

*A copy of this preliminary prospectus has been filed with the securities regulatory authorities in each of the provinces and territories of Canada but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the prospectus is obtained from the securities regulatory authorities.*

*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and only by persons permitted to sell these securities.*

## PRELIMINARY PROSPECTUS



Evolve Funds

*Initial Public Offering and Continuous Offering*

September 21, 2017

This prospectus qualifies the distribution of hedged units (“**Hedged Units**”) and U.S. dollar denominated unhedged units (“**Unhedged Units**”) of the following exchange traded mutual fund (the “**Evolve ETF**”), which is established under the laws of the province of Ontario. Hedged Units and Unhedged Units are collectively referred to in this prospectus as “**Units**”.

### **Evolve Bitcoin ETF (“BITS”)**

The Evolve ETF seeks to replicate, to the extent reasonably possible and before fees and expenses, the performance of exposure to bitcoin obtained through investments in CBOE Bitcoin Futures. The Evolve ETF invests directly or indirectly in exchange-traded Futures Contracts and other financial instruments and derivatives that provide similar return characteristics.

Any foreign currency exposure of the portion of the portfolio of the Evolve ETF that is attributable to Unhedged Units will not be hedged back to the Canadian dollar. All or substantially all of the exposure to foreign currencies of the portion of the portfolio of the Evolve ETF that is attributable to Hedged Units will be hedged back to the Canadian dollar. See “Investment Objectives” for further information.

Evolve Funds Group Inc. (the “**Manager**”), a registered investment fund manager and portfolio manager, will act as promoter, manager, trustee and portfolio manager of the Evolve ETF and is responsible for the administration of the Evolve ETF. See “Organization and Management Details of the Evolve ETF – Manager”.

### **Listing of Units**

The Evolve ETF issues Units on a continuous basis and there is no maximum number of Units that may be issued. The Manager, on behalf of the Evolve ETF, has applied to list the Units on the Toronto Stock Exchange (the “**TSX**”). Subject to receiving conditional approval and satisfying the TSX’s original listing requirements, the Units will be listed on the TSX and investors will be able to buy or sell such Units on the TSX through registered brokers and dealers in the province or territory where the investor resides.

Investors may incur customary brokerage commissions in buying or selling Units. No fees are paid by investors to the Manager or the Evolve ETF in connection with buying or selling of Units on the TSX. Unitholders may also redeem Units of the Evolve ETF for cash at a redemption price per Unit equal to 95% of the closing price for the Units on the TSX on the effective day of redemption, subject to a maximum redemption price per Unit equal to the net asset value per Unit on the effective day of redemption. See “Redemption of Units – Redemption of Units of the Evolve ETF for Cash” and “Redemption of Units – Redemption of Units of the Evolve ETF at Net Asset Value per Unit” for further information.

The Evolve ETF will issue Units directly to the Designated Broker (as defined herein) and Dealers (as defined herein).

### **Eligibility for Investment**

Provided that the Evolve ETF qualifies as a “mutual fund trust” within the meaning of the Tax Act (as defined herein), or that the Units are listed on a “designated stock exchange” within the meaning of the Tax Act, the Units, if issued on the date hereof, would be on such date qualified investments under the Tax Act for a trust governed by a registered retirement savings plan, a registered retirement income fund, a registered disability savings plan, a deferred profit sharing plan, a registered education savings plan or a tax-free savings account.

### **Additional Considerations**

No designated broker or dealer has been involved in the preparation of this prospectus or has performed any review of the contents of this prospectus and as such, the Designated Broker and dealers do not perform many of the usual underwriting activities in connection with the distribution by the Evolve ETF of Units under this prospectus.

For a discussion of the risks associated with an investment in Units, see “Risk Factors”.

Registration of interests in, and transfer of, the Units will be made only through CDS Clearing and Depository Services Inc. Beneficial owners will not have the right to receive physical certificates evidencing their ownership.

The risk of loss in trading commodity Futures Contracts can be substantial. In considering whether to invest in the Evolve ETF, investors should be aware that trading commodity Futures Contracts can quickly lead to large losses as well as gains. Such trading losses can sharply reduce the net asset value of the Evolve ETF and consequently the value of an investor’s interest in the Evolve ETF. Also, market conditions may make it difficult or impossible for the Evolve ETF to liquidate a position. An investment in the Evolve ETF is not intended as a complete investment program and is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment.

Participation in transactions in commodity Futures Contracts involves the execution and clearing of trades on or subject to the rules of a foreign market. None of the Canadian securities regulatory authorities or Canadian exchanges regulates activities of any foreign markets, including the execution, delivery and clearing of transactions, or has the power to compel enforcement of the rules of a foreign market or any applicable foreign law. Generally, any foreign transaction will be governed by applicable foreign laws. This is true even if the foreign market is formally linked to a Canadian market so that a position taken on a market may be liquidated by a transaction on another market. Moreover, such laws or regulations will vary depending on the foreign country in which the transaction occurs. For these reasons, entities such as the Evolve ETF that trade commodity Futures Contracts may not be afforded certain of the protective measures provided by Canadian legislation and the rules of Canadian exchanges. In particular, funds received from customers for transactions may not be provided the same protection as funds received in respect of transactions on Canadian exchanges.

### **Documents Incorporated by Reference**

Additional information about the Evolve ETF is or will be available in the most recently filed annual financial statements, any interim financial statements filed after those annual financial statements, the most recently filed annual management report of fund performance (“**MRFP**”), any interim MRFP filed after the annual MRFP for the Evolve ETF, and the most recently filed ETF Facts (as defined herein) for the Evolve ETF. These documents are incorporated by reference into, and legally form an integral part of, this prospectus. See “Documents Incorporated by Reference” for further details.

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## GLOSSARY

*Unless otherwise indicated, the references to dollar amounts in this prospectus are to Canadian dollars and all references to times in this prospectus are to Toronto time.*

*Bank Holiday* – means any business day that deposit taking banks in the United States or Canada are not open for business.

*Bitcoin Network* – has the meaning ascribed thereto under “Overview of the Sectors that the Evolve ETF Invests in”.

*Canadian Securities Legislation* – means the securities legislation in force in each province and territory of Canada, all regulations, rules, orders and policies made thereunder and all multilateral and national instruments adopted by the Securities Regulatory Authorities, as the same may be amended, restated or replaced from time to time.

*Cash Creation Fee* – means the fee payable in connection with cash-only payments for subscriptions of a PNU of the Evolve ETF, representing brokerage expenses, commissions, transaction costs and other costs or expenses that the Evolve ETF incurs or expects to incur in purchasing securities on the open market with such proceeds.

*Cash Redemption Fee* – means the fee payable in connection with cash-only payments for redemption of a PNU of the Evolve ETF, representing brokerage expenses, commissions, transaction costs and other costs or expenses that the Evolve ETF incurs or expects to incur in purchasing securities on the open market with such proceeds.

*CBOE* – means Chicago Board Options Exchange, Incorporated.

*CBOE Bitcoin Futures* – means cash-settled futures contracts denominated in U.S. dollars listed for trading on the CFE designated as CFE Bitcoin (USD) Futures and trading under the ticker symbol “XBT” each with settlement value equal to the official auction price for one bitcoin on the futures contract’s expiration date, as determined in accordance with the CFE’s rules and procedures.

*CDS* – means CDS Clearing and Depository Services Inc.

*CDS Participant* – means a registered dealer or other financial institution that is a participant in CDS and that holds Units on behalf of beneficial owners of Units.

*CFE* – means CBOE Futures Exchange.

*CRA* – means the Canada Revenue Agency.

*CRS Legislation* – has the meaning ascribed thereto under “Unitholder Matters – International Information Reporting”.

*Custodian* – means CIBC Mellon Trust Company or its successor, in its capacity as custodian of the Evolve ETF pursuant to the Custodian Agreement.

*Custodian Agreement* – means the master custodian agreement between the Manager, in its capacity as manager of the Evolve ETF, and the Custodian, as may be further supplemented, amended, and/or amended and restated from time to time.

*Dealer* – means a registered dealer (that may or may not be the Designated Broker) that has entered into a continuous distribution dealer agreement with the Manager, on behalf of the Evolve ETF, and that subscribes for and purchases Units.

*Declaration of Trust* – means the master declaration of trust establishing the Evolve ETF dated ●, 2017, as the same may be amended, restated or replaced from time to time.

*Derivatives* – means instruments that derive their value from the market price, value or level of an underlying security, commodity, economic indicator, index or financial instrument and which enable investors to speculate on or hedge against future changes in the price or value of the underlying interest of the derivative. The underlying interests of derivatives include a wide variety of assets or financial instruments, such as agricultural products, energy products and base or precious metals (commonly called commodities), interest rates, currencies and stock indices.

*Designated Broker* – means a registered dealer that has entered into a designated broker agreement with the Manager, on behalf of the Evolve ETF, pursuant to which the Designated Broker agrees to perform certain duties in relation to the Evolve ETF.

*DPSP* – means a deferred profit sharing plan within the meaning of the Tax Act.

*Draft Amendments* – has the meaning ascribed thereto under “Purchases of Units – Designated Broker”.

*EFG* – means Evolve Funds Group Inc., the promoter, manager, trustee and portfolio manager of the Evolve ETF.

*ETF Facts* – means ETF Fact prescribed by Canadian Securities Legislation in respect of an exchange traded fund, which summarizes certain features of the exchange traded fund and which is publicly available at [www.sedar.com](http://www.sedar.com) and provided or made available to registered dealers for delivery to purchasers of securities of an exchange traded fund.

*Evolve ETF* – means the exchange traded fund listed on the cover page of this prospectus, an investment trust established under the laws of Ontario pursuant to the Declaration of Trust.

*Fund Administrator* – means CIBC Mellon Global Securities Services Company or its successor, in its capacity as fund administrator of the Evolve ETF pursuant to the Custodian Agreement.

*Futures Contracts* - means standardized contracts entered into on domestic or foreign exchanges which call for the future delivery of specified quantities of various agricultural commodities, industrial commodities, currencies, financial instruments, energy products or metals at a specified time and place. The terms and conditions of futures contracts of a particular commodity are standardized and, as such, are not subject to any negotiation between the buyer and the seller. The contractual obligations, depending upon whether one is a buyer or a seller, may be satisfied either by taking or making, as the case may be, physical delivery of an approved quantity and grade of commodity or by making an offsetting sale or purchase of an equivalent but opposite futures contract on the same exchange prior to the designated date of delivery. The difference between the price at which a futures contract is sold or purchased and the price paid for the offsetting purchase or sale, after allowance for brokerage commissions, constitutes the profit or loss to the trader. In market terminology, a trader who purchases a futures contract is “long” in the market and a trader who sells a futures contract is “short” in the market. Before a trader closes out a long or a short position by an offsetting sale or purchase, respectively, the trader’s outstanding contracts are known as “open trades” or “open positions”. The aggregate number of open trades or open positions held by traders in a particular contract is referred to as the “open interest” in such contract.

*GST/HST* – means taxes exigible under Part IX of the *Excise Tax Act* (Canada) and the regulations made thereunder.

*Hedged Unit* – means a redeemable, transferable hedged unit of the Evolve ETF, as applicable, which represents an equal, undivided interest in the net assets of the Evolve ETF attributable to such class of units.

*Holder* – has the meaning ascribed thereto under “Income Tax Considerations”.

*IRC or Independent Review Committee* – means the independent review committee of the Evolve ETF established under NI 81-107.

*Manager* – has the meaning ascribed thereto on the cover page.

*Management Fee* – has the meaning ascribed thereto under “Fees and Expenses – Fees and Expenses Payable by the Evolve ETF – Management Fees”.

*Management Fee Distributions* – has the meaning ascribed thereto under “Fees and Expenses – Fees and Expenses Payable by the Evolve ETF – Management Fees”.

*Minimum Distribution Requirements* – has the meaning ascribed thereto under “Income Tax Considerations – Status of the Evolve ETF”.

*MRFP* – has the meaning ascribed thereto on the cover page.

*NAV and NAV per Unit* – means the net asset value of the Evolve ETF and the net asset value per Unit, calculated by the Fund Administrator as described under “Calculation of Net Asset Value”.

*Nearby-Month CBOE Bitcoin Futures* – means the CBOE Bitcoin Futures which will expire as of the next following monthly expiration time for CBOE Bitcoin Futures, which expiration time occurs at the close of trading on the Wednesday preceding the third Friday of each calendar month.

*NI 81-102* – means National Instrument 81-102 – *Investment Funds*, as the same may be amended, restated or replaced from time to time.

*NI 81-106* – means National Instrument 81-106 – *Investment Fund Continuous Disclosure*, as the same may be amended, restated or replaced from time to time.

*NI 81-107* – means National Instrument 81-107 – *Independent Review Committee for Investment Funds*, as the same may be amended, restated or replaced from time to time.

*NP 11-203* – means National Policy 11-203 – *Process for Exemptive Relief Applications in Multiple Jurisdictions* as the same may be amended, restated or replaced from time to time.

*Permitted Mergers* – has the meaning ascribed thereto under “Unitholder Matters – Permitted Mergers”.

*Plans* – has the meaning ascribed thereto under “Income Tax Considerations – Status of the Evolve ETF”.

*PNU or Prescribed Number of Units* – means the number of Units determined by the Manager from time to time for the purpose of subscription orders, redemptions or for other purposes.

*RDSP* – means a registered disability savings plan within the meaning of the Tax Act.

*Registrar and Transfer Agent* – means TSX Trust Company or its successor, in its capacity as transfer agent of the Evolve ETF.

*RESP* – means a registered education savings plan within the meaning of the Tax Act.

*RRIF* – means a registered retirement income fund within the meaning of the Tax Act.

*RRSP* – means a registered retirement savings plan within the meaning of the Tax Act.

*Securities Regulatory Authorities* – means the securities commission or similar regulatory authority in each province and territory of Canada that is responsible for administering the Canadian Securities Legislation in force in such province or territory.

*T-Bills* – means short-term Canadian federal or provincial treasury bills.

*Tax Act* – means the *Income Tax Act* (Canada) and the regulations thereunder, as amended from time to time.

*Tax Amendment* – means a proposed amendment to the Tax Act publicly announced by the Minister of Finance (Canada) prior to the date hereof.

*TFSA* – means a tax-free savings account within the meaning of the Tax Act.

*Trading Day* – means, unless otherwise agreed by the Manager, a day on which: (i) a regular session of the TSX is held or (ii) the primary market or exchange for the majority of securities held by the Evolve ETF is open for trading.

*Trustee* – means EFG, in its capacity as trustee of the Evolve ETF pursuant to the Declaration of Trust, or its successor.

*TSX* – means the Toronto Stock Exchange.

*Unhedged Unit* – means a redeemable, transferable unhedged unit of the Evolve ETF, as applicable, which represents an equal, undivided interest in the net assets of the Evolve ETF attributable to such class of units.

*Unit* – means a redeemable, transferable Hedged Unit or Unhedged Unit of the Evolve ETF, as applicable.

*Unitholder* – means a holder of Units.

*Valuation Date* – means each Trading Day or any other day designated by the Manager on which the NAV and NAV per Unit of the Evolve ETF is calculated.

*Valuation Time* – means 4:00 p.m. (Toronto time) on a Valuation Date or such other time that the Manager deems appropriate on each Valuation Date.

## PROSPECTUS SUMMARY

*The following is a summary of the principal features of this distribution and should be read together with the more detailed information, financial data and financial statements contained elsewhere in this prospectus or incorporated by reference in this prospectus.*

<b>Issuers:</b>	<p>Evolve Bitcoin ETF (“<b>BITS</b>” or the “<b>Evolve ETF</b>”)</p> <p>The Evolve ETF is an exchange traded mutual fund established under the laws of the province of Ontario.</p> <p>Evolve Funds Group Inc. (“<b>EFG</b>”) is the promoter, manager, trustee and portfolio manager of the Evolve ETF and is responsible for the administration of the Evolve ETF.</p>
<b>Continuous Distribution:</b>	<p>The Evolve ETF is offering hedged units (“<b>Hedged Units</b>”) and U.S. dollar denominated unhedged units (“<b>Unhedged Units</b>”). Hedged Units and Unhedged Units are collectively referred to in this prospectus as “<b>Units</b>”. Hedged Units are denominated in Canadian dollars and Unhedged Units are denominated in U.S. dollars. The Units are offered on a continuous basis and there is no maximum number of Units that may be issued.</p> <p>The Manager, on behalf of the Evolve ETF, has applied to list the Units on the Toronto Stock Exchange (the “<b>TSX</b>”). Subject to receiving conditional approval and satisfying the TSX’s original listing requirements, the Units will be listed on the TSX and investors will be able to buy or sell such Units on the TSX through registered brokers and dealers in the province or territory where the investor resides.</p> <p>Investors may incur customary brokerage commissions in buying or selling Units. No fees are paid by investors to the Manager or the Evolve ETF in connection with the buying or selling of Units on the TSX. Investors may trade Units in the same way as other securities listed on the TSX, including by using market orders and limit orders.</p> <p>See “Purchases of Units – Continuous Distribution”.</p>
<b>Investment Objectives:</b>	<p>The Evolve ETF seeks to replicate, to the extent reasonably possible and before fees and expenses, the performance of exposure to bitcoin obtained through investments in CBOE Bitcoin Futures. The Evolve ETF invests directly or indirectly in exchange-traded Futures Contracts and other financial instruments and derivatives that provide similar return characteristics.</p> <p>Any foreign currency exposure of the portion of the portfolio of the Evolve ETF that is attributable to Unhedged Units will not be hedged back to the Canadian dollar. All or substantially all of the exposure to foreign currencies of the portion of the portfolio of the Evolve ETF that is attributable to Hedged Units will be hedged back to the Canadian dollar. The currency hedging mandate applicable to a particular class of Units shall not be changed by the Manager without first obtaining approval of Unitholders of the affected class of Units.</p> <p>See “Investment Objectives”.</p>
<b>Investment Strategies:</b>	<p>In order to achieve its investment objective, the Evolve ETF obtains exposure to CBOE Bitcoin Futures expiring in the current month or the next following month. The Evolve ETF invests directly or indirectly in exchange-traded Futures Contracts and other financial instruments and derivatives that provide similar return characteristics as the performance of such investments in CBOE Bitcoin Futures.</p> <p>The Evolve ETF will typically invest in or obtain exposure to the Nearby-Month CBOE Bitcoin Futures. On a periodic basis, in order to maintain continuous exposure to bitcoin without making or taking delivery of final cash payments upon settlement of these Futures Contracts, the Evolve ETF’s positions in the Nearby-Month CBOE Bitcoin Futures that will expire in the near future must be sold and the Nearby-Month CBOE Bitcoin Futures for the next following month must be purchased, as described under “Roll Methodology for the CBOE Bitcoin Futures”.</p>



### *Sampling*

If appropriate in view of the Evolve ETF's investment objective, the Evolve ETF may hold a representative sample of CBOE Bitcoin Futures expiring during different weeks or months (or exposures to such a representative sample of CBOE Bitcoin Futures). The sampling process may be used to enhance liquidity and reduce transaction costs while seeking to maintain high correlation with, and similar aggregate characteristics (e.g., market capitalization and industry weightings) to the CBOE Bitcoin Futures.

### *Derivatives*

In compliance with NI 81-102, the Evolve ETF may use Derivatives. Derivatives are instruments that derive their value from the market price, value or level of an underlying security, commodity, economic indicator, index or financial instrument and which enable investors to speculate on or hedge against future changes in the price or value of the underlying interest of the derivative. Subject to the limits and qualification requirements set out in NI 81-102 and in accordance with the Evolve ETF's policies, the Evolve ETF may deliver portfolio assets to its Derivatives counterparties to secure its obligations under Derivatives.

### *Futures Contracts*

In compliance with NI 81-102, the Evolve ETF will invest in Futures Contracts. Futures Contracts are standardized contracts entered into on domestic or foreign exchanges which call for the future delivery of specified quantities of various agricultural commodities, industrial commodities, currencies, financial instruments, energy products or metals at a specified time and place. The terms and conditions of Futures Contracts of a particular commodity are standardized and, as such, are not subject to any negotiation between the buyer and the seller. Subject to the limits and qualification requirements set out in NI 81-102 and in accordance with the Evolve ETF's policies, the Evolve ETF may deliver portfolio assets to its futures dealers that are members of relevant futures exchanges to secure its obligations under Futures Contracts.

### *Roll Methodology for the CBOE Bitcoin Futures*

The Evolve ETF seeks investment results, before fees, expenses, distributions, brokerage commissions and other transaction costs, that correspond to the performance of investments in Nearby-Month CBOE Bitcoin Futures.

