Evolve E-Gaming Index ETF

June 30, 2024

Semi-Annual Financial Statements (unaudited)

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Evolve E-Gaming Index ETF

Statements of Financial Position (unaudited)

(in Canadian dollars, except for number of units)

As at (Note 1)	**June 30, 2024 ($)**	December 31, 2023 ($)
Assets		
Current assets		
Investments, at fair value	**20,516,386**	24,366,095
Cash	**441,552**	80,087
Receivable from investments sold	**2,219**	-
Interest, dividends and other receivables	**13,141**	23,117
Derivative assets	**54,354**	130,560
	21,027,652	**24,599,859**
Liabilities		
Current liabilities		
Cash payable to brokers	**-**	172,257
Redemptions payable	**383,806**	-
Payable on investments purchased	**2,224**	-
Distributions payable to holders of redeemable units	**33,750**	42,500
Derivative liabilities	**48,660**	28,354
Accrued expenses	**22,621**	16,585
	491,061	**259,696**
Net assets attributable to holders of redeemable units	**20,536,591**	**24,340,163**
Net assets attributable to holders of redeemable units		
Hedged ETF Units	**20,536,591**	24,340,163
Net assets attributable to holders of redeemable units per unit		
Hedged ETF Units	**31.59**	28.64

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 & Director

Evolve E-Gaming Index ETF

Statements of Comprehensive Income (unaudited)

(in Canadian dollars, except for number of units)

For the periods ended (Note 1)	**June 30, 2024 ($)**	June 30, 2023 ($)
Income (loss)		
Interest for distribution purposes	**26**	411
Securities lending income	**2,055**	5,413
Dividend income	**97,716**	171,251
Changes in fair value of investments		
Net realized gain (loss)	**97,238**	(2,428,400)
Net change in unrealized appreciation (depreciation)	**1,495,226**	4,801,042
Changes in fair value of derivative financial instruments		
Net realized gain (loss)	**762,300**	1,338,039
Net change in unrealized appreciation (depreciation)	**(96,512)**	534,398
Other income (loss)		
Net realized gain (loss) on foreign currency translations	**(9,457)**	(46,555)
Net change in unrealized appreciation (depreciation) on foreign currency translations	**(1,985)**	1,542
Total income (loss)	**2,346,607**	**4,377,141**
Expenses		
Management fees (Note 4)	**73,923**	108,866
Administrative fees (Note 4)	**16,263**	23,837
Interest expense and bank charges	**1,052**	2,026
Foreign withholding taxes (Note 6)	**15,129**	30,077
Transaction costs (Note 2)	**20,958**	20,474
Total expenses	**127,325**	**185,280**
Increase (decrease) in net assets attributable to holders of redeemable units from operations	**2,219,282**	**4,191,861**

Increase (decrease) in net assets attributable to holders of redeemable units from operations		
Hedged ETF Units	**2,219,282**	4,191,861
Increase (decrease) in net assets attributable to holders of redeemable units from operations per unit		
Hedged ETF Units	**2.94**	3.99

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

Evolve E-Gaming Index ETF

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

(in Canadian dollars, except for number of units)

For the periods ended (Note 1)	**June 30, 2024 ($)**	June 30, 2023 ($)
Net assets attributable to holders of redeemable units - beginning of period		
Hedged ETF Units	**24,340,163**	26,023,689
Net assets attributable to holders of redeemable units - beginning of period	**24,340,163**	**26,023,689**
Increase (decrease) in net assets attributable to holders of redeemable units from operations		
Hedged ETF Units	**2,219,282**	4,191,861
	2,219,282	**4,191,861**
Distributions to holders of redeemable units		
Net investment income		
Hedged ETF Units	**(72,500)**	(103,750)
	(72,500)	**(103,750)**
Redeemable unit transactions		
Proceeds from sale of redeemable units		
Hedged ETF Units	**-**	8,652,860
	-	**8,652,860**
Redemption of units		
Hedged ETF Units	**(5,950,354)**	(10,695,087)
	(5,950,354)	**(10,695,087)**
Net increase (decrease) from redeemable unit transactions	**(5,950,354)**	**(2,042,227)**
Increase (decrease) in net assets attributable to holders of redeemable units for the period	**(3,803,572)**	**2,045,884**
Net assets attributable to holders of redeemable units - end of period		
Hedged ETF Units	**20,536,591**	28,069,573
Net assets attributable to holders of redeemable units - end of period	**20,536,591**	**28,069,573**

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

Evolve E-Gaming Index ETF

Statements of Cash Flows (unaudited)

(in Canadian dollars, except for number of units)

For the periods ended (Note 1)	**June 30, 2024 ($)**	June 30, 2023 ($)
Cash flows from (used in) operating activities		
Increase (decrease) in net assets attributable to holders of redeemable units from operations	**2,219,282**	4,191,861
Adjustments for:		
Change in unrealized foreign exchange (gain) loss on currency	**1,771**	(386)
Realized (gain) loss on investments	**(97,238)**	2,428,400
Realized (gain) loss on derivatives	**(762,300)**	(1,338,039)
Change in unrealized (appreciation) depreciation in the value of investments	**(1,495,226)**	(4,801,042)
Change in unrealized (appreciation) depreciation in the value of derivatives	**96,512**	(534,398)
Purchases of investments and derivatives[2]	**(3,689,392)**	(5,030,920)
Proceeds from sale and maturity of investments and derivatives[2]	**6,604,385**	6,874,425
(Increase) decrease in interest, dividends and other receivables	**9,976**	(30,307)
Increase (decrease) in accrued expenses	**6,036**	(1,289)
Change in cash held with brokers	**-**	67,700
Change in cash payable to brokers	**(172,257)**	384,178
Net cash generated by (used in) operating activities	**2,721,549**	**2,210,183**
Cash flows from (used in) financing activities		
Distributions paid to unitholders of redeemable units, net of reinvested distributions	**(81,250)**	(113,750)
Proceeds from sale of units[2]	**-**	3,460,568
Payments for units redeemed[2]	**(2,277,063)**	(5,716,100)
Net cash generated by (used in) financing activities	**(2,358,313)**	**(2,369,282)**
Change in unrealized foreign exchange gain (loss) on currency	**(1,771)**	386
Net increase (decrease) in cash	**363,236**	(159,099)
Cash (bank overdraft) - beginning of period	**80,087**	517,545
Cash (bank overdraft) - end of period	**441,552**	**358,832**
Supplemental information[1]		
Interest received, net of foreign withholding taxes	**26**	411
Dividends received, net of foreign withholding taxes	**93,293**	110,915

1 Included as part of cash flows from operating activities
2 Excludes in-kind transactions, if any

Evolve E-Gaming Index ETF

Schedule of Investment Portfolio (unaudited)

