Evolve Ether ETF

June 30, 2026

Semi-Annual Financial Statements (unaudited)

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Evolve Ether ETF

Statements of Financial Position (unaudited)

(in United States dollars, except for number of units)

As at (Note 1)	**June 30, 2026 ($)**	December 31, 2025 ($)
Assets		
Current assets		
Digital assets, at fair value	**28,632,791**	56,502,074
Cash	**160,579**	235,361
Subscriptions receivable	**879,502**	24,681
	29,672,872	**56,762,116**
Liabilities		
Current liabilities		
Payable for digital assets purchased	**872,499**	11,958
Accrued expenses	**145,263**	235,844
	1,017,762	**247,802**
Net assets attributable to holders of redeemable units	**28,655,110**	**56,514,314**
Net assets attributable to holders of redeemable units		
Canadian Dollar Unhedged ETF Units	**26,896,266**	53,235,488
US Dollar Unhedged ETF Units	**1,758,844**	3,278,826
Net assets attributable to holders of redeemable units per unit		
Canadian Dollar Unhedged ETF Units[1]	**5.14**	9.88
US Dollar Unhedged ETF Units	**6.43**	12.34

1 Per unit figures are stated in USD equivalent

Approved on behalf of the Board of Directors of Evolve Funds Group Inc., Manager and Trustee:

Raj Lala
Chief Executive Officer & Director

Scharlet Diradour
Chief Financial Officer & Chief Compliance Officer

The accompanying notes are an integral part of these financial statements.

Evolve Ether ETF

Statements of Comprehensive Income (unaudited)

(in United States dollars, except for number of units)

For the years/periods ended (Note 1)	**June 30, 2026 ($)**	June 30, 2025 ($)
Income (loss)		
Changes in fair value of digital assets		
Net realized gain (loss) on sale of digital assets	**(1,733,359)**	(885,793)
Net change in unrealized appreciation (depreciation) in value of digital assets	**(23,048,525)**	(16,278,028)
Total income (loss)	**(24,781,884)**	**(17,163,821)**
Expenses		
Management fees (Note 4)	**169,036**	187,476
Shareholder reporting	**1,003**	2,318
Transfer agent fees	**3,624**	2,999
Custodian fees	**135,784**	138,971
Independent Review Committee fees	**126**	151
Audit fees	**14,265**	28,881
Legal fees	**140**	-
Regulatory filing fees	**12,743**	-
Stock exchange and index licensing fees	**32,177**	31,526
Service fees	**18,525**	23,648
Other operating fees and expenses	**20,111**	22,426
Fund costs	**189**	-
Transaction costs (Note 2)	**8,204**	8,210
Total expenses	**415,927**	**446,606**
Increase (decrease) in net assets attributable to holders of redeemable units from operations	**(25,197,811)**	**(17,610,427)**

The accompanying notes are an integral part of these financial statements.

Evolve Ether ETF

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units (unaudited)

(in United States dollars, except for number of units)

For the years/periods ended (Note 1)	**June 30, 2026 ($)**	June 30, 2025 ($)
Net assets attributable to holders of redeemable units - beginning of period	**56,514,314**	**60,853,228**
Increase (decrease) in net assets attributable to holders of redeemable units from operations	**(25,197,811)**	**(17,610,427)**
Redeemable unit transactions		
Proceeds from sale of redeemable units	**8,089,095**	9,651,094
Redemption of units	**(10,750,488)**	(7,024,525)
Net increase (decrease) from redeemable unit transactions	**(2,661,393)**	**2,626,569**
Increase (decrease) in net assets attributable to holders of redeemable units for the period	**(27,859,204)**	**(14,983,858)**
Net assets attributable to holders of redeemable units - end of period	**28,655,110**	**45,869,370**

The accompanying notes are an integral part of these financial statements.

Evolve Ether ETF

Statements of Cash Flows (unaudited)

(in United States dollars, except for number of units)

For the years/periods ended (Note 1)	**June 30, 2026 ($)**	June 30, 2025 ($)
Cash flows from (used in) operating activities		
Increase (decrease) in net assets attributable to holders of redeemable units from operations	**(25,197,811)**	(17,610,427)
Adjustments for:		
Realized (gain) loss on digital assets	**1,733,359**	885,793
Change in unrealized (appreciation) depreciation in the value of digital assets	**23,048,525**	16,278,028
Purchases of digital assets[1]	**(4,856,109)**	(8,918,895)
Proceeds from sale of digital assets[1]	**8,804,049**	6,084,285
Increase (decrease) in accrued expenses	**(90,581)**	(100,829)
Net cash generated by (used in) operating activities	**3,441,432**	**(3,382,045)**
Cash flows from (used in) financing activities		
Proceeds from sale of units[1]	**7,234,274**	9,651,094
Payments for units redeemed[1]	**(10,750,488)**	(6,366,038)
Net cash generated by (used in) financing activities	**(3,516,214)**	**3,285,056**
Net increase (decrease) in cash	**(74,782)**	(96,989)
Cash (bank overdraft) - beginning of period	**235,361**	262,945
Cash (bank overdraft) - end of period	**160,579**	**165,956**

1 Excludes in-kind transactions, if any

Evolve Ether ETF

Schedule of Investment Portfolio (unaudited)

As at June 30, 2026

No. of Ether		Average Cost ($)	Fair Value ($)
Digital Assets (99.9%)			
18,266	Ethereum	51,537,244	28,632,791
	Transaction Costs	(1,614)	-
	Total Investments (99.9%)	**51,535,630**	**28,632,791**
	Other Assets, less Liabilities (0.1%)		22,319
	NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		**28,655,110**

The accompanying notes are an integral part of these financial statements.

Evolve Ether ETF

Fund Specific Notes to Financial Statements (unaudited)

FINANCIAL INSTRUMENT RISKS (NOTE 3)

Portfolio Concentration Risk

The Fund's investment objective is to provide unitholders exposure to Ether and the Fund is not expected to have exposure to any other investments or assets. Other than cash or cash equivalents, the Fund will invest substantially all of its assets in Ether. The NAV of the Fund may be more volatile than the value of a more broadly diversified portfolio or investment fund and may fluctuate substantially over a short period of time. This may have negative impact on the NAV of the Fund.