Expiring Futures Contracts generally must be rolled into Futures Contracts with a later expiry date before the current expiry date in order to maintain continuous exposure to bitcoin without making or taking delivery of final cash payments upon settlement of these Futures Contracts. As part of its roll process, the Evolve ETF will have exposure to a primary futures contract and a secondary futures contract in different weightings over the period of time the roll is implemented. As Nearby-Month CBOE Bitcoin Futures reach the expiry date at the end of the expiring contract month (i.e., close of trading on the Wednesday immediately preceding the third Friday of a calendar month), the Nearby-Month CBOE Bitcoin Futures for the next applicable delivery month changes from the secondary futures contract to become the primary futures contract. During periods where a roll is not being implemented, the primary contract and secondary contract are the same (though the Evolve ETF may maintain exposure to other CBOE Bitcoin Futures as described under "Sampling").

The roll methodology for the CBOE Bitcoin Futures (which includes roll dates, the primary and secondary Futures Contracts, and the allocation between the primary and secondary futures contract) may be changed at any time by the Manager in its sole discretion based on, among other things, liquidity for the underlying primary and secondary Futures Contracts as the primary futures contract's expiry approaches. The Manager posts the current roll

methodology for the CBOE Bitcoin Futures on its website, [www.evolvefunds.com](http://www.evolvefunds.com).

#### *Currency Hedging*

Any foreign currency exposure of the portion of the portfolio of the Evolve ETF that is attributable to Unhedged Units will not be hedged back to the Canadian dollar. All or substantially all of the exposure to foreign currencies of the portion of the portfolio of the Evolve ETF that is attributable to Hedged Units will be hedged back to the Canadian dollar.

Hedging currency exposure to reduce the impact of fluctuations in exchange rates is intended to reduce the direct exposure to foreign currency risk for Unitholders of Hedged Units. Accordingly, as a result of having different currency exposure, the NAV per Unit of each class of Hedged Units and Unhedged Units, as applicable, may not be the same. The costs of any currency hedging will be borne by the applicable class of Hedged Units only.

Currency forward agreements, if any, will be entered into in compliance with NI 81-102 with financial institutions that have a “designated rating” as defined in NI 81-102.

See “Investment Strategies”.

#### **Special Considerations for Purchasers:**

The Manager, on behalf of the Evolve ETF, has obtained exemptive relief from (i) the so-called “early warning” reporting requirements under Canadian Securities Legislation that would otherwise apply if a person or company acquires 10% or more of the Units of the Evolve ETF, and (ii) to permit Unitholders to acquire more than 20% of the Units of the Evolve ETF through purchases on the TSX without regard to the takeover bid requirements of applicable Canadian Securities Legislation, provided that any such Unitholder, and any person acting jointly or in concert with the Unitholder, provides the Manager with an undertaking not to exercise any votes attached to Units that represent more than 20% of the votes attached to all outstanding Units of the Evolve ETF at any meeting of Unitholders of the Evolve ETF.

See “Attributes of the Securities – Description of the Securities Distributed”.

#### **Risk Factors:**

Investing in Units can be speculative, can involve a high degree of risk and may only be suitable for persons who are able to assume the risk of losing their entire investment. Prospective investors should therefore consider the following risks, among others, before subscribing for Units:

- (a) the risks associated with passive investment strategies;
- (b) the risk of error in replication or tracking the CBOE Bitcoin Futures;
- (c) the risks associated with cryptocurrency and bitcoin;
- (d) the risks associated with having investment objectives that are less diversified than the overall market;
- (e) the risks associated with the use of Derivatives;
- (f) the risks associated with investing in Futures Contracts and not the physical spot market;
- (g) the risks associated with the Evolve ETF’s use of aggressive investment techniques;
- (h) the risks associated with currency hedging (Hedged Units only);
- (i) the risks associated with the futures market;
- (j) the risks associated with illiquid securities;
- (k) the risks associated with reliance on key personnel;
- (l) the risk that Units may trade at a premium or a discount to the NAV per Unit;
- (m) the risk of fluctuations in the NAV and NAV per Unit of the Evolve ETF;

- (n) the risks associated with the cease trading of securities held by the Evolve ETF;
- (o) the risks associated with changes in legislation, including tax legislation;
- (p) risks relating to the taxation of the Evolve ETFs;
- (q) the risks associated with the Evolve ETF's lack of operating history; and
- (r) the risks associated with the potential cease trading of Units.

See "Risk Factors".

**Income Tax Considerations:**

A Unitholder who is resident in Canada will generally be required to include, in computing income for a taxation year, the amount of income that is paid or becomes payable to the Unitholder by the Evolve ETF in that year (including such income that is paid in Units or reinvested in additional Units).

A Unitholder who disposes of a Unit that is held as capital property, including on a redemption or otherwise, will generally realize a capital gain (or capital loss) to the extent that the proceeds of disposition (other than any amount payable by the Evolve ETF which represents income allocated and designated to the redeeming Unitholder), net of costs of disposition, exceed (or are less than) the adjusted cost base of that Unit.

Each investor should satisfy himself or herself as to the federal and provincial tax consequences of an investment in Units by obtaining advice from his or her tax advisor.

See "Income Tax Considerations".

**Redemptions:**

In addition to the ability to sell Units on the TSX, Unitholders may also redeem Units for cash at a redemption price per Unit equal to 95% of the closing price for the Units on the TSX on the effective day of redemption, subject to a maximum redemption price per Unit equal to the NAV per Unit on the effective day of redemption, less any applicable administrative fee determined by the Manager, in its sole discretion, from time to time.

See "Redemption of Units – Redemption of Units of the Evolve ETF for Cash" and "Redemption of Units – Redemption of Units of the Evolve ETF at Net Asset Value per Unit" for further information.

**Distributions:**

The Evolve ETF is not expected to make regular cash distributions. Cash distributions, if any, to Unitholders of income, net of fees and expenses, will be made at the discretion of the Manager.

The tax treatment to Unitholders of distributions is discussed under the heading "Income Tax Considerations".

See "Distribution Policy".

**Termination:**

The Evolve ETF does not have a fixed termination date but may be terminated at the discretion of the Manager in accordance with the terms of the Declaration of Trust. See "Termination of the Evolve ETF".

**Eligibility for Investment:**

Provided that the Evolve ETF qualifies as a "mutual fund trust" within the meaning of the Tax Act, or the Units are listed on a "designated stock exchange" within the meaning of the Tax Act, Units, if issued on the date hereof, would be on such date qualified investments under the Tax Act for a trust governed by an RRSP, a RRIF, an RDSP, a DPSP, an RESP or a TFSA.

See "Income Tax Considerations – Taxation of Registered Plans".

**Documents Incorporated by Reference:** Additional information about the Evolve ETF is or will be available in the most recently filed annual financial statements, any interim financial statements filed after those annual financial statements, the most recently filed annual management report of fund performance (“MRFP”), any interim MRFP filed after the annual MRFP for the Evolve ETF, and the most recently filed ETF Facts for the Evolve ETF. These documents are incorporated by reference into, and legally form an integral part of, this prospectus. These documents are publicly available on the Manager’s website at [www.evolvefunds.com](http://www.evolvefunds.com) and may be obtained upon request, at no cost, by calling (416)-214-4884 or toll-free at 1-844-370-4884, by sending an email request to [info@evolvefunds.com](mailto:info@evolvefunds.com) or by contacting a registered dealer. These documents and other information about the Evolve ETF are also publicly available at [www.sedar.com](http://www.sedar.com).

See “Documents Incorporated by Reference”.

### ***Organization and Management of the Evolve ETF***

**Manager, Trustee and Portfolio Manager:** In its capacity as manager, EFG will be responsible for the administration and operations of the Evolve ETF. In its capacity as trustee, EFG will hold title to the assets of the Evolve ETF in trust for the Unitholders. In its capacity as portfolio manager, EFG will be responsible for the oversight and provision of investment advisory services to the Evolve ETF.

The principal office of the Evolve ETF and EFG is located at 161 Bay Street, Suite 2700, Toronto, ON M5J 2S1.

See “Organization and Management Details of the Evolve ETF – Manager” and “Organization and Management Details of the Evolve ETF – Trustee”.

**Promoter:** EFG has taken the initiative of founding and organizing the Evolve ETF and is, accordingly, the promoter of the Evolve ETF within the meaning of securities legislation of certain provinces and territories of Canada.

See “Organization and Management Details of the Evolve ETF – Promoter”.

**Custodian:** CIBC Mellon Trust Company, at its principal office in Toronto, Ontario, is the Custodian of the assets of the Evolve ETF and holds those assets in safekeeping. The Custodian is entitled to receive fees from the Manager as described under “Fees and Expenses” and to be reimbursed for all expenses and liabilities that are properly incurred by the Custodian in connection with the activities of the Evolve ETF.

See “Organization and Management Details of the Evolve ETF – Custodian”.

**Fund Administrator:** CIBC Mellon Global Securities Services Company, at its principal office in Toronto, Ontario, is the Fund Administrator. The Fund Administrator is responsible for certain aspects of the day-to-day administration of the Evolve ETF, including NAV calculations, calculating net income and net realized capital gains of the Evolve ETF and maintaining books and records with respect to the Evolve ETF.

See “Organization and Management Details of the Evolve ETF – Fund Administrator”.

**Registrar and Transfer Agent:** TSX Trust Company, at its principal office in Toronto, Ontario, is the registrar and transfer agent for the Units and maintains the register of registered Unitholders. The register of the Evolve ETF is kept in Toronto, Ontario.

See “Organization and Management Details of the Evolve ETF – Transfer Agent and Registrar”.

**Auditors:** Ernst & Young LLP, at its principal offices in Toronto, Ontario, are the auditors of the Evolve ETF. The auditors will audit the Evolve ETF's annual financial statements and provide an opinion as to whether they present fairly the Evolve ETF's financial position, financial performance and cash flows in accordance with International Financial Reporting Standards. The auditors are independent with respect to the Evolve ETF within the meaning of the Rules of the Professional Conduct of the Chartered Professional Accountants of Ontario.

See "Organization and Management Details of the Evolve ETF – Auditors".

### *Summary of Fees and Expenses*

The following table lists the fees and expenses that an investor may have to pay if the investor invests in the Evolve ETF. An investor may have to pay some of these fees and expenses directly. The Evolve ETF may have to pay some of these fees and expenses, which will therefore reduce the value of an investment in the Evolve ETF. See "Fees and Expenses".

#### *Fees and Expenses Payable by the Evolve ETF*

<b>Type of Fee</b>	<b>Amount and Description</b>
<b>Management Fee:</b>	The Evolve ETF will pay an annual management fee (the " <b>Management Fee</b> ") to the Manager for acting as trustee, manager and portfolio manager of the Evolve ETF equal to an annual percentage of the NAV of the Evolve ETF, calculated daily and payable monthly in arrears, plus applicable taxes.

The Management Fee is based on a percentage of the NAV of the Evolve ETF and is listed below:

<b>Evolve ETF</b>	<b>Management Fee</b>
BITS	0.80% of NAV

The Manager may, at its discretion, agree to charge a reduced Management Fee as compared to the Management Fee that it otherwise would be entitled to receive from the Evolve ETF, provided that the difference between the fee otherwise chargeable and the reduced fee is distributed periodically by the Evolve ETF to the applicable Unitholders as a management fee distribution (the "**Management Fee Distributions**"). Any reduction will depend on a number of factors, including the amount invested, the NAV of the Evolve ETF and the expected amount of account activity. Management Fee Distributions will be paid first out of net income of the Evolve ETF and thereafter out of capital. See "Fees and Expenses".

**Certain Operating Expenses:** Other than ETF Costs (as defined below), in consideration for the payment by the Evolve ETF of a fixed administration fee (the "**Administration Fee**") to the Manager with respect to each class, and subject to compliance with NI 81-102, the Manager pays for the following operating expenses of the Evolve ETF ("**Operating Expenses**"), 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 Evolve ETF; 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 Evolve ETF; regulatory filing, stock exchange and licensing fees and CDS fees; website maintenance costs; costs and expenses of complying with all applicable laws, regulations and policies, including expenses and costs incurred in connection with the continuous public filing requirements such as permitted prospectus preparation and filing expenses; and legal, accounting and audit fees and fees and expenses of the Trustee, Custodian and Manager which are incurred in respect of matters not in the normal course of the Evolve ETF's activities. The Administration Fee paid to the Manager by the Evolve ETF in respect of a class may, in

any particular period, be less than or exceed the Operating Expenses that the Manager incurs for that class. The Manager is not obligated to pay any other expense, cost or fee, including those arising from new government or regulatory requirements relating to the foregoing expenses, costs and fees.

The Administration Fee is equal to a specified percentage of the net asset value of the Evolve ETF, calculated and paid in the same manner as the Management Fees for the Evolve ETF, plus applicable taxes. The rate of the annual Administration Fee for the Evolve ETF is set out below.

<b>Evolve ETF</b>	<b>Administration Fee)</b>
BITS	0.15% of NAV

### **ETF Costs**

Subject to compliance with NI 81-102, the fund costs (“**ETF Costs**”) which are payable by the Evolve ETF include any taxes payable by the Evolve ETF to which the Evolve ETF may be subject, including income taxes, sales taxes (including GST/HST) and/or withholding taxes; expenditures incurred upon termination of the Evolve ETF; extraordinary expenses that the Evolve ETF may incur; banking and interest with respect to any borrowing (if applicable); any expenses of insurance and costs of all suits or legal proceedings in connection with the Evolve ETF or the assets of the Evolve ETF or to protect the Unitholders, the Trustee, the Manager, and the directors, officers, employees or agents of any of them; any expenses of indemnification of the Trustee, the Unitholders, the Manager and the directors, officers, employees or agents of any of them to the extent permitted under the Declaration of Trust; and expenses relating to the preparation, printing and mailing of information to Unitholders in connection with meetings of Unitholders. The Evolve ETF is also responsible for all commissions and other costs of portfolio transactions and any extraordinary expenses of the Evolve ETF which may be incurred from time to time.

Each class of the Evolve ETF is responsible for its proportionate share of common ETF Costs of the Evolve ETF, in addition to the expenses it incurs alone (including, in the case of Hedged Units, the costs relating to currency hedging).

### **Investments in Other Investment Funds**

In the event the Evolve ETF invests in one or more other investment funds listed on a stock exchange in Canada or the United States, there shall be no management fees or incentive fees that are payable by the Evolve ETF that, to a reasonable person, would duplicate a fee payable by the underlying investment fund for the same service.

#### *Fees and Expenses Payable Directly by Unitholders*

<b>Type of Fee</b>	<b>Amount and Description</b>
<b>Administrative Fee:</b>	An amount of up to 1% of the issue or redemption price, or such other amount as may be agreed to between the Manager and the Designated Broker or a Dealer, of the Evolve ETF may be charged to offset certain transaction costs associated with an issue or redemption of Units. This charge does not apply to Unitholders who buy and sell their Units through the facilities of the TSX.

See “Fees and Expenses – Fees and Expenses Payable Directly by the Unitholders – Administrative Fees” and “Redemption of Units – Administrative Fee”.

#### ***Annual Returns and Management Expense Ratio***

As the Evolve ETF does not have audited financial statements for any period of time as at the date of this document, information related to annual returns and management expense ratio does not yet exist.

## OVERVIEW OF THE LEGAL STRUCTURE OF THE EVOLVE ETF

The Evolve ETF is an exchange traded mutual fund established under the laws of the province of Ontario, pursuant to the terms of the Declaration of Trust. The Evolve ETF is a mutual fund under the securities legislation of the provinces and territories of Canada.

EFG, a registered investment fund manager and portfolio manager, will be the promoter, trustee, manager and portfolio manager of the Evolve ETF, and in its capacity as manager, will be responsible for the administration of the Evolve ETF. The principal office of the Evolve ETF and EFG is located at 161 Bay Street, Suite 2700, Toronto, ON M5J 2S1.

The following chart sets out the full legal name as well as the TSX ticker symbol for the Evolve ETF:

	TSX Ticker Symbol	
	Hedged Units	Unhedged Units
<b>Evolve Bitcoin ETF</b>	BITS	BITS.U

## INVESTMENT OBJECTIVES

The Evolve ETF seeks to replicate, to the extent reasonably possible and before fees and expenses, the performance of exposure to bitcoin obtained through investments in CBOE Bitcoin Futures. The Evolve ETF invests directly or indirectly in exchange-traded Futures Contracts and other financial instruments and derivatives that provide similar return characteristics.

If the Evolve ETF is successful in meeting its investment objective, its net asset value should gain approximately as much, on a percentage basis, as any increase in the CBOE Bitcoin Futures for a subsequent delivery month when the CBOE Bitcoin Futures for that delivery month rises on a given day. Conversely, the Evolve ETF's net asset value should lose approximately as much, on a percentage basis, as the CBOE Bitcoin Futures for a subsequent delivery month when the CBOE Bitcoin Futures for that delivery month declines on a given day.

The investment objectives of the Evolve ETF may not be changed except with the approval of its Unitholders. See "Unitholder Matters" for additional descriptions of the process for calling a meeting of Unitholders and the requirements of Unitholder approval.

## INVESTMENT STRATEGIES

In order to achieve its investment objective, the Evolve ETF obtains exposure to CBOE Bitcoin Futures expiring in the current month or the next following month. The Evolve ETF invests directly or indirectly in exchange-traded Futures Contracts and other financial instruments and derivatives that provide similar return characteristics as the performance of such investments in CBOE Bitcoin Futures.

The Evolve ETF will typically invest in or obtain exposure to the Nearby-Month CBOE Bitcoin Futures. On a periodic basis, in order to maintain continuous exposure to bitcoin without making or taking delivery of final cash payments upon settlement of these Futures Contracts, the Evolve ETF's positions in the Nearby-Month CBOE Bitcoin Futures that will expire in the near future must be sold and the Nearby-Month CBOE Bitcoin Futures for the next following month must be purchased, as described under "Roll Methodology for the CBOE Bitcoin Futures".

The Evolve ETF may take positions in derivatives and/or forward contracts and/or other financial instruments, including investment contracts whose value is derived from the value of an underlying asset, interest rate, equity, commodity, index or currency that the Manager believes, in combination, should simulate the performance of the applicable CBOE Bitcoin Futures.

### Sampling

If appropriate in view of the Evolve ETF's investment objective, the Evolve ETF may hold a representative sample of CBOE Bitcoin Futures expiring during different weeks or months (or exposures to such a representative sample of CBOE Bitcoin Futures). The sampling process may be used to enhance liquidity and reduce transaction costs while seeking to maintain high correlation with, and similar aggregate characteristics (e.g., market capitalization and industry weightings) to the CBOE Bitcoin Futures.

The investments of the Evolve ETF may include, without limitation, securities, Futures Contracts, forward contracts, swap agreements, money market instruments, and T-Bills. reverse repurchase agreements or a combination of the foregoing. Currently, the Evolve ETF does not invest in the physical spot commodity market.

Unlike equities, which provide holders a continuing interest in a corporation, commodities futures like the CBOE Bitcoin Futures, specify a delivery date for the underlying physical commodity. In order to avoid delivery and maintain a futures position, nearby contracts must be sold and contracts that have not yet reached the delivery period must be purchased. This process is known as “rolling” a futures position. The performance of the Evolve ETF will be based on a rolling futures position on bitcoin for the next, or a subsequent, delivery month.

If the Manager reasonably expects that the Evolve ETF will still achieve its stated investment objective, the Evolve ETF may hold futures or swaps that refer to an underlying contract that is different from the CBOE Bitcoin Futures.

In order to ensure that each Unitholder’s risk is limited to the capital invested, the Evolve ETF is rebalanced on each day that the TSX and the CBOE are both open and provided it is not a Bank Holiday.

### **Derivatives**

Derivatives are instruments that derive their value from the market price, value or level of an underlying security, commodity, economic indicator, index or financial instrument and which enable investors to speculate on or hedge against future changes in the price or value of the underlying interest of the derivative. The underlying interests of Derivatives include a wide variety of assets or financial instruments, such as agricultural products, energy products and base or precious metals (commonly called commodities), interest rates, currencies and stock indices. Subject to the limits and qualification requirements set out in NI 81-102 and in accordance with the Evolve ETF’s policies, the Evolve ETF may deliver portfolio assets to its Derivatives counterparties to secure its obligations under Derivatives.

### **Futures Contracts**

Futures Contracts are standardized contracts entered into on domestic or foreign exchanges which call for the future delivery of specified quantities of various agricultural commodities, industrial commodities, currencies, financial instruments, energy products or metals at a specified time and place. The terms and conditions of Futures Contracts of a particular commodity are standardized and, as such, are not subject to any negotiation between the buyer and the seller. Subject to the limits and qualification requirements set out in NI 81-102 and in accordance with the Evolve ETF’s policies, the Evolve ETF may deliver portfolio assets to its futures dealers that are members of relevant futures exchanges to secure its obligations under Futures Contracts.