As at June 30, 2024

No. of Shares		Average Cost ($)	Fair Value ($)
Communication Services (97.1%)			
300	Bank of Innovation Inc.	14,384	13,086
42,080	Capcom Company Limited	875,283	1,085,228
7,790	CD Projekt SA	513,487	367,843
217,500	CMGE Technology Group Limited	38,677	34,674
975	Com2US Corporation	86,310	37,065
900	Devsisters Corporation	78,808	52,506
10,916	Electronic Arts Inc.	1,884,471	2,080,703
99,570	Embracer Group AB, Class 'B'	715,830	299,320
13,800	Gamania Digital Entertainment Company Limited	43,628	48,418
500	Gamevil Inc.	17,013	12,423
537	Gravity Company Limited, ADR	49,063	59,322
14,200	GREE Inc.	57,701	64,356
3,300	Gumi Inc.	24,716	9,568
6,875	GungHo Online Entertainment Inc.	164,411	158,509
124,300	iDreamSky Technology Holdings Limited	50,500	64,674
11,000	International Games System Company Limited	276,670	628,540
6,530	Kakao Games Corporation	280,105	133,043
26,522	Koei Tecmo Holdings Company Limited	564,118	313,243
11,300	Konami Holdings Corporation	808,691	1,112,653
3,740	Krafton Inc.	953,025	1,046,347
5,890	MIXI Inc.	152,840	151,751
9,700	Modern Times Group MTG AB	128,892	106,922
5,200	Nat Games Company Limited	90,864	79,485
1,690	NCSoft Corporation	863,921	302,165
1,700	Neowiz	44,974	34,552
14,755	NetEase Inc., ADR	1,871,832	1,929,338
6,730	Netmarble Corporation	624,092	359,182
66,325	NEXON Company Limited	1,854,853	1,677,788
110,288	Nintendo Company Limited, ADR	1,685,212	2,006,697
8,300	Paradox Interactive AB	212,807	152,126
5,050	Pearl Abyss Corporation	284,313	221,589
28,123	Playtika Holding Corporation	481,902	302,788
36,404	Roblox Corporation, Class 'A'	2,258,158	1,853,151
8,500	Softstar Entertainment Inc.	22,951	26,812
342	Softstar Entertainment Inc., Rights	-	141
10,000	Soft-World International Corporation	65,150	61,990
9,670	Square Enix Holdings Company Limited	584,893	397,307
40,500	Stillfront Group	55,418	52,040
900	SundayToz Corporation	10,095	8,077
9,434	Take-Two Interactive Software Inc.	1,763,609	2,006,782
48,924	Ubisoft Entertainment SA, ADR	515,414	289,140
1,900	Wayi International Digital Entertainment Company Limited	11,740	12,459
2,700	Wemade Company Limited	160,342	114,448
2,600	Wemade Max Company Limited	43,156	25,194
37,900	XD Inc.	228,468	124,958
5,200	X-Legend Entertainment Company Limited	25,231	27,849
		21,538,018	**19,946,252**
Consumer Discretionary (2.5%)			
1,700	DoubleUGames Company Limited	68,530	77,889

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

Evolve E-Gaming Index ETF

Schedule of Investment Portfolio (unaudited) (cont'd)

As at June 30, 2024

No. of Shares		Average Cost ($)	Fair Value ($)
Consumer Discretionary (2.5%) (cont'd)			
500	GOLFZON Company Limited	50,033	38,363
19,050	Sega Sammy Holdings Inc.	385,069	386,895
		503,632	**503,147**
Information Technology (0.3%)			
7,100	Netronix Inc.	19,609	40,719
1,339	Turtle Beach Corporation	16,879	26,268
		36,488	**66,987**
	Transaction Costs	(24,284)	-
	Total Investments (99.9%)	**22,053,854**	**20,516,386**
	Derivative Assets (0.2%)*		54,354
	Derivative Liabilities (-0.2%)*		(48,660)
	Other Assets, less Liabilities (0.1%)		14,511
	NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		**20,536,591**

***Forward Foreign Currency Contracts (0.0%) June 30, 2024**

Counterparty	Counterparty Credit Rating	Settlement Date		Currency Buys Par Value		Currency Sells Par Value	Unrealized Gain/(Loss) ($)
BNY Capital Markets Inc.	A-1+	26-Jul-24	CAD	7,486,569	JPY	7,439,948	46,621
BNY Capital Markets Inc.	A-1+	26-Jul-24	CAD	616,864	SEK	611,036	5,828
BNY Capital Markets Inc.	A-1+	26-Jul-24	CAD	380,271	PLN	378,616	1,655
BNY Capital Markets Inc.	A-1+	26-Jul-24	CAD	108,623	HKD	108,463	160
BNY Capital Markets Inc.	A-1+	26-Jul-24	CAD	310,872	EUR	310,782	90
Total							**54,354**
BNY Capital Markets Inc.	A-1+	26-Jul-24	CAD	2,651,704	KRW	2,677,523	(25,819)
BNY Capital Markets Inc.	A-1+	26-Jul-24	CAD	6,478,843	USD	6,494,705	(15,862)
BNY Capital Markets Inc.	A-1+	26-Jul-24	CAD	2,139,807	HKD	2,144,898	(5,091)
BNY Capital Markets Inc.	A-1+	26-Jul-24	CAD	782,993	TWD	784,676	(1,683)
BNY Capital Markets Inc.	A-1+	26-Jul-24	USD	220,136	CAD	220,336	(200)
BNY Capital Markets Inc.	A-1+	26-Jul-24	EUR	21,990	CAD	21,995	(5)
Total							**(48,660)**
Total unrealized gain (loss) on forward foreign currency contracts							**5,694**

Evolve E-Gaming Index ETF

Fund Specific Notes to Financial Statements (unaudited)

Financial Instrument Risks (Note 3)

Portfolio Concentration Risk

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

Portfolio by Category	Percentage of Net Asset Value June 30, 2024 (%)	Percentage of Net Asset Value December 31, 2023 (%)
Equities		
Communication Services	**97.1**	92.4
Consumer Discretionary	**2.5**	1.8
Information Technology	**0.3**	5.9
Derivative Assets	**0.2**	0.5
Derivative Liabilities	**(0.2)**	(0.1)
Cash and Cash Equivalents	**2.2**	0.3
Other Assets, less Liabilities	**(2.1)**	(0.8)
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, 2024 and December 31, 2023, with all other variables held constant:

Fund	Impact on Net Assets ($) June 30, 2024 ($)	Impact on Net Assets ($) December 31, 2023 ($)
Evolve E-Gaming Index ETF	**2,051,639**	2,436,609

Currency Risk

The tables that follow indicate the currencies to which the Fund had significant exposure as at June 30, 2024 and December 31, 2023 based on the market value of the Fund's financial instruments (including cash and cash equivalents) and the underlying principal amounts of forward foreign currency contracts, as applicable. They also illustrate the possible impact of a +/- 5% move in the Canadian dollar on the net assets of the Fund as at June 30, 2024 and December 31, 2023.

The following tables summarize the foreign currencies to which the hedged class of the Fund had exposure as at June 30, 2024 and December 31, 2023 adjusting for any currency hedges if applicable.

Currency	Financial Instruments, excluding Derivatives ($)	Forward Foreign Currency Contracts ($)	Net Currency Exposure ($)	Impact on Net Assets ($)
June 30, 2024				
United States Dollar	10,557,577	(6,274,569)	4,283,008	214,150
Taiwan Dollar	848,566	(784,676)	63,890	3,195
Swedish Krona	610,755	(611,036)	(281)	(14)
Polish Zloty	371,224	(378,616)	(7,392)	(370)
South Korean Won	2,544,203	(2,677,523)	(133,320)	(6,666)
Euro Currency	382	(288,792)	(288,410)	(14,421)
Hong Kong Dollar	224,307	(2,253,361)	(2,029,054)	(101,453)
Japanese Yen	5,375,675	(7,439,948)	(2,064,273)	(103,214)
Total	**20,532,689**	**(20,708,521)**	**(175,832)**	**(8,793)**

Currency	Financial Instruments, excluding Derivatives ($)	Forward Foreign Currency Contracts ($)	Net Currency Exposure ($)	Impact on Net Assets ($)
December 31, 2023				
United States Dollar	14,257,977	(9,120,839)	5,137,138	256,857
Taiwan Dollar	442,444	(437,538)	4,906	245
Polish Zloty	344,935	(345,354)	(419)	(21)
Swedish Krona	786,541	(792,031)	(5,490)	(274)
South Korean Won	2,760,353	(2,798,383)	(38,030)	(1,902)
Euro Currency	383	(364,400)	(364,017)	(18,201)
Hong Kong Dollar	201,957	(2,150,174)	(1,948,217)	(97,410)
Japanese Yen	5,422,369	(8,232,764)	(2,810,395)	(140,520)
Total	**24,216,959**	**(24,241,483)**	**(24,524)**	**(1,226)**

Interest Rate Risk

As at June 30, 2024 and December 31, 2023, the majority of the Fund's financial assets and liabilities are non-interest bearing; accordingly, the Fund is not exposed to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates.

Liquidity Risk

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, 2024 and December 31, 2023, the Fund did not have a significant amount of financial liabilities with maturities greater than three months.

Credit Risk

As at June 30, 2024 and December 31, 2023, the Fund had no significant investments in fixed-income investments. Refer to the Schedule of Investment Portfolio for the forward foreign currency contracts' counterparty credit ratings.

