks on the Network* – Digital asset networks, including the Bitcoin Network and the Ethereum Network, are subject to control by entities that capture a significant amount of the network’s processing power or a significant number of developers important for the operation and maintenance of such digital asset network.

The Bitcoin Network is periodically subject to distributed denial of service attacks to clog the list of transactions being tabulated by miners, which can slow the confirmation of authentic transactions. Another avenue of attack would be if a large number of miners were taken offline then it could take some time before the difficulty of the mining process algorithmically adjusts, which would stall block creation time and therefore transaction confirmation time. In the past these scenarios have not caused significant delays or resulted any significant systemic issues.

*Control of Processing Power* – The Bitcoin Network is secured by a proof-of-work algorithm, whereby the collective strength of network participants’ processing power protects the network. If a malicious actor or botnet (i.e., a volunteer or hacked collection of computers controlled by networked software coordinating the actions of the computers) obtains a majority of the processing power dedicated to mining on the Bitcoin, it may be able to construct fraudulent blocks or prevent certain transactions from completing, either in a timely manner or at all. The malicious actor or botnet could control, exclude or modify the ordering of transactions. While a malicious actor would not be able to generate new bitcoin interests or transactions using such control, it could “double-spend” its own bitcoin interests (i.e., spend the same bitcoin interests in more than one transaction) and prevent the confirmation of other users’ transactions for so long as it maintained control. To the extent that such malicious actor or botnet did not yield its control of the processing power on the Bitcoin or the network community did not reject the fraudulent blocks as malicious, reversing any changes made to the blockchain may not be possible. Further, a malicious actor or botnet could create a flood of transactions in order to slow down confirmations of transactions on the Bitcoin.

Some digital asset networks have been subject to malicious activity achieved through control over 50% of the processing power on the network. The possible crossing of the 50% threshold indicates a greater risk that a single mining pool could exert authority over the validation of digital asset transactions, and this risk is heightened if over 50% of the processing power on the Bitcoin Network falls within the jurisdiction of a single governmental authority. For example, it is believed that more than 50% of the processing power on the Bitcoin Network at one time was located in China. Because the Chinese government has subjected digital assets to heightened levels of scrutiny recently, forcing several digital asset trading platforms to shut down and has begun to crack down on mining activities, there is a risk that the Chinese government could also achieve control over more than 50% of the processing power on the Bitcoin Network. To the extent that the bitcoin ecosystem, including the core developers and the administrators of mining pools, do not act to ensure greater decentralization of mining processing power, the feasibility of a malicious actor obtaining control of the processing power on the Bitcoin Network will increase, which may adversely affect the NAV of LBIT and an investment in the Units.

*Control of Developers* – A malicious actor may also obtain control over the Bitcoin Network or Ethereum Network through its influence over core or influential developers. For example, this could allow the malicious actor to block legitimate network development efforts or attempt to introduce malicious code to the network under the guise of a software improvement proposal by such a developer. Any actual or perceived harm to the Bitcoin Network or Ethereum Network as a result of such an attack could result in a loss of confidence in the source code or cryptography underlying the Bitcoin Network or Ethereum Network, which could negatively impact the demand for bitcoin or Ether and therefore adversely affect the NAV of the applicable Evolve Fund and an investment in the Units.

*Increased Regulation of Bitcoin and Ether Risk* - The regulation of bitcoin and Ether (globally) continues to evolve any may restrict the use of bitcoin and Ether or otherwise impact the demand for bitcoin and Ether in the future. While the regulation of Bitcoin and Ethereum continues to evolve, the Manager believes that it is unlikely that a hostile regulatory environment will develop rather, the Manager believes that such processes will bring about innovation and increased protections for bitcoin and Ether users. The Manager uses all reasonable efforts to confirm that each bitcoin and Ether trading platform and institutional liquidity provider from which the applicable Underlying Fund may purchase bitcoin or Ether, as applicable, has adopted KYC procedures which reflect industry requirements and best practices, as applicable, to seek to ensure compliance with securities and AML regulation requirements which apply generally in the jurisdictions where they carry on business.

*Faulty Code* – In the past, flaws in the source code for digital assets have been exposed and exploited, including those that exposed users’ personal information and/or resulted in the theft of users’ digital assets. Several errors and defects have been publicly found and corrected, including those that disabled some functionality for users and exposed users’ personal information. Discovery of flaws in, or exploitations of, the source code that allow malicious actors to take or



create money in contravention of known network rules have occurred. In addition, the cryptography underlying bitcoin and Ether could prove to be flawed or ineffective, or developments in mathematics and/or technology, including advances in digital computing, algebraic geometry and quantum computing, could result in such cryptography becoming ineffective. In any of these circumstances, a malicious actor may be able to steal an Evolve Fund's bitcoin or Ether, as applicable, which would adversely affect an investment in the Units. Even if the affected digital asset is not bitcoin or Ether, any reduction in confidence in the source code or cryptography underlying digital assets generally could negatively impact the demand for bitcoin or Ether and therefore adversely affect the NAV of the applicable Evolve Fund and an investment in the Units.

*Network Development and Support* – The Bitcoin Network and the Ethereum Network each operate based on open-source protocol maintained by a group of core developers. As the Bitcoin Network and the Ethereum Network protocols are each not sold and their use does not generate revenues for development teams, core developers may not be directly compensated for maintaining and updating the Bitcoin Network or Ethereum Network protocols. Consequently, developers may lack a financial incentive to maintain or develop each network, and the core developers may lack the resources to adequately address emerging issues with either network. There can be no guarantee that developer support will continue or be sufficient in the future. Additionally, some development and developers are funded by companies whose interests may be at odds with other participants in each network or with the Evolve Funds. To the extent that material issues arise with the Bitcoin Network or Ethereum Network protocols and the core developers and open-source contributors are unable or unwilling to address the issues adequately or in a timely manner, the Bitcoin Network, the Ethereum Network, the NAV of the applicable Evolve Fund and an investment in the Units may be adversely affected.

*Network Governance* – Governance of decentralized networks, such as the Bitcoin Network or the Ethereum Network, is achieved through voluntary consensus and open competition. In other words, bitcoin and Ether have no central decision-making body or clear manner in which participants can come to an agreement other than through overwhelming consensus. The lack of clarity on governance may adversely affect bitcoin or Ether's utility and ability to grow and face challenges, both of which may require solutions and directed effort to overcome problems, especially long-term problems. For example, a seemingly simple technical issue once divided the bitcoin community: namely, whether to increase the block size of the blockchain or implement another change to increase the scalability of bitcoin, known as "segregated witness", and help it continue to grow. See "Risk Factors Relating to Bitcoin and Ether – Scaling Obstacles".

Should a lack of clarity in bitcoin or Ether's network governance slow the network's development and growth, the NAV of the applicable Evolve Fund and the value of the Units may be adversely affected.

*Network Forks* – Bitcoin and Ether software is open source, meaning that any user can download the software, modify it and then propose that the users and miners of bitcoin or Ether adopt the modification. When a modification is introduced and a substantial majority of users and miners consent to the modification, the change is implemented and the Bitcoin Network or Ethereum Network remains uninterrupted. However, if less than a substantial majority of users and miners consent to the proposed modification, and the modification is not compatible with the software prior to its modification, the result is a so-called "fork" of the network. In other words, two incompatible networks would then exist: (1) one network running the pre-modified software and (2) another network running the modified software. The effect of such a fork would be the existence of two versions of bitcoin or Ether running in parallel, yet lacking interchangeability.

Forks occur for a variety of reasons and have occurred with Ether as well as other cryptocurrencies. First, forks may occur after a significant security breach. For example, in 2016, a smart contract using the Ethereum Network was hacked by an anonymous hacker, who syphoned approximately \$50 million worth of Ether held by the DAO, a distributed autonomous organization, into a segregated account. As a result of this event, most participants in the Ether ecosystem elected to adopt a proposed fork designed to effectively reverse the hack. However, a minority of users continued to develop the old blockchain, now referred to as "Ethereum Classic", with the digital asset on that blockchain now referred to as classic Ether or Ether. Classic Ether remains traded on several digital asset exchanges.

Second, forks could be introduced by an unintentional, unanticipated software flaw in the multiple versions of otherwise compatible software users run. Such a fork could adversely affect the digital asset's viability. It is possible, however, that a substantial number of users and miners could adopt an incompatible version of the digital asset while resisting community-led efforts to merge the two chains. This would result in a permanent fork, as in the case of the Ethereum Network and Ethereum Classic, as detailed above. If a permanent fork were to occur, then an Underlying Fund could hold amounts of both bitcoin or Ether, as applicable, and the new alternative. As described below, the Underlying Funds will hold bitcoin or Ether, as applicable, the new alternative, or both, based on the Manager's sole

discretion as to whether the new alternative is an appropriate medium for investment. The Manager will retain full discretion as it relates to the handling of forks.

Third, forks may occur as a result of disagreement among network participants as to whether a proposed modification to the network should be accepted. For example, in July 2017, bitcoin “forked” into bitcoin and a new digital asset, Bitcoin Cash, as a result of a several-year dispute over how to increase the rate of transactions that the Bitcoin Network can process. Since then, bitcoin has been forked several times to launch new digital assets, such as Bitcoin Gold, Bitcoin Silver and Bitcoin Diamond.

Furthermore, certain forks can introduce new security risks. For example, when the Ethereum Network and Ethereum Classic split in July 2016, “replay attacks” (i.e., attacks in which transactions from one network were rebroadcast to nefarious effect on the other network) plagued digital asset trading platforms for a period of at least a few months.

Another possible result of a hard fork is an inherent decrease in the level of security. After a hard fork, it may become easier for an individual miner or mining pool’s hashing power to exceed 50% of the processing power of the digital asset network, thereby making digital assets that rely on proof of work more susceptible to attack. See “Risk Factors – Risk Factors Relating to Bitcoin and Ether – Malicious Attacks on the Network”.

If bitcoin or Ether were to fork into two digital assets, the applicable Underlying Fund would be expected to hold an equivalent amount of bitcoin or Ether and the new asset following the hard fork. However, an Underlying Fund may not be able, or it may not be practical, to secure or realize the economic benefit of the new asset for various reasons. For instance, a sub-custodian or a security service provider may not agree to provide a fund access to the new asset. In addition, an Underlying Fund may determine that there is no safe or practical way to custody the new asset, or that trying to do so may pose an unacceptable risk to an Underlying Fund’s holdings in bitcoin or Ether, as applicable, or that the costs of taking possession and/or maintaining ownership of the new digital asset exceed the benefits of owning the new digital asset.

The timing of any such occurrence is uncertain, and the Manager has sole discretion whether to claim a new asset created through a fork of the Bitcoin Network or Ethereum Network, subject to certain restrictions that may be put in place by the Underlying Funds’ service providers.

Forks in the Bitcoin Network or Ethereum Network could adversely affect the NAV of the applicable Evolve Fund and an investment in the Units or the ability of the applicable Evolve Fund or Underlying Fund to operate. Additionally, laws, regulation or other factors may prevent the Underlying Funds and the Evolve Funds from benefitting from the new asset even if there is a safe and practical way to custody and secure the new asset. For example, it may be illegal for an Underlying Fund to sell the new asset, or there may not be a suitable market into which an Underlying Fund can sell the new asset (either immediately after the fork or ever).

*Air Drops* – Bitcoin and Ether, similar to other cryptocurrencies, may become subject to an occurrence similar to a fork, which is known as an “air drop”. In an air drop, the promoters of a new digital asset announce to holders of another digital asset that they will be entitled to claim a certain amount of the new digital asset for free. For the same reasons as described above with respect to hard forks, an Underlying Fund may or may not choose, or be able, to participate in an air drop, or may or may not be able to realize the economic benefits of holding the new digital asset. The timing of any such occurrence is uncertain, and the Manager has sole discretion whether to claim a new asset created through an air drop.

*Intellectual Property* – Code underlying the Bitcoin Network and the Ethereum Network is available under open source licenses and as such the code is generally open to use by the public. Additionally, according to publicly available United States Patent and Trademark Office and United States Copyright Office databases and the Canadian Intellectual Property Office, the Bitcoin Foundation (a not-for profit foundation that promotes the reputation and development of bitcoin) does not own any issued patents or registered copyrights in the United States or Canada in connection with the code relating to bitcoin. Moreover, the Bitcoin Foundation has indicated interest in preserving “bitcoin” as a generic term. Nonetheless, other third parties may assert intellectual property claims relating to the holding and transfer of bitcoin or Ether and their respective source codes. Regardless of the merit of any intellectual property or other legal action, any threatened action that reduces confidence in long-term viability or the ability of end-users to hold and transfer bitcoin or Ether may adversely affect the NAV of the applicable Evolve Fund and an investment in the Units. Additionally, a meritorious intellectual property claim could prevent an Underlying Fund and other end-users from accessing, holding, or transferring bitcoin or Ether, as applicable, which could force the liquidation of the applicable Underlying Fund’s holdings of bitcoin or Ether (if such liquidation is possible). As a result, an intellectual property claim against an Underlying Fund or other large Bitcoin Network or Ethereum Network participants could adversely affect the NAV of the applicable Evolve Fund and an investment in the Units.

*Mining Incentives* – Both the Bitcoin and Ethereum networks rely on incentives to maintain their security and operation. On the Bitcoin Network, miners earn rewards from newly created bitcoins (currently 3.125 BTC per block after the April 2024 halving) and transaction fees. On the Ethereum Network, which uses a Proof of Stake system, validators earn rewards through transaction fees and network-issued Ether. If these incentives are insufficient to cover operating costs, miners or validators may cease participation, reducing the security and efficiency of the networks. A significant decline in participation could slow transaction confirmations, increase vulnerability to malicious actors, and undermine confidence in the networks, which could negatively impact the NAV of the applicable Evolve Fund.

*Mining and Validator Collusion* – Miners on the Bitcoin Network and validators on the Ethereum Network, functioning in their respective transaction confirmation capacities, collect fees for each transaction they confirm. Miners validate unconfirmed transactions by adding them to new blocks in the Bitcoin blockchain, while validators propose and attest to new blocks on the Ethereum blockchain. Neither miners nor validators are forced to confirm any specific transaction, but they are economically incentivized to confirm valid transactions as a means of collecting fees. Historically, miners and validators have accepted relatively low transaction confirmation fees. If miners collude in an anticompetitive manner to reject low transaction fees on the Bitcoin Network, or if validators collude similarly on the Ethereum Network, users of either network could be forced to pay higher fees. This could result in reduced confidence in, and use of, the Bitcoin Network or the Ethereum Network. Any collusion among miners or validators may adversely impact the attractiveness of these networks, and may negatively impact the NAV of the applicable Evolve Fund and an investment in the Units or the ability of an Underlying Fund to operate.

*Competitors to Bitcoin, Ether and the Ethereum Network* – A competitor to bitcoin or Ether which gains popularity and greater market share may precipitate a reduction in demand, use and price of bitcoin or Ether, which may adversely impact the NAV of the applicable Evolve Fund and an investment in the Units. Similarly, bitcoin, Ether and the price of bitcoin or Ether could be reduced by competition from incumbents in the credit card and payments industries, which may adversely impact the NAV of the applicable Evolve Fund and an investment in the Units.

While the Ethereum Network stands today as the most-used developer blockchain, there could be other Layer 1 protocols that emerge, and potentially overtake, the Ethereum Network as the blockchain of choice for developers, thereby negatively impacting the network's usage and activity and Ether's price.

*Significant Energy Consumption to Run the Bitcoin Network* – Mining bitcoin requires significant computing power and the Bitcoin Network's energy consumption may be deemed to be, or indeed become, unsustainable (barring improvements in efficiency which could be designed for each protocol). This could pose a risk to broader and sustained acceptance of the Bitcoin as a peer-to-peer transactional platform, which may adversely impact the NAV of the applicable Evolve Fund and an investment in the Units.

*Unregulated Market Venues* – The venues through which bitcoin, Ether and other digital assets trade are new and, in many cases, largely unregulated. Furthermore, many such venues, including digital asset platforms and over-the-counter market venues, do not provide the public with significant information regarding their ownership structure, management teams, corporate practices or regulatory compliance. As a result, the marketplace may lose confidence in, or may experience problems relating to, these venues. These market venues may impose daily, weekly, monthly or customer-specific transaction or withdrawal limits or suspend withdrawals entirely, rendering the exchange of bitcoin or Ether for fiat currency difficult or impossible. Participation in these market venues requires users to take on credit risk by transferring bitcoin or Ether from a personal account to a third party's account.

Over the past several years, a number of digital asset trading platforms have been closed due to fraud, failure or security breaches. In many of these instances, the customers of such digital asset trading platforms were not compensated or made whole for the partial or complete losses of their account balances in such digital asset trading platforms. While smaller digital asset trading platforms are less likely to have the infrastructure and capitalization that make larger digital asset trading platforms more stable, larger digital asset trading platforms are more likely to be appealing targets for hackers and "malware" (i.e., software used or programmed by attackers to disrupt computer operation, gather sensitive information or gain access to private computer systems).

Furthermore, many digital asset trading platforms lack certain safeguards put in place by more traditional exchanges to enhance the stability of trading on the platform and prevent flash crashes, such as limit-down circuit breakers. As a result, the prices of digital assets such as bitcoin or Ether on digital asset trading platforms may be subject to larger and/or more frequent sudden declines than assets traded on more traditional exchanges.

A lack of stability in digital asset trading platforms, manipulation of bitcoin and Ether markets by digital asset trading platform customers and/or the closure or temporary shutdown of such platforms due to fraud, business failure, hackers or malware, or government-mandated regulation may reduce confidence in bitcoin or Ether generally and result in greater volatility in the market price of bitcoin or Ether. Furthermore, the closure or temporary shutdown of a digital

asset trading platform may impact an Evolve Fund's ability to determine the value of its bitcoin or Ether holdings or to purchase or sell bitcoin or Ether, as applicable. These potential consequences of a bitcoin or Ether trading platform's failure or failure to prevent market manipulation could adversely affect the NAV of the applicable Evolve Fund and an investment in the Units.

*Liquidity Constraints on Digital Asset Trading Platforms* – While the liquidity and traded volume of bitcoin and Ether are continually growing, it is still a maturing asset. Each Evolve Fund's Underlying Fund may not always be able to acquire or liquidate its assets at a desired price. It may become difficult to execute a trade at a specific price when there is a relatively small volume of buy and sell orders in the marketplace, including on digital asset trading platforms. When transacting in the bitcoin or Ether markets, as applicable, each Evolve Fund's Underlying Fund will be competing for liquidity with other large investors, including speculators, miners, other investment funds and institutional investors.

Unexpected market illiquidity, and other conditions beyond the Manager's control, may cause major losses to the holders of a cryptocurrency or digital asset, including bitcoin and Ether. The large position in bitcoin or Ether, as applicable, that each Evolve Fund's Underlying Fund may acquire increases the risks of illiquidity by making its bitcoin or Ether, as applicable, difficult to liquidate. In addition, liquidation of significant amounts of bitcoin or Ether, as applicable, by each Evolve Fund's Underlying Fund may impact the market price of bitcoin or Ether, as applicable.

