

Evolve Future Leadership Fund

December 31, 2024

Annual Financial Statements

Independent auditor's report

To the Unitholders of

Evolve Active Canadian Preferred Share Fund	Evolve FANGMA Index ETF
Evolve Active Core Fixed Income Fund	Evolve Future Leadership Fund
Evolve Active Global Fixed Income Fund	Evolve Global Healthcare Enhanced Yield Fund
Evolve Artificial Intelligence Fund	Evolve Global Materials & Mining Enhanced Yield Index ETF
Evolve Automobile Innovation Index Fund	Evolve Innovation Index Fund
Evolve Canadian Aggregate Bond Enhanced Yield Fund	Evolve NASDAQ Technology Enhanced Yield Index Fund
Evolve Canadian Banks and Lifecos Enhanced Yield Index Fund	Evolve NASDAQ Technology Index Fund
Evolve Canadian Utilities Enhanced Yield Index Fund	Evolve S&P 500® Enhanced Yield Fund
Evolve Cloud Computing Index Fund	Evolve S&P/TSX 60 Enhanced Yield Fund
Evolve Cryptocurrencies ETF	Evolve US Banks Enhanced Yield Fund
Evolve Cyber Security Index Fund	High Interest Savings Account Fund
Evolve E-Gaming Index ETF	Premium Cash Management Fund
Evolve Enhanced Yield Bond Fund	US High Interest Savings Account Fund
Evolve European Banks Enhanced Yield ETF	US Premium Cash Management Fund

[collectively, the "Funds"]

Opinion

We have audited the financial statements of the Funds, which comprise the statements of financial position as at December 31, 2024 and 2023 [as applicable], and the statements of comprehensive income, statements of changes in net assets attributable to holders of redeemable units and statements of cash flows for the periods then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Funds as at December 31, 2024 and 2023 [as applicable], and their financial performance and their cash flows for the periods then ended 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 statements* section of our report. We are independent of the Funds in accordance with the ethical requirements that are relevant to our audit of the financial statements 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.

Other information

Management is responsible for the other information. The other information comprises the Management Report of Fund Performance of the Funds.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained the Management Report of Fund Performance of the Funds prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

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

In preparing the financial statements, management is responsible for assessing the 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 Funds or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Funds' financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 these financial statements.

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 statements, 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 the Funds' 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 the 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 statements 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 the Funds 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 statements represent 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Osbert Liu.

The logo for Ernst & Young LLP is written in a black, cursive script font. The letters are fluid and connected, with a professional yet approachable feel.

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
March 24, 2025

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Evolve Future Leadership Fund

Statements of Financial Position

(in Canadian dollars, except for number of units)

As at (Note 1)	December 31, 2024 (\$)	December 31, 2023 (\$)
Assets		
Current assets		
Investments, at fair value	23,658,505	19,465,913
Cash	221,502	66,537
Receivable from investments sold	88,696	17,362
Interest, dividends and other receivables	32,053	21,128
Derivative assets	5,807	97,298
	24,006,563	19,668,238
Liabilities		
Current liabilities		
Payable on investments purchased	88,608	17,391
Distributions payable to holders of redeemable units	168,749	117,112
Derivative liabilities	10,134	78,983
Accrued expenses	17,058	23,792
	284,549	237,278
Net assets attributable to holders of redeemable units	23,722,014	19,430,960
Net assets attributable to holders of redeemable units		
Unhedged ETF Units	4,853,567	3,098,097
Hedged ETF Units	14,882,748	13,415,453
US Dollar Unhedged ETF Units	3,985,699	2,917,410
Net assets attributable to holders of redeemable units per unit		
Unhedged ETF Units	24.27	17.70
Hedged ETF Units	22.05	17.31
US Dollar Unhedged ETF Units ¹	31.89	23.34

1 Per unit figures are stated in CAD equivalent

Approved on behalf of the Board of Directors of Evolve Funds Group Inc., Manager and Trustee:



Raj Lala
Chief Executive Officer & Director



Scharlet Diradour
Chief Financial Officer & Chief Compliance
Officer

Evolve Future Leadership Fund

Statements of Comprehensive Income

(in Canadian dollars, except for number of units)

For the years/periods ended (Note 1)	December 31, 2024 (\$)	December 31, 2023 (\$)
Income (loss)		
Dividend income	222,318	311,511
Changes in fair value of investments		
Net realized gain (loss)	4,317,151	(851,170)
Net change in unrealized appreciation (depreciation)	3,267,656	9,123,399
Changes in fair value of derivative financial instruments		
Net realized gain (loss)	(602,604)	(469,574)
Net change in unrealized appreciation (depreciation)	(86,745)	(111,047)
Other income (loss)		
Net realized gain (loss) on foreign currency translations	781	(10,062)
Net change in unrealized appreciation (depreciation) on foreign currency translations	903	(157)
Total income (loss)	7,119,460	7,992,900
Expenses		
Management fees (Note 4)	146,174	220,223
Administrative fees (Note 4)	32,672	49,084
Interest expense and bank charges	141	117
Foreign withholding taxes (Note 6)	16,991	33,827
Transaction costs (Note 2)	50,886	87,800
Total expenses	246,864	391,051
Increase (decrease) in net assets attributable to holders of redeemable units from operations	6,872,596	7,601,849
Increase (decrease) in net assets attributable to holders of redeemable units from operations		
Unhedged ETF Units	1,527,669	1,776,069
Hedged ETF Units	4,050,694	4,774,699
US Dollar Unhedged ETF Units	1,294,233	1,051,081
Increase (decrease) in net assets attributable to holders of redeemable units from operations per unit		
Unhedged ETF Units	7.95	4.21
Hedged ETF Units	5.96	4.23
US Dollar Unhedged ETF Units ¹	10.35	5.70

1 Per unit figures are stated in CAD equivalent

Evolve Future Leadership Fund

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units

(in Canadian dollars, except for number of units)

	December 31, 2024 (\$)	December 31, 2023 (\$)
For the years/periods ended (Note 1)		
Net assets attributable to holders of redeemable units - beginning of period		
Unhedged ETF Units	3,098,097	7,243,548
Hedged ETF Units	13,415,453	16,836,973
US Dollar Unhedged ETF Units	2,917,410	3,826,519
Net assets attributable to holders of redeemable units - beginning of period	19,430,960	27,907,040
Increase (decrease) in net assets attributable to holders of redeemable units from operations		
Unhedged ETF Units	1,527,669	1,776,069
Hedged ETF Units	4,050,694	4,774,699
US Dollar Unhedged ETF Units	1,294,233	1,051,081
	6,872,596	7,601,849
Distributions to holders of redeemable units		
Return of capital		
Unhedged ETF Units	(255,125)	(514,500)
Hedged ETF Units	(885,000)	(1,401,750)
US Dollar Unhedged ETF Units	(225,944)	(311,736)
	(1,366,069)	(2,227,986)
Redeemable unit transactions		
Proceeds from sale of redeemable units		
Unhedged ETF Units	482,926	385,856
Hedged ETF Units	1,168,876	386,939
US Dollar Unhedged ETF Units	-	509,522
	1,651,802	1,282,317
Redemption of units		
Unhedged ETF Units	-	(5,792,876)
Hedged ETF Units	(2,867,275)	(7,181,408)
US Dollar Unhedged ETF Units	-	(2,157,976)
	(2,867,275)	(15,132,260)
Net increase (decrease) from redeemable unit transactions	(1,215,473)	(13,849,943)
Increase (decrease) in net assets attributable to holders of redeemable units for the period	4,291,054	(8,476,080)
Net assets attributable to holders of redeemable units - end of period		
Unhedged ETF Units	4,853,567	3,098,097
Hedged ETF Units	14,882,748	13,415,453
US Dollar Unhedged ETF Units	3,985,699	2,917,410
Net assets attributable to holders of redeemable units - end of period	23,722,014	19,430,960

The accompanying notes are an integral part of these financial statements.

Evolve Future Leadership Fund

Statements of Cash Flows

(in Canadian dollars, except for number of units)

For the years/periods ended (Note 1)	December 31, 2024 (\$)	December 31, 2023 (\$)
Cash flows from (used in) operating activities		
Increase (decrease) in net assets attributable to holders of redeemable units from operations	6,872,596	7,601,849
Adjustments for:		
Change in unrealized foreign exchange (gain) loss on currency	(4)	(7)
Realized (gain) loss on investments	(4,317,151)	851,170
Realized (gain) loss on derivatives	602,604	469,574
Change in unrealized (appreciation) depreciation in the value of investments	(3,267,656)	(9,123,399)
Change in unrealized (appreciation) depreciation in the value of derivatives	86,745	111,047
Purchases of investments and derivatives ²	(13,446,563)	(21,420,851)
Proceeds from sale and maturity of investments and derivatives ²	14,963,762	24,539,103
(Increase) decrease in interest, dividends and other receivables	(10,925)	(806)
Increase (decrease) in accrued expenses	(6,734)	(16,675)
Net cash generated by (used in) operating activities	1,476,674	3,011,005
Cash flows from (used in) financing activities		
Distributions paid to unitholders of redeemable units, net of reinvested distributions	(1,314,432)	(2,321,367)
Proceeds from sale of units ²	18,878	19,644
Payments for units redeemed ²	(26,159)	(884,853)
Net cash generated by (used in) financing activities	(1,321,713)	(3,186,576)
Change in unrealized foreign exchange gain (loss) on currency	4	7
Net increase (decrease) in cash	154,961	(175,571)
Cash (bank overdraft) - beginning of period	66,537	242,101
Cash (bank overdraft) - end of period	221,502	66,537
Supplemental information¹		
Dividends received, net of foreign withholding taxes	202,018	277,986