The contractual obligations, depending upon whether one is a buyer or a seller, may be satisfied either by taking or making, as the case may be, physical delivery of an approved quantity and grade of commodity or by making an offsetting sale or purchase of an equivalent but opposite futures contract on the same exchange prior to the designated date of delivery. The difference between the price at which a futures contract is sold or purchased and the price paid for the offsetting purchase or sale, after allowance for brokerage commissions, constitutes the profit or loss to the trader. In market terminology, a trader who purchases a futures contract is “long” in the market and a trader who sells a futures contract is “short” in the market. Before a trader closes out a long or a short position by an offsetting sale or purchase, respectively, the trader’s outstanding contracts are known as “open trades” or “open positions”. The aggregate number of open trades or open positions held by traders in a particular contract is referred to as the “open interest” in such contract.

The Evolve ETF generally chooses to engage in closing or offsetting transactions before final settlement wherein a second identical futures contract is sold to offset a long position (or bought to offset a short position). In such cases, the obligation is to deliver (or take delivery of) cash equal to a specific dollar amount (the contract multiplier) multiplied by the difference between the price of the offsetting transaction and the price at which the original contract was entered into. If the original position entered into is a long position (futures contract purchased) there will be a gain (loss) if the offsetting sell transaction is carried out at a higher (lower) price, inclusive of commissions. If the original position entered into is a short position (futures contract sold) there will be a gain (loss) if the offsetting buy transaction is carried out at a lower (higher) price, inclusive of commissions.

Whether the Evolve ETF realizes a gain or loss from futures activities depends generally upon movements in the underlying security, commodity, economic indicator, index or financial instrument. The extent of an ETF’s loss from an unhedged short position in Futures Contracts is potentially unlimited.



## **Roll Methodology for the CBOE Bitcoin Futures**

The Evolve ETF seeks investment results, before fees, expenses, distributions, brokerage commissions and other transaction costs, that correspond to the performance of investments in Nearby-Month CBOE Bitcoin Futures.

Expiring Futures Contracts generally must be rolled into Futures Contracts with a later expiry date before the current expiry date in order to maintain continuous exposure to bitcoin without making or taking delivery of final cash payments upon settlement of these Futures Contracts. As part of its roll process, the Evolve ETF will have exposure to a primary futures contract and a secondary futures contract in different weightings over the period of time the roll is implemented. As Nearby-Month CBOE Bitcoin Futures reach the expiry date at the end of the expiring contract month (i.e., close of trading on the Wednesday immediately preceding the third Friday of a calendar month), the Nearby-Month CBOE Bitcoin Futures for the next applicable delivery month changes from the secondary futures contract to become the primary futures contract. During periods where a roll is not being implemented, the primary contract and secondary contract are the same (though the Evolve ETF may maintain exposure to other CBOE Bitcoin Futures as described under “Sampling”).

The roll methodology for the CBOE Bitcoin Futures (which includes roll dates, the primary and secondary Futures Contracts, and the allocation between the primary and secondary futures contract) may be changed at any time by the Manager in its sole discretion based on, among other things, liquidity for the underlying primary and secondary Futures Contracts as the primary futures contract’s expiry approaches. The Manager posts the current roll methodology for the CBOE Bitcoin Futures on its website, [www.evolvefunds.com](http://www.evolvefunds.com). Information on the CBOE Bitcoin Futures, including the current roll methodologies, is posted on the Internet at [www.evolvefunds.com](http://www.evolvefunds.com).

### **A Trading Day on which**

- (a) the contract settlement price is not published by the primary exchange for the contract by 4:00 p.m., Eastern Time;
- (b) the contract settlement price is erroneous, in the reasonable judgment of the Manager, and such error is not corrected by 4:00 p.m., Eastern Time;
- (c) the contract settlement price is a limit price; or
- (d) trading in the relevant contract is disrupted during the trading day and does not trade for at least 30 minutes prior to the scheduled closing time (or rescheduled closing time if the contract closing time is rescheduled);

will not be treated as a Trading Day, will not be counted in the dates that are counted during the roll dates and may result in the postponement of or adjustment to these roll dates.

## **Currency Hedging**

Any foreign currency exposure of the portion of the portfolio of the Evolve ETF that is attributable to Unhedged Units will not be hedged back to the Canadian dollar. All or substantially all of the exposure to foreign currencies of the portion of the portfolio of the Evolve ETF that is attributable to Hedged Units will be hedged back to the Canadian dollar.

Hedging currency exposure to reduce the impact of fluctuations in exchange rates is intended to reduce the direct exposure to foreign currency risk for Unitholders of Hedged Units. Accordingly, as a result of having different currency exposure, the NAV per Unit of each class of Hedged Units and Unhedged Units may not be the same. The costs of any currency hedging will be borne by the Hedged Units only.

Currency forward agreements, if any, will be entered into in compliance with NI 81-102 with financial institutions that have a “designated rating” as defined in NI 81-102. The currency hedging mandate applicable to a particular class of Units shall not be changed by the Manager without first obtaining approval of Unitholders of the affected class of Units.

## **Cash Management**

From time to time, the Evolve ETF may hold cash or cash equivalents. The Evolve ETF may hold this cash or invest it in money market instruments, and T-Bills or securities of money market funds.

## **OVERVIEW OF THE SECTORS THAT THE EVOLVE ETF INVESTS IN**

A “cryptocurrency” (or “crypto currency”) is a digital asset designed to work as a medium of exchange using cryptography to secure the transactions and to control the creation of additional units of the currency. Cryptocurrencies are classified as a subset of digital currencies and are also classified as a subset of alternative currencies and virtual currencies.

“Bitcoin” is a digital asset based on the decentralized, open source protocol of the peer-to-peer bitcoin computer network (the “**Bitcoin Network**”). Bitcoin became the first decentralized cryptocurrency in 2009. Since then, numerous cryptocurrencies have been created. These are frequently called altcoins, as a blend of bitcoin alternative.

No single entity owns or operates the Bitcoin Network; the infrastructure is collectively maintained by a decentralized user base. The Bitcoin Network is accessed through software, and software governs bitcoin’s creation, movement, and ownership. The value of bitcoin is determined by the supply of and demand for bitcoin on websites that facilitate the transfer of bitcoin in exchange for government-issued currencies, and in private end-user-to- end-user transactions.

Bitcoin transaction and ownership records are reflected on the “blockchain,” which is a digital public record or ledger. Copies of this ledger are stored in a decentralized manner on the computers of each Bitcoin Network user. Transaction data is permanently recorded in files called “blocks,” which reflect transactions that have been recorded and authenticated by Bitcoin Network participants. The Bitcoin Network software source code includes protocols that govern the creation of bitcoin and the cryptographic system that secures and verifies bitcoin transactions.

The Evolve ETF does not expect to invest directly in bitcoin. Instead, the Evolve ETF invests in financial instruments and derivatives, including Futures Contracts, that provide similar return characteristics as the performance of the CBOE Bitcoin Futures for a subsequent delivery month.

## **INVESTMENT RESTRICTIONS**

The Evolve ETF is subject to certain investment restrictions and practices contained in securities legislation, including NI 81-102, which are designed in part to ensure that the investments of the Evolve ETF are diversified and relatively liquid and to ensure its proper administration. A change to the fundamental investment objective of the Evolve ETF would require the approval of the Unitholders of the Evolve ETF. Please see “Unitholder Matters – Matters Requiring Unitholders Approval”.

Subject to the following, and any exemptive relief that has been or will be obtained, the Evolve ETF is managed in accordance with the investment restrictions and practices set out in the applicable securities legislation, including NI 81-102. See “Exemptions and Approvals”.

### **Tax Related Investment Restrictions**

The Evolve ETF will not make an investment or conduct any activity that would result in the Evolve ETF failing to qualify as a “unit trust” or “mutual fund trust” within the meaning of the Tax Act.

## **FEES AND EXPENSES**

This section details the fees and expenses that an investor may have to pay if the investor invests in the Evolve ETF. An investor may have to pay some of these fees and expenses directly. The Evolve ETF may have to pay some of these fees and expenses, which will therefore reduce the value of an investment in the Evolve ETF.

### **Fees and Expenses Payable by the Evolve ETF**

#### *Management Fees*

The Evolve ETF will pay an annual management fee (the “**Management Fee**”) to the Manager for acting as trustee, manager and portfolio manager of the Evolve ETF equal to an annual percentage of the NAV of the Evolve ETF,

calculated daily and payable monthly in arrears, plus applicable taxes. See “Organization and Management Details of the Evolve ETF – Manager – Duties and Services to be Provided by the Manager” for a description of the services provided by the Manager.

The Management Fee is based on a percentage of the NAV of the Evolve ETF and is listed below:

<b>Evolve ETF</b>	<b>Management Fee</b>
BITS	0.80% of NAV

To encourage very large investments in the Evolve ETF by a particular Unitholder, the Manager may, at its discretion, agree to charge a reduced Management Fee as compared to the Management Fee that it otherwise would be entitled to receive from the Evolve ETF, provided that the difference between the fee otherwise chargeable and the reduced fee is distributed periodically by the Evolve ETF to the applicable Unitholders as a management fee distribution (the “**Management Fee Distributions**”). Any reduction will depend on a number of factors, including the amount invested, the NAV of the Evolve ETF and the expected amount of account activity. Management Fee Distributions will be paid first out of net income of the Evolve ETF and thereafter out of capital. The tax consequences of a management fee distribution will generally be borne by the Unitholder who receives the distribution.

*Certain Operating Expenses*

Other than ETF Costs (as defined below), in consideration for the payment by the Evolve ETF of a fixed administration fee (the “**Administration Fee**”) to the Manager with respect to each class, and subject to compliance with NI 81-102, the Manager pays for the following operating expenses of the Evolve ETF (“**Operating Expenses**”), including but not limited to: mailing and printing expenses for periodic reports to Unitholders; fees payable to the Registrar and Transfer Agent and Custodian; any reasonable out of pocket expenses incurred by the Manager or its agents in connection with their ongoing obligations to the Evolve ETF; 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 Evolve ETF; regulatory filing, stock exchange and licensing fees and CDS fees; website maintenance costs; costs and expenses of complying with all applicable laws, regulations and policies, including expenses and costs incurred in connection with the continuous public filing requirements such as permitted prospectus preparation and filing expenses; and legal, accounting and audit fees and fees and expenses of the Trustee, Custodian and Manager which are incurred in respect of matters not in the normal course of the Evolve ETF’s activities. The Administration Fee paid to the Manager by the Evolve ETF in respect of a class may, in any particular period, be less than or exceed the Operating Expenses that the Manager incurs for that class. The Manager is not obligated to pay any other expense, cost or fee, including those arising from new government or regulatory requirements relating to the foregoing expenses, costs and fees.

The Administration Fee is equal to a specified percentage of the net asset value of the Evolve ETF, calculated and paid in the same manner as the Management Fees for the Evolve ETF, plus applicable taxes. The rate of the annual Administration Fee for the Evolve ETF is set out below.

<b>Evolve ETF</b>	<b>Administration Fee</b>
BITS	0.15% of NAV

*ETF Costs*

Subject to compliance with NI 81-102, the fund costs (“**ETF Costs**”) which are payable by the Evolve ETF include any taxes payable by the Evolve ETF to which the Evolve ETF may be subject, including income taxes, sales taxes (including GST/HST) and/or withholding taxes; expenditures incurred upon termination of the Evolve ETF; extraordinary expenses that the Evolve ETF may incur; banking and interest with respect to any borrowing (if applicable); any expenses of insurance and costs of all suits or legal proceedings in connection with the Evolve ETF or the assets of the Evolve ETF or to protect the Unitholders, the Trustee, the Manager, and the directors, officers, employees or agents of any of them; any expenses of indemnification of the Trustee, the Unitholders, the Manager and the directors, officers, employees or agents of any of them to the extent permitted under the Declaration of Trust; and expenses relating to the preparation, printing and mailing of information to Unitholders in connection with meetings of Unitholders. The Evolve ETF is also responsible for all commissions and other costs of portfolio transactions and any extraordinary expenses of the Evolve ETF which may be incurred from time to time.

Each class of the Evolve ETF is responsible for its proportionate share of common ETF Costs of the Evolve ETF, in addition to the expenses it incurs alone (including, in the case of Hedged Units, the costs relating to currency hedging).

### **Fees and Expenses Payable Directly by the Unitholders**

#### *Administrative Fees*

An amount of up to 1% of the issue or redemption price, or such other amount as may be agreed to between the Manager and the Designated Broker or a Dealer, of the Evolve ETF may be charged to offset certain transaction costs associated with an issue or redemption of Units of the Evolve ETF. This charge does not apply to Unitholders who buy and sell their Units through the facilities of the TSX. See “Redemption of Units – Administrative Fee”.

### **ANNUAL RETURNS AND MANAGEMENT EXPENSE RATIO**

As the Evolve ETF does not have audited financial statements for any period of time as at the date of this document, information related to annual returns and management expense ratio does not yet exist.

### **RISK FACTORS**

An investment in Units involves certain risks. In particular, an investment in Units can be speculative, and can involve a high degree of risk and may only be suitable for persons who are able to assume the risk of losing their entire investment. Prospective investors should consider the following risks, among others, before subscribing for Units.

#### *Passive Investment Risks*

Because the investment objective of the Evolve ETF is to replicate the performance of the CBOE Bitcoin Futures, the Evolve ETF is not actively managed by traditional methods and the Manager will not attempt to take defensive positions in declining markets. Therefore, the adverse financial condition of the CBOE Bitcoin Futures will not necessarily result in the elimination of exposure to the CBOE Bitcoin Futures, whether direct or indirect, by the Evolve ETF.

#### *Risk of Error in Replicating or Tracking the CBOE Bitcoin Futures*

The Evolve ETF will not replicate exactly the performance of the CBOE Bitcoin Futures because the total return generated by the Units will be reduced by the management fee paid or payable by the Evolve ETF, the brokerage and commission costs incurred in managing the portfolio of securities held by the Evolve ETF and the other expenses paid or payable by the Evolve ETF, including withholding taxes and costs associated with currency hedging. These fees and expenses are not included in the calculation of the performance of the CBOE Bitcoin Futures.

Deviations in the tracking of the CBOE Bitcoin Futures by the Evolve ETF could occur for a variety of other reasons.

#### *Risks Associated with Cryptocurrency and Bitcoin*

The Evolve ETF has exposure to the value of bitcoin, which may be subject to greater volatility than traditional securities. The value of bitcoin is subject to several risks including:

- *Bitcoin Exchange Risk:* A number of bitcoin exchanges have been closed due to fraud, failure or security breaches. A lack of stability in the bitcoin exchange market and the closure or temporary shutdown of bitcoin exchanges may reduce confidence in the bitcoin network and result in greater volatility in the price of bitcoin, which will impact the return of the Evolve ETF.
- *Limited history of the bitcoin market:* Bitcoin is a new technology with limited trading history. There is no assurance that historical changes in the price of bitcoin will continue in the future. The growth of the bitcoin network, if any, is subject to a high degree of uncertainty. There is no assurance that the bitcoin network, or the service providers necessary to accommodate it, will continue in existence or grow.

- *Volatility in the price of bitcoin:* The price of bitcoin has historically been subject to periods of high volatility. There is no assurance that the historic levels of volatility in bitcoin will continue. Fluctuations in the price of bitcoin could adversely affect an investment in the Evolve ETF. The price of bitcoin has fluctuated widely over the past three years, and many factors may affect the value of bitcoin, including, but not limited to: global bitcoin supply; global bitcoin demand, which is influenced by the growth of retail merchants' and commercial businesses' acceptance of bitcoin as payment for goods and services, the security of online bitcoin exchanges and public keys associated with bitcoin, the perception that the use and holding of bitcoin is safe and secure, and the lack of regulatory restrictions on their use; investors' expectations with respect to the rate of inflation; interest rates; currency exchange rates, including the rates at which bitcoin may be exchanged for fiat currencies; Fiat currency withdrawal and deposit policies of the bitcoin exchange market; interruptions in service from or failures of the bitcoin exchange market; investment and trading activities of large investors, including private and registered funds, that may directly or indirectly invest in bitcoin; monetary policies of governments, trade restrictions, currency devaluations and revaluations; regulatory measures, if any, that restrict the use of bitcoin as a form of payment or the purchase of bitcoin on the bitcoin market; the maintenance and development of the open-source software protocol of the bitcoin network; global or regional political, economic or financial events and situations; and expectations among bitcoin market participants that the value of bitcoin will soon change.
- *Potential decrease in the demand for bitcoin:* Bitcoin is used around the globe to transfer value between individuals without the constraints of government issued currencies. Bitcoin is also held by investors and speculators. There is no assurance that the use of bitcoin will continue to grow; contraction in the use of bitcoin may result in a reduction in the price of bitcoin. Further, if a digital asset other than bitcoin obtains significant market share, this could reduce bitcoin's market share and have an impact on the demand for, and price of, bitcoin and thereby adversely affect the value of the Evolve ETF's investments.
- *Regulation of bitcoin:* Government regulation of bitcoin continues to evolve as regulators better understand the mechanics, use and implications of blockchain based assets. To the extent that future regulatory actions or policies limit the ability to exchange bitcoin or utilize them for payments, the demand for bitcoin may be reduced, which could impact the price of bitcoin and the value of the Evolve ETF's investments.
- *Dependence on the Bitcoin Network and bitcoin developers:* Bitcoin is transacted on a distributed, decentralized network of computers connected by the Internet. Participation of these servers in creating the bitcoin network cannot be assured. Maintenance and future development of the bitcoin protocol and software that implements it is performed by a decentralized group of developers working independently. While these developers co-ordinate and share similar incentives there is no assurance they will continue to co-operate. Incompatibilities in different software implementations of the bitcoin protocol could lead to a fragmentation of the bitcoin network and cause a reduction in the price of bitcoin. Transactions on the bitcoin network are verified by bitcoin miners, which are participants that secure and verify bitcoin transactions through a peer-to-peer computer process. Miners may not have an adequate incentive to continue mining and may cease their mining operations, which may result in a reduction in the aggregate hashrate (confirmation process) of the bitcoin network. Any reduction in confidence in the confirmation process or aggregate hashrate of the bitcoin network may adversely affect the value of bitcoin. A reduction in the hashrate expended by miners on the bitcoin network could increase the likelihood of a malicious actor obtaining control in excess of 50% of the aggregate hashrate active on the bitcoin network. If such a scenario were to materialize, the malicious actor, by virtue of controlling in excess of 50% of the aggregate hashrate active on the bitcoin network, could prevent new transactions from being confirmed and/or reverse transactions that were previously completed. This would likely result in the loss of confidence in the confirmation process and the bitcoin network, which could adversely affect the price of bitcoin and an investment in the Evolve ETF.
- *Rapid increase in the use of Bitcoin and the ability of the Bitcoin Network to accommodate higher demand:* There is no assurance that the bitcoin network will evolve to be able to accommodate significantly higher volumes in the future. If demand for bitcoin transactions increases more rapidly than the ability of the network to process those transactions, some users may become frustrated causing a loss of faith in the bitcoin network and bitcoin protocol which may result in a reduction in the price of bitcoin.

- *Cybersecurity Risk:* The bitcoin network's functionality relies on the internet. A significant disruption of internet connectivity affecting large numbers of users or geographic areas could impede the functionality of the bitcoin network and adversely affect the Evolve ETF.

#### *Concentration Risk*

The Evolve ETF may, in following its investment objective of seeking to replicate the performance of the CBOE Bitcoin Futures, have more of its net assets invested in one or more constituent securities than is usually permitted for many investment funds. In these circumstances, the Evolve ETF may be affected more by the performance of individual issuers in its portfolio, with the result that the NAV of the Evolve ETF may be more volatile and may fluctuate more over short periods of time than the net asset value of a more broadly diversified investment fund. In addition, this may increase the liquidity risk of the Evolve ETF which may, in turn, have an effect on the Evolve ETF's ability to satisfy redemption requests.

#### *Use of Derivative Instruments*

The Evolve ETF may use Derivatives from time to time in accordance with NI 81-102 as described under "Investment Strategies". The use of Derivatives involves risks different from, and possibly greater than, the risks associated with investing directly in securities and other traditional investments. Risks associated with the use of Derivatives include: (i) there is no guarantee that hedging to reduce risk will not result in a loss or that there will be a gain; (ii) there is no guarantee that a market will exist when the Evolve ETF wants to complete the derivative contract, which could prevent the Evolve ETF from reducing a loss or making a profit; (iii) securities exchanges may impose trading limits on Futures Contracts, and these limits may prevent the Evolve ETF from completing the derivative contract; (iv) the Evolve ETF could experience a loss if the other party to the derivative contract is unable to fulfill its obligations; (v) if the Evolve ETF has an open position in a futures contract or a forward contract or a swap with a Dealer who goes bankrupt, the Evolve ETF could experience a loss and, for an open futures or forward contract or a swap, a loss of margin deposits with that Dealer; and (vi) if a Derivative is based on a stock market index and trading is halted on a substantial number of stocks in the index or there is a change in the composition of the index, there could be an adverse effect on the Derivative.