*Risks of Political or Economic Crises* – Political or economic crises may motivate large-scale sales of bitcoin, Ether and other cryptocurrencies, which could result in a reduction in the price of bitcoin or Ether and adversely affect the NAV of the applicable Evolve Fund and an investment in the Units. As an alternative to fiat currencies that are backed by central governments, cryptocurrencies, such as bitcoin and Ether, which are relatively new, are subject to supply and demand forces based upon the desirability of an alternative, decentralized means of buying and selling goods and services, and it is unclear how such supply and demand will be affected by geopolitical events. Nevertheless, political or economic crises may motivate large-scale acquisitions or sales of bitcoin or Ether either globally or locally. Large-scale sales of bitcoin or Ether would result in a reduction in the price and adversely affect the NAV of the applicable Evolve Fund and an investment in the Units.

*Banking Services* – A number of companies that provide bitcoin-related or Ether-related services have been unable to find banks that are willing to provide them with bank accounts and banking services. Similarly, a number of such companies have had their existing bank accounts closed by their banks. Banks may refuse to provide bank accounts and other banking services to bitcoin-related or Ether-related companies or companies that accept bitcoin or Ether for a number of reasons, such as perceived compliance risks or costs. The difficulty that many businesses that provide bitcoin-related or Ether-related services have and may continue to have in finding banks willing to provide them with bank accounts and other banking services may be currently decreasing the usefulness of bitcoin or Ether as a payment system and harming public perception of bitcoin or Ether or could decrease its usefulness and harm its public perception in the future. Similarly, the usefulness of bitcoin or Ether as a payment system and the public perception of bitcoin or Ether could be damaged if banks were to close the accounts of many or of a few key businesses providing bitcoin-related or Ether-related services. This could decrease the value of the digital assets held by the Underlying Funds and therefore adversely affect the NAV of the applicable Evolve Fund and an investment in the Units.

*Insurance* – Neither the Evolve Funds nor the Custodian will maintain insurance against risk of loss of bitcoin or Ether, as applicable, indirectly held by an Evolve Fund, as such insurance is not currently available in Canada on economically reasonable terms, however, the sub-custodian of each Underlying Fund maintains commercial crime insurance in respect of the bitcoin and Ether held by it. Each Evolve Fund's underlying fund's bitcoin and Ether, as applicable, will be held in cold storage vaults only.

*Technological Change* – Large holders of bitcoin and Ether as well as bitcoin and Ether trading platforms must adapt to technological change in order to secure and safeguard client accounts. The ability of the Underlying Funds' custodians to safeguard the bitcoin and Ether, as applicable, that the Underlying Funds hold from theft, loss, destruction or other issues relating to hackers and technological attack is based upon known technology and threats. As technological change occurs, such threats will likely adapt, and previously unknown threats may emerge. Furthermore, the Underlying Funds may become a more appealing target of security threats as the size of the Underlying Funds' bitcoin or Ether holdings grows. If the Manager, the Underlying Funds or the Underlying Funds' custodian is unable to identify and mitigate or stop new security threats, the Underlying Funds' bitcoin or Ether, as applicable, may be subject to theft, loss, destruction or other attack, which could have an indirect negative impact on the performance of the Units of the Evolve Funds or result in loss of the applicable Underlying Fund's assets.

*Effects of Blockchain Analytics* – Bitcoin and Ether each utilize a public blockchain on which all transactions are publicly viewable and contain certain information about the transaction, such as the public wallet addresses and amounts involved. Accordingly, individual bitcoin and Ether can each be traced through statistical analysis, big data and by imposing an accounting convention such as “last in, first out” or “first in, first out”. These methods are commonly referred to as “blockchain analytics”. The fact that blockchain analytics can be performed implies that bitcoin and Ether are not perfectly fungible because prospective purchasers can theoretically discriminate against bitcoin or Ether by making certain assumptions about their particular transaction history in light of any legal risks associated with holding “tainted” currency, as the legal framework protecting fungibility of government-issued currency does not clearly apply to bitcoin or Ether. Potential risks include (i) a holder being exposed to conversion tort liability if bitcoin or Ether were previously stolen or (ii) a digital asset trading platform refusing to exchange the bitcoin or Ether for government-issued currency on anti-money laundering or economic sanctions grounds. These concerns are exacerbated by the publication of bitcoin and Ethereum Network address “blacklists”, such as the one published by the U.S. Treasury’s Office of Foreign Assets Control (OFAC).

Though the market currently does not apply discounts or premia to bitcoin or Ether in this manner, if the risks noted above, or similar risks, begin to materialize, then blockchain analytics could lead to disruptions in the market. For example, if a digital asset trading platform begins to discriminate based on transaction history, individual units of another bitcoin or Ether could begin to have disparate value, possibly based on “grades” that are calculated based on factors such as age, transaction history and/or relative distance from flagged transactions or blacklisted addresses. Such developments could become a substantial limiting factor on the usefulness of a bitcoin or Ether as a currency, and serve to reduce the value of, or restrict the applicable Underlying Fund’s ability to liquidate, bitcoin or Ether, as applicable, held in its portfolio.

*Bans or Prohibitions Affecting Bitcoin and Ether* – Digital assets including bitcoin and Ether currently face an uncertain regulatory landscape in many jurisdictions. Various foreign jurisdictions may, in the near future, adopt laws, regulations or directives that affect bitcoin, Ether and other digital assets. Such laws, regulations or directives may conflict with those of Canada or the United States and may negatively impact the acceptance of bitcoin or Ether by users, merchants and service providers in such jurisdictions and may therefore impede the growth or sustainability of the digital asset economy or otherwise negatively affect the value of bitcoin or Ether and therefore the value of the Units.

Additionally, regulators and legislatures have taken action against digital asset businesses or enacted restrictive regimes in response to adverse publicity arising from hacks, consumer harm, or criminal activity stemming from digital asset activity. Furthermore, it has been reported that certain South Korean digital asset trading platforms have experienced cybersecurity attacks by North Korean state actors with the intent of stealing digital assets. Cybersecurity attacks by state actors, particularly for the purpose of evading international economic sanctions, are likely to attract additional regulatory scrutiny to the acquisition, ownership, sale and use of digital assets, including bitcoin and Ether. Such adverse publicity or regulatory scrutiny could adversely affect the value of bitcoin or Ether, and therefore the value of the Units.

*Control of Outstanding Ether* – The founders of the Ethereum Network may control large amounts of Ether. There are several digital asset trading platforms that have large holdings of Ether, which can be found at: <https://etherscan.io/accounts>. Where there appear to be a few concentrated holders of Ether based on individual addresses, some holders may have their Ether spread across multiple addresses.

*Significant Increase in Ether or the Ethereum Network Use* – One of the most contentious issues within the Ethereum Network community has been around how to scale the network as user demand continues to rise. It will be important for the community to continue to develop at a pace that meets the demand for transacting in Ether and on the Ethereum Network, otherwise users may become frustrated and lose faith in the network, which may in turn adversely affect the NAV per Unit of LETH and/or lead to volatile NAV per Unit for LETH. As a decentralized network, strong consensus and unity is particularly important for the Ethereum Network to respond to potential growth and scalability challenges.

## **Risks Relating to an Investment in the Evolve Funds**

### *General Risks of Investments*

The value of the underlying securities of the Evolve Funds, whether held directly or indirectly, may fluctuate in accordance with changes in the financial condition of the issuers of those underlying securities, the condition of equity and currency markets generally and other factors.

The risks inherent in investments in equity or debt securities, whether held directly or indirectly, include the risk that the financial condition of the issuers of the securities may become impaired or that the general condition of the stock market may deteriorate. Equity and debt securities are susceptible to general stock market fluctuations and the financial condition of the issuer. These investor perceptions are based on various and unpredictable factors, including expectations regarding government, economic, monetary and fiscal policies, inflation and interest rates, economic expansion or contraction and global or regional political, economic and banking crises.

*Possible Loss of Investment*

An investment in the Evolve Funds is appropriate only for investors who have the capacity to absorb a loss on their investment.

*No Guarantee of a Return on Investment*

There is no guarantee that an investment in Units will earn any positive return in the short- or long-term as the NAV of the Evolve Funds will generally fluctuate with the price of bitcoin or Ether, as applicable, and no interest or dividends will be earned on the bitcoin or Ether, as applicable, that is indirectly owned by the Evolve Funds.

*Risks Related to Passive Investments*

An investment in the Units should be made with an understanding that the NAV of the Evolve Funds will generally fluctuate in accordance with the price of bitcoin based on the BRR or in accordance with the price of Ether based on the ETHUSD\_RR. Because it is each of the Evolve Fund's objective to indirectly invest in bitcoin or Ether, as applicable, on a passive basis, each Evolve Fund's holdings will not be actively managed and accordingly, will not be hedged or repositioned to attempt to take defensive positions if the price of bitcoin or Ether, as applicable, declines or is expected to decline. LBIT will invest substantially all of its assets in an Underlying Fund that holds bitcoin and LETH will invest substantially all of its assets in an Underlying Fund that holds Ether.

*Concentration Risk*

The Evolve Funds' investment objectives are to provide Unitholders exposure to either bitcoin or Ether, as applicable, through investment in the Underlying Funds, as applicable, and the Evolve Funds are not expected to have exposure to any other investments or assets. Other than cash or cash equivalents, the Evolve Funds will invest substantially all of their assets in the applicable Underlying Fund. The NAV of each Evolve Fund may be more volatile than the value of a more broadly diversified portfolio or investment fund and may fluctuate substantially over short period of time. This may have negative impact on the NAV of each Evolve Fund.

*Reliance on the Manager*

Unitholders will be dependent on the abilities of the Manager to effectively administer the affairs and implement the investment objective and strategy of the Evolve Funds. There is no certainty that the individuals who are principally responsible for providing administration and portfolio management services to the Evolve Funds will continue to be employed by the Manager.

*Liquidity Risk*

On any Trading Day, Unitholders may redeem Units, in any number, for cash at a redemption price per Unit equal to 95% of the closing price for the Units on the Designated Exchange on the effective day of the redemption, subject to certain conditions. To fund the payment of the redemption price for the Evolve Funds, the Underlying Funds may dispose of bitcoin or Ether, as applicable. The ability of the Underlying Funds to so dispose of bitcoin or Ether may be restricted by an event beyond their control, such as wars, interference by civil or military authorities, civil insurrections, local or national emergencies, blockades, seizures, riots, sabotage, vandalism, terrorism, storms, earthquakes, floods or nuclear or other explosions, or unexpected market illiquidity. During such events, the Evolve Funds may experience a delay in the receipt of the proceeds of disposition until such time as the Underlying Funds are able to dispose of bitcoin or Ether, as applicable, or may be able to do so only at prices which may not reflect the fair value of such investments.

### *No Direct Ownership Interest in Bitcoin or Ether*

An investment in Units does not constitute an investment by Unitholders in bitcoin, Ether or cash and cash equivalents, as applicable, included in the Underlying Funds' portfolios. Unitholders will not own bitcoin, Ether or cash or cash equivalents, as applicable, held by the Underlying Funds of the Evolve Funds.

### *Other Bitcoin or Ether Investment Funds*

The Evolve Funds will compete with other current and future financial vehicles and investment funds that offer economic exposure to the price of bitcoin or Ether, as applicable. Such competitors may invest in bitcoin or Ether, including through securities backed by or linked to bitcoin or Ether, such as exchange-traded products (ETPs). Other competitors may invest in derivative financial products, which utilize bitcoin or Ether as the underlying asset. Market and financial conditions, and other conditions beyond the Evolve Funds' control, may make it more attractive for investors to redeem or sell Units of the Evolve Funds in order to invest in other such financial vehicles, which could adversely affect Unitholders who continue to hold the Units. Furthermore, more attractive investment products not currently on the market could develop, which may also lead to investors redeeming or selling their Units.

If other financial vehicles or investment funds tracking the price of bitcoin or Ether are formed and come to represent a significant proportion of the demand for bitcoin or Ether, large redemptions of the securities of such competitors could result in large scale bitcoin or Ether liquidations. This could, in turn, negatively affect bitcoin or Ether prices, the Evolve Funds' holdings of bitcoin or Ether, as applicable, and the NAV of each Evolve Fund. In addition, these financial vehicles and other entities with substantial holdings in bitcoin or Ether may engage in large-scale hedging, sales or distributions which could also negatively impact the NAV of each Evolve Fund. See "Risks Relating to an Investment in the Evolve Funds – Large-Scale Sales or Distributions".

### *Large-Scale Sales or Distributions*

Some entities hold large amounts of bitcoin or Ether relative to other market participants, and to the extent such entities engage in large-scale hedging, sales or distributions on nonmarket terms, or sales in the ordinary course, it could result in a reduction in the price of bitcoin or Ether and adversely affect the NAV of each Evolve Fund and an investment in the Units. Additionally, political or economic crises may motivate large-scale acquisitions or sales of such digital assets, including bitcoin or Ether, either globally or locally. Such large-scale sales or distributions could result in selling pressure that may reduce the price of bitcoin or Ether and adversely affect the NAV of each Evolve Fund and an investment in the Units.

### *Trading Price of Units*

Units may trade in the market at a significant premium or a significant discount to the NAV per Unit. Despite the investment objectives of each Evolve Fund, there can be no assurance or guarantee that Units will trade at prices that reflect their NAV per Unit. The trading price of the Units will fluctuate in accordance with changes in each Evolve Fund's NAV, as well as market supply and demand on the Designated Exchange and the ability of the Designated Broker and Dealers to create and redeem PNU (which may also depend on the number of Units qualified for issuance under this prospectus at any time).

### *Exchange Rate Risk*

Changes in foreign currency exchange rates may affect the NAV of the Evolve Funds to the extent it holds investments denominated in currencies other than the Canadian dollar. The CAD Units of the Evolve Funds are denominated in Canadian dollars. The USD Units of the Evolve Funds are denominated in United States dollars. As a portion of each Evolve Funds' portfolio may be invested in securities traded in foreign currencies, the NAV, when measured in Canadian dollars, will be affected by changes in the value of the foreign currencies relative to the Canadian dollar.

### *Underlying Fund Risk*

The securities of Underlying Funds in which certain Evolve Funds invest, whether directly or indirectly, may trade below, at or above their respective NAVs per security. The NAV per security will fluctuate with changes in the market value of that investment fund's holdings. The trading prices of the securities of those investment funds will fluctuate in accordance with changes in the applicable fund's NAV per security, as well as market supply and demand on the stock exchanges on which those funds are listed.

If an Evolve Fund purchases a security of an underlying investment fund at a time when the market price of that security is at a premium to the NAV per security or sells a security at a time when the market price of that security is at a discount to the NAV per security, the Evolve Fund may sustain a loss.

#### *Fluctuations in NAV and NAV per Unit*

The NAV and NAV per Unit of each Evolve Fund will vary according to, among other things, the value of the bitcoin or Ether, as applicable, held by each Evolve Fund. The Manager and the Evolve Funds have no control over the factors that affect the value of the bitcoin or Ether, as applicable, held by the Evolve Funds.

#### *Changes in Legislation*

There can be no assurance that income tax, securities and other laws will not be changed in a manner that adversely affects the Evolve Funds or the Unitholders. There can be no assurance that Canadian federal income tax laws and the administrative policies and assessing practices of the CRA respecting the treatment of mutual fund trusts, SIFT trusts or an investment in a non-resident trust will not be changed in a manner that adversely affects the Evolve Funds or the Unitholders.

#### *Use of Leverage*

Leverage occurs when the Evolve Fund's exposure to underlying assets is greater than the Evolve Fund's net asset value. It is an investment technique that can magnify gains and losses. Leverage should cause the Evolve Fund to lose more money in market environments adverse to its investment objective than an exchange traded fund that does not employ leverage. Using leverage involves special risks and should be considered to be speculative.

Leverage may increase volatility, may impair the Evolve Fund's liquidity and may cause it to liquidate positions at unfavourable times. In accordance with applicable securities legislation, as an alternative mutual fund, the Evolve Fund is subject to a gross aggregate exposure limit of 300% of its NAV which is calculated by adding together the market value of its short positions and the value of any outstanding cash borrowing.

This leverage calculation must be determined on a daily basis. However, and notwithstanding such permitted legislative limits, in accordance with their investment objectives, the Evolve Fund's aggregate leverage will not generally exceed approximately 25% of NAV.

#### *Securities Lending Risk*

The Evolve Funds are authorized to enter into securities lending, repurchase and reverse repurchase transactions in accordance with NI 81-102. In a securities lending transaction, an Evolve Fund lends its portfolio securities through an authorized agent to another party (often called a "**Counterparty**") and receives a negotiated fee and a required percentage of acceptable collateral (equal to or greater than 102%). The following are some examples of the risks associated with securities lending transactions:

- when entering into securities lending transactions, an Evolve Fund is subject to the credit risk that the Counterparty may default under the agreement and the Evolve Fund would be forced to make a claim in order to recover its security, or its equivalent value;
- when recovering its security on default, an Evolve Fund could incur a loss if the value of the portfolio securities loaned (in a securities lending transaction) or sold (in a repurchase transaction) has increased in value relative to the value of the collateral held by the Evolve Fund; and
- similarly, an Evolve Fund could incur a loss if the value of the portfolio securities it has purchased (in a reverse repurchase transaction) decreases below the amount of cash paid by the Evolve Fund to the Counterparty.

The Evolve Funds may engage in securities lending from time to time. When engaging in securities lending, an Evolve Fund will receive collateral in excess of the value of the securities loaned, and although such collateral is marked to market, the Evolve Fund may be exposed to the risk of loss should a borrower default on its obligations to return the borrowed securities and the collateral is insufficient to reconstitute the portfolio of loaned securities.

#### *Risk of Suspended Subscriptions Risk*

To meet its investment objective, the Evolve Funds borrow cash from the Prime Broker to purchase additional equity investments. If an Evolve Fund experiences a significant increase in total NAV, the Prime Broker may be unwilling



to lend additional cash to the Evolve Fund and as a result, the Manager may, at its sole discretion and if determined to be in the best interests of Unitholders, decide to suspend subscriptions for new Units if considered necessary or desirable in order to permit the Evolve Fund to achieve, or continue to achieve, its investment objectives. During a period of suspended subscriptions, if any, investors should note that Units of an Evolve Fund are expected to trade at a premium or substantial premium to the Evolve Fund's NAV. During such periods, investors are strongly discouraged from purchasing Units of the Evolve Fund on a stock exchange. Any suspension of subscriptions or resumption of subscriptions will be announced by press release and announced on the Manager's website.