The Fund's significant concentrations by industry sector are as follows:

	Percentage of Net Asset Value	
Portfolio by Category	**June 30, 2026 (%)**	December 31, 2025 (%)
Digital Assets		
Ethereum	**99.9**	100.0
Cash and Cash Equivalents	**0.6**	0.4
Other Assets, less Liabilities	**(0.5)**	(0.4)
Total	**100.0**	**100.0**

Other Price/Market Risk

The table below summarizes management's estimate of the effect on net assets of a 10% change in the Fund's value, as at June 30, 2026 and December 31, 2025, with all other variables held constant:

	Impact on Net Assets ($)	
Fund	**June 30, 2026 ($)**	December 31, 2025 ($)
Evolve Ether ETF	**2,863,279**	5,650,207

Currency Risk

As at June 30, 2026 and December 31, 2025, all of the Fund's assets and liabilities were in United States dollars; accordingly, the Fund had no exposure to any currencies other than the United States dollar.

Liquidity Risk

While the liquidity and traded volume of Ether are continually growing, it is still a maturing asset. The Fund may not always be able to acquire or liquidate its assets at a desired price. It may become difficult to execute a trade at a specific price when there is a relatively small volume of buy and sell orders in the marketplace, including on digital asset trading platforms. When transacting in the Ether markets, the Fund will be competing for liquidity with other large investors, including speculators, miners, other investment funds and institutional investors.

The liquidity of the Fund is managed on a day-to-day basis in order to meet expenses and handle redemption of the Fund's redeemable units. As at June 30, 2026 and December 31, 2025, the Fund did not have a significant amount of financial liabilities with maturities greater than three months.

Credit Risk

As at June 30, 2026 and December 31, 2025, the Fund had no investments in fixed-income investments.

Fund Specific Notes to Financial Statements (unaudited) (cont'd)

FAIR VALUE MEASUREMENTS (NOTE 2)

The following is the fair value measurement hierarchy based on the inputs used as at June 30, 2026 and December 31, 2025 in valuing the Fund's financial assets and liabilities carried at fair value:

Financial Assets (Liabilities)

	Level 1 ($)	Level 2 ($)	Level 3 ($)	**Total ($)**
June 30, 2026				
Ethereum	-	28,632,791	-	**28,632,791**
Total	**-**	**28,632,791**	**-**	**28,632,791**
December 31, 2025				
Ethereum	-	56,502,074	-	**56,502,074**
Total	**-**	**56,502,074**	**-**	**56,502,074**

For the periods ended June 30, 2026 and December 31, 2025, there were no transfers of securities between Level 1 and Level 2. There were no Level 3 securities as at or during the periods ended June 30, 2026 and December 31, 2025.

UNIT TRANSACTIONS (NOTE 5)

The unitholder transactions for the periods ended June 30, 2026 and December 31, 2025 are as follows:

	June 30, 2026	December 31, 2025
Canadian Dollar Unhedged ETF Units		
Number of redeemable units outstanding - Beginning of period	**5,390,500**	4,871,500
Issued	**898,000**	2,914,000
Redeemed	**(1,059,000)**	(2,395,000)
Number of redeemable units outstanding - End of period	**5,229,500**	**5,390,500**
US Dollar Unhedged ETF Units		
Number of redeemable units outstanding - Beginning of period	**265,700**	317,700
Issued	**258,000**	472,000
Redeemed	**(250,000)**	(524,000)
Number of redeemable units outstanding - End of period	**273,700**	**265,700**

INCOME TAXES (NOTE 6)

As at June 30, 2026, the Fund had no capital and non-capital loss carryforward balances.

1. ORGANIZATION

The Evolve Bitcoin ETF, Evolve Ether ETF, Evolve Solana ETF and Evolve XRP ETF (each a “Fund” and collectively the “Funds”) were established on the establishment dates noted below as open-ended alternative mutual funds, that invest in the digital currencies Bitcoin, Ether, Solana and XRP respectively, within the meaning of National Instrument 81-102 (the NI 81-102) under the laws of the Province of Ontario, pursuant to a master declaration of trust dated August 4, 2017, and as amended and restated from time to time. The Units of the exchange-traded funds (“ETFs”) are listed on the Toronto Stock Exchange (“TSX”). Cidel Trust Company (the “Custodian”) acts as the Custodian of the assets of the Funds pursuant to the Custodian Agreement. Coinbase Custody Trust Company, LCC (the “Sub-Custodian”) acts as the Sub-Custodian in respect of the Funds’ holdings of digital assets. The Sub-Custodian is a trust company licensed and regulated by the New York State Department of Financial Services (“NYDFS”). The Custodian is a federally regulated trust company based in Calgary, Alberta and provides services to the Funds from its office in Toronto, Ontario. The address of the Funds’ registered office is 161 Bay Street, Suite 1210, Toronto, Ontario, M5J 2S1.

