



PURPOSE BITCOIN ETF
PURPOSE BITCOIN YIELD ETF
PURPOSE ETHER ETF
PURPOSE ETHER YIELD ETF

AUDITED ANNUAL FINANCIAL STATEMENTS
For the financial period ended December 31, 2022

Purpose
INVESTMENTS

Where thoughtful
Canadians invest.



TABLE OF CONTENTS

| | |
|-----------------------------------|------------|
| Letter to investors | 1 |
| Independent auditor's report | 2 |
| Purpose Bitcoin ETF | 3 |
| Purpose Bitcoin Yield ETF | 10 |
| Purpose Ether ETF | 17 |
| Purpose Ether Yield ETF | 24 |
| Notes to the financial statements | 32 |
| Fund information | Back cover |

LETTER TO INVESTORS

Last year continued to be challenging for much of society with high inflation, rising interest rates, and heightened market uncertainty. We have always navigated uncertain and challenging periods here at Purpose by keeping you – our investors – at the centre of everything we do.

Our focus is on creating industry-leading investment products and solutions focused on helping clients meet their specific goals and to enable the building of more resilient portfolios to achieve long-term success. And no matter what challenges or hurdles may come in 2023 and beyond, we will always continue to measure our success by the happiness of our clients.

While the past year had its challenges in the markets, we continued to work hard to create innovative investment solutions for Canadians. We expanded our industry-leading cash solutions lineup with the launch of the Purpose Cash Management Fund. We designed this fund to take advantage of the current economic environment of rising interest rates into higher yields for investors' cash allocations, while still keeping true to the safety and stability of other money market funds, giving investors a safe place to generate good returns without market exposure.

In addition, through a carefully managed portfolio and thoughtfully designed income policy, the Longevity Pension Fund is proud to be able to hold its distribution levels steady for 2023. This is Longevity doing what it was set out to do. It was built conservatively to be robust and manage through both good and bad times in the market. While we did not want to see the markets as they were last year, holding its distribution levels after such a challenging year really shows Longevity's ground-breaking solution in helping to provide income security to clients in retirement.

Most recently, we launched Yield Shares by Purpose. The first of its kind, this unique suite of yield-focused ETFs provides investors with enhanced monthly distribution yield through an investment in funds holding some of the world's most widely held and sought after stocks. With a different risk-return profile that is geared to providing a high level of current yield on the different underlying stocks, these ETFs allow investors to access some of their favorite companies with a higher income stream.

It's hard to know for sure what 2023 will throw at us. This bear market will end at some point, but like many others, it's hard to say exactly when. And while there are still economic and social challenges to overcome, we must remain mindful and vigilant. Our portfolio management team continues to do an excellent job of focusing on risk management, finding ways to improve how we manage money on behalf of our customers, and maintaining a solid sense of perspective.

We're confident that we've built a phenomenal lineup of investment products and solutions to serve any part of your needs as we move forward, and know that we are not done. We will continue to drive our innovation cycle around products that solve real problems Canadians have and provide opportunities to meet your goals in a meaningful way.

I want to take a moment to thank the incredible team that makes up Purpose. I continue to be inspired by their relentless drive to redefine what a modern asset management firm can be.

Finally, and most importantly, Purpose exists to help build the success of our customers, investors, and partners. I want to thank you personally for your support and for being a part of our growing story. As we enter our tenth year, we continue to be humbled and honoured that you've placed your trust in us, and we don't take it for granted, especially in challenging times like these.

Warmly,



Som Seif
CEO
Purpose Investments Inc.



INDEPENDENT AUDITOR'S REPORT

**TO THE UNITHOLDERS OF
PURPOSE BITCOIN ETF
PURPOSE BITCOIN YIELD ETF
PURPOSE ETHER ETF
PURPOSE ETHER YIELD ETF
(COLLECTIVELY THE "FUNDS")**

OPINION

We have audited the financial statements of the Funds, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, statements of changes in financial position and statements of cash flows for the years then ended, as indicated in Note 1 to the accompanying financial statements, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Funds as at December 31, 2022 and 2021, and their financial performance and their cash flows for the years then ended, as indicated in Note 1 to the accompanying financial statements, in accordance with International Financial Reporting Standards (IFRSs).

BASIS FOR OPINION

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Funds in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OTHER INFORMATION

Management is responsible for the other information. The other information comprises the Management Report of Fund Performance of the Funds. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained the Management Report of Fund Performance of the Funds prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Funds or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Funds' financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Funds' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Funds' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Funds to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Andrew Morgan.

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
March 31, 2023



ANNUAL FINANCIAL STATEMENTS

STATEMENTS OF FINANCIAL POSITION

As at:

| | December 31, 2022 (\$) | December 31, 2021 (\$) |
|---|------------------------------|------------------------------|
| Assets | | |
| Investments: | | |
| Digital assets at fair value | 509,229,970 | 1,711,731,554 |
| Cash and cash equivalents | 1,208,384 | 2,148,308 |
| Receivables: | | |
| Capital units sold | – | 468,658 |
| Investment securities sold | 1,068,783 | 6,537,161 |
| Prepaid expenses | 175,852 | – |
| Derivative assets: | | |
| Unrealized gain on currency forward contracts | 207,249 | 4,133,200 |
| Total assets | 511,890,238 | 1,725,018,881 |
| Liabilities | | |
| Payables: | | |
| Management fees (note 5) | 495,892 | 1,747,208 |
| Independent review committee fees (note 5) | – | 123 |
| Other accrued liabilities (note 5) | 783,951 | 605,191 |
| Capital units redeemed | 534,151 | 4,854,370 |
| Investment securities purchased | 534,400 | 2,101,585 |
| Derivative liabilities: | | |
| Unrealized loss on currency forward contracts | 570 | 269,047 |
| Total liabilities | 2,348,964 | 9,577,524 |
| Net assets attributable to holders of redeemable units | 509,541,274 | 1,715,441,357 |
| Net assets attributable to holders of redeemable units per class | | |
| ETF Units | 111,979,926 | 258,701,827 |
| ETF Carbon Offset Units | 144,540 | 950,750 |
| Class A Units | 65,339 | 155,498 |
| Class F Units | 37,825 | 215,105 |
| Class I Units | 281 | 798 |
| ETF Non-Currency Hedged Units | 265,814,989 | 674,370,511 |
| ETF Non-Currency Hedged USD Units | 131,475,511 | 781,020,701 |
| Class A Non-Currency Hedged Units | 1,734 | 809 |
| Class F Non-Currency Hedged Units | 20,815 | 24,544 |
| Class I Non-Currency Hedged Units | 314 | 814 |
| Total | 509,541,274 | 1,715,441,357 |

| | December 31, 2022 (\$) | December 31, 2021 (\$) |
|--|------------------------------|------------------------------|
| Number of units outstanding (note 4) | | |
| ETF Units | 34,400,000 | 27,600,000 |
| ETF Carbon Offset Units | 50,000 | 125,000 |
| Class A Units | 23,960 | 19,572 |
| Class F Units | 13,693 | 27,048 |
| Class I Units | 100 | 100 |
| ETF Non-Currency Hedged Units | 81,350,000 | 78,575,000 |
| ETF Non-Currency Hedged USD Units | 31,700,000 | 71,675,000 |
| Class A Non-Currency Hedged Units | 570 | 100 |
| Class F Non-Currency Hedged Units | 6,738 | 3,024 |
| Class I Non-Currency Hedged Units | 100 | 100 |
| Net assets attributable to holders of redeemable units per unit | | |
| ETF Units | 3.26 | 9.37 |
| ETF Carbon Offset Units | 2.89 | 7.61 |
| Class A Units | 2.73 | 7.94 |
| Class F Units | 2.76 | 7.95 |
| Class I Units | 2.81 | 7.98 |
| ETF Non-Currency Hedged Units | 3.27 | 8.58 |
| ETF Non-Currency Hedged USD Units (expressed in CAD) | 4.15 | 10.90 |
| ETF Non-Currency Hedged USD Units (expressed in USD) | 3.06 | 8.61 |
| Class A Non-Currency Hedged Units | 3.04 | 8.09 |
| Class F Non-Currency Hedged Units | 3.09 | 8.12 |
| Class I Non-Currency Hedged Units | 3.14 | 8.14 |

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

Approved on behalf of the Board of Directors of Purpose Investments Inc.,
as trustee and Manager of Purpose Bitcoin ETF

Som Seif
Director
March 31, 2023

Jeff Bougananim
Director



STATEMENTS OF COMPREHENSIVE INCOME

For the year ended December 31, 2022 and the period from February 17, 2021 to December 31, 2021:

| | December 31, 2022 (\$) | December 31, 2021 (\$) |
|---|------------------------------|------------------------------|
| Income | | |
| Net gains (losses) on digital assets and derivatives | | |
| Net realized gain (loss) on foreign exchange transactions | 3,247,405 | (179,520) |
| Net realized gain (loss) on sale of digital assets | (1,007,164,599) | (38,702,689) |
| Net realized gain (loss) on currency forward contracts | (8,832,610) | (9,431,465) |
| Net change in unrealized appreciation (depreciation) on digital assets | (201,564,879) | (182,400,252) |
| Net change in unrealized appreciation (depreciation) on currency forward contracts | (3,657,474) | 3,864,152 |
| Net change in unrealized appreciation (depreciation) on foreign exchange transactions | 693 | (703) |
| Net gains (losses) on digital assets and derivatives | (1,217,971,464) | (226,850,477) |
| Foreign exchange gain (loss) on cash | (3,470,502) | (154,757) |
| Total revenue | (1,221,441,966) | (227,005,234) |
| Expenses | | |
| Management fees (note 5) | 11,935,047 | 12,245,871 |
| Custodian and fund accounting fees | 3,450,063 | 3,338,130 |
| Transaction costs (note 9) | 89,476 | – |
| Legal fees | 87,735 | 38,517 |
| Transfer agent fees | 79,650 | 169,233 |
| Unitholder reporting | 42,647 | 271,717 |
| Audit fees | 55,924 | 57,705 |
| Independent review committee fees (note 5) | 4,146 | 4,613 |
| Carbon offset fees | 1,334 | 243 |
| Other expenses (note 5) | – | 60,772 |
| Total expenses | 15,746,022 | 16,186,801 |
| Increase (decrease) in net assets attributable to holders of redeemable units | (1,237,187,988) | (243,192,035) |

| | December 31, 2022 (\$) | December 31, 2021 (\$) |
|---|------------------------------|------------------------------|
| Increase (decrease) in net assets attributable to holders of redeemable units per class (note 8) | | |
| ETF Units | (189,065,922) | (33,283,591) |
| ETF Carbon Offset Units | (386,581) | (319,406) |
| Class A Units | (124,180) | (46,823) |
| Class F Units | (70,520) | (73,069) |
| Class I Units | (517) | (203) |
| ETF Non-Currency Hedged Units | (426,621,870) | (94,406,972) |
| ETF Non-Currency Hedged USD Units | (620,884,533) | (115,053,431) |
| Class A Non-Currency Hedged Units | (2,235) | (191) |
| Class F Non-Currency Hedged Units | (31,130) | (8,162) |
| Class I Non-Currency Hedged Units | (500) | (187) |
| Total | (1,237,187,988) | (243,192,035) |
| Average number of units outstanding (note 8) | | |
| ETF Units | 32,126,644 | 18,144,293 |
| ETF Carbon Offset Units | 75,616 | 123,613 |
| Class A Units | 23,568 | 11,050 |
| Class F Units | 13,465 | 22,757 |
| Class I Units | 100 | 100 |
| ETF Non-Currency Hedged Units | 84,693,219 | 77,680,660 |
| ETF Non-Currency Hedged USD Units | 58,473,082 | 31,755,975 |
| Class A Non-Currency Hedged Units | 543 | 100 |
| Class F Non-Currency Hedged Units | 6,015 | 2,197 |
| Class I Non-Currency Hedged Units | 100 | 100 |
| Increase (decrease) in net assets attributable to holders of redeemable units per unit (note 8) | | |
| ETF Units | (5.89) | (1.83) |
| ETF Carbon Offset Units | (5.12) | (2.58) |
| Class A Units | (5.27) | (4.24) |
| Class F Units | (5.24) | (3.21) |
| Class I Units | (5.17) | (2.03) |
| ETF Non-Currency Hedged Units | (5.04) | (1.22) |
| ETF Non-Currency Hedged USD Units | (10.62) | (3.62) |
| Class A Non-Currency Hedged Units | (4.12) | (1.91) |
| Class F Non-Currency Hedged Units | (5.17) | (3.71) |
| Class I Non-Currency Hedged Units | (5.00) | (1.87) |

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



STATEMENTS OF CHANGES IN FINANCIAL POSITION

For the year ended December 31, 2022 and the period from February 17, 2021 to December 31, 2021:

| | December 31, 2022 (\$) | December 31, 2021 (\$) |
|---|------------------------------|------------------------------|
| ETF Units | | |
| Net assets attributable to holders of redeemable units at beginning of year | 258,701,827 | – |
| Increase (decrease) in net assets attributable to holders of redeemable units | (189,065,922) | (33,283,591) |
| Redeemable unit transactions | | |
| Proceeds from issuance of redeemable units | 121,743,274 | 358,099,185 |
| Payments for redemption of redeemable units | (79,399,253) | (66,113,767) |
| Net increase (decrease) from redeemable unit transactions | 42,344,021 | 291,985,418 |
| Net increase (decrease) in net assets attributable to holders of redeemable units | (146,721,901) | 258,701,827 |
| Net assets attributable to holders of redeemable units at end of year | 111,979,926 | 258,701,827 |

| | | |
|---|----------------|----------------|
| ETF Carbon Offset Units | | |
| Net assets attributable to holders of redeemable units at beginning of year | 950,750 | – |
| Increase (decrease) in net assets attributable to holders of redeemable units | (386,581) | (319,406) |
| Redeemable unit transactions | | |
| Proceeds from issuance of redeemable units | – | 1,270,156 |
| Payments for redemption of redeemable units | (419,629) | – |
| Net increase (decrease) from redeemable unit transactions | (419,629) | 1,270,156 |
| Net increase (decrease) in net assets attributable to holders of redeemable units | (806,210) | 950,750 |
| Net assets attributable to holders of redeemable units at end of year | 144,540 | 950,750 |

| | | |
|---|---------------|----------------|
| Class A Units | | |
| Net assets attributable to holders of redeemable units at beginning of year | 155,498 | – |
| Increase (decrease) in net assets attributable to holders of redeemable units | (124,180) | (46,823) |
| Redeemable unit transactions | | |
| Proceeds from issuance of redeemable units | 35,350 | 203,396 |
| Payments for redemption of redeemable units | (1,329) | (1,075) |
| Net increase (decrease) from redeemable unit transactions | 34,021 | 202,321 |
| Net increase (decrease) in net assets attributable to holders of redeemable units | (90,159) | 155,498 |
| Net assets attributable to holders of redeemable units at end of year | 65,339 | 155,498 |

| | | |
|---|---------------|----------------|
| Class F Units | | |
| Net assets attributable to holders of redeemable units at beginning of year | 215,105 | – |
| Increase (decrease) in net assets attributable to holders of redeemable units | (70,520) | (73,069) |
| Redeemable unit transactions | | |
| Proceeds from issuance of redeemable units | 26,917 | 289,194 |
| Exchange of redeemable units | 1,337 | 1,100 |
| Payments for redemption of redeemable units | (135,014) | (2,120) |
| Net increase (decrease) from redeemable unit transactions | (106,760) | 288,174 |
| Net increase (decrease) in net assets attributable to holders of redeemable units | (177,280) | 215,105 |
| Net assets attributable to holders of redeemable units at end of year | 37,825 | 215,105 |

