

Evolve FANGMA Index ETF

December 31, 2024

Annual Management Report of Fund Performance

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

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Investment Objective and Strategies

The Evolve FANGMA Index ETF (the "Fund") seeks to replicate, to the extent reasonably possible and before fees and expenses, the performance of the Solactive FANGMA Equal Weight Index, or any successor thereto. The Fund invests in equity securities of Alphabet Inc., Amazon Inc., Apple Inc., Meta Platforms, Inc., Netflix Inc. and Microsoft Corp.

Risk

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

Results of Operations

For the year ended December 31, 2024, the Unhedged ETF Units returned 57.5% versus the Solactive FANGMA Equal Weight Index (the "Index") return of 59.6%. The Hedged ETF Units returned 43.7% versus the Index return of 59.6%. The US Dollar Unhedged ETF Units returned 45.2% versus the Index return of 59.6%. For a discussion of the relative performance of the Fund as compared to the Index, please refer to the "Annual Compound Return" section in the "Management Discussion of Fund Performance". The Fund's net assets were \$123.2MM as at December 31, 2024.

Portfolio Manager Commentary

The six FANGMA technology giants had another standout year in 2024, driven by increased adoption of and continued advancements in Artificial Intelligence (AI).

During the period, Meta Platforms shifted its focus from the metaverse to AI, a move applauded by shareholders. Despite concerns surrounding the cost associated with this shift, analysts remained optimistic about long-term profitability of the social media and technology giant. Meta's fourth quarter 2023 earnings, released in February 2024, led to the largest single-day market capitalization increase in history, adding \$197 billion after announcing a significant earnings beat, share buybacks, and a dividend plan for the first quarter of 2024¹.

Apple maintained its position as the largest public company globally throughout the year. In 2024, Apple's stock experienced a notable rise, starting the year at around \$184.74 and reaching a high of \$260.10 by December². The stock saw a 30.71% increase over the year, driven by strong sales in China, the integration of AI into their products, and increased iPhone production. Despite some fluctuations, Apple's stock performance remained robust, closing the year at approximately \$250.42³.

During the period, Netflix expanded into live programming for the first time, broadcasting two NFL games on Christmas Day in addition to the Paul vs. Tyson boxing match, which peaked at 65 million streams⁴. Additionally, its ad-tier subscription grew to over 70 million users, up from 40 million in May, indicating strong momentum and market acceptance of their ad-supported model⁵.

Alphabet showcased AI leadership with its 'Willow' quantum computing chip, offering substantial computational advantages⁶. Despite regulatory challenges, including an antitrust case, Alphabet delivered strong growth through AI development, cloud expansion, and other innovations. However, regulatory scrutiny and higher costs remain of concern to investors.

Microsoft's substantial investment in AI paid off, with AI-related products projected to add \$10 billion to the company's annual revenues^{6,7}. In July, Microsoft's Azure cloud-computing service, the company's primary growth driver in recent years, reported a 29% year-over-year revenue increase for the quarter. Notably, AI-driven demand contributed approximately 8 percentage points to this growth⁸, while Microsoft's acquisition of Activision Blizzard boosted gaming revenue by 61%⁹, strengthening their eGaming footprint.

Amazon advanced its utilization of AI technologies with the Rufus AI shopping assistant and a partnership with Anthropic. AWS remained a growth driver for the overall business, with third quarter 2024 sales up 19% year-over-year to \$27.5 billion, fueled by growth in cloud-computing and AI demand¹⁰.

In summary, FANGMA stocks once again led markets in 2024, leveraging AI and innovation to deliver exceptional returns and cement their dominance in the technology sector.

Performance Attribution

For the twelve-month period ending December 31, 2024, Netflix Inc made the biggest contribution to the Fund, followed by Meta Platforms, Inc. By weight, the Fund's largest holdings were Netflix Inc, Alphabet Inc, and Amazon.com Inc.