1 Included as part of cash flows from operating activities

2 Excludes in-kind transactions, if any

Evolve Future Leadership Fund

Schedule of Investment Portfolio

As at December 31, 2024

No. of Shares		Average Cost (\$)	Fair Value (\$)
Communication Services (9.4%)			
2,733	Alphabet Inc., Class 'A'	470,348	743,674
332	Meta Platforms Inc., Class 'A'	87,733	279,425
363	NetEase Inc., ADR	42,708	46,549
261	Netflix Inc.	249,070	334,400
8,565	Nintendo Company Limited, ADR	129,971	180,121
1,194	Take-Two Interactive Software Inc.	198,637	315,939
2,051	The Walt Disney Company	268,740	328,283
		1,447,207	2,228,391
Consumer Discretionary (10.3%)			
3,768	Amazon.com Inc.	790,855	1,188,285
6,038	Sony Group Corporation, ADR	153,947	183,654
1,843	Tesla Inc.	470,732	1,069,861
		1,415,534	2,441,800
ETFs - International Equity (10.9%)			
7,527	Evolve Cloud Computing Index Fund (Hedged ETF Units)	151,819	206,541
7,137	Evolve Cyber Security Index Fund (Hedged ETF Units)	263,596	358,599
15,646	Evolve E-Gaming Index ETF (Hedged ETF Units)	478,930	548,862
43,011	Evolve Global Healthcare Enhanced Yield Fund (Hedged ETF Units)	814,297	828,392
25,078	Evolve NASDAQ Technology Enhanced Yield Index Fund (Hedged ETF Units)	582,159	644,254
		2,290,801	2,586,648
Financials (17.0%)			
1,286	American Express Company	435,190	548,634
2,411	Coinbase Global Inc., Class 'A'	463,460	860,531
1,486	JPMorgan Chase & Company	309,906	512,033
700	Mastercard Inc., Class 'A'	400,810	529,843
4,419	Nasdaq Inc.	328,760	491,080
629	The Goldman Sachs Group Inc.	302,367	517,738
1,256	Visa Inc., Class 'A'	427,813	570,590
		2,668,306	4,030,449
Health Care (16.9%)			
795	Eli Lilly & Company	545,754	882,221
1,175	Intuitive Surgical Inc.	561,743	881,592
3,968	Novartis AG, ADR	554,736	555,037
3,551	Novo Nordisk A/S, ADR	354,140	439,079
960	UnitedHealth Group Inc.	596,292	698,063
958	Vertex Pharmaceuticals Inc.	627,003	554,549
		3,239,668	4,010,541
Information Technology (35.2%)			
3,530	Advanced Micro Devices Inc.	647,048	612,912
1,933	Apple Inc.	434,148	695,815
98	Constellation Software Inc.	334,882	435,601
138	Constellation Software Inc., Warrants, August 22, 2028	-	-
1,615	Microsoft Corporation	777,017	978,505
5,034	MicroStrategy Inc., Class 'A'	764,882	2,095,726
4,309	NVIDIA Corporation	196,687	831,789
1,439	Palo Alto Networks Inc.	347,266	376,383
1,142	Salesforce Inc.	380,384	548,825
5,721	Shopify Inc., Class 'A'	577,618	874,421

The accompanying notes are an integral part of these financial statements.

Evolve Future Leadership Fund

Schedule of Investment Portfolio (cont'd)

As at December 31, 2024

No. of Shares		Average Cost (\$)	Fair Value (\$)
Information Technology (35.2%) (cont'd)			
1,909	Taiwan Semiconductor Manufacturing Company Limited, ADR	286,673	541,931
1,422	Zscaler Inc.	345,621	368,768
		5,092,226	8,360,676
	Transaction Costs	(2,871)	-
	Total Investments (99.7%)	16,150,871	23,658,505
	Derivative Assets (0.0%)*		5,807
	Derivative Liabilities (-0.0%)*		(10,134)
	Other Assets, less Liabilities (0.3%)		67,836
	NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		23,722,014

*Forward Foreign Currency Contracts (-0.0%) December 31, 2024

Counterparty	Counterparty Credit Rating	Settlement Date	Currency Buys Par Value	Currency Sells Par Value	Unrealized Gain/(Loss) (\$)
BNY Capital Markets Inc.	A-1+	24-Jan-25	CAD 352,543	CHF 349,028	3,515
BNY Capital Markets Inc.	A-1+	24-Jan-25	CAD 284,437	DKK 283,416	1,021
BNY Capital Markets Inc.	A-1+	24-Jan-25	USD 571,646	CAD 571,128	518
BNY Capital Markets Inc.	A-1+	24-Jan-25	CAD 357,165	TWD 356,781	384
BNY Capital Markets Inc.	A-1+	24-Jan-25	CAD 228,717	JPY 228,348	369
Total					5,807
BNY Capital Markets Inc.	A-1+	24-Jan-25	CAD 13,271,109	USD 13,279,993	(8,884)
BNY Capital Markets Inc.	A-1+	24-Jan-25	USD 586,009	CAD 587,220	(1,211)
BNY Capital Markets Inc.	A-1+	24-Jan-25	CAD 30,296	HKD 30,335	(39)
Total					(10,134)
Total unrealized gain (loss) on forward foreign currency contracts					(4,327)

Evolve Future Leadership Fund

Fund Specific Notes to Financial Statements

Financial Instrument Risks (Note 3)

Portfolio Concentration Risk

The Fund's significant concentrations by industry sector are as follows:

Portfolio by Category	Percentage of Net Asset Value	
	December 31, 2024 (%)	December 31, 2023 (%)
Equities		
Communication Services	9.4	19.6
Consumer Discretionary	10.3	7.1
ETFs - International Equity	10.9	10.5
ETFs - US Money Market	-	6.6
Financials	17.0	15.0
Health Care	16.9	16.8
Information Technology	35.2	24.6
Derivative Assets	0.0	0.5
Derivative Liabilities	(0.0)	(0.4)
Cash and Cash Equivalents	0.9	0.3
Other Assets, less Liabilities	(0.6)	(0.6)
Total	100.0	100.0

Other Price/Market Risk

The table below summarizes management's estimate of the effect on net assets of a 10% change in the Fund's value, as at December 31, 2024 and 2023, with all other variables held constant:

Fund	Impact on Net Assets (\$)	
	December 31, 2024 (\$)	December 31, 2023 (\$)
Evolve Future Leadership Fund	2,365,851	1,943,096

Evolve Future Leadership Fund

Fund Specific Notes to Financial Statements (cont'd)

Currency Risk

The tables that follow indicate the currencies to which the Fund had significant exposure as at December 31, 2024 and 2023 based on the market value of the Fund's financial instruments (including cash and cash equivalents) and the underlying principal amounts of forward foreign currency contracts, as applicable. They also illustrate the possible impact of a +/- 5% move in the Canadian dollar on the net assets of the Fund as at December 31, 2024 and 2023.

The following tables summarize the foreign currencies to which the unhedged classes of the Fund had exposure as at December 31, 2024 and 2023, adjusting for any currency hedges if applicable.

Currency	Financial Instruments, excluding Derivatives (\$)	Forward Foreign Currency Contracts (\$)	Net Currency Exposure (\$)	Impact on Net Assets (\$)
December 31, 2024				
United States Dollar	7,717,321	-	7,717,321	385,866
Total	7,717,321	-	7,717,321	385,866

Currency	Financial Instruments, excluding Derivatives (\$)	Forward Foreign Currency Contracts (\$)	Net Currency Exposure (\$)	Impact on Net Assets (\$)
December 31, 2023				
United States Dollar	5,321,795	-	5,321,795	266,090
Total	5,321,795	-	5,321,795	266,090

Evolve Future Leadership Fund

Fund Specific Notes to Financial Statements (cont'd)

The following tables summarize the foreign currencies to which the hedged class of the Fund had exposure as at December 31, 2024 and 2023, adjusting for any currency hedges if applicable.

Currency	Financial Instruments, excluding Derivatives (\$)	Forward Foreign Currency Contracts (\$)	Net Currency Exposure (\$)	Impact on Net Assets (\$)
December 31, 2024				
United States Dollar	12,993,721	(12,122,338)	871,383	43,569
Hong Kong Dollar	-	(30,335)	(30,335)	(1,517)
Japanese Yen	-	(228,348)	(228,348)	(11,417)
Danish Krone	-	(283,416)	(283,416)	(14,171)
Swiss Franc	-	(349,028)	(349,028)	(17,451)
Taiwan Dollar	-	(356,781)	(356,781)	(17,839)
Total	12,993,721	(13,370,246)	(376,525)	(18,826)

Currency	Financial Instruments, excluding Derivatives (\$)	Forward Foreign Currency Contracts (\$)	Net Currency Exposure (\$)	Impact on Net Assets (\$)
December 31, 2023				
United States Dollar	11,868,376	(9,417,582)	2,450,794	122,540
Hong Kong Dollar	-	(129,496)	(129,496)	(6,475)
Taiwan Dollar	-	(227,831)	(227,831)	(11,392)
Danish Krone	-	(586,310)	(586,310)	(29,316)
Japanese Yen	-	(986,889)	(986,889)	(49,344)
Total	11,868,376	(11,348,108)	520,268	26,013

Interest Rate Risk

As at December 31, 2024 and 2023, the majority of the Fund's financial assets and liabilities are non-interest bearing; accordingly, the Fund is not exposed to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates.

Liquidity Risk

The liquidity of the Fund is managed on a day-to-day basis in order to meet expenses and handle redemption of the Fund's redeemable units. As at December 31, 2024 and 2023, the Fund did not have a significant amount of financial liabilities with maturities greater than three months.

Credit Risk

As at December 31, 2024 and 2023, the Fund had no significant investments in fixed-income investments. Refer to the Schedule of Investment Portfolio for the forward foreign currency contracts' counterparty credit ratings.

Evolve Future Leadership Fund

Fund Specific Notes to Financial Statements (cont'd)

Fair Value Measurements (Note 2)

The following is the fair value measurement hierarchy based on the inputs used as at December 31, 2024 and 2023 in valuing the Fund's financial assets and liabilities carried at fair value:

Financial Assets (Liabilities)

	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
December 31, 2024				
Equities	23,658,505	-	-	23,658,505
Derivative Assets	-	5,807	-	5,807
Derivative Liabilities	-	(10,134)	-	(10,134)
Warrants	-	-	-	-
Total	23,658,505	(4,327)	-	23,654,178
December 31, 2023				
Equities	18,883,719	582,194	-	19,465,913
Derivative Assets	-	97,298	-	97,298
Derivative Liabilities	(75,667)	(3,316)	-	(78,983)
Warrants	-	-	-	-
Total	18,808,052	676,176	-	19,484,228

For the periods ended December 31, 2024 and 2023, there were no transfers of securities between Level 1 and Level 2. For the periods ended December 31, 2024 and 2023, the Fund's Level 3 securities consist of a private warrant position. The Manager determines its fair value by utilizing a variety of valuation techniques such as the use of comparable recent transactions, and other techniques used by market participants. As at December 31, 2024 and 2023, this position was not significant to the Fund and any changes in reasonable possible assumptions used in its valuation would not have a significant impact to the net assets attributable to holders of redeemable units of the Fund.