| | | |
|---|------------|------------|
| Class I Units | | |
| Net assets attributable to holders of redeemable units at beginning of year | 798 | – |
| Increase (decrease) in net assets attributable to holders of redeemable units | (517) | (203) |
| Redeemable unit transactions | | |
| Proceeds from issuance of redeemable units | – | 1,001 |
| Net increase (decrease) from redeemable unit transactions | – | 1,001 |
| Net increase (decrease) in net assets attributable to holders of redeemable units | (517) | 798 |
| Net assets attributable to holders of redeemable units at end of year | 281 | 798 |

| | December 31, 2022 (\$) | December 31, 2021 (\$) |
|---|------------------------------|------------------------------|
| ETF Non-Currency Hedged Units | | |
| Net assets attributable to holders of redeemable units at beginning of year | 674,370,511 | – |
| Increase (decrease) in net assets attributable to holders of redeemable units | (426,621,870) | (94,406,972) |
| Redeemable unit transactions | | |
| Proceeds from issuance of redeemable units | 984,796,831 | 1,209,972,461 |
| Payments for redemption of redeemable units | (966,730,483) | (441,194,978) |
| Net increase (decrease) from redeemable unit transactions | 18,066,348 | 768,777,483 |
| Net increase (decrease) in net assets attributable to holders of redeemable units | (408,555,522) | 674,370,511 |
| Net assets attributable to holders of redeemable units at end of year | 265,814,989 | 674,370,511 |

| | | |
|---|--------------------|--------------------|
| ETF Non-Currency Hedged USD Units | | |
| Net assets attributable to holders of redeemable units at beginning of year | 781,020,701 | – |
| Increase (decrease) in net assets attributable to holders of redeemable units | (620,884,533) | (115,053,431) |
| Redeemable unit transactions | | |
| Proceeds from issuance of redeemable units | 1,862,388,086 | 1,065,466,737 |
| Payments for redemption of redeemable units | (1,891,048,743) | (169,392,605) |
| Net increase (decrease) from redeemable unit transactions | (28,660,657) | 896,074,132 |
| Net increase (decrease) in net assets attributable to holders of redeemable units | (649,545,190) | 781,020,701 |
| Net assets attributable to holders of redeemable units at end of year | 131,475,511 | 781,020,701 |

| | | |
|---|--------------|------------|
| Class A Non-Currency Hedged Units | | |
| Net assets attributable to holders of redeemable units at beginning of year | 809 | – |
| Increase (decrease) in net assets attributable to holders of redeemable units | (2,235) | (191) |
| Redeemable unit transactions | | |
| Proceeds from issuance of redeemable units | 3,160 | 1,000 |
| Net increase (decrease) from redeemable unit transactions | 3,160 | 1,000 |
| Net increase (decrease) in net assets attributable to holders of redeemable units | 925 | 809 |
| Net assets attributable to holders of redeemable units at end of year | 1,734 | 809 |

| | | |
|---|---------------|---------------|
| Class F Non-Currency Hedged Units | | |
| Net assets attributable to holders of redeemable units at beginning of year | 24,544 | – |
| Increase (decrease) in net assets attributable to holders of redeemable units | (31,130) | (8,162) |
| Redeemable unit transactions | | |
| Proceeds from issuance of redeemable units | 27,401 | 32,706 |
| Net increase (decrease) from redeemable unit transactions | 27,401 | 32,706 |
| Net increase (decrease) in net assets attributable to holders of redeemable units | (3,729) | 24,544 |
| Net assets attributable to holders of redeemable units at end of year | 20,815 | 24,544 |

| | | |
|---|------------|------------|
| Class I Non-Currency Hedged Units | | |
| Net assets attributable to holders of redeemable units at beginning of year | 814 | – |
| Increase (decrease) in net assets attributable to holders of redeemable units | (500) | (187) |
| Redeemable unit transactions | | |
| Proceeds from issuance of redeemable units | – | 1,001 |
| Net increase (decrease) from redeemable unit transactions | – | 1,001 |
| Net increase (decrease) in net assets attributable to holders of redeemable units | (500) | 814 |
| Net assets attributable to holders of redeemable units at end of year | 314 | 814 |

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

**STATEMENT OF CASH FLOWS**

For the year ended December 31, 2022 and the period from February 17, 2021 to December 31, 2021:

| | December 31, 2022 (\$) | December 31, 2021 (\$) |
|--|------------------------------|------------------------------|
| Cash Flows from Operating Activities | | |
| Increase (decrease) in net assets attributable to holders of redeemable units | (1,237,187,988) | (243,192,035) |
| Adjustments for: | | |
| Purchase of digital assets | (2,593,714,365) | (2,316,394,189) |
| Proceeds from sale of digital assets | 2,591,298,188 | 379,124,117 |
| Net realized loss (gain) on sale of digital assets | 1,007,164,599 | 38,702,689 |
| Net change in unrealized depreciation (appreciation) on digital assets | 201,564,879 | 182,400,252 |
| Net change in unrealized depreciation (appreciation) on currency forward contracts | 3,657,474 | (3,864,152) |
| Net change in non-cash working capital balances | (1,248,531) | 2,352,522 |
| Transaction costs (note 9) | 89,476 | – |
| | (28,376,268) | (1,960,870,796) |
| Cash Flows from Financing Activities | | |
| Proceeds from issuance of units | 2,969,489,677 | 2,634,868,179 |
| Exchange of redeemable units | 1,337 | 1,100 |
| Payments for units redeemed | (2,942,054,670) | (671,850,175) |
| | 27,436,344 | 1,963,019,104 |
| Net increase (decrease) in cash and cash equivalents | (939,924) | 2,148,308 |
| Cash and cash equivalents, at beginning of year | 2,148,308 | – |
| Cash and cash equivalents, at end of year | 1,208,384 | 2,148,308 |

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

**SCHEDULE OF INVESTMENTS**

As at December 31, 2022

| Security | Number of Bitcoin | Average cost (\$) | Fair value (\$) |
|--|----------------------|----------------------|--------------------|
| Digital Assets – 99.94% | | | |
| Bitcoin | 22,710 | 893,207,091 | 509,229,970 |
| | | 893,207,091 | 509,229,970 |
| Total Digital Assets – 99.94% | | 893,207,091 | 509,229,970 |
| Transaction Costs (note 9) | | (11,990) | – |
| Total Investments – 99.94% | | 893,195,101 | 509,229,970 |
| Net Unrealized Gain (Loss) on Currency Forward Contracts (Schedule 1) – 0.04% | | | 206,679 |
| Cash and Cash Equivalents – 0.24% | | | 1,208,384 |
| Other Assets, Less Liabilities – (0.22)% | | | (1,103,759) |
| Net Assets – 100.00% | | | 509,541,274 |

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

SCHEDULE 1 – CURRENCY FORWARD CONTRACTS

As at December 31, 2022

| Counterparty | S&P Credit Rating for Counterparty | Settlement Date | Currency Buys | Par Value (\$) | Currency Sells | Par Value (\$) | Forward Rate | Current Rate | Unrealized Gain (Loss) (\$) |
|------------------|------------------------------------|--------------------|------------------|-------------------|-------------------|-------------------|-----------------|-----------------|-----------------------------------|
| Bank of Montreal | A-1 | 2023-01-13 | CAD | 111,353,766 | USD | 82,091,327 | 0.7370 | 0.7390 | 207,059 |
| Bank of Montreal | A-1 | 2023-01-13 | CAD | 64,610 | USD | 47,632 | 0.7370 | 0.7390 | 120 |
| Bank of Montreal | A-1 | 2023-01-13 | CAD | 37,400 | USD | 27,571 | 0.7370 | 0.7390 | 70 |
| Bank of Montreal | A-1 | 2023-01-13 | CAD | 277 | USD | 204 | 0.7370 | 0.7390 | – |
| Bank of Montreal | A-1 | 2023-01-13 | USD | 1,498,761 | CAD | 2,029,801 | 1.3540 | 1.3540 | (570) |
| Bank of Montreal | A-1 | 2023-01-13 | USD | 199,732 | CAD | 270,425 | 1.3540 | 1.3540 | – |
| Bank of Montreal | A-1 | 2023-01-13 | USD | 786 | CAD | 1,064 | 1.3540 | 1.3540 | – |
| Bank of Montreal | A-1 | 2023-01-13 | USD | 450 | CAD | 610 | 1.3540 | 1.3540 | – |
| Bank of Montreal | A-1 | 2023-01-13 | USD | 170 | CAD | 230 | 1.3540 | 1.3540 | – |
| Bank of Montreal | A-1 | 2023-01-13 | USD | 97 | CAD | 132 | 1.3540 | 1.3540 | – |
| Bank of Montreal | A-1 | 2023-01-13 | USD | 3 | CAD | 4 | 1.3550 | 1.3550 | – |
| Bank of Montreal | A-1 | 2023-01-13 | USD | 1 | CAD | 1 | 1.3520 | 1.3520 | – |
| | | | | | | | | | 206,679 |

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



NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – PURPOSE BITCOIN ETF

A) INVESTMENT OBJECTIVES (NOTE 2)

Purpose Bitcoin ETF (“the Fund”) has been created to buy and hold substantially all of its assets in the digital currency Bitcoin and seeks to provide unitholders with the opportunity for long-term capital appreciation.

To achieve its investment objective, the Fund invests in and holds substantially all of its assets in Bitcoin in order to provide unitholders with a secure, convenient, lower-cost alternative to a direct investment in Bitcoin.

The Fund will not speculate with regard to short-term changes in Bitcoin prices. The Fund will not use derivatives instruments, the underlying interest of which is Bitcoin, for non-hedging purposes.

In respect of the ETF Carbon Offset Units, the Fund will purchase carbon offset credits in order to aim to neutralize the carbon footprint related to the Fund’s Bitcoin allocable to this class.

B) REDEEMABLE PARTICIPATING UNITS (NOTE 4)

Changes in outstanding units during the years ended December 31, 2022 and 2021 are summarized as follows:

| | Number of Units | | | | |
|--------------------------------|-----------------|-------------------------|---------------|---------------|---------------|
| | ETF Units | ETF Carbon Offset Units | Class A Units | Class F Units | Class I Units |
| Issued | 34,550,000 | 125,000 | 19,688 | 27,246 | 100 |
| Redeemed | (6,950,000) | – | (116) | (198) | – |
| Outstanding, December 31, 2021 | 27,600,000 | 125,000 | 19,572 | 27,048 | 100 |
| Issued | 19,150,000 | – | 4,686 | 6,421 | – |
| Redeemed | (12,350,000) | (75,000) | (298) | (19,776) | – |
| Outstanding, December 31, 2022 | 34,400,000 | 50,000 | 23,960 | 13,693 | 100 |

| | ETF Non-Currency Hedged Units | ETF Non-Currency Hedged USD Units | Class A Non-Currency Hedged Units | Class F Non-Currency Hedged Units | Class I Non-Currency Hedged Units |
|--------------------------------|-------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | | | | | |
| Issued | 127,725,000 | 87,150,000 | 100 | 3,024 | 100 |
| Redeemed | (49,150,000) | (15,475,000) | – | – | – |
| Outstanding, December 31, 2021 | 78,575,000 | 71,675,000 | 100 | 3,024 | 100 |
| Issued | 159,550,000 | 250,475,000 | 470 | 3,714 | – |
| Redeemed | (156,775,000) | (290,450,000) | – | – | – |
| Outstanding, December 31, 2022 | 81,350,000 | 31,700,000 | 570 | 6,738 | 100 |

C) MANAGEMENT FEES, SERVICE FEES AND OTHER EXPENSES (NOTE 5)

Annual Management Fee
(% of Net Asset Value of each unit)

| Class | Management Fee |
|------------------------------------|--|
| ETF Units | 1.00% |
| ETF Carbon Offset Units | 1.00% |
| Class A Units* | 2.00% |
| Class F Units | 1.00% |
| Class I Units | Negotiated of up to 1.00% per annum with the Manager |
| ETF Non-Currency Hedged Units | 1.00% |
| ETF Non-Currency Hedged USD Units | 1.00% |
| Class A Non-Currency Hedged Units* | 2.00% |
| Class F Non-Currency Hedged Units | 1.00% |
| Class I Non-Currency Hedged Units | Negotiated of up to 1.00% per annum with the Manager |

* Includes a service fee at an annual rate of 1.00% of the daily average Net Asset Value of the Class A units and Class A Non-Currency Hedged units.

D) FAIR VALUE INVESTMENTS (NOTE 10)

The following inputs were used in valuing the Fund’s investments and derivatives at fair values as at December 31, 2022:

| | Level 1 (\$) | Level 2 (\$) | Level 3 (\$) | Total (\$) |
|---|-----------------|-----------------|-----------------|---------------|
| Assets | | | | |
| Bitcoin | – | 509,229,970 | – | 509,229,970 |
| Currency forward contracts | – | 207,249 | – | 207,249 |
| Total assets | – | 509,437,219 | – | 509,437,219 |
| Financial liabilities | | | | |
| Currency forward contracts | – | 570 | – | 570 |
| Total financial liabilities | – | 570 | – | 570 |
| Total assets and financial liabilities | – | 509,436,649 | – | 509,436,649 |

The following inputs were used in valuing the Fund’s investments and derivatives at fair values as at December 31, 2021:

| | Level 1 (\$) | Level 2 (\$) | Level 3 (\$) | Total (\$) |
|---|-----------------|-----------------|-----------------|---------------|
| Assets | | | | |
| Bitcoin | – | 1,711,731,554 | – | 1,711,731,554 |
| Currency forward contracts | – | 4,133,200 | – | 4,133,200 |
| Total assets | – | 1,715,864,754 | – | 1,715,864,754 |
| Financial liabilities | | | | |
| Currency forward contracts | – | 269,047 | – | 269,047 |
| Total financial liabilities | – | 269,047 | – | 269,047 |
| Total assets and financial liabilities | – | 1,715,595,707 | – | 1,715,595,707 |

During the years ended December 31, 2022 and 2021 there were no transfers of assets between Level 1, Level 2 and Level 3.

The Fund’s Level 2 investment in currency forward contracts relies on the foreign exchange rate market data to fair value the foreign currency contract.

The Fund’s Level 2 investment in Bitcoin relies on the data provided by the CoinDesk Bitcoin Price Index (XBX). The CoinDesk Bitcoin Price Index (XBX) represents a real-time, US dollar equivalent spot rate for Bitcoin. The CoinDesk Bitcoin Price Index (XBX) value is algorithmically calculated (with reference to volume, weight, price variance weighting and inactivity adjustment) once every second based on observed trading activity on leading Bitcoin trading platforms. The index is designed as a reference rate to track liquidity while also adjusting for deviations caused by anomalies and manipulation attempts at individual trading platforms.

E) FINANCIAL RISKS (NOTE 11)

Liquidity risk

The Fund may not always be able to liquidate its Bitcoin at a desired price. It may become difficult to execute a trade at a specific price due to low volume of orders in the marketplace. Market illiquidity may cause losses to the holders of Bitcoin. In the long-term, as the Fund continues to grow, the amount of Bitcoin that the Fund has acquired increases the risks of illiquidity by making its Bitcoin difficult to liquidate.



NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – PURPOSE BITCOIN ETF (continued)

Currency risk

The table below summarizes the Fund's direct exposure to foreign currencies as at December 31, 2022, including the fair value of currency forward contracts that are used to hedge the foreign currency risk:

| Currency | Fair Value Excluding Currency Forward Contracts (\$) | Currency Forward Contracts (\$) | Net Currency Exposure (\$) | % of Net Assets |
|---------------------|---|--|-------------------------------------|--------------------|
| US Dollar | 509,943,664 | (109,481,506) | 400,462,158 | 78.6 |
| Net exposure | 509,943,664 | (109,481,506) | 400,462,158 | 78.6 |

The table below summarizes the Fund's direct exposure to foreign currencies as at December 31, 2021, including the fair value of currency forward contracts that are used to hedge the foreign currency risk:

| Currency | Fair Value Excluding Currency Forward Contracts (\$) | Currency Forward Contracts (\$) | Net Currency Exposure (\$) | % of Net Assets |
|---------------------|---|--|-------------------------------------|--------------------|
| US Dollar | 1,716,796,656 | (255,363,878) | 1,461,432,778 | 85.2 |
| Net exposure | 1,716,796,656 | (255,363,878) | 1,461,432,778 | 85.2 |

If the Canadian dollar weakened or strengthened by 5% as at December 31, 2022 in relation to the US dollar, with all other variables held constant, the Fund's net assets would have increased or decreased, respectively, by approximately \$20.0 million (December 31, 2021 – \$73.1 million). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

F) INCOME TAXES

The Fund qualifies and intends to continue to qualify as a mutual fund trust under the Income Tax Act (Canada) and, accordingly, is subject to tax on its investment income, including net realized capital gains, for any tax year in which its net investment income or sufficient net realized capital gains are not paid or payable to its unitholders as at the end of its tax year. It is the intention of the Manager that all annual net investment income and sufficient net taxable capital gains will be distributed to unitholders on a tax year basis such that no Canadian income taxes are payable by the Fund. As a result thereof, no provision for income taxes is made in these financial statements.