The ability of the Evolve ETF to close out its positions may also be affected by daily trading limits imposed by futures exchanges on certain derivatives. If the Evolve ETF is unable to close out a position, it will be unable to realize its profits or limit its losses until such time as the contract becomes exercisable, expires or matures, as the case may be. The inability to close out swap, futures and forward positions could also have an adverse impact on the Evolve ETF's ability to use Derivatives to effectively implement its investment strategy.

#### *Spot v. Futures Risk*

The Evolve ETF is exposed to Futures Contracts that are contracts for delivery of a commodity at some point in the future. The Evolve ETF does not invest in the physical spot market.

The risk of investing in a futures contract is that it can be speculative in nature. A futures contract is a standardized financial contract where the parties agree to exchange currencies, financial instruments or other physical commodities at a future date at a future price. As a result, a futures market is not a ready market like a spot market, does not involve primary activity and is speculative in nature as deals are struck at future prices where the holder is purchasing an obligation to buy or sell an underlying asset, which may not be the best price at the time the contract is completed, depending on what happens in the markets during the intervening period.

By contrast, in a spot market, securities or commodities are sold for cash at current prices and delivered immediately. A spot market is a real time market where the contract becomes effective immediately and the purchaser accepts delivery of, or immediately resells, the asset. Unlike a futures contract, no speculation is involved as the contract is entered into and the transaction for the commodity takes place on the same "spot" in time. The Evolve ETF does not invest in the physical spot commodity market and the Evolve ETF is exposed to the potential risks involved of using Futures Contracts which are speculative in nature.

#### *Aggressive Investment Technique Risk*

The Evolve ETF uses investment techniques and financial instruments that may be considered aggressive, including the use of Futures Contracts, forward contracts, swap agreements and similar instruments. Such techniques may expose the Evolve ETF to potentially dramatic changes (losses) in the value of the instruments and imperfect correlation between the value of the instruments and the index, security, currency or commodity. The Evolve ETF's

investment in financial instruments may involve a small investment relative to the amount of risk assumed. Financial instruments are subject to a number of risks described elsewhere in this prospectus, such as liquidity risk and credit risk. The use of aggressive investment techniques also exposes the Evolve ETF to risks different from, or possibly greater than, the risks associated with investing directly in the securities, commodity or financial instruments including: (i) the risk that an instrument is temporarily mispriced; (ii) credit, performance or documentation risk on the amount the Evolve ETF expects to receive from a counterparty; (iii) the risk that securities prices, interest rates and currency markets will move adversely and the Evolve ETF will incur significant losses; (iv) imperfect correlation between the price of the financial instruments and movements in the prices of the underlying securities; (v) the risk that the cost of holding a financial instrument might exceed its total return; and (vi) the possible absence of a liquid secondary market for any particular instrument and possible exchange imposed price fluctuation limits, both of which may make it difficult or impossible to adjust the Evolve ETF's position in a particular instrument when desired.

#### *Currency Hedging Risk (Hedged Units Only)*

The Evolve ETF may hedge all or substantially all of its direct foreign currency exposure by entering into currency forward contracts with financial institutions that have a "designated rating" as defined in NI 81-102. For regulatory and operational reasons, the Evolve ETF may not be able to fully hedge such foreign exposure at all times. Although there is no assurance that these currency forward contracts will be effective, the Manager expects these currency forward contracts to be substantially effective. However, some deviations from the returns of the CBOE Bitcoin Futures are expected to occur as a result of the costs, risks or other performance impacts of this currency hedging strategy.

The effectiveness of the Evolve ETF's currency hedging strategy will, in general, be affected by the volatility of the Evolve ETF and the volatility of the Canadian dollar relative to the foreign currency. Increased volatility will generally reduce the effectiveness of the currency hedging strategy. The effectiveness of this currency hedging strategy may also be affected by any significant difference between the Canadian dollar and foreign currencies' interest rates.

#### *Futures Market Risk*

The Evolve ETF replicates exposure to a defined basket of Futures Contracts. On specified dates these Futures Contracts are rolled mechanically into a subsequent futures contract before the current position expires according to a defined schedule. This mechanism also allows the investor to maintain an exposure to commodities over time. The difference between the price at which the first futures contract is sold and the next futures contract is purchased is called the "roll yield" and is an important part of the return on a commodities investment. The overall return is therefore derived from fluctuations in commodities prices in addition to the shape of the commodity futures curve over time. Assuming prices and the shape of the curve remain constant, rolling futures will yield a positive return when the curve is in "backwardation", which describes a situation where the prices are lower in the distant delivery months than in the nearest delivery months, and a negative return when the curve is in "contango", which describes a situation where the prices are higher in the distant delivery months than in the nearer delivery months. The specified roll dates may change from time to time largely based on liquidity for the underlying futures contract as expiry approaches.

The Evolve ETF may trade commodity Futures Contracts on commodities exchanges in the U.S. None of the Securities Regulatory Authorities or Canadian exchanges regulate activities of any foreign markets, including execution, delivery and clearing transactions, or have the power to compel enforcement of the rule of a foreign market or any applicable foreign law. Generally, any foreign transaction will be governed by applicable foreign laws. This is true even if the foreign market is formally linked to a Canadian market so that a position taken on a market may be liquidated by a transaction on another market. Moreover, such laws or regulations will vary depending on the foreign country in which the transaction occurs. For these reasons, entities such as commodity pools (including the Evolve ETF) that trade Futures Contracts may not be afforded certain of the protective measures provided by Canadian legislation and the rules of Canadian exchanges. In particular, funds received from customers for transactions may not be provided the same protection as funds received in respect of transactions on Canadian exchanges.

Because bitcoin Futures Contracts were only recently introduced, the degree to which bitcoin Futures Contracts are likely to provide exposure to movements in the price of bitcoin is extremely uncertain. If market participants executing trades in bitcoin Futures Contracts face constraints, including capital constraints, security risks, or high

execution costs with respect to direct investments in bitcoin, the price at which bitcoin Futures Contracts trade may fail to capture price movements in the underlying price of bitcoin. Moreover, it is not clear how changes to the Bitcoin Network and determinations by any relevant futures exchange with respect to such changes to the Bitcoin Network will affect the value of any positions in bitcoin Futures Contracts. When the Evolve ETF has an open futures contract position, it is subject to daily variation margin calls that could be substantial in the event of adverse price movements. Because futures require only a small initial investment in the form of a deposit or margin, they may involve a high degree of leverage. If the Evolve ETF has insufficient cash to meet daily variation margin requirements, it might need to sell securities at a time when such sales are disadvantageous. Futures markets are highly volatile and the use of or exposure to futures contracts may increase volatility of the Evolve ETF's NAV. Futures contracts are also subject to liquidity risk.

Unlike the futures markets for traditional physical commodities, the market for bitcoin futures is new and may be riskier, less liquid, more volatile and more vulnerable to economic, market and industry changes than more established futures markets. The liquidity of the market will depend on, among other things, the adoption of bitcoin and the commercial and speculative interest in the market for the ability to hedge against the price of bitcoin with bitcoin futures. There can be no guarantee that a liquid market for bitcoin futures will develop. The Evolve ETF may be unable to consistently achieve exposure to bitcoin using Futures Contracts if a liquid market for bitcoin Futures Contracts does not develop.

#### *Futures Rolling Risk*

The Evolve ETF is expected to invest in Futures Contracts and is subject to costs associated with and risks related to "rolling." The contractual obligations of a buyer or seller holding a futures contract to expiration may be satisfied by settling in cash as designated in the contract specifications. Alternatively, Futures Contracts may be closed out prior to expiration by making an offsetting sale or purchase of an identical Futures Contract on the same or linked exchange before the designated date of settlement. Once this date is reached, the futures contract "expires." As the futures contracts held by the Evolve ETF near expiration, they are generally closed out and replaced by contracts with a later expiration. This process is referred to as "rolling".

When the market for these contracts is such that the prices are higher in the more distant delivery months than in the nearer delivery months or the spot market of the underlying asset, the sale during the course of the "rolling process" of the contract with the nearer expiration would take place at a price that is lower than the price of the contract with the more distant expiration. This pattern of higher futures prices for longer expiration futures contracts is often referred to as "contango." Alternatively, when the market for these contracts is such that the prices are higher in the nearer months or the spot market than in the more distant months, the sale during the course of the "rolling process" of the contract with the nearer expiration would take place at a price that is higher than the price of the contract with the more distant expiration. This pattern of higher futures prices for shorter expiration futures contracts is referred to as "backwardation." The presence of contango in the relevant Futures Contracts at the time of rolling would be expected to adversely affect the Evolve ETF.

Because bitcoin and bitcoin Futures Contracts have an extremely limited price history, the extent to which contango or backwardation may exist in bitcoin futures markets is unclear. Extended periods of contango or backwardation could cause significant losses for the Evolve ETF.

#### *Risk of Cash Transactions.*

Unlike most other exchange traded funds, the Evolve ETF expects to effect its creations and redemptions principally for cash. Because the Evolve ETF currently intends to effect its redemptions principally for cash, rather than in-kind distributions, it may be required to sell portfolio securities in order to obtain the cash needed to distribute redemption proceeds, which involves transaction costs. The Declaration of Trust permits the Evolve ETF to allocate and designate as payable any income realized as a result of a disposition of property undertaken to permit or facilitate the redemption of Units to a Unitholder whose Units are being redeemed.

#### *Illiquid Securities*

If the Evolve ETF is unable to dispose of some or all of the securities held by it, the Evolve ETF may experience a delay in the receipt of the proceeds of disposition until such time as it is able to dispose of such securities. Likewise, if certain constituent securities of the CBOE Bitcoin Futures are particularly illiquid, the Evolve ETF may be unable to acquire the number of securities necessary to replicate the weighting of such constituent securities in the CBOE



Bitcoin Futures at a price acceptable to the Manager on a timely basis. In accordance with Canadian Securities Legislation, there are restrictions on the amount of illiquid securities that the Evolve ETF is permitted to hold.

#### *Reliance on Key Personnel*

Unitholders will be dependent on the abilities of the Manager to effectively manage the Evolve ETF in a manner consistent with their investment objectives, investment strategies and investment restrictions. There is no certainty that the individuals who are principally responsible for providing administration and portfolio management services to the Evolve ETF will continue to be employed by the Manager.

#### *Trading Price of Units*

Units may trade in the market at a premium or a discount to the NAV per Unit. There can be no assurance that Units will trade at prices that reflect their NAV per Unit. The trading price of the Units will fluctuate in accordance with changes in the Evolve ETF's NAV, as well as market supply and demand on the TSX.

#### *Fluctuations in NAV and NAV per Unit*

The NAV and NAV per Unit of the Evolve ETF will vary according to, among other things, the value of the securities held by the Evolve ETF. The Manager and the Evolve ETF have no control over the factors that affect the value of the securities held by the Evolve ETF, including factors that affect the equity markets generally, such as general economic and political conditions, fluctuations in interest rates and factors unique to each issuer included in the CBOE Bitcoin Futures, such as changes in management, changes in strategic direction, achievement of strategic goals, mergers, acquisitions and divestitures, changes in distribution and dividend policies and other events.

#### *Cease Trading of Securities Risk*

If the securities of an issuer included in the portfolio of the Evolve ETF are cease-traded by order of the relevant Securities Regulatory Authority or are halted from trading by the relevant stock exchange, the Evolve ETF may halt trading in its securities. Accordingly, securities of the Evolve ETF bear the risk of cease trading orders against all issuers whose securities are included in its portfolio, not just one. If portfolio securities of the Evolve ETF are cease-traded by order of a Securities Regulatory Authority, if normal trading of such securities is suspended on the relevant exchange, or if for any reason it is likely there will be no closing bid price for such securities, the Evolve ETF may suspend the right to redeem securities for cash as described under "Redemption of Units – Suspension of Redemptions", subject to any required prior regulatory approval. If the right to redeem securities for cash is suspended, the Evolve ETF may return redemption requests to securityholders who have submitted them.

#### *Changes in Legislation*

There can be no assurance that income tax, securities and other laws will not be changed in a manner that adversely affects the Evolve ETF or the Unitholders. There can be no assurance that Canadian federal income tax laws and the administrative policies and assessing practices of the CRA respecting the treatment of mutual fund trusts or SIFT trusts will not be changed in a manner that adversely affects the Evolve ETF or the Unitholders.

#### *Taxation of the Evolve ETF*

It is anticipated that the Evolve ETF will qualify, or will be deemed to qualify, at all times as a "mutual fund trust" within the meaning of the Tax Act. For the Evolve ETF to qualify as a "mutual fund trust", it must comply on a continuous basis with certain requirements relating to the qualification of its Units for distribution to the public, the number of Unitholders of the Evolve ETF and the dispersal of ownership of a particular class of its Units.

A trust will be deemed not to be a mutual fund trust if it is established or maintained primarily for the benefit of non-residents of Canada unless, at that time, all or substantially all of its property is property other than property that would be "taxable Canadian property" (if the definition of such term in the Tax Act were read without reference to paragraph (b) thereof). The law does not provide any means of rectifying a loss of mutual fund trust status if this requirement is not met. The Evolve ETF contains a restriction on the number of permitted non-resident Unitholders.

The Evolve ETF is expected to meet all the requirements to qualify as a "mutual fund trust" for the purposes of the Tax Act before the 91<sup>st</sup> day after the end of its first taxation year (determined without regard to any taxation year-end that may be deemed to occur for other purposes under the rules in the Tax Act relating to "loss restriction events"). Assuming the Evolve ETF meets these requirements before such day, the Evolve ETF will file an election to qualify as a mutual fund trust from its inception in 2017.

If the Evolve ETF does not qualify as a mutual fund trust or were to cease to so qualify, the income tax considerations as described under “Income Tax Considerations” would in some respects be materially different. For example, if the Evolve ETF does not qualify as a “mutual fund trust” within the meaning of the Tax Act throughout a taxation year, the Evolve ETF may be liable to pay alternative minimum tax and tax under Part XII.2 of the Tax Act. In addition, if the Evolve ETF does not qualify as a mutual fund trust, it may be subject to the “mark-to-market” rules under the Tax Act if more than 50% of the fair market value of the Units of the Evolve ETF are held by “financial institutions”, within the meaning of the Tax Act.

Pursuant to rules in the Tax Act, if the Evolve ETF experiences a “loss restriction event”, (i) it will be deemed to have a year-end for tax purposes (which would result in an unscheduled distribution of the Evolve ETF’s net income and net realized capital gains, if any, at such time to Unitholders so that the Evolve ETF is not liable for income tax on such amounts under Part I of the Tax Act), and (ii) it will become subject to the loss restriction rules generally applicable to a corporation that experiences an acquisition of control, including a deemed realization of any unrealized capital losses and restrictions on its ability to carry forward losses. Generally, the Evolve ETF will be subject to a loss restriction event if a Unitholder becomes a “majority-interest beneficiary”, or a group of persons becomes a “majority-interest group of beneficiaries”, of the Evolve ETF, as those terms are defined in the affiliated persons rules contained in the Tax Act, with certain modifications. Generally, a majority-interest beneficiary of the Evolve ETF is a beneficiary in the income or capital, as the case may be, of the Evolve ETF whose beneficial interests, together with the beneficial interests of persons and partnerships with whom the beneficiary is affiliated, have a fair market value that is greater than 50% of the fair market value of all the interests in the income or capital, as the case may be, of the Evolve ETF. Please see “Income Tax Considerations – Taxation of Holders” for the tax consequences of an unscheduled or other distribution to Unitholders. Trusts that qualify as “investment funds” as defined in the rules in the Tax Act relating to loss restriction events are generally excepted from the application of such rules. An “investment fund” for this purpose includes a trust that meets certain conditions, including satisfying certain of the conditions necessary to qualify as a “mutual fund trust” for purposes of the Tax Act, not holding any property that it uses in the course of carrying on a business and complying with certain asset diversification requirements. If the Evolve ETF were not to qualify as an “investment fund”, it could potentially have a loss restriction event and thereby become subject to the related tax consequences described above.

The Evolve ETF intends to take the position that it will not use the derivative instruments held in its portfolio or any other property in the course of carrying on a business in Canada and, therefore, will not be a “SIFT trust” (as defined for the purposes of the Tax Act). On that basis, it is anticipated that the Evolve ETF will make sufficient distributions in each year of any income realized by the Evolve ETF for Canadian tax purposes in the year so as to ensure that it will not be subject to Canadian income tax on such income. However, if the Evolve ETF constitutes a SIFT trust in a particular year, any “non-portfolio earnings” (as defined for the purposes of the Tax Act) will generally be subject to tax under Part I of the Tax Act, even if distributed in full to Unitholders of the Evolve ETF. No advance income tax ruling has been sought or obtained from the CRA in respect of the status of the Evolve ETF and the CRA could seek to assess or reassess the Evolve (and Unitholders of the Evolve ETF) on the basis that it was a SIFT trust.

#### *Lack of Operating History*

The Evolve ETF is a newly organized investment trust with no operating history. Although the Evolve ETF may be listed on the TSX, there can be no assurance that an active public market for the Units will develop or be sustained.

#### *Cease Trading of Units*

If constituent securities of the CBOE Bitcoin Futures are cease traded at any time by a Securities Regulatory Authority or other relevant regulator or stock exchange, the Manager may suspend the redemption of Units of the Evolve ETF until such time as the transfer of the securities is permitted as described under “Purchases of Units – Suspension of Redemptions”. In addition, if constituent securities of the CBOE Bitcoin Futures are cease traded, the Evolve ETF may not be able to replicate the CBOE Bitcoin Futures while such cease trade orders are in effect. As a result, each Evolve ETF that holds securities traded on an exchange or other organized market bears the risk of cease trading orders against any constituent security held by the Evolve ETF.

#### **Risk Ratings of the Evolve ETF**

The investment risk level of the Evolve ETF is required to be determined in accordance with a standardized risk classification methodology that is based on the historical volatility of the Evolve ETF, as measured by the 10-year standard deviation of the returns of the Evolve ETF. As the Evolve ETF is new, the Manager calculates the

investment risk level of the Evolve ETF using a reference index that is expected to reasonably approximate the standard deviation of the Evolve ETF. Once the Evolve ETF has 10 years of performance history, the methodology will calculate the standard deviation of the Evolve ETF using the return history of the Evolve ETF rather than that of the reference index. The Evolve ETF is assigned an investment risk rating in one of the following categories: low, low to medium, medium, medium to high or high risk.

The following chart sets out a description of the reference index used for the Evolve ETF:

<b>Evolve ETF</b>	<b>Reference Index</b>
<b>Evolve Bitcoin ETF</b>	•

Unitholders should know that other types of risks, both measurable and non-measurable, exist. Also, just as historical performance may not be indicative of future returns, historical volatility may not be indicative of future volatility. The risk rating of the Evolve ETF set out below is reviewed annually and anytime it is no longer reasonable in the circumstances. A more detailed explanation of the risk classification methodology used to identify the risk rating of the Evolve ETF is available on request, at no cost, by calling toll-free 1-844-370-4884 or by writing to Evolve Funds Group Inc., 161 Bay Street, Suite 2700, Toronto, ON M5J 2S1.

<b>Evolve ETF</b>	<b>Risk Rating</b>
<b>Evolve Bitcoin ETF</b>	High Risk

### **DISTRIBUTION POLICY**

The Evolve ETF is not expected to make regular cash distributions. Cash distributions, if any, to Unitholders of income, net of fees and expenses, will be made at the discretion of the Manager.

If, for any taxation year, after the ordinary distributions (if any), there would remain in the Evolve ETF additional net income, the Evolve ETF will, after December 15 but on or before December 31 of that calendar year, be required to pay or make payable such net income as one or more special year-end distributions to Unitholders as is necessary to ensure that the Evolve ETF will not be liable for income tax on such amounts under Part I of the Tax Act (after taking into account all available deductions, credits and refunds). Such special distributions may be paid in the form of Units and/or cash. Any special distributions payable in Units 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 held by a Unitholder will be automatically consolidated such that the number of Units held by the Unitholder 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.

The tax treatment to Unitholders of distributions is discussed under the heading "Income Tax Considerations".

### **PURCHASES OF UNITS**

#### **Initial Investment in the Evolve ETF**

The Evolve ETF will not issue Units to the public until subscriptions aggregating not less than \$500,000 have been received and accepted by the Evolve ETF from investors other than persons or companies related to the Manager or its affiliates.

#### **Continuous Distribution**

Units are being issued and sold on a continuous basis and there is no maximum number of Units that may be issued.

