

# Evolve Future Leadership Fund

December 31, 2024

Annual Management Report of Fund Performance

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

# Evolve Future Leadership Fund

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## Investment Objective and Strategies

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The Evolve Future Leadership Fund (the "Fund") seeks to provide holders of units with long-term capital appreciation by investing primarily in a diversified mix of equity securities of companies located domestically or internationally that the portfolio manager has determined are leaders in sectors that stand to benefit from medium and long term economic trends. The portfolio manager will use a selection process that combines quantitative techniques, fundamental analysis and risk management. The portfolio manager will also write covered call options on up to 33% of the portfolio securities, at its discretion. The level of covered call option writing may vary based on market volatility and other factors.

## Risk

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Effective August 16, 2024, the risk rating of the US Dollar Unhedged ETF Units of the Fund was changed from "Medium" to "Medium to High". There were no changes to the Fund over the period of this report that materially affected the level of risk associated with an investment in the Fund. Prospective investors should read the Fund's most recent prospectus and consider the description of risks contained therein.

## Results of Operations

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For the year ended December 31, 2024, the Hedged ETF Units returned 36.0%. The Unhedged ETF Units returned 45.9%. The US Dollar Unhedged ETF Units returned 34.3%. The Fund's net assets were \$23.7MM as at December 31, 2024.

## Portfolio Manager Commentary

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In 2024, markets saw a dynamic interplay of macroeconomic forces, political developments, and sector shifts. Amid this, the Fund remained well-positioned, benefiting from exposure to structural growth themes such as artificial intelligence (AI), digital assets, financial resilience, and healthcare innovation.

The Fund's exposure to cryptocurrency trends through its holdings of MicroStrategy and Coinbase was particularly impactful to its overall performance. MicroStrategy, with its significant holdings of Bitcoin, benefited from growing institutional adoption and optimism around the US election. Coinbase capitalized on the cryptocurrency market rally, increased trading, and its role as a custodian for newly approved US spot Bitcoin exchange traded funds ("ETFs"), reinforcing the Fund's confidence in digital assets' long-term integration into traditional financial markets.

During the period, traditional financial institutions like JP Morgan and Goldman Sachs also contributed meaningfully to the Fund. Elevated interest rates supported higher net interest margins, while diversified business lines, including asset management and loan growth, added to the resilience of these banks during uncertain economic conditions. The results of the US election improved the outlook for banks, with expectations of reduced regulation and tax cuts providing potential tailwinds during the incoming administration's term.

Technology holdings within the Fund remained a key driver of growth throughout the year, led by the emerging investment trends of AI and cloud computing. NVIDIA and Taiwan Semiconductor capitalized on demand for AI infrastructure, while Amazon's AWS growth and Tesla's technological advancements reinforced their leadership in the sector. The accelerating adoption of AI-driven solutions continues to create long-term opportunities for the Fund.

Healthcare holdings were propelled by the success of GLP-1 weight loss drugs during the period, with Eli Lilly's Mounjaro and Novo Nordisk's Wegovy and Ozempic experiencing surging demand. The healthcare sector also benefited from Intuitive Surgical's robot-assisted surgery growth and advancements in their application of AI technologies in their da Vinci systems. However, political uncertainty emerged as President-Elect Donald Trump's appointment of Robert F. Kennedy Jr. to lead the Department of Health and Human Services raised concerns over drug pricing regulations, sparking volatility in the sector.

The eGaming industry saw mixed results as shifting consumer behavior and economic uncertainty influenced spending. While mobile and subscription-based gaming grew, traditional console and PC markets faced headwinds. Major publishers saw uneven performance, with delays in key releases affecting revenues, though live-service games provided steady recurring income. The eGaming industry is also beginning to benefit from advancements in generative AI, as the new technologies are aiding in the streamlining of game development and enhancing player experiences. Looking ahead, new hardware cycles, eSports expansion, and advances in augmented and virtual reality present long-term opportunities.

Overall, 2024 was a strong year for the Fund as it benefited from its exposure to leading companies in several sectors, leveraging innovation, structural growth trends, and strategic positioning to navigate a dynamic market landscape.

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## Performance Attribution

For the twelve-month period ending December 31, 2024, MicroStrategy Inc made the biggest contribution to the Fund, followed by NVIDIA Corporation. By weight, the Fund's largest holdings were MicroStrategy Inc, Amazon.com Inc, and Tesla Inc.