#### *Taxation of the Evolve Funds*

It is anticipated that each Evolve Fund will qualify, or will be deemed to qualify, at all times, as a "mutual fund trust" within the meaning of the Tax Act. For an Evolve Fund to qualify as a "mutual fund trust", it must comply on a continuous basis with certain requirements relating to the qualification of its Units for distribution to the public, the number of Unitholders of the Evolve Fund and the dispersal of ownership of a particular class of its Units.

A trust will be deemed not to be a mutual fund trust if it is established or maintained primarily for the benefit of non-residents of Canada unless, at that time, all or substantially all of its property is property other than property that would be "taxable Canadian property" (if the definition of such term in the Tax Act were read without reference to paragraph (b) thereof). The law does not provide any means of rectifying a loss of mutual fund trust status if this requirement is not met. The Declaration of Trust for the Evolve Funds contains a restriction on the number of permitted non-resident Unitholders.

Each of the Evolve Funds is expected to meet all of the requirements to qualify as a "mutual fund trust" for the purposes of the Tax Act before the 91<sup>st</sup> day after the end of its first taxation year (determined without regard to any taxation year-end that may be deemed to occur for other purposes under the rules in the Tax Act relating to "loss restriction events"). Assuming an Evolve Fund meets these requirements before such day, the Evolve Fund will file an election to qualify as a mutual fund trust from its inception.

If an Evolve Fund does not qualify as a mutual fund trust or were to cease to so qualify, the income tax considerations as described under "Income Tax Considerations" would in some respects be materially and adversely different in respect of that Evolve Fund. For example, if an Evolve Fund does not qualify as a "mutual fund trust" within the meaning of the Tax Act throughout a taxation year, that Evolve Fund may be liable to pay tax under Part XII.2 of the Tax Act and would not be entitled to the Capital Gains Refund (as defined herein). In addition, if an Evolve Fund does not qualify as a mutual fund trust, it may be subject to the "mark-to-market" rules under the Tax Act if more than 50% of the fair market value of its Units are held by "financial institutions", within the meaning of the Tax Act.

The tax treatment of gains and losses realized by each Evolve Fund will depend on whether such gains or losses are treated as being on income or capital account, as described in this paragraph. Each Evolve Fund will make an election under subsection 39(4) of the Tax Act so that all securities held by the Evolve Fund that are "Canadian securities" (as defined in the Tax Act) are deemed to be capital property to the Evolve Fund. Such election will affect a disposition of securities by an Evolve Fund if, at the time of such disposition, the Evolve Fund is a mutual fund trust for purposes of the Tax Act or is not (i) a "financial institution" within the meaning of the Tax Act, or (ii) a trader or dealer in securities. Designations with respect to each Evolve Fund's income and capital gains will be made and reported to Unitholders on the foregoing basis. The CRA's practice is not to grant advance income tax rulings on the characterization of items as capital gains or income and no advance income tax ruling has been requested or obtained. If these foregoing dispositions or transactions of an Evolve Fund are determined not to be on capital account, the net income of the Evolve Fund for tax purposes and the taxable component of distributions to its Unitholders could increase. Any such redetermination by the CRA may result in an Evolve Fund being liable for unremitted withholding taxes on prior distributions made to its Unitholders who were not resident in Canada for purposes of the Tax Act at the time of the distribution. Such potential liability may reduce the NAV and NAV per Unit of that Evolve Fund.

In order to achieve its investment objectives, each Evolve Fund will invest in one or more Underlying Funds that invest directly in bitcoin or Ether, as applicable. The Manager expects that, in determining its income for tax purposes, each Underlying Fund will treat gains or losses realized on the disposition of bitcoin or Ether, as applicable, held by it as capital gains and losses. The CRA has stated that gains (or losses) of a taxpayer resulting from transactions in cryptocurrency (which includes bitcoin and Ether) should generally be treated for tax purposes as capital gains (or capital losses), unless the gains (or losses) result from carrying on a business or an adventure or concern in the nature of trade; however, the CRA has also stated that it generally treats cryptocurrency like a commodity for purposes of the Tax Act and that gains (or losses) of mutual fund trusts resulting from transactions in commodities should generally be treated for income tax purposes as ordinary income rather than as capital gains, although the treatment in each particular case remains a question of fact to be determined having regard to all the circumstances. In addition, bitcoin

and Ether may become subject to network forks and/or certain related occurrences such as air drops (See “Risk Factors – Risk Factors Relating to Bitcoin and Ether – Network Forks” and “Risk Factors – Risk Factors Relating to Bitcoin and Ether – Air Drops”). The tax treatment of forks, air drops and other occurrences affecting digital assets is subject to considerable uncertainty, and the CRA may disagree with positions taken by the Underlying Funds in this regard. If any transactions of an Underlying Fund in which an Evolve Fund invests are reported by it on capital account, but are subsequently determined by the CRA to be on income account, or if the CRA were to disagree with positions taken by the Underlying Fund in relation to forks, air drops or other occurrences affecting digital assets, there may be an increase in the net income of the Underlying Fund, which is generally automatically distributed by the Underlying Fund to its unitholders (including an Evolve Fund that invests in such Underlying Fund) under the terms of its declaration of trust at the Underlying Fund’s taxation year end; with the result that an Evolve Fund could be reassessed by the CRA to increase its taxable income by the amount of such increase. Any such redetermination by the CRA may result in an Evolve Fund being liable for unremitted withholding taxes on prior distributions made to its Unitholders who were not resident in Canada for purposes of the Tax Act at the time of the distribution. Such potential liability may reduce an Evolve Fund’s NAV and NAV per Unit.

Pursuant to rules in the Tax Act, if an Evolve Fund experiences a “loss restriction event” (i) it will be deemed to have a year-end for tax purposes (which would result in an unscheduled distribution of the Evolve Fund’s net income and net realized capital gains, if any, at such time to Unitholders so that the Evolve Fund is not liable for income tax on such amounts under Part I of the Tax Act), and (ii) it will become subject to the loss restriction rules generally applicable to a corporation that experiences an acquisition of control, including a deemed realization of any unrealized capital losses and restrictions on its ability to carry forward losses. Generally, an Evolve Fund will be subject to a loss restriction event if a Unitholder becomes a “majority-interest beneficiary”, or a group of persons becomes a “majority-interest group of beneficiaries”, of the Evolve Fund, as those terms are defined in the affiliated persons rules contained in the Tax Act, with certain modifications. Generally, a majority-interest beneficiary of an Evolve Fund is a beneficiary in the income or capital, as the case may be, of the Evolve Fund whose beneficial interests, together with the beneficial interests of persons and partnerships with whom the beneficiary is affiliated, have a fair market value that is greater than 50% of the fair market value of all the interests in the income or capital, as the case may be, of the Evolve Fund. Please see “Income Tax Considerations – Taxation of Holders” for the tax consequences of an unscheduled or other distribution to Unitholders.

The Tax Act contains rules (the “**SIFT Rules**”) concerning the taxation of publicly traded Canadian trusts and partnerships (i.e., “SIFT trusts” and “SIFT partnerships”) that own certain types of property defined as “non-portfolio property”. A trust that is subject to the SIFT Rules is subject to trust level taxation, at rates comparable to those that apply to corporations, on the trust’s income earned from “non-portfolio property” to the extent that such income is distributed to its unitholders. If an Evolve Fund is subject to tax under the SIFT Rules, the after-tax return to its Unitholders could be reduced, particularly for a Unitholder who is exempt from tax under the Tax Act or is a non-resident of Canada.

As part of the 2024 Federal Budget, the Department of Finance (Canada) announced that it would be engaging in a consultation on the qualified investment rules in the Tax Act, including with respect to whether crypto-backed assets are appropriate as qualified investments for Plans. Submissions for this consultation were open until July 15, 2024. It is the Manager’s understanding that several industry associations provided submissions on the continued appropriateness of crypto-backed assets (such as the Evolve Funds) as qualified investments for Plans; however, there can be no assurance that the Department of Finance (Canada) will agree with such submissions. Where a Plan acquires or holds a security that is not a qualified investment under the Tax Act for the Plan, adverse tax consequences may arise for the Plan and the annuitant, beneficiary, subscriber or holder thereof.

#### *Lack of Operating History and Absence of an Active Market*

The Evolve Funds are newly organized investment trusts with no operating history. Although each Evolve Fund may be listed on the Designated Exchange, there is no assurance that an active public market for the Units will develop or be sustained.

#### *Cease Trading of Units*

If issuers in the portfolios of each Evolve Fund are cease traded at any time by a Securities Regulatory Authority or other relevant regulator or stock exchange, the Manager may suspend the exchange or redemption of Units until such time as the transfer of the securities is permitted as described under “Purchases of Units – Suspension of Exchanges

and Redemptions”. As a result, when an Evolve Fund holds securities traded on an exchange or other organized market, that Evolve Fund bears the risk of cease trading orders against any securities held in its portfolio.

#### *Cyber Security Risk*

Cyber security risk is the risk of harm, loss and liability resulting from a failure or breach of information technology systems. Failures or breaches of the information technology systems (“**Cyber Security Incidents**”) can result from deliberate attacks or unintentional events and may arise from external or internal sources. Deliberate cyber attacks include, but are not limited to, gaining unauthorized access to digital systems (e.g., through “hacking” or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data, equipment or systems, or causing operational disruption. Deliberate cyber attacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users).

The primary risks to the Evolve Funds from the occurrence of a Cyber Security Incident include disruption in operations, reputational damage, disclosure of confidential information, the incurrence of regulatory penalties, additional compliance costs associated with corrective measures and/or financial loss. Cyber Security Incidents of an Evolve Fund’s third party service providers (e.g. administrators, transfer agents, custodians and sub-custodians) or issuers that an Evolve Fund invests in can also subject an Evolve Fund to many of the same risks associated with direct Cyber Security Incidents. The Evolve Funds and their Unitholders could be negatively impacted as a result.

#### *Service Providers are Not Fiduciaries*

The service providers, including custodians, that the Evolve Funds employ or may employ in the future are not trustees for, and owe no fiduciary duties to, the Evolve Funds or the Unitholders. In addition, service providers employed by the Evolve Funds have no duty to continue to act as a service provider to the Evolve Funds. Current or future service providers, including the custodians, can terminate their role for any reason whatsoever upon the notice period provided under the relevant agreement. A service provider may also be terminated by the Manager.

#### *Lack of Arbitrage Transactions*

If the processes of creation and redemption of Units of the Evolve Funds encounters any unanticipated difficulties, potential market participants, such as broker-dealers and their customers, who would otherwise be willing to purchase or redeem Units of the Evolve Funds to take advantage of any arbitrage opportunity arising from discrepancies between the price of the Units of the Evolve Funds and the price of the underlying bitcoin or Ether, as applicable, may not take the risk that, as a result of those difficulties, they may not be able to realize the profit they expect. If this is the case, the liquidity of the Units of each Evolve Fund may decline and the trading price of the Units of each Evolve Fund may fluctuate independently of the price of bitcoin or Ether, as applicable, and may fall or otherwise diverge from the NAV of the Units of each Evolve Fund.

#### *Operational Risk*

The Evolve Funds will depend on the Manager to develop the appropriate systems and procedures to control operational risk. Operational risks arising from mistakes made in the confirmation or settlement of transactions, from transactions not being properly booked, evaluated, or accounted for, or other similar disruption in the Evolve Funds’ operations may cause the Evolve Funds to suffer financial loss, the disruption of their business, liability to investors or third parties, regulatory intervention, or reputational damage. The Evolve Funds will rely heavily on the Manager and other service providers’ financial, accounting, IT infrastructure systems and services and other data processing systems and a failure by any one or more of them could result in losses to the Evolve Funds.

#### *Systems Risks*

The Evolve Funds will depend on the Manager to develop and implement appropriate systems for the Evolve Funds’ activities. The Evolve Funds will rely extensively on computer programs and systems to monitor its portfolio and net capital and to generate reports that are critical to the oversight of the Evolve Funds’ activities. In addition, certain of the operations of the Manager interface with or depend on systems operated by third parties, including market counterparties and other service providers, and the Evolve Funds or the Manager may not be in a position to verify the risks or reliability of such third-party systems. These programs or systems may be subject to certain defects, failures, or interruptions, including, but not limited to, those caused by worms, viruses, and power failures. Any such defect or failure could have a material adverse effect on the Evolve Funds.

### *Multi-Series Risk*

Each Evolve Fund offers more than one series of Units. If an Evolve Fund cannot pay the expenses or satisfy the obligations entered into by that Evolve Fund for the sole benefit of one of those series of Units using such series of an Evolve Fund's proportionate share of the assets, such Evolve Fund may have to pay those expenses or satisfy those obligations out of another series of Units' proportionate share of the assets, which would lower the investment return of such other series of Units. In addition, a creditor of an Evolve Fund may seek to satisfy its claim from the assets of such Evolve Fund as a whole, even though its claim or claims relate only to a particular series of Units.

### **Risk Rating of the Evolve Funds**

The investment risk level of each Evolve Fund is required to be determined in accordance with a standardized risk classification methodology that is based on the historical volatility of each Evolve Fund, as measured by the 10-year standard deviation of the returns of each Evolve Fund. As the Evolve Funds do not have at least 10 years of performance history, the Manager calculates the investment risk level of each Evolve Fund using a reference index that reasonably approximates the standard deviation of the Evolve Fund for the remainder of the 10-year period. Once the Evolve Funds have 10 years of performance history, the methodology will calculate the standard deviation of each Evolve Fund using the return history of the Evolve Fund rather than that of the reference index. The Evolve Funds are assigned an investment risk rating in one of the following categories: low, low to medium, medium, medium to high or high risk. There may be times when the classification methodology produces a result that the Manager believes is inappropriate in which case the Manager may re-classify an Evolve Fund to a higher risk level, if appropriate.

The following chart sets out a description of the reference index used for each Evolve Fund:

<b>Evolve Fund</b>	<b>Reference Index</b>
Evolve Levered Bitcoin ETF	CME CF Bitcoin Reference Rate
Evolve Levered Ether ETF	CME CF Ether-Dollar Reference Rate

**The Manager has assigned each Evolve Fund a risk rating of High. The risk rating does not necessarily correspond to an investor's risk tolerance assessment. Investors are advised to consult their financial advisor for advice regarding their personal circumstances.**

Unitholders should know that other types of risks, both measurable and non-measurable, exist. Also, just as historical performance may not be indicative of future returns, historical volatility may not be indicative of future volatility. The risk rating of each Evolve Fund is reviewed annually and any time it is no longer reasonable in the circumstances. A more detailed explanation of the risk classification methodology used to identify the risk rating of each Evolve Fund is available on request, at no cost, by calling toll-free 1-844-370-4884 or by writing to Evolve Funds Group Inc., Scotia Plaza, 40 King Street West, Suite 3404, Toronto, ON M5H 3Y2.

### **DISTRIBUTION POLICY**

It is not anticipated that the Evolve Funds will make cash distributions.

The amount of distributions, if any, will be based on the Manager's assessment of anticipated cash flow and anticipated expenses of the Evolve Funds from time to time. The date of any cash distribution of the Evolve Funds will be announced in advance by issuance of a press release. The Manager may, in its complete discretion, change the frequency of these distributions and any such change will be announced by issuance of a press release.

If, for any taxation year, after the ordinary distributions, if any, there remains in an Evolve Fund additional net income or net realized capital gains, such Evolve Fund will, after December 15 but on or before December 31 of that calendar year, be required to pay or make payable such net income and net realized capital gains as one or more special year-end distributions to Unitholders as is necessary to ensure that such Evolve Fund will not be liable for income tax on such amounts under Part I of the Tax Act (after taking into account all available deductions, credits and refunds). Such special distributions may be paid in the form of Units of the applicable class of the Evolve Fund and/or cash. Any special distributions payable in Units of a class of an Evolve Fund will increase the aggregate adjusted cost base of a Unitholder's Units of such class. Immediately following payment of such a special distribution in Units of a class, the number of Units of such class held by a Unitholder will be automatically consolidated such that the number of Units of such class held by the Unitholder after such distribution will be equal to the number of Units of such class held by

such Unitholder immediately prior to such distribution, except in the case of a non-resident Unitholder to the extent tax is required to be withheld in respect of the distribution.

The tax treatment to Unitholders of distributions is discussed under the heading “Income Tax Considerations”.

## **PURCHASES OF UNITS**

### **Initial Investment in the Evolve Funds**

An Evolve Fund will not issue Units to the public until subscriptions aggregating not less than \$500,000 have been received and accepted by an Evolve Fund from investors other than persons or companies related to the Manager or its affiliates.

### **Continuous Distribution**

Units are being issued and sold on a continuous basis and there is no maximum number of Units that may be issued.

### **Designated Broker**

All orders to purchase Units directly from an Evolve Fund must be placed by the Designated Broker or Dealers. The Evolve Funds reserve the absolute right to reject any subscription order placed by the Designated Broker and/or a Dealer. No fees will be payable by the Evolve Funds to the Designated Broker or a Dealer in connection with the issuance of Units. On the issuance of Units, the Manager may, at its discretion, charge an administrative fee to a Dealer or the Designated Broker to offset any expenses (including any applicable Designated Exchange additional listing fees) incurred in issuing the Units.

On any Trading Day, the Designated Broker or a Dealer may place a subscription order for one PNU or integral multiple PNU of an Evolve Fund. If a subscription order is received by an Evolve Fund at or before the applicable cut-off time, or such other time prior to the Valuation Time on such Trading Day as the Manager may permit, and is accepted by the Manager, such Evolve Fund will generally issue to the Dealer or Designated Broker the PNU (or an integral multiple thereof) within two Trading Days (or such later date as may be permitted) from the effective date of the subscription order. An Evolve Fund must receive payment for the Units subscribed for within two Trading Days (or such later date as may be permitted) from the effective date of the subscription order. The effective date of a subscription order is the Trading Day on which the Valuation Time that applies to such subscription order takes place.

Unless the Manager shall otherwise agree or the Declaration of Trust shall otherwise provide, as payment for a PNU of an Evolve Fund, a Dealer or the Designated Broker must deliver cash in an amount sufficient so that the value of the cash delivered is equal to the NAV of the applicable PNU of such Evolve Fund determined at the Valuation Time on the effective date of the subscription order, plus associated costs and expenses that such Evolve Fund incurs or expects to incur in acquiring bitcoin or Ether, as applicable, with such cash proceeds. See “Fees and Expenses – Other Unit Charges”.

The Manager may from time to time and, in any event not more than once quarterly, require the Designated Broker to subscribe for Units of an Evolve Fund for cash in a dollar amount not to exceed 0.30% of the NAV of the Evolve Fund, or such other amount as may be agreed to by the Manager and the Designated Broker. The number of Units issued will be the subscription amount divided by the NAV per Unit next determined following the delivery by the Manager of a subscription notice to the Designated Broker. Payment for the Units must be made by the Designated Broker by no later than the second Trading Day after the subscription notice has been delivered.

The Manager will, except when circumstances prevent it from doing so, disclose the number of Units comprising a PNU for a particular Evolve Fund to applicable investors, the Designated Broker and Dealers following the close of business on each Trading Day. The Manager may, at its discretion, increase or decrease the applicable PNU from time to time.