As at December 31, 2022, the Fund had capital losses of \$166,740,639 (December 31, 2021 – \$4,959,552 and no non-capital losses (December 31, 2021 – \$nil) carried forward for income tax purposes. Capital losses may be carried forward indefinitely to be applied against future capital gains. Non-capital losses may be utilized to reduce taxable income over the twenty years following the year in which they arise.



ANNUAL FINANCIAL STATEMENTS

STATEMENTS OF FINANCIAL POSITION

As at:

| | December 31, 2022 (\$) | December 31, 2021 (\$) |
|---|------------------------------|------------------------------|
| Assets | | |
| Investments: | | |
| Non-derivative financial assets | 37,390,536 | 8,516,894 |
| Cash and cash equivalents | 557,575 | 20,967 |
| Receivables: | | |
| Capital units sold | 280 | – |
| Prepaid expenses | 39,013 | 5,908 |
| Derivative assets: | | |
| Unrealized gain on currency forward contracts | 9,045 | 22,835 |
| Total assets | 37,996,449 | 8,566,604 |
| Liabilities | | |
| Payables: | | |
| Management fees (note 5) | 41,472 | 6,500 |
| Independent review committee fees (note 5) | 106 | – |
| Other accrued liabilities (note 5) | 5,682 | 966 |
| Distributions | 307,874 | 90,419 |
| Derivative liabilities: | | |
| Options written, at fair value | 131,386 | 27,585 |
| Unrealized loss on currency forward contracts | 205 | 24 |
| Total liabilities | 486,725 | 125,494 |
| Net assets attributable to holders of redeemable units | 37,509,724 | 8,441,110 |
| Net assets attributable to holders of redeemable units per class | | |
| ETF Units | 24,544,075 | 1,802,235 |
| Class A Units | 705 | 811 |
| Class F Units | 885,321 | 23,348 |
| Class I Units | 297 | 812 |
| ETF Non-Currency Hedged Units | 2,705,825 | 1,260,119 |
| ETF Non-Currency Hedged USD Units | 9,278,155 | 5,351,377 |
| Class A Non-Currency Hedged Units | 317 | 803 |
| Class F Non-Currency Hedged Units | 94,709 | 804 |
| Class I Non-Currency Hedged Units | 320 | 801 |
| Total | 37,509,724 | 8,441,110 |

| | December 31, 2022 (\$) | December 31, 2021 (\$) |
|--|------------------------------|------------------------------|
| Number of units outstanding (note 4) | | |
| ETF Units | 9,600,000 | 225,000 |
| Class A Units | 278 | 101 |
| Class F Units | 345,634 | 2,912 |
| Class I Units | 116 | 101 |
| ETF Non-Currency Hedged Units | 3,225,000 | 125,000 |
| ETF Non-Currency Hedged USD Units | 800,000 | 650,000 |
| Class A Non-Currency Hedged Units | 115 | 101 |
| Class F Non-Currency Hedged Units | 34,103 | 101 |
| Class I Non-Currency Hedged Units | 115 | 101 |
| Net assets attributable to holders of redeemable units per unit | | |
| ETF Units | 2.56 | 8.01 |
| Class A Units | 2.53 | 8.01 |
| Class F Units | 2.56 | 8.02 |
| Class I Units | 2.58 | 8.02 |
| ETF Non-Currency Hedged Units | 2.88 | 8.23 |
| ETF Non-Currency Hedged USD Units (expressed in CAD) | 3.38 | 10.08 |
| ETF Non-Currency Hedged USD Units (expressed in USD) | 2.50 | 7.97 |
| Class A Non-Currency Hedged Units | 2.74 | 7.93 |
| Class F Non-Currency Hedged Units | 2.78 | 7.94 |
| Class I Non-Currency Hedged Units | 2.77 | 7.92 |

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

Approved on behalf of the Board of Directors of Purpose Investments Inc.,
as trustee and Manager of Purpose Bitcoin Yield ETF

Som Seif
Director
March 31, 2023

Jeff Bouganim
Director



STATEMENTS OF COMPREHENSIVE INCOME

For the year ended December 31, 2022 and the period from November 30, 2021 to December 31, 2021:

| | December 31, 2022 (\$) | December 31, 2021 (\$) |
|---|------------------------------|------------------------------|
| Income | | |
| Net gains (losses) on investments and derivatives | | |
| Net realized gain (loss) on foreign exchange transactions | (1,796) | (208) |
| Net realized gain (loss) on sale of non-derivative financial assets | (7,073,207) | (37,280) |
| Net realized gain (loss) on currency forward contracts | (2,093,516) | 602 |
| Net realized gain (loss) on options | 1,847,354 | 26,150 |
| Net change in unrealized appreciation (depreciation) on non-derivative financial assets | (27,718,294) | (1,487,883) |
| Net change in unrealized appreciation (depreciation) on currency forward contracts | (13,971) | 22,811 |
| Net change in unrealized appreciation (depreciation) on options | 19,422 | 68,830 |
| Net gains (losses) on investments and derivatives | (35,034,008) | (1,406,978) |
| Foreign exchange gain (loss) on cash | 13,967 | (1,371) |
| Total revenue | (35,020,041) | (1,408,349) |
| Expenses | | |
| Transaction costs (note 9) | 260,010 | 3,260 |
| Exchange fees | 40,890 | 2,631 |
| Management fees (note 5) | 39,550 | 627 |
| Custodian and fund accounting fees | 32,571 | 340 |
| Legal fees | 31,989 | 25,010 |
| Unitholder reporting | 8,884 | 652 |
| Interest and bank charges | 3,087 | – |
| Independent review committee fees (note 5) | 2,624 | – |
| Other expenses (note 5) | 60,261 | – |
| Total expenses | 479,866 | 32,520 |
| Expenses waived/absorbed by the Manager (note 5) | (116,852) | (27,666) |
| Net expenses | 363,014 | 4,854 |
| Increase (decrease) in net assets attributable to holders of redeemable units | (35,383,055) | (1,413,203) |

| | December 31, 2022 (\$) | December 31, 2021 (\$) |
|---|------------------------------|------------------------------|
| Increase (decrease) in net assets attributable to holders of redeemable units per class (note 8) | | |
| ETF Units | (23,575,275) | (239,554) |
| Class A Units | (1,106) | (189) |
| Class F Units | (651,048) | (2,371) |
| Class I Units | (515) | (188) |
| ETF Non-Currency Hedged Units | (2,072,001) | (274,527) |
| ETF Non-Currency Hedged USD Units | (9,063,018) | (895,782) |
| Class A Non-Currency Hedged Units | (486) | (197) |
| Class F Non-Currency Hedged Units | (19,125) | (196) |
| Class I Non-Currency Hedged Units | (481) | (199) |
| Total | (35,383,055) | (1,413,203) |
| Average number of units outstanding (note 8) | | |
| ETF Units | 5,977,466 | 150,000 |
| Class A Units | 219 | 100 |
| Class F Units | 193,624 | 2,426 |
| Class I Units | 108 | 100 |
| ETF Non-Currency Hedged Units | 420,479 | 120,161 |
| ETF Non-Currency Hedged USD Units | 2,209,178 | 469,697 |
| Class A Non-Currency Hedged Units | 108 | 100 |
| Class F Non-Currency Hedged Units | 16,386 | 100 |
| Class I Non-Currency Hedged Units | 108 | 100 |
| Increase (decrease) in net assets attributable to holders of redeemable units per unit (note 8) | | |
| ETF Units | (3.95) | (1.60) |
| Class A | (5.04) | (1.89) |
| Class F | (3.36) | (0.98) |
| Class I | (4.76) | (1.88) |
| ETF Non-Currency Hedged Units | (4.93) | (2.28) |
| ETF Non-Currency Hedged USD Units | (4.10) | (1.91) |
| Class A Non-Currency Hedged Units | (4.49) | (1.97) |
| Class F Non-Currency Hedged Units | (1.17) | (1.96) |
| Class I Non-Currency Hedged Units | (4.45) | (1.99) |

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



STATEMENTS OF CHANGES IN FINANCIAL POSITION

For the year ended December 31, 2022 and the period from November 30, 2021 to December 31, 2021:

| | December 31, 2022 (\$) | December 31, 2021 (\$) |
|---|------------------------------|------------------------------|
| ETF Units | | |
| Net assets attributable to holders of redeemable units at beginning of year | 1,802,235 | – |
| Increase (decrease) in net assets attributable to holders of redeemable units | (23,575,275) | (239,554) |
| Redeemable unit transactions | | |
| Proceeds from issuance of redeemable units | 52,205,979 | 2,059,289 |
| Payments for redemption of redeemable units | (2,798,226) | – |
| Net increase (decrease) from redeemable unit transactions | 49,407,753 | 2,059,289 |
| Distributions paid or payable to unitholders of redeemable units | | |
| From capital gains | – | (14,668) |
| Return of capital | (3,090,638) | (2,832) |
| Total distributions to holders of redeemable units | (3,090,638) | (17,500) |
| Net increase (decrease) in net assets attributable to holders of redeemable units | 22,741,840 | 1,802,235 |
| Net assets attributable to holders of redeemable units at end of year | 24,544,075 | 1,802,235 |

| | | |
|---|------------|------------|
| Class A Units | | |
| Net assets attributable to holders of redeemable units at beginning of year | 811 | – |
| Increase (decrease) in net assets attributable to holders of redeemable units | (1,106) | (189) |
| Redeemable unit transactions | | |
| Proceeds from issuance of redeemable units | 1,000 | 1,000 |
| Reinvestment of distributions | 122 | 10 |
| Net increase (decrease) from redeemable unit transactions | 1,122 | 1,010 |
| Distributions paid or payable to unitholders of redeemable units | | |
| From capital gains | – | (8) |
| Return of capital | (122) | (2) |
| Total distributions to holders of redeemable units | (122) | (10) |
| Net increase (decrease) in net assets attributable to holders of redeemable units | (106) | 811 |
| Net assets attributable to holders of redeemable units at end of year | 705 | 811 |

| | | |
|---|----------------|---------------|
| Class F Units | | |
| Net assets attributable to holders of redeemable units at beginning of year | 23,348 | – |
| Increase (decrease) in net assets attributable to holders of redeemable units | (651,048) | (2,371) |
| Redeemable unit transactions | | |
| Proceeds from issuance of redeemable units | 1,544,476 | 26,000 |
| Payments for redemption of redeemable units | (25,524) | – |
| Reinvestment of distributions | 91,596 | 10 |
| Net increase (decrease) from redeemable unit transactions | 1,610,548 | 26,010 |
| Distributions paid or payable to unitholders of redeemable units | | |
| From capital gains | – | (244) |
| Return of capital | (97,527) | (47) |
| Total distributions to holders of redeemable units | (97,527) | (291) |
| Net increase (decrease) in net assets attributable to holders of redeemable units | 861,973 | 23,348 |
| Net assets attributable to holders of redeemable units at end of year | 885,321 | 23,348 |

| | December 31, 2022 (\$) | December 31, 2021 (\$) |
|---|------------------------------|------------------------------|
| Class I Units | | |
| Net assets attributable to holders of redeemable units at beginning of year | 812 | – |
| Increase (decrease) in net assets attributable to holders of redeemable units | (515) | (188) |
| Redeemable unit transactions | | |
| Proceeds from issuance of redeemable units | – | 1,000 |
| Reinvestment of distributions | 65 | 10 |
| Net increase (decrease) from redeemable unit transactions | 65 | 1,010 |
| Distributions paid or payable to unitholders of redeemable units | | |
| From capital gains | – | (8) |
| Return of capital | (65) | (2) |
| Total distributions to holders of redeemable units | (65) | (10) |
| Net increase (decrease) in net assets attributable to holders of redeemable units | (515) | 812 |
| Net assets attributable to holders of redeemable units at end of year | 297 | 812 |

| | | |
|---|------------------|------------------|
| ETF Non-Currency Hedged Units | | |
| Net assets attributable to holders of redeemable units at beginning of year | 1,260,119 | – |
| Increase (decrease) in net assets attributable to holders of redeemable units | (2,072,001) | (274,527) |
| Redeemable unit transactions | | |
| Proceeds from issuance of redeemable units | 4,751,624 | 2,826,711 |
| Payments for redemption of redeemable units | (871,764) | (1,276,071) |
| Net increase (decrease) from redeemable unit transactions | 3,879,860 | 1,550,640 |
| Distributions paid or payable to unitholders of redeemable units | | |
| From capital gains | – | (13,406) |
| Return of capital | (362,153) | (2,588) |
| Total distributions to holders of redeemable units | (362,153) | (15,994) |
| Net increase (decrease) in net assets attributable to holders of redeemable units | 1,445,706 | 1,260,119 |
| Net assets attributable to holders of redeemable units at end of year | 2,705,825 | 1,260,119 |

| | | |
|---|------------------|------------------|
| ETF Non-Currency Hedged USD Units | | |
| Net assets attributable to holders of redeemable units at beginning of year | 5,351,377 | – |
| Increase (decrease) in net assets attributable to holders of redeemable units | (9,063,018) | (895,782) |
| Redeemable unit transactions | | |
| Proceeds from issuance of redeemable units | 14,471,714 | 6,304,084 |
| Payments for redemption of redeemable units | (172,943) | – |
| Net increase (decrease) from redeemable unit transactions | 14,298,771 | 6,304,084 |
| Distributions paid or payable to unitholders of redeemable units | | |
| From capital gains | – | (47,712) |
| Return of capital | (1,308,975) | (9,213) |
| Total distributions to holders of redeemable units | (1,308,975) | (56,925) |
| Net increase (decrease) in net assets attributable to holders of redeemable units | 3,926,778 | 5,351,377 |
| Net assets attributable to holders of redeemable units at end of year | 9,278,155 | 5,351,377 |

