

Evolve E-Gaming Index ETF

December 31, 2025

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, 161 Bay Street, Suite 1210, Toronto, ON, M5J 2S1 or by visiting our website at www.evolveeetfs.com or SEDAR+ at www.sedarplus.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 E-Gaming Index ETF (the "Fund") seeks to replicate, to the extent reasonably possible and before fees and expenses, the performance of the Solactive eGaming Index, or any successor thereto. The Fund primarily invests in equity securities of companies listed domestically and globally, and other issuers, with business activities in the gaming industry.

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, 2025, the Hedged ETF Units returned 25.4% versus the Solactive eGaming Index NTR (the "Index") return of 23.6%. 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 \$17.6MM as at December 31, 2025.

Portfolio Manager Commentary

The video game industry had a strong year in 2025, shaped by consolidation, shifting platform strategies, and major hardware success.

Sector consolidation accelerated with a consortium led by Saudi Arabia's Public Investment Fund, alongside Affinity Partners and Silver Lake, announcing plans to take Electronic Arts (EA) private in a \$55 billion deal, the largest leveraged buyout in Wall Street history. The transaction raised questions around EA's future strategy, balancing long-term influence against financial returns.¹

Publisher performance diverged sharply. Ubisoft struggled despite efforts to refocus on core franchises through a new subsidiary with Tencent, leaving shares down more than 50% for the year. In contrast, Take-Two Interactive benefited from anticipation around the next Grand Theft Auto title, though shares sold off late in the year after the games release was delayed to November 2026.¹

Console strategies continued to shift, with Xbox moving away from exclusivity and PlayStation expanding onto PC, signalling a shift toward more open ecosystems rather than a decline in consoles. Consoles remain central to premium gaming, accounting for roughly 23% of global consumer spend.¹

Nintendo stood out by doubling down on exclusivity. Its Switch 2 console became the fastest-selling console in history, selling over 10 million units in its first four months, underscoring the enduring power of proprietary content.¹

Performance Attribution

For the twelve month period ending December 31, 2025, Take-Two Interactive Software Inc. made the biggest contribution to the Fund, followed by Konami Group Corporation. By weight, the Fund's largest holdings were Electronic Arts Inc., Take-Two Interactive Software Inc., and NetEase Inc., ADR.

(1) <https://www.cnbc.com/2025/12/28/play-on-or-game-over-a-look-back-at-2025-for-the-video-game-industry.html>

Recent Developments

In 2026, financial markets are operating in an environment increasingly shaped by heightened geopolitical conflict, most notably the developing war in the middle east. The escalation has triggered sharp moves across global markets, including spikes in oil and gas prices, increased demand for safe haven assets, and renewed volatility in equities, bonds, and foreign currencies. While underlying economic activity remains resilient in several regions, higher energy prices and elevated geopolitical uncertainty have added new risks to inflation trajectories and policy expectations. Governments are reassessing defense spending and trade arrangements, while central banks face a more complex balance between managing inflation pressures and supporting growth. Market volatility has intensified across asset classes, particularly in sectors sensitive to energy costs, geopolitical risk, and global supply chains. The duration and broader economic impact of the conflict remain uncertain, and the potential financial implications for investments continue to evolve as conditions develop.

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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 0.70% 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, 2025, the Fund incurred \$146,066 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.

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, 2025, the Fund incurred \$32,313 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 Unit¹

	December 31, 2025	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021
For the periods ended:	(\$)	(\$)	(\$)	(\$)	(\$)
Hedged ETF Units - Net Assets per Unit					
Net Assets per Unit, beginning of period	35.23	28.64	24.21	34.66	37.14
Increase (decrease) from operations:					
Total revenue	0.52	0.31	0.32	0.36	0.35
Total expenses	(0.52)	(0.38)	(0.36)	(0.36)	(0.48)
Realized gains (losses)	7.92	(0.19)	(1.85)	(6.27)	1.82
Unrealized gains (losses)	1.80	6.88	6.71	(4.31)	(5.33)
Total increase (decrease) from operations²	9.72	6.62	4.82	(10.58)	(3.64)
Distributions:					
From dividends	(0.07)	-	-	-	-
From capital gains	-	-	-	-	(0.16)
Return of capital	(0.13)	(0.20)	(0.20)	(0.20)	(0.04)
Total annual distributions³	(0.20)	(0.20)	(0.20)	(0.20)	(0.20)
Net Assets per Unit, end of period	43.97	35.23	28.64	24.21	34.66

- 1 This information is derived from the Fund's audited annual financial statements as at December 31, 2025, 2024, 2023, 2022, and 2021. The Fund effectively began operations on June 13, 2019.
- 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.

