

# Evolve Cryptocurrencies 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](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.

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## Investment Objective and Strategies

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The Evolve Cryptocurrencies ETF's (the "Fund") investment objective is to provide unitholders with exposure to the daily price movements of certain digital assets selected by the Manager from time to time, on a market capitalization basis, while experiencing minimal tracking error by investing in other publicly offered investment funds managed by the Manager.

## Risk

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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 Unhedged ETF Units returned 114.9% and the US Dollar Unhedged ETF Units returned 98.0%. Since the Unhedged Class A and F Mutual Fund Units effectively began operations on August 21, 2024, no performance data can be shown. 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 \$75.3MM as at December 31, 2024.

## Portfolio Manager Commentary

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In 2024, Bitcoin and Ether solidified their roles as leading cryptocurrencies, marked by significant developments that expanded their adoption and integration into mainstream finance.

Bitcoin achieved a historic milestone in January with the US Securities and Exchange Commission's (SEC) approval of 11 spot Bitcoin exchange traded funds (ETFs)<sup>1</sup>. This long-awaited decision brought in record inflows during the initial trading weeks, catalyzing broader institutional adoption. By December, Bitcoin's price surpassed USD \$100,000 for the first time in its history<sup>2</sup>, fueled by optimism surrounding President-elect Donald Trump's pro-cryptocurrency policies, including discussions about establishing a US strategic Bitcoin reserve<sup>3</sup>.

Ethereum also experienced transformative advancements during the period. In March, the network implemented the "Dencun" upgrade, enhancing scalability and reducing transaction fees for Layer 2 networks. Following Bitcoin's lead, the SEC approved the first spot Ether ETFs in July, further legitimizing Ethereum as a key asset in institutional portfolios<sup>4</sup>. Ether's price rose above USD \$4,000, reflecting increased investor confidence driven by its growing utility and network improvements<sup>5</sup>. In November, the Ethereum community gathered for Devcon 7 in Bangkok, highlighting innovations in scaling, interoperability, and the network's roadmap.

Both cryptocurrencies benefited from growing institutional endorsement during the year, with asset managers like BlackRock advocating for portfolio allocations to cryptocurrencies<sup>6</sup>. These developments signaled a shift in perception, positioning Bitcoin as a digital store of value and Ethereum as the backbone of decentralized applications.

By the end of 2024, Bitcoin and Ethereum not only achieved new price milestones but also cemented their roles as critical components of the global financial ecosystem.

(1) <https://www.morningstar.co.uk/uk/news/244745/sec-approves-spot-bitcoin-etfs-for-trading-in-watershed-move.aspx?>

(2) <https://abcnews.go.com/Business/bitcoin-races-past-100000-dollars-fueled-post-election-rally/story?id=116127616>

(3) <https://www.cnn.com/2024/07/27/trump-bitcoin-conference-harris.html>

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

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

(6) <https://www.bloomberg.com/news/articles/2024-12-12/blackrock-says-up-to-2-bitcoin-allocation-is-reasonable-range>

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## 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.

For the year ended December 31, 2024, the Fund invested in the Evolve Bitcoin ETF (formerly, "Bitcoin ETF") and Evolve Ether ETF (formerly, "Ether ETF") (the "Underlying Funds"), each of which is an investment fund managed by the Manager.

## Management Fees

The management fees directly payable to the Manager are nil for the Unhedged ETF Units, US Dollar Unhedged ETF Units, and Unhedged Class F Mutual Fund Units of the Fund. The Manager is entitled to an annual management fee of 1.00% of the net asset value of the Unhedged Class A Mutual Fund Units of the Fund, accrued daily and generally paid monthly in arrears. The Underlying Funds held by the Fund pay management fees.

## Underlying Fund Management Fees

The Underlying Funds currently pay management fees calculated based on 0.75% per annum of the average daily net asset value of the Underlying Funds. The fees are accrued daily and generally paid monthly. These management fees were received by the Manager for the day-to-day operations of the Underlying Funds, including managing the portfolio, maintaining portfolio systems used to manage the Underlying Funds, maintaining the [www.evolveetfs.com](http://www.evolveetfs.com) website, and providing all other services including marketing and promotion.