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- (1) <https://www.bloomberg.com/news/articles/2024-02-02/meta-s-meta-200-billion-surge-is-biggest-in-stock-market-history>
- (2) <https://www.macrotrends.net/stocks/charts/AAPL/apple/stock-price-history?form=MG0AV3>
- (3) <https://finbold.com/heres-why-apple-stock-might-hit-300-by-end-of-2024/?form=MG0AV3>
- (4) <https://www.cnbc.com/2024/11/15/jake-paul-mike-tyson-fight-record-boxing-gate.html>
- (5) <https://finance.yahoo.com/news/netflix-ad-tier-reaches-70-million-monthly-active-users-140006271.html>
- (6) <https://blog.google/technology/research/google-willow-quantum-chip/>
- (7) <https://apnews.com/article/microsoft-earnings-ai-azure-copilot-7d11b44d6c0eeca11bdbb4327ae85f5>
- (8) <https://www.bnnbloomberg.ca/business/technology/2024/07/30/microsoft-reports-slower-azure-cloud-growth-shares-drop/>
- (9) <https://www.mmorpg.com/news/activision-blizzard-acquisition-drove-61-gaming-revenue-rise-for-microsoft-xbox-hardware-struggles-2000133311>
- (10) <https://ir.aboutamazon.com/news-release/news-release-details/2024/Amazon.com-Announces-Third-Quarter-Results/>

Recent Developments

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

Related Party Transactions

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 0.40% 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 \$472,308 in management fees. These management fees were received by the Manager for the day-to-day operations of the fund, including managing the portfolio, maintaining portfolio systems used to manage the Fund, maintaining the www.evolveetfs.com website, and providing all other services including marketing and promotion.

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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 \$178,935 in administration fees. These administration fees were received by the Manager for the following operating expenses of the Fund including but not limited to: mailing and printing expenses for periodic reports to unitholders; Registrar and Transfer Agent and Custodian; any reasonable out of pocket expenses incurred by the Manager or its agents in connection with their ongoing obligations to the Fund; IRC committee member fees and expenses in connection with the IRC; expenses related to compliance with NI 81-107; fees and expenses relating to voting of proxies by a third party; insurance coverage for the members of the IRC; fees payable to the auditors and legal advisors of the Fund; regulatory filing, stock exchange and licensing fees and CDS fees; costs and expenses of complying with all applicable laws, regulations and policies, including expenses and costs incurred in connection with the continuous public filing requirements such as permitted prospectus preparation and filing expenses; and legal, accounting and audit fees and fees and expenses of the Trustee, Custodian and Manager which are incurred in respect of matters not in the normal course of the Fund's activities. The administration fee paid to the Manager by the Fund may, in any particular period, be less than or exceed the operating expenses that the Manager incurs for the Fund.

Financial Highlights

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

The Fund's Net Assets Per Unit¹

For the periods ended:	December 31, 2024 (\$)	December 31, 2023 (\$)	December 31, 2022 (\$)	December 31, 2021 (\$)
Unhedged ETF Units - Net Assets per Unit				
Net Assets per Unit, beginning of period	13.54	7.71	12.37	10.00
Increase (decrease) from operations:				
Total revenue	0.06	0.03	0.02	0.02
Total expenses	(0.12)	(0.08)	(0.06)	(0.05)
Realized gains (losses)	3.67	1.01	(1.53)	0.84
Unrealized gains (losses)	4.19	4.96	(3.77)	0.90
Total increase (decrease) from operations²	7.80	5.92	(5.34)	1.71
Distributions:				
From capital gains	(0.02)	-	-	-
Return of capital	-	(0.02)	(0.02)	(0.02)
Total annual distributions³	(0.02)	(0.02)	(0.02)	(0.02)
Net Assets per Unit, end of period	21.30	13.54	7.71	12.37
Hedged ETF Units - Net Assets per Unit				
Net Assets per Unit, beginning of period	12.21	6.88	12.01	10.00
Increase (decrease) from operations:				
Total revenue	0.05	0.02	0.02	0.02
Total expenses	(0.10)	(0.07)	(0.06)	(0.05)
Realized gains (losses)	1.75	0.89	(2.08)	(0.20)
Unrealized gains (losses)	3.53	4.40	(2.41)	1.76
Total increase (decrease) from operations²	5.23	5.24	(4.53)	1.53
Distributions:				
From capital gains	(0.02)	-	-	-
Return of capital	-	(0.02)	(0.02)	(0.02)
Total annual distributions³	(0.02)	(0.02)	(0.02)	(0.02)
Net Assets per Unit, end of period	17.53	12.21	6.88	12.01

