

Evolve Levered Bitcoin 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.evolveetfs.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 Levered Bitcoin ETF's (the "Fund") investment objective is to provide holders of Units with exposure to 1.25x the daily price movements of the U.S. dollar price of bitcoin while experiencing minimal tracking error by investing in other publicly offered investment funds managed by the Manager. The Fund will use leverage in order to achieve its investment objective. Leverage will be created through the use of cash borrowings or as otherwise permitted under applicable securities legislation.

Risk

There were no changes to the Fund over the period of this report that materially affected the level of risk associated with an investment in the Fund. Prospective investors should read the Fund's most recent prospectus and consider the description of risks contained therein.

Results of Operations

Since the Unhedged ETF Units and the US Dollar Unhedged ETF Units effectively began operations on March 18, 2025, no performance data can be shown. The Fund's net assets were \$5.0MM as at December 31, 2025.

For the period ended December 31, 2025, the Fund generated an increase (decrease) in net assets attributable to holders of redeemable units from operations of (\$483,776). The Fund distributed \$362,178 to unitholders during the year. 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.

Leverage

The table below shows the minimum and maximum leverage levels of the Fund for the year ended December 31, 2025, as well as the leverage at the end of the reporting period and as a percentage of the Fund's net assets.

The Fund is classified as an "alternative mutual fund" as defined in National Instrument 81-102, Investment Funds ("NI 81-102"). As an alternative mutual fund, the Fund is permitted to lever its assets per the restrictions outlined in NI 81-102. The Fund currently anticipates achieving its investment objectives and creating leverage through the use of cash borrowing. The maximum aggregate exposure of the funds to cash borrowing will not exceed approximately 25% of NAV. In order to ensure that unitholders' risk is limited to the capital invested, the funds' leverage will be rebalanced back to 25% of the funds' NAV within two business days of the funds' leverage exceeding 2% above its target leverage ratio of 25% of NAV.

Leverage Calculation (Investments Market Value/Net Asset Value)

Period Ended	Minimum Leverage	Maximum Leverage	Leverage at the end of the Reporting Period	Percentage of Net Asset Value (%)
December 31, 2025	1.217 : 1	1.287 : 1	1.249 : 1	124.90

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Portfolio Manager Commentary

Bitcoin's trajectory in 2025 marked a clear transition from an explosive post-halving rally to a phase of broadening adoption, with continued momentum behind sovereign and corporate balance sheet "bitcoinisation." Market leadership shifted away from short-term speculation toward structural integration, as bitcoin's role within the global financial system became more clearly defined.

A pivotal development occurred on 6 March 2025, when the United States formally announced the establishment of a Strategic Bitcoin Reserve through an executive order signed by President Donald Trump. This decision materially strengthened bitcoin's standing within the US financial framework, signaling a move toward recognizing digital assets as legitimate reserve holdings alongside gold and foreign currencies.¹

Corporate and institutional ownership also continued to expand. Public companies and listed funds now control a non-trivial share of circulating bitcoin supply, with more than 200 entities collectively holding approximately 5.1% of total bitcoin. However, following bitcoin's price correction in the fourth quarter, digital asset treasury companies faced a more challenging funding environment. Market-capitalization-to-net-asset-value multiples moved from premium to discount, constraining their ability to raise capital and placing additional pressure on token reserves.¹

Beyond individual treasuries, spot bitcoin ETFs and listed investment products emerged as major custodial hubs in 2025. These vehicles reinforced bitcoin's perception as a macro and portfolio asset rather than a purely speculative instrument. US spot bitcoin ETFs recorded net inflows in seven months of the year, accumulating more than US\$22.4 billion between January and November¹, underscoring sustained demand and growing institutional conviction.

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

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.

Related Party Transactions

Evolve Funds Group Inc. (the "Manager"), a corporation incorporated under the laws of the Province of Ontario, is the trustee, manager, and portfolio advisor of the Fund and is responsible for the day-to-day administration of the Fund. The Fund pays annual management fees to the Manager as consideration for its services. Any management fees paid to the Manager are related party transactions, as the Manager is considered to be a related party to the Fund. The management fees are disclosed in the statements of comprehensive income in the annual financial statements of the Fund and are discussed in greater detail below.

The Fund is permitted to purchase, sell and hold securities of certain issuers that are directly or indirectly related to the Manager. With respect to investment in related issuers, the Manager has relied on the approval that it has received from the Investment Review Committee ("IRC"). The Manager complies with its current policy and procedures regarding investments in related issuers and reports periodically to the IRC.

For the year ended December 31, 2025, the Fund invested in the Evolve Bitcoin ETF (the "Underlying Fund"), which is an investment fund managed by the Manager.

Management Fees

The management fees directly payable to the Manager are nil for the Unhedged ETF Units and US Dollar Unhedged ETF Units of the Fund. The Underlying Fund held by the Fund pays management fees.