## Operating Expenses

The Manager pays for all operating expenses incurred by the Fund, other than the following fund costs: taxes payable by the 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, any of the Sub-Advisors 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.

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## Underlying Fund Operating Expenses

The Fund indirectly bears the operating expenses that are borne by each of the Underlying Funds incurred in connection with their operation, administration and related portfolio transactions, 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; 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 auditor and legal advisors; 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, consultants (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 Underlying Fund's activities.

## 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>

For the periods ended:	December 31, 2024 (\$)	December 31, 2023 (\$)	December 31, 2022 (\$)	December 31, 2021 (\$)
<b>Unhedged ETF Units - Net Assets per Unit</b>				
Net Assets per Unit, beginning of period	9.22	4.06	11.12	10.00
<b>Increase (decrease) from operations:</b>				
Total revenue	0.04	0.01	0.01	-
Realized gains (losses)	0.83	(1.08)	(1.86)	0.23
Unrealized gains (losses)	10.48	6.33	(5.00)	(3.11)
<b>Total increase (decrease) from operations<sup>3</sup></b>	<b>11.35</b>	<b>5.26</b>	<b>(6.85)</b>	<b>(2.88)</b>
<b>Distributions:</b>				
From income (excluding dividends)	(0.01)	-	-	-
<b>Total annual distributions</b>	<b>(0.01)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Assets per Unit, end of period</b>	<b>19.80</b>	<b>9.22</b>	<b>4.06</b>	<b>11.12</b>
<b>US Dollar Unhedged ETF Units - Net Assets per Unit<sup>4</sup></b>				
Net Assets per Unit, beginning of period	11.63	5.12	14.03	12.66
<b>Increase (decrease) from operations:</b>				
Total revenue	0.04	0.01	-	-
Total expenses	(0.01)	-	-	-
Realized gains (losses)	1.11	(1.36)	(2.01)	0.42
Unrealized gains (losses)	11.82	8.28	(8.18)	(1.62)
<b>Total increase (decrease) from operations<sup>3</sup></b>	<b>12.96</b>	<b>6.93</b>	<b>(10.19)</b>	<b>(1.20)</b>
<b>Distributions:</b>				
From income (excluding dividends)	(0.01)	-	-	-
<b>Total annual distributions</b>	<b>(0.01)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Assets per Unit, end of period</b>	<b>24.98</b>	<b>11.63</b>	<b>5.12</b>	<b>14.03</b>

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

For the periods ended:	December 31, 2024 (\$)	December 31, 2023 (\$)	December 31, 2022 (\$)	December 31, 2021 (\$)
<b>Unhedged Class A - Net Assets per Unit</b>				
Net Assets per Unit, beginning of period <sup>2</sup>	12.84	N/A	N/A	N/A
<b>Increase (decrease) from operations:</b>				
Total revenue	0.12	N/A	N/A	N/A
Total expenses	(0.08)	N/A	N/A	N/A
Realized gains (losses)	0.12	N/A	N/A	N/A
Unrealized gains (losses)	2.17	N/A	N/A	N/A
<b>Total increase (decrease) from operations<sup>3</sup></b>	<b>2.33</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Net Assets per Unit, end of period</b>	<b>19.79</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Unhedged Class F - Net Assets per Unit</b>				
Net Assets per Unit, beginning of period <sup>2</sup>	12.83	N/A	N/A	N/A
<b>Increase (decrease) from operations:</b>				
Total revenue	0.12	N/A	N/A	N/A
Realized gains (losses)	0.01	N/A	N/A	N/A
Unrealized gains (losses)	(8.72)	N/A	N/A	N/A
<b>Total increase (decrease) from operations<sup>3</sup></b>	<b>(8.59)</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Net Assets per Unit, end of period</b>	<b>19.82</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

