

Evolve Ether ETF (formerly, “Ether 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 investment objective of Evolve Ether ETF (formerly, "Ether ETF") (the "Fund") is to provide unitholders with exposure to the daily price movements of the U.S. dollar price of ether while experiencing minimal tracking error by utilizing the benefits of the creation and redemption processes offered by the exchange traded fund structure.

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 Canadian Dollar Unhedged ETF Units returned 54.9% and the US Dollar Unhedged ETF Units returned 42.0%. For a discussion of the relative performance of the Fund as compared to its respective Index, please refer to the "Annual Compound Return" section in the "Management Discussion of Fund Performance". The Fund's net assets were \$60.9MM as at December 31, 2024.

Portfolio Manager Commentary

In 2024, Ethereum performed strongly and achieved significant milestones that reinforced its position in the cryptocurrency market. On March 13th, the network implemented the "Dencun" upgrade, also known as "Deneb-Cancun," which reduced transaction fees on Layer 2 networks by enhancing data availability and scalability. Additionally, Ethereum's price surpassed \$4,000 in March, marking its highest level since 2021². This surge was attributed to the successful implementation of network upgrades and growing institutional interest.

In July, the US Securities and Exchange Commission (SEC) approved the first spot Ether exchange-traded funds (ETFs)¹, allowing investors to gain direct exposure to Ether through regulated financial instruments. Large firms such as BlackRock, Fidelity, and Grayscale launched these ETFs, attracting substantial institutional investment and signaling increased acceptance of Ethereum.

After the US election, Ether rallied along with the rest of the cryptocurrency market, due to the incoming US administration's positive stance on cryptocurrencies. President-elect Donald Trump has discussed his support of the cryptocurrency market with the aim of fostering innovation and establishing the United States as a global leader in the digital asset space during his term. More specifically, the incoming administration is expected to implement clear regulatory framework for cryptocurrencies, support pro-cryptocurrency policies, and establish a national cryptocurrency reserve.

In summary, the developments over the year underscore Ethereum's ongoing evolution and its expanding role in the global financial system. The rapid growth and wide-spread adoption of cryptocurrencies including Ether is expected to continue in the year ahead.

(1) <https://www.ft.com/content/f36d7eeb-03d6-4dab-909a-d5d4524a4edb>

(2) <https://cryptonews.com/reports/ethereum-price-hit-4000-what-else-happened-to-the-ethereum-ecosystem-march-2024/>

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.

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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 0.75% 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 \$487,085 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.

Operating Expenses

Unless waived or reimbursed by the Manager, the Fund pays for all operating expenses of the Fund incurred in connection with the operation and administration of the Evolve Fund, including but not limited to: mailing and printing expenses for periodic reports to Unitholders; fees payable to the Registrar and Transfer Agent and Custodian; any reasonable out of pocket expenses incurred by the Manager or its agents in connection with their ongoing obligations 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 (if applicable) and CDS fees; banking costs and interest with respect to any borrowing (if applicable); website maintenance costs; costs and expenses of complying with all applicable laws, regulations and policies, including expenses and costs incurred in connection with the continuous public filing requirements such as permitted prospectus preparation and filing expenses; and legal, accounting and audit fees and fees and expenses of the Trustee, Ether consultant (if any), CF Benchmarks (in respect of index licensing and/or consulting fees, if any) Custodian and Manager which are incurred in respect of matters not in the normal course of the Fund’s activities. Additional costs which are also payable by the Fund include any taxes payable by Fund to which the Fund may be subject, including income taxes, sales taxes (including GST/HST) and/or withholding taxes; expenditures incurred upon termination of the Fund; extraordinary expenses that the Fund may incur and all amounts paid on account of any indebtedness (if applicable); any expenses of insurance and costs of all suits or legal proceedings in connection with the Fund or the assets of the Fund or to protect the unitholders, the Trustee, the Manager, and the directors, officers, employees or agents of any of them; any expenses of indemnification of the Trustee, the Unitholders, the Manager, and the directors, officers, employees or agents of any of them to the extent permitted under the Declaration of Trust; and expenses relating to the preparation, printing and mailing of information to unitholders in connection with meetings of unitholders. The Fund is also responsible for all commissions and other costs of portfolio transactions and any extraordinary expenses of the Fund which may be incurred from time to time, including brokerage and trading commissions and other fees and expenses associated with the execution of transactions in respect of the Fund’s investment in ether.

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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 Unit¹

For the periods ended:	December 31, 2024 (\$)	December 31, 2023 (\$)	December 31, 2022 (\$)	December 31, 2021 (\$)
Canadian Dollar Unhedged ETF Units - Net Assets per Unit³				
Net Assets per Unit, beginning of period	8.13	4.20	13.60	8.00
Increase (decrease) from operations:				
Total expenses	(0.21)	(0.11)	(0.13)	(0.15)
Realized gains (losses)	1.03	(0.96)	(2.03)	0.48
Unrealized gains (losses)	3.21	5.04	(7.19)	2.00
Total increase (decrease) from operations²	4.03	3.97	(9.35)	2.33
Net Assets per Unit, end of period	11.55	8.13	4.20	13.60
US Dollar Unhedged ETF Units - Net Assets per Unit				
Net Assets per Unit, beginning of period	10.16	5.25	17.00	10.00
Increase (decrease) from operations:				
Total expenses	(0.26)	(0.14)	(0.18)	(0.19)
Realized gains (losses)	1.18	(1.15)	(2.44)	0.56
Unrealized gains (losses)	4.67	6.18	(9.95)	6.44
Total increase (decrease) from operations²	5.59	4.89	(12.57)	6.81
Net Assets per Unit, end of period	14.43	10.16	5.25	17.00

- 1 This information is derived from the Fund's audited annual financial statements as at December 31, 2024, 2023, 2022 and 2021. The Canadian Dollar Unhedged ETF Units and US Dollar Unhedged ETF Units effectively began operations on April 19, 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 Per unit figures are stated in USD equivalent.