**STATEMENTS OF CHANGES IN FINANCIAL POSITION (continued)**

For the year ended December 31, 2022 and the period from November 30, 2021 to December 31, 2021:

| | December 31, 2022 (\$) | December 31, 2021 (\$) |
|---|------------------------------|------------------------------|
| Class A Non-Currency Hedged Units | | |
| Net assets attributable to holders of redeemable units at beginning of year | 803 | – |
| Increase (decrease) in net assets attributable to holders of redeemable units | (486) | (197) |
| Redeemable unit transactions | | |
| Proceeds from issuance of redeemable units | – | 1,000 |
| Reinvestment of distributions | 65 | 10 |
| Net increase (decrease) from redeemable unit transactions | 65 | 1,010 |
| Distributions paid or payable to unitholders of redeemable units | | |
| From capital gains | – | (8) |
| Return of capital | (65) | (2) |
| Total distributions to holders of redeemable units | (65) | (10) |
| Net increase (decrease) in net assets attributable to holders of redeemable units | (486) | 803 |
| Net assets attributable to holders of redeemable units at end of year | 317 | 803 |
| Class F Non-Currency Hedged Units | | |
| Net assets attributable to holders of redeemable units at beginning of year | 804 | – |
| Increase (decrease) in net assets attributable to holders of redeemable units | (19,125) | (196) |
| Redeemable unit transactions | | |
| Proceeds from issuance of redeemable units | 113,030 | 1,000 |
| Reinvestment of distributions | 7,376 | 10 |
| Net increase (decrease) from redeemable unit transactions | 120,406 | 1,010 |
| Distributions paid or payable to unitholders of redeemable units | | |
| From capital gains | – | (8) |
| Return of capital | (7,376) | (2) |
| Total distributions to holders of redeemable units | (7,376) | (10) |
| Net increase (decrease) in net assets attributable to holders of redeemable units | 93,905 | 804 |
| Net assets attributable to holders of redeemable units at end of year | 94,709 | 804 |
| Class I Non-Currency Hedged Units | | |
| Net assets attributable to holders of redeemable units at beginning of year | 801 | – |
| Increase (decrease) in net assets attributable to holders of redeemable units | (481) | (199) |
| Redeemable unit transactions | | |
| Proceeds from issuance of redeemable units | – | 1,000 |
| Reinvestment of distributions | 65 | 10 |
| Net increase (decrease) from redeemable unit transactions | 65 | 1,010 |
| Distributions paid or payable to unitholders of redeemable units | | |
| From capital gains | – | (8) |
| Return of capital | (65) | (2) |
| Total distributions to holders of redeemable units | (65) | (10) |
| Net increase (decrease) in net assets attributable to holders of redeemable units | (481) | 801 |
| Net assets attributable to holders of redeemable units at end of year | 320 | 801 |

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

STATEMENTS OF CASH FLOWS

For the year ended December 31, 2022 and the period from November 30, 2021 to December 31, 2021:

| | December 31, 2022 (\$) | December 31, 2021 (\$) |
|---|------------------------------|------------------------------|
| Cash Flows from Operating Activities | | |
| Increase (decrease) in net assets attributable to holders of redeemable units | (35,383,055) | (1,413,203) |
| Adjustments for: | | |
| Purchase of investments* | (77,636,268) | (562,921) |
| Proceeds from sale of investments* | 13,789,153 | 393,519 |
| Net realized loss (gain) on sale of non-derivative financial assets | 7,073,207 | 37,280 |
| Net realized loss (gain) on options | (1,847,354) | (26,150) |
| Net change in unrealized depreciation (appreciation) on non-derivative financial assets | 27,718,294 | 1,487,883 |
| Net change in unrealized depreciation (appreciation) on currency forward contracts | 13,971 | (22,811) |
| Net change in unrealized depreciation (appreciation) on options | (19,422) | (68,830) |
| Net change in non-cash working capital balances | 6,689 | 1,558 |
| Transaction costs (note 9) | 260,010 | 3,260 |
| | (66,024,775) | (170,415) |
| Cash Flows from Financing Activities | | |
| Proceeds from issuance of units* | 73,087,543 | 234,669 |
| Payments for units redeemed* | (1,975,918) | (43,006) |
| Distribution to holders, net of reinvestments | (4,550,242) | (281) |
| | 66,561,383 | 191,382 |
| Net increase (decrease) in cash and cash equivalents | 536,608 | 20,967 |
| Cash and cash equivalents, at beginning of year | 20,967 | – |
| Cash and cash equivalents, at end of year | 557,575 | 20,967 |
| Interest received (paid) | (3,087) | – |
| Dividends received (paid), net of withholding taxes | 40,890 | – |

* Excludes in-kind transactions.

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

**SCHEDULE OF INVESTMENTS**

As at December 31, 2022

| Security | Number of Shares | Average cost (\$) | Fair value (\$) |
|---|------------------|-------------------|-------------------|
| Equities – 99.68% | | | |
| Canadian Equities – 99.68% | | | |
| Investment Funds – 99.68% | | | |
| Purpose Bitcoin ETF | 11,540,289 | 66,609,225 | 37,390,536 |
| | | 66,609,225 | 37,390,536 |
| Total Canadian Equities – 99.68% | | 66,609,225 | 37,390,536 |
| Total Equities – 99.68% | | 66,609,225 | 37,390,536 |
| Transaction Costs (note 9) | | (12,512) | – |
| Total Investments – 99.68% | | 66,596,713 | 37,390,536 |
| Net Unrealized Gain (Loss) on Currency Forward Contracts (Schedule 1) – 0.02% | | | 8,840 |
| Options (Schedule 2) – (0.35)% | | | (131,386) |
| Cash and Cash Equivalents – 1.49% | | | 557,575 |
| Other Assets, Less Liabilities – (0.84)% | | | (315,841) |
| Net Assets – 100.00% | | | 37,509,724 |

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

SCHEDULE 1 – CURRENCY FORWARD CONTRACTS

As at December 31, 2022

| Counterparty | S&P Credit Rating for Counterparty | Settlement Date | Currency Buys | Par Value (\$) | Currency Sells | Par Value (\$) | Forward Rate | Current Rate | Unrealized Gain (Loss) (\$) |
|-------------------------|------------------------------------|-----------------|---------------|----------------|----------------|----------------|--------------|--------------|-----------------------------|
| CIBC World Markets Inc. | A-1 | 2023-01-13 | CAD | 24,263,154 | USD | 17,913,962 | 0.7380 | 0.7390 | 8,730 |
| CIBC World Markets Inc. | A-1 | 2023-01-13 | CAD | 875,258 | USD | 646,220 | 0.7380 | 0.7390 | 315 |
| CIBC World Markets Inc. | A-1 | 2023-01-13 | CAD | 697 | USD | 514 | 0.7380 | 0.7390 | – |
| CIBC World Markets Inc. | A-1 | 2023-01-13 | CAD | 294 | USD | 217 | 0.7380 | 0.7390 | – |
| CIBC World Markets Inc. | A-1 | 2023-01-13 | USD | 199,210 | CAD | 269,882 | 1.3550 | 1.3540 | (164) |
| CIBC World Markets Inc. | A-1 | 2023-01-13 | USD | 113,809 | CAD | 154,125 | 1.3540 | 1.3540 | (34) |
| CIBC World Markets Inc. | A-1 | 2023-01-13 | USD | 7,460 | CAD | 10,106 | 1.3550 | 1.3540 | (6) |
| CIBC World Markets Inc. | A-1 | 2023-01-13 | USD | 4,333 | CAD | 5,868 | 1.3540 | 1.3540 | (1) |
| CIBC World Markets Inc. | A-1 | 2023-01-13 | USD | 6 | CAD | 8 | 1.3540 | 1.3540 | – |
| CIBC World Markets Inc. | A-1 | 2023-01-13 | USD | 4 | CAD | 5 | 1.3560 | 1.3530 | – |
| CIBC World Markets Inc. | A-1 | 2023-01-13 | USD | 3 | CAD | 3 | 1.3500 | 1.3540 | – |
| CIBC World Markets Inc. | A-1 | 2023-01-13 | USD | 1 | CAD | 2 | 1.3540 | 1.3540 | – |
| | | | | | | | | | 8,840 |

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

SCHEDULE 2 – OPTIONS

As at December 31, 2022

| Written Call Options CAD | Number of Contracts | Strike Price (CAD) | Expiry Date | Premium Received (CAD) | Fair Value (CAD) |
|--------------------------|---------------------|--------------------|-------------|------------------------|------------------|
| Purpose Bitcoin ETF | (800) | 3.50 | 2023-01-07 | (5,200) | (3,200) |
| Purpose Bitcoin ETF | (800) | 3.75 | 2023-01-07 | (3,600) | (8,000) |
| Purpose Bitcoin ETF | (6405) | 3.50 | 2023-01-21 | (74,790) | (38,430) |
| Purpose Bitcoin ETF | (3990) | 3.75 | 2023-01-21 | (37,439) | (15,960) |
| Purpose Bitcoin ETF | (800) | 4.25 | 2023-01-21 | (9,600) | (10,400) |
| Purpose Bitcoin ETF | (1600) | 4.50 | 2023-01-21 | (24,000) | (6,400) |
| Purpose Bitcoin ETF | (400) | 4.75 | 2023-01-21 | (5,600) | (3,600) |
| Purpose Bitcoin ETF | (800) | 4.00 | 2023-01-21 | (8,400) | (5,200) |
| Purpose Bitcoin ETF | (1000) | 5.25 | 2023-01-21 | (7,000) | (8,000) |
| Purpose Bitcoin ETF | (400) | 5.00 | 2023-01-21 | (4,000) | (1,200) |
| Purpose Bitcoin ETF | (1200) | 3.50 | 2023-02-18 | (14,200) | (13,200) |
| Purpose Bitcoin ETF | (2366) | 3.75 | 2023-02-18 | (22,809) | (14,196) |
| Purpose Bitcoin ETF | (400) | 4.00 | 2023-02-18 | (3,000) | (3,600) |
| | | | | (219,638) | (131,386) |



NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – PURPOSE BITCOIN YIELD ETF

A) INVESTMENT OBJECTIVES (NOTE 2)

Purpose Bitcoin Yield ETF seeks to provide unitholders with (a) monthly distributions and (b) long-term capital appreciation. The Fund will achieve its investment objectives primarily by obtaining exposure to Bitcoin and by implementing a derivatives based strategy in respect of portfolio securities.

The Fund seeks to achieve its investment objectives by investing indirectly in long-term holdings of Bitcoin primarily through investment in units of the Purpose Bitcoin ETF and by implementing an option writing strategy. The Fund may also invest in other investment funds which provide exposure to Bitcoin.

B) REDEEMABLE PARTICIPATING UNITS (NOTE 4)

Changes in outstanding units during the years ended December 31, 2022 and 2021 are summarized as follows:

| | Number of Units | | | |
|-----------------------------------|-----------------|---------------|---------------|---------------|
| | ETF Units | Class A Units | Class F Units | Class I Units |
| Issued | 225,000 | 100 | 2,911 | 100 |
| Reinvested | – | 1 | 1 | 1 |
| Outstanding, December 31, 2021 | 225,000 | 101 | 2,912 | 101 |
| Issued | 10,225,000 | 147 | 328,169 | – |
| Reinvested | – | 30 | 24,516 | 15 |
| Redeemed | (850,000) | – | (9,963) | – |
| Outstanding, December 31, 2022 | 9,600,000 | 278 | 345,634 | 116 |

| | ETF Non-Currency Hedged Units | ETF Non-Currency Hedged USD Units | Class A Non-Currency Hedged Units | Class F Non-Currency Hedged Units | Class I Non-Currency Hedged Units |
|-----------------------------------|-------------------------------------|--|---|---|---|
| Issued | 225,000 | 650,000 | 100 | 100 | 100 |
| Reinvested | – | – | 1 | 1 | 1 |
| Redeemed | (100,000) | – | – | – | – |
| Outstanding, December 31, 2021 | 125,000 | 650,000 | 101 | 101 | 101 |
| Issued | 800,000 | 2,600,000 | – | 31,774 | – |
| Reinvested | – | – | 14 | 2,228 | 14 |
| Redeemed | (125,000) | (25,000) | – | – | – |
| Outstanding, December 31, 2022 | 800,000 | 3,225,000 | 115 | 34,103 | 115 |

C) MANAGEMENT FEES, SERVICE FEES AND OTHER EXPENSES (NOTE 5)

Annual Management Fee
(% of Net Asset Value of each unit)

| Class | Management Fee |
|------------------------------------|--|
| ETF Units | 1.10% |
| Class A Units* | 2.10% |
| Class F Units | 1.10% |
| Class I Units | Negotiated of up to 1.10% per annum with the Manager |
| ETF Non-Currency Hedged Units | 1.10% |
| ETF Non-Currency Hedged USD Units | 1.10% |
| Class A Non-Currency Hedged Units* | 2.10% |
| Class F Non-Currency Hedged Units | 1.10% |
| Class I Non-Currency Hedged Units | Negotiated of up to 1.10% per annum with the Manager |

* Includes a service fee at an annual rate of 1.00% of the daily average Net Asset Value of the Class A units and Class A Non-Currency Hedged units.

D) FAIR VALUE INVESTMENTS (NOTE 10)

The following inputs were used in valuing the Fund's investments and derivatives at fair values as at December 31, 2022:

| | Level 1 (\$) | Level 2 (\$) | Level 3 (\$) | Total (\$) |
|---|-----------------|-----------------|-----------------|---------------|
| Assets | | | | |
| Funds | 37,390,536 | – | – | 37,390,536 |
| Currency forward contracts | – | 9,045 | – | 9,045 |
| Total assets | 37,390,536 | 9,045 | – | 37,399,581 |
| Financial liabilities | | | | |
| Currency forward contracts | – | 205 | – | 205 |
| Options | 131,386 | – | – | 131,386 |
| Total financial liabilities | 131,386 | 205 | – | 131,591 |
| Total assets and financial liabilities | 37,259,150 | 8,840 | – | 37,267,990 |

The following inputs were used in valuing the Fund's investments and derivatives at fair values as at December 31, 2021:

| | Level 1 (\$) | Level 2 (\$) | Level 3 (\$) | Total (\$) |
|---|-----------------|-----------------|-----------------|---------------|
| Assets | | | | |
| Funds | 8,516,894 | – | – | 8,516,894 |
| Currency forward contracts | – | 22,836 | – | 22,836 |
| Total assets | 8,516,894 | 22,836 | – | 8,539,730 |
| Financial liabilities | | | | |
| Currency forward contracts | – | 25 | – | 25 |
| Options | 27,585 | – | – | 27,585 |
| Total financial liabilities | 27,585 | 25 | – | 27,610 |
| Total assets and financial liabilities | 8,489,309 | 22,811 | – | 8,512,120 |

During the years ended December 31, 2022 and 2021 there were no transfers of assets between Level 1, Level 2 and Level 3.

The Fund's Level 2 investment in currency forward contracts relies on the foreign exchange rate market data to fair value the foreign currency contract.

E) FINANCIAL RISKS (NOTE 11)

Currency risk

The table below summarizes the Fund's direct exposure to foreign currencies as at December 31, 2022, including the fair value of currency forward contracts that are used to hedge the foreign currency risk:

| | Fair Value Excluding Currency Forward Contracts (\$) | Currency Forward Contracts (\$) | Net Currency Exposure (\$) | % of Net Assets |
|---------------------|---|--|-------------------------------------|--------------------|
| Currency | | | | |
| US Dollar | 5,913 | (24,690,563) | (24,684,650) | (65.8) |
| Net exposure | 5,913 | (24,690,563) | (24,684,650) | (65.8) |

The table below summarizes the Fund's direct exposure to foreign currencies as at December 31, 2021, including the fair value of currency forward contracts that are used to hedge the foreign currency risk:

| | Fair Value Excluding Currency Forward Contracts (\$) | Currency Forward Contracts (\$) | Net Currency Exposure (\$) | % of Net Assets |
|---------------------|---|--|-------------------------------------|--------------------|
| Currency | | | | |
| US Dollar | – | (1,769,489) | (1,769,489) | (21.0) |
| Net exposure | – | (1,769,489) | (1,769,489) | (21.0) |



NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – PURPOSE BITCOIN YIELD ETF (continued)

If the Canadian dollar weakened or strengthened by 5% as at December 31, 2022 in relation to the US dollar, with all other variables held constant, the Fund's net assets would have increased or decreased, respectively, by approximately \$1.2 million (December 31, 2021 – \$0.1 million). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

F) INCOME TAXES

The Fund qualifies and intends to continue to qualify as a mutual fund trust under the Income Tax Act (Canada) and, accordingly, is subject to tax on its investment income, including net realized capital gains, for any tax year in which its net investment income or sufficient net realized capital gains are not paid or payable to its unitholders as at the end of its tax year. It is the intention of the Manager that all annual net investment income and sufficient net taxable capital gains will be distributed to unitholders on a tax year basis such that no Canadian income taxes are payable by the Fund. As a result thereof, no provision for income taxes is made in these financial statements.