#### **Designated Broker**

All orders to purchase Units directly from the Evolve ETF must be placed by the Designated Broker or Dealers. The Evolve ETF reserves the absolute right to reject any subscription order placed by the Designated Broker and/or a

Dealer. No fees will be payable by the Evolve ETF to the Designated Broker or a Dealer in connection with the issuance of Units. On the issuance of Units, the Manager may, at its discretion, charge an administrative fee to a Dealer or the Designated Broker to offset any expenses (including any applicable TSX additional listing fees) incurred in issuing the Units.

On any Trading Day, the Designated Broker or a Dealer may place a subscription order for the PNU or integral multiple PNU of the Evolve ETF. If a subscription order is received by the Evolve ETF at or before the applicable cut-off time, or such other time prior to the Valuation Time on such Trading Day as the Manager may permit, and is accepted by the Manager, the Evolve ETF will generally issue to the Dealer or Designated Broker the PNU (or an integral multiple thereof) within three Trading Days from the effective date of the subscription order. The Evolve ETF must receive payment for the Units subscribed for within three Trading Days from the effective date of the subscription order. The effective date of a subscription order is the Trading Day on which the Valuation Time that applies to such subscription order takes place.

On April 27, 2017, the Canadian securities regulators (other than the British Columbia Securities Commission) published for comment draft amendments to NI 81-102. If the draft amendments come into force in their current form (the “**Draft Amendments**”), from the coming-into-force date onwards the reference to “three Trading Days” in the previous paragraph should be read as “two Trading Days”.

Unless the Manager shall otherwise agree or the Declaration of Trust shall otherwise provide, as payment for a PNU of the Evolve ETF, a Dealer or the Designated Broker must deliver subscription proceeds in an amount sufficient so that the value of the cash delivered is equal to the NAV of the PNU of the Evolve ETF determined at the Valuation Time on the effective date of the subscription order, plus if applicable, the Cash Creation Fee. The Cash Creation Fee, if any, applicable in respect of the Evolve ETF will be specified from time to time at the discretion of the Manager and will be made available to applicable investors and the Designated Broker and Dealers. The Cash Creation Fee, if any, will accrue to the Evolve ETF.

The Manager may from time to time and, in any event not more than once quarterly, require the Designated Broker to subscribe for Units of the Evolve ETF for cash in a dollar amount not to exceed 0.30% of the NAV of the Evolve ETF, or such other amount as may be agreed to by the Manager and the Designated Broker. The number of Units issued will be the subscription amount divided by the NAV per Unit next determined following the delivery by the Manager of a subscription notice to the Designated Broker. Payment for the Units must be made by the Designated Broker by no later than the third Trading Day after the subscription notice has been delivered.

The Manager will, except when circumstances prevent it from doing so, disclose the number of Units comprising a PNU for a particular Evolve ETF to applicable investors, the Designated Broker and Dealers following the close of business on each Trading Day. The Manager may, at its discretion, increase or decrease the PNU from time to time.

#### ***To Unitholders of the Evolve ETF as Distributions Paid in Units***

In addition to the issuance of Units as described above, distributions may be made by way of the issuance of Units. See “Distribution Policy”.

#### ***Buying and Selling Units***

The Manager, on behalf of the Evolve ETF, has applied to list the Units on the TSX. Subject to receiving conditional approval and satisfying the TSX’s original listing requirements, the Units will be listed on the TSX and investors will be able to buy or sell such Units on the TSX through registered brokers and dealers in the province or territory where the investor resides. Investors may incur customary brokerage commissions in buying or selling Units. No fees are paid by investors to the Manager or the Evolve ETF in connection with buying or selling of Units on the TSX.

#### ***Special Considerations for Unitholders***

The provisions of the so-called “early warning” requirements set out in Canadian Securities Legislation do not apply in connection with the acquisition of Units. In addition, the Evolve ETF has obtained exemptive relief from the Securities Regulatory Authorities to permit Unitholders to acquire more than 20% of the Units through purchases on the TSX without regard to the take-over bid requirements of Canadian Securities Legislation, provided that any such Unitholder, and any person acting jointly or in concert with the Unitholder, undertakes to the Manager not to vote more than 20% of the Units at any meeting of Unitholders.

### ***Special Circumstances***

Units may also be issued by the Evolve ETF to the Designated Broker in a number of special circumstances, including the following: (i) when the Manager has determined that the Evolve ETF should acquire constituent securities or other securities in connection with a rebalancing event as described under “Investment Strategies – Rebalancing Events”; and (ii) when cash redemptions of Units occur as described below under “Redemption of Units of the Evolve ETF for Cash”, or the Evolve ETF otherwise has cash that the Manager wants to invest.

## **REDEMPTION OF UNITS**

### **Redemption of Units of the Evolve ETF at Net Asset Value per Unit**

Unitholders of the Evolve ETF may redeem the PNU (or an integral multiple thereof) of the Evolve ETF on any Trading Day for cash, subject to the requirement that a minimum PNU be redeemed. To effect an redemption of Units, a Unitholder must submit a request in the form and at the location prescribed by the Evolve ETF from time to time at or before the applicable cut-off time on a Trading Day, or such other time prior to the Valuation Time on such Trading Day as the Manager may permit. The redemption price will be equal to the NAV of each PNU tendered for redemption determined at the Valuation Time on the effective date of the request, payable by cash. The Manager will also make available to Dealers and the Designated Broker the PNU to redeem Units on each Trading Day. The effective date of an redemption request is the Trading Day on which the Valuation Time that applies to such redemption request takes place.

Upon the request of a Unitholder, the Manager may, in its complete discretion, satisfy a redemption request by delivering cash only in an amount equal to the NAV of each PNU tendered for redemption determined at the Valuation Time on the effective date of the redemption request, provided that the Unitholder agrees to pay the Cash Redemption Fee, if applicable.

The Cash Redemption Fee, if any, applicable in respect of the Evolve ETF will be specified from time to time at the discretion of the Manager and will be made available to the Designated Broker and applicable Dealers. The Cash Redemption Fee, if any, will accrue to the Evolve ETF.

If a redemption request is not received by the applicable cut-off time, the redemption order will be effective only on the next Trading Day. Settlement of redemptions for cash will generally be made by the third Trading Day after the effective day of the redemption request. If the Draft Amendments come into force, from the coming-into-force date onwards the reference to “third Trading Day” in the previous sentence should be read as “second Trading Day”.

As described under “Book-Entry Only System”, registration of interests in, and transfers of, Units will be made only through the book-entry only system of CDS. The redemption rights described below must be exercised through the CDS Participant through which the owner holds Units. Beneficial owners of Units should ensure that they provide redemption instructions to the CDS Participant through which they hold such Units sufficiently in advance of the cut-off times described below to allow such CDS Participant to notify CDS and for CDS to notify the Manager prior to the relevant cut-off time.

### **Redemption of Units of the Evolve ETF for Cash**

On any Trading Day, Unitholders may redeem (i) Units of the Evolve ETF for cash at a redemption price per Unit equal to 95% of the closing price for the Units on the TSX on the effective day of the redemption, subject to a maximum redemption price per Unit equal to the NAV per Unit on the effective day of redemption, less any applicable administrative fee determined by the Manager, in its sole discretion, from time to time, or (ii) a PNU of the Evolve ETF or a multiple PNU of the Evolve ETF for cash equal to the NAV of that number of Units, less any applicable administrative fee determined by the Manager, in its sole discretion, from time to time. Because Unitholders will generally be able to sell Units at the market price on the TSX through a registered broker or dealer subject only to customary brokerage commissions, Unitholders are advised to consult their brokers, dealers or investment advisors before redeeming such Units for cash. No fees or expenses are paid by Unitholders to the Manager or the Evolve ETF in connection with selling Units on the TSX.

In order for a cash redemption to be effective on a Trading Day, a cash redemption request must be delivered to the Manager in the form and at the location prescribed by the Manager from time to time at or before the applicable cut-off time on such Trading Day. Any cash redemption request received after such time will be effective only on the next Trading Day. Where possible, payment of the redemption price will be made by no later than the third Trading

Day after the effective day of the redemption. If the Draft Amendments come into force, from the coming-into-force date onwards the reference to “third Trading Day” in the previous sentence should be read as “second Trading Day”. The cash redemption request forms may be obtained from any registered broker or Dealer.

Unitholders that have delivered a redemption request prior to the Distribution Record Date for any distribution will not be entitled to receive that distribution.

In connection with the redemption of Units, the Evolve ETF will generally dispose of securities or other financial instruments.

### **Suspension of Redemptions**

The Manager may suspend the redemption of Units or payment of redemption proceeds of the Evolve ETF: (i) during any period when normal trading is suspended on a stock exchange or other market on which securities owned by the Evolve ETF are listed and traded, if these securities represent more than 50% by value or underlying market exposure of the total assets of the Evolve ETF, without allowance for liabilities, and if these securities are not traded on any other exchange that represents a reasonably practical alternative for the Evolve ETF; or (ii) with the prior permission of the Securities Regulatory Authorities where required, for any period not exceeding 30 days during which the Manager determines that conditions exist which render impractical the sale of assets of the Evolve ETF or which impair the ability of the Custodian to determine the value of the assets of the Evolve ETF. The suspension may apply to all requests for redemption received prior to the suspension but as to which payment has not been made, as well as to all requests received while the suspension is in effect. All Unitholders making such requests shall be advised by the Manager of the suspension and that the redemption will be effected at a price determined on the first Valuation Date following the termination of the suspension. All such Unitholders shall have and shall be advised that they have the right to withdraw their requests for redemption. The suspension shall terminate in any event on the first day on which the condition giving rise to the suspension has ceased to exist, provided that no other condition under which a suspension is authorized then exists. To the extent not inconsistent with official rules and regulations promulgated by any government body having jurisdiction over the Evolve ETF, any declaration of suspension made by the Manager shall be conclusive.

### **Administrative Fee**

An amount of up to 1% of the issue or redemption price, or such other amount as may be agreed to between the Manager and the Designated Broker or a Dealer of the Evolve ETF may be charged to offset certain transaction costs associated with an issue or redemption of Units. This charge does not apply to Unitholders who buy and sell their Units through the facilities of the TSX.

### **Allocations of Income to Redeeming Unitholders**

Pursuant to the Declaration of Trust, the Evolve ETF may allocate and designate as payable any income realized by the Evolve ETF as a result of any disposition of property of the Evolve ETF undertaken to permit or facilitate the redemption of Units to a Unitholder whose Units are being redeemed. In addition, the Evolve ETF has the authority to distribute, allocate and designate any income of the Evolve ETF to a Unitholder of the Evolve ETF who has redeemed Units during a year in an amount equal to the Unitholder's share, at the time of redemption, of the Evolve ETF's income for the year. Any such allocations and designations will reduce the redemption price otherwise payable to the redeeming Unitholder.

### **Book-Entry Only System**

Registration of interests in, and transfers of, Units of the Evolve ETF will be made only through the book-entry only system of CDS. Units must be purchased, transferred and surrendered for redemption only through a CDS Participant. All rights of an owner of Units must be exercised through, and all payments or other property to which such owner is entitled will be made or delivered by, CDS or the CDS Participant through which the owner holds such Units. Upon buying Units of the Evolve ETF, the owner will receive only the customary confirmation. References in this prospectus to a holder of Units means, unless the context otherwise requires, the owner of the beneficial interest of such Units.

Neither the Evolve ETF nor the Manager will have any liability for: (i) records maintained by CDS relating to the beneficial interests in Units or the book entry accounts maintained by CDS; (ii) maintaining, supervising or reviewing any records relating to such beneficial ownership interests; or (iii) any advice or representation made or

given by CDS and made or given with respect to the rules and regulations of CDS or any action taken by CDS or at the direction of the CDS Participants.

The ability of a beneficial owner of Units to pledge such Units or otherwise take action with respect to such owner's interest in such Units (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

The Evolve ETF has the option to terminate registration of Units through the book-entry only system in which case certificates for Units in fully registered form will be issued to beneficial owners of such Units or to their nominees.

### **Short-Term Trading**

Unlike conventional open-end mutual fund trusts in which short-term trading by investors may cause the mutual fund to incur additional unnecessary trading costs in connection with the purchase of additional constituent securities and the sale of constituent securities to fund unitholder redemptions, the Manager does not believe that it is necessary to impose any short-term trading restrictions on the Evolve ETF at this time as: (i) the Evolve ETF is an exchange traded fund that is primarily traded in the secondary market; and (ii) the few transactions involving Units that do not occur on the secondary market involve the Designated Broker and/or Dealers, who can only purchase or redeem Units in a PNU and on whom the Manager may impose an administrative fee. The administrative fee is intended to compensate the Evolve ETF for any costs and expenses incurred by the Evolve ETF in order to fund the redemption.

## **INCOME TAX CONSIDERATIONS**

The following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations under the Tax Act generally applicable to the acquisition, holding and disposition of Units by a Unitholder who acquires Units pursuant to this prospectus. This summary only applies to a prospective Unitholder who is an individual (other than a trust) resident in Canada for purposes of the Tax Act who deals at arm's length with the Evolve ETF, the Designated Broker and the Dealers and is not affiliated with the Evolve ETF, the Designated Broker or any Dealer and who holds Units as capital property (a "**Holder**").

Generally, Units of the Evolve ETF will be considered to be capital property to a Holder provided that the Holder does not hold such Units in the course of carrying on a business of buying and selling securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Provided that the Evolve ETF qualifies as a "mutual fund trust" for purposes of the Tax Act, certain Holders who might not otherwise be considered to hold Units as capital property may, in certain circumstances, be entitled to have such Units and all other "Canadian securities" owned or subsequently acquired by them treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. This summary does not apply to a Holder who has entered or will enter into a "derivative forward agreement" as that term is defined in the Tax Act with respect to the Units.

This summary is based on the assumptions that (i) the Evolve ETF will not be subject to the tax for "SIFT trusts" for purposes of the Tax Act, (ii) none of the issuers of the securities in the portfolio of the Evolve ETF will be foreign affiliates of the Evolve ETF or of any Holder, and (iii) none of the securities in the portfolio of the Evolve ETF will be a "tax shelter investment" within the meaning of section 143.2 of the Tax Act.

This summary is based on the facts described herein, the current provisions of the Tax Act, and an understanding of the current publicly available administrative policies and assessing practices of the CRA published in writing prior to the date hereof. This summary takes into account the Tax Amendments. This description is not exhaustive of all Canadian federal income tax consequences and does not take into account or anticipate changes in the law or in administrative policy or assessing practice, whether by legislative, governmental or judicial action other than the Tax Amendments in their present form, nor does it take into account provincial, territorial or foreign tax considerations which may differ significantly from those discussed herein. There can be no assurance that the Tax Amendments will be enacted in the form publicly announced, or at all.

**This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Units. This summary does not address the deductibility of interest on any funds borrowed by a Holder to purchase Units. The income and other tax consequences of investing in Units will vary depending on an investor's particular circumstances including the province or territory in which the investor resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any holder of Units. Prospective investors should consult**

**their own tax advisors with respect to the income tax consequences to them of an acquisition of Units based on their particular circumstances.**

**A Holder will be required to compute all amounts, including adjusted cost base and proceeds of disposition, in Canadian dollars in accordance with the detailed rules in the Tax Act.**

### **Status of the Evolve ETF**

This summary is based on the assumptions that the Evolve ETF will qualify or be deemed to qualify at all times as a “mutual fund trust” within the meaning of the Tax Act, that the Evolve ETF will validly elect under the Tax Act to be a mutual fund trust from the date it was established, and that the Evolve ETF has not been established and will not be maintained primarily for the benefit of non-residents unless, at that time, substantially all of its property consists of property other than property that would be “taxable Canadian property” within the meaning of the Tax Act (if the definition of such term were read without reference to paragraph (b) of that definition).

To qualify as a mutual fund trust (i) the Evolve ETF must be a Canadian resident “unit trust” for purposes of the Tax Act, (ii) the only undertaking of the Evolve ETF must be (a) the investing of its funds in property (other than real property or interests in real property or an immovable or a real right in an immovable), (b) the acquiring, holding, maintaining, improving, leasing or managing of any real property (or interest in real property) or of any immovable (or real right in immovables) that is capital property of the Evolve ETF, or (c) any combination of the activities described in (a) and (b), and (iii) the Evolve ETF must comply with certain minimum requirements respecting the ownership and dispersal of Units of a particular class (the “**Minimum Distribution Requirements**”). In this connection, (i) the Manager intends to cause the Evolve ETF to qualify as a unit trust throughout the life of the Evolve ETF, (ii) the Evolve ETF’s undertaking conforms with the restrictions for mutual fund trusts, and (iii) the Manager intends to file the necessary election so that the Evolve ETF will qualify as a mutual fund trust from its inception in 2017 and it has no reason to believe that the Evolve ETF will not comply with the Minimum Distribution Requirements before the 91<sup>st</sup> day after the end of its first taxation year (determined without regard to any taxation year-end that may be deemed to occur for other purposes under the rules in the Tax Act relating to “loss restriction events”) and at all times thereafter, thereby permitting the filing by the Evolve ETF of such election.

If the Evolve ETF were not to qualify or be deemed to qualify as a mutual fund trust at all times, the income tax considerations described below would, in some respects, be materially and adversely different in respect of the Evolve ETF.

Provided that the Evolve ETF qualifies as a “mutual fund trust” within the meaning of the Tax Act, or the Units are listed on a “designated stock exchange” within the meaning of the Tax Act, Units will be qualified investments under the Tax Act for a trust governed by an RRSP, a RRIF, a DPSP, an RDSP, an RESP or a TFSA (the “**Plans**”). See “Income Tax Considerations – Taxation of Registered Plans” for the consequences of holding Units in Plans.

### **Taxation of the Evolve ETF**

The Evolve ETF will elect to have a taxation year that ends on December 15 of each calendar year. The Evolve ETF must pay tax on its net income for a taxation year, less the portion thereof that it deducts in respect of the amount paid or payable to its Unitholders in the calendar year in which the taxation year ends. An amount will be considered to be payable to a Unitholder in a calendar year if it is paid to the Unitholder in that year by the Evolve ETF or if the Unitholder is entitled in that year to enforce payment of the amount. The Declaration of Trust requires that sufficient amounts be paid or made payable each year so that the Evolve ETF is not liable for any non-refundable income tax under Part I of the Tax Act.

In general, gains and losses realized by the Evolve ETF from Derivative transactions will be on income account, and such gains and losses will be recognized for tax purposes at the time they are realized by the Evolve ETF subject to the specific limitations in the Tax Act. Pursuant to certain Tax Amendments, an election to realize gains and losses on “eligible derivatives” (as defined in such Tax Amendments) of the Evolve ETF on a mark-to-market basis may be available. The Manager will consider whether such election, if available, would be advisable for the Evolve ETF.

The Evolve ETF may enter into transactions denominated in currencies other than the Canadian dollar including the acquisition of securities in its portfolio. The cost and proceeds of disposition of securities and all other amounts will be determined for the purposes of the Tax Act in Canadian dollars using the appropriate exchange rates determined in accordance with the detailed rules in the Tax Act in that regard. The amount of income, gains and losses realized by the Evolve ETF may be affected by fluctuations in the value of other currencies relative to the Canadian dollar.



The Evolve ETF will be entitled to deduct an amount equal to the reasonable expenses that it incurs in the course of issuing Units. Such issue expenses paid by the Evolve ETF and not reimbursed will be deductible by the Evolve ETF ratably over a five-year period subject to reduction in any taxation year which is less than 365 days. In computing its income under the Tax Act, the Evolve ETF may deduct reasonable administrative and other expenses incurred to earn income.

Losses incurred by the Evolve ETF in a taxation year cannot be allocated to Holders, but may be deducted by the Evolve ETF in future years in accordance with the Tax Act.

### **Taxation of Holders**

A Holder will generally be required to include in computing income for a particular taxation year of the Holder such portion of the net income of the Evolve ETF as is paid or becomes payable to the Holder in that particular taxation year (whether in cash, in Units or whether as a management fee distribution). Amounts paid or payable by the Evolve ETF to a Holder after December 15 and before the end of the calendar year are deemed to have been paid or become payable to the Holder on December 15.

Under the Tax Act, the Evolve ETF is permitted to deduct in computing its income for a taxation year an amount that is less than the amount of its distributions of income for the calendar year to the extent necessary to enable the Evolve ETF to use, in that taxation year, losses from prior years without affecting the ability of the Evolve ETF to distribute its income annually. In such circumstances, the amount distributed to a Holder of the Evolve ETF but not deducted by the Evolve ETF will not be included in the Holder's income. However, the adjusted cost base of the Holder's Units will be reduced by such amount. The non-taxable portion of the Evolve ETF's net realized capital gains for a taxation year (if any), the taxable portion of which was designated in respect of a Holder for the taxation year, that is paid or becomes payable to the Holder for the year will not be included in computing the Holder's income for the year. Any other amount in excess of a Holder's share of the net income of the Evolve ETF for a taxation year that is paid or becomes payable to the Holder for the year (i.e. returns of capital) will not generally be included in the Holder's income for the year, but will reduce the adjusted cost base of the Holder's Units. To the extent that the adjusted cost base of a Unit to a Holder would otherwise be a negative amount, the negative amount will be deemed to be a capital gain and the adjusted cost base of the Unit to the Holder will be increased by the amount of such deemed capital gain to zero.