- This information is derived from the Fund's audited annual financial statements as at December 31, 2024, 2023, 2022 and 2021. The Unhedged ETF Units and US Dollar Unhedged ETF Units effectively began operations on September 24, 2021. The Unhedged Class A and F Mutual Fund Units effectively began operations on August 21, 2024.
- This amount represents the initial launch price.
- 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.
- 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
<b>Unhedged ETF Units - Ratios/Supplemental Data</b>				
Total Net Asset Value (\$) <sup>5</sup>	73,035,271	26,657,882	13,483,326	30,500,213
Number of units outstanding <sup>5</sup>	3,688,700	2,891,700	3,323,700	2,743,800
Management expense ratio excluding proportion of expenses from underlying investment funds <sup>6</sup>	0.00%	0.00%	0.00%	0.00%
Management expense ratio <sup>7,10</sup>	1.63%	1.13%	1.71%	1.17%
Trading expense ratio <sup>8</sup>	0.02%	0.02%	0.05%	0.03%
Portfolio turnover rate <sup>9</sup>	25.15%	10.40%	23.71%	66.14%
Net Asset Value per unit (\$)	19.80	9.22	4.06	11.12
Closing market price (\$)	19.92	9.25	4.05	11.11
<b>US Dollar Unhedged ETF Units - Ratios/Supplemental Data</b>				
Total Net Asset Value (\$) <sup>5</sup>	2,230,827	1,283,333	718,287	3,128,387
Number of units outstanding <sup>5</sup>	89,300	110,300	140,300	223,000
Management expense ratio excluding proportion of expenses from underlying investment funds <sup>6</sup>	0.03%	0.00%	0.00%	0.00%
Management expense ratio <sup>7,10</sup>	1.66%	1.13%	1.70%	1.21%
Trading expense ratio <sup>8</sup>	0.02%	0.02%	0.05%	0.03%
Portfolio turnover rate <sup>9</sup>	25.15%	10.40%	23.71%	66.14%
Net Asset Value per unit (\$)	24.98	11.63	5.12	14.03
Closing market price (\$)	25.11	11.57	5.10	14.05

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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
<b>Unhedged Class A - Ratios/Supplemental Data</b>				
Total Net Asset Value (\$)⁵	60,615	N/A	N/A	N/A
Number of units outstanding⁵	3,062	N/A	N/A	N/A
Management expense ratio excluding proportion of expenses from underlying investment funds⁶	1.09%	N/A	N/A	N/A
Management expense ratio⁷,¹⁰	2.72%	N/A	N/A	N/A
Trading expense ratio⁸	0.02%	N/A	N/A	N/A
Portfolio turnover rate⁹	25.15%	N/A	N/A	N/A
Net Asset Value per unit (\$)	19.79	N/A	N/A	N/A
<b>Unhedged Class F - Ratios/Supplemental Data</b>				
Total Net Asset Value (\$)⁵	5,568	N/A	N/A	N/A
Number of units outstanding⁵	281	N/A	N/A	N/A
Management expense ratio excluding proportion of expenses from underlying investment funds⁶	0.00%	N/A	N/A	N/A
Management expense ratio⁷,¹⁰	1.63%	N/A	N/A	N/A
Trading expense ratio⁸	0.02%	N/A	N/A	N/A
Portfolio turnover rate⁹	25.15%	N/A	N/A	N/A
Net Asset Value per unit (\$)	19.82	N/A	N/A	N/A

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

6 Management expense ratio excluding proportion of expenses from underlying investment funds 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.

10 The Fund's MER includes an estimated proportion of the MER for any underlying investment funds held in the Fund's portfolio during the period.

## 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.

Since the Unhedged Class A and F Mutual Fund Units of the Fund are reporting issuers for less than one year, with inception date August 21, 2024, providing performance data for the period is not permitted.