As at December 31, 2022, the Fund had \$142,469 capital losses (December 31, 2021 – \$nil) and no non-capital losses (December 31, 2021 – \$nil) carried forward for income tax purposes. Capital losses may be carried forward indefinitely to be applied against future capital gains. Non-capital losses may be utilized to reduce taxable income over the twenty years following the year in which they arise.

G) INTEREST IN UNDERLYING FUNDS

The Fund invests in redeemable units of other investment funds ("underlying funds") to gain exposure to the investment objectives and strategies of the underlying funds. Each underlying fund is generally financed through the capital invested by the Fund, along with other investors, which entitles unitholders to a proportionate share of the underlying fund's net assets. The Fund does not provide additional financial or other support to the underlying funds. All underlying funds were established in and carry out their operations in Canada. The Fund's interests in underlying funds are reported at fair value in "Investments" in its Statements of Financial Position and in its Schedule of Investments, which represents the Fund's maximum exposure to financial loss.

| | December 31, 2022 | | December 31, 2021 | |
|---------------------|--------------------|-------------------------|--------------------|-------------------------|
| | % of Net Assets | Ownership Interest % | % of Net Assets | Ownership Interest % |
| Underlying Funds | | | | |
| Purpose Bitcoin ETF | 99.7 | 14.3 | 100.9 | 0.5 |



ANNUAL FINANCIAL STATEMENTS

STATEMENTS OF FINANCIAL POSITION

As at:

| | December 31, 2022 (\$) | December 31, 2021 (\$) |
|---|------------------------------|------------------------------|
| Assets | | |
| Investments: | | |
| Digital assets at fair value | 170,910,394 | 426,742,128 |
| Cash and cash equivalents | 382,499 | 474,049 |
| Receivables: | | |
| Capital units sold | – | 1,238,134 |
| Investment securities sold | – | 2,873,721 |
| Prepaid expenses | 44,053 | – |
| Derivative assets: | | |
| Unrealized gain on currency forward contracts | 101,425 | 2,697,412 |
| Total assets | 171,438,371 | 434,025,444 |
| Liabilities | | |
| Payables: | | |
| Management fees (note 5) | 171,009 | 467,808 |
| Other accrued liabilities (note 5) | 149,273 | 148,958 |
| Capital units redeemed | – | 2,476,268 |
| Investment securities purchased | – | 1,621,292 |
| Derivative liabilities: | | |
| Unrealized loss on currency forward contracts | 456 | 192,005 |
| Total liabilities | 320,738 | 4,906,331 |
| Net assets attributable to holders of redeemable units | 171,117,633 | 429,119,113 |
| Net assets attributable to holders of redeemable units per class | | |
| ETF Units | 54,952,554 | 168,062,904 |
| ETF Carbon Offset Units | – | 1,026,814 |
| Class A Units | 41,328 | 95,890 |
| Class F Units | 33,158 | 235,403 |
| Class I Units | 326 | 1,032 |
| ETF Non-Currency Hedged Units | 78,869,596 | 126,289,249 |
| ETF Non-Currency Hedged USD Units | 37,212,059 | 133,389,318 |
| Class A Non-Currency Hedged Units | 1,805 | 1,047 |
| Class F Non-Currency Hedged Units | 6,439 | 16,405 |
| Class I Non-Currency Hedged Units | 368 | 1,051 |
| Total | 171,117,633 | 429,119,113 |

| | December 31, 2022 (\$) | December 31, 2021 (\$) |
|--|------------------------------|------------------------------|
| Number of units outstanding (note 4) | | |
| ETF Units | 10,900,000 | 10,425,000 |
| ETF Carbon Offset Units | – | 125,000 |
| Class A Units | 13,019 | 9,334 |
| Class F Units | 10,292 | 22,881 |
| Class I Units | 100 | 100 |
| ETF Non-Currency Hedged Units | 13,799,707 | 7,650,000 |
| ETF Non-Currency Hedged USD Units | 5,200,000 | 6,450,000 |
| Class A Non-Currency Hedged Units | 504 | 100 |
| Class F Non-Currency Hedged Units | 1,773 | 1,564 |
| Class I Non-Currency Hedged Units | 100 | 100 |
| Net assets attributable to holders of redeemable units per unit | | |
| ETF Units | 5.04 | 16.12 |
| ETF Carbon Offset Units | – | 8.21 |
| Class A Units | 3.17 | 10.27 |
| Class F Units | 3.22 | 10.29 |
| Class I Units | 3.27 | 10.32 |
| ETF Non-Currency Hedged Units | 5.72 | 16.51 |
| ETF Non-Currency Hedged USD Units (expressed in CAD) | 7.16 | 20.68 |
| ETF Non-Currency Hedged USD Units (expressed in USD) | 5.29 | 16.35 |
| Class A Non-Currency Hedged Units | 3.58 | 10.47 |
| Class F Non-Currency Hedged Units | 3.63 | 10.49 |
| Class I Non-Currency Hedged Units | 3.69 | 10.51 |

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

Approved on behalf of the Board of Directors of Purpose Investments Inc.,
as trustee and Manager of Purpose Ether ETF

Som Seif
Director
March 31, 2023

Jeff Bougananim
Director



STATEMENTS OF COMPREHENSIVE INCOME

For the year ended December 31, 2022 and the period from April 19, 2021 to December 31, 2021:

| | December 31, 2022 (\$) | December 31, 2021 (\$) |
|---|------------------------------|------------------------------|
| Income | | |
| Net gains (losses) on digital assets and derivatives | | |
| Net realized gain (loss) on foreign exchange transactions | 339,931 | (53,172) |
| Net realized gain (loss) on sale of digital assets | (404,913,293) | 12,475,784 |
| Net realized gain (loss) on currency forward contracts | (4,105,169) | (6,894,035) |
| Net change in unrealized appreciation (depreciation) on digital assets | (123,474,974) | 46,376,936 |
| Net change in unrealized appreciation (depreciation) on currency forward contracts | (2,404,438) | 2,505,407 |
| Net change in unrealized appreciation (depreciation) on foreign exchange transactions | (134) | 134 |
| Net gains (losses) on digital assets and derivatives | (534,558,077) | 54,411,054 |
| Foreign exchange gain (loss) on cash | (317,202) | 33,863 |
| Total revenue | (534,875,279) | 54,444,917 |
| Expenses | | |
| Management fees (note 5) | 3,660,754 | 2,211,546 |
| Custodian and fund accounting fees | 1,148,408 | 579,501 |
| Legal fees | 80,820 | 49,371 |
| Audit fees | 55,924 | 55,000 |
| Transfer agent fees | 53,226 | 65,189 |
| Unitholder reporting | 51,647 | 51,921 |
| Transaction costs (note 9) ¹ | 39,481 | – |
| Independent review committee fees (note 5) | 2,928 | 5,151 |
| Carbon offset fees | 540 | 145 |
| Total expenses | 5,093,728 | 3,017,824 |
| Expenses waived/absorbed by the Manager (note 5) | (193,696) | (98,490) |
| Net expenses | 4,900,032 | 2,919,334 |
| Increase (decrease) in net assets attributable to holders of redeemable units | (539,775,311) | 51,525,583 |

| | December 31, 2022 (\$) | December 31, 2021 (\$) |
|---|------------------------------|------------------------------|
| Increase (decrease) in net assets attributable to holders of redeemable units per class (note 8) | | |
| ETF Units | (114,878,328) | 21,109,539 |
| ETF Carbon Offset Units | (592,145) | (239,064) |
| Class A Units | (87,739) | (21,685) |
| Class F Units | (101,051) | (17,123) |
| Class I Units | (706) | 32 |
| ETF Non-Currency Hedged Units | (117,900,316) | 21,534,172 |
| ETF Non-Currency Hedged USD Units | (306,200,681) | 9,163,692 |
| Class A Non-Currency Hedged Units | (2,405) | 47 |
| Class F Non-Currency Hedged Units | (11,257) | (4,078) |
| Class I Non-Currency Hedged Units | (683) | 51 |
| Total | (539,775,311) | 51,525,583 |
| Average number of units outstanding (note 8) | | |
| ETF Units | 11,293,493 | 7,273,263 |
| ETF Carbon Offset Units | 105,405 | 123,150 |
| Class A Units | 12,765 | 5,479 |
| Class F Units | 11,168 | 20,236 |
| Class I Units | 100 | 100 |
| ETF Non-Currency Hedged Units | 12,428,947 | 5,586,100 |
| ETF Non-Currency Hedged USD Units | 10,794,452 | 4,184,556 |
| Class A Non-Currency Hedged Units | 481 | 100 |
| Class F Non-Currency Hedged Units | 1,867 | 1,068 |
| Class I Non-Currency Hedged Units | 100 | 100 |
| Increase (decrease) in net assets attributable to holders of redeemable units per unit (note 8) | | |
| ETF Units | (10.17) | 2.90 |
| ETF Carbon Offset Units | (5.62) | (1.94) |
| Class A Units | (6.87) | (3.96) |
| Class F Units | (9.05) | (0.85) |
| Class I Units | (7.06) | 0.32 |
| ETF Non-Currency Hedged Units | (9.49) | 3.85 |
| ETF Non-Currency Hedged USD Units | (28.37) | 2.19 |
| Class A Non-Currency Hedged Units | (5.00) | 0.46 |
| Class F Non-Currency Hedged Units | (6.03) | (3.82) |
| Class I Non-Currency Hedged Units | (6.83) | 0.51 |

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



STATEMENTS OF CHANGES IN FINANCIAL POSITION

For the year ended December 31, 2022 and the period from April 19, 2021 to December 31, 2021:

| | December 31, 2022 (\$) | December 31, 2021 (\$) |
|---|------------------------------|------------------------------|
| ETF Units | | |
| Net assets attributable to holders of redeemable units at beginning of year | 168,062,904 | – |
| Increase (decrease) in net assets attributable to holders of redeemable units | (114,878,328) | 21,109,539 |
| Redeemable unit transactions | | |
| Proceeds from issuance of redeemable units | 154,552,198 | 183,193,372 |
| Payments for redemption of redeemable units | (152,784,220) | (36,240,007) |
| Net increase (decrease) from redeemable unit transactions | 1,767,978 | 146,953,365 |
| Net increase (decrease) in net assets attributable to holders of redeemable units | (113,110,350) | 168,062,904 |
| Net assets attributable to holders of redeemable units at end of year | 54,952,554 | 168,062,904 |

ETF Carbon Offset Units

| | | |
|---|-------------|------------------|
| Net assets attributable to holders of redeemable units at beginning of year | 1,026,814 | – |
| Increase (decrease) in net assets attributable to holders of redeemable units | (592,145) | (239,064) |
| Redeemable unit transactions | | |
| Proceeds from issuance of redeemable units | – | 1,265,878 |
| Payments for redemption of redeemable units | (434,669) | – |
| Net increase (decrease) from redeemable unit transactions | (434,669) | 1,265,878 |
| Net increase (decrease) in net assets attributable to holders of redeemable units | (1,026,814) | 1,026,814 |
| Net assets attributable to holders of redeemable units at end of year | – | 1,026,814 |

Class A Units

| | | |
|---|---------------|---------------|
| Net assets attributable to holders of redeemable units at beginning of year | 95,890 | – |
| Increase (decrease) in net assets attributable to holders of redeemable units | (87,739) | (21,685) |
| Redeemable unit transactions | | |
| Proceeds from issuance of redeemable units | 37,100 | 117,575 |
| Payments for redemption of redeemable units | (3,923) | – |
| Net increase (decrease) from redeemable unit transactions | 33,177 | 117,575 |
| Net increase (decrease) in net assets attributable to holders of redeemable units | (54,562) | 95,890 |
| Net assets attributable to holders of redeemable units at end of year | 41,328 | 95,890 |

Class F Units

| | | |
|---|---------------|----------------|
| Net assets attributable to holders of redeemable units at beginning of year | 235,403 | – |
| Increase (decrease) in net assets attributable to holders of redeemable units | (101,051) | (17,123) |
| Redeemable unit transactions | | |
| Proceeds from issuance of redeemable units | 201,222 | 259,950 |
| Exchange of redeemable units | 5,180 | 1,100 |
| Payments for redemption of redeemable units | (307,596) | (8,524) |
| Net increase (decrease) from redeemable unit transactions | (101,194) | 252,526 |
| Net increase (decrease) in net assets attributable to holders of redeemable units | (202,245) | 235,403 |
| Net assets attributable to holders of redeemable units at end of year | 33,158 | 235,403 |

Class I Units

| | | |
|---|------------|--------------|
| Net assets attributable to holders of redeemable units at beginning of year | 1,032 | – |
| Increase (decrease) in net assets attributable to holders of redeemable units | (706) | 32 |
| Redeemable unit transactions | | |
| Proceeds from issuance of redeemable units | – | 1,000 |
| Net increase (decrease) from redeemable unit transactions | – | 1,000 |
| Net increase (decrease) in net assets attributable to holders of redeemable units | (706) | 1,032 |
| Net assets attributable to holders of redeemable units at end of year | 326 | 1,032 |

ETF Non-Currency Hedged Units

| | | |
|---|-------------------|--------------------|
| Net assets attributable to holders of redeemable units at beginning of year | 126,289,249 | – |
| Increase (decrease) in net assets attributable to holders of redeemable units | (117,900,316) | 21,534,172 |
| Redeemable unit transactions | | |
| Proceeds from issuance of redeemable units | 126,098,334 | 150,036,732 |
| Payments for redemption of redeemable units | (55,617,671) | (45,281,655) |
| Net increase (decrease) from redeemable unit transactions | 70,480,663 | 104,755,077 |
| Net increase (decrease) in net assets attributable to holders of redeemable units | (47,419,653) | 126,289,249 |
| Net assets attributable to holders of redeemable units at end of year | 78,869,596 | 126,289,249 |

ETF Non-Currency Hedged USD Units

| | | |
|---|-------------------|--------------------|
| Net assets attributable to holders of redeemable units at beginning of year | 133,389,318 | – |
| Increase (decrease) in net assets attributable to holders of redeemable units | (306,200,681) | 9,163,692 |
| Redeemable unit transactions | | |
| Proceeds from issuance of redeemable units | 1,112,688,545 | 218,554,554 |
| Payments for redemption of redeemable units | (902,665,123) | (94,328,928) |
| Net increase (decrease) from redeemable unit transactions | 210,023,422 | 124,225,626 |
| Net increase (decrease) in net assets attributable to holders of redeemable units | (96,177,259) | 133,389,318 |
| Net assets attributable to holders of redeemable units at end of year | 37,212,059 | 133,389,318 |

Class A Non-Currency Hedged Units

| | | |
|---|--------------|--------------|
| Net assets attributable to holders of redeemable units at beginning of year | 1,047 | – |
| Increase (decrease) in net assets attributable to holders of redeemable units | (2,405) | 47 |
| Redeemable unit transactions | | |
| Proceeds from issuance of redeemable units | 3,163 | 1,000 |
| Net increase (decrease) from redeemable unit transactions | 3,163 | 1,000 |
| Net increase (decrease) in net assets attributable to holders of redeemable units | 758 | 1,047 |
| Net assets attributable to holders of redeemable units at end of year | 1,805 | 1,047 |

Class F Non-Currency Hedged Units

| | | |
|---|--------------|---------------|
| Net assets attributable to holders of redeemable units at beginning of year | 16,405 | – |
| Increase (decrease) in net assets attributable to holders of redeemable units | (11,257) | (4,078) |
| Redeemable unit transactions | | |
| Proceeds from issuance of redeemable units | 15,331 | 20,483 |
| Payments for redemption of redeemable units | (14,040) | – |
| Net increase (decrease) from redeemable unit transactions | 1,291 | 20,483 |
| Net increase (decrease) in net assets attributable to holders of redeemable units | (9,966) | 16,405 |
| Net assets attributable to holders of redeemable units at end of year | 6,439 | 16,405 |

