

Evolve Levered Bitcoin ETF

June 30, 2025

Interim Management Report of Fund Performance

This interim management report of fund performance contains financial highlights but does not contain the complete interim financial statements of the investment fund. You can get a copy of the interim financial statements at your request, and at no cost, by calling 1-844-370-4884, by writing to us at Evolve Funds, 161 Bay Street, Suite 1210, Toronto, ON, M5J 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 Levered Bitcoin ETF's (the "Fund") investment objective is to provide holders of Units with exposure to 1.25x the daily price movements of the U.S. dollar price of bitcoin while experiencing minimal tracking error by investing in other publicly offered investment funds managed by the Manager. The Fund will use leverage in order to achieve its investment objective. Leverage will be created through the use of cash borrowings or as otherwise permitted under applicable securities legislation.

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

Since the Unhedged ETF Units and the US Dollar Unhedged ETF Units effectively began operations on March 18, 2025, no performance data can be shown. The Fund's net assets were \$4.3MM as at June 30, 2025.

Leverage

The table below shows the minimum and maximum leverage levels of the Fund for the six-month period ended June 30, 2025, as well as the leverage at the end of the reporting period and as a percentage of the Fund's net assets.

The Fund is classified as an "alternative mutual fund" as defined in National Instrument 81-102, Investment Funds ("NI 81-102"). As an alternative mutual fund, the Fund is permitted to lever its assets per the restrictions outlined in NI 81-102. The Fund currently anticipates achieving its 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 its target leverage ratio of 25% of NAV.

Leverage Calculation (Investments Market Value/Net Asset Value)

Period Ended	Minimum Leverage	Maximum Leverage	Leverage at the end of the Reporting Period	Percentage of Net Asset Value (%)
June 30, 2025	1.217 : 1	1.276 : 1	1.257 : 1	125.70

Portfolio Manager Commentary

Bitcoin delivered strong performance in the first half of 2025, posting gains despite periods of heightened volatility and shifting macroeconomic conditions¹. After a turbulent start to the year driven by macroeconomic uncertainty, the market rebounded sharply as investor sentiment improved, and institutional demand accelerated.

A major catalyst for Bitcoin this year was the surge in Bitcoin ETF inflows, which reached approximately \$14.9 billion in the first half of the year-driving global Bitcoin ETF assets above \$150 billion². Bitcoin treasury firms and public companies also emerged as significant institutional buyers. Public companies acquired roughly 131,000 BTC in the second quarter of 2025, marking an 18% increase from the previous quarter and outpacing ETF purchases for the third consecutive quarter³.

Regulatory tailwinds out of Washington further supported crypto investor confidence. The GENIUS Act-which established a regulatory framework for stablecoins cleared the Senate⁴. The withdrawal of previously proposed SEC restrictions and the reappointment of crypto-forward officials at both the SEC and CFTC added to the perception of a shifting regulatory tone, helping reduce policy overhangs and encouraging greater institutional involvement. After a brief dip in April, these factors allowed Bitcoin to rally to an all time high in late May⁵.

On the macroeconomic front, a weakening U.S. dollar and mounting expectations of Federal Reserve rate cuts provided additional support for Bitcoin. The dollar posted its worst first half performance in four decades, prompting investors to seek alternatives stores of value⁶.

(1) <https://www.bloomberg.com/news/articles/2025-05-21/bitcoin-rises-to-record-on-optimism-around-us-regulations?embedded-checkout=true>

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(2) <https://cointelegraph.com/news/crypto-etp-inflows-first-half-2025-last-year-17-8-billion>

(3) <https://bitcoinmagazine.com/news/public-companies-are-buying-more-bitcoin-than-etfs-for-third-quarter-in-a-row>

(4) <https://www.paulhastings.com/insights/crypto-policy-tracker/genius-act-clears-senate-sec-withdraws-proposed-rules-and-bitcoin-reserve-bill-introduced>

(5) <https://www.bloomberg.com/news/articles/2025-05-21/bitcoin-rises-to-record-on-optimism-around-us-regulations?embedded-checkout=true>

(6) <https://www.investing.com/analysis/bitcoin-eyes-120k-as-fed-rate-cuts-hopes-rise-us-dollar-falls-to-multiyear-lows-200662822>

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.