## Recent Developments

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

## Related Party Transactions

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

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

## Management Fees

The management fees are calculated based on 0.75% per annum of the average daily net asset value of the Fund. The fees are accrued daily and generally paid monthly. For the year ended December 31, 2024, the Fund incurred \$146,174 in management fees. These management fees were received by the Manager for the day-to-day operations of the fund, including managing the portfolio, maintaining portfolio systems used to manage the Fund, maintaining the [www.evolveetfs.com](http://www.evolveetfs.com) website, and providing all other services including marketing and promotion.

## Administration Fees

The administration fees are calculated based on 0.15% per annum of the average daily net asset value of the Fund. The fees are accrued daily and are generally paid monthly. For the year ended December 31, 2024, the Fund incurred \$32,672 in administration fees. These administration fees were received by the Manager for the following operating expenses of the Fund including but not limited to: mailing and printing expenses for periodic reports to unitholders; Registrar and Transfer Agent and Custodian; any reasonable out of pocket expenses incurred by the Manager or its agents in connection with their ongoing obligations to the Fund; IRC committee member fees and expenses in connection with the IRC; expenses related to compliance with NI 81-107; fees and expenses relating to voting of proxies by a third party; insurance coverage for the members of the IRC; fees payable to the auditors and legal advisors of the Fund; regulatory filing, stock exchange and licensing fees and CDS fees; costs and expenses of complying with all applicable laws, regulations and policies, including expenses and costs incurred in connection with the continuous public filing requirements such as permitted prospectus preparation and filing expenses; and legal, accounting and audit fees and fees and expenses of the Trustee, Custodian and Manager which are incurred in respect of matters not in the normal course of the Fund's activities. The administration fee paid to the Manager by the Fund may, in any particular period, be less than or exceed the operating expenses that the Manager incurs for the Fund.

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## Financial Highlights

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

### The Fund's Net Assets Per Unit<sup>1</sup>

	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020
For the periods ended:	(\$)	(\$)	(\$)	(\$)	(\$)
<b>Unhedged ETF Units - Net Assets per Unit</b>					
Net Assets per Unit, beginning of period	17.70	14.49	22.30	20.80	19.85
<b>Increase (decrease) from operations:</b>					
Total revenue	0.22	0.17	0.11	0.12	0.04
Total expenses	(0.22)	(0.22)	(0.20)	(0.25)	(0.10)
Realized gains (losses)	4.60	(1.07)	(2.28)	0.47	(0.03)
Unrealized gains (losses)	3.35	5.33	(4.51)	2.29	1.69
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>7.95</b>	<b>4.21</b>	<b>(6.88)</b>	<b>2.63</b>	<b>1.60</b>
<b>Distributions:</b>					
From capital gains	-	-	-	(0.36)	(0.08)
Return of capital	(1.32)	(1.26)	(1.26)	(0.90)	(0.24)
<b>Total annual distributions<sup>3</sup></b>	<b>(1.32)</b>	<b>(1.26)</b>	<b>(1.26)</b>	<b>(1.26)</b>	<b>(0.32)</b>
<b>Net Assets per Unit, end of period</b>	<b>24.27</b>	<b>17.70</b>	<b>14.49</b>	<b>22.30</b>	<b>20.80</b>
<b>Hedged ETF Units - Net Assets per Unit</b>					
Net Assets per Unit, beginning of period	17.31	14.03	23.01	21.30	19.85
<b>Increase (decrease) from operations:</b>					
Total revenue	0.21	0.17	0.11	0.11	0.04
Total expenses	(0.24)	(0.22)	(0.20)	(0.27)	(0.06)
Realized gains (losses)	3.04	(0.61)	(3.03)	0.03	0.45
Unrealized gains (losses)	2.95	4.89	(4.60)	2.59	1.59
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>5.96</b>	<b>4.23</b>	<b>(7.72)</b>	<b>2.46</b>	<b>2.02</b>
<b>Distributions:</b>					
From capital gains	-	-	-	(0.35)	(0.08)
Return of capital	(1.32)	(1.26)	(1.26)	(0.91)	(0.24)
<b>Total annual distributions<sup>3</sup></b>	<b>(1.32)</b>	<b>(1.26)</b>	<b>(1.26)</b>	<b>(1.26)</b>	<b>(0.32)</b>
<b>Net Assets per Unit, end of period</b>	<b>22.05</b>	<b>17.31</b>	<b>14.03</b>	<b>23.01</b>	<b>21.30</b>