Unconsolidated Structured Entities

The Fund's investment details in the exchange-traded funds as at December 31, 2024 and 2023 are included in the following table. The "Percentage of Fund's Net Assets" column shows the Fund's ownership of the exchange-traded fund expressed as a percentage of the exchange-traded fund's Net Assets.

	Fair Value of Fund's Investment (\$)	Percentage of Fund's Net Assets (%)
December 31, 2024		
Evolve E-Gaming Index ETF (Hedged ETF Units)	548,862	2.7
Evolve Cloud Computing Index Fund (Hedged ETF Units)	206,541	1.3
Evolve NASDAQ Technology Enhanced Yield Index Fund (Hedged ETF Units)	644,254	0.9
Evolve Global Healthcare Enhanced Yield Fund (Hedged ETF Units)	828,392	0.4
Evolve Cyber Security Index Fund (Hedged ETF Units)	358,599	0.3
December 31, 2023		
US Premium Cash Management Fund (Unhedged ETF Units)	1,280,519	19.3
Evolve Metaverse ETF (Hedged ETF Units)	335,850	4.9
Evolve NASDAQ Technology Enhanced Yield Index Fund (Hedged ETF Units)	471,208	3.3
Evolve E-Gaming Index ETF (Hedged ETF Units)	582,194	2.4
Evolve Cloud Computing Index Fund (Hedged ETF Units)	107,278	0.7
Evolve Global Healthcare Enhanced Yield Fund (Hedged ETF Units)	404,137	0.2
Evolve Cyber Security Index Fund (Hedged ETF Units)	144,487	0.1

Evolve Future Leadership Fund

Fund Specific Notes to Financial Statements (cont'd)

Offsetting of Financial Instruments (Note 3)

The following table presents the gross amount of financial instruments that may be offset, or subject to enforceable master netting agreements or other similar agreements but that are not offset, as at December 31, 2024 and 2023. The "Net Amount" column shows what the impact on the Fund's Statements of Financial Position would be if all set-off rights were exercised.

Financial Assets and Liabilities	Amounts eligible for offset (\$)			Net Amount (\$)
	Gross Amounts of Recognized Financial Assets/Liabilities (\$)	Net Amounts of Financial Assets/Liabilities Presented in the Statements of Financial Position (\$)	Financial Instruments Eligible for Offset (\$)	
December 31, 2024				
Derivative Assets	5,807	5,807	(5,807)	-
Derivative Liabilities	(10,134)	(10,134)	5,807	(4,327)
Total	(4,327)	(4,327)	-	(4,327)
December 31, 2023				
Derivative Assets	97,298	97,298	(3,316)	93,982
Derivative Liabilities	(3,316)	(3,316)	3,316	-
Total	93,982	93,982	-	93,982

Unit Transactions (Note 5)

The unitholder transactions for the periods ended December 31, 2024 and 2023 are as follows:

	December 31, 2024	December 31, 2023
Unhedged ETF Units		
Number of redeemable units outstanding - Beginning of period	175,000	500,000
Issued	25,000	25,000
Redeemed	-	(350,000)
Number of redeemable units outstanding - End of period	200,000	175,000
Hedged ETF Units		
Number of redeemable units outstanding - Beginning of period	775,000	1,200,000
Issued	50,000	25,000
Redeemed	(150,000)	(450,000)
Number of redeemable units outstanding - End of period	675,000	775,000
US Dollar Unhedged ETF Units		
Number of redeemable units outstanding - Beginning of period	125,000	200,000
Issued	-	25,000
Redeemed	-	(100,000)
Number of redeemable units outstanding - End of period	125,000	125,000

Evolve Future Leadership Fund

Fund Specific Notes to Financial Statements (cont'd)

Income Taxes (Note 6)

As at December 31, 2024, the Fund had the following capital and non-capital loss carryforward balances:

	December 31, 2024 (\$)
As at	
Capital loss	2,786,103
Non-capital losses	-

Notes to Financial Statements

As at and for the periods as disclosed in the financial statements (Note 1) December 31, 2024

1. ORGANIZATION

The Evolve Funds (each a “Fund” and collectively the “Funds”) are established on the establishment dates noted below as open-ended mutual fund trusts under the laws of the Province of Ontario, pursuant to a master declaration of trust dated August 4, 2017, and as amended and restated from time to time. The Units of the exchange-traded funds (“ETFs”) are listed on the Toronto Stock Exchange (“TSX”) and NEO Exchange in the case of the Evolve Active Core Fixed Income Fund and High Interest Savings Account Fund. The address of the Funds’ registered office is 40 King Street West, Suite 3404, Toronto, Ontario, M5H 3Y2.

The following list indicates the classes of units offered for sale by each of the Funds, as at the date of these financial statements:

Actively managed Funds

Fund Name	Portfolio Manager/Sub-Advisor	Class	Ticker Symbol	Date of Establishment	Date of Commencement
Evolve Active Canadian Preferred Share Fund	Addenda Capital Inc.	Unhedged ETF Units	DIVS	14-Aug-17	27-Sep-17
	Addenda Capital Inc.	Unhedged Class A	EVF101	14-Aug-17	23-Apr-19
	Addenda Capital Inc.	Unhedged Class F	EVF100	14-Aug-17	23-Apr-19
Evolve Active Core Fixed Income Fund	Addenda Capital Inc.	Unhedged ETF Units	FIXD	21-Mar-18	28-Mar-18
	Addenda Capital Inc.	Unhedged Class A	EVF111	21-Mar-18	04-Jun-19
	Addenda Capital Inc.	Unhedged Class F	EVF110	21-Mar-18	04-Jun-19
Evolve Active Global Fixed Income Fund	Allianz Global Investors GmbH	Hedged ETF Units	EARN	30-Oct-18	09-Nov-18
	Allianz Global Investors GmbH	Hedged Class A	EVF131	30-Oct-18	23-Apr-19
	Allianz Global Investors GmbH	Hedged Class F	EVF130	30-Oct-18	23-Apr-19
Evolve Future Leadership Fund	Evolve Funds Group Inc.	Hedged ETF Units	LEAD	04-Sep-20	10-Sep-20
	Evolve Funds Group Inc.	Unhedged ETF Units	LEAD.B	04-Sep-20	10-Sep-20
	Evolve Funds Group Inc.	US Dollar Unhedged ETF Units	LEAD.U	04-Sep-20	10-Sep-20
Evolve Artificial Intelligence Fund	Evolve Funds Group Inc.	Hedged ETF Units	ARTI	18-Mar-24	22-Mar-24
Evolve Canadian Aggregate Bond Enhanced Yield Fund	Evolve Funds Group Inc.	Unhedged ETF Units	AGG	20-Sep-24	26-Sep-24
	Evolve Funds Group Inc.	Unhedged Class A	EVF251	20-Sep-24	09-Oct-24
	Evolve Funds Group Inc.	Unhedged Class F	EVF250	20-Sep-24	09-Oct-24
Evolve Enhanced Yield Bond Fund	Evolve Funds Group Inc.	Hedged ETF Units	BOND	27-Sep-23	03-Oct-23
	Evolve Funds Group Inc.	Unhedged ETF Units	BOND.B	27-Sep-23	15-Feb-24
	Evolve Funds Group Inc.	US Dollar Unhedged ETF Units	BOND.U	27-Sep-23	15-Feb-24
	Evolve Funds Group Inc.	Hedged Class A	EVF401	06-Oct-23	14-Oct-23
	Evolve Funds Group Inc.	Hedged Class F	EVF400	06-Oct-23	14-Oct-23

Index-tracking Funds

Fund Name	Class	Ticker Symbol	Date of Establishment	Date of Commencement
Evolve Automobile Innovation Index Fund	Hedged ETF Units	CARS	04-Aug-17	27-Sep-17
	Unhedged ETF Units	CARS.B	04-Aug-17	27-Sep-17
	US Dollar Unhedged ETF Units	CARS.U	04-Aug-17	01-Nov-17
	Hedged Class A	EVF141	04-Aug-17	23-Apr-19

Notes to Financial Statements (cont'd)

As at and for the periods as disclosed in the financial statements (Note 1) December 31, 2024

Index-tracking Funds (cont'd)

Fund Name	Class	Ticker Symbol	Date of Establishment	Date of Commencement
	Hedged Class F	EVF140	04-Aug-17	23-Apr-19
Evolve Cyber Security Index Fund	Hedged ETF Units	CYBR	04-Aug-17	18-Sep-17
	Unhedged ETF Units	CYBR.B	04-Aug-17	18-Sep-17
	US Dollar Unhedged ETF Units	CYBR.U	04-Aug-17	14-May-19
	Hedged Class A	EVF151	04-Aug-17	23-Apr-19
	Hedged Class F	EVF150	04-Aug-17	23-Apr-19
Evolve Innovation Index Fund	Hedged ETF Units	EDGE	20-Apr-18	30-Apr-18
	US Dollar Unhedged ETF Units	EDGE.U	20-Apr-18	07-Jan-21
	Hedged Class A	EVF161	20-Apr-18	04-Jun-19
	Hedged Class F	EVF160	20-Apr-18	04-Jun-19
Evolve E-Gaming Index ETF	Hedged ETF Units	HERO	04-Jun-19	13-Jun-19
Evolve Cloud Computing Index Fund	Hedged ETF Units	DATA	04-Jan-21	06-Jan-21
	Unhedged ETF Units	DATA.B	04-Jan-21	06-Jan-21
	Hedged ETF Units	QQQT	04-Jul-23	11-Jul-23
	Unhedged ETF Units	QQQT.B	04-Jul-23	11-Jul-23
	US Dollar Unhedged ETF Units	QQQT.U	04-Jul-23	11-Jul-23
	Hedged Class A	EVF921	04-Jul-23	05-Jun-24
	Hedged Class F	EVF920	04-Jul-23	05-Jun-24
Evolve FANGMA Index ETF	Hedged ETF Units	TECH	28-Apr-21	04-May-21
	Unhedged ETF Units	TECH.B	28-Apr-21	04-May-21
	US Dollar Unhedged ETF Units	TECH.U	28-Apr-21	04-May-21

Each index-tracking Fund seeks to track, to the extent reasonably possible and before fees and expenses, the performance of a broad and widely quoted market index.