The Fund's Ratios/Supplemental Data

	December 31, 2025	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021
Hedged ETF Units - Ratios/Supplemental Data					
Total Net Asset Value (\$) ⁴	17,586,694	20,255,098	24,340,163	26,023,689	58,049,592
Number of units outstanding ⁴	400,000	575,000	850,000	1,075,000	1,675,000
Management expense ratio ⁵	0.88%	0.89%	0.97%	0.94%	0.97%
Trading expense ratio ⁶	0.19%	0.19%	0.17%	0.13%	0.17%
Portfolio turnover rate ⁷	41.81%	31.14%	68.37%	48.23%	90.93%
Net Asset Value per unit (\$)	43.97	35.23	28.64	24.21	34.66
Closing market price (\$)	44.38	35.08	28.65	24.03	34.54

- 4 This information is provided as at December 31, 2025, 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.

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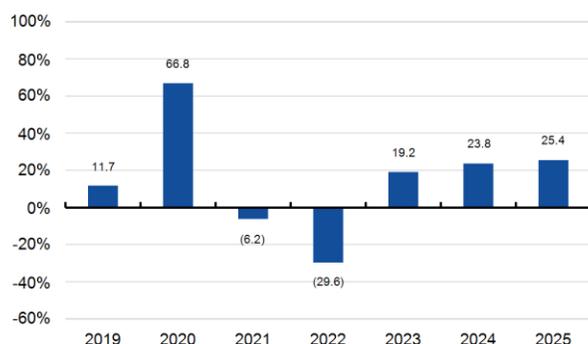
Past Performance

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 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.

HERO Hedged ETF Units¹



1 The Hedged ETF Units of the Fund effectively began operations on June 13, 2019.

Annual Compound Return

The table below shows the historical annual compound total return of the Hedged ETF Units. The returns are for the period ended December 31, 2025. The difference in performance of the Hedged ETF Units relative to the Index can be attributed primarily to management and administration fees plus applicable sales taxes, and to portfolio trading.

	Since Inception ¹ (%)	1 Year (%)	3 Year (%)	5 Year (%)
Hedged ETF Units	13.4	25.4	22.7	4.1
Solactive eGaming Index NTR ²	13.9	23.6	21.6	3.6

1 From inception date of June 13, 2019.

2 The Index is an Index of Solactive AG and is calculated and distributed by Solactive AG. The Index provides exposure to companies that are engaged in the eGaming segment. For example, companies that run web sites that allow visitors to engage in video games for fun or prizes, or produce games which can be played on PC's, handhelds, smart phones, or dedicated consoles. The Index components are assigned a weight based on market capitalization to a maximum individual weighting of 10.0%. The Index is a net total return index, is rebalanced quarterly and is denominated in Canadian Dollars.

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Summary of Investment Portfolio

Top 25 Positions

	Percentage of Net Asset Value (%)
Security	
Electronic Arts Inc.	11.6
Take-Two Interactive Software Inc.	11.5
NetEase Inc., ADR	10.4
Nintendo Company Limited, ADR	9.6
Roblox Corporation, Class 'A'	8.3
Nexon Company Limited	7.6
Konami Group Corporation	7.4
Capcom Company Limited	4.8
Krafton Inc.	3.1
Square Enix Holdings Company Limited	2.6
CD Projekt SA	2.6
International Games System Company Limited	2.5
Kingsoft Corporation Limited	2.0
XD Inc.	1.6
Koei Tecmo Holdings Company Limited	1.6
Sega Sammy Holdings Inc.	1.3
Netmarble Corporation	1.1
Vivendi SE	1.1
NCSOFT Corporation	1.1
Paradox Interactive AB	0.7
Playtika Holding Corporation	0.7
Pearl Abyss Corporation	0.6
Modern Times Group MTG AB, Class 'B'	0.6
SHIFT UP Corporation	0.6
Embracer Group AB, Class 'B'	0.5
Total	95.5

Industry Allocation

Portfolio by Category	Percentage of Net Asset Value (%)
Equities	
Communication Services	97.6
Consumer Discretionary	1.6
Information Technology	0.6
Derivative Assets	0.0
Derivative Liabilities	(0.2)
Cash and Cash Equivalents	0.5
Other Assets, less Liabilities	(0.1)
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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