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## The Fund's Net Assets Per Unit<sup>1</sup> (cont'd)

	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020
For the periods ended:	(\$)	(\$)	(\$)	(\$)	(\$)
<b>US Dollar Unhedged ETF Units - Net Assets per Unit<sup>4</sup></b>					
Net Assets per Unit, beginning of period	23.34	19.13	29.42	27.37	26.11
<b>Increase (decrease) from operations:</b>					
Total revenue	0.29	0.24	0.15	0.15	0.05
Total expenses	(0.31)	(0.30)	(0.26)	(0.33)	(0.13)
Realized gains (losses)	6.11	(1.05)	(2.81)	0.63	(0.04)
Unrealized gains (losses)	4.26	6.81	(6.94)	3.19	2.08
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>10.35</b>	<b>5.70</b>	<b>(9.86)</b>	<b>3.64</b>	<b>1.96</b>
<b>Distributions:</b>					
From capital gains	-	-	-	(0.45)	(0.11)
Return of capital	(1.81)	(1.70)	(1.78)	(1.13)	(0.30)
<b>Total annual distributions<sup>3</sup></b>	<b>(1.81)</b>	<b>(1.70)</b>	<b>(1.78)</b>	<b>(1.58)</b>	<b>(0.41)</b>
<b>Net Assets per Unit, end of period</b>	<b>31.89</b>	<b>23.34</b>	<b>19.13</b>	<b>29.42</b>	<b>27.37</b>

- 1 This information is derived from the Fund's audited annual financial statements as at December 31, 2024, 2023, 2022, 2021, and 2020. The Hedged, Unhedged, and US Dollar Unhedged ETF Units began operations on September 10, 2020.
- 2 Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of units outstanding over the period.
- 3 Distributions were paid in cash or reinvested in additional units of the Fund, or both. Actual distributions may vary slightly owing to rounding.
- 4 Per unit figures are stated in CAD equivalent.

## The Fund's Ratios/Supplemental Data

	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020
For the periods ended:					
<b>Unhedged ETF Units - Ratios/Supplemental Data</b>					
Total Net Asset Value (\$) <sup>5</sup>	4,853,567	3,098,097	7,243,548	22,854,200	19,240,732
Number of units outstanding <sup>5</sup>	200,000	175,000	500,000	1,025,000	925,000
Management expense ratio excluding underlying fund expenses <sup>6</sup>	0.73%	0.96%	0.90%	0.91%	1.01%
Management expense ratio <sup>7</sup>	0.80%	1.03%	0.99%	1.01%	1.09%
Trading expense ratio <sup>8</sup>	0.24%	0.31%	0.20%	0.17%	0.51%
Portfolio turnover rate <sup>9</sup>	72.19%	81.93%	82.79%	69.42%	31.06%
Net Asset Value per unit (\$)	24.27	17.70	14.49	22.30	20.80
Closing market price (\$)	24.29	17.70	14.46	22.50	20.72
<b>Hedged ETF Units - Ratios/Supplemental Data</b>					
Total Net Asset Value (\$) <sup>5</sup>	14,882,748	13,415,453	16,836,973	19,554,463	5,323,823
Number of units outstanding <sup>5</sup>	675,000	775,000	1,200,000	850,000	250,000
Management expense ratio excluding underlying fund expenses <sup>6</sup>	0.90%	0.96%	0.92%	0.92%	0.39%
Management expense ratio <sup>7</sup>	0.97%	1.03%	1.01%	1.02%	0.95%
Trading expense ratio <sup>8</sup>	0.24%	0.31%	0.20%	0.17%	0.51%
Portfolio turnover rate <sup>9</sup>	72.19%	81.93%	82.79%	69.42%	31.06%
Net Asset Value per unit (\$)	22.05	17.31	14.03	23.01	21.30
Closing market price (\$)	22.06	17.42	13.97	23.15	21.28