The following list indicates the classes of units offered for sale by each of the Funds, as at the date of these financial statements:

Digital currency Funds

Fund Name	Class	Ticker Symbol	Date of Establishment	Date of Commencement
Evolve Bitcoin ETF	Canadian Dollar Unhedged ETF Units	EBIT	12-Feb-21	17-Feb-21
	US Dollar Unhedged ETF Units	EBIT.U	12-Feb-21	17-Feb-21
Evolve Ether ETF	Canadian Dollar Unhedged ETF Units	ETHR	16-Apr-21	19-Apr-21
	US Dollar Unhedged ETF Units	ETHR.U	16-Apr-21	19-Apr-21
Evolve Solana ETF	Canadian Dollar Unhedged ETF Units	SOLA	09-Apr-25	16-Apr-25
	US Dollar Unhedged ETF Units	SOLA.U	09-Apr-25	16-Apr-25
Evolve XRP ETF	Canadian Dollar Unhedged ETF Units	XRP	11-Jun-25	18-Jun-25
	US Dollar Unhedged ETF Units	XRP.U	11-Jun-25	18-Jun-25

The Funds’ functional and presentation currency is United States dollars. The Funds offer classes of Canadian Dollar Unhedged ETF Units and US Dollar Unhedged ETF Units. The value of the portfolios of the Canadian Dollar Unhedged ETF Units will vary due to changes in the Canadian dollar and United States dollar currency exchange rates. For the Canadian Dollar Unhedged ETF Units, currency risk is not mitigated, as the currency exposure is not hedged back to the United States dollar and, as such, the Canadian Dollar Unhedged ETF Units can have a significant exposure to currency risk. As a result, the net asset value (“NAV”) attributable to holders of redeemable units of each class will not be the same.

Evolve Funds Group Inc. (the “Manager”) is the trustee, manager, and investment manager of the Funds.

The Schedule of Investment Portfolio for each of the Funds is as at June 30, 2026. The Statements of Financial Position of each of the Funds that commenced operations in 2026 are as at June 30, 2026 and for the Funds that commenced operations in years prior to 2026 are as at June 30, 2026 and December 31, 2025. The Statements of Comprehensive Income, Statements of Changes in Net Assets Attributable to Holders of Redeemable Units, and Statements of Cash Flows of each of the Funds are for the six-month period ended June 30 of the years shown, except for Funds established during the period, in which case the information presented is for the period from the date of establishment to June 30 for the years shown, if applicable.

The financial statements were approved for issuance by the Manager on August 24, 2026.

2. MATERIAL ACCOUNTING POLICY INFORMATION

The following is the material accounting policy information of the Funds:

Basis of Preparation

The financial statements of the Funds have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting Standards ("IAS34") as published by the International Accounting Standards Board. The financial statements have been prepared on a going concern basis using the historical cost convention, except for financial assets and liabilities measured at fair value through profit or loss ("FVTPL"). Each Fund is an investment entity, and primarily all financial assets and liabilities are measured at fair value in accordance with International Financial Reporting Standards ("IFRS").

In applying IFRS, management may make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses during the reporting periods. Actual results may differ from such estimates.

The financial statements have been presented in United States dollars, which is the Funds' functional and presentation currency.

Classification and Recognition of Digital Assets

Digital assets are cryptocurrencies, which are an open-source software-based online system where transactions are recorded in a public ledger (blockchain) using its own unit of account. The Manager considers it appropriate to classify and measure the Funds' digital assets in accordance with IAS 2, Inventories ("IAS 2"). Refer to Significant Accounting Judgements, Estimates, and Assumptions in Note 2 for discussion of judgements made in determining the Funds' accounting policy with respect to digital assets. As such, the digital assets are measured at fair value less cost to sell with changes in fair value of the digital assets recognized in profit or loss.

Classification and Recognition of Financial Instruments

All other financial assets and liabilities are classified and measured in accordance with IFRS 9, *Financial Instruments* ("IFRS 9"). Upon initial recognition, financial assets are classified as FVTPL and financial liabilities are carried at amortized cost.

All financial instruments are recognized in the Statements of Financial Position when a Fund becomes a party to the contractual requirements of the instrument. A financial asset is derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. A financial liability is derecognized when the obligation under the liability is discharged, cancelled, or expired.

Digital assets purchase and sale transactions are recorded as of the trade date.

Classification of Redeemable Units

IAS 32, *Financial Instruments: Presentation* ("IAS 32"), requires that securities of the Funds, which are considered puttable instruments, be classified as either financial liabilities or equity instruments. The units of the Funds do not meet the criteria to be classified as equity instruments. Consequently, the Funds' outstanding redeemable units are classified as financial liabilities in accordance with IAS 32.

Measurement of Digital Assets

Digital assets are recorded in the Statement of Financial Position at fair value less cost to sell, and all other financial instruments at FVTPL are recorded in the Statements of Financial Position at fair value, upon initial recognition. All transaction costs, incurred in the purchase and sale of digital assets are recognized directly in profit or loss.

All unrealized gains (losses) arising from digital assets holdings are recorded as part of "Net change in unrealized appreciation (depreciation) in value of digital assets" in the Statements of Comprehensive Income. When digital assets are sold, the gains (losses) are realized and reflected in the Statement of Comprehensive Income in "Net realized gain (loss) on sale of digital assets".

Realized gains and losses arising from the sale of digital assets and unrealized appreciation and depreciation of digital assets are calculated with reference to the average cost of the related digital assets, excluding transaction costs.

For the purpose of determining the average cost of digital assets, the purchase price of digital assets acquired by each Fund is added to the average cost of the particular portfolio of digital assets immediately prior to the purchase. The average cost of a portfolio of digital assets is reduced by the number of digital tokens sold multiplied by the average cost of the portfolio of digital assets at the time of the sale. The average cost per token of each portfolio investment sold is determined by dividing the average cost of the portfolio of digital assets by the number of tokens held immediately prior to the sale transaction. Transaction costs incurred in portfolio transactions are excluded from the average cost of digital assets and are recognized immediately in net income and are presented as a separate expense item in the financial statements.