Class I Non-Currency Hedged Units

| | | |
|---|------------|--------------|
| Net assets attributable to holders of redeemable units at beginning of year | 1,051 | – |
| Increase (decrease) in net assets attributable to holders of redeemable units | (683) | 51 |
| Redeemable unit transactions | | |
| Proceeds from issuance of redeemable units | – | 1,000 |
| Net increase (decrease) from redeemable unit transactions | – | 1,000 |
| Net increase (decrease) in net assets attributable to holders of redeemable units | (683) | 1,051 |
| Net assets attributable to holders of redeemable units at end of year | 368 | 1,051 |

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

**STATEMENTS OF CASH FLOWS**

For the year ended December 31, 2022 and the period from April 19, 2021 to December 31, 2021:

| | December 31, 2022 (\$) | December 31, 2021 (\$) |
|--|------------------------------|------------------------------|
| Cash Flows from Operating Activities | | |
| Increase (decrease) in net assets attributable to holders of redeemable units | (539,775,311) | 51,525,583 |
| Adjustments for: | | |
| Purchase of digital assets | (1,316,396,002) | (441,801,156) |
| Proceeds from sale of digital assets | 1,045,052,417 | 72,659,319 |
| Net realized loss (gain) on sale of digital assets | 404,913,293 | (12,475,784) |
| Net change in unrealized depreciation (appreciation) on digital assets | 123,474,974 | (46,376,936) |
| Net change in unrealized depreciation (appreciation) on currency forward contracts | 2,404,438 | (2,505,407) |
| Net change in non-cash working capital balances | (340,537) | 616,766 |
| Transaction costs (note 9) | 39,481 | – |
| | (280,627,247) | (378,357,615) |
| Cash Flows from Financing Activities | | |
| Proceeds from issuance of units | 1,394,834,027 | 552,213,410 |
| Exchange of redeemable units | 5,180 | 1,100 |
| Payments for units redeemed | (1,114,303,510) | (173,382,846) |
| | 280,535,697 | 378,831,664 |
| Net increase (decrease) in cash and cash equivalents | (91,550) | 474,049 |
| Cash and cash equivalents, at beginning of year | 474,049 | – |
| Cash and cash equivalents, at end of year | 382,499 | 474,049 |

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

**SCHEDULE OF INVESTMENTS**

As at December 31, 2022

| Security | Number of Ether | Average cost (\$) | Fair value (\$) |
|--|--------------------|----------------------|--------------------|
| Digital Assets – 99.88% | | | |
| Ether (Proof of Stake) | 105,423 | 248,012,044 | 170,822,233 |
| Ether (Proof Of Work) | 109,247 | – | 88,161 |
| | | 248,012,044 | 170,910,394 |
| Total Digital Assets – 99.88% | | 248,012,044 | 170,910,394 |
| Transaction Costs (note 9) | | (3,613) | – |
| Total Investments – 99.88% | | 248,008,431 | 170,910,394 |
| Net Unrealized Gain (Loss) on Currency Forward Contracts (Schedule 1) – 0.06% | | | 100,969 |
| Cash and Cash Equivalents – 0.23% | | | 382,499 |
| Other Assets, Less Liabilities – (0.17)% | | | (276,229) |
| Net Assets – 100.00% | | | 171,117,633 |

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

SCHEDULE 1 – CURRENCY FORWARD CONTRACTS

As at December 31, 2022

| Counterparty | S&P Credit Rating for Counterparty | Settlement Date | Currency Buys | Par Value (\$) | Currency Sells | Par Value (\$) | Forward Rate | Current Rate | Unrealized Gain (Loss) (\$) |
|------------------|------------------------------------|--------------------|------------------|-------------------|-------------------|-------------------|-----------------|-----------------|-----------------------------------|
| Bank of Montreal | A-1 | 2023-01-13 | CAD | 54,471,957 | USD | 40,157,378 | 0.7370 | 0.7390 | 101,289 |
| Bank of Montreal | A-1 | 2023-01-13 | CAD | 270,413 | USD | 199,723 | 0.7390 | 0.7390 | – |
| Bank of Montreal | A-1 | 2023-01-13 | CAD | 40,493 | USD | 29,852 | 0.7370 | 0.7390 | 75 |
| Bank of Montreal | A-1 | 2023-01-13 | CAD | 32,486 | USD | 23,949 | 0.7370 | 0.7390 | 60 |
| Bank of Montreal | A-1 | 2023-01-13 | CAD | 320 | USD | 236 | 0.7370 | 0.7390 | 1 |
| Bank of Montreal | A-1 | 2023-01-13 | CAD | 207 | USD | 153 | 0.7390 | 0.7390 | – |
| Bank of Montreal | A-1 | 2023-01-13 | CAD | 167 | USD | 123 | 0.7390 | 0.7390 | – |
| Bank of Montreal | A-1 | 2023-01-13 | CAD | 2 | USD | 1 | 0.7370 | 0.7370 | – |
| Bank of Montreal | A-1 | 2023-01-13 | USD | 1,199,010 | CAD | 1,623,843 | 1.3540 | 1.3540 | (456) |
| Bank of Montreal | A-1 | 2023-01-13 | USD | 549 | CAD | 744 | 1.3540 | 1.3540 | – |
| Bank of Montreal | A-1 | 2023-01-13 | USD | 437 | CAD | 592 | 1.3540 | 1.3540 | – |
| Bank of Montreal | A-1 | 2023-01-13 | USD | 4 | CAD | 6 | 1.3550 | 1.3550 | – |
| | | | | | | | | | 100,969 |

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



NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – PURPOSE ETHER ETF

A) INVESTMENT OBJECTIVES (NOTE 2)

Purpose Ether ETF seeks to buy and hold substantially all of its assets in the digital currency Ether (“Ether”) and seeks to provide holders of ETF units with the opportunity for long-term capital appreciation.

To achieve its investment objective, the Fund invests in and holds substantially all of its assets in Ether in order to provide unitholders with a secure, convenient, lower-cost alternative to a direct investment in Ether.

The Fund will not speculate with regard to short-term changes in Ether prices. The Fund will not use derivatives instruments, the underlying interest of which is Ether, for non-hedging purposes.

In respect of the ETF Carbon Offset Units, the Fund will purchase carbon offset credits in order to aim to neutralize the carbon footprint related to the Fund’s Ether allocable to this class.

B) REDEEMABLE PARTICIPATING UNITS (NOTE 4)

Changes in outstanding units during the years ended December 31, 2022 and 2021 are summarized as follows:

| | Number of Units | | | | |
|--------------------------------|-----------------|-------------------------|---------------|---------------|---------------|
| | ETF Units | ETF Carbon Offset Units | Class A Units | Class F Units | Class I Units |
| Issued | 12,775,000 | 125,000 | 9,334 | 23,556 | 100 |
| Redeemed | (2,350,000) | – | – | (675) | – |
| Outstanding, December 31, 2021 | 10,425,000 | 125,000 | 9,334 | 22,881 | 100 |
| Issued | 14,675,000 | – | 4,364 | 23,862 | – |
| Redeemed | (14,200,000) | (125,000) | (679) | (36,451) | – |
| Outstanding, December 31, 2022 | 10,900,000 | – | 13,019 | 10,292 | 100 |

| | ETF Non-Currency Hedged Units | ETF Non-Currency Hedged USD Units | Class A Non-Currency Hedged Units | Class F Non-Currency Hedged Units | Class I Non-Currency Hedged Units |
|--------------------------------|-------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | | | | | |
| Issued | 10,500,000 | 11,125,000 | 100 | 1,564 | 100 |
| Redeemed | (2,850,000) | (4,675,000) | – | – | – |
| Outstanding, December 31, 2021 | 7,650,000 | 6,450,000 | 100 | 1,564 | 100 |
| Issued | 12,799,707 | 97,750,000 | 404 | 3,712 | – |
| Redeemed | (6,650,000) | (99,000,000) | – | (3,503) | – |
| Outstanding, December 31, 2022 | 13,799,707 | 5,200,000 | 504 | 1,773 | 100 |

C) MANAGEMENT FEES, SERVICE FEES AND OTHER EXPENSES (NOTE 5)

Annual Management Fee
(% of Net Asset Value of each unit)

| Class | Management Fee |
|------------------------------------|--|
| ETF Units | 1.00% |
| ETF Carbon Offset Units | 1.00% |
| Class A Units* | 2.00% |
| Class F Units | 1.00% |
| Class I Units | Negotiated of up to 1.00% per annum with the Manager |
| ETF Non-Currency Hedged Units | 1.00% |
| ETF Non-Currency Hedged USD Units | 1.00% |
| Class A Non-Currency Hedged Units* | 2.00% |
| Class F Non-Currency Hedged Units | 1.00% |
| Class I Non-Currency Hedged Units | Negotiated of up to 1.00% per annum with the Manager |

* Includes a service fee at an annual rate of 1.00% of the daily average Net Asset Value of the Class A units and Class A Non-Currency Hedged units.

D) FAIR VALUE INVESTMENTS (NOTE 10)

The following inputs were used in valuing the Fund’s investments and derivatives at fair values as at December 31, 2022:

| | Level 1 (\$) | Level 2 (\$) | Level 3 (\$) | Total (\$) |
|---|--------------|--------------|--------------|-------------|
| Assets | | | | |
| Ether | – | 170,910,394 | – | 170,910,394 |
| Currency forward contracts | – | 101,425 | – | 101,425 |
| Total assets | – | 171,011,819 | – | 171,011,819 |
| Financial liabilities | | | | |
| Currency forward contracts | – | 456 | – | 456 |
| Total financial liabilities | – | 456 | – | 456 |
| Total assets and financial liabilities | – | 171,011,363 | – | 171,011,363 |

The following inputs were used in valuing the Fund’s investments and derivatives at fair values as at December 31, 2021:

| | Level 1 (\$) | Level 2 (\$) | Level 3 (\$) | Total (\$) |
|---|--------------|--------------|--------------|-------------|
| Assets | | | | |
| Ether | – | 426,742,128 | – | 426,742,128 |
| Currency forward contracts | – | 2,697,412 | – | 2,697,412 |
| Total assets | – | 429,439,540 | – | 429,439,540 |
| Financial liabilities | | | | |
| Currency forward contracts | – | 192,005 | – | 192,005 |
| Total financial liabilities | – | 192,005 | – | 192,005 |
| Total assets and financial liabilities | – | 429,247,535 | – | 429,247,535 |

During the years ended December 31, 2022 and 2021 there were no transfers of assets between Level 1, Level 2 and Level 3.

The Fund’s Level 2 investment in currency forward contracts relies on the foreign exchange rate market data to fair value the foreign currency contract.

The Fund’s Level 2 investment in Ether relies on the data provided by CoinDesk Ether Price Index (ETX). The CoinDesk Ether Price Index (ETX) represents a real-time, US dollar equivalent spot rate for Ether. The CoinDesk Ether Price Index (ETX) value is algorithmically calculated (with reference to volume, weight, price variance weighting and inactivity adjustment) once every second based on observed trading activity on leading ether trading platforms. The index is designed as a reference rate to track liquidity while also adjusting for deviations caused by anomalies and manipulation attempts at individual trading platforms.

E) FINANCIAL RISKS (NOTE 11)

Liquidity risk

The Fund may not always be able to liquidate its Ether at a desired price. It may become difficult to execute a trade at a specific price due to low volume of orders in the marketplace. Market illiquidity may cause losses to the holders of Ether. In the long-term, as the Fund continues to grow, the amount of Ether that the Fund has acquire increases the risks of illiquidity by making its Bitcoin difficult to liquidate.



NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – PURPOSE ETHER ETF (continued)

Currency risk

The table below summarizes the Fund's direct exposure to foreign currencies as at December 31, 2022, including the fair value of currency forward contracts that are used to hedge the foreign currency risk:

| Currency | Fair Value Excluding Currency Forward Contracts (\$) | Currency Forward Contracts (\$) | Net Currency Exposure (\$) | % of Net Assets |
|---------------------|---|--|-------------------------------------|--------------------|
| US Dollar | 170,922,629 | (53,089,890) | 117,832,739 | 68.9 |
| Net exposure | 170,922,629 | (53,089,890) | 117,832,739 | 68.9 |

The table below summarizes the Fund's direct exposure to foreign currencies as at December 31, 2021, including the fair value of currency forward contracts that are used to hedge the foreign currency risk:

| Currency | Fair Value Excluding Currency Forward Contracts (\$) | Currency Forward Contracts (\$) | Net Currency Exposure (\$) | % of Net Assets |
|---------------------|---|--|-------------------------------------|--------------------|
| US Dollar | 428,180,522 | (163,239,306) | 264,941,216 | 61.7 |
| Net exposure | 428,180,522 | (163,239,306) | 264,941,216 | 61.7 |

If the Canadian dollar weakened or strengthened by 5% as at December 31, 2022 in relation to the US dollar, with all other variables held constant, the Fund's net assets would have increased or decreased, respectively, by approximately \$5.9 million (December 31, 2021 – \$13.2 million). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

F) INCOME TAXES

The Fund qualifies and intends to continue to qualify as a mutual fund trust under the Income Tax Act (Canada) and, accordingly, is subject to tax on its investment income, including net realized capital gains, for any tax year in which its net investment income or sufficient net realized capital gains are not paid or payable to its unitholders as at the end of its tax year. It is the intention of the Manager that all annual net investment income and sufficient net taxable capital gains will be distributed to unitholders on a tax year basis such that no Canadian income taxes are payable by the Fund. As a result thereof, no provision for income taxes is made in these financial statements.

As at December 31, 2022, the Fund had \$6,978,224 capital losses (December 31, 2021 – \$nil) and no non-capital losses (December 31, 2021 – \$nil) carried forward for income tax purposes. Capital losses may be carried forward indefinitely to be applied against future capital gains. Non-capital losses may be utilized to reduce taxable income over the twenty years following the year in which they arise.

G) ETHEREUM UPDATE

The upcoming Ethereum upgrade will be expected to be implemented in April 2023. The upgrade will be a change to Ethereum's Proof of stake consensus mechanism and it will be upgraded as a network hard fork. It is anticipated that the upgrade will permit staked ETH to be withdrawn and transferred back to the liquid ETH which increases the liquidity of the staked ETH. The ETH market will be impacted by the supply of ETH that voluntarily elects to commit to staking and ramifications on market demand for ETH. The Funds are not expected to have a significant impact from the upcoming Ethereum upgrade given the Funds are not involved in staking process. However, there is a risk of higher volatility of price due to the potential change in supply in ETH.