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

For the periods ended:	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020
<b>US Dollar Unhedged ETF Units - Ratios/Supplemental Data</b>					
Total Net Asset Value (\$) <sup>5</sup>	<b>3,985,699</b>	2,917,410	3,826,519	16,917,149	13,000,886
Number of units outstanding <sup>5</sup>	<b>125,000</b>	125,000	200,000	575,000	475,000
Management expense ratio excluding underlying fund expenses <sup>6</sup>	<b>0.79%</b>	0.97%	0.89%	0.91%	1.01%
Management expense ratio <sup>7</sup>	<b>0.86%</b>	1.04%	0.98%	1.01%	1.09%
Trading expense ratio <sup>8</sup>	<b>0.24%</b>	0.31%	0.20%	0.17%	0.51%
Portfolio turnover rate <sup>9</sup>	<b>72.19%</b>	81.93%	82.79%	69.42%	31.06%
Net Asset Value per unit (\$)	<b>31.89</b>	23.34	19.13	29.42	27.37
Closing market price (\$)	<b>31.91</b>	23.35	19.13	29.45	27.35

5 This information is provided as at December 31, 2024, 2023, 2022, 2021, and 2020.

6 Management expense ratio excluding underlying fund expenses is based on total expenses plus harmonized sales tax (excluding distributions, commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.

7 Management expense ratio ("MER") is based on total expenses plus harmonized sales tax (excluding distributions, commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.

8 The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of average daily net assets during the period.

9 The Fund's portfolio turnover rate indicates how actively the Fund's portfolio manager trades its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. The higher the Fund's portfolio turnover rate in a period, the greater the trading costs payable by the Fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

## Past Performance

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

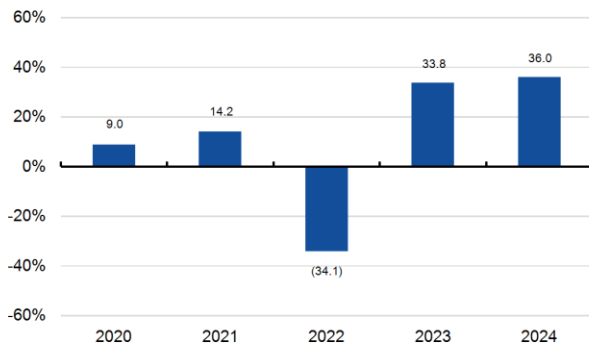
## Year-by-Year Returns

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

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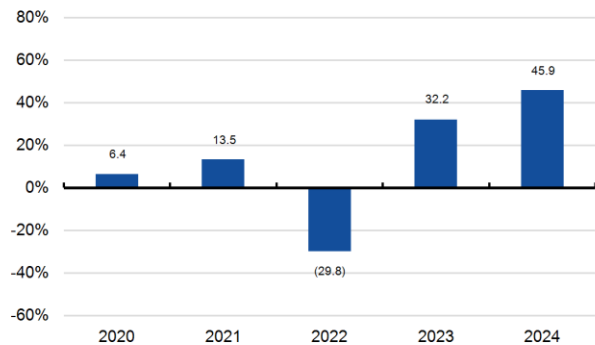
December 31, 2024

## LEAD Hedged ETF Units<sup>1</sup>



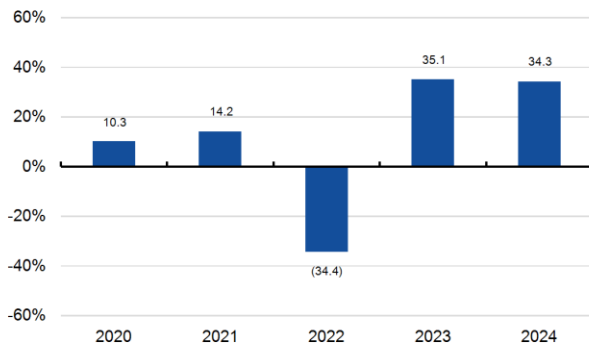
1 The Hedged ETF Units of the Fund effectively began operations on September 10, 2020.

## LEAD/B Unhedged ETF Units<sup>2</sup>



2 The Unhedged ETF Units of the Fund effectively began operations on September 10, 2020.

## LEAD/U US Dollar Unhedged ETF Units<sup>3</sup>



3 The US Dollar Unhedged ETF Units of the Fund effectively began operations on September 10, 2020. Returns presented based on NAV equivalent in USD.

