Evolve E-Gaming Index ETF

December 31, 2024

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, 40 King Street West, Suite 3404, Toronto, ON, M5H 3Y2 or by visiting our website at www.evolveetfs.com or SEDAR at www.sedar.com. You may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

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Investment Objective and Strategies

The Evolve E-Gaming Index ETF (the "Fund") seeks to replicate, to the extent reasonably possible and before fees and expenses, the performance of the Solactive eGaming Index, or any successor thereto. The Fund primarily invests in equity securities of companies listed domestically and globally, and other issuers, with business activities in the gaming industry.

Risk

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

Results of Operations

For the year ended December 31, 2024, the Hedged ETF Units returned 23.8% versus the Solactive eGaming Index NTR (the "Index") return of 28.9%. For a discussion of the relative performance of the Fund as compared to the Index, please refer to the "Annual Compound Return" section in the "Management Discussion of Fund Performance". The Fund's net assets were $20.3MM as at December 31, 2024.

Portfolio Manager Commentary

The video game market in 2024 experienced mixed results as it navigated a challenging macroeconomic environment and shifting consumer behaviors. While the continued expansion of mobile and subscription-based gaming caused overall industry revenue to grow modestly, traditional console and PC markets faced challenges during the period[1]. Inflation and economic uncertainty limited discretionary spending in some regions, dampening sales of high-priced gaming hardware and AAA titles.

Major publishers such as Activision Blizzard, Electronic Arts, and Take-Two Interactive reported uneven performance, as delays in highly anticipated releases, such as Take-Two's Grand Theft Auto 6, impacted industry leaders' ability to boost revenues[2]. However, the ongoing popularity of live-service games like Call of Duty provided steady streams of recurring income[3]. Nintendo continued to see strong demand for its family-oriented games[4], while Sony and Microsoft doubled down on exclusive content and cloud gaming offerings to bolster their offerings[5].

The rise of generative AI also began to reshape the industry, streamlining game development and enabling more immersive, player-driven experiences. Despite these innovations, smaller developers struggled to compete, with rising development costs and consolidation within the industry limiting opportunities.

Looking ahead, the sector is poised for recovery and innovation. New hardware cycles, including the anticipated release of upgraded consoles, and highly anticipated game releases could reignite consumer enthusiasm. Furthermore, the global expansion of eSports and the growing integration of augmented and virtual reality present significant long-term growth opportunities for the sector.

Performance Attribution

For the twelve-month period ending December 31, 2024, ROBLOX Corporation made the biggest contribution to the Fund, followed by Take-Two Interactive Software Inc. By weight, the Fund's largest holdings were ROBLOX Corporation, Take-Two Interactive Software Inc, and Nintendo Company Limited.

(1) https://usv.edu/blog/the-rise-of-mobile-gaming/

(2) https://www.gamingbible.com/news/gta-6-delay-dividing-fans-690543-20241212

(3) https://www.polygon.com/gaming/472964/call-of-duty-black-ops-6-biggest-call-of-duty-release-ever

(4) https://www.theverge.com/2024/11/6/24289674/nintendo-switch-2-next-generation-backward-compatibility

(5) https://www.wired.com/story/does-cloud-gaming-on-playstation-portal-mark-the-end-for-consoles/

Recent Developments

In 2025, trade tensions have escalated as the United States considers imposing new tariffs on key trading partners, including Canada and Mexico, along with broader reciprocal measures on other nations. In response, affected countries may enact retaliatory tariffs, further increasing uncertainty in global trade. These developments have contributed to heightened market volatility and could disrupt global supply chains, particularly impacting trade-sensitive sectors. The duration and full impact of these events remain uncertain, and as such, the financial implications for investments cannot be estimated at this time.

Related Party Transactions

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

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

Management Fees

The management fees are calculated based on 0.70% per annum of the average daily net asset value of the Fund. The fees are accrued daily and are generally paid monthly. For the year ended December 31, 2024, the Fund incurred $152,957 in management fees. These management fees were received by the Manager for the day-to-day operations of the fund, including managing the portfolio, maintaining portfolio systems used to manage the Fund, maintaining the www.evolveetfs.com website, and providing all other services including marketing and promotion.

Administration Fees

The administration fees are calculated based on 0.15% per annum of the average daily net asset value of the Fund. The fees are accrued daily and are generally paid monthly. For the year ended December 31, 2024, the Fund incurred $34,139 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.

Financial Highlights

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

The Fund's Net Assets Per Unit[1]

For the periods ended:	**December 31, 2024 ($)**	December 31, 2023 ($)	December 31, 2022 ($)	December 31, 2021 ($)	December 31, 2020 ($)
Hedged ETF Units - Net Assets per Unit					
Net Assets per Unit, beginning of period	**28.64**	24.21	34.66	37.14	22.31
Increase (decrease) from operations:					
Total revenue	**0.31**	0.32	0.36	0.35	0.26
Total expenses	**(0.38)**	(0.36)	(0.36)	(0.48)	(0.47)
Realized gains (losses)	**(0.19)**	(1.85)	(6.27)	1.82	2.20
Unrealized gains (losses)	**6.88**	6.71	(4.31)	(5.33)	14.89
Total increase (decrease) from operations[2]	**6.62**	**4.82**	**(10.58)**	**(3.64)**	**16.88**
Distributions:					
From capital gains	**-**	-	-	(0.16)	(0.06)
Return of capital	**(0.20)**	(0.20)	(0.20)	(0.04)	-
Total annual distributions[3]	**(0.20)**	**(0.20)**	**(0.20)**	**(0.20)**	**(0.06)**
Net Assets per Unit, end of period	**35.23**	**28.64**	**24.21**	**34.66**	**37.14**

1 This information is derived from the Fund's audited annual financial statements as at December 31, 2024, 2023, 2022, 2021, and 2020. The Fund effectively began operations on June 13, 2019.