### **To Unitholders of the Evolve Funds as Distributions Paid in Units**

In addition to the issuance of Units as described above, distributions may be made by way of the issuance of Units. See “Distribution Policy”.

### **Buying and Selling Units of the Evolve Funds**

The Units of the Evolve Funds have been conditionally approved for listing on the Designated Exchange. Listing is subject to the approval of the Designated Exchange in accordance with its original listing requirements. Subject to satisfying the Designated Exchange’s original listing requirements, the Units will be listed on the Designated

Exchange and investors will be able to buy or sell such Units on the Designated Exchange through registered brokers and dealers in the province or territory where the investor resides.

Investors may incur customary brokerage commissions in buying or selling Units. No fees are paid by investors to the Manager or the Evolve Funds in connection with buying or selling of Units on the Designated Exchange.

### **Special Considerations for Unitholders**

The provisions of the so-called “early warning” requirements set out in Canadian Securities Legislation do not apply in connection with the acquisition of Units. In addition, the Evolve Funds have obtained exemptive relief from the Securities Regulatory Authorities to permit Unitholders to acquire more than 20% of the Units of any Evolve Fund through purchases on the Designated Exchange without regard to the take-over bid requirements of Canadian Securities Legislation, provided that any such Unitholder, and any person acting jointly or in concert with the Unitholder, undertakes to the Manager not to vote more than 20% of the Units at any meeting of Unitholders.

Each Evolve Fund is considered an alternative mutual fund within the meaning of NI 81-102 and is permitted to invest in asset classes or use investment strategies that are not permitted for other types of mutual funds. As an alternative mutual fund, under NI 81-102, each Evolve Fund is permitted to use strategies generally prohibited by conventional mutual funds, including the ability to invest in other alternative mutual funds, borrow cash to use for investment purposes, increased ability to invest in commodities and to employ leverage. While these specific strategies will be used in accordance with the fund's investment objectives and strategies, during certain market conditions they may accelerate the pace at which your investment decreases in value.

LBIT and LETH invest in other alternative mutual funds managed by the Manager that invest, directly or indirectly, in bitcoin or Ether, as applicable. Given the speculative nature of bitcoin and Ether and the volatility of the bitcoin and Ether markets, there is considerable risk that LBIT and LETH will not be able to meet their respective investment objectives. An investment in LBIT or LETH is not intended as a complete investment program and is appropriate only for investors who have a sophisticated knowledge and understanding of bitcoin or Ether, as applicable, and the capacity to absorb a loss of some or all of their investment.

### **Special Circumstances**

Units may also be issued by the Evolve Funds to the Designated Broker in a number of special circumstances, including the following: (i) when the Manager has determined that an Evolve Fund should acquire additional bitcoin or Ether, as applicable; and (ii) when cash redemptions of Units occur as described below under “Exchange and Redemption of Units – Redemption of Units of the Evolve Funds for Cash”, or an Evolve Fund otherwise has cash that the Manager wants to invest.

Each Evolve Fund is considered an alternative mutual fund within the meaning of NI 81-102 and is permitted to invest in asset classes or use investment strategies that are not permitted for other types of mutual funds. As an alternative mutual fund, under NI 81-102, each Evolve Fund is permitted to use strategies generally prohibited by conventional mutual funds, including the ability to invest in other alternative mutual funds, borrow cash to use for investment purposes, increased ability to invest in commodities and to employ leverage. While these specific strategies will be used in accordance with the fund's investment objectives and strategies, during certain market conditions they may accelerate the pace at which your investment decreases in value.

## **EXCHANGE AND REDEMPTION OF UNITS**

### **Exchange of Units of the Evolve Funds at Net Asset Value per Unit for Cash (applicable to Designated Broker and Dealers)**

Unitholders may exchange the PNU (or an integral multiple thereof) of an Evolve Fund on any Trading Day for cash, subject to the requirement that a minimum PNU be exchanged. To effect an exchange of Units, a Unitholder must submit an exchange request in the form and at the location prescribed by the Evolve Funds from time to time at or before the applicable cut-off time on a Trading Day, or such other time prior to the Valuation Time on such Trading Day as the Manager may permit. The exchange price will be equal to the NAV of each PNU tendered for exchange determined at the Valuation Time on the effective date of the exchange request, payable by delivery of cash. The Units will be redeemed in the exchange. The Manager will also make available to Dealers and the Designated Broker the PNU to redeem Units on each Trading Day. The effective date of an exchange request is the Trading Day on which the Valuation Time that applies to such redemption request takes place.

Upon the request of a Unitholder, the Manager may, in its complete discretion, satisfy an exchange request by delivering cash only in an amount equal to the NAV of each PNU tendered for exchange determined at the Valuation Time on the effective date of the exchange request, provided that the Unitholder agrees to pay the costs and expenses that an Evolve Fund incurs or expects to incur in selling bitcoin or Ether, as applicable, in order to obtain the necessary cash for the exchange. See “Fees and Expenses – Other Unit Charges”.

If an exchange request is not received by the applicable cut-off time, the exchange order will be effective only on the next Trading Day. Settlement of exchanges for cash will generally be made by the second Trading Day after the effective day of the exchange request.

As described under “Book-Entry Only System”, registration of interests in, and transfers of, Units will be made only through the book-entry only system of CDS. The redemption rights described below must be exercised through the CDS Participant through which the owner holds Units. Beneficial owners of Units should ensure that they provide redemption instructions to the CDS Participant through which they hold such Units sufficiently in advance of the cut-off times described below to allow such CDS Participant to notify CDS and for CDS to notify the Manager prior to the relevant cut-off time.

### **Redemption of Units of the Evolve Funds for Cash**

Units of an Evolve Fund may be bought and sold over a designated exchange. However, on any Trading Day, Unitholders of an Evolve Fund may also redeem (i) Units for cash at a redemption price per Unit equal to 95% of the closing price of the Units on the Designated Exchange on the effective day of the redemption, subject to a maximum redemption price per Unit equal to the NAV per Unit on the effective day of redemption, less any applicable administrative fee determined by the Manager, in its sole discretion, from time to time, or (ii) a PNU of an Evolve Fund (or an integral multiple thereof) for cash equal to the NAV of that number of Units, less any applicable administrative fee determined by the Manager, in its sole discretion, from time to time. Because Unitholders will generally be able to sell Units at the market price on the Designated Exchange through a registered broker or dealer subject only to customary brokerage commissions, Unitholders are advised to consult their brokers, dealers or investment advisors before redeeming such Units for cash. No fees or expenses are paid by Unitholders to the Manager or an Evolve Fund in connection with selling Units on the Designated Exchange.

In order for a cash redemption to be effective on a Trading Day, a cash redemption request must be delivered to the Manager in the form and at the location prescribed by the Manager from time to time at or before the applicable cut-off time on such Trading Day. Any cash redemption request received after such time will be effective only on the next Trading Day. Where possible, payment of the redemption price will be made by no later than the second Trading Day after the effective day of the redemption. The cash redemption request forms may be obtained from any registered broker or Dealer.

In connection with the redemption of Units, an Evolve Fund will generally dispose of bitcoin or Ether, as applicable, or other financial instruments.

### **Suspension of Exchanges and Redemptions**

The Manager may suspend the exchange or redemption of Units or payment of redemption proceeds of an Evolve Fund with the prior permission of the Securities Regulatory Authorities where required, for any period during which the Manager determines that conditions exist which render impractical the sale of assets of an Evolve Fund or which impair the ability of the Custodian to determine the value of the assets of an Evolve Fund. The suspension may apply to all requests for exchange or redemption received prior to the suspension but as to which payment has not been made, as well as to all requests received while the suspension is in effect. All Unitholders making such requests shall be advised by the Manager of the suspension and that the exchange or redemption will be effected at a price determined on the first Valuation Date following the termination of the suspension. All such Unitholders shall have and shall be advised that they have the right to withdraw their requests for exchange or redemption. The suspension shall terminate in any event on the first day on which the condition giving rise to the suspension has ceased to exist, provided that no other condition under which a suspension is authorized then exists. To the extent not inconsistent with official rules and regulations promulgated by any government body having jurisdiction over an Evolve Fund, any declaration of suspension made by the Manager shall be conclusive.

### **Other Unit Charges**

An amount as may be agreed to between the Manager and the Designated Broker or a Dealer of Units may be charged to offset certain transaction costs associated with an issue, exchange or redemption of Units. This charge does not apply to Unitholders who buy and sell their Units through the facilities of the Designated Exchange.

### **Allocations of Capital Gains to Redeeming or Exchanging Unitholders**

Pursuant to the Declaration of Trust, an Evolve Fund may allocate and designate as payable any capital gains realized by the Evolve Fund as a result of any disposition of property of the Evolve Fund undertaken to permit or facilitate the redemption or exchange of Units of the Evolve Fund to a Unitholder whose Units are being redeemed or exchanged. In addition, each Evolve Fund has the authority to distribute, allocate and designate any capital gains of the Evolve Fund to a Unitholder who has redeemed or exchanged Units of the Evolve Fund during a year in an amount equal to the Unitholder's share, at the time of redemption or exchange, of the Evolve Fund's capital gains for the year. Any such allocations and designations will reduce the redemption price otherwise payable to the redeeming or exchanging Unitholder.

Based on certain rules in the Tax Act (the "ATR Rules"), amounts of taxable capital gains so allocated and designated to redeeming or exchanging Unitholders of an Evolve Fund are only deductible to the extent of the redeeming or exchanging Unitholders' pro rata share (as determined under the ATR Rules) of the net taxable capital gains of the Evolve Fund for the year.

Any taxable capital gains that are not deductible by an Evolve Fund under the ATR Rules may be made payable to non-redeeming or exchanging Unitholders of the Evolve Fund so that the Evolve Fund will not be liable for non-refundable income tax thereon. Accordingly, the amounts and taxable component of distributions to non-redeeming or exchanging Unitholders of an Evolve Fund may be greater than would have been the case in the absence of the ATR Rules.

### **Book-Entry Only System**

Registration of interests in, and transfers of, Units will be made only through the book-entry only system of CDS. Units must be purchased, transferred and surrendered for redemption only through a CDS Participant. All rights of an owner of Units must be exercised through, and all payments or other property to which such owner is entitled will be made or delivered by, CDS or the CDS Participant through which the owner holds such Units. Upon buying Units, the owner will receive only the customary confirmation. References in this prospectus to a holder of Units means, unless the context otherwise requires, the owner of the beneficial interest of such Units.

Neither an Evolve Fund nor the Manager will have any liability for: (i) records maintained by CDS relating to the beneficial interests in Units or the book entry accounts maintained by CDS; (ii) maintaining, supervising or reviewing any records relating to such beneficial ownership interests; or (iii) any advice or representation made or given by CDS and made or given with respect to the rules and regulations of CDS or any action taken by CDS or at the direction of the CDS Participants.

The ability of a beneficial owner of Units to pledge such Units or otherwise take action with respect to such owner's interest in such Units (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

An Evolve Fund has the option to terminate registration of Units through the book-entry only system in which case certificates for Units in fully registered form will be issued to beneficial owners of such Units or to their nominees.

### **Short-Term Trading**

The Manager does not believe that it is necessary to impose any short-term trading restrictions on the Units at this time as: (i) the Units are generally traded by investors on an exchange in the secondary market in the same way as listed securities; and (ii) the few transactions involving Units that do not occur on the secondary market involve the Designated Broker and/or Dealers, who can only purchase or redeem Units in a PNU and on whom the Manager may impose an administrative fee. The administrative fee is intended to compensate the Evolve Funds for any costs and expenses incurred by the Evolve Funds in order to fund the redemption of Units.

## **PRIOR SALES**

The trading price and volume information is not yet available because the Evolve Funds are new.

## **INCOME TAX CONSIDERATIONS**

The following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations under the Tax Act generally applicable to the acquisition, holding and disposition of Units by a Unitholder who acquires Units pursuant to this prospectus. This summary only applies to a prospective Unitholder of an Evolve Fund who is



an individual (other than a trust) resident in Canada for purposes of the Tax Act who deals at arm's length with the Evolve Fund, the Designated Broker and the Dealers and is not affiliated with the Evolve Fund, the Designated Broker or any Dealer and who holds Units of the Evolve Fund as capital property (a "**Holder**").

Generally, Units will be considered to be capital property to a Holder provided that the Holder does not hold such Units in the course of carrying on a business of buying and selling securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Provided that an Evolve Fund qualifies as a "mutual fund trust" for purposes of the Tax Act, certain Holders who might not otherwise be considered to hold Units of the Evolve Fund as capital property may, in certain circumstances, be entitled to have such Units and all other "Canadian securities" owned or subsequently acquired by them treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. This summary does not apply to a Holder who has entered or will enter into a "derivative forward agreement" as that term is defined in the Tax Act with respect to the Units.

This summary is based on the assumptions that (i) none of the issuers of the securities in the portfolio of an Evolve Fund will be foreign affiliates of the Evolve Fund or of any Holder, (ii) none of the securities in the portfolio of an Evolve Fund will be a "tax shelter investment" within the meaning of section 143.2 of the Tax Act, (iii) neither of the Evolve Funds will enter into any arrangement where the result is a dividend rental arrangement for purposes of the Tax Act, (iv) none of the securities in the portfolio of an Evolve Fund will be an offshore investment fund property (or an interest in a partnership that holds such property) that would require the Evolve Fund (or the partnership) to include significant amounts in the Evolve Fund's (or the partnership's) income pursuant to section 94.1 of the Tax Act, or an interest in a trust (or a partnership which holds such an interest) which would require the Evolve Fund (or the partnership) to report significant amounts of income in connection with such interest pursuant to the rules in section 94.2 of the Tax Act, or an interest in a non-resident trust other than an "exempt foreign trust" (or a partnership which holds such interest), and (v) neither Evolve Fund will at any time be subject to the tax for "covered entities" as defined in subsection 183.3 of the Tax Act.

This summary also assumes that each Evolve Fund will comply with its investment restrictions.

Under the SIFT Rules, trusts (defined as "**SIFT trusts**") the securities of which are listed or traded on a stock exchange or other public market, and that hold one or more "non-portfolio properties" (as defined in the Tax Act), are effectively taxed on income and taxable capital gains in respect of such non-portfolio properties at combined rates comparable to the rates that apply to income earned and distributed by Canadian corporations. Distributions of such income received by unitholders of SIFT trusts are treated as eligible dividends from a taxable Canadian corporation. For this purpose, "non-portfolio property" includes (a) any property held by an Evolve Fund that the Evolve Fund uses in the course of carrying on a business in Canada, or (b) a holding of units by an Evolve Fund of an Underlying Fund in which the Evolve Fund invests if the Underlying Fund holds "non-portfolio property" and the Evolve Fund holds a sufficient number of units of the Underlying Fund.

The SIFT Rules could affect an Evolve Fund and its Holders to the extent that an Evolve Fund is a SIFT trust to which the SIFT Rules apply, and the Evolve Fund earns income from non-portfolio property or taxable capital gains from the disposition of "non-portfolio property". The Manager believes that the SIFT Rules were not intended to apply to trusts such as the Evolve Funds. If an Evolve Fund is considered to be a SIFT trust, "non-portfolio earnings" of such Evolve Fund will be subject to the tax under the SIFT Rules when such amounts are distributed by the Evolve Fund to its Unitholders and such distributions will be treated in the hands of Holders as eligible dividends from a taxable Canadian corporation. This summary assumes that at no time will an Evolve Fund be a "SIFT trust" for purposes of the SIFT Rules. Provided the Evolve Funds only invest in the Evolve Bitcoin ETF and Evolve Ether ETF, the Evolve Funds should not be a SIFT trusts; however, no assurance can be given in this regard.

This summary is based on the facts described herein, the current provisions of the Tax Act, and an understanding of the current publicly available administrative policies and assessing practices of the CRA published in writing prior to the date hereof. This summary takes into account the Tax Amendments. This description is not exhaustive of all Canadian federal income tax consequences and does not take into account or anticipate changes in the law or in administrative policy or assessing practice, whether by legislative, governmental or judicial action other than the Tax Amendments in their present form, nor does it take into account provincial, territorial or foreign tax considerations which may differ significantly from those discussed herein. There can be no assurance that the Tax Amendments will be enacted in the form publicly announced, or at all.

Certain Tax Amendments released on September 23, 2024 to implement proposals first announced in the 2024 Federal Budget (the "**Capital Gains Amendments**") would generally increase the capital gains inclusion rate from one-half to two-thirds. The Minister of Finance (Canada) announced on January 31, 2025 that the effective implementation date of the Capital Gains Amendments would be deferred to January 1, 2026. The Capital Gains Amendments are

described in this summary under the heading “Income Tax Considerations – Capital Gains Amendments” but are not otherwise described in this summary.

**This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Units. This summary does not address the deductibility of interest on any funds borrowed by a Holder to purchase Units. The income and other tax consequences of investing in Units will vary depending on an investor’s particular circumstances including the province or territory in which the investor resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any holder of Units. Prospective investors should consult their own tax advisors with respect to the income tax consequences to them of an acquisition of Units based on their particular circumstances.**

Holders are required to compute their income and gains for tax purposes in Canadian dollars. Amounts denominated in another currency generally must be converted into Canadian dollars based on the exchange rate quoted by the Bank of Canada on the date such amounts arise or such other rate of exchange as is acceptable to the CRA. Therefore, the amount of income, cost, proceeds of disposition and other amounts in respect of USD Units will be affected by fluctuations in the exchange rate of the Canadian dollar against the U.S. dollar.

### **Status of the Evolve Funds**

This summary assumes that each Evolve Fund will qualify or be deemed to qualify at all times as a “mutual fund trust” within the meaning of the Tax Act.

To qualify as a mutual fund trust (i) an Evolve Fund must be a Canadian resident “unit trust” for purposes of the Tax Act, (ii) the only undertaking of the Evolve Fund must be (a) the investing of its funds in property (other than real property or interests in real property or an immovable or a real right in an immovable), (b) the acquiring, holding, maintaining, improving, leasing or managing of any real property (or interest in real property) or of any immovable (or real right in immovables) that is capital property of the Evolve Fund, or (c) any combination of the activities described in (a) and (b), and (iii) the Evolve Fund must comply with certain minimum requirements respecting the ownership and dispersal of a particular class of Units (the “**Minimum Distribution Requirements**”). In addition, in order to qualify as a mutual fund trust, an Evolve Fund cannot at any time reasonably be considered to have been established and/or maintained primarily for the benefit of non-residents unless, at that time, substantially all of its property consists of property other than property that would be “taxable Canadian property” within the meaning of the Tax Act (if the definition of such term were read without reference to paragraph (b) of that definition).