The NAV per unit of each Fund is calculated each day the Funds are open for business as of the regularly scheduled close of regular trading on the respective exchange of each Fund. For NAV calculation purposes, the last business day of the six-month period was on June 30, 2026. NAV per unit is calculated by dividing the net assets of each Fund by the number of units outstanding of that Fund. Units of each Fund are being issued and sold on a continuous basis, and there is no maximum number of units that may be issued. In calculating each class of each Fund’s NAV, investments are valued under policies approved by the Board of Directors of the Manager. Evolve Bitcoin ETF, Evolve Ether ETF, Evolve Solana ETF and Evolve XRP ETF portfolios are priced based on, and the NAVs are calculated using the Bitcoin Reference Rate (“BRR”), the Ether-Dollar Reference Rate (“ETHUSD_RR”), the CME CF Solana-Dollar Reference Rate (“SOLUSD_RR”) and the CME CF XRP-Dollar Reference Rate (“XRPUSD_RR”) respectively. BRR, ETHUSD_RR, SOLUSD_RR and XRPUSD_RR are daily reference rates of the U.S. dollar price of one Bitcoin, one Ether, one Solana and one XRP respectively, as of 4 p.m. London time. Each day, the BRR, ETHUSD_RR, SOLUSD_RR and XRPUSD_RR respectively, aggregates the trade flow of major Bitcoin, Ether, Solana, XRP and spot exchanges, respectively, during a one-hour window from 15:00 to 16:00 London time. This one-hour window is then partitioned into twelve, five-minute intervals, where the BRR, ETHUSD_RR, SOLUSD_RR and XRPUSD_RR respectively, are calculated as the equally weighted average of the volume-weighted medians of all twelve partitions. This method of calculation ensures tradability and replicability in the underlying spot markets.

Fair Value Measurement

IFRS describe fair value as the price that each Fund would receive upon selling an asset or paid to transfer a liability in an orderly transaction between market participants as at the measurement date. They established a three-tier hierarchy of inputs to be used when determining fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk — for example, the risk inherent in a particular valuation technique used to measure fair value (such as a pricing model) and/or the risk inherent in the inputs to the valuation technique.

Inputs may be observable or unobservable. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability. Observable inputs are based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity’s own assumptions about the assumptions market participants would use in pricing the asset or liability. Unobservable inputs are based on the best information available in the circumstances. The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

Level 1 – Quoted (unadjusted) prices in active markets for identical assets or liabilities at measurement date.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.).

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable (including each Fund’s assumptions in determining the fair value of investments).

The inputs or methodology used for valuation are not necessarily an indication of the risk associated with investing in those investments.

The Funds have included the fair value hierarchy in the Fund Specific Notes to Financial Statements.

Digital Asset Transactions and Income

Digital asset transactions are recorded as of the date that the digital assets are purchased or sold (trade date). Digital assets are derecognized when the Fund disposes of digital assets. Realized and unrealized gains and losses are calculated on an average cost basis. The cost of digital assets represents the amount paid for digital assets and is determined using the average cost method, excluding commissions and transaction costs. Transaction costs, such as brokerage commissions and settlement charges incurred in the purchase and sale of digital assets, are shown as a separate line item in the Statements of Comprehensive Income and are not part of the cost of investments.

Revenue from staking rewards are measured based on the fair value of the digital assets on the date that the staking rewards are entitled to be received by the Evolve Solana ETF. Gross amounts of staking rewards are recognized on the Statement of Comprehensive Income.

Foreign Currency Translation

The financial statements have been presented in United States dollars, which is the Funds' functional and presentation currency. The United States dollar is the currency of the primary economic environment in which the Funds operate. The Funds' performance is evaluated, and their liquidity is managed, in United States dollars. Therefore, the United States dollar is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events, and conditions. Foreign currencies, as well as digital assets and other assets and liabilities denominated in foreign currencies, if any, are translated into United States dollars using exchange rates prevailing on the respective dates of such transactions. Realized and unrealized foreign exchange gains and losses on digital assets, if any, are included as a component of "Net realized gain (loss) on sale of digital assets" and "Net change in unrealized appreciation (depreciation) in value of digital assets", respectively, on the Statements of Comprehensive Income. Net realized and unrealized foreign exchange gains (losses) arising from sales of foreign currencies, if any, and currency gains (losses) recognized between the trade and settlement dates on digital assets transactions, if any, are included in "Net realized gain (loss) on sale of digital assets" and foreign currency translations in the Statements of Comprehensive Income.

Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units from Operations per Unit

The increase (decrease) in net assets attributable to holders of redeemable units from operations per unit is calculated by dividing the increase (decrease) in net assets attributable to holders of redeemable units from operations by the weighted average number of units outstanding during the period.

Significant Accounting Judgments, Estimates, and Assumptions

The preparation of the Funds' financial statements requires management to make judgments in applying its accounting policies and to make estimates and assumptions about the future. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

In the process of applying the Funds' accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the financial statements:

Classification and Measurement of Digital Assets

Digital assets and the accounting for digital assets continues to be considered by the International Accounting Standards Board ("IASB") and the Manager continues to monitor new comments and interpretations released by IASB and other standard setters from around the world.

In classifying and measuring digital assets held by the Funds, the Manager is required to make significant judgements in determining the most appropriate classification. The Manager considers it appropriate to classify and measure the Fund's digital assets in accordance with IAS 2.

Assessment as Investment Entity

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- an entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- an entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- an entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Manager has assessed the characteristics of an investment entity as they apply to the Funds, and such assessment requires significant judgement. Based on the assessment, the Manager concluded that the Funds meet the definition of an investment entity.

These conclusions will be reassessed on an annual basis, if any of these criteria or characteristics change.

New standards, amendments and interpretations not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective as of June 30, 2026 and have not been applied in preparing these financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. It introduces several new requirements that are expected to impact the presentation and disclosure of the financial statements. These include:

- The requirement to classify all income and expense into specified categories and provide specified totals and subtotals in the statement of profit or loss.
- Enhanced guidance on the aggregation, location and labeling of items across the financial statements and the notes to the financial statements.
- Required disclosures about management-defined performance measures.

IFRS 18 is effective for annual periods beginning on or after January 1, 2027, with early adoption permitted.

The Funds are currently assessing the effect of the above standard. No other new standards, amendments and interpretations are expected to have a material effect on the financial statements of the Funds.

3. FINANCIAL RISKS MANAGEMENT

The Funds' activities may expose them to a variety of risks associated with their investment strategies, digital assets and markets in which they invest. The Manager seeks to minimize potential adverse effects of these risks on the Funds' performance by employing professional, experienced portfolio managers, by daily monitoring of the Funds' position and market events.