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

For the periods ended:	December 31, 2024 (\$)	December 31, 2023 (\$)	December 31, 2022 (\$)	December 31, 2021 (\$)
US Dollar Unhedged ETF Units - Net Assets per Unit⁴				
Net Assets per Unit, beginning of period	16.66	9.49	15.23	12.31
Increase (decrease) from operations:				
Total revenue	0.07	0.03	0.03	0.02
Total expenses	(0.15)	(0.09)	(0.08)	(0.06)
Realized gains (losses)	4.11	1.16	(1.89)	0.88
Unrealized gains (losses)	5.66	6.21	(5.81)	2.01
Total increase (decrease) from operations²	9.69	7.31	(7.75)	2.85
Distributions:				
From capital gains	(0.03)	-	-	-
Return of capital	-	(0.03)	(0.03)	(0.02)
Total annual distributions³	(0.03)	(0.03)	(0.03)	(0.02)
Net Assets per Unit, end of period	26.20	16.66	9.49	15.23

- 1 This information is derived from the Fund's audited annual financial statements as at December 31, 2024, 2023, 2022 and 2021. The Hedged, Unhedged, and US Dollar Unhedged ETF Units effectively began operations on May 4, 2021.
- 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

For the periods ended:	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021
Unhedged ETF Units - Ratios/Supplemental Data				
Total Net Asset Value (\$) ⁵	13,844,061	7,445,341	3,085,219	7,422,345
Number of units outstanding ⁵	650,000	550,000	400,000	600,001
Management expense ratio ⁶	0.63%	0.64%	0.62%	0.62%
Trading expense ratio ⁷	0.01%	0.01%	0.03%	0.02%
Portfolio turnover rate ⁸	59.32%	62.65%	116.33%	75.02%
Net Asset Value per unit (\$)	21.30	13.54	7.71	12.37
Closing market price (\$)	21.30	13.53	7.72	12.40
Hedged ETF Units - Ratios/Supplemental Data				
Total Net Asset Value (\$) ⁵	103,245,829	70,096,307	37,156,230	36,616,111
Number of units outstanding ⁵	5,890,500	5,740,500	5,403,000	3,050,001
Management expense ratio ⁶	0.62%	0.63%	0.63%	0.62%
Trading expense ratio ⁷	0.01%	0.01%	0.03%	0.02%
Portfolio turnover rate ⁸	59.32%	62.65%	116.33%	75.02%
Net Asset Value per unit (\$)	17.53	12.21	6.88	12.01
Closing market price (\$)	17.55	12.20	6.88	12.01

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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
US Dollar Unhedged ETF Units - Ratios/Supplemental Data				
Total Net Asset Value (\$)⁵	6,150,110	3,909,920	3,177,528	12,943,849
Number of units outstanding⁵	234,700	234,700	334,700	850,001
Management expense ratio⁶	0.64%	0.64%	0.62%	0.62%
Trading expense ratio⁷	0.01%	0.01%	0.03%	0.02%
Portfolio turnover rate⁸	59.32%	62.65%	116.33%	75.02%
Net Asset Value per unit (\$)	26.20	16.66	9.49	15.23
Closing market price (\$)	26.18	16.66	9.50	15.33

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

6 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.

7 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.

8 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.

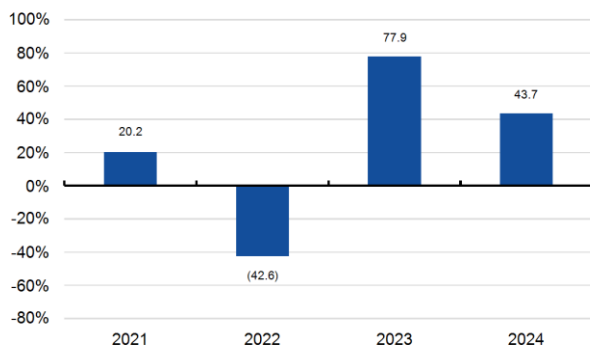
Past Performance

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.