## Annual Compound Return

The table below shows the historical annual compound total return of the Hedged, Unhedged, and US Dollar Unhedged ETF Units. The returns are for the period ended December 31, 2024. As a basis of comparison, we have provided the performance of MSCI World 100% Hedged to CAD Net Total Return Index, MSCI World Net Total Return CAD Index, and MSCI World Index (each of which, an “Index”, and collectively, the “Indices”). The difference in performance of the Hedged, Unhedged, and US Dollar Unhedged ETF Units relative to the respective Index can be attributed to the difference of criteria for determining the constituents of the Fund and the Index, it is not expected that the Fund’s performance will mirror that of the Index. Additionally, the return of the Index is calculated without the deduction of management fees and fund expenses whereas the performance of the Fund is calculated after deducting such fees and expenses. Furthermore, the difference in performance of the Hedged, Unhedged, and US Dollar Unhedged ETF Units relative to the respective Index can also be attributed to the implementation of the call writing strategy where the Fund tends to outperform in flat or down markets and underperform during sharp market advances. This performance difference can be seen over the period the calls are written, typically with one to two months to expiry, and then resets when new option positions are established.

	Since Inception <sup>1</sup> (%)	1 Year (%)	3 Year (%)
Hedged ETF Units	9.7	36.0	6.2
MSCI World 100% Hedged to CAD Net Total Return Index <sup>2</sup>	13.6	20.7	7.5

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	Since Inception <sup>1</sup> (%)	1 Year (%)	3 Year (%)
Unhedged ETF Units	12.1	45.9	10.6
MSCI World Net Total Return CAD Index <sup>3</sup>	15.0	29.4	11.0
US Dollar Unhedged ETF Units	9.9	34.3	6.0
MSCI World Index <sup>4</sup>	13.2	19.2	6.9

- 1 From inception date of September 10, 2020 for the Hedged, Unhedged, and US Dollar Unhedged ETF Units.
- 2 The MSCI World 100% Hedged to CAD Net Total Return Index represents a close estimation of the performance that can be achieved by hedging the currency exposures of its parent index, the MSCI World Index, to the Canadian Dollar, the "home" currency for the hedged index. The Index is 100% hedged to the Canadian Dollar by selling each foreign currency forward at the one-month forward weight.
- 3 The MSCI World Net Total Return CAD Index is a Canadian Dollar denominated version of the MSCI World Index.
- 4 The MSCI World Index is a free-float weighted equity index. It was developed with a base value of 100 as of December 31, 1969. The Index includes developed world markets, and does not include emerging markets.

## Summary of Investment Portfolio

### Top 25 Positions

Security	Percentage of Net Asset Value (%)
MicroStrategy Inc.	8.8
Amazon.com Inc.	5.0
Tesla Inc.	4.5
Microsoft Corporation	4.1
Eli Lilly & Company	3.7
Intuitive Surgical Inc.	3.7
Shopify Inc., Class 'A'	3.7
Coinbase Global Inc., Class 'A'	3.6
NVIDIA Corporation	3.5
Evolve Global Healthcare Enhanced Yield Fund	3.5
Alphabet Inc., Class 'A'	3.1
UnitedHealth Group Inc.	2.9
Apple Inc.	2.9
Evolve NASDAQ Technology Enhanced Yield Index Fund	2.7
Advanced Micro Devices Inc.	2.6
Visa Inc., Class 'A'	2.4
Novartis AG, ADR	2.3
Vertex Pharmaceuticals Inc.	2.3
Evolve E-Gaming Index ETF	2.3
Salesforce Inc.	2.3
American Express Company	2.3
Taiwan Semiconductor Manufacturing Company Limited	2.3
Mastercard Inc., Class 'A'	2.2
The Goldman Sachs Group Inc.	2.2
JPMorgan Chase & Company	2.2
<b>Total</b>	<b>81.1</b>



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## Industry Allocation

Portfolio by Category	Percentage of Net Asset Value (%)
<b>Equities</b>	
Communication Services	9.4
Consumer Discretionary	10.3
ETFs - International Equity	10.9
Financials	17.0
Health Care	16.9
Information Technology	35.2
Derivative Assets	0.0
Derivative Liabilities	(0.0)
Cash and Cash Equivalents	0.9
Other Assets, less Liabilities	(0.6)
<b>Total</b>	<b>100.0</b>

The summary of Investment Portfolio may change due to the ongoing portfolio transactions of the Fund. Updates are available quarterly by visiting our website at [www.evolveetfs.com](http://www.evolveetfs.com).



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