Significant risks that are relevant to the Funds are discussed below. For specific risk disclosures, refer to the Fund Specific Notes to Financial Statements.

Leverage Risk

Alternative mutual funds, within the meaning of NI 81-102, are permitted to invest in asset classes or use investment strategies that are not permitted for other types of mutual funds. While these specific strategies are used in accordance with the Funds' investment objectives and strategies, during certain market conditions they may accelerate the pace at which the value of such Funds decreases. More specifically, when a Fund borrows cash for investment purposes, leverage may be introduced into the Fund.

Generally, the Evolve Bitcoin ETF, Evolve Ether ETF, Evolve Solana ETF and Evolve XRP ETF do not intend to borrow money or employ other forms of leverage. The Funds may, however, borrow money on a temporary short-term basis to acquire securities in connection with a subscription for Units by a dealer. Any cash borrowing by the Fund is subject to an overall limit of 50% of NAV under NI 81-102.

During the six-month period ended June 30, 2026, the lowest aggregated fair value amount of the leverage exercised by the Evolve Bitcoin ETF was $0.00 (0.00% of net assets), and the highest aggregated fair value amount of the leverage used during the period was $0.00 (0.00% of net assets).

During the six-month period ended June 30, 2026, the lowest aggregated fair value amount of the leverage exercised by the Evolve Ether ETF was $0.00 (0.00% of net assets), and the highest aggregated fair value amount of the leverage used during the period was $0.00 (0.00% of net assets).

During the six-month period ended June 30, 2026, the lowest aggregated fair value amount of the leverage exercised by the Evolve Solana ETF was $0.00 (0.00% of net assets), and the highest aggregated fair value amount of the leverage used during the period was $0.00 (0.00% of net assets).

During the six-month period ended June 30, 2026, the lowest aggregated fair value amount of the leverage exercised by the Evolve XRP ETF was $0.00 (0.00% of net assets), and the highest aggregated fair value amount of the leverage used during the period was $0.00 (0.00% of net assets).

Portfolio Concentration Risk

Concentrations of risk arise as a result of the concentration of exposures within the same category, whether it is a geographical allocation, asset type, industry sector or counterparty.

The Funds' investment objective is to provide unitholders exposure to Bitcoin, Ethereum, Solana or XRP and the Funds are not expected to have exposure to any other investments or assets. Other than cash or cash equivalents, the Funds will invest substantially all of their assets in Bitcoin, Ethereum, Solana or XRP. The NAV of the Funds may be more volatile than the value of a more broadly diversified portfolio or investment fund and may fluctuate substantially over a short period of time. This may have negative impacts on the NAV of the Funds.

Other Price/Market Risk

Other price/market risk is the risk that the fair values or future cash flows of investments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment or its issuer, or all factors affecting all instruments traded in a market or market segment. The maximum risk is equivalent to the investment's fair value.

The NAV of the Funds will vary according to the value of the digital assets included in the Funds' portfolio, among other things. The value of the digital assets may be influenced by factors which are not within the control of the Funds or the Manager, including factors that affect the cryptocurrency markets generally such as general economic and political conditions, fluctuations in interest rates and factors unique to the digital assets held by the Funds.

Global Trade Policy Risk

During 2025 and 2026, escalating trade tensions have led the United States to impose new tariffs on imports from key trading partners, including Canada and Mexico, along with broader measures affecting a range of other countries, prompting retaliatory tariffs from certain affected nations; these measures have been subject to ongoing legal challenges, negotiations, and changes in scope, level, and duration. Over the same period, military conflict between the United States and Iran has further heightened geopolitical uncertainty, disrupting energy supplies and shipping routes and contributing to volatility in commodity and financial markets. Together, these developments have weighed on market sentiment and could disrupt global supply chains, particularly impacting trade-sensitive and energy-sensitive sectors. The ultimate scope and duration of these events remain uncertain, and as such, the full financial implications for investments cannot be reliably estimated at this time.

Currency Risk

Currency risk arises from changes in the price of one currency against another. The Funds may hold cash denominated in currencies other than the United States dollar. It's converted to the Funds' functional currency in determining fair value, and the fair value is subject to fluctuations relative to the strengthening or weakening of the functional currency.

Liquidity Risk

Liquidity risk is the possibility that digital assets in the Funds cannot be readily converted into cash when required. While the liquidity and traded volume of Bitcoin, Ether, Solana and XRP are continually growing, each is still a maturing asset. The Funds may not always be able to acquire or liquidate their assets at a desired price. It may become difficult to execute a trade at a specific price when there is a relatively small volume of buy and sell orders in the marketplace, including on digital asset trading platforms. When transacting in the Bitcoin, Ether, Solana and XRP markets, the Funds will be competing for liquidity with other large investors, including speculators, miners, other investment funds and institutional investors.

Digital Assets Risks

Speculation Risk

Investing in Bitcoin, Ether, Solana and XRP is speculative, prices are volatile, and market movements are difficult to predict. Supply and demand for Bitcoin, Ether, Solana and XRP can change rapidly and are affected by a variety of factors, including regulation and general economic trends.

Custody Risk and Risk of Loss

There is a risk that some or all of the Funds' holdings of digital assets could be lost, stolen, destroyed or inaccessible, potentially by the loss or theft of the private keys held by the Sub-Custodian associated with the public addresses that hold the Funds' digital assets and/or destruction of storage hardware. The Funds have adopted security procedures intended to protect the Funds' digital assets, but there can be no assurance that those procedures will be successful in preventing such loss, theft, or restriction on access.

If the Sub-Custodian becomes bankrupt or otherwise fails to perform its obligations due to financial difficulties, the value of an investor's investment in Units of an Evolve Fund may decline. A Fund may experience significant delays in obtaining any recovery in a bankruptcy or other reorganization proceeding. A Fund may obtain only limited recovery or may obtain no recovery in such circumstances.