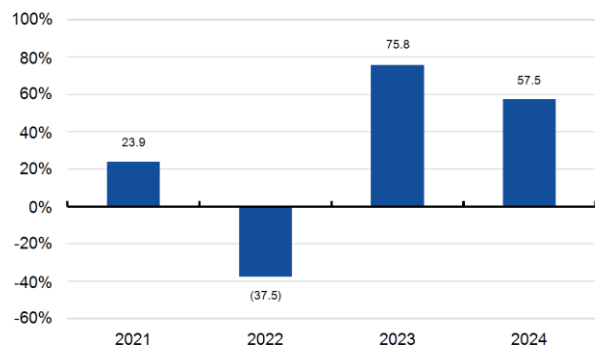
Year-by-Year Returns

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.

TECH Hedged ETF Units¹



TECH/B Unhedged ETF Units²



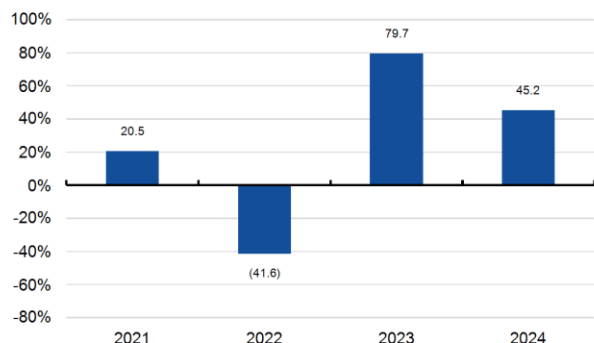
1 The Hedged ETF Units of the Fund effectively began operations on May 4, 2021.

2 The Unhedged ETF Units of the Fund effectively began operations on May 4, 2021.

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TECH/U US Dollar Unhedged ETF Units³



³ The US Dollar Unhedged ETF Units of the Fund effectively began operations on May 4, 2021. 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. The difference in performance of the Hedged, Unhedged and US Dollar Unhedged ETF Units relative to the Index can be attributed primarily to management and administration fees plus applicable sales taxes, and to portfolio trading. The difference in performance of the Hedged ETF Units relative to the Index can also be attributed to the fact that the Index used is unhedged while the Hedged ETF Units of the Fund are hedged to Canadian Dollars. The difference in performance of the US Dollar Unhedged ETF Units relative to the Index can also be attributed to the fact that the Index used is denominated in Canadian Dollars while the US Dollar Unhedged ETF Units of the Fund are denominated in US Dollars.

	Since Inception ¹ (%)	1 Year (%)	3 Year (%)
Hedged ETF Units	16.8	43.7	13.6
Solactive FANGMA Equal Weight Index ²	24.3	59.6	21.3
Unhedged ETF Units	23.1	57.5	20.0
Solactive FANGMA Equal Weight Index ²	24.3	59.6	21.3
US Dollar Unhedged ETF Units	18.0	45.2	15.0
Solactive FANGMA Equal Weight Index ²	24.3	59.6	21.3

1 From inception date of May 4, 2021 for the Hedged, Unhedged, and US Dollar Unhedged ETF Units.

2 The Index is an Index of Solactive AG and is calculated and distributed by Solactive AG. The Index tracks the performance of the leading technology companies: Facebook, Amazon, Alphabet, Netflix, Microsoft and Apple, on an equally-weighted basis. The Index is calculated as a net total return index, is rebalanced quarterly and is denominated in Canadian Dollars.

Summary of Investment Portfolio

All Positions

	Percentage of Net Asset Value (%)
Security	
Netflix Inc.	17.7
Alphabet Inc., Class 'A'	17.5
Amazon.com Inc.	17.5
Apple Inc.	16.1

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All Positions (cont'd)

	Percentage of Net Asset Value (%)
Security	
Meta Platforms Inc., Class 'A'	15.4
Microsoft Corporation	15.3
Total	99.5

Industry Allocation

Portfolio by Category	Percentage of Net Asset Value (%)
Equities	
Communication Services	50.6
Consumer Discretionary	17.5
Information Technology	31.4
Derivative Assets	0.0
Derivative Liabilities	(0.1)
Cash and Cash Equivalents	0.6
Other Assets, less Liabilities	(0.0)
Total	100.0

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



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