Fair Value Measurements (Note 2)

The following is the fair value measurement hierarchy based on the inputs used as at June 30, 2024 and December 31, 2023 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, 2024				
Equities	20,516,386	-	-	**20,516,386**
Derivative Assets	-	54,354	-	**54,354**
Derivative Liabilities	-	(48,660)	-	**(48,660)**
Total	**20,516,386**	**5,694**	**-**	**20,522,080**
December 31, 2023				
Equities	24,366,095	-	-	**24,366,095**
Derivative Assets	-	130,560	-	**130,560**
Derivative Liabilities	-	(28,354)	-	**(28,354)**
Total	**24,366,095**	**102,206**	**-**	**24,468,301**

For the periods ended June 30, 2024 and December 31, 2023, 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, 2024 and December 31, 2023.

Securities Lending Transactions

The tables below present a reconciliation of the securities lending income as presented in the Statement of Comprehensive Income for the periods ended June 30, 2024 and 2023. Gross amounts are shown generated from securities lending activities, less any taxes withheld, and amounts earned by parties entitled to receive payments out of the gross amount.

	($)	Percentage of Gross securities lending revenue (%)
June 30, 2024		
Gross Securities Lending Income	4,126	100.0
Withholding Taxes	(17)	(0.4)
Agent Fees - Canadian Imperial Bank of Commerce	(2,054)	(49.8)
Net Securities Lending Income	**2,055**	**49.8**
June 30, 2023		
Gross Securities Lending Income	10,987	100.0
Withholding Taxes	(162)	(1.5)
Agent Fees - Canadian Imperial Bank of Commerce	(5,412)	(49.3)
Net Securities Lending Income	**5,413**	**49.2**

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

The aggregate closing market value of securities loaned, and collateral received as at June 30, 2024 and December 31, 2023 is as follows:

	June 30, 2024 ($)	December 31, 2023 ($)
Fair Value of Securities on Loan	**1,954,201**	3,866,555
Fair Value of Securities Collateral Received	**2,054,510**	4,084,405

Offsetting of Financial Instruments (Note 3)

The following table presents the gross amount of financial instruments that may be offset, or subject to enforceable master netting agreements or other similar agreements but that are not offset, as at June 30, 2024 and December 31, 2023. The "Net Amount" column shows what the impact on the Fund's Statements of Financial Position would be if all set-off rights were exercised.

	Amounts eligible for offset ($)			
Financial Assets and Liabilities	**Gross Amounts of Recognized Financial Assets/Liabilities ($)**	**Net Amounts of Financial Assets/Liabilities Presented in the Statements of Financial Position ($)**	**Financial Instruments Eligible for Offset ($)**	**Net Amount ($)**
June 30, 2024				
Derivative Assets	54,354	54,354	(48,660)	5,694
Derivative Liabilities	(48,660)	(48,660)	48,660	-
Total	**5,694**	**5,694**	**-**	**5,694**
December 31, 2023				
Derivative Assets	130,560	130,560	(28,354)	102,206
Derivative Liabilities	(28,354)	(28,354)	28,354	-
Total	**102,206**	**102,206**	**-**	**102,206**

Unit Transactions (Note 5)

The unitholder transactions for the periods ended June 30, 2024 and December 31, 2023 are as follows:

	June 30, 2024	December 31, 2023
Hedged ETF Units		
Number of redeemable units outstanding - Beginning of period	**850,000**	1,075,000
Issued	**-**	400,000
Redeemed	**(200,000)**	(625,000)
Number of redeemable units outstanding - End of period	**650,000**	**850,000**

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

Income Taxes (Note 6)

As at June 30, 2024, the Fund had the following capital and non-capital loss carryforward balances:

As at	Year of Expiry	**June 30, 2024 ($)**
Capital loss		**4,681,040**
Non-capital losses	2042	**26,901**
Non-capital losses	2043	**15,472**

1. ORGANIZATION

The Evolve Funds (each a "Fund" and collectively the "Funds") are established on the establishment dates noted below as open-ended mutual fund trusts 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") and NEO Exchange in the case of the Evolve Active Core Fixed Income Fund and High Interest Savings Account Fund. The address of the Funds' registered office is 40 King Street West, Suite 3404, Toronto, Ontario, M5H 3Y2.

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

Actively managed Funds

Fund Name	Portfolio Manager/Sub-Advisor	Class	Ticker Symbol	Date of Establishment	Date of Commencement
Evolve Active Canadian Preferred Share Fund	Addenda Capital Inc.	Unhedged ETF Units	DIVS	14-Aug-17	27-Sep-17
	Addenda Capital Inc.	Unhedged Class A	EVF101	14-Aug-17	23-Apr-19
	Addenda Capital Inc.	Unhedged Class F	EVF100	14-Aug-17	23-Apr-19
Evolve Active Core Fixed Income Fund	Addenda Capital Inc.	Unhedged ETF Units	FIXD	21-Mar-18	28-Mar-18
	Addenda Capital Inc.	Unhedged Class A	EVF111	21-Mar-18	04-Jun-19
	Addenda Capital Inc.	Unhedged Class F	EVF110	21-Mar-18	04-Jun-19
Evolve Active Global Fixed Income Fund	Allianz Global Investors GmbH	Hedged ETF Units	EARN	30-Oct-18	09-Nov-18
	Allianz Global Investors GmbH	Hedged Class A	EVF131	30-Oct-18	23-Apr-19
	Allianz Global Investors GmbH	Hedged Class F	EVF130	30-Oct-18	23-Apr-19
Evolve Future Leadership Fund	Evolve Funds Group Inc.	Hedged ETF Units	LEAD	04-Sep-20	10-Sep-20
	Evolve Funds Group Inc.	Unhedged ETF Units	LEAD.B	04-Sep-20	10-Sep-20
	Evolve Funds Group Inc.	US Dollar Unhedged ETF Units	LEAD.U	04-Sep-20	10-Sep-20
Evolve Artificial Intelligence Fund	Evolve Funds Group Inc.	Hedged ETF Units	ARTI	03-Mar-24	22-Mar-24
Evolve Enhanced Yield Bond Fund	Evolve Funds Group Inc.	Hedged ETF Units	BOND	27-Sep-23	03-Oct-23
	Evolve Funds Group Inc.	Unhedged ETF Units	BOND.B	27-Sep-23	15-Feb-24
	Evolve Funds Group Inc.	US Dollar Unhedged ETF Units	BOND.U	27-Sep-23	15-Feb-24
	Evolve Funds Group Inc.	Hedged Class A	EVF401	06-Oct-23	14-Oct-23
	Evolve Funds Group Inc.	Hedged Class F	EVF400	06-Oct-23	14-Oct-23

Index-tracking Funds

Fund Name	Class	Ticker Symbol	Date of Establishment	Date of Commencement
Evolve Automobile Innovation Index Fund	Hedged ETF Units	CARS	04-Aug-17	27-Sep-17
	Unhedged ETF Units	CARS.B	04-Aug-17	27-Sep-17
	US Dollar Unhedged ETF Units	CARS.U	04-Aug-17	01-Nov-17
	Hedged Class A	EVF141	04-Aug-17	23-Apr-19
	Hedged Class F	EVF140	04-Aug-17	23-Apr-19
Evolve Cyber Security Index Fund	Hedged ETF Units	CYBR	04-Aug-17	18-Sep-17
	Unhedged ETF Units	CYBR.B	04-Aug-17	18-Sep-17
	US Dollar Unhedged ETF Units	CYBR.U	04-Aug-17	14-May-19
	Hedged Class A	EVF151	04-Aug-17	23-Apr-19

Index-tracking Funds (cont'd)