The Fund's Ratios/Supplemental Data

For the periods ended:	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021
Canadian Dollar Unhedged ETF Units - Ratios/Supplemental Data				
Total Net Asset Value (\$) ⁴	56,268,336	43,901,382	23,315,975	74,699,759
Number of units outstanding ⁴	4,871,500	5,397,500	5,549,500	5,492,600
Management expense ratio ⁵	1.97%	1.75%	1.84%	1.23%
Trading expense ratio ⁶	0.03%	0.05%	0.05%	0.02%
Portfolio turnover rate ⁷	46.35%	27.22%	39.35%	21.63%
Net Asset Value per unit (\$)	11.55	8.13	4.20	13.60
Closing market price (\$)	11.32	7.99	4.20	13.12

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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 (\$) ⁴	4,584,892	4,681,728	2,660,079	16,335,259
Number of units outstanding ⁴	317,700	460,700	506,700	960,900
Management expense ratio ⁵	1.97%	1.72%	1.84%	1.21%
Trading expense ratio ⁶	0.03%	0.05%	0.05%	0.02%
Portfolio turnover rate ⁷	46.35%	27.22%	39.35%	21.63%
Net Asset Value per unit (\$)	14.43	10.16	5.25	17.00
Closing market price (\$)	14.16	9.92	5.28	16.40

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

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

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

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

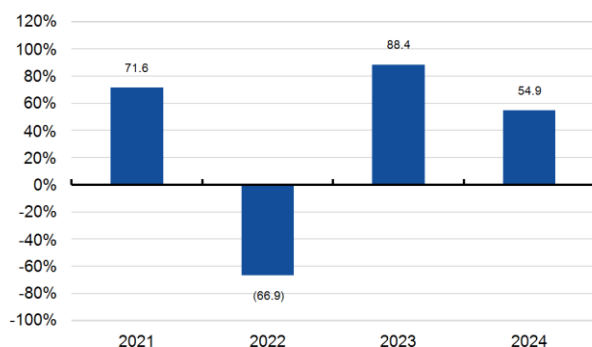
Past Performance

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.

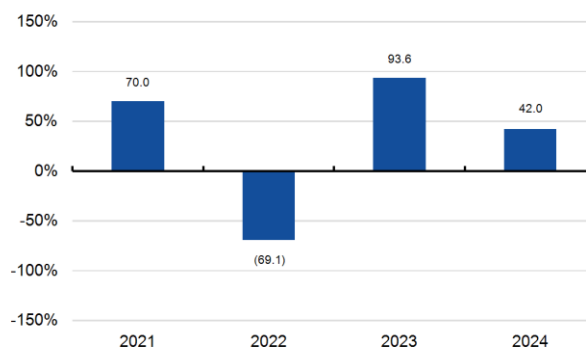
Year-by-Year Returns

The bar chart below shows the Canadian Dollar 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.

ETHR Canadian Dollar Unhedged ETF Units¹



ETHR/U US Dollar Unhedged ETF Units²



1 The Canadian Dollar Unhedged ETF Units of the Fund effectively began operations on April 19, 2021. Returns presented based on NAV equivalent in USD.

2 The US Dollar Unhedged ETF Units of the Fund effectively began operations on April 19, 2021.

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Annual Compound Return

The table below shows the historical annual compound total return of the Canadian Dollar 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 CME CF Ether-Dollar Reference Rate (CAD), and CME CF Ether-Dollar Reference Rate (each of which, an "Index", and collectively, the "Indices"). The difference in performance of the Canadian Dollar Unhedged and US Dollar Unhedged ETF Units relative to the respective Index can be attributed primarily to management fees and operating expenses plus applicable sales taxes, and to portfolio trading.

	Since Inception ¹ (%)	1 Year (%)	3 Year (%)
Canadian Dollar Unhedged ETF Units	14.7	54.9	(1.1)
CME CF Ether-Dollar Reference Rate (CAD) ²	17.4	58.1	0.8
US Dollar Unhedged ETF Units	10.4	42.0	(5.3)
CME CF Ether-Dollar Reference Rate ³	13.1	45.1	(3.4)

1 From inception date of April 19, 2021 for the Canadian Dollar Unhedged and US Dollar Unhedged ETF Units.

2 The CME CF Ether-Dollar Reference Rate (CAD) is a daily reference rate of the US Dollar price of Ether as of 4:00pm London time and published shortly thereafter, denominated in Canadian Dollars.

3 The CME CF Ether-Dollar Reference Rate is a daily reference rate of the US Dollar price of Ether as of 4:00pm London time and published shortly thereafter, denominated in US Dollars.

Summary of Investment Portfolio

All Positions

	Percentage of Net Asset Value (%)
Security	
Ethereum	100.0
Total	100.0

Industry Allocation

Portfolio by Category	Percentage of Net Asset Value (%)
Digital Assets	
Ethereum	100.0
Cash and Cash Equivalents	0.4
Other Assets, less Liabilities	(0.4)
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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