

Evolve Global Materials & Mining Enhanced Yield Index ETF

December 31, 2024

Annual Management Report of Fund Performance

This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the investment fund. You can get a copy of the annual financial statements at your request, and at no cost, by calling 1-844-370-4884, by writing to us at Evolve Funds, 40 King Street West, Suite 3404, Toronto, ON, M5H 3Y2 or by visiting our website at www.evolveetfs.com or SEDAR at www.sedar.com. You may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

Evolve Global Materials & Mining Enhanced Yield Index ETF

December 31, 2024

Investment Objective and Strategies

The Evolve Global Materials & Mining Enhanced Yield Index ETF (the "Fund") seeks to replicate, to the extent reasonably possible and before fees and expenses, the performance of the Solactive Global Materials & Mining Index, or any successor thereto, while mitigating downside risk. The Fund invests directly or indirectly in equity securities of global issuers engaged in the manufacturing, mining and/or integration of metals and materials, while writing covered call options on up to 33% of the portfolio securities, at the direction of the portfolio manager. The level of covered call option writing may vary based on market volatility and other factors.

Risk

There were no changes to the Fund over the period of this report that materially affected the level of risk associated with an investment in the Fund. Prospective investors should read the Fund's most recent prospectus and consider the description of risks contained therein.

Results of Operations

For the year ended December 31, 2024, the Hedged ETF Units returned -13.2% versus the Solactive Materials & Mining Index NTR (the "Index") return of -7.4%. The Unhedged ETF Units returned -7.4% versus the Index return of -7.4%. For a discussion of the relative performance of the Fund as compared to the Index, please refer to the "Annual Compound Return" section in the "Management Discussion of Fund Performance". The Fund's net assets were \$65.2MM as at December 31, 2024.

For the period ended December 31, 2024, the Fund generated an increase (decrease) in net assets attributable to holders of redeemable units from operations of (\$8,125,239). This compares to \$9,361,450 for the period ended December 31, 2023. The Fund distributed \$6,835,000 to unitholders during the year (2023 - \$6,095,000). The decision to make distributions exceeding earnings was made by Evolve Funds Group Inc. (the "Manager"), due to the following factors:

The Funds' Declaration of Trust requires that sufficient amounts be paid or made payable each year so that the Funds are not liable for any non-refundable income tax under Part I of the Tax Act.

Amounts included in the calculation of the Fund's net income and net realized capital gains for a taxation year may encompass amounts that have not yet been received by the Fund.

The Manager believes that maintaining regular and stable distributions is vital to meet unitholder expectations and retain investor confidence. Consequently, distribution rates are only adjusted in response to material changes.

The Manager believes that a full business cycle is required for a comprehensive evaluation of results.

The Manager holds a strong conviction in the Fund's investment objective and its future growth prospects.

Portfolio Manager Commentary

The global materials and mining sector in 2024 faced a turbulent year marked by fluctuating demand, geopolitical tensions, and changing market dynamics. A deceleration in global economic growth weighed heavily on demand for key commodities such as iron ore, copper, and aluminum. Lower infrastructure investment and a sluggish real estate recovery in China, the world's largest exporter of raw materials¹, presented significant challenges for the sector.

Gold miners experienced strong performance as rising geopolitical uncertainty supported gold as a safe haven asset, which drove its price to record highs during the year. In fact, gold prices rose 25.5% in 2024, outperforming multiple other major asset classes. This was the strongest annual gain for the asset class since 2010². The broader energy transition continued to shape the industry, driving increased investment in critical minerals such as steel, cobalt, nickel, and rare earth elements, which are essential for green technologies. Copper demand reached record highs, driven by surging growth in data centers and the expanding electric vehicle (EV) market³.

The steel industry, a cornerstone of the global materials sector, saw mixed results. Decreased construction activity in China and Europe weighed on steel demand, while higher energy costs in key production regions tightened margins. However, the global steel industry awaits the fate of the US Steel-Nippon Steel deal. The Department of Justice (DOJ) and Joe Biden have made efforts to block the deal⁴, while President-Elect Donald Trump has also vowed to ensure the deal is blocked under his administration, citing national security concerns if it were to go through.

Evolve Global Materials & Mining Enhanced Yield Index ETF

December 31, 2024

Meanwhile, ongoing geopolitical tensions, particularly between the US and China, created supply chain uncertainties and led to increased scrutiny of resource security. This dynamic spurred governments and companies to diversify supply chains and invest in domestic mining and refining capabilities, particularly in North America and Europe. President-Elect Donald Trump's discussions on tariffs introduce additional uncertainty to international trade in the materials sector during his upcoming term.