Fund Name	Class	Ticker Symbol	Date of Establishment	Date of Commencement
	Hedged Class F	EVF150	04-Aug-17	23-Apr-19
Evolve Innovation Index Fund	Hedged ETF Units	EDGE	20-Apr-18	30-Apr-18
	US Dollar Unhedged ETF Units	EDGE.U	20-Apr-18	07-Jan-21
	Hedged Class A	EVF161	20-Apr-18	04-Jun-19
	Hedged Class F	EVF160	20-Apr-18	04-Jun-19
Evolve E-Gaming Index ETF	Hedged ETF Units	HERO	04-Jun-19	13-Jun-19
Evolve Cloud Computing Index Fund	Hedged ETF Units	DATA	04-Jan-21	06-Jan-21
	Unhedged ETF Units	DATA.B	04-Jan-21	06-Jan-21
Evolve NASDAQ Technology Index Fund	Hedged ETF Units	QQQT	04-Jul-23	11-Jul-23
	Unhedged ETF Units	QQQT.B	04-Jul-23	11-Jul-23
	US Dollar Unhedged ETF Units	QQQT.U	04-Jul-23	11-Jul-23
	Hedged Class A	EVF921	04-Jul-23	05-Jun-24
	Hedged Class F	EVF920	04-Jul-23	05-Jun-24
Evolve FANGMA Index ETF	Hedged ETF Units	TECH	28-Apr-21	04-May-21
	Unhedged ETF Units	TECH.B	28-Apr-21	04-May-21
	US Dollar Unhedged ETF Units	TECH.U	28-Apr-21	04-May-21

Each index-tracking Fund seeks to track, to the extent reasonably possible and before fees and expenses, the performance of a broad and widely quoted market index.

Index-tracking Funds with active covered call strategies

Fund Name	Class	Ticker Symbol	Date of Establishment	Date of Commencement
Evolve Global Healthcare Enhanced Yield Fund	Hedged ETF Units	LIFE	04-Aug-17	23-Oct-17
	Unhedged ETF Units	LIFE.B	04-Aug-17	23-Oct-17
	US Dollar Unhedged ETF Units	LIFE.U	04-Aug-17	26-Nov-19
	Hedged Class A	EVF171	04-Aug-17	07-Jul-20
	Hedged Class F	EVF170	04-Aug-17	07-Jul-20
Evolve US Banks Enhanced Yield Fund	Hedged ETF Units	CALL	04-Aug-17	12-Oct-17
	Unhedged ETF Units	CALL.B	04-Aug-17	12-Oct-17
	US Dollar Unhedged ETF Units	CALL.U	04-Aug-17	26-Nov-19
Evolve Global Materials & Mining Enhanced Yield Index ETF	Hedged ETF Units	BASE	04-Jun-19	11-Jun-19
	Unhedged ETF Units	BASE.B	04-Jun-19	11-Jun-19
Evolve European Banks Enhanced Yield ETF	Hedged ETF Units	EBNK	05-Jan-22	07-Jan-22
	Unhedged ETF Units	EBNK.B	05-Jan-22	07-Jan-22
	US Dollar Unhedged ETF Units	EBNK.U	05-Jan-22	07-Jan-22
Evolve Canadian Banks and Lifecos Enhanced Yield Index Fund	Unhedged ETF Units	BANK	26-Jan-22	01-Feb-22
	Unhedged Class A	EVF181	24-Jan-24	03-Feb-24
	Unhedged Class F	EVF180	24-Jan-24	03-Feb-24
Evolve S&P 500® Enhanced Yield Fund	Hedged ETF Units	ESPX	03-Jan-23	09-Jan-23
	Unhedged ETF Units	ESPX.B	03-Jan-23	09-Jan-23
	US Dollar Unhedged ETF Units	ESPX.U	03-Jan-23	06-Jul-23
	Unhedged Class A	EVF501	03-Jan-23	09-Jan-23

Index-tracking Funds with active covered call strategies (cont'd)

Fund Name	Class	Ticker Symbol	Date of Establishment	Date of Commencement
	Unhedged Class F	EVF500	03-Jan-23	09-Jan-23
	Unhedged Class H	EVF503	03-Jan-23	09-Jan-23
Evolve S&P/TSX 60 Enhanced Yield Fund	Unhedged ETF Units	ETSX	03-Jan-23	09-Jan-23
	Unhedged Class A	EVF601	03-Jan-23	09-Jan-23
	Unhedged Class F	EVF600	03-Jan-23	09-Jan-23
	Unhedged Class H	EVF603	03-Jan-23	09-Jan-23
Evolve NASDAQ Technology Enhanced Yield Index Fund	Hedged ETF Units	QQQY	27-Sep-23	03-Oct-23
	Unhedged ETF Units	QQQY.B	27-Sep-23	N/A
	US Dollar Unhedged ETF Units	QQQY.U	27-Sep-23	N/A
	Hedged Class A	EVF901	06-Oct-23	14-Oct-23
	Hedged Class F	EVF900	06-Oct-23	14-Oct-23

Money Market Funds

Fund Name	Class	Ticker Symbol	Date of Establishment	Date of Commencement
High Interest Savings Account Fund	Unhedged ETF Units	HISA	15-Nov-19	19-Nov-19
	Unhedged Class A	EVF200	15-Nov-19	16-Jan-20
	Unhedged Class F	EVF201	15-Nov-19	16-Jan-20
	Unhedged Class I	EVF202	15-Nov-19	26-Apr-22
US High Interest Savings Account Fund	Unhedged ETF Units	HISU.U	23-Aug-22	29-Aug-22
	Unhedged Class A	EVF300	23-Aug-22	30-Aug-22
	Unhedged Class F	EVF301	23-Aug-22	30-Aug-22
	Unhedged Class I	EVF302	23-Aug-22	30-Aug-22
Premium Cash Management Fund	Unhedged ETF Units	MCAD	18-May-23	26-May-23
	Unhedged Class A	EVF700	18-May-23	26-May-23
	Unhedged Class F	EVF701	18-May-23	26-May-23
US Premium Cash Management Fund	Unhedged ETF Units	MUSD.U	18-May-23	26-May-23
	Unhedged Class A	EVF800	18-May-23	26-May-23
	Unhedged Class F	EVF801	18-May-23	26-May-23

Digital currency Funds

Fund Name	Class	Ticker Symbol	Date of Establishment	Date of Commencement
Evolve Cryptocurrencies ETF	Unhedged ETF Units	ETC	20-Sep-21	24-Sep-21
	US Dollar Unhedged ETF Units	ETC.U	20-Sep-21	24-Sep-21

Each index-tracking Fund with active covered call strategies seeks to track, to the extent reasonably possible and before fees and expenses, the performance of a broad and widely quoted market index and in addition to provide the return of a strategy of selling call options against no more than 33% of the equity securities of Evolve Global Healthcare Enhanced Yield Fund, Evolve US Banks Enhanced Yield Fund, Evolve Global Materials & Mining Enhanced Yield Index ETF, Evolve European Banks Enhanced Yield ETF, Evolve Canadian Banks and Lifecos Enhanced Yield Index Fund, Evolve S&P 500® Enhanced Yield Fund, and Evolve S&P/TSX 60 Enhanced Yield Fund, and against no more than 100% of the equity securities of Evolve NASDAQ Technology Enhanced Yield Index Fund.

Certain Funds offer classes of Hedged Units, Unhedged Units, and US Dollar Unhedged Units. In instances where the Funds invest their assets in securities that are denominated in currencies other than the Canadian dollar and/or offer US Dollar Unhedged Units, the value of the portfolio will vary due to changes in foreign currency exchange rates. For Funds with Hedged Units, currency risk is mitigated by entering into forward foreign currency contracts to hedge the foreign currency exposure back to Canadian dollars and, as such, the Hedged Units do not have significant exposure to currency risk. For Funds with Unhedged Units and US Dollar Unhedged Units, currency risk is not mitigated, as the currency exposure is not hedged back to the Canadian dollar and, as such, the Unhedged Units and the US Dollar Unhedged Units have a significant exposure to currency risk. As a result, due to the difference in currency hedging strategies, 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, 2024. The Statements of Financial Position of each of the Funds that commenced operations in 2024 are as at June 30, 2024 and for the Funds that commenced operations in years prior to 2024 are as at June 30, 2024 and December 31, 2023. 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 either 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 22, 2024.