Any loss of the Evolve ETF for purposes of the Tax Act cannot be allocated to, and cannot be treated as a loss of, a Holder.

On the disposition or deemed disposition of a Unit, including on a redemption, a Holder will realize a capital gain (or capital loss) to the extent that the Holder's proceeds of disposition (other than any amount payable by the Evolve ETF which represents income allocated and designated to the redeeming Holder), net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the Unit. For the purpose of determining the adjusted cost base of a Holder's Units of a class of the Evolve ETF, when additional Units of that class of the Evolve ETF are acquired by the Holder (as a result of a distribution by the Evolve ETF in the form of Units or otherwise), the cost of the newly acquired Units will be averaged with the adjusted cost base of all Units of the same class of the Evolve ETF owned by the Holder as capital property immediately before that time. For this purpose, the cost of Units that have been issued on a distribution will generally be equal to the amount of the distribution. A consolidation of Units following a distribution paid in the form of additional Units as described under "Distribution Policy" will not be regarded as a disposition of Units and will not affect the aggregate adjusted cost base to a Holder.

Pursuant to the Declaration of Trust, the Evolve ETF may allocate and designate as payable any income realized by the Evolve ETF as a result of any disposition of property of the Evolve ETF undertaken to permit or facilitate the redemption of Units of the Evolve ETF to a Unitholder whose Units are being redeemed. In addition, the Evolve ETF has the authority to distribute, allocate and designate any income of the Evolve ETF to a Unitholder of the Evolve ETF who has redeemed Units of the Evolve ETF during a year in an amount equal to the Unitholder's share, at the time of redemption, of the Evolve ETF's income for the year. Any such allocations and designations will reduce the redemption price otherwise payable to the Holder and therefore the Holder's proceeds of disposition.

In general, one-half of any capital gain (a "**taxable capital gain**") realized by a Holder on the disposition of Units in a taxation year of the Holder will be included in computing the Holder's income for that year and one-half of any capital loss (an "**allowable capital loss**") realized by the Holder in a taxation year of the Holder generally must be deducted from taxable capital gains realized by the Holder in the taxation year in accordance with the detailed provisions of the Tax Act. Allowable capital losses for a taxation year in excess of taxable capital gains for that

taxation year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against taxable capital gains in accordance with the provisions of the Tax Act.

Taxable capital gains realized on the disposition of Units may increase the Holder's liability for alternative minimum tax.

### **Taxation of Registered Plans**

Distributions received by Plans on Units and capital gains realized by Plans on the disposition of Units are generally not taxable under Part I of the Tax Act provided the Units are "qualified investments" for the Plan for purposes of the Tax Act.

Holders should consult with their own advisors regarding the tax implications of establishing, amending, terminating or withdrawing amounts from a Plan.

Notwithstanding the foregoing, the holder of a TFSA or the annuitant of an RRSP or RRIF will be subject to a penalty tax in respect of Units held by such TFSA, RRSP or RRIF, as the case may be, if such Units are a "prohibited investment" for such Plans for the purposes of the Tax Act. The Units will not be a "prohibited investment" for a trust governed by a TFSA, RRSP or RRIF unless the holder of the TFSA or the annuitant of the RRSP or RRIF, as applicable, (i) does not deal at arm's length with the Evolve ETF for purposes of the Tax Act, or (ii) has a "significant interest" as defined in the Tax Act in the Evolve ETF. Generally, a holder or annuitant, as the case may be, will not have a significant interest in the Evolve ETF unless the holder or annuitant, as the case may be, owns interests as a beneficiary under the Evolve ETF that have a fair market value of 10% or more of the fair market value of the interests of all beneficiaries under the Evolve ETF, either alone or together with persons and partnerships with which the holder or annuitant, as the case may be, does not deal at arm's length. In addition, the Units will not be a prohibited investment if such Units are "excluded property" as defined in the Tax Act for a trust governed by a TFSA, RRSP or RRIF. Pursuant to certain Tax Amendments, the rules in respect of "prohibited investments" are also proposed to apply, effective after March 22, 2017, to (i) RDSPs and the holders thereof and (ii) RESPs and the subscribers thereof.

Holders, annuitants or subscribers should consult their own tax advisors with respect to whether Units would be prohibited investments, including with respect to whether such Units would be excluded property.

### **Tax Implications of the Evolve ETF's Distribution Policy**

The NAV per Unit of the Evolve ETF will, in part, reflect any income and gains of the Evolve ETF that have accrued or have been realized, but have not been made payable at the time Units were acquired. Accordingly, a Holder who acquires Units, including on a distribution of Units, may become taxable on the Holder's share of such income and gains of the Evolve ETF. In particular, an investor who acquires Units at any time in the year but prior to a distribution being paid or made payable will have to pay tax on the entire distribution (to the extent it is a taxable distribution) notwithstanding that such amounts may have been reflected in the price paid by the Holder for the Units. Further, where a Holder acquires Units in a calendar year after December 15 of such year, such Holder may become taxable on income earned or capital gains realized in the taxation year ending on December 15 of such calendar year but that had not been made payable before the Units were acquired.

## **ORGANIZATION AND MANAGEMENT DETAILS OF THE EVOLVE ETF**

### **Manager**

EFG will be the trustee, manager, promoter and portfolio manager of the Evolve ETF and will be responsible for the administration of the Evolve ETF. The Manager is registered as an investment fund manager and portfolio manager with the applicable Securities Regulatory Authorities in Canada. The registered office of the Evolve ETF and the Manager is located at 161 Bay Street, Suite 2700, Toronto, ON M5J 2S1.

The Manager will perform or arrange for the performance of management services for the Evolve ETF, will be responsible for the administration of the Evolve ETF and will provide investment advisory and portfolio management services to the Evolve ETF with respect to its portfolio, including retaining the services of a sub-advisor, as applicable. The Manager is entitled to fees for its services as manager under the Declaration of Trust as described under "Fees and Expenses" and will be reimbursed for all reasonable costs and expenses incurred by the Manager on behalf of the Evolve ETF.

***Duties and Services to be provided by the Manager***

Pursuant to the Declaration of Trust, the Manager has full authority and responsibility to manage and direct the business and affairs of the Evolve ETF, to make all decisions regarding the business of the Evolve ETF and to bind the Evolve ETF. The Manager may delegate certain of its powers to third parties where, in the discretion of the Manager, it would be in the best interests of the Evolve ETF to do so.

The Manager is responsible for providing, or causing to be provided, management, administrative and portfolio advisory and investment management services to the Evolve ETF. The Manager's duties include, without limitation:

- (i) negotiating contracts with certain third-party service providers, including but not limited to investment managers, sub-advisors, custodians, registrars, transfer agents, auditors and printers;
- (ii) authorizing the payment of operating expenses incurred on behalf of the Evolve ETF;
- (iii) maintaining accounting records;
- (iv) preparing the reports to Unitholders and to the applicable Securities Regulatory Authorities;
- (v) calculating the amount and determining the frequency of distributions by the Evolve ETF;
- (vi) preparing financial statements, income tax returns and financial and accounting information as required;
- (vii) ensuring that Unitholders are provided with financial statements and other reports as are required from time to time by applicable law;
- (viii) ensuring that the Evolve ETF comply with all other regulatory requirements including continuous disclosure obligations under applicable securities laws;
- (ix) administering purchases, redemptions and other transactions in Units;
- (x) arranging for any payments required upon termination of the Evolve ETF;
- (xi) dealing and communicating with Unitholders;
- (xii) providing office facilities and personnel to carry out these services, if not otherwise furnished by any other service provider to the Evolve ETF; and
- (xiii) monitoring the investment strategy of the Evolve ETF to ensure that the Evolve ETF complies with its investment objective, investment strategies and investment restrictions and practices.

The Manager is required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of the Unitholders of the Evolve ETF, and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Declaration of Trust provides that the Manager will not be liable to the Evolve ETF or to any Unitholder or any other person for any loss or damage relating to any matter regarding the Evolve ETF, including any loss or diminution of value of the assets of the Evolve ETF if it has satisfied its standard of care set forth above.

The administration and management services of the Manager under the Declaration of Trust are not exclusive and nothing in the Declaration of Trust prevents the Manager from providing similar administrative and management services to other investment funds and other clients (whether or not their investment objectives and policies are similar to those of the Evolve ETF) or from engaging in other activities.

The Manager and each of its directors, officers, employees and agents may be indemnified out of the assets of the Evolve ETF from and against all claims whatsoever, including costs, charges and expenses in connection therewith, brought, commenced or prosecuted against it for or in respect of any act, deed, matter or thing whatsoever made, done or omitted in or in relation to the execution of its duties to the Evolve ETF as long as the person acted honestly and in good faith with a view to the best interests of the Evolve ETF.

The Manager may resign upon 90 days' prior written notice to the Trustee or upon such lesser notice period as the Trustee may accept. The Manager may also be removed by the Trustee on at least 90 days' written notice to the Manager. The Manager is deemed to have resigned if the Manager ceases to (i) be resident in Canada for the purposes of the Tax Act; or (ii) carry out its functions of managing the Evolve ETF in Canada. The Trustee shall make every effort to select and appoint a successor manager prior to the effective date of the Manager's resignation.

## Officers and Directors of the Manager

The name and municipality of residence of each of the directors and executive officers of the Manager and their principal occupations are as follows:

**Name and Municipality of Residence**

RAJ LALA  
Toronto, Ontario

MICHAEL SIMONETTA  
Toronto, Ontario

KIRK COOPER  
Toronto, Ontario

**Position with the Manager and Principal Occupation**

**President, Chief Executive Officer and Director, EFG**

Prior to founding EFG, Raj Lala served as Head of WisdomTree Canada – a division of WisdomTree Investments Inc., one of the world’s largest ETF issuers. Prior to this, Mr. Lala was Executive Vice President and Head of Retail Markets for Fiera Capital Corporation, a prominent Canadian investment management firm with over \$100 billion in assets under management. Mr. Lala co-founded and served as President and CEO of Propel Capital Corporation (which was acquired by Fiera Capital Corporation in September 2014). Propel raised approximately \$1 Billion in structured products in its five years of operation. Prior to Propel, Mr. Lala worked with Jovian Capital. Mr. Lala held several roles at Jovian including President of JovFunds Inc., an asset management division of Jovian Capital. Mr. Lala holds a Bachelor’s degree in Economics from the University of Toronto (1994).

**Chairman, Chief Financial Officer and Director, EFG**

Mr. Simonetta has a broad background in management, investment and capital markets. Mr. Simonetta was one of the founding partners of First Asset Management Inc. (“FAMI”), and served as President and CEO of FAMI from 1997 to 2006. At the time FAMI was sold in 2005, FAMI managed in excess of \$30 billion in assets and was one of Canada’s top ten largest companies in the pension and high net worth asset management business. FAMI’s affiliates have included: Beutel, Goodman & Company Ltd.; Foyston Gordon & Payne, Inc.; Deans Knight Capital Management Ltd., Montrusco Bolton Investments Inc.; Covington Capital Corporation; First Asset Funds Inc. (formerly Triax Capital Corporation); and Northwest Mutual Funds Inc. FAMI was sold in 2005 to Affiliated Managers Group, Inc. (NYSE: AMG), a publicly listed investment management company based in Boston. Mr. Simonetta is a member of the Institute of Chartered Accountants of Ontario, obtaining his C.A. designation in 1984 while achieving Top 20 Honour Roll standing, and holds a Bachelor of Arts from the University of Waterloo (1983 – Gold Medal).

**Chief Investment Officer, Chief Compliance Officer and Corporate Secretary, EFG**

Mr. Cooper is Chief Investment Officer, Chief Compliance Officer and Corporate Secretary with EFG. Prior to joining EFG, Mr. Cooper was Senior Portfolio Manager at Fiera Quantum as one of two lead portfolio managers for the Fiera Capital Defensive US Equity and Defensive Global Equity Funds. Prior to Fiera, Mr. Cooper was a Director and Vice President of Deutsche Bank AG in Toronto, in the Canadian equity proprietary trading operation where he co-managed \$1.2 billion in assets. Prior to joining Deutsche Bank, Mr. Cooper was a Vice President and Co-Head of Citibank Canada’s Canadian equity derivatives business. Mr. Cooper was Co-Founder & General Partner of Cooper Panko & Partners Investment Management, an equity-based investment fund. Mr. Cooper has over 25 years of investment management experience. Mr. Cooper holds a Bachelor of Mathematics from the University of Waterloo and a Masters from the

***Name and Municipality of  
Residence***

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ELLIOT JOHNSON  
Toronto, Ontario

***Position with the Manager and Principal Occupation***

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Institute of Transpersonal Psychology. He is a member of the Toronto CFA society and has been a CFA charter holder since 1996.

**Chief Operating Officer and Director**

Prior to joining EFG, Mr. Johnson was Senior Vice President, Retail Markets at Fiera Capital Corporation, a prominent Canadian investment management firm. Prior to this role, Mr. Johnson served as Chief Operating Officer of Fiera Quantum Limited Partnership, an alternative investment manager. From 2010 to 2012, Mr. Johnson led technology management for a number of business lines at National Bank of Canada. Prior to 2012 he spent 13 years at GMP Capital Corp. in a variety of management roles across institutional brokerage, wealth management and asset management businesses. Mr. Johnson holds the Canadian Investment Manager (CIM) designation, the Derivatives Markets Specialist (DMS) designation and is a Fellow of the Canadian Securities Institute (FCFI). Mr. Johnson serves as a trustee on the boards of the Upper Canada College Foundation, and Trinity College at the University of Toronto where he is Chair of the Committee on Investments.

KEITH CRONE  
Toronto, Ontario

**Executive Vice President, Head of Marketing and Director**

Prior to joining EFG, Mr. Crone served as Vice President, Retail Markets at Fiera Capital Corporation, a prominent Canadian investment management firm with over \$100 Billion in assets under management. Mr. Crone served as Vice President and Partner of Propel Capital Corporation (which was acquired by Fiera Capital Corporation in September 2014). Propel raised approximately \$1 Billion in structured products in its five years of operation. Prior to Propel, Mr. Crone served as Senior Vice President, Sales within JovFunds Inc., the specialty investment arm of Jovian Capital Corporation. Prior to 2005, Mr. Crone served in various sales and marketing capacities at Dynamic Funds, which is now a wholly-owned subsidiary of Scotiabank.

In its capacity as portfolio manager, EFG is responsible for the oversight and provision of investment advisory services to the Evolve ETF, and all decisions are reviewed in a team-oriented manner. The portfolio of the Evolve ETF will be primarily managed by Kirk Cooper (CFA), Chief Investment Officer, Chief Compliance Officer and Corporate Secretary of the Manager. Investment decisions made by the portfolio manager are not subject to the oversight, approval or ratification of a committee.

**Brokerage Arrangements**

The Manager may utilize various brokers to effect securities transactions on behalf of the Evolve ETF. These brokers may directly provide the Manager with research and related services, in addition to executing transactions. The Manager will monitor and evaluate the execution performance of its brokers with a view to determining whether steps should be taken to improve the quality of trade execution. When determining whether a broker should be added to the Manager's list of approved brokers, there are numerous factors that are considered including transaction cost, value of research, type and size of an order, speed and certainty of execution, responsiveness and trade matching quality.

Approved brokers will be monitored on a regular basis to ensure that the value of the goods and services, as outlined above, provides a reasonable benefit as compared to the amount of brokerage commissions paid for the goods and services.

## **Conflicts of Interest**

The administration and management of the Manager are not exclusive and nothing in the Declaration of Trust prevents the Manager from providing similar services to other investment funds and other clients (whether or not their investment objectives and policies are similar to those of the Evolve ETF) or from engaging in other activities.

Investments in securities purchased by the Manager on behalf of the Evolve ETF and other investment funds managed by the Manager will be allocated to the Evolve ETF and such other investment funds on a fair and equitable basis according to the size of the order and the applicable investment restrictions and policies of the Evolve ETF and the other investment funds.

When it is determined that it would be appropriate for the Evolve ETF and one or more other investment accounts managed by the Manager or its affiliates to participate in an investment opportunity, the Manager will seek to make such investments for all of the participating investment accounts, including the Evolve ETF, on an equitable basis, taking into account such factors as the relative amounts of capital available for new investments and the investment programs and portfolio positions of the Evolve ETF and the affiliated entities for which participation is appropriate. Orders may be combined for all such accounts, and if any order is not filled at the same price, they may be allocated on an average price basis. Similarly, if an investment for the account of more than one account cannot be fully executed under prevailing market conditions, investments may be allocated among the different accounts on a basis which the Manager or its affiliates consider equitable. The Manager may recommend that the Evolve ETF sells a security, while not recommending such sale for other accounts in order to enable the Evolve ETF to have sufficient liquidity to honor Unitholders' repurchase requests.

The Declaration of Trust acknowledges that the Manager may provide services to the Evolve ETF in other capacities, provided that the terms of any such arrangement are no less favourable to the Evolve ETF than those that would be obtained from parties that are at arm's length for comparable services.

The Manager may at times have interests that differ from the interests of the Unitholders. Where the Manager or its respective affiliates otherwise perceive in the course of business, that they are or may be in a material conflict of interest position, the matter will be referred to the IRC. The IRC will consider all matters referred to it and provide its recommendations to the Manager as soon as possible. In evaluating these conflicts of interest, potential investors should be aware that the Manager has a responsibility to the Unitholders to exercise good faith and fairness in all dealings affecting the Evolve ETF. In the event that a Unitholder believes that the Manager has violated its duty to such Unitholder, the Unitholder may seek relief for itself or on behalf of the Evolve ETF to recover damages from or to require an accounting by the Manager. Unitholders should be aware that the performance by the Manager of its responsibilities to the Evolve ETF will be measured in accordance with (i) the provisions of the agreement by which the Manager has been appointed to its position with the Evolve ETF; and (ii) applicable laws.

No Designated Broker or Dealer has been involved in the preparation of this prospectus or has performed any review of the contents of this prospectus and, as such, the Designated Broker and the Dealers do not perform many of the usual underwriting activities in connection with the distribution by the Evolve ETF of its Units under this prospectus. Units do not represent an interest or an obligation of the Designated Broker, any Dealer or any affiliate thereof and a Unitholder does not have any recourse against any such parties in respect of amounts payable by the Evolve ETF to the Designated Broker or applicable Dealers.

A registered dealer acts as the Designated Broker and one or more registered dealers may act as a Dealer and/or a market maker. These relationships may create actual or perceived conflicts of interest that investors should consider in relation to an investment in the Evolve ETF. In particular, by virtue of these relationships, these registered dealers may profit from the sale and trading of Units. The Designated Broker, as market maker of the Evolve ETF in the secondary market, may therefore have economic interests that differ from, and may be adverse to, those of Unitholders. Any such registered dealer and its affiliates may, at present or in the future, engage in business with the Evolve ETF, with the issuers of securities making up the investment portfolio of the Evolve ETF or with the Manager or any funds sponsored by the Manager or its affiliates, including by making loans, entering into Derivative transactions or providing advisory or agency services to the Manager or its affiliates. In addition, the relationship between any such registered dealer and its affiliates and the Manager and its affiliates may extend to other activities, such as being part of a distribution syndicate for other funds sponsored by the Manager or its affiliates.

See also "Other Material Facts".

### **Independent Review Committee**

As required by NI 81-107, the Manager has established an IRC to review all conflicts of interest matters identified and referred to the IRC by the Manager relating to the Evolve ETF managed by the Manager. The IRC reviews and gives its approval or recommendations as to the conflict of interests matters referred to it. A conflict of interest matter is a situation where a reasonable person would consider the Manager or an entity related to the Manager to have an interest that conflicts with the Manager's ability to act in good faith and in the best interest of the Evolve ETF. The IRC is also required to approve certain reorganizations involving the Evolve ETF and any change of the auditors of the Evolve ETF.

The IRC is made up of members who are independent. The Manager considers that an individual is independent if the individual is not a director, officer or employee of any of the Manager or an affiliate of the Manager for at least 5 years. In addition, the individual must be independent of management and free from any interest and any business or other relationship that could, or could reasonably be perceived to, materially interfere with the individual's ability to act with the view to the best interest of the Evolve ETF.

The members of the IRC are Kevin Drynan (Chair), Rod McIsaac and Mark Leung.

The IRC has a written charter that sets out its powers, duties and responsibilities. Additionally, pursuant to NI 81-107, the IRC assesses, at least annually, the adequacy and effectiveness of the following: the Manager's policies and procedures regarding conflict of interest matters; any standing instructions that the IRC gave to the Manager for conflict of interest matters related to the Evolve ETF; the compliance of the Manager and the Evolve ETF with any conditions imposed by the IRC on a recommendation or approval it has provided to the Manager; the independence and compensation of its members; the IRC's effectiveness as a committee; and the contribution of each member to the IRC.