In this connection, (i) the Manager intends to cause each Evolve Fund to qualify as a unit trust throughout the life of each Evolve Fund, (ii) each Evolve Fund’s undertaking conforms with the restrictions for mutual fund trusts, and (iii) the Manager intends to file the necessary election so that each Evolve Fund will qualify as a mutual fund trust from its inception in 2025 and has no reason to believe that either Evolve Fund will not comply with the Minimum Distribution Requirements before the 91st day after the end of such Evolve Fund’s first taxation year (determined without regard to any taxation year-end that may be deemed to occur for other purposes under the rules in the Tax Act relating to “loss restriction events”) and at all times thereafter, thereby permitting the filing by the Evolve Fund of such election.

If an Evolve Fund were not to qualify or be deemed to qualify as a mutual fund trust at all times, the income tax considerations described below would, in some respects, be materially and adversely different in respect of that Evolve Fund than would be the case if it were a mutual fund trust.

Provided that an Evolve Fund qualifies as a “mutual fund trust” within the meaning of the Tax Act, or Units of that Evolve Fund are listed on a “designated stock exchange” within the meaning of the Tax Act (which currently includes the Designated Exchange), the Units of such Evolve Fund will be qualified investments under the Tax Act for a trust governed by a Plan. See “Income Tax Considerations – Taxation of Registered Plans” for the consequences of holding Units in Plans.

### **Taxation of the Evolve Funds**

Each Evolve Fund intends to elect to have a taxation year that ends on December 15 of each calendar year. Each Evolve Fund must pay tax on its net income (including net realized taxable capital gains) for a taxation year, less the portion thereof that it deducts in respect of the amount paid or payable to its Unitholders in the calendar year in which the taxation year ends. An amount will be considered to be payable to a Unitholder of an Evolve Fund in a calendar year if it is paid to the Unitholder in that year by the Evolve Fund or if the Unitholder is entitled in that year to enforce

payment of the amount. The Declaration of Trust requires that sufficient amounts be paid or made payable each year so that neither Evolve Fund is liable for any non-refundable income tax under Part I of the Tax Act.

To the extent an Evolve Fund holds units as capital property issued by a trust resident in Canada that is not at any time in the relevant taxation year a “SIFT trust”, in each case, for purposes of the Tax Act, the Evolve Fund will be required to include in the calculation of its income for a taxation year the net income, including net taxable capital gains, paid or payable to the Evolve Fund by such trust in the calendar year in which that taxation year ends, notwithstanding that certain of such amounts may be reinvested in additional units of the trust. Provided that appropriate designations are made by such trust, net taxable capital gains realized by the trust that are paid or payable by the trust to the Evolve Fund will effectively retain their character in the hands of the Evolve Fund. The Evolve Fund will be required to reduce the adjusted cost base of units of such trust by any amount paid or payable by the trust to the Evolve Fund except to the extent that the amount was included in calculating the income of the Evolve Fund or was the Evolve Fund’s share of the non-taxable portion of capital gains of the trust, the taxable portion of which was designated in respect of the Evolve Fund. If the adjusted cost base to the Evolve Fund of such units becomes a negative amount at any time in a taxation year of the Evolve Fund, that negative amount will be deemed to be a capital gain realized by the Evolve Fund in that taxation year and the Evolve Fund’s adjusted cost base of such units will be increased by the amount of such deemed capital gain to zero.

Any issuer in an Evolve Fund’s portfolio that is a trust resident in Canada that has issued units that are listed or traded on a stock exchange or other public market, will be subject to a special tax in respect of (i) income from business carried on in Canada, and (ii) certain income and capital gains in respect of “non-portfolio properties”(collectively, “**Non-Portfolio Income**” and a trust that earns such income is, generally, a “**SIFT trust**”). Non-Portfolio Income that is distributed by such a trust to its unitholders will be taxed in the trust at a rate that is equivalent to the federal general corporate tax rate plus a prescribed amount on account of provincial tax. Non-Portfolio Income that is distributed by such a trust to its unitholders will generally be taxed in the hands of unitholders as though it were a taxable dividend from a taxable Canadian corporation and will be deemed to be an “eligible dividend” eligible for the enhanced gross-up and tax credit rules. Provided the Evolve Bitcoin ETF and Evolve Ether ETF only invest in bitcoin or Ether, as applicable, such issuers should not be SIFT trusts; however, no assurance can be given in this regard.

In general, an Evolve Fund will realize a capital gain (or capital loss) upon the actual or deemed disposition of a security included in its portfolio to the extent the proceeds of disposition net of any amounts included as interest on the disposition of the security and any reasonable costs of disposition exceed (or are less than) the adjusted cost base of such security unless the Evolve Fund were considered to be trading or dealing in securities or otherwise carrying on a business of buying and selling securities or the Evolve Fund has acquired the security in a transaction or transactions considered to be an adventure or concern in the nature of trade. Each Evolve Fund will make an election under subsection 39(4) of the Tax Act so that all securities held by the Evolve Fund that are “Canadian securities” (as defined in the Tax Act) are deemed to be capital property to the Evolve Fund. The units of each of the Evolve Bitcoin ETF and Evolve Ether ETF will be “Canadian securities” for these purposes provided that such trust qualifies and continues to so qualifies as a “mutual fund trust” for purposes of the Tax Act.

Each Evolve Fund will be entitled for each taxation year throughout which it is a mutual fund trust for purposes of the Tax Act to reduce (or receive a refund in respect of) its liability, if any, for tax on its net realized capital gains by an amount determined under the Tax Act based on the redemptions of Units during the year (the “**Capital Gains Refund**”). The Capital Gains Refund in a particular taxation year may not completely offset the tax liability of an Evolve Fund for such taxation year which may arise upon the sale or other disposition of securities included in the portfolio in connection with the redemption of Units.

A loss realized by an Evolve Fund on a disposition of capital property will be a suspended loss for purposes of the Tax Act if the Evolve Fund, or a person affiliated with the Evolve Fund, acquires a property (a “**Substituted Property**”) that is the same as or identical to the property disposed of, within 30 days before and 30 days after the disposition and the Evolve Fund, or a person affiliated with the Evolve Fund, owns the Substituted Property 30 days after the original disposition. If a loss is suspended, an Evolve Fund cannot deduct the loss from the Evolve Fund’s capital gains until the Substituted Property is disposed of and is not reacquired by the Evolve Fund, or a person affiliated with the Evolve Fund, within 30 days before and after the disposition.

Under the current provisions of the Tax Act, a taxpayer is entitled to deduct in computing its income reasonable administrative and other expenses (other than certain expenses on account of capital) incurred by it for the purposes of earning income (other than taxable capital gains), if any. As the Manager does not expect the Evolve Funds to earn income (other than taxable capital gains), it is expected that the Evolve Funds will not be entitled to deduct in computing their income the administrative and other expenses of the Evolve Funds, including interest expenses of the Evolve Funds incurred to borrow cash to use for investment in the Underlying Funds.

Losses incurred by an Evolve Fund in a taxation year cannot be allocated to Holders, but may be deducted by an Evolve Fund in future years in accordance with the Tax Act.

### **Taxation of Holders**

A Holder will generally be required to include in computing income for a particular taxation year of the Holder such portion of the net income of an Evolve Fund, including the taxable portion of any net realized capital gains, as is paid or becomes payable to the Holder in that particular taxation year (whether in cash or in Units). Provided that an Evolve Fund elects to have a taxation year that ends on December 15 of each calendar year, amounts paid or payable by the Evolve Fund to a Holder after December 15 and before the end of the calendar year are deemed to have been paid or become payable to the Holder on December 15.

Under the Tax Act, each Evolve Fund is permitted to deduct in computing its income for a taxation year an amount that is less than the amount of its distributions of income for the calendar year to the extent necessary to enable the Evolve Fund to use, in that taxation year, losses from prior years without affecting the ability of the Evolve Fund to distribute its income annually. In such circumstances, the amount distributed to a Holder of an Evolve Fund but not deducted by the Evolve Fund will not be included in the Holder's income. However, the adjusted cost base of the Holder's Units of the Evolve Fund will be reduced by such amount. The non-taxable portion of an Evolve Fund's net realized capital gains for a taxation year, the taxable portion of which was designated in respect of a Holder for the taxation year, that is paid or becomes payable to the Holder for the year will not be included in computing the Holder's income for the year. Any other amount in excess of a Holder's share of the net income of an Evolve Fund for a taxation year that is paid or becomes payable to the Holder for the year (i.e. returns of capital) will not generally be included in the Holder's income for the year, but will reduce the adjusted cost base of the Holder's Units of the Evolve Fund. To the extent that the adjusted cost base of a Unit to a Holder would otherwise be a negative amount, the negative amount will be deemed to be a capital gain and the adjusted cost base of the Unit to the Holder will be increased by the amount of such deemed capital gain to zero.

Provided that appropriate designations are made by an Evolve Fund, such portion of the net realized taxable capital gains of the Evolve Fund as is paid or becomes payable to a Holder will effectively retain its character and be treated as such in the hands of the Holder for purposes of the Tax Act.

Any loss of an Evolve Fund for purposes of the Tax Act cannot be allocated to, and cannot be treated as a loss of, a Holder.

On the disposition or deemed disposition of a Unit of an Evolve Fund, including on a redemption, a Holder will realize a capital gain (or capital loss) to the extent that the Holder's proceeds of disposition (other than any amount payable by the Evolve Fund which represents capital gains allocated and designated to the redeeming Holder), net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the Unit. For the purpose of determining the adjusted cost base of a Holder's Units of a particular class of an Evolve Fund, when additional Units of that class of the Evolve Fund are acquired by the Holder (as a result of a distribution by the Evolve Fund in the form of Units or otherwise), the cost of the newly acquired Units of that class of the Evolve Fund will be averaged with the adjusted cost base of all Units of the same class of the Evolve Fund owned by the Holder as capital property immediately before that time. For this purpose, the cost of Units that have been issued on a distribution will generally be equal to the amount of the distribution. A consolidation of Units of an Evolve Fund following a distribution paid in the form of additional Units of the Evolve Fund as described under "Distribution Policy" will not be regarded as a disposition of Units of the Evolve Fund and will not affect the aggregate adjusted cost base to a Holder.

Pursuant to the Declaration of Trust, an Evolve Fund may allocate and designate as payable any capital gains realized by the Evolve Fund as a result of any disposition of property of the Evolve Fund undertaken to permit or facilitate the redemption or exchange of Units of the Evolve Fund to a Holder whose Units are being redeemed or exchanged. In addition, each Evolve Fund has the authority to distribute, allocate and designate any capital gains of the Evolve Fund to a Holder who has redeemed or exchanged Units of the Evolve Fund during a year in an amount equal to the Holder's share, at the time of redemption or exchange, of the Evolve Fund's capital gains for the year. Any such allocations and designations will reduce the redemption price otherwise payable to the Holder and therefore the Holder's proceeds of disposition. Based on the ATR Rules, amounts of taxable capital gains so allocated and designated to redeeming or exchanging Unitholders of an Evolve Fund are only deductible to the extent of the redeeming or exchanging Unitholders' pro rata share (as determined under the ATR Rules) of the net taxable capital gains of the Evolve Fund for the year.

In general, one-half of any capital gain (a "**taxable capital gain**") realized by a Holder on the disposition of Units of an Evolve Fund or a taxable capital gain designated by the Evolve Fund in respect of the Holder for a taxation year of

the Holder will be included in computing the Holder's income for that year and one-half of any capital loss (an **"allowable capital loss"**) realized by the Holder in a taxation year of the Holder generally must be deducted from taxable capital gains realized by the Holder in the taxation year or designated by the Evolve Fund in respect of the Holder for the taxation year in accordance with the detailed provisions of the Tax Act. Allowable capital losses for a taxation year in excess of taxable capital gains for that taxation year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against taxable capital gains in accordance with the provisions of the Tax Act.

Amounts designated by an Evolve Fund to a Holder of the Evolve Fund as taxable capital gains, and taxable capital gains realized on the disposition of Units of the Evolve Fund, may increase the Holder's liability, if any, for alternative minimum tax.

### **Capital Gains Amendments**

Under the Capital Gains Amendments, the capital gains inclusion rate applicable for the purposes of determining a taxpayer's taxable capital gains and allowable capital losses for a particular taxation year is proposed to increase from one-half to two-thirds. Where allowable capital losses in excess of taxable capital gains realized in a taxation year (a "net capital loss") are applied against taxable capital gains realized in another taxation year for which there is a different inclusion rate, the amount of the net capital loss that can be applied against the taxable capital gains will be adjusted to match the inclusion rate used to compute those taxable capital gains.

The Capital Gains Amendments were previously proposed to apply to taxation years ending on or after June 25, 2024. However, the Minister of Finance (Canada) announced on January 31, 2025 that the effective implementation date of the Capital Gains Amendments would be deferred from June 25, 2024 to January 1, 2026.

A Holder's income for a particular taxation year in which the increased rate applies will be subject to certain adjustments which are intended to effectively reduce the Holder's net inclusion rate to the original one-half for up to \$250,000 of net capital gains realized (or deemed to be realized) by the Holder in the year that are not offset by an amount in respect of net capital losses carried back or forward from another taxation year.

The Capital Gains Amendments are complex and may be subject to further changes, and their application to a particular Holder will depend on the Holder's particular circumstances. Holders should consult their own tax advisors with respect to the Capital Gains Amendments.

### **Taxation of Registered Plans**

Distributions received by Plans on Units and capital gains realized by Plans on the disposition of Units are generally not taxable under Part I of the Tax Act provided the Units are "qualified investments" for the Plan for purposes of the Tax Act.

Holders should consult with their own advisors regarding the tax implications of establishing, amending, terminating or withdrawing amounts from a Plan.

Notwithstanding the foregoing, the holder of a TFSA, FHSA or RDSP, the annuitant of an RRSP or RRIF or the subscriber of an RESP will be subject to a penalty tax in respect of Units held by such Plan if such Units are a "prohibited investment" for such Plan for the purposes of the Tax Act. The Units of an Evolve Fund will not be a "prohibited investment" for a trust governed by such a Plan unless the holder of the TFSA, FHSA or RDSP, the annuitant of the RRSP or RRIF or the subscriber of the RESP, as applicable, (i) does not deal at arm's length with the Evolve Fund for purposes of the Tax Act, or (ii) has a "significant interest" as defined in the Tax Act in the Evolve Fund. Generally, a holder, annuitant or subscriber, as the case may be, will not have a significant interest in an Evolve Fund unless the holder, annuitant or subscriber, as the case may be, owns interests as a beneficiary under the Evolve Fund that have a fair market value of 10% or more of the fair market value of the interests of all beneficiaries under the Evolve Fund, either alone or together with persons and partnerships with which the holder, annuitant or subscriber, as the case may be, does not deal at arm's length. In addition, the Units will not be a prohibited investment if such Units are "excluded property" as defined in the Tax Act for a trust governed by a TFSA, FHSA, RDSP, RRSP, RRIF or RESP.

Holders, annuitants and subscribers should consult their own tax advisors with respect to whether Units of an Evolve Fund would be prohibited investments, including with respect to whether such Units would be excluded property.

### **Tax Implications of an Evolve Fund's Distribution Policy**

The NAV per Unit of an Evolve Fund will, in part, reflect any income and gains of the Evolve Fund that have accrued or have been realized, but have not been made payable at the time Units of the Evolve Fund were acquired. Accordingly, a Holder who acquires Units of an Evolve Fund, including on a distribution of Units, may become taxable on the Holder's share of such income and gains of the Evolve Fund. In particular, an investor who acquires Units at any time in the year but prior to a distribution being paid or made payable will have to pay tax on the entire distribution (to the extent it is a taxable distribution) notwithstanding that such amounts may have been reflected in the price paid by the Holder for the Units. Further, provided an Evolve Fund elects to have a December 15 year-end, where a Holder acquires Units of the Evolve Fund in a calendar year after December 15 of such year, such Holder may become taxable on income earned or capital gains realized in the taxation year ending on December 15 of such calendar year but that had not been made payable before the Units were acquired.

Where an Evolve Fund realizes capital gains on the disposition of assets effected to fund the redemption price for Units tendered for redemption during a year or has otherwise realized gains during the year prior to the time of redemption, such capital gains may be allocated or designated to Unitholders who hold Units of the applicable Evolve Fund at the end of the year rather than to the redeeming Unitholders.

## **ORGANIZATION AND MANAGEMENT DETAILS OF THE EVOLVE FUNDS**

### **Manager**

EFG is the trustee, manager, promoter and portfolio manager of the Evolve Funds and is responsible for the administration of the Evolve Funds. In its capacity as portfolio manager, EFG is responsible for the oversight and provision of investment advisory services to the Evolve Funds.

The Manager is registered as an investment fund manager and portfolio manager with the applicable Securities Regulatory Authorities in Canada. The registered office of the Evolve Funds and the Manager is located at Scotia Plaza, 40 King Street West, Suite 3404, Toronto, ON M5H 3Y2.

The Manager performs or arranges for the performance of management services for the Evolve Funds and is responsible for the administration of the Evolve Funds. The Manager is entitled to fees for its services as manager under the Declaration of Trust as described under "Fees and Expenses" and will be reimbursed for all reasonable costs and expenses incurred by the Manager on behalf of the Evolve Funds.

### ***Duties and Services to be Provided by the Manager***

Pursuant to the Declaration of Trust, the Manager has full authority and responsibility to manage and direct the business and affairs of the Evolve Funds, to make all decisions regarding the business of the Evolve Funds and to bind the Evolve Funds. The Manager may delegate certain of its powers to third parties where, in the discretion of the Manager, it would be in the best interests of the Evolve Funds to do so.

The Manager is responsible for providing, or causing to be provided, management, administrative and portfolio advisory and investment management services to the Evolve Funds. The Manager's duties include, without limitation:

- (i) negotiating contracts with certain third-party service providers, including but not limited to investment managers, sub-advisors, custodians, registrars, transfer agents, auditors and printers;
- (ii) authorizing the payment of operating expenses incurred on behalf of an Evolve Fund;
- (iii) maintaining accounting records;
- (iv) preparing the reports to Unitholders and to the applicable Securities Regulatory Authorities;
- (v) calculating the amount and determining the frequency of distributions by an Evolve Fund;
- (vi) preparing financial statements, income tax returns and financial and accounting information as required;
- (vii) ensuring that Unitholders are provided with financial statements and other reports as are required from time to time by applicable law;
- (viii) ensuring that an Evolve Fund complies with all other regulatory requirements including continuous disclosure obligations under applicable securities laws;

- (ix) administering purchases, redemptions and other transactions in Units;
- (x) arranging for any payments required upon termination of an Evolve Fund;
- (xi) dealing and communicating with Unitholders;
- (xii) providing office facilities and personnel to carry out these services, if not otherwise furnished by any other service provider to an Evolve Fund;
- (xiii) monitoring the investment strategy of an Evolve Fund to ensure that such Evolve Fund complies with its investment objective, investment strategies and investment restrictions and practices; and
- (xiv) facilitating the execution of orders and investment recommendations provided by sub-advisors where required.