Looking ahead, while near-term challenges persist, the sector remains poised for long-term growth. Structural trends, including the energy transition, infrastructure modernization, and urbanization in emerging markets, offer significant opportunities for the industry. Companies focusing on sustainability, operational efficiency, and diversification are well-positioned to navigate volatility and capitalize on the next phase of growth in the materials and mining sector.

Performance Attribution

For the twelve-month period ending December 31, 2024, Steel Dynamics Inc. made the biggest contribution to the Fund, followed by Southern Copper Corporation. By weight, the Fund's largest holdings were Mueller Industries Inc, ArcelorMittal, and Royal Gold Inc.

(1) <https://wits.worldbank.org/CountryProfile/en/Country/WLD/Year/2019/TradeFlow/EXPIMP/Partner/by-country/Product/UNCTAD-SoP1>

(2) <https://www.gold.org/download/file/19361/Golds-2024-performance.pdf>

(3) <https://www.cnbc.com/2024/05/15/copper-futures-hit-record-high-as-data-center-build-up-ev-growth-fuels-demand.html>

(4) <https://www.bbc.com/news/articles/cx2vz83pg9eo>

Recent Developments

In 2025, trade tensions have escalated as the United States considers imposing new tariffs on key trading partners, including Canada and Mexico, along with broader reciprocal measures on other nations. In response, affected countries may enact retaliatory tariffs, further increasing uncertainty in global trade. These developments have contributed to heightened market volatility and could disrupt global supply chains, particularly impacting trade-sensitive sectors. The duration and full impact of these events remain uncertain, and as such, the financial implications for investments cannot be estimated at this time.

Related Party Transactions

The Manager, a corporation incorporated under the laws of the Province of Ontario, is the trustee, manager, and portfolio advisor of the Fund and is responsible for the day-to-day administration of the Fund. The Fund pays annual management fees to the Manager as consideration for its services. Any management fees paid to the Manager are related party transactions, as the Manager is considered to be a related party to the Fund. The management fees are disclosed in the statements of comprehensive income in the annual financial statements of the Fund and are discussed in greater detail below.

The Fund is permitted to purchase, sell and hold securities of certain issuers that are directly or indirectly related to the Manager. With respect to investment in related issuers, the Manager has relied on the approval that it has received from the Investment Review Committee ("IRC"). The Manager complies with its current policy and procedures regarding investments in related issuers and reports periodically to the IRC.

Management Fees

The management fees are calculated based on 0.60% per annum of the average daily net asset value of the Fund. The fees are accrued daily and are generally paid monthly. For the year ended December 31, 2024, the Fund incurred \$451,037 in management fees. These management fees were received by the Manager for the day-to-day operations of the fund, including managing the portfolio, maintaining portfolio systems used to manage the Fund, maintaining the www.evolveetfs.com website, and providing all other services including marketing and promotion.

Evolve Global Materials & Mining Enhanced Yield Index ETF

December 31, 2024

Administration Fees

The administration fees are calculated based on 0.15% per annum of the average daily net asset value of the Fund. The fees are accrued daily and are generally paid monthly. For the year ended December 31, 2024, the Fund incurred \$115,500 in administration fees. These administration fees were received by the Manager for the following operating expenses of the Fund including but not limited to: mailing and printing expenses for periodic reports to unitholders; Registrar and Transfer Agent and Custodian; any reasonable out of pocket expenses incurred by the Manager or its agents in connection with their ongoing obligations to the Fund; IRC committee member fees and expenses in connection with the IRC; expenses related to compliance with NI 81-107; fees and expenses relating to voting of proxies by a third party; insurance coverage for the members of the IRC; fees payable to the auditors and legal advisors of the Fund; regulatory filing, stock exchange and licensing fees and CDS fees; 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 the Fund's activities. The administration fee paid to the Manager by the Fund may, in any particular period, be less than or exceed the operating expenses that the Manager incurs for the Fund

Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help readers understand the Fund's financial performance for the period indicated.

The Fund's Net Assets Per Unit¹

	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020
For the periods ended:	(\$)	(\$)	(\$)	(\$)	(\$)
Unhedged ETF Units - Net Assets per Unit					
Net Assets per Unit, beginning of period	27.30	26.01	27.73	24.91	21.33
Increase (decrease) from operations:					
Total revenue	0.79	0.94	1.34	1.24	0.58
Total expenses	(0.31)	(0.38)	(0.40)	(0.40)	(0.33)
Realized gains (losses)	1.59	0.24	0.13	1.95	0.81
Unrealized gains (losses)	(3.90)	2.93	(0.60)	1.26	5.48
Total increase (decrease) from operations²	(1.83)	3.73	0.47	4.05	6.54
Distributions:					
From dividends	(0.49)	(0.63)	(0.97)	(0.96)	(0.30)
From capital gains	(0.55)	-	(0.23)	(0.61)	(0.78)
Return of capital	(1.36)	(1.77)	(1.08)	(0.16)	(0.12)
Total annual distributions³	(2.40)	(2.40)	(2.28)	(1.73)	(1.20)
Net Assets per Unit, end of period	23.07	27.30	26.01	27.73	24.91