The Sub-Custodian is resident outside of Canada, and all of its assets are located outside Canada. As a result, anyone, including the Funds, seeking to enforce legal rights against the Sub-Custodian in Canada may find it difficult to do so. The Funds filed an undertaking with applicable securities regulatory authorities that provides that while they remain reporting issuers, the Funds will obtain from the Sub-Custodian of the Funds a SOC 1 Type 2 and SOC 2 Type 2 Report or the ability for the Funds to assess the Sub-Custodians' controls.

Internet Disruptions Risk

A significant disruption in internet connectivity could disrupt the Bitcoin, Ethereum, Solana and/or XRP Network's operations until the disruption is resolved, and such disruption could have an adverse effect on the price of Bitcoin, Ether, Solana and/or XRP.

Cyber Security Risk

Cyber security risk is the risk of harm, loss, and liability resulting from a failure or breach of information technology systems. Failures or breaches of the information technology systems ("Cyber Security Incidents") can result from deliberate attacks or unintentional events and may arise from external or internal sources. Deliberate cyberattacks include, but are not limited to, gaining unauthorized access to digital systems for purposes of misappropriating assets or sensitive information, corrupting data, equipment, or systems, or causing operational disruption. The primary risks to the Funds from the occurrence of a Cyber Security Incident include disruption in operations, reputational damage, disclosure of confidential information, the incurrence of regulatory penalties, additional compliance costs associated with corrective measures, and/or financial loss. The Funds and their unitholders could be negatively impacted as a result.

Volatility Risk

Bitcoin, Ether, Solana and XRP's value has historically been highly volatile. The Bitcoin, Ether, Solana and XRP markets are sensitive to new developments, and since volumes are still maturing, any significant changes in market sentiment can induce large swings in volume and subsequent price changes. The value of the Bitcoin, Ether, Solana and XRP held by the Funds could decline rapidly in future periods, including to zero.

Malicious Attacks on the Network Risk

Digital asset networks, including the Bitcoin Network, Ethereum Network, Solana Network and XRP Ledger, are subject to control by entities that capture a significant amount of the networks' processing power or a significant number of developers important for the operation and maintenance of such digital asset network.

Both the Bitcoin Network, Ethereum Network, Solana Network and XRP Ledger are periodically subject to distributed denial of service attacks to clog the list of transactions being tabulated by Bitcoin miners, Ether validators, Solana validators or XRP Ledger validators which can slow the confirmation of authentic transactions. Another avenue of attack would be if a large number of Bitcoin miners, Ether validators, Solana validators or XRP Ledger validators were taken offline, then it could take some time before the difficulty of the mining process algorithmically adjusts, which would stall block creation time and therefore transaction confirmation time. In the past, these scenarios have not caused significant delays or resulted in any significant systemic issues.

In addition, the cryptography underlying Bitcoin, Ether, Solana or XRP could prove to be flawed or ineffective, or developments in mathematics and/or technology, including advances in digital computing, algebraic geometry, and quantum computing, could result in such cryptography becoming ineffective. In any of these circumstances, a malicious actor may be able to steal the Funds' digital assets, which would adversely affect an investment in the units. Even if the affected digital asset is not Bitcoin, Ether, Solana, or XRP, any reduction in confidence in the source code or cryptography underlying digital assets generally could negatively impact the demand for Bitcoin, Ether, Solana and XRP and therefore adversely affect the NAV of the Funds and an investment in the units.

Decrease in Demand Risk

A competitor to Bitcoin, Ether, Solana or XRP which gains popularity and greater market share may precipitate a reduction in the demand, use, and price of Bitcoin, Ether, Solana or XRP, which may adversely impact the NAV of the Fund and an investment in the units. Similarly, Bitcoin, Ether, Solana or XRP and the price of Bitcoin, Ether, Solana or XRP could be reduced by competition from incumbents in the credit card and payments industries, which may adversely impact the NAV of the Fund and an investment in the units.

While the Ethereum Network stands today as the most-used developer blockchain, there could be other Layer 1 protocols that emerge, and potentially overtake, the Ethereum Network as the blockchain of choice for developers, thereby negatively impacting the network's usage and activity and Ether's price.

Increased Regulation Risk

The regulation of Bitcoin, Ether, Solana and XRP globally continues to evolve and may restrict the use of Bitcoin, Ether, Solana or XRP or otherwise impact the demand for Bitcoin, Ether, Solana or XRP in the future. The Canadian Securities Administrators have not formally classified Bitcoin, Ether, Solana or XRP, but generally regard well-established crypto assets as commodities. In the U.S., the SEC announced in March 2026, that they've identified these assets as digital commodities that are not securities. While the regulation of Bitcoin, Ether, Solana and XRP continues to evolve, the Manager believes that it is unlikely that a hostile regulatory environment will develop but rather such processes will bring about innovation and increased protections for Bitcoin, Ether, Solana and XRP users.

Short History Risk

Solana and XRP are new technological innovations with limited histories. Due to their short history, it is not clear how all elements of Solana and XRP will unfold over time, specifically with regard to governance between validators, developers and users, as well as the long-term security model as the rates of inflation of Solana and XRP decrease. There is no assurance that usage of XRP or Solana and their blockchains will continue to grow. A contraction in the use of Solana or XRP or their blockchains may result in increased volatility or a reduction in the price of Solana or XRP which could have a material adverse effect on the NAV of the Evolve Solana ETF or the Evolve XRP ETF and an investment in their Units.

The Solana and XRP Networks operate on both a proof-of-history (“PoH”) and proof-of-stake (“PoS”) consensus model. PoH and PoS blockchain networks are newer and generally not as widely used as PoW blockchain networks and may be untested at scale. As a result, PoH and/or PoS blockchain networks may not work as intended. If PoH and/or PoS blockchain networks do not function as intended or fail to gain adoption, the value of digital assets relying on PoH and/or PoS mechanisms may be negatively affected, which could adversely affect the NAV of the Evolve Solana ETF or the Evolve XRP ETF.