The IRC prepares a report for Unitholders, at least annually, of its activities. Such report is made available on the Manager's website at [www.evolvefunds.com](http://www.evolvefunds.com) or, at the request of a Unitholder and at no cost, by calling the Manager at (416)-214-4884 or toll-free at 1-844-370-4884 or by sending an email request to [info@evolvefunds.com](mailto:info@evolvefunds.com).

The members of the IRC are paid an annual fee for serving on the IRC of the investment funds in the Evolve ETF. Each investment fund, including the Evolve ETF, is responsible for a portion of that fee, which is allocated by the Manager among the various funds. Currently, annual fees are payable to the following members of the IRC as follows: Kevin Drynan (Chair, \$3,000), Rod McIsaac (\$2,250) and Mark Leung (\$2,250). In addition to the annual fee, each IRC member will receive an additional \$2,000 for each additional meeting held after the first two meetings in any year.

The investment funds in the EFG family of ETFs all share the same IRC. Fees and expenses of the IRC are borne and shared by all of the investment funds in the EFG family of ETFs.

### **Trustee**

Pursuant to the Declaration of Trust, the Manager is also the trustee of the Evolve ETF. The Trustee may resign upon 90 days' notice to Unitholders and the Manager. The Trustee must be removed if the Trustee ceases to (i) be resident in Canada for purposes of the Tax Act; (ii) carry out its function of managing the Evolve ETF in Canada; or (iii) exercise the main powers and discretions of the Trustee in respect of the Evolve ETF in Canada. If the Trustee resigns or if it becomes incapable of acting as trustee, the Trustee may appoint a successor trustee prior to its resignation, and its resignation shall become effective upon the acceptance of such appointment by its successor. If no successor has been appointed within 90 days after the Trustee has provided the Manager with 90 days' notice of its intention to resign, the Evolve ETF will be terminated, and the property of the Evolve ETF shall be distributed in accordance with the terms of the Declaration of Trust.

The Declaration of Trust provides that the Trustee shall act honestly, in good faith and in the best interests of the Evolve ETF and shall perform its duties to the standard of care that a reasonably prudent person would exercise in the circumstances. In addition, the Declaration of Trust contains other customary provisions limiting the liability of the Trustee and indemnifying the Trustee in respect of certain liabilities incurred by it in carrying out the Trustee's duties.

At any time during which the Manager is the trustee, the Manager will receive no fee in respect of the provision of services as trustee.

### **Custodian**

CIBC Mellon Trust Company, at its principal office in Toronto, Ontario, is custodian of the assets of the Evolve ETF pursuant to the Custodian Agreement. The Custodian has appointed qualified foreign sub-custodians in each jurisdiction in which the Evolve ETF has securities. The Manager or the Custodian may terminate the Custodian Agreement at any time upon ninety (90) days' written notice.

The Custodian is entitled to receive fees from the Manager as described under "Fees and Expenses" and to be reimbursed for all expenses and liabilities that are properly incurred by the Custodian in connection with the activities of the Evolve ETF.

### **Auditors**

The auditors of the Evolve ETF are Ernst & Young LLP located at its principal offices in Toronto, Ontario. The auditors of the Evolve ETF may not be changed unless the IRC has approved the change and Unitholders have received at least 60 days' notice before the effective date of the change, or as otherwise required by Canadian Securities Legislation.

### **Registrar and Transfer Agent**

TSX Trust Company, at its principal offices in Toronto, Ontario, is the Registrar and Transfer Agent for the Evolve ETF pursuant to a registrar and transfer agency agreement entered into as of the date of the initial issuance of Units.

### **Fund Administrator**

CIBC Mellon Global Securities Services Company, at its principal offices in Toronto, Ontario, is the Fund Administrator. The Fund Administrator is responsible for certain aspects of the day-to-day administration of the Evolve ETF, including NAV calculations, accounting for net income and net realized capital gains of the Evolve ETF and maintaining books and records with respect to the Evolve ETF.

### **Promoter**

The Manager has taken the initiative in founding and organizing the Evolve ETF and is, accordingly, the promoter of the Evolve ETF within the meaning of securities legislation of certain provinces and territories of Canada. The Manager, in its capacity as manager of the Evolve ETF, receives compensation from the Evolve ETF. See "Fees and Expenses".

## **CALCULATION OF NET ASSET VALUE**

The NAV and NAV per Unit of the Evolve ETF are calculated by the Fund Administrator as of the Valuation Time on each Valuation Date. The NAV of the Evolve ETF on a particular date is equal to the aggregate value of the assets of the Evolve ETF less the aggregate value of the liabilities of the Evolve ETF, including any accrued management fees and any income, net realized capital gains or other amounts payable to Unitholders on or before such date, expressed in Canadian dollars. The NAV per Unit on any day is obtained by dividing the NAV of the Evolve ETF on such day by the applicable number of Units then outstanding.

### **Valuation Policies and Procedures of the Evolve ETF**

In determining the NAV of the Evolve ETF at any time, the Fund Administrator uses the following valuation principles:

- a) cash on hand or on deposit, bills, demand notes, accounts receivable, prepaid expenses, cash dividends received or receivable and interest accrued and not yet received, shall be deemed to be the face value thereof unless the Manager has determined that any such deposit, bill, demand note, account receivable, prepaid expense, cash dividend received or receivable or interest is not worth the full face value, in which event the value thereof shall be deemed to be such value as the Manager determines to be reasonable;
- b) bonds, debentures, notes, money market instruments and other obligations shall be valued by taking the average of the most recently available bid and asked quotations at the Valuation Time on the Valuation Date;
- c) loans shall be valued at the Valuation Time on the Valuation Date in the following manner:



- (i) the bid-side quote determined by any of Loan Pricing Corporation, MarkIt Partners or any other nationally recognized loan pricing service selected by the Manager, as applicable; or
  - (ii) if such quote described in clause (i) above is not available, the average of the bid-side quotes determined by the Manager, as applicable, from three independent broker-dealers active in the trading of such asset; or (A) if only two such bids can be obtained, the average of the bid-side quotes of such two bids; or (B) if only one such bid can be obtained, such bid; or
  - (iii) if such quote or bid described in clauses (i) and (ii) above are not available, the value of such loan (expressed as a percentage of par) shall be the value assigned by the Manager based on its best estimate of fair value, taking into consideration all relevant factors, including, but not limited to, the earnings and cash flow of the applicable obligor, comparable loans and/or obligors in the market, credit ratings and/or market credit spreads, interest rate levels, liquidity levels and position concentration levels;
- d) any security which is listed or dealt in upon a stock exchange shall be valued at its current market value;
- e) any security which is not listed or dealt in upon a stock exchange shall be valued at the most recently available sale price on the Valuation Date, or if such sale price is unavailable, the average of the bid and asked quotations immediately prior to the Valuation Time on the Valuation Date shall be used;
- f) restricted securities shall be valued at the lesser of:
  - (i) the value thereof based on reported quotations in common use; and
  - (ii) that percentage of the market value of securities of the same class, the trading of which is not restricted or limited by reason of any representation, undertaking or agreement or by law, equal to the percentage that the Evolve ETF's acquisition cost was of the market value of such securities at the time of acquisition, as applicable, provided that a gradual taking into account of the actual value of the securities may be made where the date on which the restrictions will be lifted is known;
- g) purchased or written clearing corporation options, options on futures, over-the-counter options, debt-like securities and listed warrants shall be valued at the current market value thereof;
- h) where a covered clearing corporation option, option on futures or over-the-counter option is written, the premium received by the Evolve ETF shall be reflected as a deferred credit which shall be valued at an amount equal to the current market value of the clearing corporation option, option on futures or over-the-counter option that would have the effect of closing the position. Any difference resulting from revaluation shall be treated as an unrealized gain or loss on investment. The deferred credit shall be deducted in arriving at the NAV. The securities, if any, which are the subject of a written clearing corporation option or over-the-counter option shall be valued at their current market value;
- i) the value of a futures contract, forward contract or other Derivatives, such as swap contracts or options on financial futures, shall be the gain or loss with respect thereto that would be realized if, at the Valuation Time, the position in the futures contract, or the forward contract, as the case may be, were to be closed out in accordance with its terms, unless "daily limits" are in effect, in which case fair value shall be based on the current market value of the underlying interest;
- j) margin paid or deposited in respect of Futures Contracts and forward contracts shall be reflected as an account receivable and margin consisting of assets other than cash shall be noted as held as margin;
- k) translating amounts in a foreign currency to Canadian currency shall be based on the rate of exchange in effect on the applicable Valuation Date, as quoted by a recognized source, at the Manager's sole discretion;
- l) if any Valuation Date is not a business day in any jurisdiction which is relevant for the purposes of valuing investments of the Evolve ETF, the prices or quotations as of the preceding business day in such jurisdiction shall be used for the purposes of such valuation;
- m) any security purchased, the purchase price of which has not been paid, shall be included for valuation purposes as a security held, and the purchase price, including brokers' commissions and other expenses, shall be treated as a liability of the Evolve ETF;

- n) any security sold, but not delivered, pending receipt of the proceeds, shall be excluded for valuation purposes as a security held, and the selling price, net of brokers' commissions and other expenses, shall be treated as an asset of the Evolve ETF; and
- o) if any investment cannot be valued under the foregoing rules or if the foregoing rules are at any time considered by the Manager to be inappropriate under the circumstances, then notwithstanding the foregoing rules, the Manager shall make such valuation as it considers fair and reasonable.

Unless otherwise indicated, for purposes hereof, "current market value" means the most recently available sale price applicable to the relevant security on the principal exchange on which it is traded immediately preceding the Valuation Time on the Valuation Date, provided that, if no sale has taken place on a Valuation Date, the average of the bid and asked quotations immediately prior to the Valuation Time on the Valuation Date shall be used.

For the purposes of the foregoing valuation policies, quotations may be obtained from any report in common use, or from a reputable broker or other financial institutions, provided always that the Manager shall retain sole discretion to use such information and methods as it deems to be necessary or desirable for valuing the assets of the Evolve ETF, including the use of a formula computation.

If any investment cannot be valued under the foregoing rules or if the foregoing rules are at any time considered by the Manager to be inappropriate under the circumstances, then notwithstanding the foregoing rules, the Manager shall make such valuation as it considers fair and reasonable under the circumstances and, if there is an industry practice, in a manner consistent with such industry practice for valuing such investment.

Pursuant to NI 81-106, investment funds calculate their net asset value using fair value for purposes of securityholder transactions. The Manager considers the policies above to result in fair valuation of the securities held by the Evolve ETF in accordance with NI 81-106 and such policies have been approved by the Board of Directors of the Manager. Net assets of the Evolve ETF will continue to be calculated in accordance with the rules and policies of the Canadian Securities Administrators or any exemption therefrom that the Evolve ETF may obtain.

#### **Reporting of Net Asset Value**

The Manager will publish the NAV and NAV per Unit for the Evolve ETF following the Valuation Time on the Valuation Date on its website at [www.evolvefunds.com](http://www.evolvefunds.com).

### **ATTRIBUTES OF THE SECURITIES**

#### **Description of the Securities Distributed**

The Evolve ETF is authorized to issue an unlimited number of classes or series of redeemable, transferable Units, each of which represents an undivided interest in the net assets of the Evolve ETF. The Hedged Units are denominated in Canadian dollars and the Unhedged Units are denominated in U.S. dollars.

The primary difference between the Unhedged Units and the Hedged Units is that the exposure in relation to the Unhedged Units to currencies other than the Canadian dollar will not be hedged back to the Canadian dollar.

On December 16, 2004, the *Trust Beneficiaries' Liability Act, 2004* (Ontario) came into force. This statute provides that holders of units of a trust are not, as beneficiaries, liable for any default, obligation or liability of the trust if, when the default occurs or the liability arises: (i) the trust is a reporting issuer under the *Securities Act* (Ontario); and (ii) the trust is governed by the laws of the province of Ontario. The Evolve ETF is a reporting issuer under the *Securities Act* (Ontario) and the Evolve ETF is governed by the laws of Ontario by virtue of the provisions of the Declaration of Trust.

#### ***Certain Provisions of the Units***

Each Unit entitles the holder thereof to one vote at meetings of Unitholders and to participate equally with all other Units of the same class of the Evolve ETF with respect to all payments made to Unitholders, other than Management Fee Distributions, including distributions of net income and, on liquidation, to participate equally in the net assets of the Evolve ETF remaining after satisfaction of any outstanding liabilities that are attributable to Units of that class of the Evolve ETF. Notwithstanding the foregoing, the Evolve ETF may allocate and designate as payable certain income to a Unitholder whose Units are being redeemed as described under "Redemption of Units – Allocations of Income to Redeeming Unitholders". All Units will be fully paid, with no liability for future assessments, when

issued and will not be transferable except by operation of law. Unitholders are entitled to require the Evolve ETF to redeem their Units as outlined under “Redemption of Units – Redemption of Units of the Evolve ETF for Cash”.

### ***Redemptions of Units for Cash***

On any Trading Day, Unitholders may redeem Units for cash at a redemption price per Unit equal to 95% of the closing price for the applicable Units on the TSX on the effective day of redemption, subject to a maximum redemption price per Unit equal to the NAV per Unit on the effective day of redemption, less any applicable administrative fee determined by the Manager, in its sole discretion, from time to time. Because Unitholders will generally be able to sell Units at the market price on the TSX through a registered broker or dealer subject only to customary brokerage commissions, Unitholders are advised to consult their brokers, dealers or investment advisers before redeeming their Units for cash.

### ***Modification of Terms***

All rights attached to the Units may only be modified, amended or varied in accordance with the terms of the Declaration of Trust. See “Unitholder Matters – Amendments to the Declaration of Trust”.

The Manager may amend the Declaration of Trust from time to time to redesignate the name of the Evolve ETF or to create a new class or series of units of the Evolve ETF without notice to existing Unitholders.

### ***Voting Rights in the Portfolio Securities***

Holders of Units will not have any voting rights in respect of the securities in the Evolve ETF’s portfolio.

## **UNITHOLDER MATTERS**

### **Meetings of Unitholders**

Meetings of Unitholders of the Evolve ETF will be held if called by the Manager or upon the written request to the Manager of Unitholders of the Evolve ETF holding not less than 25% of the then outstanding Units.

### **Matters Requiring Unitholder Approval**

NI 81-102 requires a meeting of Unitholders of the Evolve ETF to be called to approve certain changes as follows:

- (i) the basis of the calculation of a fee or expense that is charged to the Evolve ETF or its Unitholders is changed in a way that could result in an increase in charges to the Evolve ETF or to its Unitholders, except where (a) the Evolve ETF is at arm’s length with the person or company charging the fee; and (b) the Unitholders have received at least 60 days’ notice before the effective date of the change;
- (ii) a fee or expense, to be charged to the Evolve ETF or directly to its Unitholders by the Evolve ETF or the Manager in connection with the holding of Units of the Evolve ETF that could result in an increase in charges to the Evolve ETF or its Unitholders, is introduced;
- (iii) the Manager is changed, unless the new manager of the Evolve ETF is an affiliate of the Manager;
- (iv) the fundamental investment objective of the Evolve ETF is changed;
- (v) the Evolve ETF decreases the frequency of the calculation of its NAV per Unit;
- (vi) other than a Permitted Merger (as defined below) for which Unitholder approval is not required, the Evolve ETF undertakes a reorganization with, or transfers its assets to, another mutual fund, if the Evolve ETF ceases to continue after the reorganization or transfer of assets and the transaction results in the Unitholders of the Evolve ETF becoming securityholders in the other mutual fund;
- (vii) the Evolve ETF undertakes a reorganization with, or acquires assets from, another mutual fund, if the Evolve ETF continues after the reorganization or acquisition of assets, the transaction results in the securityholders of the other mutual fund becoming Unitholders, and the transaction would be a material change to the Evolve ETF; or
- (viii) any matter which is required by the constitutive documents of the Evolve ETF, by the laws applicable to the Evolve ETF or by any agreement to be submitted to a vote of the Unitholders.

In addition, the auditors of the Evolve ETF may not be changed unless the IRC of the Evolve ETF has approved the change and Unitholders have received at least 60 days' notice before the effective date of the change.

Approval of Unitholders of the Evolve ETF of any such matter will be given if a majority of the votes cast at a meeting of Unitholders of the Evolve ETF duly called and held for the purpose of considering the same approve the related resolution.

### **Amendments to the Declaration of Trust**

The Trustee may amend the Declaration of Trust from time to time but may not, without the approval of a majority of the votes of Unitholders of the Evolve ETF voting at a meeting of Unitholders duly called for such purpose, make any amendment relating to any matter in respect of which NI 81-102 requires a meeting, as set out above, or any amendment that will adversely affect the voting rights of Unitholders. All Unitholders of the Evolve ETF shall be bound by an amendment affecting the Evolve ETF from the effective date of the amendment.

### **Permitted Mergers**

The Evolve ETF may, without Unitholder approval, enter into a merger or other similar transaction (a “**Permitted Merger**”) that has the effect of combining the Evolve ETF with any other investment fund or funds that have investment objectives, valuation procedures and fee structures that are similar to the Evolve ETF, subject to:

- (i) approval of the merger by the IRC;
- (ii) compliance with certain merger pre-approval conditions set out in NI 81-102; and
- (iii) written notice being sent to Unitholders at least 60 days before the effective date of the merger.

In connection with a Permitted Merger, the merging funds will be valued at their respective net asset values and Unitholders of the Evolve ETF will be offered the right to redeem their Units for cash at the applicable NAV per Unit.

### **Accounting and Reporting to Unitholders**

The fiscal year-end of the Evolve ETF is December 31. The Evolve ETF will deliver or make available to Unitholders: (i) audited annual financial statements; (ii) unaudited interim financial statements; and (iii) annual and interim management reports of fund performance. Such documents are, or will be, incorporated by reference into, and form an integral part of, this prospectus. See “Documents Incorporated by Reference”.

Each Unitholder will also be mailed annually, by his, her or its broker, as and when required under applicable law, information necessary to enable such Unitholder to complete an income tax return with respect to amounts paid or payable by the Evolve ETF owned by such Unitholder in respect of the preceding taxation year of the Evolve ETF. Neither the Manager nor the Registrar and Transfer Agent are responsible for tracking the adjusted cost base of a Unitholder's Units. Unitholders should consult with their tax or investment adviser in respect of how to compute the adjusted cost base of their Units and in particular how distributions made by the Evolve ETF to a Unitholder affect the Unitholder's tax position. See “Income Tax Considerations”.

The Manager will ensure that the Evolve ETF complies with all applicable reporting and administrative requirements. The Manager will also ensure that adequate books and records are kept reflecting the activities of the Evolve ETF. A Unitholder or his, her or its duly authorized representative has the right to examine the books and records of the Evolve ETF during normal business hours at the offices of the Fund Administrator. Notwithstanding the foregoing, a Unitholder shall not have access to any information that, in the opinion of the Manager, should be kept confidential in the interests of the Evolve ETF.

### **International Information Reporting**

Part XVIII of the Tax Act imposes due diligence and reporting obligations on “reporting Canadian financial institutions” in respect of their “U.S. reportable accounts”. The Evolve ETF is a “reporting Canadian financial institution” but as long as Units continue to be registered in the name of CDS, the Evolve ETF should not have any “U.S. reportable accounts” and, as a result, the Evolve ETF should not be required to provide information to the CRA in respect of its Unitholders. However, dealers through which Unitholders hold their Units are subject to due diligence and reporting obligations with respect to financial accounts they maintain for their clients. Accordingly, Unitholders may be requested to provide information to their dealer to identify U.S. persons holding Units. If a Unitholder is a U.S. person (including a U.S. citizen) or if a Unitholder does not provide the requested information,

Part XVIII of the Tax Act will generally require information about the Unitholder's investments held in the financial account maintained by the dealer to be reported to the CRA, unless the investments are held within a Plan. The CRA is expected to provide that information to the U.S. Internal Revenue Service.

Recent amendments to the Tax Act implement the Organization for Economic Co-operation and Development Common Reporting Standard (the "**CRS Legislation**"). Pursuant to the CRS Legislation, "Canadian financial institutions" (as defined in the CRS Legislation) would be required to have procedures in place to identify accounts held by residents of foreign countries (other than the U.S.) or by certain entities the "controlling persons" of which are resident in a foreign country (other than the U.S.) and to report required information to the CRA. Such information would be exchanged on a reciprocal, bilateral basis with countries that have agreed to a bilateral information exchange with Canada under the Common Reporting Standard in which the account holders or such controlling persons are resident. Under the CRS Legislation, after June 30, 2017, Unitholders will be required to provide certain information regarding their investment in the Evolve ETF for the purpose of such information exchange (which information exchange is expected to occur beginning in 2018), unless the investment is held within a Plan.