For the six-month period ended June 30, 2025, the Fund invested in the Evolve Bitcoin ETF (the "Underlying Fund"), 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 and US Dollar Unhedged ETF Units of the Fund. The Underlying Fund held by the Fund pays management fees.

Underlying Management Fees

The Underlying Fund currently pays management fees calculated based on 0.75% per annum of the average daily net asset value of the Underlying Fund. 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 Fund, including managing the portfolio, maintaining portfolio systems used to manage the Underlying 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 six-month period ended June 30, 2025, the Fund incurred \$1,473 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.

Underlying Fund Operating Expenses

The Fund indirectly bears the operating expenses that are borne by the Underlying Fund 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 Unit¹

	June 30, 2025 (\$)
For the periods ended:	
Unhedged ETF Units - Net Assets per Unit	
Net Assets per Unit, beginning of period ²	19.32
Increase (decrease) from operations:	
Total expenses	(0.08)
Realized gains (losses)	(0.03)
Unrealized gains (losses)	4.40
Total increase (decrease) from operations³	4.29
Net Assets per Unit, end of period	25.20

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

	June 30, 2025 (\$)
For the periods ended:	
US Dollar Unhedged ETF Units - Net Assets per Unit⁴	
Net Assets per Unit, beginning of period ²	27.60
Increase (decrease) from operations:	
Total expenses	(0.11)
Realized gains (losses)	(0.05)
Unrealized gains (losses)	7.59
Total increase (decrease) from operations³	7.43
Net Assets per Unit, end of period	36.00

1 This information is derived from the Fund's unaudited interim financial statements as at June 30, 2025. The Unhedged ETF Units and US Dollar Unhedged ETF Units effectively began operations on March 18, 2025.

2 This amount represents the initial launch price.

3 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.

4 Per unit figures are stated in CAD equivalent.

The Fund's Ratios/Supplemental Data

	June 30, 2025
For the periods ended:	
Unhedged ETF Units - Ratios/Supplemental Data	
Total Net Asset Value (\$) ⁵	2,520,435
Number of units outstanding ⁵	100,000
Management expense ratio excluding proportion of expenses from underlying fund expenses ⁶	0.17%
Management expense ratio ^{7,10}	0.73%
Trading expense ratio ⁸	0.03%
Portfolio turnover rate ⁹	0.97%
Net Asset Value per unit (\$)	25.20
Closing market price (\$)	25.20
US Dollar Unhedged ETF Units - Ratios/Supplemental Data	
Total Net Asset Value (\$) ⁵	1,799,959
Number of units outstanding ⁵	50,000
Management expense ratio excluding proportion of expenses from underlying fund expenses ⁶	0.18%
Management expense ratio ^{7,10}	0.73%
Trading expense ratio ⁸	0.03%
Portfolio turnover rate ⁹	0.97%
Net Asset Value per unit (\$)	36.00
Closing market price (\$)	35.80

5 This information is provided as at June 30, 2025.

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. The trading expense ratio includes the cost of financing.

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.

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Past Performance

Since the Fund is a reporting issuer for less than one year, with inception date March 18, 2025, for the Unhedged ETF Units and US Dollar Unhedged ETF Units, providing performance data for the period is not permitted.

Summary of Investment Portfolio

All Positions

	Percentage of Net Asset Value (%)
Security	
Evolve Bitcoin ETF	125.7
Total	125.7

Industry Allocation

Portfolio by Category	Percentage of Net Asset Value (%)
Equities	
ETFs - Digital Assets	125.7
Cash and Cash Equivalents	0.2
Other Assets, less Liabilities	(25.9)
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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