Solana Staking Activities and Rewards Risks

The Evolve Solana ETF may also, subject to any required regulatory approval, stake Solana held in its portfolio in order to earn rewards for the Evolve Solana ETF, which rewards will, following the deduction of applicable fees and expenses, accrue to the Evolve Solana ETF’s NAV for the benefit of Unitholders (the “Staking Arrangements”). The Manager intends to initially target staking up to 50% of the Solana held in the portfolio of the Evolve Solana ETF. The Evolve Solana ETF’s Staking Arrangements are expected to be initially facilitated by the Sub-Custodian. The Risks relating to the Staking Arrangements are described below.

Earning Yield Through Staking Risk

Under a PoS protocol, token holders who voluntarily commit to staking are given the exclusive right to validate transactions and participate in consensus. Token holders can elect to stake their Solana in order to earn staked Solana rewards, similar to a yield. Solana holders can actively participate in the staking of their Solana by operating a validator node, or alternatively, token holders can participate in staking by delegating their Solana to a validator node operated by another party. The Evolve Solana ETF will participate in staking by delegating its Solana to a validator node operated by a third party. The Evolve Solana ETF will not itself operate validator nodes, but may delegate Solana to the Sub-Custodian.

Validator nodes are selected randomly to validate transactions and earn staked Solana rewards for completing such validation. Approximately every 400-600 milliseconds, a new block is added to the Solana Network with the latest transactions processed by the network, and the validator that generated this block is awarded Solana. As such, there is not a competitive race to solve a mathematical puzzle that prevails in a proof-of-work consensus mechanism. One important benefit of the PoS protocol is the reduction in computing power, computing equipment and energy usage. Independent estimates are that electricity usage has decreased by over 99.5% for PoS versus proof-of-work, thus aligning with global initiatives for carbon emission reductions.

Fees are paid to validators that participate in the consensus and propose new blocks on the Solana Network and other validators earn much lower fees for attesting to each block. Validators perform both roles on a continuous basis and are called upon on a random basis. Validators perform such functions on their own behalf and not as agent for any owner of Solana that may delegate Solana to them, although rewards may also be received by owners of Solana that delegate Solana to a validator.

The Solana trading market may be impacted by the supply of Solana that voluntarily elects to commit to staking.

Staking Timeline and Unbonding Periods Risk

Those who have staked Solana are able to withdraw their staked Solana and rewards from the Solana Network, however there are risks associated with withdrawing all or some of the staked Solana (“unbonding”). If the timing associated with the process of unbonding is for any reason delayed, the Manager will not be able to withdraw or liquidate the staked Solana. If there is a delay in the unbonding of Solana, this may prevent the Evolve Fund from realizing the fiat value of the staked Solana and rewards earned on staked Solana during the unbonding period. Given the volatility of Solana, the value of the staked Solana at the time of completion of the unbonding period may be significantly less than the value of the Solana at the time a decision is taken to withdraw staked Solana. Such delay may adversely affect the business and liquidity of the Evolve Solana ETF and an investment in the units.

Reliance on Sub-Custodian for Staking Arrangements

Staking Arrangements could be disrupted if the Sub-Custodian experiences operational or other systems difficulties, terminates its staking services, fails to comply with regulations, or raises its prices. The Evolve Solana ETF may also suffer the consequences of the Sub-Custodian's mistakes, if any. For example, if the Sub-Custodian fails to behave as expected, suffers cybersecurity attacks, experiences security issues or encounters other problems, the assets of the Evolve Solana ETF may be irretrievably lost. The failure or capacity restraints of the Sub-Custodian, a cybersecurity breach involving the Sub-Custodian or the termination or change in terms or price of an agreement on which the Evolve Solana ETF relies, could disrupt Staking Arrangements. Replacing the Sub-Custodian or addressing other issues with service providers could entail significant delay, expense and disruption for the Evolve Solana ETF. As a result, if the Sub-Custodian experiences difficulties, is subject to cybersecurity breaches, terminates its services, disputes the terms of a relevant agreement or raises its prices, and the Manager is unable to replace the Sub-Custodian, particularly on a timely basis, Staking Arrangements could be interrupted or disrupted.

Slashing and Missed Rewards Risk

The Solana Network dictates requirements for participation in the relevant decentralized governance activity and may impose slashing penalties if the relevant activities are not performed correctly, such as if the validator acts maliciously on the network, "double signs" any transactions or experiences extended downtime. In terms of the Staking Arrangements, if the Sub-Custodian is slashed by the Solana Network, a variable amount of assets of the Evolve Solana ETF will be burned by the Solana Network and irretrievable by the Evolve Solana ETF. There is no assurance that the Evolve Solana ETF or the Sub-Custodian will not be subject to slashing penalties or that the Evolve Solana ETF will be able to recover any percentage of Solana that has been subject to slashing penalties.

Validator downtime incurs a minor inactivity penalty by the Solana Network not exceeding the activity reward earned when a validator is functioning correctly. Penalties incurred during downtime can be offset by the validator resuming its duties. During a period of extended downtime, the Evolve Solana ETF may also be prevented from obtaining rewards in respect of periods during which the validator is inactive on the Solana Network.

The Solana Network also imposes "bonding" periods on newly staked Solana during which staked Solana is ineligible for rewards. Once staking is initiated, a validator enters a queue to become "activated," which takes approximately two days. During the bonding period, the staked assets of the Evolve Solana ETF will not be eligible to receive any staking rewards and may not be withdrawn.

Due Diligence on Sub-Custodian may be Insufficient Risk

The Evolve Solana ETF will be exposed to the risk of loss of staked Solana if the Sub-Custodian fails to operate its network node(s) in accordance with the rules of the Solana Network, as Solana may be "slashed" or inactivity penalties may be applied if the validator node "double signs" or experiences extended downtime. The Evolve Solana ETF may also be prevented from obtaining rewards in respect of periods during which the validator is inactive on the Solana Network. The Manager intends to mitigate these risks by conducting due diligence on the Sub-Custodian.

