

# Evolve Ether 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](http://www.evolveeetfs.com) or SEDAR+ at [www.sedarplus.com](http://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

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The investment objective of Evolve 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

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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, 2025, the Canadian Dollar Unhedged ETF Units returned -18.5% and the US Dollar Unhedged ETF Units returned -14.5%. 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 \$56.5MM as at December 31, 2025.

For the year ended December 31, 2025, the Fund generated an increase (decrease) in net assets attributable to holders of redeemable units from operations of (\$7,696,363). This compares to \$22,923,963 for the period ended December 31, 2024. The Fund distributed \$5,628,493 to unitholders during the period (2024 - \$0). The decision to make distributions exceeding earnings was made by Evolve Funds Group Inc. (the "Manager"), due to the following factors:

The Funds' Declaration of Trust requires that sufficient amounts be paid or made payable each year so that the Funds are not liable for any non-refundable income tax under Part I of the Tax Act.

Amounts included in the calculation of the Fund's net income and net realized capital gains for a taxation year may encompass amounts that have not yet been received by the Fund.

The Manager believes that maintaining regular and stable distributions is vital to meet unitholder expectations and retain investor confidence. Consequently, distribution rates are only adjusted in response to material changes.

The Manager believes that a full business cycle is required for a comprehensive evaluation of results.

The Manager holds a strong conviction in the Fund's investment objective and its future growth prospects.

## Portfolio Manager Commentary

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2025 was a pivotal year for Ethereum, shaped by major network upgrades and growing institutional adoption. Two key developments, the Pectra and Fusaka upgrades, highlighted Ethereum's continued focus on improving scalability, efficiency, and the overall user experience.

The Pectra upgrade focused on making Ethereum easier to use and more efficient. It introduced new features designed to simplify how users interact with the network, while also improving core infrastructure by increasing the validator staking limit from 32 ETH to 2,048 ETH. In addition, Pectra doubled the amount of data that can be processed in each block, helping Layer 2 networks operate more efficiently and at lower cost.<sup>1</sup>

The Fusaka upgrade built on this progress by further improving network capacity and performance. It increased transaction throughput on the main network, introduced safeguards to improve reliability, and delivered broader protocol optimization. These changes were aimed at supporting faster and cheaper transactions on Layer 2 networks, while improving the experience for both users and developers.<sup>1</sup>

While these upgrades represent meaningful progress, transaction costs on some Layer 2 networks have not yet shown a sustained decline. Ongoing observation will be required to fully assess the impact of these changes on costs and long-term scalability.

(1) <https://crypto.com/ca/research/2025-review-2026-ahead>

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## Recent Developments

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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.

## 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.

## 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, 2025, the Fund incurred \$485,341 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](http://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 ac-count 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 Unit<sup>1</sup>

For the periods ended:	December 31, 2025 (\$)	December 31, 2024 (\$)	December 31, 2023 (\$)	December 31, 2022 (\$)	December 31, 2021 (\$)
<b>Canadian Dollar Unhedged ETF Units - Net Assets per Unit<sup>3</sup></b>					
Net Assets per Unit, beginning of period	11.55	8.13	4.20	13.60	8.00
<b>Increase (decrease) from operations:</b>					
Total expenses	(0.19)	(0.21)	(0.11)	(0.13)	(0.15)
Realized gains (losses)	0.97	1.03	(0.96)	(2.03)	0.48
Unrealized gains (losses)	(2.15)	3.21	5.04	(7.19)	2.00
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>(1.37)</b>	<b>4.03</b>	<b>3.97</b>	<b>(9.35)</b>	<b>2.33</b>
<b>Net Assets per Unit, end of period</b>	<b>9.88</b>	<b>11.55</b>	<b>8.13</b>	<b>4.20</b>	<b>13.60</b>
<b>US Dollar Unhedged ETF Units - Net Assets per Unit</b>					
Net Assets per Unit, beginning of period	14.43	10.16	5.25	17.00	10.00
<b>Increase (decrease) from operations:</b>					
Total expenses	(0.25)	(0.26)	(0.14)	(0.18)	(0.19)
Realized gains (losses)	1.15	1.18	(1.15)	(2.44)	0.56
Unrealized gains (losses)	(2.77)	4.67	6.18	(9.95)	6.44
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>(1.87)</b>	<b>5.59</b>	<b>4.89</b>	<b>(12.57)</b>	<b>6.81</b>
<b>Net Assets per Unit, end of period</b>	<b>12.34</b>	<b>14.43</b>	<b>10.16</b>	<b>5.25</b>	<b>17.00</b>