The Manager is required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of the Unitholders, and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Declaration of Trust provides that the Manager will not be liable to the Evolve Funds or to any Unitholder or any other person for any loss or damage relating to any matter regarding the Evolve Funds, including any loss or diminution of value of the assets of an Evolve Fund if it has satisfied its standard of care set forth above.

The administration and management services of the Manager under the Declaration of Trust are not exclusive and nothing in the Declaration of Trust prevents the Manager from providing similar administrative and management services to other investment funds and other clients (whether or not their investment objectives and policies are similar to those of an Evolve Fund) or from engaging in other activities.

The Manager and each of its directors, officers, employees and agents may be indemnified out of the assets of the Evolve Funds from and against all claims whatsoever, including costs, charges and expenses in connection therewith, brought, commenced or prosecuted against it for or in respect of any act, deed, matter or thing whatsoever made, done or omitted in or in relation to the execution of its duties to the Evolve Funds as long as the person acted honestly and in good faith with a view to the best interests of the Evolve Funds.

The Manager may resign upon 90 days' prior written notice to the Trustee or upon such lesser notice period as the Trustee may accept. The Manager may also be removed by the Trustee on at least 90 days' written notice to the Manager. The Manager is deemed to have resigned if the Manager ceases to (i) be resident in Canada for the purposes of the Tax Act; or (ii) carry out its functions of managing the Evolve Funds in Canada. The Trustee shall make every effort to select and appoint a successor manager prior to the effective date of the Manager's resignation.

#### **Officers and Directors of the Manager**

The name and municipality of residence of each of the directors and executive officers of the Manager and their principal occupations are as follows:

***Name and Municipality of  
Residence***

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RAJ LALA  
Toronto, Ontario

***Position with the Manager and Principal Occupation***

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**President, Chief Executive Officer, Director and Ultimate Designated Person, EFG**

Prior to founding EFG, Raj Lala served as Head of WisdomTree Canada – a division of WisdomTree Investments Inc., one of the world’s largest ETF issuers. Prior to this, Mr. Lala was Executive Vice President and Head of Retail Markets for Fiera Capital Corporation, a prominent Canadian investment management firm with over \$100 billion in assets under management. Mr. Lala co-founded and served as President and CEO of Propel Capital Corporation (which was acquired by Fiera Capital Corporation in September 2014). Propel raised approximately \$1 billion in structured products in its five years of operation. Prior to Propel, Mr. Lala worked with Jovian Capital. Mr. Lala held several roles at Jovian including President of JovFunds Inc., an asset management division of Jovian Capital. Mr. Lala holds a Bachelor’s degree in Economics from the University of Toronto (1994).

SCHARLET DIRADOUR  
Toronto, Ontario

**Chief Financial Officer, Chief Compliance Officer, EFG**

Prior to joining EFG, Ms. Diradour played a key role in the establishment of a Derivatives and Alternative Investments Administration group at Fiera Capital Corporation, a major Canadian investment management firm with over \$100 billion in asset under management. In addition, Ms. Diradour was an integral part of driving a full-scale operational process for Fiera Quantum Limited Partnership, an alternative investment manager. Previously, Ms. Diradour was a Senior Analyst on the Operations Risk and Valuation Group at Curaçao International Trust Company Fund Services (Canada), working closely with many prominent US and European hedge funds. Ms. Diradour received a BA Dipl. with Honours from Humber Business School, a BAS Specialized Honours from York University and a MFin from Queen’s University. Ms. Diradour has completed Level II of the CFA Program. Through Humber Business Schools Ms. Diradour was awarded the David Dodge Economics Award, personally presented by David Dodge, the Former Governor of the Bank of Canada for excellence in studies in economics. Ms. Diradour was also presented the Rosemary Brown Human Rights Award for outstanding academic achievement. Ms. Diradour volunteers as an advisor for Queen’s University Smith School of Business – Alumni Advisory Program.

ELLIOT JOHNSON  
Toronto, Ontario

**Chief Investment Officer, Chief Operating Officer, Corporate Secretary and Director, EFG**

Prior to joining EFG, Mr. Johnson was Senior Vice President, Retail Markets at Fiera Capital Corporation, a prominent Canadian investment management firm. Prior to this role, Mr. Johnson served as Chief Operating Officer of Fiera Quantum Limited Partnership, an alternative investment manager. From 2010 to 2012, Mr. Johnson led technology management for a number of business lines at National Bank of Canada. Prior to 2012 he spent 13 years at GMP Capital Corp. in a variety of management roles across institutional brokerage, wealth management and asset management businesses. Mr. Johnson holds the Canadian Investment Manager (CIM) designation, the Derivatives Markets Specialist (DMS) designation and is a Fellow of the Canadian Securities Institute (FCSI). From 2016 to 2020, Mr. Johnson served on the board of Trinity College at the University of Toronto as the Chair of the Committee on Investments. Mr. Johnson currently serves as Chair, President and a trustee of



***Name and Municipality of  
Residence***

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KEITH CRONE  
Toronto, Ontario

MICHAEL SIMONETTA  
Toronto, Ontario

***Position with the Manager and Principal Occupation***

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the Upper Canada College Foundation and is also a trustee of the US based Upper Canada Educational Foundation.

**Chief Marketing Officer, EFG**

Prior to joining EFG, Mr. Crone served as Vice President, Retail Markets at Fiera Capital Corporation, a prominent Canadian investment management firm with over \$100 billion in assets under management. Mr. Crone served as Vice President and Partner of Propel Capital Corporation (which was acquired by Fiera Capital Corporation in September 2014). Propel raised approximately \$1 billion in structured products in its five years of operation. Prior to Propel, Mr. Crone served as Senior Vice President, Sales within JovFunds Inc., the specialty investment arm of Jovian Capital Corporation. Prior to 2005, Mr. Crone served in various sales and marketing capacities at Dynamic Funds, which is now a wholly-owned subsidiary of Scotiabank.

**Chairman and Director, EFG**

Mr. Simonetta has a broad background in management, investment and capital markets. Mr. Simonetta was one of the founding partners of First Asset Management Inc. (“FAMI”), and served as President and CEO of FAMI from 1997 to 2006. At the time FAMI was sold in 2005, FAMI managed in excess of \$30 billion in assets and was one of Canada’s top ten largest companies in the pension and high net worth asset management business. FAMI’s affiliates have included: Beutel, Goodman & Company Ltd.; Foyston Gordon & Payne, Inc.; Deans Knight Capital Management Ltd., Montrusco Bolton Investments Inc.; Covington Capital Corporation; First Asset Funds Inc. (formerly Triax Capital Corporation); and Northwest Mutual Funds Inc. FAMI was sold in 2005 to Affiliated Managers Group, Inc. (NYSE: AMG), a publicly listed investment management company based in Boston. Mr. Simonetta is a member of the Institute of Chartered Accountants of Ontario, obtaining his C.A. designation in 1984 while achieving Top 20 Honour Roll standing, and holds a Bachelor of Arts from the University of Waterloo (1983 – Gold Medal).

**Brokerage Arrangements**

The Manager may utilize various brokers to effect securities transactions on behalf of the Evolve Funds. These brokers may directly provide the Manager with research and related services, in addition to executing transactions. Although each Evolve Fund may not benefit equally from each research and related service received from a broker, the Manager will endeavour to ensure that each of the Evolve Funds receives an equitable benefit over time. The Manager will monitor and evaluate the execution performance of its brokers with a view to determining whether steps should be taken to improve the quality of trade execution. When determining whether a broker should be added to the Manager’s list of approved brokers, there are numerous factors that are considered including transaction cost, value of research, type and size of an order, speed and certainty of execution, responsiveness and trade matching quality.

Approved brokers will be monitored on a regular basis to ensure that the value of the goods and services, as outlined above, provides a reasonable benefit as compared to the amount of brokerage commissions paid for the goods and services.

**Conflicts of Interest**

The administration, management and investment advisory services of the Manager are not exclusive and nothing in the Declaration of Trust prevents the Manager from providing similar services to other investment funds and other

clients (whether or not their investment objectives and policies are similar to those of the Evolve Funds) or from engaging in other activities.

Investments in securities purchased by the Manager on behalf of the Evolve Funds and other investment funds managed by the Manager will be allocated to the Evolve Funds and such other investment funds on a fair and equitable basis according to the size of the order and the applicable investment restrictions and policies of the Evolve Funds and the other investment funds.

When it is determined that it would be appropriate for the Evolve Funds and one or more other investment accounts managed by the Manager or its affiliates to participate in an investment opportunity, the Manager will seek to make such investments for all of the participating investment accounts, including the Evolve Funds, on an equitable basis, taking into account such factors as the relative amounts of capital available for new investments and the investment programs and portfolio positions of the Evolve Funds and the affiliated entities for which participation is appropriate. Orders may be combined for all such accounts, and if any order is not filled at the same price, they may be allocated on an average price basis. Similarly, if an investment for the account of more than one account cannot be fully executed under prevailing market conditions, investments may be allocated among the different accounts on a basis which the Manager or its affiliates consider equitable. The Manager may recommend that an Evolve Fund sell a security, while not recommending such sale for other accounts in order to enable such Evolve Fund to have sufficient liquidity to honour Unitholders' repurchase requests.

The Declaration of Trust acknowledges that the Manager may provide services to the Evolve Funds in other capacities, provided that the terms of any such arrangement are no less favourable to the Evolve Funds than those that would be obtained from parties that are at arm's length for comparable services.

The Manager may at times have interests that differ from the interests of the Unitholders. Where the Manager or its respective affiliates otherwise perceive in the course of business, that they are or may be in a material conflict of interest position, the matter will be referred to the IRC. The IRC will consider all matters referred to it and provide its recommendations to the Manager as soon as possible. In evaluating these conflicts of interest, potential investors should be aware that the Manager has a responsibility to the Unitholders to exercise good faith and fairness in all dealings affecting the Evolve Funds. In the event that a Unitholder believes that the Manager has violated its duty to such Unitholder, the Unitholder may seek relief for itself or on behalf of the Evolve Funds to recover damages from or to require an accounting by the Manager. Unitholders should be aware that the performance by the Manager of its responsibilities to the Evolve Funds will be measured in accordance with (i) the provisions of the agreement by which the Manager have been appointed to its position with the Evolve Funds; and (ii) applicable laws.

Neither the Designated Broker nor any Dealer has been involved in the preparation of this prospectus or has performed any review of the contents of this prospectus and, as such, the Designated Broker and the Dealers do not perform many of the usual underwriting activities in connection with the distribution by an Evolve Fund of its Units under this prospectus. Units do not represent an interest or an obligation of the Designated Broker, any Dealer or any affiliate thereof and a Unitholder does not have any recourse against any such parties in respect of amounts payable by an Evolve Fund to the Designated Broker or applicable Dealers.

A registered dealer acts as the Designated Broker and one or more registered dealers acts or may act as a Dealer and/or a market maker. These relationships may create actual or perceived conflicts of interest that investors should consider in relation to an investment in an Evolve Fund. In particular, by virtue of these relationships, these registered dealers may profit from the sale and trading of Units. The Designated Broker, as market maker of an Evolve Fund in the secondary market, may therefore have economic interests that differ from, and may be adverse to, those of Unitholders. Any such registered dealer and its affiliates may, at present or in the future, engage in business with an Evolve Fund, with the issuers of securities making up the investment portfolio of an Evolve Fund or with the Manager or any funds sponsored by the Manager or its affiliates, including by making loans, entering into derivative transactions or providing advisory or agency services to the Manager or its affiliates. In addition, the relationship between any such registered dealer and its affiliates and the Manager and its affiliates may extend to other activities, such as being part of a distribution syndicate for other funds sponsored by the Manager or its affiliates.

See also "Other Material Facts".

## **Independent Review Committee**

As required by NI 81-107, the Manager has established an Independent Review Committee (“**IRC**”) to review all conflicts of interest matters identified and referred to the IRC by the Manager relating to the Evolve Funds. The IRC reviews and gives its approval or recommendations as to the conflict of interests matters referred to it. A conflict of interest matter is a situation where a reasonable person would consider the Manager or an entity related to the Manager to have an interest that conflicts with the Manager’s ability to act in good faith and in the best interest of the Evolve Funds. The IRC is also required to approve certain reorganizations involving the Evolve Funds and any change of the auditors of the Evolve Funds.

The IRC is made up of members who are independent. The Manager considers that an individual is independent if the individual is not a director, officer or employee of any of the Manager or an affiliate of the Manager for at least 5 years. In addition, the individual must be independent of management and free from any interest and any business or other relationship that could, or could reasonably be perceived to, materially interfere with the individual’s ability to act with the view to the best interest of the Evolve Funds.

The members of the IRC are Kevin Drynan (Chair), Rod McIsaac and Mark Leung.

The IRC has a written charter that sets out its powers, duties and responsibilities. Additionally, pursuant to NI 81-107, the IRC assesses, at least annually, the adequacy and effectiveness of the following: the Manager’s policies and procedures regarding conflict of interest matters; any standing instructions that the IRC gave to the Manager for conflict of interest matters related to the Evolve Funds; the compliance of the Manager and the Evolve Funds with any conditions imposed by the IRC on a recommendation or approval it has provided to the Manager; the independence and compensation of its members; the IRC’s effectiveness as a committee; and the contribution of each member to the IRC.

The IRC prepares a report for Unitholders, at least annually, of its activities. Such report is made available on the Manager’s website at [www.evolveetfs.com](http://www.evolveetfs.com) or, at the request of a Unitholder and at no cost, by calling the Manager at (416)-214-4884 or toll-free at 1-844-370-4884 or by sending an email request to [info@evolveetfs.com](mailto:info@evolveetfs.com).

The members of the IRC are paid an annual fee for serving on the IRC of the Evolve Funds. Each investment fund, including each Evolve Fund, is responsible for a portion of that fee, which is allocated by the Manager among the various funds. Currently, annual fees are payable to the following members of the IRC as follows: Kevin Drynan (Chair, \$15,000), Rod McIsaac (\$10,000) and Mark Leung (\$10,000). In addition to the annual fee, the IRC will receive \$2,000 for each additional meeting held after the first two meetings in any year.

The investment funds in the EFG family of funds all share the same IRC. Fees and expenses of the IRC are borne and shared by all of the investment funds in the EFG family of funds.

## **Trustee**

Pursuant to the Declaration of Trust, the Manager is also the trustee of the Evolve Funds. The Trustee may resign upon 90 days’ notice to Unitholders and the Manager. The Trustee must be removed if the Trustee ceases to (i) be resident in Canada for purposes of the Tax Act; (ii) carry out its function of managing the Evolve Funds in Canada; or (iii) exercise the main powers and discretions of the Trustee in respect of the Evolve Funds in Canada. If the Trustee resigns or if it becomes incapable of acting as trustee, the Trustee may appoint a successor trustee prior to its resignation, and its resignation shall become effective upon the acceptance of such appointment by its successor. If no successor has been appointed within 90 days after the Trustee has provided the Manager with 90 days’ notice of its intention to resign, the Evolve Funds will be terminated, and the property of the Evolve Funds shall be distributed in accordance with the terms of the Declaration of Trust.

The Declaration of Trust provides that the Trustee shall act honestly, in good faith and in the best interests of the Evolve Funds and shall perform its duties to the standard of care that a reasonably prudent person would exercise in the circumstances. In addition, the Declaration of Trust contains other customary provisions limiting the liability of the Trustee and indemnifying the Trustee in respect of certain liabilities incurred by it in carrying out the Trustee’s duties.

At any time during which the Manager is the trustee, the Manager will receive no fee in respect of the provision of services as trustee.

### **Custodian**

CIBC Mellon Trust Company (the “**Custodian**”), at its principal office in Toronto, Ontario, acts as the cash and securities custodian of the Evolve Funds and holds those assets in safekeeping. For greater certainty, the Custodian will not custody actual cryptocurrencies, such as bitcoin or Ether. Cryptocurrencies, including bitcoin and/or Ether, will be held separately by Cidel Trust Company as custodian (the “**Cidel**”) for the Underlying Funds. For greater certainty, the Custodian has not appointed Cidel as a sub-custodian, not guaranteed its obligations nor performed any form of diligence on Cidel. The Custodian is entitled to receive fees from the Manager as described under “Fees and Expenses” and to be reimbursed for all expenses and liabilities that are properly incurred by the Custodian in connection with the activities of the Evolve Funds. The Manager or the Custodian may terminate the Custodian Agreement at any time upon ninety (90) days’ written notice.

### **Prime Broker**

TD Securities Inc. will be providing the Evolve Funds with prime brokerage services, including, in respect of the Evolve Funds, margin facilities under a custody and securities services agreement. The Prime Broker is independent of the Manager. The Prime Broker will be providing margin lending to the Evolve Funds to acquire additional equity securities. The custody and securities services agreement acts as a margin agreement in connection with an Evolve Fund’s cash borrowing. The custody and securities services agreement may be terminated at any time at the option of either party upon ninety (90) business days’ prior notice to the other party.

### **Auditors**

The auditors of the Evolve Funds are Ernst & Young LLP located at its principal offices in Toronto, Ontario. The auditors of the Evolve Funds may not be changed unless the IRC has approved the change and Unitholders have received at least 60 days’ notice before the effective date of the change, or as otherwise required by Canadian Securities Legislation.

### **Registrar and Transfer Agent**

TSX Trust Company, at its principal offices in Toronto, Ontario, is the Registrar and Transfer Agent for the Evolve Funds pursuant to a registrar and transfer agency agreement entered into as of the date of the initial issuance of Units of each Evolve Fund.

### **Fund Administrator**

CIBC Mellon Trust Company, at its principal offices in Toronto, Ontario, is the Fund Administrator. The Fund Administrator is responsible for certain aspects of the day-to-day administration of the Evolve Funds, including NAV calculations, accounting for net income and net realized capital gains of the Evolve Funds and maintaining books and records with respect to the Evolve Funds.

### **Lending Agent**

The Bank of New York Mellon may act as the securities lending agent the Evolve Funds pursuant to a securities lending authorization agreement (a “**Securities Lending Agreement**”) to be entered into between the Lending Agent, EFG, in its capacity as manager of the applicable Evolve Fund, and the Lending Agent. The Lending Agent is not an affiliate or associate of the Manager. The Manager or the Lending Agent may terminate the Securities Lending Agreement upon thirty (30) days’ written notice to the other parties at any time.

Under the applicable Securities Lending Agreement, the collateral posted by a securities borrower to the applicable Evolve Fund will be required to have an aggregate value of not less than 102% of the market value of the loaned securities. In addition to the collateral held by the applicable Evolve Fund, the Evolve Fund will also benefit from a borrower default indemnity provided by the Lending Agent. The Lending Agent’s indemnity will provide for the replacement of a number of securities equal to the number of unreturned loaned securities.

## Promoter

The Manager has taken the initiative in founding and organizing the Evolve Funds and is, accordingly, the promoter of the Evolve Funds within the meaning of securities legislation of certain provinces and territories of Canada. The Manager, in its capacity as manager of the Evolve Funds, receives compensation from the Evolve Funds. See “Fees and Expenses”.