Index-tracking Funds with active covered call strategies

Fund Name	Class	Ticker Symbol	Date of Establishment	Date of Commencement
Evolve Global Healthcare Enhanced Yield Fund	Hedged ETF Units	LIFE	04-Aug-17	23-Oct-17
	Unhedged ETF Units	LIFE.B	04-Aug-17	23-Oct-17
	US Dollar Unhedged ETF Units	LIFE.U	04-Aug-17	26-Nov-19
	Hedged Class A	EVF171	04-Aug-17	07-Jul-20
	Hedged Class F	EVF170	04-Aug-17	07-Jul-20
Evolve US Banks Enhanced Yield Fund	Hedged ETF Units	CALL	04-Aug-17	12-Oct-17
	Unhedged ETF Units	CALL.B	04-Aug-17	12-Oct-17
	US Dollar Unhedged ETF Units	CALL.U	04-Aug-17	26-Nov-19
Evolve Global Materials & Mining Enhanced Yield Index ETF	Hedged ETF Units	BASE	04-Jun-19	11-Jun-19
	Unhedged ETF Units	BASE.B	04-Jun-19	11-Jun-19
Evolve European Banks Enhanced Yield ETF	Hedged ETF Units	EBNK	05-Jan-22	07-Jan-22
	Unhedged ETF Units	EBNK.B	05-Jan-22	07-Jan-22
	US Dollar Unhedged ETF Units	EBNK.U	05-Jan-22	07-Jan-22
Evolve Canadian Banks and Lifecos Enhanced Yield Index Fund	Unhedged ETF Units	BANK	26-Jan-22	01-Feb-22
	Unhedged Class A	EVF181	24-Jan-24	03-Feb-24
	Unhedged Class F	EVF180	24-Jan-24	03-Feb-24

Notes to Financial Statements (cont'd)

As at and for the periods as disclosed in the financial statements (Note 1) December 31, 2024

Index-tracking Funds with active covered call strategies (cont'd)

Fund Name	Class	Ticker Symbol	Date of Establishment	Date of Commencement
Evolve S&P 500® Enhanced Yield Fund	Hedged ETF Units	ESPX	03-Jan-23	09-Jan-23
	Unhedged ETF Units	ESPX.B	03-Jan-23	09-Jan-23
	US Dollar Unhedged ETF Units	ESPX.U	03-Jan-23	06-Jul-23
	Unhedged Class A	EVF501	03-Jan-23	09-Jan-23
	Unhedged Class F	EVF500	03-Jan-23	09-Jan-23
Evolve S&P/TSX 60 Enhanced Yield Fund	Unhedged Class H	EVF503	03-Jan-23	09-Jan-23
	Unhedged ETF Units	ETSX	03-Jan-23	09-Jan-23
	Unhedged Class A	EVF601	03-Jan-23	09-Jan-23
	Unhedged Class F	EVF600	03-Jan-23	09-Jan-23
	Unhedged Class H	EVF603	03-Jan-23	09-Jan-23
	Evolve NASDAQ Technology Enhanced Yield Index Fund	Hedged ETF Units	QQQY	27-Sep-23
	Unhedged ETF Units	QQQY.B	27-Sep-23	N/A
	US Dollar Unhedged ETF Units	QQQY.U	27-Sep-23	N/A
	Hedged Class A	EVF901	06-Oct-23	14-Oct-23
	Hedged Class F	EVF900	06-Oct-23	14-Oct-23
	Evolve Canadian Utilities Enhanced Yield Index Fund	Unhedged ETF Units	UTES	01-Aug-24
	Unhedged Class A	EVF241	01-Aug-24	11-Oct-24
	Unhedged Class F	EVF240	01-Aug-24	11-Oct-24

Money Market Funds

Fund Name	Class	Ticker Symbol	Date of Establishment	Date of Commencement
High Interest Savings Account Fund	Unhedged ETF Units	HISA	15-Nov-19	19-Nov-19
	Unhedged Class A	EVF200	15-Nov-19	16-Jan-20
	Unhedged Class F	EVF201	15-Nov-19	16-Jan-20
	Unhedged Class I	EVF202	15-Nov-19	26-Apr-22
US High Interest Savings Account Fund	Unhedged ETF Units	HISU.U	23-Aug-22	29-Aug-22
	Unhedged Class A	EVF300	23-Aug-22	30-Aug-22
	Unhedged Class F	EVF301	23-Aug-22	30-Aug-22
	Unhedged Class I	EVF302	23-Aug-22	30-Aug-22
Premium Cash Management Fund	Unhedged ETF Units	MCAD	18-May-23	26-May-23
	Unhedged Class A	EVF700	18-May-23	26-May-23
	Unhedged Class F	EVF701	18-May-23	26-May-23
US Premium Cash Management Fund	Unhedged ETF Units	MUSD.U	18-May-23	26-May-23
	Unhedged Class A	EVF800	18-May-23	26-May-23
	Unhedged Class F	EVF801	18-May-23	26-May-23

Digital currency Funds

Fund Name	Class	Ticker Symbol	Date of Establishment	Date of Commencement
Evolve Cryptocurrencies ETF	Unhedged ETF Units	ETC	20-Sep-21	24-Sep-21
	US Dollar Unhedged ETF Units	ETC.U	20-Sep-21	24-Sep-21
	Unhedged Class A	EVF231	16-Aug-24	21-Aug-24

Notes to Financial Statements (cont'd)

As at and for the periods as disclosed in the financial statements (Note 1) December 31, 2024

Digital currency Funds (cont'd)

Fund Name	Class	Ticker Symbol	Date of Establishment	Date of Commencement
	Unhedged Class F	EVF230	16-Aug-24	21-Aug-24

Each index-tracking Fund with active covered call strategies seeks to track, to the extent reasonably possible and before fees and expenses, the performance of a broad and widely quoted market index and in addition to provide the return of a strategy of selling call options against no more than 33% of the equity securities of Evolve Global Healthcare Enhanced Yield Fund, Evolve US Banks Enhanced Yield Fund, Evolve Global Materials & Mining Enhanced Yield Index ETF, Evolve European Banks Enhanced Yield ETF, Evolve Canadian Banks and Lifecos Enhanced Yield Index Fund, Evolve S&P 500® Enhanced Yield Fund, and Evolve S&P/TSX 60 Enhanced Yield Fund, and against no more than 100% of the equity securities of Evolve NASDAQ Technology Enhanced Yield Index Fund and Evolve Canadian Utilities Enhanced Yield Index Fund.

Certain Funds offer classes of Hedged Units, Unhedged Units, and US Dollar Unhedged Units. In instances where the Funds invest their assets in securities that are denominated in currencies other than the Canadian dollar and/or offer US Dollar Unhedged Units, the value of the portfolio will vary due to changes in foreign currency exchange rates. For Funds with Hedged Units, currency risk is mitigated by entering into forward foreign currency contracts to hedge the foreign currency exposure back to Canadian dollars and, as such, the Hedged Units do not have significant exposure to currency risk. For Funds with Unhedged Units and US Dollar Unhedged Units, currency risk is not mitigated, as the currency exposure is not hedged back to the Canadian dollar and, as such, the Unhedged Units and the US Dollar Unhedged Units have a significant exposure to currency risk. As a result, due to the difference in currency hedging strategies, the net asset value ("NAV") attributable to holders of redeemable units of each class will not be the same.

Evolve Funds Group Inc. (the "Manager") is the trustee, manager, and investment manager of the Funds.

The Schedule of Investment Portfolio for each of the Funds is as at December 31, 2024. The Statements of Financial Position of each of the Funds that commenced operations in 2024 are as at December 31, 2024 and for the Funds that commenced operations in years prior to 2024 are as at December 31, 2024 and 2023. The Statements of Comprehensive Income, Statements of Changes in Net Assets Attributable to Holders of Redeemable Units, and Statements of Cash Flows of each of the Funds are for the year ended December 31 of the years shown, except for Funds established during either period, in which case the information presented is for the period from the date of establishment to December 31 for the years shown, if applicable.

The financial statements were approved for issuance by the Manager on March 24, 2025.

Class A Units are available to all investors. Class F Units are for investors who are participants in a fee-for-service or wrap account program sponsored by certain registered dealers. Class I Units are for institutional investors who negotiate a fee and minimum investment amount with the Manager. Class H Units are for eligible institutional investors and other qualified investors, as determined by the Manager in its sole discretion, and investors in model portfolios with dealers who have an agreement with the Manager.

2. MATERIAL ACCOUNTING POLICY INFORMATION

The following is the material accounting policy information of the Funds:

Basis of Preparation

The financial statements of the Funds have been prepared in accordance with International Financial Reporting Standards ("IFRS") as published by the International Accounting Standards Board. The financial statements have been prepared on a going concern basis using the historical cost convention, except for financial assets and liabilities measured at fair value through profit or loss ("FVTPL"). Each Fund is an investment entity, and primarily all financial assets and liabilities are measured at fair value in accordance with IFRS.

In applying IFRS, management may make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses during the reporting periods. Actual results may differ from such estimates.

The financial statements for all Funds, with the exception of US High Interest Savings Account Fund and US Premium Cash Management Fund, have been presented in Canadian dollars, which is the Funds' functional currency. The financial statements for US High Interest Savings Account Fund and US Premium Cash Management Fund have been presented in United States dollars, which is the Funds' functional currency.

Classification and Recognition of Financial Instruments

Financial instruments include financial assets and liabilities such as debt and equity securities, derivatives, cash and other receivables, and payables. The Funds classify and measure financial instruments in accordance with IFRS 9, *Financial Instruments* ("IFRS 9"). Upon initial recognition, financial assets are classified as FVTPL and financial liabilities are carried at amortized cost. Derivative liabilities are classified as FVTPL.

Notes to Financial Statements (cont'd)

As at and for the periods as disclosed in the financial statements (Note 1) December 31, 2024

All financial instruments are recognized in the Statements of Financial Position when a Fund becomes a party to the contractual requirements of the instrument. A financial asset is derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. A financial liability is derecognized when the obligation under the liability is discharged, cancelled, or expired. As such, investment purchase and sale transactions are recorded as of the trade date.

Financial instruments are subsequently measured as FVTPL with changes in fair value recognized in the Statements of Comprehensive Income.