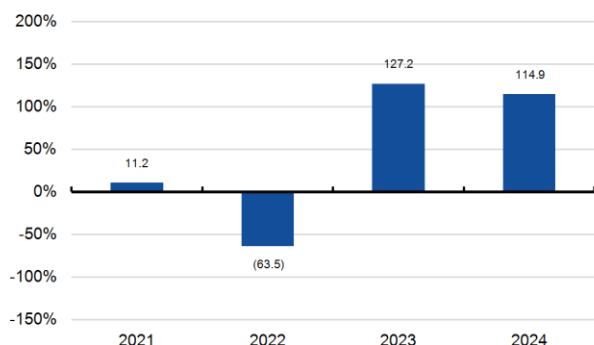
## Year-by-Year Returns

The bar chart below shows the 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.

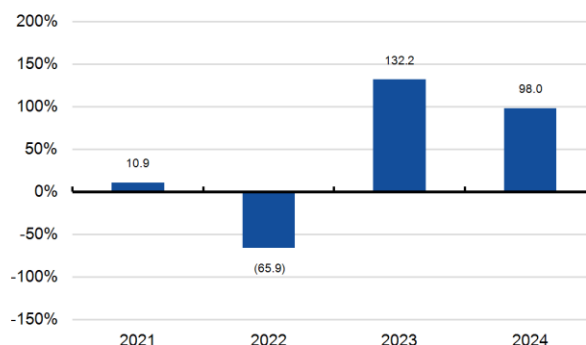
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## ETC Unhedged ETF Units<sup>1</sup>



## ETC/U US Dollar Unhedged ETF Units<sup>2</sup>



1 The Unhedged ETF Units of the Fund effectively began operations on September 24, 2021.

2 The US Dollar Unhedged ETF Units of the Fund effectively began operations on September 24, 2021. Returns presented based on NAV equivalent in USD.

## Annual Compound Return

The table below shows the historical annual compound total return of the 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 the CME CF Bitcoin Reference Rate (CAD), CME CF Ether-Dollar Reference Rate (CAD), CME CF Bitcoin Reference Rate, and CME CF Ether-Dollar Reference Rate (each of which, an "Index", and collectively, the "Indices"). As the criteria for determining the constituents of the Fund and the Index differ, it is not expected that the Fund's performance will mirror that of the Index. The difference in performance of the Unhedged and US Dollar Unhedged ETF Units relative to the respective Index can also be attributed to the fact that 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.

The Index used in the table below is different from the Index used in the most recently filed Management Report of Fund Performance for the Unhedged and US Dollar Unhedged ETF Units because the Manager determined it is more appropriate to compare the Fund's performance to the Index of each of the Underlying Funds in an effort to enhance disclosure.

	Since Inception <sup>1</sup> (%)	1 Year (%)	3 Year (%)
Unhedged ETF Units	23.3	114.9	21.2
CME CF Bitcoin Reference Rate (CAD) <sup>2</sup>	21.2	143.4	31.2
CME CF Ether-Dollar Reference Rate (CAD) <sup>3</sup>	17.4	58.1	0.8
US Dollar Unhedged ETF Units	18.5	98.0	16.2
CME CF Bitcoin Reference Rate <sup>4</sup>	17.4	123.4	25.7
CME CF Ether-Dollar Reference Rate <sup>5</sup>	13.1	45.1	(3.4)

1 From inception date of September 24, 2021 for the Unhedged and US Dollar Unhedged ETF Units.

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

3 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.

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

5 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.

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## Summary of Investment Portfolio

### All Positions

	Percentage of Net Asset Value (%)
Security	
Evolve Bitcoin ETF (formerly, "Bitcoin ETF")	83.5
Evolve Ether ETF (formerly, "Ether ETF")	16.6
<b>Total</b>	<b>100.1</b>

### Industry Allocation

Portfolio by Category	Percentage of Net Asset Value (%)
<b>Equities</b>	
ETFs - Digital Assets	100.1
Cash and Cash Equivalents	(0.1)
Other Assets, less Liabilities	0.0
<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).





**Evolve Cryptocurrencies ETF**