Evolve Global Materials & Mining Enhanced Yield Index ETF

December 31, 2024

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

For the periods ended:	December 31, 2024 (\$)	December 31, 2023 (\$)	December 31, 2022 (\$)	December 31, 2021 (\$)	December 31, 2020 (\$)
Hedged ETF Units - Net Assets per Unit					
Net Assets per Unit, beginning of period	27.12	25.60	29.01	25.71	21.50
Increase (decrease) from operations:					
Total revenue	0.76	0.93	1.39	1.27	0.58
Total expenses	(0.31)	(0.37)	(0.41)	(0.42)	(0.33)
Realized gains (losses)	0.06	0.28	(1.18)	(0.03)	1.08
Unrealized gains (losses)	(3.89)	2.86	(3.13)	1.18	5.02
Total increase (decrease) from operations²	(3.38)	3.70	(3.33)	2.00	6.35
Distributions:					
From dividends	(0.46)	(0.60)	(0.97)	(0.77)	(0.25)
From capital gains	(0.56)	-	(0.23)	(0.70)	(0.65)
Return of capital	(1.38)	(1.80)	(1.08)	(0.26)	(0.30)
Total annual distributions³	(2.40)	(2.40)	(2.28)	(1.73)	(1.20)
Net Assets per Unit, end of period	21.40	27.12	25.60	29.01	25.71

- 1 This information is derived from the Fund's audited annual financial statements as at December 31, 2024, 2023, 2022, 2021, and 2020. The Hedged and Unhedged ETF Units effectively began operations on June 11, 2019.
- 2 Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of units outstanding over the period.
- 3 Distributions were paid in cash or reinvested in additional units of the Fund, or both. Actual distributions may vary slightly owing to rounding.

The Fund's Ratios/Supplemental Data

For the periods ended:	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020
Unhedged ETF Units - Ratios/Supplemental Data					
Total Net Asset Value (\$) ⁴	21,912,556	25,934,903	26,665,302	30,501,225	24,286,886
Number of units outstanding ⁴	950,000	950,000	1,025,000	1,100,000	975,000
Management expense ratio ⁵	0.74%	0.85%	0.82%	0.82%	0.85%
Trading expense ratio ⁶	0.20%	0.20%	0.20%	0.25%	0.43%
Portfolio turnover rate ⁷	75.45%	66.39%	94.32%	69.36%	82.01%
Net Asset Value per unit (\$)	23.07	27.30	26.01	27.73	24.91
Closing market price (\$)	23.06	27.35	25.87	27.70	24.97
Hedged ETF Units - Ratios/Supplemental Data					
Total Net Asset Value (\$) ⁴	43,332,465	47,455,011	30,714,926	29,012,779	2,571,290
Number of units outstanding ⁴	2,025,000	1,750,000	1,200,000	1,000,000	100,000
Management expense ratio ⁵	0.80%	0.85%	0.84%	0.85%	0.85%
Trading expense ratio ⁶	0.20%	0.20%	0.20%	0.25%	0.43%
Portfolio turnover rate ⁷	75.45%	66.39%	94.32%	69.36%	82.01%
Net Asset Value per unit (\$)	21.40	27.12	25.60	29.01	25.71
Closing market price (\$)	21.41	27.15	25.54	29.08	25.70

- 4 This information is provided as at December 31, 2024, 2023, 2022, 2021, and 2020.
- 5 Management expense ratio ("MER") is based on total expenses plus harmonized sales tax (excluding distributions, commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.
- 6 The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of average daily net assets during the period.
- 7 The Fund's portfolio turnover rate indicates how actively the Fund's portfolio manager trades its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. The higher the Fund's portfolio turnover rate in a period, the greater the trading costs payable by the Fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