Class A Units are available to all investors. Class F Units are for investors who are participants in a fee-for-service or wrap account program sponsored by certain registered dealers. Class I Units are for institutional investors who negotiate a fee and minimum investment amount with the Manager. Class H Units are for eligible institutional investors and other qualified investors, as determined by the Manager in its sole discretion, and investors in model portfolios with dealers who have an agreement with the Manager.

2. MATERIAL ACCOUNTING POLICY INFORMATION

The following are material accounting policies followed by 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"). Accordingly, the Funds' accounting policies for measuring the fair value of investments and derivatives are consistent with those used in measuring the NAV for transactions with unitholders.

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 for all Funds, with the exception of US High Interest Savings Account Fund and US Premium Cash Management Fund, have been presented in Canadian dollars, which is the Funds' functional currency. The financial statements for US High Interest Savings Account Fund and US Premium Cash Management Fund have been presented in United States dollars, which is the Funds' functional currency.

Classification and Recognition of Financial Instruments

Financial instruments include financial assets and liabilities such as debt and equity securities, derivatives, cash and other receivables, and payables. The Funds classify and measure financial instruments 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. Derivative liabilities are classified as FVTPL.

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. As such, investment purchase and sale transactions are recorded as of the trade date.

Financial instruments are subsequently measured as FVTPL with changes in fair value recognized in the Statements of Comprehensive Income.

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 Financial Instruments

Financial instruments at FVTPL are recorded in the Statements of Financial Position at fair value upon initial recognition. All transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities for such instruments are recognized directly in profit or loss.

Subsequent changes in the fair value of those financial instruments (i.e., the excess/shortfall of the sum of the fair value of portfolio investments over/below the sum of the average cost of each portfolio investment) are recorded in unrealized appreciation (depreciation) in the value of investments. The applicable period change in unrealized appreciation (depreciation) of investments is included in the Statements of Comprehensive Income.

For the purposes of determining the average cost of each portfolio investment, the purchase price of portfolio investments acquired by each Fund is added to the average cost of the particular portfolio investment immediately prior to the purchase. The average cost of a portfolio investment is reduced by the number of shares sold multiplied by the average cost of the portfolio investment at the time of the sale. The average cost per share of each portfolio investment sold is determined by dividing the average cost of the portfolio investment by the number of shares held immediately prior to the sale transaction. Transaction costs incurred in portfolio transactions are excluded from the average cost of investments and are recognized immediately in net income and are presented as a separate expense item in the financial statements. Realized gains and losses from the sale of portfolio investments are also calculated based on the average costs, excluding transaction costs, of the related investment.

The NAV per unit of each Fund is calculated each day the Funds are open for business as of 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 28, 2024. 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. Equity securities (including preferred stock) listed or dealt in upon a stock exchange are valued at the last sale price or closing price on the exchange or system on which they are principally traded when the price falls within the bid-ask spread range. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point that the bid-ask spread is most representative of fair value based on the specific facts and circumstances. Foreign currency contracts are valued based on the difference between the value of the contract on the valuation date and the value on the date the contract was originated. The fair values of fixed income securities that are not listed or dealt in upon a stock exchange are determined using valuation techniques. Valuation techniques include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, broker input, and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

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.

Securities Lending

In order to generate additional returns, the Funds are authorized to enter into securities lending agreements with borrowers deemed acceptable in accordance with National Instrument 81-102, *Investment Funds* ("NI 81-102").

Aggregate market value of all securities loaned by a Fund cannot exceed 50% of the fair value of the assets of the Fund. The Funds receive collateral against the loaned securities in the form of debt obligations of the Government of Canada and Canadian provincial governments; the government of the United States of America or the government of one of the states of the Unites States of America; the government of the sovereign state of G7 countries, Austria, Belgium, Denmark, Finland, Netherlands, Spain, Sweden, or Switzerland; or a permitted supranational agency of Organisation for Economic Co-operation and Development countries. The minimum allowable collateral is 102% of the fair value of the loaned securities. The aggregate closing market value of securities loaned, collateral received and a reconciliation of the gross securities lending revenue to the securities lending revenue reported by each Fund in the Funds' Statements of Comprehensive Income are disclosed on the Securities Lending Transactions section of the Fund Specific Notes to Financial Statements.

Under a securities lending agreement, the borrower must pay the Funds a negotiated securities lending fee, provide compensation to the Funds equal to any distributions received by the borrower on the securities borrowed, and the Funds must receive an acceptable form of collateral in excess of the value of the securities loaned. Although such collateral is marked to market, each Fund may be exposed to the risk of loss should a borrower default on its obligations to return the borrowed securities and the collateral is insufficient to reconstitute the portfolio of loaned securities.

Forward Foreign Currency Contracts

A forward foreign currency contract ("Forward Contract") involves an obligation to purchase or sell a specific currency at a future date, which may be any fixed number of days from the date of the contract agreed upon by the parties, at a price set at the time of the contract. These contracts are principally traded in the inter-bank market conducted directly between currency traders (usually large, commercial banks) and their customers. A Forward Contract generally does not require an initial margin deposit, and no commissions are charged at any stage for trades. However, if a Fund is in an unrealized loss position on a Forward Contract, it may be required to pledge collateral (or additional collateral) to the counterparty.

Risks may arise upon entering into a Forward Contract from the potential inability of the counterparties to meet the terms of their contracts and from unanticipated movements in the value of foreign currencies relative to the Canadian dollar.

A Forward Contract is valued at fair value of the gain or loss that would be realized on a valuation date if the position was to be closed out. Realized and unrealized gains (losses) on forward foreign currency contracts are recorded in realized gain (loss) on derivatives and change in unrealized appreciation (depreciation) in the value of derivatives in the Statements of Comprehensive Income.

Options Contracts

Outstanding option positions are valued at an amount equal to the current fair value that would have the effect of closing the position. Any difference resulting from revaluation and gains or losses realized upon expiration or exercise of the options are recognized in the Statements of Comprehensive Income.

Futures Contracts

The margin deposits with brokers relating to futures contracts are included in the Statements of Financial Position. Any change in the margin requirement is settled daily and is included in cash on the Statements of Financial Position. Any difference between the settlement value at the close of business on each valuation date and the settlement value at the close of business on the previous valuation date is recorded as net change in unrealized appreciation (depreciation) in value of derivative financial instruments on the Statements of Comprehensive Income.

Short Sales

When a Fund sells a security short, it will borrow that security from a broker to complete the sale. A Fund will incur a loss as a result of a short sale if the price of the borrowed security increases between the date of the short sale and the date on which a Fund closes out its short position by buying that security. A Fund will realize a gain if the security declines in price between those dates.

Investment Transactions and Investment Income

Investment transactions are recorded as of the date that the securities are purchased or sold (trade date). Realized and unrealized gains and losses are calculated on an average cost basis. The cost of investments represents the amount paid for each security 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 securities, are shown as a separate line item in the Statements of Comprehensive Income and are not part of the cost of investments. Dividend income is recognized on the ex-dividend date, gross of any foreign taxes withheld. The interest for distribution purposes shown on the Statements of Comprehensive Income represents the coupon interest received by the Funds accounted for on an accrual basis. Premiums received from writing options are included in the Statements of Financial Position as a liability and subsequently adjusted to fair value. When a written option expires unexercised, the Funds will realize a gain equal to the premium received. When a written option is closed, the Funds will realize a gain or loss equal to the difference between the cost at which the contract was closed and the premium received. Income earned from securities lending transactions is in the form of securities lending fees payable by the borrower and, in certain circumstances, interest paid on cash or securities held as collateral. Revenue, if any, earned on securities lending transactions during the period is disclosed in the Funds' Statements of Comprehensive Income.