Classification of Redeemable Units

IAS 32, *Financial Instruments: Presentation* ("IAS 32"), requires that securities of the Funds, which are considered puttable instruments, be classified as either financial liabilities or equity instruments. The units of the Funds do not meet the criteria to be classified as equity instruments. Consequently, the Funds' outstanding redeemable units are classified as financial liabilities in accordance with IAS 32.

Measurement of Financial Instruments

Financial instruments at FVTPL are recorded in the Statements of Financial Position at fair value upon initial recognition. All transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities for such instruments are recognized directly in profit or loss.

Subsequent changes in the fair value of those financial instruments (i.e., the excess/shortfall of the sum of the fair value of portfolio investments over/below the sum of the average cost of each portfolio investment) are recorded in unrealized appreciation (depreciation) in the value of investments. The applicable period change in unrealized appreciation (depreciation) of investments is included in the Statements of Comprehensive Income.

For the purposes of determining the average cost of each portfolio investment, the purchase price of portfolio investments acquired by each Fund is added to the average cost of the particular portfolio investment immediately prior to the purchase. The average cost of a portfolio investment is reduced by the number of shares sold multiplied by the average cost of the portfolio investment at the time of the sale. The average cost per share of each portfolio investment sold is determined by dividing the average cost of the portfolio investment by the number of shares held immediately prior to the sale transaction. Transaction costs incurred in portfolio transactions are excluded from the average cost of investments and are recognized immediately in net income and are presented as a separate expense item in the financial statements. Realized gains and losses from the sale of portfolio investments are also calculated based on the average costs, excluding transaction costs, of the related investment.

The NAV per unit of each Fund is calculated each day the Funds are open for business as of regularly scheduled close of regular trading on the respective exchange of each Fund. For NAV calculation purposes, the last business day of the year was on December 31, 2024. NAV per unit is calculated by dividing the net assets of each Fund by the number of units outstanding of that Fund. Units of each Fund are being issued and sold on a continuous basis, and there is no maximum number of units that may be issued. In calculating each class of each Fund's NAV, investments are valued under policies approved by the Board of Directors of the Manager. Equity securities (including preferred stock) listed or dealt in upon a stock exchange are valued at the last sale price or closing price on the exchange or system on which they are principally traded when the price falls within the bid-ask spread range. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point that the bid-ask spread is most representative of fair value based on the specific facts and circumstances. Foreign currency contracts are valued based on the difference between the value of the contract on the valuation date and the value on the date the contract was originated. The fair values of fixed income securities that are not listed or dealt in upon a stock exchange are determined using valuation techniques. Valuation techniques include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, broker input, and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

Fair Value Measurement

IFRS describe fair value as the price that each Fund would receive upon selling an asset or paid to transfer a liability in an orderly transaction between market participants as at the measurement date. They established a three-tier hierarchy of inputs to be used when determining fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk — for example, the risk inherent in a particular valuation technique used to measure fair value (such as a pricing model) and/or the risk inherent in the inputs to the valuation technique.

Inputs may be observable or unobservable. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability. Observable inputs are based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability. Unobservable inputs are based on the best information available in the circumstances. The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

Level 1 – Quoted (unadjusted) prices in active markets for identical assets or liabilities at measurement date.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.).

Notes to Financial Statements (cont'd)

As at and for the periods as disclosed in the financial statements (Note 1) December 31, 2024

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable (including each Fund's assumptions in determining the fair value of investments).

The inputs or methodology used for valuation are not necessarily an indication of the risk associated with investing in those investments.

The Funds have included the fair value hierarchy in the Fund Specific Notes to Financial Statements.

Securities Lending

In order to generate additional returns, the Funds are authorized to enter into securities lending agreements with borrowers deemed acceptable in accordance with National Instrument 81-102, *Investment Funds* ("NI 81-102").

Aggregate market value of all securities loaned by a Fund cannot exceed 50% of the fair value of the assets of the Fund. The Funds receive collateral against the loaned securities in the form of debt obligations of the Government of Canada and Canadian provincial governments; the government of the United States of America or the government of one of the states of the United States of America; the government of the sovereign state of G7 countries, Austria, Belgium, Denmark, Finland, Netherlands, Spain, Sweden, or Switzerland; or a permitted supranational agency of Organisation for Economic Co-operation and Development countries. The minimum allowable collateral is 102% of the fair value of the loaned securities. The aggregate closing market value of securities loaned, collateral received and a reconciliation of the gross securities lending revenue to the securities lending revenue reported by each Fund in the Funds' Statements of Comprehensive Income are disclosed on the Securities Lending Transactions section of the Fund Specific Notes to Financial Statements.

Under a securities lending agreement, the borrower must pay the Funds a negotiated securities lending fee, provide compensation to the Funds equal to any distributions received by the borrower on the securities borrowed, and the Funds must receive an acceptable form of collateral in excess of the value of the securities loaned. Although such collateral is marked to market, each 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.

Forward Foreign Currency Contracts

A forward foreign currency contract ("Forward Contract") involves an obligation to purchase or sell a specific currency at a future date, which may be any fixed number of days from the date of the contract agreed upon by the parties, at a price set at the time of the contract. These contracts are principally traded in the inter-bank market conducted directly between currency traders (usually large, commercial banks) and their customers. A Forward Contract generally does not require an initial margin deposit, and no commissions are charged at any stage for trades. However, if a Fund is in an unrealized loss position on a Forward Contract, it may be required to pledge collateral (or additional collateral) to the counterparty.

Risks may arise upon entering into a Forward Contract from the potential inability of the counterparties to meet the terms of their contracts and from unanticipated movements in the value of foreign currencies relative to the Canadian dollar.

A Forward Contract is valued at the fair value of the gain or loss that would be realized on a valuation date if the position was to be closed out. Realized and unrealized gains (losses) on forward foreign currency contracts are recorded in realized gain (loss) on derivatives and change in unrealized appreciation (depreciation) in the value of derivatives in the Statements of Comprehensive Income.

Options Contracts

Outstanding option positions are valued at an amount equal to the current fair value that would have the effect of closing the position. Any difference resulting from revaluation and gains or losses realized upon expiration or exercise of the options are recognized in the Statements of Comprehensive Income.

Futures Contracts

The margin deposits with brokers relating to futures contracts are included in the Statements of Financial Position. Any change in the margin requirement is settled daily and is included in cash on the Statements of Financial Position. Any difference between the settlement value at the close of business on each valuation date and the settlement value at the close of business on the previous valuation date is recorded as net change in unrealized appreciation (depreciation) in value of derivative financial instruments on the Statements of Comprehensive Income.

Short Sales

When a Fund sells a security short, it will borrow that security from a broker to complete the sale. A Fund will incur a loss as a result of a short sale if the price of the borrowed security increases between the date of the short sale and the date on which a Fund closes out its short position by buying that security. A Fund will realize a gain if the security declines in price between those dates.

Notes to Financial Statements (cont'd)

As at and for the periods as disclosed in the financial statements (Note 1) December 31, 2024

Investment Transactions and Investment Income

Investment transactions are recorded as of the date that the securities are purchased or sold (trade date). Realized and unrealized gains and losses are calculated on an average cost basis. The cost of investments represents the amount paid for each security and is determined using the average cost method, excluding commissions and transaction costs. Transaction costs, such as brokerage commissions and settlement charges incurred in the purchase and sale of securities, are shown as a separate line item in the Statements of Comprehensive Income and are not part of the cost of investments. Dividend income is recognized on the ex-dividend date, gross of any foreign taxes withheld. The interest for distribution purposes shown on the Statements of Comprehensive Income represents the coupon interest received by the Funds accounted for on an accrual basis. Premiums received from writing options are included in the Statements of Financial Position as a liability and subsequently adjusted to fair value. When a written option expires unexercised, the Funds will realize a gain equal to the premium received. When a written option is closed, the Funds will realize a gain or loss equal to the difference between the cost at which the contract was closed and the premium received. Income earned from securities lending transactions is in the form of securities lending fees payable by the borrower and, in certain circumstances, interest paid on cash or securities held as collateral. Revenue, if any, earned on securities lending transactions during the period is disclosed in the Funds' Statements of Comprehensive Income.

Foreign Currency Translation

The financial statements for all Funds, with the exception of US High Interest Savings Account Fund and US Premium Cash Management Fund, have been presented in Canadian dollars, which is the Funds' functional and presentation currency. The financial statements for US High Interest Savings Account Fund and US Premium Cash Management Fund have been presented in United States dollars, which is the Funds' functional and presentation currency. The Funds' respective functional currency is the currency of the primary economic environment in which the Funds operate. The Funds' performance is evaluated, and their liquidity is managed, in the Funds' respective functional currency. Therefore, the Canadian dollar or United States dollar, as applicable, is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events, and conditions. Foreign currencies, as well as investment securities and other assets and liabilities denominated in foreign currencies, are translated into Canadian dollars or United States dollar, as applicable, using exchange rates prevailing on the respective dates of such transactions. Realized and unrealized foreign exchange gains and losses on investments are included as a component of net realized gain (loss) on sale of investments and change in unrealized appreciation (depreciation) of investments, respectively, on the Statements of Comprehensive Income. Net realized and unrealized foreign exchange gains (losses) arising from sales of foreign currencies include gains (losses) on forward foreign currency contracts, currency gains (losses) recognized between the trade and settlement dates on investment transactions, and the difference between the amounts of dividends and foreign withholding taxes recorded on the Funds' books and the Canadian dollar or United States dollar, as applicable, equivalent of the amounts actually received or paid. These gains (losses) are included in net realized gain (loss) and/or change in unrealized appreciation (depreciation) on foreign currency contracts and foreign currency translations in the Statements of Comprehensive Income.

Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units from Operations per Unit

The increase (decrease) in net assets attributable to holders of redeemable units from operations per unit is calculated by dividing the increase (decrease) in net assets attributable to holders of redeemable units from operations by the weighted average number of units outstanding during the period.

Significant Accounting Judgments, Estimates, and Assumptions

The preparation of the Funds' financial statements requires management to make judgments, estimates, and assumptions that affect the reported amounts recognized in the financial statements and disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

In the process of applying the Funds' accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the financial statements:

Classification and Measurement of Investments

In classifying and measuring financial instruments held by the Funds, the Manager has assessed the Funds' business model for managing their respective portfolios of investments and evaluating the performance on a fair value basis and concluded that these financial assets and liabilities should be measured at FVTPL in accordance with IFRS 9.