No Guarantee of Receiving Rewards Risk

Staking is similar in concept to a yield generation activity. However, staking is not a passive activity as it requires the validator to engage in the active function of running validator software which may be carried out by a third party. Yields are paid in Solana and are variable depending, primarily, on the total amount of Solana staked to the network. These activities are expected to result in Solana denominated staking income accruing to the Evolve Solana ETF in respect of Solana delegated to the Sub-Custodian.

There is no guarantee that the Evolve Solana ETF will receive any rewards in respect of staked Solana. Past rewards are not indicative of future returns. The staking rewards that the Evolve Solana ETF may receive, if any, may be affected by, among other factors:

- the total amount of Solana staked by users of the Solana Network;
- the total amount of Solana staked pursuant to Staking Arrangements;
- changes to the Solana Network as a result of protocol governance decisions;
- changes to validator fees set by approved validators;
- anticipated or unanticipated downtime by approved validators;
- halts, outages or other anticipated or unanticipated interruptions affecting the Solana Network or the Sub-Custodian in performing the Staking Arrangements;
- "slashing" of Solana as a result of a violation of Solana Network rules by approved validators;
- validators ceasing to be eligible to participate in the Solana Network's PoS mechanism and earn rewards;
- "bonding", "unbonding" or other lock-up periods specified by the Solana Network;
- whether staking rewards are re-staked, either automatically by the Solana Network or as part of the operational processes of the Manager;
- re-delegation of the Evolve Solana ETF's Solana to different validators; and
- delays or other operational factors related to or otherwise impacting Staking Arrangements.

4. RELATED PARTY TRANSACTIONS

Management Fees

Each Fund will pay the Manager a Management Fee based on the average daily NAV of the units of the Funds. The Manager, in its capacity as manager of the Funds, manages the day-to-day business of each Fund, including negotiating contractual agreements with service providers and preparing reports to unitholders and securities regulatory authorities. The Management Fee, plus applicable taxes, will be accrued daily and paid monthly in arrears. The Manager may, from time to time at its discretion, waive all or a portion of the Management Fee charged at any given time. Expenses payable to the Manager and receivable on expenses waived by the Manager are disclosed in the Statements of Financial Position.

Staking Service Fee

In addition to the Management Fee, the Manager is entitled to receive a fee equal to a portion of the staking rewards generated for the Evolve Solana ETF by Staking Arrangements (net of the fees payable to the validator(s)) such that no less than 65% of the rewards accrue to the Evolve Fund and up to 35% of the rewards accrue to the Manager (the "Staking Service Fee"). The Staking Service Fee, plus applicable taxes, will be accrued daily and paid monthly in arrears, and is intended to compensate the Manager for the additional work required to administer Staking Arrangements for the Evolve Solana ETF. The Staking Service Fee charged by the Manager is payable in Solana, and will only be deducted from any rewards generated by Staking Arrangements which will generate income to the Evolve Solana ETF.

5. REDEEMABLE UNITS

Each Fund is authorized to issue an unlimited number of redeemable, transferable units, each of which represents an equal, undivided interest in the net assets of that Fund.

All units of each Fund have equal rights and privileges. Each whole unit is entitled to one vote at all meetings of unitholders and is entitled to participate equally with respect to any and all distributions made by each Fund to unitholders, other than management fee distributions, but including distributions of net income, net realized capital gains, and distributions upon the termination of each Fund. Any special distributions payable in units of each Fund will increase the aggregate adjusted cost base of a unitholder's units. Immediately following payment of such a special distribution in units, the number of units of each Fund outstanding will be automatically consolidated such that the number of units that each unitholder will hold after such distribution will be equal to the number of units held by such unitholder immediately prior to such distribution, except in the case of a non-resident unitholder to the extent tax is required to be withheld in respect of the distribution. Units are issued only as fully paid and are non-assessable.

Units of an Evolve ETF may be bought and sold over a designated exchange. However, on any trading day, unitholders of ETF units may also exchange the prescribed number of units (or an integral multiple thereof) for baskets of securities and/or cash at a redemption price per unit equal to 95% of the closing price for the applicable units on the TSX (or the applicable exchange the units of the Fund being redeemed is trading on), subject to a maximum redemption price per unit equal to the NAV per unit on the effective day of redemption. The right to redeem units of the Funds may be suspended with the approval of the Canadian Securities Administrators.

Transactions in units for the Funds are disclosed in the Fund Specific Notes to Financial Statements. Investors purchasing and redeeming creation units may be charged a purchase transaction fee and a redemption transaction fee to offset transfer and other transaction costs associated with the issuance and redemption of creation units.

Units issued and outstanding are considered to be capital of the Funds. The Funds are not subject to externally imposed capital requirements and have no legal restrictions on the issue, repurchase or resale of redeemable shares beyond those included in the Funds' prospectuses. The capital received by each Fund is managed to achieve the investment objective of each Fund while maintaining liquidity to satisfy unitholder redemptions.

The changes in issued and outstanding units of the Funds can be found in the Statements of Changes in Net Assets Attributable to Holders of Redeemable Units.

6. INCOME TAXES

The Funds qualify or intend to qualify as mutual fund trusts, under the provisions of the *Income Tax Act* (Canada).

Capital losses and non-capital losses available in the Funds are presented in the Fund Specific Notes to Financial Statements, as applicable. Capital losses may be carried forward indefinitely and used to reduce future realized capital gains. Non-capital losses may be used to reduce future net income and capital gains for up to 20 years. The Funds may incur withholding taxes imposed by certain countries on investment income and capital gains. Such income and gains are recorded on a gross basis and the related withholding taxes are shown as a separate expense in the Statements of Comprehensive Income.

Occasionally, distributions by the Funds will exceed the net investment income and taxable capital gains realized by the Funds. To the extent that the excess is not designated by the Funds to be income for Canadian tax purposes and taxable to holders of redeemable units, this excess distribution is a return of capital and is not immediately taxable to unitholders.

Evolve Ether ETF