## FUND GOVERNANCE

The Manager, in its capacity as trustee of the Evolve Funds, has overall responsibility for the management of the Evolve Funds.

### Policies, procedures, practices and guidelines

As manager of the Evolve Funds, the Manager is responsible for the day-to-day management, administration and operation of the Evolve Funds.

The Manager has established appropriate policies, procedures, practices and guidelines to ensure the proper management of the Evolve Funds, including as required by NI 81-107, policies and procedures relating to conflicts of interest. The systems used by the Manager in relation to the Evolve Funds monitor and manage the business and sales practices, risk and internal conflicts of interest relating to the Evolve Funds, while ensuring compliance with applicable regulatory, compliance and corporate requirements. The Manager’s personnel responsible for compliance, together with management of the Evolve Funds, ensure that these policies, procedures, practices and guidelines are communicated from time to time to all relevant persons and are updated as necessary (including the systems referred to above) to reflect changing circumstances. The Manager also monitors the application of all such policies, procedures, practices and guidelines to ensure their continuing effectiveness.

Compliance with the investment practices and investment restrictions mandated by securities legislation is monitored by the Manager on a regular basis.

The Manager has also developed a personal trading policy for employees (the “**Policy**”) which is designed to prevent potential, perceived or actual conflicts between the interests of the Manager and its staff and the interests of clients and the Evolve Funds. Under the Policy, certain of the Manager’s personnel are required to pre-clear certain personal securities transactions in order to ensure that those trades do not conflict with the best interests of the Evolve Funds and have not been offered to the person because of the position they hold with the Manager. The Manager has also adopted the basic principles set out in the Code of Ethics on Personal Investing established by The Investment Funds Institute of Canada.

## CALCULATION OF NET ASSET VALUE

The NAV and NAV per Unit of a class of Units of each Evolve Fund are calculated by the Fund Administrator as of the Valuation Time on each Valuation Date. The NAV of a class of Units of an Evolve Fund on a particular date is equal to the aggregate value of the assets of the Evolve Fund attributable to that class less the aggregate value of the liabilities of such Evolve Fund attributable to that class, including any accrued management and administration fees and any income, net realized capital gains or other amounts payable to Unitholders on or before such date, expressed in Canadian or U.S. dollars, as applicable. The NAV per Unit of a class of Units on any day is obtained by dividing the NAV of an Evolve Fund attributable to that class on such day by the applicable number of Units of that class of the Evolve Fund then outstanding.

### Valuation Policies and Procedures of the Evolve Funds

In determining the NAV of the Evolve Funds at any time, the Fund Administrator uses the following valuation principles:

- a) cash on hand or on deposit, bills, demand notes, accounts receivable, prepaid expenses, cash dividends received or receivable and interest accrued and not yet received, shall be deemed to be the face value thereof unless the Manager has determined that any such deposit, bill, demand note, account receivable, prepaid expense, cash dividend received or receivable or interest is not worth the full face value, in which event the value thereof shall be deemed to be such value as the Manager determines to be reasonable;
- b) the liabilities of an Evolve Fund will include:

- (i) all bills, notes and accounts payable of which such Evolve Fund is an obligor;
  - (ii) all brokerage expenses of such Evolve Fund;
  - (iii) all Management Fees;
  - (iv) all contractual obligations of such Evolve Fund for the payment of money on property, including the amount of any unpaid distribution credited to the Holders on or before that Valuation Date;
  - (v) all allowances of such Evolve Fund authorized or approved by the Manager for taxes (if any) or contingencies; and
  - (vi) all other liabilities of such Evolve Fund of whatsoever kind and nature;
- c) each transaction of purchase or sale of a portfolio asset effected by an Evolve Fund shall be reflected by no later than the next time that the NAV of such Evolve Fund and the NAV per Unit is calculated; and
  - d) if any investment cannot be valued under the foregoing rules or if the foregoing rules are at any time considered by the Manager to be inappropriate under the circumstances, then notwithstanding the foregoing rules, the Manager shall make such valuation as it considers fair and reasonable.

Unless otherwise indicated, for purposes hereof, “current market value” means the most recently available sale price applicable to the relevant security on the principal exchange on which it is traded immediately preceding the Valuation Time on the Valuation Date, provided that, if no sale has taken place on a Valuation Date, the average of the bid and asked quotations immediately prior to the Valuation Time on the Valuation Date shall be used.

For the purposes of the foregoing valuation policies, quotations may be obtained from any report in common use, or from a reputable broker or other financial institutions, provided always that the Manager shall retain sole discretion to use such information and methods as it deems to be necessary or desirable for valuing the assets of an Evolve Fund, including the use of a formula computation.

If any investment cannot be valued under the foregoing rules or if the foregoing rules are at any time considered by the Manager to be inappropriate under the circumstances, then notwithstanding the foregoing rules, the Manager shall make such valuation as it considers fair and reasonable under the circumstances and, if there is an industry practice, in a manner consistent with such industry practice for valuing such investment.

Pursuant to NI 81-106, investment funds calculate their NAV using fair value for purposes of securityholder transactions. The Manager considers the policies above to result in fair valuation of the securities held by each Evolve Fund in accordance with NI 81-106 and such policies have been approved by the Board of Directors of the Manager. Net assets of each Evolve Fund will continue to be calculated in accordance with the rules and policies of the Canadian Securities Administrators or any exemption therefrom that an Evolve Fund may obtain.

Although the purchases and redemptions of Units are recorded on a class basis, the assets attributable to all of the classes or series of the Evolve Fund are pooled to create one fund for investment purposes. Each class or series pays its proportionate share of operating expenses in addition to its Management Fee. The difference in operating expenses and Management Fees between each class means that each class has a different NAV per Unit.

### **Reporting of Net Asset Value**

The Manager will publish the NAV and NAV per Unit for each Evolve Fund following the Valuation Time on the Valuation Date on its website at [www.evolveetfs.com](http://www.evolveetfs.com). This information will be available at no cost to the public.

### **Suspension of Calculation of Net Asset Value**

The Manager may suspend the calculation of the NAV of an Evolve Fund and the NAV per Unit for the whole or any part of a period during which the right to redeem Units is suspended.

## ATTRIBUTES OF THE SECURITIES

### **Description of the Securities Distributed**

Each Evolve Fund is authorized to issue redeemable, transferable USD Units and CAD Units under this prospectus, each of which represents an undivided interest in the net assets of each Evolve Fund. CAD Units of the Evolve Funds are denominated in Canadian dollars and USD Units of the Evolve Funds are denominated in U.S. dollars.

The Evolve Funds are authorized to issue an unlimited number of Units of each class. All Units of each class of an Evolve Fund have equal rights and privileges. The interest of each Unitholder in an Evolve Fund is shown by how many Units are registered in the name of such Unitholder. There is no fixed issue price. No Unit of a class of an Evolve Fund has any preference or priority over another Unit of the same class of that Evolve Fund.

On December 16, 2004, the *Trust Beneficiaries' Liability Act, 2004* (Ontario) came into force. This statute provides that holders of units of a trust are not, as beneficiaries, liable for any default, obligation or liability of the trust if, when the default occurs or the liability arises: (i) the trust is a reporting issuer under the *Securities Act* (Ontario); and (ii) the trust is governed by the laws of the Province of Ontario. Each Evolve Fund is a reporting issuer under the *Securities Act* (Ontario) and each Evolve Fund is governed by the laws of Ontario by virtue of the provisions of the Declaration of Trust.

### ***Certain Provisions of the Units***

Each Unit entitles the holder thereof to one vote at meetings of Unitholders and to participate equally with all other Units of the same class of an Evolve Fund with respect to all payments made to Unitholders, including distributions of net income and net realized capital gains and, on liquidation, to participate equally in the net assets of an Evolve Fund remaining after satisfaction of any outstanding liabilities that are attributable to Units of that class of such Evolve Fund. Notwithstanding the foregoing, an Evolve Fund may allocate and designate as payable certain capital gains to a Unitholder whose Units are being redeemed or exchanged as described under “Exchange and Redemption of Units – Allocations of Capital Gains to Redeeming or Exchanging Unitholders”. All Units will be fully paid, with no liability for future assessments, when issued and will not be transferable except by operation of law. Unitholders are entitled to require an Evolve Fund to redeem their Units as outlined under “Exchange and Redemption of Units – Redemption of Units of the Evolve Funds for Cash”.

### ***Redemptions of Units for Cash***

Units of an Evolve Fund may be bought and sold over a designated exchange. However, on any Trading Day, Unitholders may also redeem Units of an Evolve Fund for cash at a redemption price per Unit equal to 95% of the closing price of the applicable Units on the Designated Exchange on the effective day of redemption, subject to a maximum redemption price per Unit equal to the NAV per Unit on the effective day of redemption, less any applicable administrative fee determined by the Manager, in its sole discretion, from time to time. Because Unitholders will generally be able to sell Units at the market price on the Designated Exchange through a registered broker or dealer subject only to customary brokerage commissions, Unitholders are advised to consult their brokers, dealers or investment advisers before redeeming their Units for cash.

### ***Modification of Terms***

All rights attached to the Units may only be modified, amended or varied in accordance with the terms of the Declaration of Trust. See “Unitholder Matters – Amendments to the Declaration of Trust”.

The Manager may amend the Declaration of Trust from time to time to redesignate the name of an Evolve Fund or to create a new class or series of units of an Evolve Fund without notice to existing Unitholders.

### ***Voting Rights in the Portfolio Securities***

Holders of Units will not have any voting rights in respect of the securities in an Evolve Fund’s portfolio.

## UNITHOLDER MATTERS

### Meetings of Unitholders

Meetings of Unitholders of an Evolve Fund will be held if called by the Manager or upon the written request to the Manager of Unitholders of the Evolve Fund holding not less than 25% of the then outstanding Units of the Evolve Fund.

### Matters Requiring Unitholder Approval

NI 81-102 requires a meeting of Unitholders of an Evolve Fund to be called to approve certain changes as follows:

- (i) the basis of the calculation of a fee or expense that is charged to the Evolve Fund or its Unitholders is changed in a way that could result in an increase in charges to the Evolve Fund or to its Unitholders, except where (a) the Evolve Fund is at arm's length with the person or company charging the fee; and (b) the Unitholders have received at least 60 days' notice before the effective date of the change;
- (ii) a fee or expense, to be charged to the Evolve Fund or directly to its Unitholders by the Evolve Fund or the Manager in connection with the holding of Units that could result in an increase in charges to the Evolve Fund or its Unitholders, is introduced;
- (iii) the Manager is changed, unless the new manager of the Evolve Fund is an affiliate of the Manager;
- (iv) the fundamental investment objective of the Evolve Fund is changed;
- (v) the Evolve Fund decreases the frequency of the calculation of its NAV per Unit;
- (vi) other than a Permitted Merger (as defined below) for which Unitholder approval is not required, the Evolve Fund undertakes a reorganization with, or transfers its assets to, another mutual fund, if the Evolve Fund ceases to continue after the reorganization or transfer of assets and the transaction results in the Unitholders becoming securityholders in the other mutual fund;
- (vii) the Evolve Fund undertakes a reorganization with, or acquires assets from, another mutual fund, if the Evolve Fund continues after the reorganization or acquisition of assets, the transaction results in the securityholders of the other mutual fund becoming Unitholders, and the transaction would be a material change to the Evolve Fund; or
- (viii) any matter which is required by the constitutive documents of the Evolve Fund, by the laws applicable to the Evolve Fund or by any agreement to be submitted to a vote of the Unitholders.

In addition, the auditors of an Evolve Fund may not be changed unless the IRC of the Evolve Fund has approved the change and Unitholders have received at least 60 days' notice before the effective date of the change.

Approval of Unitholders of any such matter will be given if a majority of the votes cast at a meeting of Unitholders duly called and held for the purpose of considering the same approve the related resolution.

### Amendments to the Declaration of Trust

The Trustee may amend the Declaration of Trust from time to time but may not, without the approval of a majority of the votes of Unitholders of the Evolve Fund voting at a meeting of Unitholders duly called for such purpose, make any amendment relating to any matter in respect of which NI 81-102 requires a meeting, as set out above, or any amendment that will adversely affect the voting rights of Unitholders. All Unitholders of an Evolve Fund shall be bound by an amendment affecting the Evolve Fund from the effective date of the amendment.

### Permitted Mergers

An Evolve Fund may, without Unitholder approval, enter into a merger or other similar transaction (a "**Permitted Merger**") that has the effect of combining that Evolve Fund with any other investment fund or funds that have investment objectives, valuation procedures and fee structures that are similar to the Evolve Fund, subject to:

- (i) approval of the merger by the IRC;
- (ii) compliance with certain merger pre-approval conditions set out in NI 81-102; and
- (iii) written notice being sent to Unitholders at least 60 days before the effective date of the merger.



In connection with a Permitted Merger, the merging funds will be valued at their respective NAVs and Unitholders of the Evolve Fund will be offered the right to redeem their Units for cash at the applicable NAV per Unit.

### **Accounting and Reporting to Unitholders**

The fiscal year-end of the Evolve Funds is December 31. The Evolve Funds will deliver or make available to Unitholders: (i) audited annual financial statements; (ii) unaudited interim financial statements; and (iii) annual and interim management reports of fund performance. Such documents are, or will be, incorporated by reference into, and form an integral part of, this prospectus. See “Documents Incorporated by Reference”.

Each Unitholder will also be mailed annually, by his, her or its broker, as and when required under applicable law, information necessary to enable such Unitholder to complete an income tax return with respect to amounts paid or payable by each Evolve Fund owned by such Unitholder in respect of the preceding taxation year of such Evolve Fund. Neither the Manager nor the Registrar and Transfer Agent is responsible for tracking the adjusted cost base of a Unitholder’s Units. Unitholders should consult with their tax or investment adviser in respect of how to compute the adjusted cost base of their Units and in particular how distributions made by the Evolve Fund to a Unitholder affect the Unitholder’s tax position. See “Income Tax Considerations”.

The Manager will ensure that each Evolve Fund complies with all applicable reporting and administrative requirements. The Manager will also ensure that adequate books and records are kept reflecting the activities of each Evolve Fund. A Unitholder or his, her or its duly authorized representative has the right to examine the books and records of the applicable Evolve Fund during normal business hours at the offices of the Fund Administrator. Notwithstanding the foregoing, a Unitholder shall not have access to any information that, in the opinion of the Manager, should be kept confidential in the interests of the Evolve Funds.

### **International Information Reporting**

Part XVIII of the Tax Act (the “**IGA Legislation**”) imposes due diligence and reporting obligations on “reporting Canadian financial institutions” in respect of their “U.S. reportable accounts”. Each Evolve Fund is a “reporting Canadian financial institution” but as long as Units continue to be registered in the name of CDS, the Evolve Funds should not have any “U.S. reportable accounts” and, as a result, the Evolve Funds should not be required to provide information to the CRA in respect of its Unitholders. However, dealers through which Unitholders of the Evolve Funds hold their Units are subject to due diligence and reporting obligations with respect to financial accounts they maintain for their clients. Accordingly, Unitholders of an Evolve Fund may be requested to provide information to their dealer to identify U.S. persons holding Units. If a Unitholder is a U.S. person (including a U.S. citizen) or if a Unitholder does not provide the requested information, the IGA Legislation will generally require information about the Unitholder’s investments held in the financial account maintained by the dealer to be reported to the CRA, unless the investments are held within a Plan. The CRA is expected to provide that information to the U.S. Internal Revenue Service (the “**IRS**”).

Part XIX of the Tax Act (the “**CRS Legislation**”) implements the Organization for Economic Co-operation and Development Common Reporting Standard. Pursuant to the CRS Legislation, “Canadian financial institutions” (as defined in the CRS Legislation) are required to have procedures in place to identify accounts held by residents of foreign countries (other than the U.S.) or by certain entities the “controlling persons” of which are resident in a foreign country (other than the U.S.) and to report required information to the CRA. Such information is exchanged on a reciprocal, bilateral basis with countries that have agreed to a bilateral information exchange with Canada under the Common Reporting Standard in which the account holders or such controlling persons are resident. Under the CRS Legislation, Unitholders may be required to provide certain information regarding their investment in an Evolve Fund for the purpose of such procedures and, where applicable, such information exchange, unless the investment is held within a Plan.

## **TERMINATION OF THE EVOLVE FUNDS**

An Evolve Fund may be terminated by the Manager on at least sixty (60) days’ notice to Unitholders of such termination and the Manager will issue a press release in advance thereof. The Manager may also terminate an Evolve Fund if the Trustee resigns or becomes incapable of acting and is not replaced. The rights of Unitholders to exchange and redeem Units described under “Exchange and Redemption of Units” will cease as and from the date of termination of an Evolve Fund.

The Trustee shall be entitled to retain out of any assets of an Evolve Fund, at the date of termination of the Evolve Fund, full provision for all costs, charges, expenses, claims and demands incurred or believed by the Trustee to be due

or to become due in connection with or arising out of the termination of the Evolve Fund and the distribution of its assets to the Unitholders of the Evolve Fund. Out of the moneys so retained, the Trustee is entitled to be indemnified and saved harmless against all costs, charges, expenses, claims and demands. Upon such termination, the portfolio securities, cash and other assets remaining after paying or providing for all liabilities and obligations of an Evolve Fund shall be distributed pro rata based on NAV among the Unitholders of the Evolve Fund.

### **PLAN OF DISTRIBUTION**

Units are being offered for sale on a continuous basis by this prospectus and there is no maximum number of Units that may be issued. The Units shall be offered for sale at a price equal to the NAV of such class of Units determined at the Valuation Time on the effective date of the subscription order.

#### **Non-Resident Unitholders**

At no time may (i) non-residents of Canada, (ii) partnerships that are not Canadian partnerships or (iii) a combination of non-residents of Canada and such partnerships (all as defined in the Tax Act) be the beneficial owners of a majority of the Units of an Evolve Fund (on either a number of Units or fair market value basis) and the Manager shall inform the Registrar and Transfer Agent of each Evolve Fund of this restriction. The Manager may require declarations as to the jurisdictions in which a beneficial owner of Units is resident and, if a partnership, its status as a Canadian partnership. If the Manager becomes aware, as a result of requiring such declarations as to beneficial ownership or otherwise, that the beneficial owners of 40% of the Units of an Evolve Fund then outstanding (on either a number of Units or fair market value basis) are, or may be, non-residents and/or partnerships that are not Canadian partnerships, or that such a situation is imminent, the Manager may make a public announcement thereof. If the Manager determines that more than 40% of the Units of an Evolve Fund (on either a number of Units or fair market value basis) are beneficially held by non-residents and/or partnerships that are not Canadian partnerships, the Manager may send a notice to such non-residents and/or partnerships, chosen in inverse order to the order of acquisition or in such manner as the Manager may consider equitable and practicable, requiring them to sell their Units or a portion thereof within a specified period of not less than 30 days. If the Unitholders receiving such notice have not sold the specified number of Units or provided the Manager with satisfactory evidence that they are not non-residents or partnerships other than Canadian partnerships within such period, the Manager may on behalf of such Unitholders sell such Units and, in the interim, shall suspend the voting and distribution rights attached to such Units. Upon such sale, the affected holders shall cease to be beneficial holders of Units and their rights shall be limited to receiving the net proceeds of sale of such Units.