ANNUAL FINANCIAL STATEMENTS

STATEMENTS OF FINANCIAL POSITION

As at:

| | December 31, 2022 (\$) | December 31, 2021 (\$) |
|---|------------------------------|------------------------------|
| Assets | | |
| Investments: | | |
| Non-derivative financial assets | 43,018,169 | 9,059,944 |
| Cash and cash equivalents | 1,641,709 | – |
| Receivables: | | |
| Capital units sold | 101,240 | – |
| Investment securities sold | – | 17,911 |
| Prepaid expenses | 69,755 | 5,933 |
| Derivative assets: | | |
| Unrealized gain on currency forward contracts | 11,038 | 23,827 |
| Total assets | 44,841,911 | 9,107,615 |
| Liabilities | | |
| Bank overdraft | – | 74,112 |
| Payables: | | |
| Management fees (note 5) | 73,296 | 7,052 |
| Other accrued liabilities (note 5) | 6,679 | 982 |
| Distributions | 289,602 | 127,661 |
| Investment securities purchased | 858,270 | 17,709 |
| Derivative liabilities: | | |
| Options written, at fair value | 253,850 | 100,250 |
| Unrealized loss on currency forward contracts | 41 | 31 |
| Total liabilities | 1,481,738 | 327,797 |
| Net assets attributable to holders of redeemable units | 43,360,173 | 8,779,818 |
| Net assets attributable to holders of redeemable units per class | | |
| ETF Units | 28,308,707 | 1,958,478 |
| Class A Units | 8,198 | 815 |
| Class F Units | 2,603,054 | 21,805 |
| Class I Units | 271 | 816 |
| ETF Non-Currency Hedged Units | 2,078,959 | 987,362 |
| ETF Non-Currency Hedged USD Units | 10,301,891 | 5,808,139 |
| Class A Non-Currency Hedged Units | 289 | 798 |
| Class F Non-Currency Hedged Units | 58,510 | 800 |
| Class I Non-Currency Hedged Units | 294 | 805 |
| Total | 43,360,173 | 8,779,818 |

| | December 31, 2022 (\$) | December 31, 2021 (\$) |
|--|------------------------------|------------------------------|
| Number of units outstanding (note 4) | | |
| ETF Units | 12,675,000 | 250,000 |
| Class A Units | 3,645 | 102 |
| Class F Units | 1,143,943 | 2,736 |
| Class I Units | 118 | 102 |
| ETF Non-Currency Hedged Units | 700,000 | 100,000 |
| ETF Non-Currency Hedged USD Units | 3,800,000 | 675,000 |
| Class A Non-Currency Hedged Units | 118 | 102 |
| Class F Non-Currency Hedged Units | 23,751 | 102 |
| Class I Non-Currency Hedged Units | 118 | 102 |
| Net assets attributable to holders of redeemable units per unit | | |
| ETF Units | 2.23 | 7.83 |
| Class A Units | 2.25 | 7.96 |
| Class F Units | 2.28 | 7.97 |
| Class I Units | 2.29 | 7.98 |
| ETF Non-Currency Hedged Units | 2.97 | 8.60 |
| ETF Non-Currency Hedged USD Units (expressed in CAD) | 2.71 | 9.87 |
| ETF Non-Currency Hedged USD Units (expressed in USD) | 2.00 | 7.81 |
| Class A Non-Currency Hedged Units | 2.44 | 7.80 |
| Class F Non-Currency Hedged Units | 2.46 | 7.82 |
| Class I Non-Currency Hedged Units | 2.49 | 7.87 |

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

Approved on behalf of the Board of Directors of Purpose Investments Inc.,
as trustee and Manager of Purpose Ether Yield ETF

Som Seif
Director
March 31, 2023

Jeff Bouganim
Director



STATEMENTS OF COMPREHENSIVE INCOME

For the year ended December 31, 2022 and the period from November 30, 2021 to December 31, 2021:

| | December 31, 2022 (\$) | December 31, 2021 (\$) |
|---|------------------------------|------------------------------|
| Income | | |
| Net gains (losses) on investments and derivatives | | |
| Net realized gain (loss) on foreign exchange transactions | (5,224) | (263) |
| Net realized gain (loss) on sale of non-derivative financial assets | (18,616,607) | (34,920) |
| Net realized gain (loss) on currency forward contracts | (2,654,718) | (246) |
| Net realized gain (loss) on options | 3,258,414 | 98,450 |
| Net change in unrealized appreciation (depreciation) on non-derivative financial assets | (26,368,748) | (1,600,148) |
| Net change in unrealized appreciation (depreciation) on currency forward contracts | (12,799) | 23,796 |
| Net change in unrealized appreciation (depreciation) on options | 47,079 | 24,650 |
| Net change in unrealized appreciation (depreciation) on foreign exchange transactions | (202) | 202 |
| Net gains (losses) on digital assets and derivatives | (44,352,805) | (1,488,479) |
| Foreign exchange gain (loss) on cash | 21,658 | (2,325) |
| Total revenue | (44,331,147) | (1,490,804) |
| Expenses | | |
| Transaction costs (note 9) | 291,505 | 4,216 |
| Management fees (note 5) | 54,465 | 880 |
| Exchange fees | 33,617 | 2,506 |
| Legal fees | 32,802 | 25,010 |
| Custodian and fund accounting fees | 31,532 | 340 |
| Audit fees | 15,299 | – |
| Unitholder reporting | 8,884 | 652 |
| Interest and bank charges | 2,576 | – |
| Independent review committee fees (note 5) | 2,528 | – |
| Total expenses | 473,208 | 33,604 |
| Expenses waived/absorbed by the Manager (note 5) | (45,014) | (27,250) |
| Net expenses | 428,194 | 6,354 |
| Increase (decrease) in net assets attributable to holders of redeemable units | (44,759,341) | (1,497,158) |

| | December 31, 2022 (\$) | December 31, 2021 (\$) |
|---|------------------------------|------------------------------|
| Increase (decrease) in net assets attributable to holders of redeemable units per class (note 8) | | |
| ETF Units | (29,791,904) | (279,861) |
| Class A Units | (867) | (185) |
| Class F Units | (139,016) | (3,688) |
| Class I Units | (545) | (184) |
| ETF Non-Currency Hedged Units | (2,192,982) | (267,177) |
| ETF Non-Currency Hedged USD Units | (12,638,718) | (945,466) |
| Class A Non-Currency Hedged Units | (509) | (202) |
| Class F Non-Currency Hedged Units | 5,711 | (200) |
| Class I Non-Currency Hedged Units | (511) | (195) |
| Total | (44,759,341) | (1,497,158) |
| Average number of units outstanding (note 8) | | |
| ETF Units | 8,909,726 | 145,968 |
| Class A Units | 747 | 100 |
| Class F Units | 184,857 | 2,280 |
| Class I Units | 111 | 100 |
| ETF Non-Currency Hedged Units | 507,671 | 100,000 |
| ETF Non-Currency Hedged USD Units | 3,172,055 | 459,848 |
| Class A Non-Currency Hedged Units | 111 | 100 |
| Class F Non-Currency Hedged Units | 12,070 | 100 |
| Class I Non-Currency Hedged Units | 111 | 100 |
| Increase (decrease) in net assets attributable to holders of redeemable units per unit (note 8) | | |
| ETF Units | (3.34) | (1.92) |
| Class A Units | (1.16) | (1.85) |
| Class F Units | (0.76) | (1.62) |
| Class I Units | (4.93) | (1.84) |
| ETF Non-Currency Hedged Units | (4.32) | (2.67) |
| ETF Non-Currency Hedged USD Units | (3.98) | (2.06) |
| Class A Non-Currency Hedged Units | (4.60) | (2.02) |
| Class F Non-Currency Hedged Units | 0.47 | (2.00) |
| Class I Non-Currency Hedged Units | (4.62) | (1.95) |

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



STATEMENTS OF CHANGES IN FINANCIAL POSITION

For the year ended December 31, 2022 and the period from November 30, 2021 to December 31, 2021:

| | December 31, 2022 (\$) | December 31, 2021 (\$) |
|---|------------------------------|------------------------------|
| ETF Units | | |
| Net assets attributable to holders of redeemable units at beginning of year | 1,958,478 | – |
| Increase (decrease) in net assets attributable to holders of redeemable units | (29,791,904) | (279,861) |
| Redeemable unit transactions | | |
| Proceeds from issuance of redeemable units | 64,558,299 | 2,271,589 |
| Payments for redemption of redeemable units | (4,134,641) | – |
| Net increase (decrease) from redeemable unit transactions | 60,423,658 | 2,271,589 |
| Distributions paid or payable to unitholders of redeemable units | | |
| From capital gains | – | (33,250) |
| Return of capital | (4,281,525) | – |
| Total distributions to holders of redeemable units | (4,281,525) | (33,250) |
| Net increase (decrease) in net assets attributable to holders of redeemable units | 26,350,229 | 1,958,478 |
| Net assets attributable to holders of redeemable units at end of year | 28,308,707 | 1,958,478 |

| | | |
|---|--------------|------------|
| Class A Units | | |
| Net assets attributable to holders of redeemable units at beginning of year | 815 | – |
| Increase (decrease) in net assets attributable to holders of redeemable units | (867) | (185) |
| Redeemable unit transactions | | |
| Proceeds from issuance of redeemable units | 8,250 | 1,000 |
| Reinvestment of distributions | 277 | 19 |
| Net increase (decrease) from redeemable unit transactions | 8,527 | 1,019 |
| Distributions paid or payable to unitholders of redeemable units | | |
| From capital gains | (204) | (19) |
| Return of capital | (73) | – |
| Total distributions to holders of redeemable units | (277) | (19) |
| Net increase (decrease) in net assets attributable to holders of redeemable units | 7,383 | 815 |
| Net assets attributable to holders of redeemable units at end of year | 8,198 | 815 |

| | | |
|---|------------------|---------------|
| Class F Units | | |
| Net assets attributable to holders of redeemable units at beginning of year | 21,805 | – |
| Increase (decrease) in net assets attributable to holders of redeemable units | (139,016) | (3,688) |
| Redeemable unit transactions | | |
| Proceeds from issuance of redeemable units | 2,891,178 | 26,000 |
| Payments for redemption of redeemable units | (109,247) | – |
| Reinvestment of distributions | 8,672 | 19 |
| Net increase (decrease) from redeemable unit transactions | 2,790,603 | 26,019 |
| Distributions paid or payable to unitholders of redeemable units | | |
| From capital gains | (47,508) | (395) |
| Return of capital | (22,830) | (131) |
| Total distributions to holders of redeemable units | (70,338) | (526) |
| Net increase (decrease) in net assets attributable to holders of redeemable units | 2,581,249 | 21,805 |
| Net assets attributable to holders of redeemable units at end of year | 2,603,054 | 21,805 |

| | December 31, 2022 (\$) | December 31, 2021 (\$) |
|---|------------------------------|------------------------------|
| Class I Units | | |
| Net assets attributable to holders of redeemable units at beginning of year | 816 | – |
| Increase (decrease) in net assets attributable to holders of redeemable units | (545) | (184) |
| Redeemable unit transactions | | |
| Proceeds from issuance of redeemable units | – | 1,000 |
| Reinvestment of distributions | 64 | 19 |
| Net increase (decrease) from redeemable unit transactions | 64 | 1,019 |
| Distributions paid or payable to unitholders of redeemable units | | |
| From capital gains | – | (19) |
| Return of capital | (64) | – |
| Total distributions to holders of redeemable units | (64) | (19) |
| Net increase (decrease) in net assets attributable to holders of redeemable units | (545) | 816 |
| Net assets attributable to holders of redeemable units at end of year | 271 | 816 |

| | | |
|---|------------------|----------------|
| ETF Non-Currency Hedged Units | | |
| Net assets attributable to holders of redeemable units at beginning of year | 987,362 | – |
| Increase (decrease) in net assets attributable to holders of redeemable units | (2,192,982) | (267,177) |
| Redeemable unit transactions | | |
| Proceeds from issuance of redeemable units | 4,533,019 | 1,536,355 |
| Payments for redemption of redeemable units | (844,599) | (258,905) |
| Net increase (decrease) from redeemable unit transactions | 3,688,420 | 1,277,450 |
| Distributions paid or payable to unitholders of redeemable units | | |
| From capital gains | (141,598) | (15,135) |
| Return of capital | (262,243) | (7,776) |
| Total distributions to holders of redeemable units | (403,841) | (22,911) |
| Net increase (decrease) in net assets attributable to holders of redeemable units | 1,091,597 | 987,362 |
| Net assets attributable to holders of redeemable units at end of year | 2,078,959 | 987,362 |

| | | |
|---|-------------------|------------------|
| ETF Non-Currency Hedged USD Units | | |
| Net assets attributable to holders of redeemable units at beginning of year | 5,808,139 | – |
| Increase (decrease) in net assets attributable to holders of redeemable units | (12,638,718) | (945,466) |
| Redeemable unit transactions | | |
| Proceeds from issuance of redeemable units | 21,036,674 | 6,866,355 |
| Payments for redemption of redeemable units | (1,987,216) | – |
| Net increase (decrease) from redeemable unit transactions | 19,049,458 | 6,866,355 |
| Distributions paid or payable to unitholders of redeemable units | | |
| From capital gains | (702,486) | (86,932) |
| Return of capital | (1,214,502) | (25,818) |
| Total distributions to holders of redeemable units | (1,916,988) | (112,750) |
| Net increase (decrease) in net assets attributable to holders of redeemable units | 4,493,752 | 5,808,139 |
| Net assets attributable to holders of redeemable units at end of year | 10,301,891 | 5,808,139 |



STATEMENTS OF CHANGES IN FINANCIAL POSITION (continued)

For the year ended December 31, 2022 and the period from November 30, 2021 to December 31, 2021:

| | December 31, 2022 (\$) | December 31, 2021 (\$) |
|---|------------------------------|------------------------------|
| Class A Non-Currency Hedged Units | | |
| Net assets attributable to holders of redeemable units at beginning of year | 798 | – |
| Increase (decrease) in net assets attributable to holders of redeemable units | (509) | (202) |
| Redeemable unit transactions | | |
| Proceeds from issuance of redeemable units | – | 1,000 |
| Reinvestment of distributions | 63 | 19 |
| Net increase (decrease) from redeemable unit transactions | 63 | 1,019 |
| Distributions paid or payable to unitholders of redeemable units | | |
| From capital gains | (8) | (14) |
| Return of capital | (55) | (5) |
| Total distributions to holders of redeemable units | (63) | (19) |
| Net increase (decrease) in net assets attributable to holders of redeemable units | (509) | 798 |
| Net assets attributable to holders of redeemable units at end of year | 289 | 798 |

Class F Non-Currency Hedged Units

| | | |
|---|---------------|------------|
| Net assets attributable to holders of redeemable units at beginning of year | 800 | – |
| Increase (decrease) in net assets attributable to holders of redeemable units | 5,711 | (200) |
| Redeemable unit transactions | | |
| Proceeds from issuance of redeemable units | 51,999 | 1,000 |
| Reinvestment of distributions | 4,382 | 19 |
| Net increase (decrease) from redeemable unit transactions | 56,381 | 1,019 |
| Distributions paid or payable to unitholders of redeemable units | | |
| From capital gains | (3,680) | (14) |
| Return of capital | (702) | (5) |
| Total distributions to holders of redeemable units | (4,382) | (19) |
| Net increase (decrease) in net assets attributable to holders of redeemable units | 57,710 | 800 |
| Net assets attributable to holders of redeemable units at end of year | 58,510 | 800 |

Class I Non-Currency Hedged Units

| | | |
|---|------------|------------|
| Net assets attributable to holders of redeemable units at beginning of year | 805 | – |
| Increase (decrease) in net assets attributable to holders of redeemable units | (511) | (195) |
| Redeemable unit transactions | | |
| Proceeds from issuance of redeemable units | – | 1,000 |
| Reinvestment of distributions | 64 | 19 |
| Net increase (decrease) from redeemable unit transactions | 64 | 1,019 |
| Distributions paid or payable to unitholders of redeemable units | | |
| From capital gains | (22) | (14) |
| Return of capital | (42) | (5) |
| Total distributions to holders of redeemable units | (64) | (19) |
| Net increase (decrease) in net assets attributable to holders of redeemable units | (511) | 805 |
| Net assets attributable to holders of redeemable units at end of year | 294 | 805 |

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

STATEMENTS OF CASH FLOWS

For the year ended December 31, 2022 and the period from November 30, 2021 to December 31, 2021:

| | December 31, 2022 (\$) | December 31, 2021 (\$) |
|---|------------------------------|------------------------------|
| Cash Flows from Operating Activities | | |
| Increase (decrease) in net assets attributable to holders of redeemable units | (44,759,341) | (1,497,158) |
| Adjustments for: | | |
| Purchase of investments* | (114,174,489) | (559,075) |
| Proceeds from sale of investments* | 36,401,832 | 626,569 |
| Net realized loss (gain) on sale of non-derivative financial assets | 18,616,607 | 34,920 |
| Net realized loss (gain) on options | (3,258,414) | (98,450) |
| Net change in unrealized depreciation (appreciation) on non-derivative financial assets | 26,368,748 | 1,600,148 |
| Net change in unrealized depreciation (appreciation) on currency forward contracts | 12,799 | (23,796) |
| Net change in unrealized depreciation (appreciation) on options | (47,079) | (24,650) |
| Net change in non-cash working capital balances | 8,119 | 2,101 |
| Transaction costs (note 9) | 291,505 | 4,216 |
| | (80,539,713) | 64,825 |
| Cash Flows from Financing Activities | | |
| Proceeds from issuance of units* | 92,978,179 | 467,784 |
| Payments for units redeemed* | (4,220,566) | (564,964) |
| Distribution to holders, net of reinvestments | (6,502,079) | (41,757) |
| | 82,255,534 | (138,937) |
| Net increase (decrease) in cash and cash equivalents | 1,715,821 | (74,112) |
| Cash and cash equivalents, at beginning of year | (74,112) | – |
| Cash and cash equivalents, at end of year | 1,641,709 | (74,112) |
| Interest received (paid) | (2,576) | – |
| Dividends received (paid), net of withholding taxes | 33,617 | – |

* Excludes in-kind transactions.