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Underlying Management Fees

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

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 \$5,433 in administration fees. These administration fees were received by the Manager for the following operating expenses of the Fund including but not limited to: mailing and printing expenses for periodic reports to unitholders; Registrar and Transfer Agent and Custodian; any reasonable out of pocket expenses incurred by the Manager or its agents in connection with their ongoing obligations to the Fund; IRC committee member fees and expenses in connection with the IRC; expenses related to compliance with NI 81-107; fees and expenses relating to voting of proxies by a third party; insurance coverage for the members of the IRC; fees payable to the auditors and legal advisors of the Fund; regulatory filing, stock exchange and licensing fees and CDS fees; costs and expenses of complying with all applicable laws, regulations and policies, including expenses and costs incurred in connection with the continuous public filing requirements such as permitted prospectus preparation and filing expenses; and legal, accounting and audit fees and fees and expenses of the Trustee, Custodian and Manager which are incurred in respect of matters not in the normal course of the Fund's activities. The administration fee paid to the Manager by the Fund may, in any particular period, be less than or exceed the operating expenses that the Manager incurs for the Fund.

Underlying Fund Operating Expenses

The Fund indirectly bears the operating expenses that are borne by the Underlying Fund incurred in connection with their operation, administration and related portfolio transactions, including but not limited to: mailing and printing expenses for periodic reports to unitholders; fees payable to the registrar and transfer agent and custodian; any reasonable out of pocket expenses incurred by the Manager or its agents in connection with their ongoing obligations; IRC committee member fees and expenses in connection with the IRC; expenses related to compliance with NI 81-107; fees and expenses relating to voting of proxies by a third party; insurance coverage for the members of the IRC; fees payable to the auditor and legal advisors; regulatory filing, stock exchange and licensing fees (if applicable) and CDS fees; banking costs and interest with respect to any borrowing (if applicable); website maintenance costs; costs and expenses of complying with all applicable laws, regulations and policies, including expenses and costs incurred in connection with the continuous public filing requirements such as permitted prospectus preparation and filing expenses; and legal, accounting and audit fees and fees and expenses of the trustee, consultants (if any), CF Benchmarks (in respect of index licensing and/or consulting fees, if any), custodian and manager which are incurred in respect of matters not in the normal course of the Underlying Fund's activities.

Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help readers understand the Fund's financial performance for the period indicated.

The Fund's Net Assets Per Unit¹

	December 31, 2025 (\$)
For the periods ended:	
Unhedged ETF Units - Net Assets per Unit	
Net Assets per Unit, beginning of period ²	19.32
Increase (decrease) from operations:	
Total expenses	(0.23)
Realized gains (losses)	2.69
Unrealized gains (losses)	(9.49)
Total increase (decrease) from operations³	(7.03)
Net Assets per Unit, end of period	19.11

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

	December 31, 2025 (\$)
For the periods ended:	
US Dollar Unhedged ETF Units - Net Assets per Unit⁴	
Net Assets per Unit, beginning of period ²	27.60
Increase (decrease) from operations:	
Total expenses	(0.33)
Realized gains (losses)	2.43
Unrealized gains (losses)	5.56
Total increase (decrease) from operations³	7.66
Net Assets per Unit, end of period	27.29

1 This information is derived from the Fund's audited annual financial statements as at December 31, 2025. The Unhedged ETF Units and US Dollar Unhedged ETF Units effectively began operations on March 18, 2025.

2 This amount represents the initial launch price.

3 Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of units outstanding over the period.

4 Per unit figures are stated in CAD equivalent.

The Fund's Ratios/Supplemental Data

	December 31, 2025
For the period ended:	
Unhedged ETF Units - Ratios/Supplemental Data	
Total Net Asset Value (\$) ⁵	4,299,672
Number of units outstanding ⁵	225,000
Management expense ratio excluding proportion of expenses from underlying fund expenses ⁶	0.15%
Management expense ratio ^{7,10}	1.69%
Trading expense ratio ⁸	1.01%
Portfolio turnover rate ⁹	60.87%
Net Asset Value per unit (\$)	19.11
Closing market price (\$)	19.11
US Dollar Unhedged ETF Units - Ratios/Supplemental Data	
Total Net Asset Value (\$) ⁵	682,300
Number of units outstanding ⁵	25,000
Management expense ratio excluding proportion of expenses from underlying fund expenses ⁶	0.15%
Management expense ratio ^{7,10}	1.69%
Trading expense ratio ⁸	1.01%
Portfolio turnover rate ⁹	60.87%
Net Asset Value per unit (\$)	27.29
Closing market price (\$)	27.27

5 This information is provided as at December 31, 2025.

6 Management expense ratio excluding proportion of expenses from underlying investment funds is based on total expenses plus harmonized sales tax (excluding distributions, commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.

7 Management expense ratio ("MER") is based on total expenses plus harmonized sales tax (excluding distributions, commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.

8 The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of average daily net assets during the period. The trading expense ratio includes the cost of financing.

9 The Fund's portfolio turnover rate indicates how actively the Fund's portfolio manager trades its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. The higher the Fund's portfolio turnover rate in a period, the greater the trading costs payable by the Fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

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

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Past Performance

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

Summary of Investment Portfolio

All Positions

	Percentage of Net Asset Value (%)
Security	
Evolve Bitcoin ETF	124.9
Total	124.9

Industry Allocation

Portfolio by Category	Percentage of Net Asset Value (%)
Equities	
ETFs - Digital Assets	124.9
Cash and Cash Equivalents	0.1
Other Assets, less Liabilities	(25.0)
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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