- 1 This information is derived from the Fund's audited annual financial statements as at December 31, 2025, 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, 2025	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021
<b>Canadian Dollar Unhedged ETF Units - Ratios/Supplemental Data</b>					
Total Net Asset Value (\$) <sup>4</sup>	53,235,488	56,268,336	43,901,382	23,315,975	74,699,759
Number of units outstanding <sup>4</sup>	5,390,500	4,871,500	5,397,500	5,549,500	5,492,600
Management expense ratio <sup>5</sup>	1.85%	1.97%	1.75%	1.84%	1.23%
Trading expense ratio <sup>6</sup>	0.03%	0.03%	0.05%	0.05%	0.02%
Portfolio turnover rate <sup>7</sup>	53.12%	46.35%	27.22%	39.35%	21.63%
Net Asset Value per unit (\$)	9.88	11.55	8.13	4.20	13.60
Closing market price (\$)	9.86	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, 2025	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021
<b>US Dollar Unhedged ETF Units - Ratios/Supplemental Data</b>					
Total Net Asset Value (\$) <sup>4</sup>	<b>3,278,826</b>	4,584,892	4,681,728	2,660,079	16,335,259
Number of units outstanding <sup>4</sup>	<b>265,700</b>	317,700	460,700	506,700	960,900
Management expense ratio <sup>5</sup>	<b>1.86%</b>	1.97%	1.72%	1.84%	1.21%
Trading expense ratio <sup>6</sup>	<b>0.03%</b>	0.03%	0.05%	0.05%	0.02%
Portfolio turnover rate <sup>7</sup>	<b>53.12%</b>	46.35%	27.22%	39.35%	21.63%
Net Asset Value per unit (\$)	<b>12.34</b>	14.43	10.16	5.25	17.00
Closing market price (\$)	<b>12.31</b>	14.16	9.92	5.28	16.40

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.

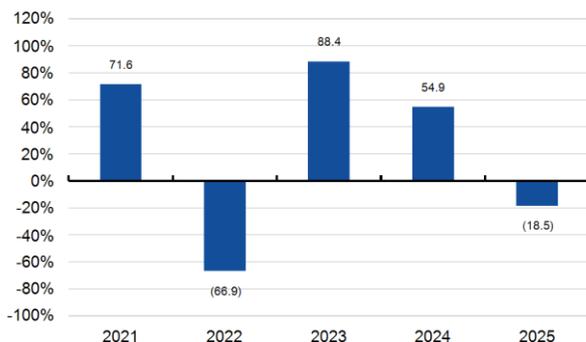
## Past Performance

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.

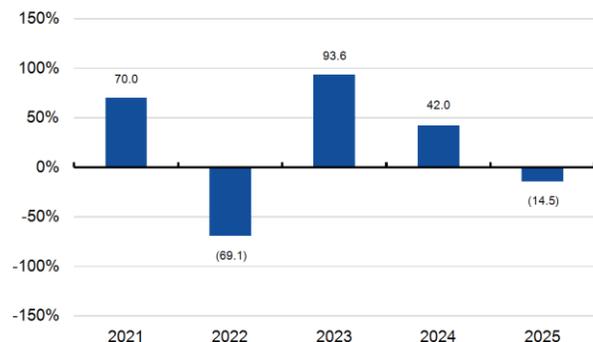
## Year-by-Year Returns

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 Units<sup>1</sup>**



**ETHR/U US Dollar Unhedged ETF Units<sup>2</sup>**



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, 2025. 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 <sup>1</sup> (%)	1 Year (%)	3 Year (%)
Canadian Dollar Unhedged ETF Units	6.6	(18.5)	33.4
CME CF Ether-Dollar Reference Rate (CAD) <sup>2</sup>	9.1	(16.8)	36.2
US Dollar Unhedged ETF Units	4.6	(14.5)	32.9
CME CF Ether-Dollar Reference Rate <sup>3</sup>	7.0	(12.8)	35.6

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
<b>Total</b>	<b>100.0</b>

### Industry Allocation

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



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