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

3 Distributions were paid in cash or reinvested in additional units of the Fund, or both. Actual distributions may vary slightly owing to rounding.

The Fund's Ratios/Supplemental Data

For the periods ended:	**December 31, 2024**	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020
Hedged ETF Units - Ratios/Supplemental Data					
Total Net Asset Value ($)[4]	**20,255,098**	24,340,163	26,023,689	58,049,592	41,783,501
Number of units outstanding[4]	**575,000**	850,000	1,075,000	1,675,000	1,125,000
Management expense ratio[5]	**0.89%**	0.97%	0.94%	0.97%	0.96%
Trading expense ratio[6]	**0.19%**	0.17%	0.13%	0.17%	0.42%
Portfolio turnover rate[7]	**31.14%**	68.37%	48.23%	90.93%	31.35%
Net Asset Value per unit ($)	**35.23**	28.64	24.21	34.66	37.14
Closing market price ($)	**35.08**	28.65	24.03	34.54	37.26

4 This information is provided as at December 31, 2024, 2023, 2022, 2021, and 2020.

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

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

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

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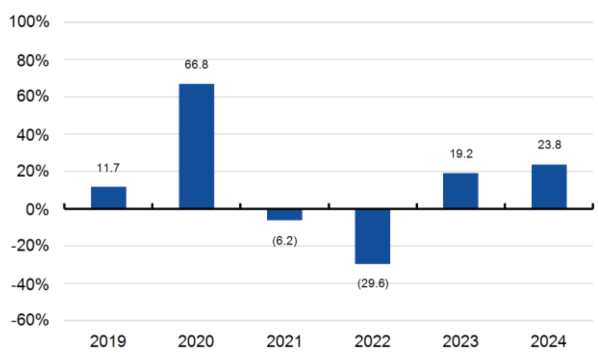
Past Performance

The performance information does not take into account sales, redemption, distribution, income taxes payable by any unitholder or other optional charges that, if applicable, would have reduced returns or performance. The performance information shown assumes that all distributions made by the investment fund in the periods shown were reinvested in additional securities of the investment fund. How the Fund has performed in the past does not necessarily indicate how it will perform in the future.

Year-by-Year Returns

The bar chart below shows the Hedged ETF Units' performance for each of the financial years shown. The chart shows, in percentage terms, how much an investment made in the Fund on the first day of each financial period would have grown or decreased by the last day of that financial period.

HERO Hedged ETF Units[1]



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

Annual Compound Return

The table below shows the historical annual compound total return of the Hedged ETF Units. The returns are for the period ended December 31, 2024. The difference in performance of the Hedged ETF Units relative to the Index can be attributed primarily to management and administration fees plus applicable sales taxes, and to portfolio trading.

The Index used in the table below is different from the Index used in the most recently filed Management Report of Fund Performance for the Hedged ETF Units because the Index used below is a total return index which assumes that all distributions made by the investment fund are reinvested in the Fund. Whereas the prior Index used for the Hedged ETF Units was a price return index.

	Since Inception[1] (%)	1 Year (%)	3 Year (%)	5 Year (%)
Hedged ETF Units	11.3	23.8	1.2	10.2
Solactive eGaming Index NTR[2]	12.2	28.9	2.2	11.5

1 From inception date of June 13, 2019.

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

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Summary of Investment Portfolio

Top 25 Positions

Security	Percentage of Net Asset Value (%)
Roblox Corporation, Class 'A'	12.9
Take-Two Interactive Software Inc.	11.0
Nintendo Company Limited, ADR	10.1
Electronic Arts Inc.	9.4
NetEase Inc., ADR	9.3
Konami Holdings Corporation	5.8
NEXON Company Limited	5.5
International Games System Company Limited	5.3
Capcom Company Limited	5.1
Krafton Inc.	4.3
Square Enix Holdings Company Limited	2.0
Sega Sammy Holdings Inc.	2.0
CD Projekt SA	1.9
Koei Tecmo Holdings Company Limited	1.7
Embracer Group AB, Class 'B'	1.5
Netmarble Corporation	1.3
NCSoft Corporation	1.1
Playtika Holding Corporation	1.1
Paradox Interactive AB	0.8
Ubisoft Entertainment SA, ADR	0.8
GungHo Online Entertainment Inc.	0.7
XD Inc.	0.7
MIXI Inc.	0.6
Pearl Abyss Corporation	0.5
Kakao Games Corporation	0.4
Total	**95.8**

Industry Allocation

Portfolio by Category	Percentage of Net Asset Value (%)
Equities	
Communication Services	96.4
Consumer Discretionary	2.4
Information Technology	0.3
Derivative Assets	0.2
Derivative Liabilities	(0.0)
Cash and Cash Equivalents	0.8
Other Assets, less Liabilities	(0.1)
Total	**100.0**

The summary of Investment Portfolio may change due to the ongoing portfolio transactions of the Fund. Updates are available quarterly by visiting our website at www.evolveetfs.com.

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