Foreign Currency Translation

The financial statements have been presented in Canadian dollars, which is the Funds' functional and presentation currency. The Canadian 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 Canadian dollars. Therefore, the Canadian 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 investment securities and other assets and liabilities denominated in foreign currencies, are translated into Canadian dollars using exchange rates prevailing on the respective dates of such transactions. Realized and unrealized foreign exchange gains and losses on investments are included as a component of net realized gain (loss) on sale of investments and change in unrealized appreciation (depreciation) of investments, respectively, on the Statements of Comprehensive Income. Net realized and unrealized foreign exchange gains (losses) arising from sales of foreign currencies include gains (losses) on forward foreign currency contracts, currency gains (losses) recognized between the trade and settlement dates on investment transactions, and the difference between the amounts of dividends and foreign withholding taxes recorded on the Funds' books and the Canadian dollar equivalent of the amounts actually received or paid. These gains (losses) are included in net realized gain (loss) and/or change in unrealized appreciation (depreciation) on foreign currency contracts 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, estimates, and assumptions that affect the reported amounts recognized in the financial statements and disclosure of contingent liabilities. 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 Investments

In classifying and measuring financial instruments held by the Funds, the Manager has assessed the Funds' business model for managing their respective portfolios of investments and evaluating the performance on a fair value basis and concluded that these financial assets and liabilities should be measured at FVTPL in accordance with IFRS 9.

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 Funds' prospectuses detail the objective of providing investment management services to investors, for the purpose of returns in the form of investment income and capital appreciation.

The Funds report to their investors via semi-annual investor information, and to their management via internal management reports, on a fair value basis. All investments are reported at fair value to the extent allowed by IFRS in the Funds' financial statements. The Funds have a clearly documented exit strategy for all of their investments.

The Manager has also concluded that the Funds meet the additional characteristics of an investment entity, in that they have more than one investment; the investments are predominantly in the form of equities and similar securities; they have more than one investor; and their investors are not related parties.

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

3. FINANCIAL INSTRUMENT RISKS

The Funds' activities may expose them to a variety of financial risks associated with financial instruments, including concentration risk, market risk (which includes currency risk, interest rate risk and other price/market risk), liquidity risk, and credit risk. 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, and by diversifying the investment portfolio within the constraints of the investment objective.

Details of the Funds' exposure to financial instrument risks are available in the Fund Specific Notes to Financial Statements, as applicable.

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 proposes, leverage may be introduced into the Fund.

The Evolve Cryptocurrency ETF and Evolve Canadian Banks and Lifecos Enhanced Yield Index Fund are considered alternative mutual funds within the meaning of NI 81-102 and are permitted to used leverage in accordance with restrictions outlined in NI 81-102.

Generally, the Evolve Cryptocurrency ETF does not intend to borrow money or employ other forms of leverage. The Fund 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 its NAV under NI 81-102.

The Evolve Canadian Banks and Lifecos Enhanced Yield Index Fund currently anticipates achieving its investment objective and creating leverage through the use of cash borrowing. The maximum aggregate exposure of the Fund to cash borrowing will not exceed approximately 25% of NAV. In order to ensure that unitholders' risk is limited to the capital invested, the Fund's leverage will be rebalanced back to 25% of the Fund's NAV within two business days of the Fund's leverage exceeding 2% above its target leverage ratio of 25% of NAV.

Portfolio Concentration Risk

Concentration indicates the relative sensitivity of the Funds' performance to developments affecting a particular industry or geographical location. Concentrations of risk arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political, or other conditions.

Other Price/Market Risk

Other price/market risk is the risk that the fair values or future cash flows of financial instruments 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. All securities are exposed to other price/market risk. The maximum risk is equivalent to the financial instrument's fair value.

Currency Risk

Currency risk arises from financial instruments that are denominated in foreign currencies. The Funds are exposed to the risk that the value of securities denominated in foreign currencies will fluctuate due to changes in exchange rates. When the value of the Canadian dollar falls in relation to foreign currencies, then the value of foreign investments rises. When the value of the Canadian dollar rises, the value of foreign investments falls.

The Funds hold securities denominated in foreign currencies during the reporting period and may hedge their foreign currency exposures by entering into Forward Contracts to reduce currency risk.

Interest Rate Risk

Interest rate risk is the risk that the market value of a Fund's interest-bearing financial instruments will fluctuate due to changes in market interest rates. Prices of longer-term fixed income securities will generally fluctuate more in response to interest rate changes than would shorter-term securities. Generally, the fair value of fixed income securities will vary inversely in relation to a change in interest rates. As interest rates rise, the fair value of fixed income securities falls and vice versa. The magnitude of the fall and rise will generally be greater for long-term fixed income securities than for short-term fixed income securities.

Liquidity Risk

Liquidity risk is the possibility that investments in a Fund cannot be readily converted into cash when required. The Funds generally maintain sufficient liquidity to meet expenses and redemption of units by investing primarily in liquid securities. However, unexpected heavy demand for redemptions of units could result in the Funds having to dispose of investments at a time when it is not optimal in order to meet such redemption requests. To manage the Funds' overall liquidity and enable the Funds to meet their obligations, the assets of the Funds are invested primarily in securities that are traded on active markets and that the Manager believes can be readily disposed of through market facilities under normal circumstances.

Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Funds. To help manage the credit risk of the Funds, the Manager carefully monitors the creditworthiness and operational robustness of counterparties that conduct transactions on behalf of the Funds. Generally, the greater the credit rating of a security, the lower the probability of the issuer defaulting on its obligations.

Credit ratings for preferred shares are obtained from Dominion Bond Rating Services, Moody's, and Standard & Poor's. A rating of P1 is of superior credit quality and is supported by entities with strong earnings and balance sheet characteristics. P2 is of satisfactory credit quality. Protection of dividends and principal is still substantial, but earnings, the balance sheet and coverage ratios are not as strong as P1 rated companies. P3 is of adequate credit quality. P4 is of speculative credit quality. While protection of dividends and principal is still considered acceptable, the issuing entity is more susceptible to adverse changes in financial and economic conditions, and there may be other adverse conditions present which detract from debt protection.

For those Funds that invest in fixed income securities, credit ratings are obtained from Standard & Poor's, Moody's, and Fitch Ratings Service Inc. A rating of AAA indicates the highest of quality with minimal risk, whereas AA rating suggests high quality with very low credit risk. Obligations rated A are considered upper-middle-grade and are subject to low credit risk. Obligations rated BBB possess moderate credit risk. They are considered medium grade. Although considered investment grade, they may possess speculative characteristics. Obligations rated BB are speculative. They are considered just below investment grade. A rating of B indicates that material default risk is present, but a limited margin of safety remains. Obligations rated below B are highly speculative.

Credit ratings for commercial paper and short-term debt instruments are obtained from Dominion Bond Rating Services. A rating of R-1 (high) is considered the highest credit quality with the highest capacity for timely repayment of short-term obligations. R-1 (middle) indicates superior credit quality with strong capacity for repayment. R-1 (low) is of adequate credit quality. A rating of R-2 (high) indicates satisfactory capacity for timely repayment of short-term obligations, whereas a rating of R-2 (middle) suggests uncertain capacity for timely repayments. Short-term obligations rated R-2 (low) are of weak capacity for timely repayment. Short-term obligations rated R-3 are of the lowest end of adequate credit quality and indicate there is a capacity for the payment of obligations as they fall due. Short-term obligations with this rating may be vulnerable to future events and the certainty of meeting such obligations could be impacted by a variety of developments. A rating of R-4 is of speculative credit quality and indicates the capacity for repayment is uncertain. Short-term obligations rated R-5 or below indicate highly speculative credit quality with a high level of uncertainty for repayment.

Offsetting Financial Instruments

A Fund's risk of loss from counterparty credit risk on over-the-counter derivatives is generally limited to the aggregate unrealized gain netted against any collateral held by the Fund. The Fund attempts to mitigate counterparty risk by only entering into agreements with counterparties that it believes have the financial resources to honour their obligations and by monitoring the financial stability of those counterparties. For financial reporting purposes, financial assets and financial liabilities are offset when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The Funds enter into various master netting agreements or similar agreements that do not meet the criteria for offsetting in the Statements of Financial Position.

In order to better define their contractual rights and to secure rights that will help the Funds mitigate their counterparty risk, the Funds may enter into an International Swaps and Derivatives Association, Inc. Master Agreement or similar agreement with their counterparties.