Assessment as Investment Entity

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

Notes to Financial Statements (cont'd)

As at and for the periods as disclosed in the financial statements (Note 1) December 31, 2024

- an entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- an entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- an entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Funds' prospectuses detail the objective of providing investment management services to investors, for the purpose of returns in the form of investment income and capital appreciation.

The Funds report to their investors via semi-annual investor information, and to their management via internal management reports, on a fair value basis. All investments are reported at fair value to the extent allowed by IFRS in the Funds' financial statements. The Funds have a clearly documented exit strategy for all of their investments.

The Manager has also concluded that the Funds meet the additional characteristics of an investment entity, in that they have more than one investment; the investments are predominantly in the form of equities and similar securities; they have more than one investor; and their investors are not related parties.

These conclusions will be reassessed on an annual basis, if any of these criteria or characteristics change.

New standards, amendments and interpretations not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective as of December 31, 2024 and have not been applied in preparing these financial statements.

Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)

In May 2024, the IASB issued amendments to IFRS 9 and IFRS 7. Among other amendments, IASB clarified that a financial liability is derecognized on the 'settlement date' and introduce an accounting policy choice to derecognize financial liabilities settled using an electronic payment system before the settlement date. These amendments are effective for annual periods beginning on or after January 1, 2026, with early adoption permitted.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. It introduces several new requirements that are expected to impact the presentation and disclosure of the financial statements. These include:

- The requirement to classify all income and expense into specified categories and provide specified totals and subtotals in the statement of profit or loss.
- Enhanced guidance on the aggregation, location and labeling of items across the financial statements and the notes to the financial statements.
- Required disclosures about management-defined performance measures.

IFRS 18 is effective for annual periods beginning on or after January 1, 2027, with early adoption permitted.

The Funds are currently assessing the effect of the above standard and amendments. No other new standards, amendments and interpretations are expected to have a material effect on the financial statements of the Funds.

3. FINANCIAL INSTRUMENT RISKS

The Funds' activities may expose them to a variety of financial risks associated with financial instruments, including concentration risk, market risk (which includes currency risk, interest rate risk and other price/market risk), liquidity risk, and credit risk. The Manager seeks to minimize potential adverse effects of these risks on the Funds' performance by employing professional, experienced portfolio managers, by daily monitoring of the Funds' position and market events, and by diversifying the investment portfolio within the constraints of the investment objective.

Details of the Funds' exposure to financial instrument risks are available in the Fund Specific Notes to Financial Statements, as applicable.

Notes to Financial Statements (cont'd)

As at and for the periods as disclosed in the financial statements (Note 1) December 31, 2024

Leverage Risk

Alternative mutual funds, within the meaning of NI 81-102, are permitted to invest in asset classes or use investment strategies that are not permitted for other types of mutual funds. While these specific strategies are used in accordance with the Funds' investment objectives and strategies, during certain market conditions they may accelerate the pace at which the value of such Funds decreases. More specifically, when a Fund borrows cash for investment purposes, leverage may be introduced into the Fund.

The Evolve Cryptocurrency ETF, Evolve Canadian Banks and Lifecos Enhanced Yield Index Fund, and Evolve Canadian Utilities Enhanced Yield Index Fund are considered alternative mutual funds within the meaning of NI 81-102 and are permitted to use leverage in accordance with restrictions outlined in NI 81-102.

Generally, the Evolve Cryptocurrency ETF does not intend to borrow money or employ other forms of leverage. The Fund may, however, borrow money on a temporary short-term basis to acquire securities in connection with a subscription for Units by a dealer. Any cash borrowing by the Fund is subject to an overall limit of 50% of its NAV under NI 81-102. During the period ended December 31, 2024, the lowest aggregated fair value amount of the leverage exercised by the Evolve Cryptocurrency ETF was \$0.00 (0.00% of net assets), and the highest aggregated fair value amount of the leverage used during the period was \$0.00 (0.00% of net assets).

The Evolve Canadian Banks and Lifecos Enhanced Yield Index Fund and Evolve Canadian Utilities Enhanced Yield Index Fund currently anticipate achieving their investment objectives and creating leverage through the use of cash borrowing. The maximum aggregate exposure of the Funds to cash borrowing will not exceed approximately 25% of NAV. In order to ensure that unitholders' risk is limited to the capital invested, the Funds' leverage will be rebalanced back to 25% of the Funds' NAV within two business days of the Funds' leverage exceeding 2% above their target leverage ratios of 25% of NAV.

Portfolio Concentration Risk

Concentration indicates the relative sensitivity of the Funds' performance to developments affecting a particular industry or geographical location. Concentrations of risk arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political, or other conditions.

Other Price/Market Risk

Other price/market risk is the risk that the fair values or future cash flows of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment or its issuer, or all factors affecting all instruments traded in a market or market segment. All securities are exposed to other price/market risk. The maximum risk is equivalent to the financial instrument's fair value.

Global Trade Policy Risk

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.

Currency Risk

Currency risk arises from financial instruments that are denominated in foreign currencies. The Funds are exposed to the risk that the value of securities denominated in foreign currencies will fluctuate due to changes in exchange rates. When the value of the Canadian dollar falls in relation to foreign currencies, then the value of foreign investments rises. When the value of the Canadian dollar rises, the value of foreign investments falls.

The Funds hold securities denominated in foreign currencies during the reporting period and may hedge their foreign currency exposures by entering into Forward Contracts to reduce currency risk.

Interest Rate Risk

Interest rate risk is the risk that the market value of a Fund's interest-bearing financial instruments will fluctuate due to changes in market interest rates. Prices of longer-term fixed income securities will generally fluctuate more in response to interest rate changes than would shorter-term securities. Generally, the fair value of fixed income securities will vary inversely in relation to a change in interest rates. As interest rates rise, the fair value of fixed income securities falls and vice versa. The magnitude of the fall and rise will generally be greater for long-term fixed income securities than for short-term fixed income securities.

Notes to Financial Statements (cont'd)

As at and for the periods as disclosed in the financial statements (Note 1) December 31, 2024

Liquidity Risk

Liquidity risk is the possibility that investments in a Fund cannot be readily converted into cash when required. The Funds generally maintain sufficient liquidity to meet expenses and redemption of units by investing primarily in liquid securities. However, unexpected heavy demand for redemptions of units could result in the Funds having to dispose of investments at a time when it is not optimal in order to meet such redemption requests. To manage the Funds' overall liquidity and enable the Funds to meet their obligations, the assets of the Funds are invested primarily in securities that are traded on active markets and that the Manager believes can be readily disposed of through market facilities under normal circumstances.

Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Funds. To help manage the credit risk of the Funds, the Manager carefully monitors the creditworthiness and operational robustness of counterparties that conduct transactions on behalf of the Funds. Generally, the greater the credit rating of a security, the lower the probability of the issuer defaulting on its obligations.

Credit ratings for preferred shares are obtained from Dominion Bond Rating Services, Moody's, and Standard & Poor's. A rating of P1 is of superior credit quality and is supported by entities with strong earnings and balance sheet characteristics. P2 is of satisfactory credit quality. Protection of dividends and principal is still substantial, but earnings, the balance sheet and coverage ratios are not as strong as P1 rated companies. P3 is of adequate credit quality. P4 is of speculative credit quality. While protection of dividends and principal is still considered acceptable, the issuing entity is more susceptible to adverse changes in financial and economic conditions, and there may be other adverse conditions present which detract from debt protection.

For those Funds that invest in fixed income securities, credit ratings are obtained from Standard & Poor's, Moody's, and Fitch Ratings Service Inc. A rating of AAA indicates the highest quality with minimal risk, whereas AA rating suggests high quality with very low credit risk. Obligations rated A are considered upper-middle-grade and are subject to low credit risk. Obligations rated BBB possess moderate credit risk. They are considered medium grade. Although considered investment grade, they may possess speculative characteristics. Obligations rated BB are speculative. They are considered just below investment grade. A rating of B indicates that material default risk is present, but a limited margin of safety remains. Obligations rated below B are highly speculative.

Credit ratings for commercial paper and short-term debt instruments are obtained from Dominion Bond Rating Services. A rating of R-1 (high) is considered the highest credit quality with the highest capacity for timely repayment of short-term obligations. R-1 (middle) indicates superior credit quality with strong capacity for repayment. R-1 (low) is of adequate credit quality. A rating of R-2 (high) indicates satisfactory capacity for timely repayment of short-term obligations, whereas a rating of R-2 (middle) suggests uncertain capacity for timely repayments. Short-term obligations rated R-2 (low) are of weak capacity for timely repayment. Short-term obligations rated R-3 are of the lowest end of adequate credit quality and indicate there is a capacity for the payment of obligations as they fall due. Short-term obligations with this rating may be vulnerable to future events and the certainty of meeting such obligations could be impacted by a variety of developments. A rating of R-4 is of speculative credit quality and indicates the capacity for repayment is uncertain. Short-term obligations rated R-5 or below indicate highly speculative credit quality with a high level of uncertainty for repayment.

Offsetting Financial Instruments

A Fund's risk of loss from counterparty credit risk on over-the-counter derivatives is generally limited to the aggregate unrealized gain netted against any collateral held by the Fund. The Fund attempts to mitigate counterparty risk by only entering into agreements with counterparties that it believes have the financial resources to honour their obligations and by monitoring the financial stability of those counterparties. For financial reporting purposes, financial assets and financial liabilities are offset when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The Funds enter into various master netting agreements or similar agreements that do not meet the criteria for offsetting in the Statements of Financial Position.

In order to better define their contractual rights and to secure rights that will help the Funds mitigate their counterparty risk, the Funds may enter into an International Swaps and Derivatives Association, Inc. Master Agreement or similar agreement with their counterparties.

Digital Assets Risks

The Funds may invest in other investment funds ("Underlying Funds"). The Evolve Cryptocurrency ETF invests in the Evolve Bitcoin ETF (formerly, "Bitcoin ETF") and Evolve Ether ETF (formerly, "Ether ETF") (together, the "Underlying Funds" as it relates to Evolve Cryptocurrency ETF), each of which is an investment fund currently managed by the Manager that invest in digital currencies Bitcoin and Ether, respectively. The Underlying Funds' activities may expose them, and as a result, Evolve Cryptocurrency ETF, to a variety of risks associated with their investment strategies, digital assets and markets in which they invest. The Manager seeks to minimize potential adverse effects of these risks on Evolve Cryptocurrency ETF's performance by employing professional, experienced portfolio managers, by daily monitoring of the Evolve Cryptocurrency ETF's position and market events.