Notwithstanding the foregoing, the Manager may determine not to take any of the actions described above if the Manager has been advised by legal counsel that the failure to take any of such actions would not adversely impact the status of an Evolve Fund as a mutual fund trust for purposes of the Tax Act or, alternatively, may take such other action or actions as may be necessary to maintain the status of an Evolve Fund as a mutual fund trust for purposes of the Tax Act.

### **RELATIONSHIP BETWEEN THE EVOLVE FUNDS AND THE DEALERS**

The Manager, on behalf of an Evolve Fund, may enter into various agreements with registered dealers (that may or may not be the Designated Broker) pursuant to which the Dealers may subscribe for Units of the Evolve Fund as described under “Purchases of Units”.

No Designated Broker or Dealer has been involved in the preparation of this prospectus or has performed any review of the contents of this prospectus and, as such, the Designated Broker and the Dealers do not perform many of the usual underwriting activities in connection with the distribution by the Evolve Funds of their Units under this prospectus. Units of an Evolve Fund do not represent an interest or an obligation of the applicable Designated Broker, any Dealer or any affiliate thereof and a Unitholder does not have any recourse against any such parties in respect of amounts payable by an Evolve Fund to the Designated Broker or applicable Dealers. See “Organization and Management Details of the Evolve Funds – Conflicts of Interest”.

### **PRINCIPAL HOLDERS OF UNITS**

CDS & Co., the nominee of CDS, is the registered owner of the Units of the Evolve Funds which it holds for various brokers and other persons on behalf of their clients and others. From time to time, a Designated Broker, Dealer, Evolve

Fund or another investment fund managed by the Manager or an affiliate thereof, may beneficially own, directly or indirectly, more than 10% of the Units of an Evolve Fund.

### **PROXY VOTING DISCLOSURE FOR PORTFOLIO SECURITIES HELD**

The Manager has established policies and procedures with respect to the voting of proxies received from issuers of securities held in an Evolve Fund's portfolio (the "**Proxy Voting Policy**"). The Manager's Proxy Voting Policy provides that the Manager will vote (or refrain from voting) proxies for each Evolve Fund for which it has voting power in the best economic interests of the Evolve Fund. The Proxy Voting Policy is not exhaustive and due to the variety of proxy voting issues that the Manager may be required to consider, are intended only to provide guidance and are not intended to dictate how proxies are to be voted in each instance. The Manager may depart from the Proxy Voting Policy in order to avoid voting decisions that may be contrary to the best interests of the Evolve Funds.

The Manager will publish these records on an annual basis on the Evolve Funds' website at [www.evolveetfs.com](http://www.evolveetfs.com). Each Evolve Fund's proxy voting record for the annual period from July 1 to June 30 will be available at any time after August 31 following the end of that annual period, to any Unitholder on request, at no cost, and will also be available at [www.evolveetfs.com](http://www.evolveetfs.com).

### **MATERIAL CONTRACTS**

The only contracts material to the Evolve Funds are the Declaration of Trust and the Custodian Agreement.

Copies of these agreements may be examined at the head office of the Manager at Scotia Plaza, 40 King Street West, Suite 3404, Toronto, ON M5H 3Y2.

### **LEGAL AND ADMINISTRATIVE PROCEEDINGS**

The Evolve Funds are not involved in any legal proceedings, nor is the Manager aware of existing or pending legal or arbitration proceedings involving the Evolve Funds.

### **EXPERTS**

The auditors of the Evolve Funds, Ernst & Young LLP, Chartered Professional Accountants, Licensed Public Accountants, have audited the statements of financial position contained herein. Ernst & Young LLP has advised that it is independent with respect to the Evolve Funds within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

### **EXEMPTIONS AND APPROVALS**

The Manager, on behalf of the Evolve Funds, has obtained exemptive relief from the Securities Regulatory Authorities:

- (a) to permit a Unitholder to acquire more than 20% of the Units through purchases on the Designated Exchange without regard to the takeover bid requirements of applicable Canadian Securities Legislation; and
- (b) to relieve the Evolve Funds from the requirement that a prospectus contain a certificate of the underwriters.

### **PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION**

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase ETF securities within 48 hours after the receipt of a confirmation of a purchase of such securities. In several of the provinces and territories, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation, or non-delivery of the ETF Facts, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory.

The purchaser should refer to the applicable provisions of the securities legislation of the province or territory for the particulars of these rights or should consult with a legal adviser.

**DOCUMENTS INCORPORATED BY REFERENCE**

Additional information about each of the Evolve Funds is, or will be, available in the following documents:

- (i) the most recently filed ETF Facts of the Evolve Funds;
- (ii) the most recently filed comparative annual financial statements of the Evolve Funds, together with the accompanying report of the auditors;
- (iii) any unaudited interim financial statements of the Evolve Funds filed after the most recently filed comparative annual financial statements of the Evolve Funds;
- (iv) the most recently filed annual MRFP of the Evolve Funds; and
- (v) any interim MRFP of the Evolve Funds filed after that most recently filed annual MRFP of the Evolve Funds.

These documents are or will be incorporated by reference into this prospectus, which means that they legally form part of this document just as if they were printed as part of this document.

These documents are available on the Manager's website at [www.evolveetfs.com](http://www.evolveetfs.com) or by contacting the Manager at (416)-214-4884 or toll-free at 1-844-370-4884 or by email at [info@evolveetfs.com](mailto:info@evolveetfs.com). These documents and other information about the Evolve Funds are available on the Internet at [www.sedarplus.com](http://www.sedarplus.com).

In addition to the documents listed above, any documents of the type described above that are filed on behalf of the Evolve Funds after the date of this prospectus and before the termination of the distribution of the Evolve Funds are deemed to be incorporated by reference into this prospectus.

**DESIGNATED WEBSITE**

A mutual fund is required to post certain regulatory disclosure documents on a designated website. The designated website of the Evolve Funds this document pertains to can be found at the following location: [www.evolveetfs.com](http://www.evolveetfs.com). These documents and other information about the Evolve Funds, such as information circulars and material contracts, are also available at [www.sedarplus.com](http://www.sedarplus.com).

## INDEPENDENT AUDITOR'S REPORT

To the Unitholder and Manager of  
Evolve Levered Bitcoin ETF  
Evolve Levered Ether ETF

(individually, an “**Evolve Fund**” and collectively, the “**Evolve Funds**”)

### **Opinion**

We have audited the financial statement of each of the Evolve Funds, which comprises the statement of financial position as at March 7, 2025 and notes to the financial statement, including material accounting policy information.

In our opinion, the accompanying financial statement presents fairly, in all material respects, the financial position of each of the Evolve Funds as at March 7, 2025 in accordance with International Financial Reporting Standards (“IFRSs”).

### **Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statement* section of our report. We are independent of the Evolve Funds in accordance with the ethical requirements that are relevant to our audit of the financial statement in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statement**

Management is responsible for the preparation and fair presentation of the financial statement in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of a financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the financial statement, management is responsible for assessing each Evolve Funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Evolve Funds or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing each Evolve Fund's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial statement.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of each Evolve Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on an Evolve Funds’ ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause an Evolve Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statement represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

(Signed) “*Ernst & Young LLP*”

Chartered Professional Accountants  
Licensed Public Accountants

Toronto, Canada  
March 7, 2025

**EVOLVE LEVERED BITCOIN ETF**  
**STATEMENT OF FINANCIAL POSITION**

As at March 7, 2025

**ASSETS**

**Current Assets**

Cash.....	<u>\$48</u>
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<b>Total Assets</b>	<b><u>\$48</u></b>
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**NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS (Units issued and redeemable)**

Net assets attributable to holders of redeemable Canadian dollar denominated unhedged units (1 CAD Unit)	<u>\$20</u>
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Net assets attributable to holders of redeemable United States dollar denominated unhedged units (1 USD Unit)	<u>\$28</u>
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<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER CAD UNIT.....</b>	<b><u>\$20</u></b>
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<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER USD UNIT .....</b>	<b><u>\$28</u></b>
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Approved on behalf of the Board of Directors of Evolve Funds Group Inc., Manager and Trustee:

(signed) “*Raj Lala*”

**Raj Lala**  
 Chief Executive Officer & Director

(signed) “*Scharlet Diradour*”

**Scharlet Diradour**  
 Chief Financial Officer & Chief Compliance Officer

*The accompanying notes are an integral part of this statement of financial position.*

**EVOLVE LEVERED ETHER ETF**  
**STATEMENT OF FINANCIAL POSITION**

As at March 7, 2025

**ASSETS**

**Current Assets**

Cash.....	<u>\$48</u>
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<b>Total Assets</b>	<b><u>\$48</u></b>
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**NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS (Units issued and redeemable)**

Net assets attributable to holders of redeemable Canadian dollar denominated unhedged units (1 CAD Unit)	<u>\$20</u>
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Net assets attributable to holders of redeemable United States dollar denominated unhedged units (1 USD Unit)	<u>\$28</u>
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<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER CAD UNIT.....</b>	<b><u>\$20</u></b>
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<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER USD UNIT .....</b>	<b><u>\$28</u></b>
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 Chief Financial Officer & Chief Compliance Officer

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**EVOLVE LEVERED BITCOIN ETF**  
**EVOLVE LEVERED ETHER ETF**

Notes to the Financial Statement

March 7, 2025

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**1. General Information**

The Evolve Funds are exchange traded alternative mutual funds established under the laws of the Province of Ontario, pursuant to the terms of the Declaration of Trust. Each Evolve Fund is a mutual fund under the securities legislation of the provinces and territories of Canada. Evolve Funds Group Inc. (the “**Manager**”) is the promoter, trustee, manager and investment manager of the Evolve Funds and is responsible for the administration of each Evolve Fund.

Evolve Levered Bitcoin ETF’s investment objective is to provide holders of units (“**Unitholders**”) with exposure to 1.25x the daily price movements of the U.S. dollar price of bitcoin while experiencing minimal tracking error by investing in other publicly offered investment funds managed by the Manager. Evolve Levered Bitcoin ETF will use leverage in order to achieve its investment objective. Leverage will be created through the use of cash borrowings or as otherwise permitted under applicable securities legislation.

Evolve Levered Ether ETF’s investment objective is to provide Unitholders with exposure to 1.25x the daily price movements of the U.S. dollar price of Ether while experiencing minimal tracking error by investing in other publicly offered investment funds managed by the Manager. Evolve Levered Ether ETF’s will use leverage in order to achieve its investment objective. Leverage will be created through the use of cash borrowings or as otherwise permitted under applicable securities legislation.

The principal office of the Evolve Funds and Evolve Funds Group Inc. is located at Scotia Plaza, 40 King Street West, Suite 3404, Toronto, ON M5H 3Y2.

The financial statement as at March 7, 2025 was authorized for issue by the Manager on March 7, 2025.

**2. Material Accounting Policy Information**

The principal accounting policies applied in the preparation of the financial statement are set out below.

*2.1 Basis of Preparation*

The financial statement of each Evolve Fund has been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB), relevant to preparing a statement of financial position. The financial statement of each Evolve Fund has been prepared under the historical cost convention.

*2.2 Functional and Presentation Currency*

The financial statements of each class of Units of each Evolve Fund have been presented in Canadian dollars, which is their functional currency.

*2.3 Financial Instruments*

Each Evolve Fund recognizes financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments measured at amortized cost. Regular way purchases and sales of financial assets are recognized at their trade date.

Cash comprises amounts held in trust with the legal counsel of each Evolve Fund and is stated at fair value.

*2.4 Redeemable Units*

Each Evolve Fund is authorized to issue an unlimited number of classes and series redeemable, transferable units, each of which represents an undivided interest in the net assets of that class of each Evolve Fund (the “**Units**”). The Units are classified as financial liabilities in accordance with the requirements of International Accounting Standard 32, Financial Instruments: Presentation.

### 3. **Fair Value**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The carrying values of cash and the obligation of each Evolve Fund for net assets attributable to holders of redeemable units approximate their fair values due to their short-term nature.

### 4. **Risks associated with financial instruments**

Each Evolve Fund's overall risk management program seeks to maximize the returns derived for the level of risk to which each Evolve Fund is exposed and seeks to minimize potential adverse effects on each Evolve Fund's financial performance.

#### 4.1 *Credit risk*

Each Evolve Fund is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. As at March 7, 2025, the credit risk is considered limited as the cash balance was held in trust by counsel to each Evolve Fund.

#### 4.2 *Liquidity risk*

Liquidity risk is the risk that each Evolve Fund will encounter difficulty in meeting obligations associated with financial liabilities. The Evolve Funds maintain sufficient cash on hand to fund anticipated redemptions.

### 5. **Capital Risk Management**

The capital of each Evolve Fund is represented by the net assets attributable to holders of Units. The amount of net assets attributable to holders of redeemable units can change.

### 6. **Authorized units**

Each Evolve Fund is authorized to issue an unlimited number of redeemable, transferable Units, each of which represents an undivided interest in the net assets of the Evolve Funds.

Each Unit entitles the owner to one vote at meetings of Unitholders and is entitled to participate equally with all other Units with respect to all payments made to Unitholders, including distributions of net income and net realized capital gains and, on liquidation, to participate equally in the net assets of the Evolve Funds remaining after satisfaction of any outstanding liabilities that are attributable to Units. All Units are fully paid, with no liability for future assessments, when issued and will not be transferable except by operation of law.

In accordance with the objectives outlined in Note 1 and the risk management policies in Note 4, each Evolve Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions.

The Manager has initially purchased one Unit of each class of each Evolve Fund.

### 7. **Management Fees and other expenses**

Each Evolve Fund pays an annual management fee (the "**Management Fee**") to the Manager for acting as trustee, manager and portfolio manager of the Evolve Fund equal to a percentage of the NAV of the Evolve Fund, calculated daily and payable monthly in arrears, plus applicable taxes, as follows:

<b>Evolve Fund</b>	<b>Class of Units</b>	<b>Management Fee</b>
Evolve Levered Bitcoin ETF	CAD Units	Nil
	USD Units	Nil

Evolve Levered Ether ETF	CAD Units	Nil
	USD Units	Nil

Other than ETF Costs (as defined below), in consideration for the payment by the Evolve Funds of a fixed administration fee (the “**Administration Fee**”) to the Manager, and subject to compliance with NI 81-102, the Manager pays for the following operating expenses of the Evolve Funds (“**Operating Expenses**”), including but not limited to: mailing and printing expenses for periodic reports to Unitholders; fees payable to the Prime Broker, 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 each Evolve 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 each Evolve Fund; regulatory filing, stock exchange and licensing fees (if applicable) and CDS fees; Fundserv fees (if applicable); 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, Custodian and Manager which are incurred in respect of matters not in the normal course of each Evolve Fund’s activities. The Administration Fee paid to the Manager by the Evolve Funds may, in any particular period, be less than or exceed the Operating Expenses that the Manager incurs. The Manager is not obligated to pay any other expense, cost or fee, including those arising from new government or regulatory requirements relating to the foregoing expenses, costs and fees.

The Evolve Funds, in accordance with applicable Canadian securities legislation, invest in exchange traded funds, mutual funds or other public investment funds that are managed by the Manager. With respect to such investments, no management fees or incentive fees are payable by the Evolve Funds that, to a reasonable person, would duplicate a fee payable by such underlying fund for the same service. As the Evolve Funds do not pay any management fees directly to the Manager, no management fees or incentive fees payable by the Evolve Funds would duplicate a fee payable by the underlying funds for the same service.

The underlying funds in which the Evolve Funds invest will pay applicable management fees. As a result, the actual aggregate management fees indirectly payable to the Manager in respect of an investment in the Evolve Funds will be greater than nil.

Further, no sales fees or redemption fees are payable by the Evolve Funds in relation to purchases or redemptions of the securities of the underlying funds in which they invest if these funds are managed by the Manager or an affiliate or associate of the Manager, and no sales fees or redemption fees are payable by the Evolve Funds in relation to their purchases or redemptions of securities of underlying funds that, to a reasonable person, would duplicate a fee payable by an investor in the Evolve Funds.

As of the date hereof, the Evolve Funds invest in the Evolve Bitcoin ETF and Evolve Ether ETF, as applicable, each of which is an investment fund currently managed by the Manager.

Each of the Evolve Bitcoin ETF and Evolve Ether ETF currently pay the Manager an annual management fee for acting as trustee, manager and portfolio manager equal to 0.75% of net asset value, calculated daily and payable monthly in arrears, plus applicable taxes.

The Administration Fee is equal to a specified percentage of the NAV of each class of an Evolve Fund, calculated and paid in the same manner as the Management Fee for the Evolve Fund. The rate of the annual Administration Fee for each Evolve Funds is set out below.

<b>Evolve Fund</b>	<b>Administration Fee</b>
Evolve Levered Bitcoin ETF	0.15%
Evolve Levered Ether ETF	0.15%

The ETF costs (“**ETF Costs**”) which are payable by each Evolve Fund include any taxes payable by each Evolve Fund to which the Evolve Fund may be subject, including income taxes, sales taxes (including

GST/HST) and/or withholding taxes (including preparation costs for tax filings in respect of any such taxes); expenditures incurred upon termination of an Evolve Fund; extraordinary expenses that each Evolve 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 each Evolve Fund or the assets of each Evolve 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. Each Evolve Fund is also responsible for all commissions and other costs of portfolio transactions and any extraordinary expenses of each Evolve Fund which may be incurred from time to time.

Each class of the Evolve Funds is responsible for its proportionate share of common ETF Costs of each Evolve Fund, in addition to the expenses it incurs alone.

The Evolve Funds will indirectly bear 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 Evolve Funds' activities.

**CERTIFICATE OF THE EVOLVE FUNDS, THE MANAGER AND PROMOTER**

Dated: March 7, 2025

This prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of each of the provinces and territories of Canada.

**EVOLVE FUNDS GROUP INC.**

(As manager, trustee and promoter and on behalf of the Evolve Funds)

(signed) "*Raj Lala*"

Raj Lala

Chief Executive Officer of Evolve Funds Group Inc., the  
Manager, Trustee and Promoter of the Evolve Funds, and  
on behalf of the Evolve Funds

(signed) "*Scharlet Diradour*"

Scharlet Diradour

Chief Financial Officer of Evolve Funds Group Inc.,  
the Manager, Trustee and Promoter of the Evolve  
Funds, and on behalf of the Evolve Funds

On behalf of the Board of Directors  
of Evolve Funds Group Inc.

(signed) "*Keith Crone*"

Keith Crone  
Director

(signed) "*Elliot Johnson*"

Elliot Johnson  
Director