4. RELATED PARTY TRANSACTIONS

Administrative Fees

Each Fund will pay the Manager an Administrative Fee as set forth in the table below based on the average daily NAV of the units of the Funds to pay for expenses incurred during the day-to-day operating of the Funds. The fees specified below are the same for all classes per Fund where applicable. The Administrative Fees, plus applicable taxes, will be accrued daily and paid monthly in arrears. Administrative Fees are the same for all classes on a fund level.

The administrative fee rates applicable to each Fund are as follows:

Fund Name	Administrative Fee (Annual Rate) (%)
Evolve Active Canadian Preferred Share Fund	0.15% of NAV
Evolve Active Core Fixed Income Fund	0.15% of NAV
Evolve Active Global Fixed Income Fund	0.15% of NAV
Evolve Automobile Innovation Index Fund	0.15% of NAV
Evolve Cyber Security Index Fund	0.15% of NAV
Evolve Innovation Index Fund	0.15% of NAV
Evolve E-Gaming Index ETF	0.15% of NAV
Evolve Global Healthcare Enhanced Yield Fund	0.15% of NAV
Evolve US Banks Enhanced Yield Fund	0.15% of NAV
Evolve Global Materials & Mining Enhanced Yield Index ETF	0.15% of NAV
Evolve Future Leadership Fund	0.15% of NAV
High Interest Savings Account Fund	0.00% of NAV
Evolve Cloud Computing Index Fund	0.15% of NAV
Evolve FANGMA Index ETF	0.15% of NAV
Evolve Cryptocurrencies ETF	0.00% of NAV
Evolve European Banks Enhanced Yield ETF	0.15% of NAV
Evolve Canadian Banks and Lifecos Enhanced Yield Index Fund	0.15% of NAV
US High Interest Savings Account Fund	0.00% of NAV
Evolve S&P 500® Enhanced Yield Fund	0.15% of NAV
Evolve S&P/TSX 60 Enhanced Yield Fund	0.15% of NAV
Premium Cash Management Fund	0.05% of NAV
US Premium Cash Management Fund	0.05% of NAV
Evolve NASDAQ Technology Index Fund	0.15% of NAV
Evolve NASDAQ Technology Enhanced Yield Index Fund	0.15% of NAV
Evolve Enhanced Yield Bond Fund	0.15% of NAV
Evolve Artificial Intelligence Fund	0.25% of NAV

Management Fees

Each Fund will pay the Manager a management fee as set forth in the table below 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.

The management fee rates applicable to the respective classes of each Fund are as follows:

Fund Name	Class	Management Fee (Annual Rate) (%)
Evolve Active Canadian Preferred Share Fund	Unhedged ETF Units	0.65% of NAV
	Unhedged Class A	1.40% of NAV
	Unhedged Class F	0.65% of NAV
Evolve Active Core Fixed Income Fund	Unhedged ETF Units	0.45% of NAV
	Unhedged Class A	1.20% of NAV
	Unhedged Class F	0.45% of NAV
Evolve Active Global Fixed Income Fund	Hedged ETF Units	0.65% of NAV
	Hedged Class A	1.40% of NAV
	Hedged Class F	0.65% of NAV
Evolve Automobile Innovation Index Fund	Hedged ETF Units	0.40% of NAV
	Unhedged ETF Units	0.40% of NAV
	US Dollar Unhedged ETF Units	0.40% of NAV
	Hedged Class A	1.40% of NAV
	Hedged Class F	0.40% of NAV
Evolve Cyber Security Index Fund	Hedged ETF Units	0.40% of NAV
	Unhedged ETF Units	0.40% of NAV
	US Dollar Unhedged ETF Units	0.40% of NAV
	Hedged Class A	1.40% of NAV
	Hedged Class F	0.40% of NAV
Evolve Innovation Index Fund	Hedged ETF Units	0.40% of NAV
	US Dollar Unhedged ETF Units	0.40% of NAV
	Hedged Class A	1.40% of NAV
	Hedged Class F	0.40% of NAV
Evolve E-Gaming Index ETF	Hedged ETF Units	0.70% of NAV
Evolve Global Healthcare Enhanced Yield Fund	Hedged ETF Units	0.45% of NAV
	Unhedged ETF Units	0.45% of NAV
	US Dollar Unhedged ETF Units	0.45% of NAV
	Hedged Class A	1.45% of NAV
	Hedged Class F	0.45% of NAV
Evolve US Banks Enhanced Yield Fund	Hedged ETF Units	0.45% of NAV
	Unhedged ETF Units	0.45% of NAV
	US Dollar Unhedged ETF Units	0.45% of NAV
Evolve Global Materials & Mining Enhanced Yield Index ETF	Hedged ETF Units	0.60% of NAV
	Unhedged ETF Units	0.60% of NAV
Evolve Future Leadership Fund	Hedged ETF Units	0.75% of NAV
	Unhedged ETF Units	0.75% of NAV
	US Dollar Unhedged ETF Units	0.75% of NAV
High Interest Savings Account Fund	Unhedged ETF Units	0.15% of NAV
	Unhedged Class A	0.40% of NAV
	Unhedged Class F	0.15% of NAV
	Unhedged Class I	Negotiable
Evolve Cloud Computing Index Fund	Hedged ETF Units	0.60% of NAV
	Unhedged ETF Units	0.60% of NAV

The management fee rates applicable to the respective classes of each Fund are as follows: (cont'd)

Fund Name	Class	Management Fee (Annual Rate) (%)
Evolve FANGMA Index ETF	Hedged ETF Units	0.40% of NAV
	Unhedged ETF Units	0.40% of NAV
	US Dollar Unhedged ETF Units	0.40% of NAV
Evolve Cryptocurrencies ETF	Unhedged ETF Units	0.00% of NAV
	US Dollar Unhedged ETF Units	0.00% of NAV
Evolve European Banks Enhanced Yield ETF	Hedged ETF Units	0.60% of NAV
	Unhedged ETF Units	0.60% of NAV
	US Dollar Unhedged ETF Units	0.60% of NAV
Evolve Canadian Banks and Lifecos Enhanced Yield Index Fund	Unhedged ETF Units	0.60% of NAV
	Unhedged Class A	1.60% of NAV
	Unhedged Class F	0.60% of NAV
US High Interest Savings Account Fund	Unhedged ETF Units	0.15% of NAV
	Unhedged Class A	0.40% of NAV
	Unhedged Class F	0.15% of NAV
	Unhedged Class I	Negotiable
Evolve S&P 500® Enhanced Yield Fund	Hedged ETF Units	0.45% of NAV
	Unhedged ETF Units	0.45% of NAV
	US Dollar Unhedged ETF Units	0.45% of NAV
	Unhedged Class A	1.45% of NAV
	Unhedged Class F	0.45% of NAV
	Unhedged Class H	0.30% of NAV
Evolve S&P/TSX 60 Enhanced Yield Fund	Unhedged ETF Units	0.45% of NAV
	Unhedged Class A	1.45% of NAV
	Unhedged Class F	0.45% of NAV
	Unhedged Class H	0.30% of NAV
Premium Cash Management Fund	Unhedged ETF Units	0.20% of NAV*
	Unhedged Class A	0.45% of NAV*
	Unhedged Class F	0.20% of NAV*
US Premium Cash Management Fund	Unhedged ETF Units	0.20% of NAV**
	Unhedged Class A	0.45% of NAV**
	Unhedged Class F	0.20% of NAV**
Evolve NASDAQ Technology Index Fund	Hedged ETF Units	0.25% of NAV
	Unhedged ETF Units	0.25% of NAV
	US Dollar Unhedged ETF Units	0.25% of NAV
	Hedged Class A	1.25% of NAV
	Hedged Class F	0.25% of NAV
Evolve NASDAQ Technology Enhanced Yield Index Fund	Hedged ETF Units	0.50% of NAV
	Unhedged ETF Units	0.50% of NAV
	US Dollar Unhedged ETF Units	0.50% of NAV
	Hedged Class A	1.50% of NAV
	Hedged Class F	0.50% of NAV
Evolve Enhanced Yield Bond Fund	Hedged ETF Units	0.45% of NAV***
	Unhedged ETF Units	0.45% of NAV***
	US Dollar Unhedged ETF Units	0.45% of NAV***
	Hedged Class A	1.20% of NAV***
	Hedged Class F	0.45% of NAV***
Evolve Artificial Intelligence Fund	Hedged ETF Units	0.60% of NAV

*The Manager has waived the management fee on the Unhedged ETF Units and the Unhedged Class F Units of the Fund from February 2, 2024 until June 30, 2024. The Manager has reduced the management fee on the Unhedged Class A Units of the Fund to the amount of the trailing commission payable to a unitholder's dealer from February 2, 2024 until June 30, 2024. The effective annual management fee for the Unhedged Class A Units is 0.25%.