### **TERMINATION OF THE EVOLVE ETF**

The Evolve ETF may be terminated by the Manager on at least sixty (60) days' notice to Unitholders of such termination and the Manager will issue a press release in advance thereof. The Manager may also terminate the Evolve ETF if the Trustee resigns or becomes incapable of acting and is not replaced. The rights of Unitholders to redeem Units described under "Redemption of Units – Redemption of Units of the Evolve ETF at Net Asset Value per Unit" and "Redemption of Units – Redemption of Units of the Evolve ETF for Cash" will cease as and from the date of termination of the Evolve ETF.

The Trustee shall be entitled to retain out of any assets of the Evolve ETF, at the date of termination of the Evolve ETF, full provision for all costs, charges, expenses, claims and demands incurred or believed by the Trustee to be due or to become due in connection with or arising out of the termination of the Evolve ETF and the distribution of its assets to the Unitholders of the Evolve ETF. Out of the moneys so retained, the Trustee is entitled to be indemnified and saved harmless against all costs, charges, expenses, claims and demands. Upon such termination, the constituent securities, cash and other assets based on NAV remaining after paying or providing for all liabilities and obligations of the Evolve ETF shall be distributed pro rata among the Unitholders of the Evolve ETF.

### **PLAN OF DISTRIBUTION**

Units are being offered for sale on a continuous basis by this prospectus and there is no maximum number of Units that may be issued. The Units shall be offered for sale at a price equal to the NAV of such class of Units determined at the Valuation Time on the effective date of the subscription order.

#### **Non-Resident Unitholders**

At no time may (i) non-residents of Canada, (ii) partnerships that are not Canadian partnerships or (iii) a combination of non-residents of Canada and such partnerships (all as defined in the Tax Act) be the beneficial owners of a majority of the Units (on either a number of Units or fair market value basis) and the Manager shall inform the Registrar and Transfer Agent of the Evolve ETF of this restriction. The Manager may require declarations as to the jurisdictions in which a beneficial owner of Units is resident and, if a partnership, its status as a Canadian partnership. If the Manager becomes aware, as a result of requiring such declarations as to beneficial ownership or otherwise, that the beneficial owners of 40% of the Units then outstanding (on either a number of Units or fair market value basis) are, or may be, non-residents and/or partnerships that are not Canadian partnerships, or that such a situation is imminent, the Manager may make a public announcement thereof. If the Manager determines that more than 40% of the Units (on either a number of Units or fair market value basis) are beneficially held by non-residents and/or partnerships that are not Canadian partnerships, the Manager may send a notice to such non-residents and/or partnerships, chosen in inverse order to the order of acquisition or in such manner as the Manager may consider equitable and practicable, requiring them to sell their Units or a portion thereof within a specified period of not less than 30 days. If the Unitholders receiving such notice have not sold the specified number of Units or provided the Manager with satisfactory evidence that they are not non-residents or partnerships other than Canadian partnerships within such period, the Manager may on behalf of such Unitholders sell such Units and, in the interim, shall suspend the voting and distribution rights attached to such Units. Upon such sale, the affected

holders shall cease to be beneficial holders of Units and their rights shall be limited to receiving the net proceeds of sale of such Units.

Notwithstanding the foregoing, the Manager may determine not to take any of the actions described above if the Manager has been advised by legal counsel that the failure to take any of such actions would not adversely impact the status of the Evolve ETF as a mutual fund trust for purposes of the Tax Act or, alternatively, may take such other action or actions as may be necessary to maintain the status of the Evolve ETF as a mutual fund trust for purposes of the Tax Act.

#### **RELATIONSHIP BETWEEN THE EVOLVE ETF AND THE DEALERS**

The Manager, on behalf of the Evolve ETF, may enter into various agreements with registered dealers (that may or may not be the Designated Broker) pursuant to which the Dealers may subscribe for Units as described under “Purchases of Units”.

No Designated Broker or Dealer has been involved in the preparation of this prospectus or has performed any review of the contents of this prospectus and, as such, the Designated Broker and the Dealers do not perform many of the usual underwriting activities in connection with the distribution by the Evolve ETF of its Units under this prospectus. Units do not represent an interest or an obligation of the Designated Broker, any Dealer or any affiliate thereof and a Unitholder does not have any recourse against any such parties in respect of amounts payable by the Evolve ETF to the Designated Broker or applicable Dealers. See “Organization and Management Details of the Evolve ETF – Conflicts of Interest”.

#### **PRINCIPAL HOLDERS OF UNITS**

An officer of the Manager is currently the registered and beneficial owner of 1 Unit. From time to time, the Designated Broker, Dealer, Evolve ETF or another investment fund managed by the Manager or an affiliate thereof, may beneficially own, directly or indirectly, more than 10% of the Units.

#### **PROXY VOTING DISCLOSURE FOR PORTFOLIO SECURITIES HELD**

The Manager has established policies and procedures with respect to the voting of proxies received from issuers of securities held in the Evolve ETF’s portfolio. The Manager’s Proxy Voting Policy provides that the Manager will vote (or refrain from voting) proxies for the Evolve ETF for which it has voting power in the best economic interests of the Evolve ETF. The Proxy Voting Policy is not exhaustive and due to the variety of proxy voting issues that the Manager may be required to consider, are intended only to provide guidance and are not intended to dictate how proxies are to be voted in each instance. The Manager may depart from the Proxy Voting Policy in order to avoid voting decisions that may be contrary to the best interests of the Evolve ETF.

The Manager will publish these records on an annual basis, commencing in 2017, on the Evolve ETF’s website at [www.evolvefunds.com](http://www.evolvefunds.com). The Evolve ETF’s proxy voting record for the annual period from July 1 to June 30 will be available at any time after August 31 following the end of that annual period, to any Unitholder on request, at no cost, and will also be available at [www.evolvefunds.com](http://www.evolvefunds.com).

#### **MATERIAL CONTRACTS**

The only contracts material to the Evolve ETF are the Declaration of Trust and Custodian Agreement.

Copies of these agreements may be examined at the head office of the Manager at 161 Bay Street, Suite 2700, Toronto, ON M5J 2S1.

#### **LEGAL AND ADMINISTRATIVE PROCEEDINGS**

The Evolve ETF is not involved in any legal proceedings, nor is the Manager aware of existing or pending legal or arbitration proceedings involving the Evolve ETF.

## EXPERTS

The auditors of the Evolve ETF, Ernst & Young LLP, Chartered Professional Accountants, Licensed Public Accountants have audited the statement of financial position contained herein. Ernst & Young LLP has advised that it is independent with respect to the Evolve ETF within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

## EXEMPTIONS AND APPROVALS

The Manager, on behalf of the Evolve ETF, has obtained exemptive relief from the Securities Regulatory Authorities:

- (a) to permit a Unitholder to acquire more than 20% of the Units through purchases on the TSX without regard to the takeover bid requirements of applicable Canadian Securities Legislation provided the Unitholder, and any person acting jointly or in concert with such Unitholder, undertakes to the Manager not to vote more than 20% of the Units at any meeting of Unitholders. See “Purchases of Units – Buying and Selling Units”;
- (b) to relieve the Evolve ETF from the requirement that a prospectus contain a certificate of the underwriters; and
- (c) to relieve the Evolve ETF from the requirement to include in an ETF’s prospectus the statement respecting purchasers’ statutory rights of withdrawal and remedies of rescission or damages in substantially the form prescribed in Item 36.2 of Form 41- 101F2 – *Information Required in an Investment Fund Prospectus*.

Additionally, certain dealers of the Evolve ETF, including the Designated Broker and Dealers, have received exemptive relief from the Securities Regulatory Authorities from the requirement that a dealer, not acting as agent of the purchaser, who receives an order or subscription for a security offered in a distribution to which the prospectus requirement of the securities legislation of the provinces and territories apply, send or deliver to the purchaser or its agent, unless the dealer has previously done so, the latest prospectus and any amendment either before entering into an agreement of purchase and sale resulting from the order or subscription, or not later than midnight on the second business day after entering into that agreement. As a condition of this exemptive relief, the dealer is required to deliver a copy of the ETF Facts of the Evolve ETF to a purchaser if the dealer does not deliver a copy of this prospectus.

## PURCHASERS’ STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase mutual fund securities offered in a distribution within two (2) business days after receipt of a prospectus and any amendment. In addition, securities legislation in certain of the provinces of Canada provides purchasers of mutual fund securities with a limited right to rescind the purchase within 48 hours after receipt of a confirmation of such purchase. If the purchase of mutual fund securities is made under a contractual plan, the time period during which the right to rescind is exercisable may be longer. In most of the provinces and territories of Canada, the securities legislation further provides a purchaser with remedies for rescission or damages, or, in Québec, revision of the price, if the prospectus and any amendment is not delivered to the purchaser, provided that the remedies for rescission, damages or revision of the price are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory.

Notwithstanding the foregoing, purchasers of Units will not have the right to withdraw from an agreement to purchase the Units after the receipt of a prospectus and any amendment, and will not have remedies for rescission, damages or revision of the price for non-delivery of the prospectus or any amendment, if the dealer receiving the purchase order has obtained an exemption from the prospectus delivery requirement under a decision pursuant to NP 11-203. However, purchasers of Units will, in the applicable provinces of Canada, retain their right under securities legislation to rescind their purchase within 48 hours (or, if purchasing under a contractual plan, such longer time period as applicable) after the receipt of a confirmation of purchase.

In several of the provinces and territories of Canada, the securities legislation further provides a purchaser with remedies for rescission or damages if the prospectus, together with any amendment to the prospectus, contains a

misrepresentation, provided that such remedies are exercised by the purchaser within the time limits prescribed by the securities legislation of the purchaser's province or territory. Any remedies under securities legislation that a purchaser of Units may have for rescission or damages, if the prospectus and any amendment to the prospectus contains a misrepresentation, remain unaffected by the non-delivery of the prospectus pursuant to reliance by a dealer upon the decision referred to above.

However, the Manager has obtained exemptive relief from the requirement in securities legislation to include an underwriter's certificate in the prospectus under a decision pursuant to NP 11-203. As such, purchasers of Units will not be able to rely on the inclusion of an underwriter's certificate in the prospectus or any amendment for the statutory rights and remedies that would otherwise have been available against an underwriter that would have been required to sign an underwriter's certificate.

Purchasers should refer to the applicable provisions of the securities legislation and the decisions referred to above for the particulars of their rights or consult with a legal advisor.

### **DOCUMENTS INCORPORATED BY REFERENCE**

Additional information about the Evolve ETF is, or will be, available in the following documents:

- (i) the most recently filed ETF Facts of the Evolve ETF;
- (ii) the most recently filed comparative annual financial statements of the Evolve ETF, together with the accompanying report of the auditors;
- (iii) any unaudited interim financial statements of the Evolve ETF filed after the most recently filed comparative annual financial statements of the Evolve ETF;
- (iv) the most recently filed annual MRFP of the Evolve ETF; and
- (v) any interim MRFP of the Evolve ETF filed after that most recently filed annual MRFP of the Evolve ETF.

These documents are or will be incorporated by reference into this prospectus, which means that they legally form part of this document just as if they were printed as part of this document.

These documents are available on the Manager's website at [www.evolvefunds.com](http://www.evolvefunds.com) or by contacting the Manager at (416)-214-4884 or toll-free at 1-844-370-4884 or by email at [info@evolvefunds.com](mailto:info@evolvefunds.com). These documents and other information about the Evolve ETF are available on the Internet at [www.sedar.com](http://www.sedar.com).

In addition to the documents listed above, any documents of the type described above that are filed on behalf of the Evolve ETF after the date of this prospectus and before the termination of the distribution of the Evolve ETF are deemed to be incorporated by reference into this prospectus.



## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Evolve Funds Group Inc.,

Re: **Evolve Bitcoin ETF**  
(the "**Evolve ETF**")

We have audited the accompanying statement of financial position of the Evolve ETF as at ●, 2017 and a summary of significant accounting policies and other explanatory information (together, the "**financial statement**").

### **Management's Responsibility for the Financial Statement**

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the requirements of International Financial Reporting Standards relevant to preparing such a financial statement, and for such internal control as management determines is necessary to enable the preparation of a financial statement that is free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statement presents fairly, in all material respects, the financial position of the Evolve ETF as at ●, 2017 in accordance with those requirements of International Financial Reporting Standards relevant to preparing such a financial statement.

(Signed) "●"

Chartered Professional Accountants, Licensed Public Accountants  
Toronto, Ontario  
●, 2017

**EVOLVE BITCOIN ETF**  
**STATEMENT OF FINANCIAL POSITION**

As at ●, 2017

**ASSETS**

**Current Assets**

Cash ..... \$40

**Total Assets** ..... \$40

**NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS (Units issued and redeemable)**

Net assets attributable to holders of redeemable units (1 Hedged Unit) ..... \$20

Net assets attributable to holders of redeemable units (1 Unhedged Unit) ..... \$20

**NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER HEDGED UNIT.** \$20

**NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNHEDGED UNIT** \$20

Approved by the Manager:  
**Evolve Funds Group Inc.**

(Signed) “●”  
Director

(Signed) “●”  
Director

*The accompanying notes are an integral part of this statement of financial position.*

## EVOLVE BITCOIN ETF

Notes to the Financial Statement

●, 2017

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### 1. General Information

The Evolve ETF is an exchange traded mutual fund established under the laws of the province of Ontario, pursuant to the terms of the Declaration of Trust. The Evolve ETF is a mutual fund under the securities legislation of the provinces and territories of Canada. Evolve Funds Group Inc. is the promoter, trustee, manager and investment manager of the Evolve ETF and is responsible for the administration of the Evolve ETF.

The principal office of the Evolve ETF and Evolve Funds Group Inc. is located at 161 Bay Street, Suite 2700, Toronto, ON M5J 2S1.

These financial statements as at ●, 2017 were authorized for issue by the Manager on ●, 2017.

### 2. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

#### 2.1 Basis of Preparation

The financial statement of the Evolve ETF has been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB), relevant to preparing a statement of financial position. The financial statement of the Evolve ETF has been prepared under the historical cost convention.

#### 2.2 Functional and Presentation Currency

The financial statement of the Evolve ETF is presented in Canadian dollars, which is the functional and presentation currency of the Evolve ETF.

#### 2.3 Financial Instruments

The Evolve ETF recognizes financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments measured at amortized cost. Regular way purchases and sales of financial assets are recognized at their trade date.

Cash comprises amounts held in trust with the legal counsel of the Evolve ETF and is stated at fair value.

#### 2.4 Redeemable Units

The Evolve ETF is authorized to issue an unlimited number of classes and series redeemable, transferable units, including hedged units and U.S. dollar denominated unhedged units, each of which represents an undivided interest in the net assets of the Evolve ETF (the “Units”). The Units are classified as financial liabilities in accordance with the requirements of International Accounting Standard 32, *Financial Instruments: Presentation*.

### 3. Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The carrying values of cash and the obligation of the Evolve ETF for net assets attributable to holders of redeemable units approximate their fair values due to their short-term nature.

### 4. Risks associated with financial instruments

The Evolve ETF’s overall risk management program seeks to maximize the returns derived for the level of risk to which the Evolve ETF is exposed and seeks to minimize potential adverse effects on the Evolve ETF’s financial performance.

#### 4.1 Credit risk

The Evolve ETF is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. As at ●, 2017, the credit risk is considered limited as the cash balance was held in trust by the counsel to the Evolve ETF.

#### 4.2 Liquidity risk

Liquidity risk is the risk that the Evolve ETF will encounter difficulty in meeting obligations associated with financial liabilities. The Evolve ETF maintains sufficient cash on hand to fund anticipated redemptions.

### 5. Capital Risk Management

The capital of the Evolve ETF is represented by the net assets attributable to holders of Units. The amount of net assets attributable to holders of redeemable units can change.

### 6. Authorized units

The Evolve ETF is authorized to issue an unlimited number of redeemable, transferable Units, including Hedged Units and U.S. dollar denominated Unhedged Units, each of which represents an undivided interest in the net assets of the Evolve ETF.

Each Unit entitles the owner to one vote at meetings of Unitholders and is entitled to participate equally with all other Units of the Evolve ETF with respect to all payments made to Unitholders, other than management fee distributions, including distributions of net income and net realized capital gains and, on liquidation, to participate equally in the net assets of the Evolve ETF remaining after satisfaction of any outstanding liabilities that are attributable to Units of the Evolve ETF. All Units are fully paid, with no liability for future assessments, when issued and will not be transferable except by operation of law.

In accordance with the objectives outlined in Note 1 and the risk management policies in Note 4, the Evolve ETF endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions.

The Manager has initially purchased one Unit of the Evolve ETF.

### 7. Management Fees and other expenses

The Evolve ETF will pay an annual management fee (the “**Management Fee**”) to the Manager equal to an annual percentage of the net asset value (“**NAV**”) of the Evolve ETF, calculated daily and payable monthly in arrears, plus applicable taxes.

The Management Fee is based on a percentage of the NAV of the Evolve ETF and is listed below:

<b>Evolve ETF</b>	<b>Management Fee</b>
BITS	0.80% of NAV

Other than ETF Costs (as defined below), in consideration for the payment by the Evolve ETF of a fixed administration fee (the “**Administration Fee**”) to the Manager, and subject to compliance with NI 81-102, the Manager pays for the following operating expenses of the Evolve ETF (“**Operating Expenses**”), including but not limited to: mailing and printing expenses for periodic reports to Unitholders; fees payable to the Registrar and Transfer Agent and Custodian; any reasonable out of pocket expenses incurred by the Manager or its agents in connection with their ongoing obligations to the Evolve ETF; 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 Evolve ETF; regulatory filing, stock exchange and licensing fees and CDS fees; website maintenance costs; costs and expenses of complying with all applicable laws, regulations and policies, including expenses and costs incurred in connection with the continuous public filing requirements such as permitted prospectus preparation and filing expenses; and legal, accounting and audit fees and fees and expenses of the Trustee, Custodian and Manager which are incurred in respect of matters not in the normal course of the Evolve ETF’s activities. The Administration Fee paid to the Manager by the Evolve ETF may, in any particular period, be less than or exceed the

Operating Expenses that the Manager incurs. The Manager is not obligated to pay any other expense, cost or fee, including those arising from new government or regulatory requirements relating to the foregoing expenses, costs and fees.

The Administration Fee is equal to a specified percentage of the net asset value of the Evolve ETF, calculated and paid in the same manner as the Management Fees for the Evolve ETF, plus applicable taxes. The rate of the annual Administration Fee of the Evolve ETF is set out below.

<b>Evolve ETF</b>	<b>Administration Fee</b>
BITS	0.15% of NAV

The fund costs (“**ETF Costs**”) which are payable by the Evolve ETF include any taxes payable by the Evolve ETF to which the Evolve ETF may be subject, including income taxes, sales taxes (including GST/HST) and/or withholding taxes; expenditures incurred upon termination of the Evolve ETF; extraordinary expenses that the Evolve ETF may incur; banking and interest with respect to any borrowing (if applicable); any expenses of insurance and costs of all suits or legal proceedings in connection with the Evolve ETF or the assets of the Evolve ETF or to protect the Unitholders, the Trustee, the Manager, any of the directors, officers, employees or agents of any of them; any expenses of indemnification of the Trustee, the Unitholders, the Manager, any of the directors, officers, employees or agents of any of them to the extent permitted under the Declaration of Trust; and expenses relating to the preparation, printing and mailing of information to Unitholders in connection with meetings of Unitholders. The Evolve ETF is also responsible for all commissions and other costs of portfolio transactions and any extraordinary expenses of the Evolve ETF which may be incurred from time to time.

The Evolve ETF is responsible for common ETF Costs of the Evolve ETF, in addition to the expenses it incurs alone (including, in the case of Hedged Units, the costs relating to currency hedging).

**CERTIFICATE OF THE EVOLVE ETF, THE MANAGER AND PROMOTER**

Dated: September 21, 2017

This prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of each of the provinces and territories of Canada.

**EVOLVE FUNDS GROUP INC.**

(As manager, trustee and promoter and on behalf of the Evolve ETF)

(signed) "*Raj Lala*"

Raj Lala

Chief Executive Officer of Evolve Funds Group Inc., the  
Manager, Trustee and Promoter of the Evolve ETF, and  
on behalf of the Evolve ETF

(signed) "*Michael Simonetta*"

Michael Simonetta

Chairman & Chief Financial Officer of Evolve  
Funds Group Inc., the Manager, Trustee and  
Promoter of the Evolve ETF, and on behalf of the  
Evolve ETF

On behalf of the Board of Directors  
of Evolve Funds Group Inc.

(signed) "*Keith Crone*"

Keith Crone

Director

(signed) "*Elliot Johnson*"

Elliot Johnson

Director