Notes to Financial Statements (cont'd)

As at and for the periods as disclosed in the financial statements (Note 1) December 31, 2024

Significant risks that are relevant to Evolve Cryptocurrency ETF are discussed below. For more information, refer to the financial statements of the Underlying Funds which are available upon request, at no cost, by calling 1-844-370-4884, by writing to us at Evolve Funds Group Inc., 40 King Street West, Suite 3404, Toronto, ON, M5H 3Y2 or by visiting our website at www.evolveetfs.com or SEDAR+ at www.sedarplus.com.

Speculation Risk

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

Custody Risk and Risk of Loss

Cidel Trust Company (the "Custodian") acts as the Custodian of the assets of the Underlying Funds pursuant to the Custodian Agreement. Coinbase Custody Trust Company, LCC (the "Sub-Custodian") acts as the Sub-Custodian in respect of the Underlying Funds' holdings of digital assets.

There is a risk that some or all of the Underlying Funds' holdings of digital assets could be lost, stolen, destroyed or inaccessible, potentially by the loss or theft of the private keys held by the Sub-Custodian associated with the public addresses that hold the Underlying Funds' digital assets and/or destruction of storage hardware. The Underlying Funds have adopted security procedures intended to protect the Underlying Funds' digital assets, but there can be no assurance that those procedures will be successful in preventing such loss, theft, or restriction on access.

If the Sub-Custodian becomes bankrupt or otherwise fails to perform its obligations due to financial difficulties, the value of an investor's investment in Units of Evolve Cryptocurrency ETF may decline. An Underlying Fund may experience significant delays in obtaining any recovery in a bankruptcy or other reorganization proceeding. An Underlying Fund may obtain only limited recovery or may obtain no recovery in such circumstances.

The Sub-Custodian is resident outside of Canada, and all of its assets are located outside Canada. As a result, anyone, including the Underlying Funds, seeking to enforce legal rights against the Sub-Custodian in Canada may find it difficult to do so. The Underlying Funds filed an undertaking with applicable securities regulatory authorities that provides that while they remain reporting issuers, the Underlying Funds will obtain from the Sub-Custodian a SOC 1 Type 2 and SOC 2 Type 2 Report or the ability for the Underlying Funds to assess the Sub-Custodians' controls.

Internet Disruptions Risk

A significant disruption in internet connectivity could disrupt the Bitcoin and/or Ethereum Network's operations until the disruption is resolved, and such disruption could have an adverse effect on the price of Bitcoin and/or Ethereum.

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 cyberattacks include, but are not limited to, gaining unauthorized access to digital systems for purposes of misappropriating assets or sensitive information, corrupting data, equipment, or systems, or causing operational disruption. The primary risks to the Underlying Funds from the occurrence of a Cyber Security Incident include disruption in operations, reputational damage, disclosure of confidential information, the incurrance of regulatory penalties, additional compliance costs associated with corrective measures, and/or financial loss. The Evolve Cryptocurrency ETF and its unitholders could be negatively impacted as a result.

Volatility Risk

Bitcoin and Ether's value has historically been highly volatile. The Bitcoin and Ether markets are sensitive to new developments, and since volumes are still maturing, any significant changes in market sentiment can induce large swings in volume and subsequent price changes. The value of the bitcoin and Ether held by the Underlying Funds could decline rapidly in future periods, including to zero.

Malicious Attacks on the Network Risk

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

Notes to Financial Statements (cont'd)

As at and for the periods as disclosed in the financial statements (Note 1) December 31, 2024

Both the Bitcoin Network and Ethereum Network are periodically subject to distributed denial of service attacks to clog the list of transactions being tabulated by Bitcoin miners or Ether validators, which can slow the confirmation of authentic transactions. Another avenue of attack would be if a large number of Bitcoin miners or Ether validators 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 in any significant systemic issues.

In addition, the cryptography underlying Bitcoin or 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 the Underlying Funds' digital assets, 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 and Ether and therefore adversely affect the NAV of the Evolve Cryptocurrency ETF and an investment in the units.

Decrease in Demand Risk

A competitor to Bitcoin or Ether which gains popularity and greater market share may precipitate a reduction in the demand, use, and price of Bitcoin or Ether, which may adversely impact the NAV of the Evolve Cryptocurrency ETF and an investment in the units. Similarly, Bitcoin or 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 Evolve Cryptocurrency ETF 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.

Increased Regulation Risk

The regulation of Bitcoin and Ether globally continues to evolve and may restrict the use of bitcoin or ether or otherwise impact the demand for Bitcoin or Ether in the future. The U.S. Securities and Exchange Commission (the "SEC") and the Canadian Securities Administrators generally take the view that Bitcoin and Ether are commodities, however, they have not made a formal statement regarding its classification. The European Union, Russia and Japan have moved to treat Bitcoin and Ether like currencies for taxation purposes. While the regulation of Bitcoin and Ether continues to evolve, the Manager believes that it is unlikely that a hostile regulatory environment will develop but rather such processes will bring about innovation and increased protections for Bitcoin and Ether users.

4. RELATED PARTY TRANSACTIONS

Administrative Fees

Each Fund will pay the Manager an Administrative Fee as set forth in the table below based on the average daily NAV of the units of the Funds to pay for expenses incurred during the day-to-day operating of the Funds. The fees specified below are the same for all classes per Fund where applicable. The Administrative Fees, plus applicable taxes, will be accrued daily and paid monthly in arrears. Administrative Fees are the same for all classes on a fund level.

The administrative fee rates applicable to each Fund are as follows:

Fund Name	Administrative Fee (Annual Rate) (%)
Evolve Active Canadian Preferred Share Fund	0.15% of NAV
Evolve Active Core Fixed Income Fund	0.15% of NAV
Evolve Active Global Fixed Income Fund	0.15% of NAV
Evolve Automobile Innovation Index Fund	0.15% of NAV
Evolve Cyber Security Index Fund	0.15% of NAV
Evolve Innovation Index Fund	0.15% of NAV
Evolve E-Gaming Index ETF	0.15% of NAV
Evolve Global Healthcare Enhanced Yield Fund	0.15% of NAV
Evolve US Banks Enhanced Yield Fund	0.15% of NAV
Evolve Global Materials & Mining Enhanced Yield Index ETF	0.15% of NAV
Evolve Future Leadership Fund	0.15% of NAV

Notes to Financial Statements (cont'd)

As at and for the periods as disclosed in the financial statements (Note 1) December 31, 2024

The administrative fee rates applicable to each Fund are as follows: (cont'd)

Fund Name	Administrative Fee (Annual Rate) (%)
High Interest Savings Account Fund	0.00% of NAV
Evolve Cloud Computing Index Fund	0.15% of NAV
Evolve FANGMA Index ETF	0.15% of NAV
Evolve Cryptocurrencies ETF	0.00% of NAV
Evolve European Banks Enhanced Yield ETF	0.15% of NAV
Evolve Canadian Banks and Lifecos Enhanced Yield Index Fund	0.15% of NAV
US High Interest Savings Account Fund	0.00% of NAV
Evolve S&P 500® Enhanced Yield Fund	0.15% of NAV
Evolve S&P/TSX 60 Enhanced Yield Fund	0.15% of NAV
Premium Cash Management Fund	0.05% of NAV
US Premium Cash Management Fund	0.05% of NAV
Evolve NASDAQ Technology Index Fund	0.15% of NAV
Evolve NASDAQ Technology Enhanced Yield Index Fund	0.15% of NAV
Evolve Enhanced Yield Bond Fund	0.15% of NAV
Evolve Artificial Intelligence Fund	0.25% of NAV
Evolve Canadian Utilities Enhanced Yield Index Fund	0.15% of NAV
Evolve Canadian Aggregate Bond Enhanced Yield Fund	0.15% of NAV

Management Fees

Each Fund will pay the Manager a management fee as set forth in the table below based on the average daily NAV of the units of the Funds. The Manager, in its capacity as manager of the Funds, manages the day-to-day business of each Fund, including negotiating contractual agreements with service providers and preparing reports to unitholders and securities regulatory authorities. The management fee, plus applicable taxes, will be accrued daily and paid monthly in arrears. The Manager may, from time to time at its discretion, waive all or a portion of the management fee charged at any given time. Expenses payable to the Manager and receivable on expenses waived by the Manager are disclosed in the Statements of Financial Position.

The management fee rates applicable to the respective classes of each Fund are as follows:

Fund Name	Class	Management Fee (Annual Rate) (%)
Evolve Active Canadian Preferred Share Fund	Unhedged ETF Units	0.65% of NAV
	Unhedged Class A	1.40% of NAV
	Unhedged Class F	0.65% of NAV
Evolve Active Core Fixed Income Fund	Unhedged ETF Units	0.45% of NAV
	Unhedged Class A	1.20% of NAV
	Unhedged Class F	0.45% of NAV
Evolve Active Global Fixed Income Fund	Hedged ETF Units	0.65% of NAV
	Hedged Class A	1.40% of NAV
	Hedged Class F	0.65% of NAV
Evolve Automobile Innovation Index Fund	Hedged ETF Units	0.40% of NAV
	Unhedged ETF Units	0.40% of NAV
	US Dollar Unhedged ETF Units	0.40% of NAV
	Hedged Class A	1.40% of NAV
	Hedged Class F	0.40% of NAV
Evolve Cyber Security Index Fund	Hedged ETF Units	0.40% of NAV
	Unhedged ETF Units	0.40% of NAV
	US Dollar Unhedged ETF Units	0.40% of NAV
	Hedged Class A	1.40% of NAV
	Hedged Class F	0.40% of NAV
Evolve Innovation Index Fund	Hedged ETF Units	0.40% of NAV
	US Dollar Unhedged ETF Units	0.40% of NAV

Notes to Financial Statements (cont'd)

As at and for the periods as disclosed in the financial statements (Note 1) December 31, 2024

The management fee rates applicable to the respective classes of each Fund are as follows: (cont'd)