**The Manager has waived the management fee on the Unhedged ETF Units and the Unhedged Class F Units of the Fund from February 2, 2024 until June 30, 2024. The Manager has reduced the management fee on the Unhedged Class A Units of the Fund to the amount of the trailing commission payable to a unitholder's dealer from February 2, 2024 until June 30, 2024. The effective annual management fee for the Unhedged Class A Units is 0.25%.

***The Manager has waived the management fee on the Hedged, Unhedged, and US Dollar Unhedged ETF Units and the Hedged Class F Units of the Fund from inception until March 31, 2024. The Manager has reduced the management fee on the Hedged Class A Units of the Fund to the amount of the trailing commission payable to a unitholder's dealer from inception until March 31, 2024. The effective annual management fee for the Hedged Class A Units is 0.75%.

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. The consideration for the purchase of creation units of the Funds generally consists of the in-kind contribution of a designated portfolio of equity securities constituting a portfolio sampling representation of the securities included in the relevant Funds' underlying index and an amount of cash. 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.

The following is a summary of the closing market prices and fair value of the net assets attributed to holders of redeemable units at closing market price as at period-end:

Fund Name	Class	TSX Ticker Symbol	Market Price as at June 30, 2024 ($)
Evolve Active Canadian Preferred Share Fund	Unhedged ETF Units	DIVS	15.31
Evolve Active Global Fixed Income Fund	Hedged ETF Units	EARN	48.15
Evolve Automobile Innovation Index Fund	Hedged ETF Units	CARS	19.44

Fund Name	Class	TSX Ticker Symbol	Market Price as at June 30, 2024 ($)
Evolve Automobile Innovation Index Fund	Unhedged ETF Units	CARS.B	22.41
Evolve Automobile Innovation Index Fund	US Dollar Unhedged ETF Units	CARS.U	25.57
Evolve Cyber Security Index Fund	Hedged ETF Units	CYBR	47.57
Evolve Cyber Security Index Fund	Unhedged ETF Units	CYBR.B	55.37
Evolve Cyber Security Index Fund	US Dollar Unhedged ETF Units	CYBR.U	74.37
Evolve Innovation Index Fund	Hedged ETF Units	EDGE	35.74
Evolve Innovation Index Fund	US Dollar Unhedged ETF Units	EDGE.U	25.92
Evolve E-Gaming Index ETF	Hedged ETF Units	HERO	31.58
Evolve Global Healthcare Enhanced Yield Fund	Hedged ETF Units	LIFE	21.63
Evolve Global Healthcare Enhanced Yield Fund	Unhedged ETF Units	LIFE.B	25.50
Evolve Global Healthcare Enhanced Yield Fund	US Dollar Unhedged ETF Units	LIFE.U	28.98
Evolve US Banks Enhanced Yield Fund	Hedged ETF Units	CALL	11.91
Evolve US Banks Enhanced Yield Fund	Unhedged ETF Units	CALL.B	15.21
Evolve US Banks Enhanced Yield Fund	US Dollar Unhedged ETF Units	CALL.U	18.35
Evolve Global Materials & Mining Enhanced Yield Index ETF	Hedged ETF Units	BASE	25.06
Evolve Global Materials & Mining Enhanced Yield Index ETF	Unhedged ETF Units	BASE.B	25.78
Evolve Future Leadership Fund	Hedged ETF Units	LEAD	20.21
Evolve Future Leadership Fund	Unhedged ETF Units	LEAD.B	20.95
Evolve Future Leadership Fund	US Dollar Unhedged ETF Units	LEAD.U	27.55
Evolve Cloud Computing Index Fund	Hedged ETF Units	DATA	23.83
Evolve Cloud Computing Index Fund	Unhedged ETF Units	DATA.B	25.95
Evolve FANGMA Index ETF	Hedged ETF Units	TECH	15.58
Evolve FANGMA Index ETF	Unhedged ETF Units	TECH.B	17.92
Evolve FANGMA Index ETF	US Dollar Unhedged ETF Units	TECH.U	22.02
Evolve Cryptocurrencies ETF	Unhedged ETF Units	ETC	13.47
Evolve Cryptocurrencies ETF	US Dollar Unhedged ETF Units	ETC.U	17.11
Evolve European Banks Enhanced Yield ETF	Hedged ETF Units	EBNK	10.86
Evolve European Banks Enhanced Yield ETF	Unhedged ETF Units	EBNK.B	10.44
Evolve European Banks Enhanced Yield ETF	US Dollar Unhedged ETF Units	EBNK.U	13.09
Evolve Canadian Banks and Lifecos Enhanced Yield Index Fund	Unhedged ETF Units	BANK	6.93
US High Interest Savings Account Fund	Unhedged ETF Units	HISU.U	100.03
Evolve S&P 500® Enhanced Yield Fund	Hedged ETF Units	ESPX	23.99
Evolve S&P 500® Enhanced Yield Fund	Unhedged ETF Units	ESPX.B	24.89
Evolve S&P 500® Enhanced Yield Fund	US Dollar Unhedged ETF Units	ESPX.U	33.07
Evolve S&P/TSX 60 Enhanced Yield Fund	Unhedged ETF Units	ETSX	19.19
Premium Cash Management Fund	Unhedged ETF Units	MCAD	100.05
US Premium Cash Management Fund	Unhedged ETF Units	MUSD.U	100.09
Evolve NASDAQ Technology Index Fund	Hedged ETF Units	QQQT	30.45
Evolve NASDAQ Technology Index Fund	Unhedged ETF Units	QQQT.B	32.22
Evolve NASDAQ Technology Index Fund	US Dollar Unhedged ETF Units	QQQT.U	42.51

Fund Name	Class	TSX Ticker Symbol	Market Price as at June 30, 2024 ($)
Evolve NASDAQ Technology Enhanced Yield Index Fund	Hedged ETF Units	QQQY	26.92
Evolve NASDAQ Technology Enhanced Yield Index Fund	Unhedged ETF Units	QQQY.B	N/A
Evolve NASDAQ Technology Enhanced Yield Index Fund	US Dollar Unhedged ETF Units	QQQY.U	N/A
Evolve Enhanced Yield Bond Fund	Hedged ETF Units	BOND	20.11
Evolve Enhanced Yield Bond Fund	Unhedged ETF Units	BOND.B	20.71
Evolve Enhanced Yield Bond Fund	US Dollar Unhedged ETF Units	BOND.U	27.87
Evolve Artificial Intelligence Fund	Hedged ETF Units	ARTI	10.75

Fund Name	Class	NEO Ticker Symbol	Market Price as at June 30, 2024 ($)
Evolve Active Core Fixed Income Fund	Unhedged ETF Units	FIXD	17.58
High Interest Savings Account Fund	Unhedged ETF Units	HISA	50.02

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.

7. STRUCTURED ENTITIES

The Funds may invest in other investment funds ("Underlying Funds"). Each Underlying Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for its unitholders. Each Underlying Fund finances its operations primarily through the issuance of units, which are puttable at the unitholder's option and entitle the unitholder to a proportionate share of the Underlying Fund's net assets. The Funds' interests in Underlying Funds, held in the form of redeemable units, are reported in their Schedule of Investments at fair value, which represents the Funds' maximum exposure on those investments. Distributions earned from Underlying Funds are included in "Income" in the Statements of Comprehensive Income. The net realized and change in unrealized gains (losses) arising from Underlying Funds are also included in the Statements of Comprehensive Income. The Funds do not provide any additional significant financial or other support to Underlying Funds.

Evolve E-Gaming Index ETF