Evolve Global Materials & Mining Enhanced Yield Index ETF

December 31, 2024

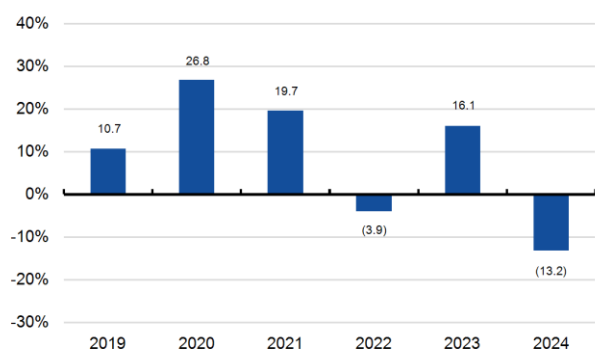
Past Performance

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

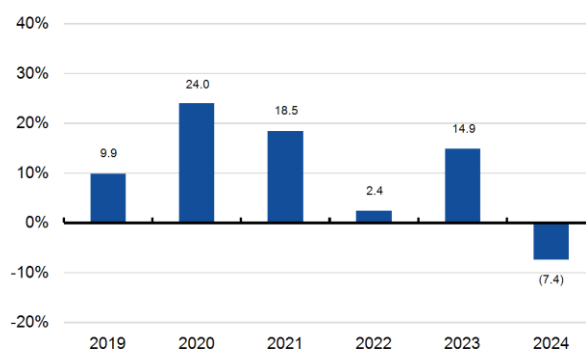
Year-by-Year Returns

The bar chart below shows the Hedged and Unhedged ETF Units' performance for each of the financial years shown. The chart shows, in percentage terms, how much an investment made in the Fund on the first day of each financial period would have grown or decreased by the last day of that financial period.

BASE Hedged ETF Units¹



BASE/B Unhedged ETF Units²



1 The Hedged ETF Units of the Fund effectively began operations on June 11, 2019.

2 The Unhedged ETF Units of the Fund effectively began operations on June 11, 2019.

Annual Compound Return

The table below shows the historical annual compound total return of the Hedged and Unhedged ETF Units. The returns are for the period ended December 31, 2024. The difference in performance of the Hedged and Unhedged ETF Units relative to the Index can be attributed primarily to management and administration fees plus applicable sales taxes, and to portfolio trading. Furthermore, the difference in performance of the Hedged and Unhedged ETF Units relative to the Index can also be attributed to the implementation of the call writing strategy where the Fund tends to outperform in flat or down markets and underperform during sharp market advances. This performance difference can be seen over the period the calls are written, typically with one to two months to expiry, and then resets when new option positions are established.

The Index used in the table below is different from the Index used in the most recently filed Management Report of Fund Performance for the Hedged ETF Units because the Index used below is an unhedged total return index which assumes that all distributions made by the investment fund are reinvested in the Fund. Whereas the prior Index used for the Hedged ETF Units presented performance as a Canadian Dollar hedged price return only.

	Since Inception ¹ (%)	1 Year (%)	3 Year (%)	5 Year (%)
Hedged ETF Units	9.2	(13.2)	(1.1)	(8.0)
Solactive Materials & Mining Index NTR ²	11.7	(7.4)	2.6	10.5
Unhedged ETF Units	10.7	(7.4)	2.9	9.8
Solactive Materials & Mining Index NTR ²	11.7	(7.4)	2.6	10.5

1 From inception date of June 11, 2019.

2 The Index is an Index of Solactive AG and is calculated and distributed by Solactive AG. The Index provides exposure to companies that are engaged in the Materials & Mining segment. In particular, the Index encompasses mineral and metal mining companies and companies involved in the mining and processing of coal and uranium, on an equally-weighted basis. The Index is calculated as a net total return index, adjusted on a quarterly basis and denominated in Canadian Dollars.

Evolve Global Materials & Mining Enhanced Yield Index ETF

December 31, 2024

Summary of Investment Portfolio

All Positions

	Percentage of Net Asset Value (%)
Security	
Mueller Industries Inc.	6.5
ArcelorMittal SA	5.6
Royal Gold Inc.	5.5
Reliance Inc.	5.5
Alcoa Corporation	5.5
DuPont de Nemours Inc.	5.3
Steel Dynamics Inc.	5.2
Rio Tinto PLC, ADR	5.2
Gold Fields Limited, ADR	5.1
AngloGold Ashanti PLC	5.1
BHP Group Limited, ADR	5.0
Eastman Chemical Company	4.9
Vale SA, ADR	4.8
LyondellBasell Industries NV, Class 'A'	4.7
Southern Copper Corporation	4.7
Nucor Corporation	4.6
Freeport-McMoRan Inc.	4.5
Dow Inc.	4.4
Newmont Corporation	4.1
POSCO Holdings Inc., ADR	3.8
Total	100.0

Industry Allocation

Portfolio by Category	Percentage of Net Asset Value (%)
Equities	
Industrials	6.4
Materials	93.6
Derivative Assets	0.1
Derivative Liabilities	(0.0)
Cash and Cash Equivalents	0.7
Other Assets, less Liabilities	(0.8)
Total	100.0

The summary of Investment Portfolio may change due to the ongoing portfolio transactions of the Fund. Updates are available quarterly by visiting our website at www.evolveetfs.com.



Evolve Global Materials & Mining Enhanced Yield Index ETF