Fund Name	Class	Management Fee (Annual Rate) (%)
	Hedged Class A	1.40% of NAV
	Hedged Class F	0.40% of NAV
Evolve E-Gaming Index ETF	Hedged ETF Units	0.70% of NAV
Evolve Global Healthcare Enhanced Yield Fund	Hedged ETF Units	0.45% of NAV
	Unhedged ETF Units	0.45% of NAV
	US Dollar Unhedged ETF Units	0.45% of NAV
	Hedged Class A	1.45% of NAV
	Hedged Class F	0.45% of NAV
Evolve US Banks Enhanced Yield Fund	Hedged ETF Units	0.45% of NAV
	Unhedged ETF Units	0.45% of NAV
	US Dollar Unhedged ETF Units	0.45% of NAV
Evolve Global Materials & Mining Enhanced Yield Index ETF	Hedged ETF Units	0.60% of NAV
	Unhedged ETF Units	0.60% of NAV
Evolve Future Leadership Fund	Hedged ETF Units	0.75% of NAV
	Unhedged ETF Units	0.75% of NAV
	US Dollar Unhedged ETF Units	0.75% of NAV
High Interest Savings Account Fund	Unhedged ETF Units	0.15% of NAV
	Unhedged Class A	0.40% of NAV
	Unhedged Class F	0.15% of NAV
	Unhedged Class I	Negotiable
Evolve Cloud Computing Index Fund	Hedged ETF Units	0.60% of NAV
	Unhedged ETF Units	0.60% of NAV
Evolve FANGMA Index ETF	Hedged ETF Units	0.40% of NAV
	Unhedged ETF Units	0.40% of NAV
	US Dollar Unhedged ETF Units	0.40% of NAV
Evolve Cryptocurrencies ETF	Unhedged ETF Units	0.00% of NAV
	US Dollar Unhedged ETF Units	0.00% of NAV
	Unhedged Class A	1.00% of NAV
	Unhedged Class F	0.00% of NAV
Evolve European Banks Enhanced Yield ETF	Hedged ETF Units	0.60% of NAV
	Unhedged ETF Units	0.60% of NAV
	US Dollar Unhedged ETF Units	0.60% of NAV
Evolve Canadian Banks and Lifecos Enhanced Yield Index Fund	Unhedged ETF Units	0.60% of NAV
	Unhedged Class A	1.60% of NAV
	Unhedged Class F	0.60% of NAV
US High Interest Savings Account Fund	Unhedged ETF Units	0.15% of NAV
	Unhedged Class A	0.40% of NAV
	Unhedged Class F	0.15% of NAV
	Unhedged Class I	Negotiable
Evolve S&P 500® Enhanced Yield Fund	Hedged ETF Units	0.45% of NAV
	Unhedged ETF Units	0.45% of NAV
	US Dollar Unhedged ETF Units	0.45% of NAV
	Unhedged Class A	1.45% of NAV
	Unhedged Class F	0.45% of NAV
	Unhedged Class H	0.30% of NAV
Evolve S&P/TSX 60 Enhanced Yield Fund	Unhedged ETF Units	0.45% of NAV
	Unhedged Class A	1.45% of NAV
	Unhedged Class F	0.45% of NAV
	Unhedged Class H	0.30% of NAV

Notes to Financial Statements (cont'd)

As at and for the periods as disclosed in the financial statements (Note 1) December 31, 2024

The management fee rates applicable to the respective classes of each Fund are as follows: (cont'd)

Fund Name	Class	Management Fee (Annual Rate) (%)
Premium Cash Management Fund	Unhedged ETF Units	0.20% of NAV*
	Unhedged Class A	0.45% of NAV*
	Unhedged Class F	0.20% of NAV*
US Premium Cash Management Fund	Unhedged ETF Units	0.20% of NAV**
	Unhedged Class A	0.45% of NAV**
	Unhedged Class F	0.20% of NAV**
Evolve NASDAQ Technology Index Fund	Hedged ETF Units	0.25% of NAV
	Unhedged ETF Units	0.25% of NAV
	US Dollar Unhedged ETF Units	0.25% of NAV
	Hedged Class A	1.25% of NAV
	Hedged Class F	0.25% of NAV
Evolve NASDAQ Technology Enhanced Yield Index Fund	Hedged ETF Units	0.50% of NAV
	Unhedged ETF Units	0.50% of NAV
	US Dollar Unhedged ETF Units	0.50% of NAV
	Hedged Class A	1.50% of NAV
	Hedged Class F	0.50% of NAV
Evolve Enhanced Yield Bond Fund	Hedged ETF Units	0.45% of NAV***
	Unhedged ETF Units	0.45% of NAV***
	US Dollar Unhedged ETF Units	0.45% of NAV***
	Hedged Class A	1.20% of NAV***
	Hedged Class F	0.45% of NAV***
Evolve Artificial Intelligence Fund	Hedged ETF Units	0.60% of NAV
Evolve Canadian Utilities Enhanced Yield Index Fund	Unhedged ETF Units	0.60% of NAV
	Unhedged Class A	1.60% of NAV
	Unhedged Class F	0.60% of NAV
Evolve Canadian Aggregate Bond Enhanced Yield Fund	Unhedged ETF Units	0.45% of NAV
	Unhedged Class A	1.20% of NAV
	Unhedged Class F	0.45% of NAV

*The Manager has waived the management fee on the Unhedged ETF Units and the Unhedged Class F Units of the Fund from February 2, 2024 until June 30, 2024. The Manager has reduced the management fee on the Unhedged Class A Units of the Fund to the amount of the trailing commission payable to a unitholder's dealer from February 2, 2024 until June 30, 2024. The effective annual management fee for the Unhedged Class A Units is 0.25%.

**The Manager has waived the management fee on the Unhedged ETF Units and the Unhedged Class F Units of the Fund from February 2, 2024 until June 30, 2024. The Manager has reduced the management fee on the Unhedged Class A Units of the Fund to the amount of the trailing commission payable to a unitholder's dealer from February 2, 2024 until June 30, 2024. The effective annual management fee for the Unhedged Class A Units is 0.25%.

***The Manager has waived the management fee on the Hedged, Unhedged, and US Dollar Unhedged ETF Units and the Hedged Class F Units of the Fund from inception until March 31, 2024. The Manager has reduced the management fee on the Hedged Class A Units of the Fund to the amount of the trailing commission payable to a unitholder's dealer from inception until March 31, 2024. The effective annual management fee for the Hedged Class A Units is 0.75%.

5. REDEEMABLE UNITS

Each Fund is authorized to issue an unlimited number of redeemable, transferable units, each of which represents an equal, undivided interest in the net assets of that Fund.

Notes to Financial Statements (cont'd)

As at and for the periods as disclosed in the financial statements (Note 1) December 31, 2024

All units of each Fund have equal rights and privileges. Each whole unit is entitled to one vote at all meetings of unitholders and is entitled to participate equally with respect to any and all distributions made by each Fund to unitholders, other than management fee distributions, but including distributions of net income, net realized capital gains, and distributions upon the termination of each Fund. Any special distributions payable in units of each Fund will increase the aggregate adjusted cost base of a unitholder's units. Immediately following payment of such a special distribution in units, the number of units of each Fund outstanding will be automatically consolidated such that the number of units that each unitholder will hold after such distribution will be equal to the number of units 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. Units are issued only as fully paid and are non-assessable.

Units of an Evolve ETF may be bought and sold over a designated exchange. However, on any trading day, unitholders of ETF units may also exchange the prescribed number of units (or an integral multiple thereof) for baskets of securities and/or cash at a redemption price per unit equal to 95% of the closing price for the applicable units on the TSX (or the applicable exchange the units of the Fund being redeemed is trading on), subject to a maximum redemption price per unit equal to the NAV per unit on the effective day of redemption. The right to redeem units of the Funds may be suspended with the approval of the Canadian Securities Administrators.

Transactions in units for the Funds are disclosed in the Fund Specific Notes to Financial Statements. The consideration for the purchase of creation units of the Funds generally consists of the in-kind contribution of a designated portfolio of equity securities constituting a portfolio sampling representation of the securities included in the relevant Funds' underlying index and an amount of cash. Investors purchasing and redeeming creation units may be charged a purchase transaction fee and a redemption transaction fee to offset transfer and other transaction costs associated with the issuance and redemption of creation units.

Units issued and outstanding are considered to be capital of the Funds. The Funds are not subject to externally imposed capital requirements and have no legal restrictions on the issue, repurchase or resale of redeemable shares beyond those included in the Funds' prospectuses. The capital received by each Fund is managed to achieve the investment objective of each Fund while maintaining liquidity to satisfy unitholder redemptions.

The changes in issued and outstanding units of the Funds can be found in the Statements of Changes in Net Assets Attributable to Holders of Redeemable Units.

6. INCOME TAXES

The Funds qualify or intend to qualify as mutual fund trusts, under the provisions of the *Income Tax Act* (Canada).

Capital losses and non-capital losses available in the Funds are presented in the Fund Specific Notes to Financial Statements, as applicable. Capital losses may be carried forward indefinitely and used to reduce future realized capital gains. Non-capital losses may be used to reduce future net income and capital gains for up to 20 years. The Funds may incur withholding taxes imposed by certain countries on investment income and capital gains. Such income and gains are recorded on a gross basis and the related withholding taxes are shown as a separate expense in the Statements of Comprehensive Income.

Occasionally, distributions by the Funds will exceed the net investment income and taxable capital gains realized by the Funds. To the extent that the excess is not designated by the Funds to be income for Canadian tax purposes and taxable to holders of redeemable units, this excess distribution is a return of capital and is not immediately taxable to unitholders.

7. STRUCTURED ENTITIES

The Funds may invest in other Underlying Funds. Each Underlying Fund invests in a portfolio of assets or digital assets, as applicable in accordance with the Fund's investment objectives, to generate returns in the form of investment income and capital appreciation for its unitholders. Each Underlying Fund finances its operations primarily through the issuance of units, which are puttable at the unitholder's option and entitle the unitholder to a proportionate share of the Underlying Fund's net assets. The Funds' interests in Underlying Funds, held in the form of redeemable units, are reported in their Schedule of Investments at fair value, which represents the Funds' maximum exposure on those investments. Distributions earned from Underlying Funds are included in "Income" in the Statements of Comprehensive Income. The net realized and change in unrealized gains (losses) arising from Underlying Funds are also included in the Statements of Comprehensive Income. The Funds do not provide any additional significant financial or other support to Underlying Funds.



Evolve Future Leadership Fund