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

**SCHEDULE OF INVESTMENTS**

As at December 31, 2022

| Security | Number of Shares | Average cost (\$) | Fair value (\$) |
|--|---------------------|----------------------|--------------------|
| Equities – 99.21% | | | |
| Canadian Equities – 99.21% | | | |
| Investment Funds – 99.21% | | | |
| Purpose Ether ETF | 7,533,830 | 71,007,167 | 43,018,169 |
| | | 71,007,167 | 43,018,169 |
| Total Canadian Equities – 99.21% | | 71,007,167 | 43,018,169 |
| Total Equities – 99.21% | | 71,007,167 | 43,018,169 |
| Transaction Costs (note 9) | | (21,501) | – |
| Total Investments – 99.21% | | 70,985,666 | 43,018,169 |
| Net Unrealized Gain (Loss) on Currency Forward Contracts (Schedule 1) – 0.03% | | | 10,997 |
| Options (Schedule 2) – (0.59)% | | | (253,850) |
| Cash and Cash Equivalents – 3.79% | | | 1,641,709 |
| Other Assets, Less Liabilities – (2.43)% | | | (1,056,852) |
| Net Assets – 100.00% | | | 43,360,173 |

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

SCHEDULE 1 - CURRENCY FORWARD CONTRACTS

As at December 31, 2022

| Counterparty | S&P Credit Rating for Counterparty | Settlement Date | Currency Buys | Par Value (\$) | Currency Sells | Par Value (\$) | Forward Rate | Current Rate | Unrealized Gain (Loss) (\$) |
|--------------------|------------------------------------|--------------------|------------------|-------------------|-------------------|-------------------|-----------------|-----------------|--------------------------------|
| CIBC World Markets | A-1 | 2023-01-09 | CAD | 26,199 | USD | 19,250 | 0.7350 | 0.7390 | 135 |
| CIBC World Markets | A-1 | 2023-01-13 | CAD | 27,514,526 | USD | 20,314,514 | 0.7380 | 0.7390 | 9,901 |
| CIBC World Markets | A-1 | 2023-01-13 | CAD | 2,358,477 | USD | 1,741,310 | 0.7380 | 0.7390 | 848 |
| CIBC World Markets | A-1 | 2023-01-13 | CAD | 178,881 | USD | 132,039 | 0.7380 | 0.7390 | 108 |
| CIBC World Markets | A-1 | 2023-01-13 | CAD | 56,476 | USD | 41,703 | 0.7380 | 0.7390 | 12 |
| CIBC World Markets | A-1 | 2023-01-13 | CAD | 51,022 | USD | 37,662 | 0.7380 | 0.7390 | 30 |
| CIBC World Markets | A-1 | 2023-01-13 | CAD | 7,891 | USD | 5,826 | 0.7380 | 0.7390 | 3 |
| CIBC World Markets | A-1 | 2023-01-13 | CAD | 261 | USD | 192 | 0.7380 | 0.7390 | 1 |
| CIBC World Markets | A-1 | 2023-01-13 | CAD | 93 | USD | 69 | 0.7380 | 0.7390 | – |
| CIBC World Markets | A-1 | 2023-01-13 | CAD | 4 | USD | 3 | 0.7360 | 0.7380 | – |
| CIBC World Markets | A-1 | 2023-01-13 | USD | 137,663 | CAD | 186,428 | 1.3540 | 1.3540 | (41) |
| CIBC World Markets | A-1 | 2023-01-13 | USD | 35 | CAD | 47 | 1.3540 | 1.3540 | – |
| CIBC World Markets | A-1 | 2023-01-13 | USD | 1 | CAD | 1 | 1.3560 | 1.3560 | – |

10,997

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

**SCHEDULE OF INVESTMENTS (continued)**

As at December 31, 2022

SCHEDULE 2 - OPTIONS

As at December 31, 2022

| Written Call Options CAD | Number of Contracts | Strike Price (CAD) | Expiry Date | Premium Received (CAD) | Fair Value (CAD) |
|--------------------------|---------------------|--------------------|-------------|------------------------|------------------|
| Purpose Ether ETF | (800) | 5.75 | 2023-01-07 | (9,200) | (10,400) |
| Purpose Ether ETF | (100) | 6.75 | 2023-02-18 | (3,350) | (2,000) |
| Purpose Ether ETF | (400) | 6.50 | 2023-02-18 | (11,400) | (6,600) |
| Purpose Ether ETF | (300) | 6.25 | 2023-02-18 | (6,050) | (6,750) |
| Purpose Ether ETF | (200) | 9.25 | 2023-01-21 | (4,200) | (4,200) |
| Purpose Ether ETF | (800) | 8.00 | 2023-01-21 | (21,600) | (22,400) |
| Purpose Ether ETF | (200) | 8.50 | 2023-01-21 | (6,400) | (6,000) |
| Purpose Ether ETF | (1400) | 7.00 | 2023-01-21 | (29,200) | (28,000) |
| Purpose Ether ETF | (20) | 7.25 | 2023-01-21 | (460) | (170) |
| Purpose Ether ETF | (1100) | 6.00 | 2023-02-18 | (32,250) | (35,750) |
| Purpose Ether ETF | (2300) | 6.00 | 2023-01-21 | (45,550) | (34,500) |
| Purpose Ether ETF | (1670) | 6.50 | 2023-01-21 | (34,005) | (13,360) |
| Purpose Ether ETF | (2200) | 6.25 | 2023-01-21 | (50,400) | (15,400) |
| Purpose Ether ETF | (400) | 6.00 | 2023-01-14 | (3,400) | (4,000) |
| Purpose Ether ETF | (400) | 5.75 | 2023-01-14 | (6,600) | (4,800) |
| Purpose Ether ETF | (2300) | 6.00 | 2023-01-07 | (13,350) | (13,800) |
| Purpose Ether ETF | (200) | 6.75 | 2023-01-07 | (2,100) | (3,800) |
| Purpose Ether ETF | (200) | 6.50 | 2023-01-07 | (3,500) | (3,600) |
| Purpose Ether ETF | (400) | 6.25 | 2023-01-07 | (5,800) | (2,600) |
| Purpose Ether ETF | (1600) | 6.75 | 2023-01-21 | (36,234) | (35,200) |
| Purpose Ether ETF | (20) | 7.00 | 2023-02-18 | (530) | (520) |
| | | | | (325,579) | (253,850) |



NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – PURPOSE ETHER YIELD ETF

A) INVESTMENT OBJECTIVES (NOTE 2)

Purpose Ether Yield ETF seeks to provide unitholders with (a) monthly distributions and (b) long-term capital appreciation. The Fund will achieve its investment objectives primarily by obtaining exposure to Ether and by implementing a derivatives based strategy in respect of portfolio securities.

The Fund seeks to achieve its investment objectives by investing indirectly in long-term holdings of Ether primarily through investment in units of the Purpose Ether ETF and implementing an option writing strategy. The Fund may also invest in other investment funds which provide exposure to Ether.

B) REDEEMABLE PARTICIPATING UNITS (NOTE 4)

Changes in outstanding units during the years ended December 31, 2022 and 2021 are summarized as follows:

| | Number of Units | | | |
|-----------------------------------|-----------------|---------------|---------------|---------------|
| | ETF Units | Class A Units | Class F Units | Class I Units |
| Issued | 250,000 | 100 | 2,734 | 100 |
| Reinvested | – | 2 | 2 | 2 |
| Outstanding, December 31, 2021 | 250,000 | 102 | 2,736 | 102 |
| Issued | 13,750,000 | 3,439 | 1,182,383 | – |
| Reinvested | – | 104 | 2,890 | 16 |
| Redeemed | (1,325,000) | – | (44,067) | – |
| Outstanding, December 31, 2022 | 12,675,000 | 3,645 | 1,143,942 | 118 |

| | ETF Non-Currency Hedged Units | ETF Non-Currency Hedged USD Units | Class A Non-Currency Hedged Units | Class F Non-Currency Hedged Units | Class I Non-Currency Hedged Units |
|-----------------------------------|-------------------------------------|--|---|---|---|
| Issued | 125,000 | 675,000 | 100 | 100 | 100 |
| Reinvested | – | – | 2 | 2 | 2 |
| Redeemed | (25,000) | – | – | – | – |
| Outstanding, December 31, 2021 | 100,000 | 675,000 | 102 | 102 | 102 |
| Issued | 725,000 | 3,575,000 | – | 22,076 | – |
| Reinvested | – | – | 16 | 1,573 | 16 |
| Redeemed | (125,000) | (450,000) | – | – | – |
| Outstanding, December 31, 2022 | 700,000 | 3,800,000 | 118 | 23,751 | 118 |

C) MANAGEMENT FEES, SERVICE FEES AND OTHER EXPENSES (NOTE 5)

Annual Management Fee
(% of Net Asset Value of each unit)

| Class | Management Fee |
|------------------------------------|--|
| ETF Units | 1.10% |
| Class A Units* | 2.10% |
| Class F Units | 1.10% |
| Class I Units | Negotiated of up to 1.10% per annum with the Manager |
| ETF Non-Currency Hedged Units | 1.10% |
| ETF Non-Currency Hedged USD Units | 1.10% |
| Class A Non-Currency Hedged Units* | 2.10% |
| Class F Non-Currency Hedged Units | 1.10% |
| Class I Non-Currency Hedged Units | Negotiated of up to 1.10% per annum with the Manager |

* Includes a service fee at an annual rate of 1.00% of the daily average Net Asset Value of the Class A units and Class A Non-Currency Hedged units.

D) FAIR VALUE INVESTMENTS (NOTE 10)

The following inputs were used in valuing the Fund's investments and derivatives at fair values as at December 31, 2022:

| | Level 1 (\$) | Level 2 (\$) | Level 3 (\$) | Total (\$) |
|---|-------------------|-----------------|-----------------|-------------------|
| Assets | | | | |
| Funds | 43,018,169 | – | – | 43,018,169 |
| Currency forward contracts | – | 11,038 | – | 11,038 |
| Total assets | 43,018,169 | 11,038 | – | 43,029,207 |
| Financial liabilities | | | | |
| Currency forward contracts | – | 41 | – | 41 |
| Options | 253,850 | – | – | 253,850 |
| Total financial liabilities | 253,850 | 41 | – | 253,891 |
| Total assets and financial liabilities | 42,764,319 | 10,997 | – | 42,775,316 |

The following inputs were used in valuing the Fund's investments and derivatives at fair values as at December 31, 2021:

| | Level 1 (\$) | Level 2 (\$) | Level 3 (\$) | Total (\$) |
|---|------------------|-----------------|-----------------|------------------|
| Assets | | | | |
| Funds | 9,059,944 | – | – | 9,059,944 |
| Currency forward contracts | – | 23,827 | – | 23,827 |
| Total assets | 9,059,944 | 23,827 | – | 9,083,771 |
| Financial liabilities | | | | |
| Currency forward contracts | – | 31 | – | 31 |
| Options | 100,250 | – | – | 100,250 |
| Total financial liabilities | 100,250 | 31 | – | 100,281 |
| Total assets and financial liabilities | 8,959,694 | 23,796 | – | 8,983,490 |

During the years ended December 31, 2022 and 2021 there were no transfers of assets between Level 1, Level 2 and Level 3.

The Fund's Level 2 investment in currency forward contracts relies on the foreign exchange rate market data to fair value the foreign currency contract.

E) FINANCIAL RISKS (NOTE 11)

Currency risk

The table below summarizes the Fund's direct exposure to foreign currencies as at December 31, 2022, including the fair value of currency forward contracts that are used to hedge the foreign currency risk:

| | Fair Value Excluding Currency Forward Contracts (\$) | Currency Forward Contracts (\$) | Net Currency Exposure (\$) | % of Net Assets |
|---------------------|---|--|-------------------------------------|--------------------|
| Currency | | | | |
| US Dollar | 206,934 | (29,996,357) | (29,789,423) | (68.7) |
| Net exposure | 206,934 | (29,996,357) | (29,789,423) | (68.7) |

The table below summarizes the Fund's direct exposure to foreign currencies as at December 31, 2021, including the fair value of currency forward contracts that are used to hedge the foreign currency risk:

| | Fair Value Excluding Currency Forward Contracts (\$) | Currency Forward Contracts (\$) | Net Currency Exposure (\$) | % of Net Assets |
|---------------------|---|--|-------------------------------------|--------------------|
| Currency | | | | |
| US Dollar | – | (1,930,286) | (1,930,286) | (22.0) |
| Net exposure | – | (1,930,286) | (1,930,286) | (22.0) |



NOTES TO THE FINANCIAL STATEMENTS – SPECIFIC INFORMATION – PURPOSE ETHER YIELD ETF (continued)

If the Canadian dollar weakened or strengthened by 5% as at December 31, 2022 in relation to the US dollar, with all other variables held constant, the Fund's net assets would have increased or decreased, respectively, by approximately \$1.5 million (December 31, 2021 – \$0.1 million). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

F) INCOME TAXES

The Fund qualifies and intends to continue to qualify as a mutual fund trust under the Income Tax Act (Canada) and, accordingly, is subject to tax on its investment income, including net realized capital gains, for any tax year in which its net investment income or sufficient net realized capital gains are not paid or payable to its unitholders as at the end of its tax year. It is the intention of the Manager that all annual net investment income and sufficient net taxable capital gains will be distributed to unitholders on a tax year basis such that no Canadian income taxes are payable by the Fund. As a result thereof, no provision for income taxes is made in these financial statements.

As at December 31, 2022 and 2021, the Fund had no capital losses and no non-capital losses carried forward for income tax purposes. Capital losses may be carried forward indefinitely to be applied against future capital gains. Non-capital losses may be utilized to reduce taxable income over the twenty years following the year in which they arise.

G) INTEREST IN UNDERLYING FUNDS

The Fund invests in redeemable units of other investment funds ("underlying funds") to gain exposure to the investment objectives and strategies of the underlying funds. Each underlying fund is generally financed through the capital invested by the Fund, along with other investors, which entitles unitholders to a proportionate share of the underlying fund's net assets. The Fund does not provide additional financial or other support to the underlying funds. All underlying funds were established in and carry out their operations in Canada. The Fund's interests in underlying funds are reported at fair value in "Investments" in its Statements of Financial Position and in its Schedule of Investments, which represents the Fund's maximum exposure to financial loss.

| | December 31, 2022 | | December 31, 2021 | |
|-------------------|--------------------|-------------------------|--------------------|-------------------------|
| | % of Net Assets | Ownership Interest % | % of Net Assets | Ownership Interest % |
| Underlying Funds | | | | |
| Purpose Ether ETF | 99.2 | 54.6 | 103.2 | 2.1 |



NOTES TO THE FINANCIAL STATEMENTS

1. THE FUNDS

Purpose Bitcoin ETF, *Purpose Bitcoin Yield ETF*, *Purpose Ether ETF*, and *Purpose Ether Yield ETF* (the “Funds”, and individually a “Fund”) are investment funds established by declaration of trust under the laws of the Province of Ontario.

The manager of the Funds is Purpose Investments Inc. (the “Manager” or “Purpose”). The registered office of the Funds is located at 130 Adelaide Street, Suite 3100, P.O. Box 109, Toronto, Ontario, M5H 3P5.

Purpose Bitcoin ETF and *Purpose Ether ETF* invest primarily in digital currencies (“cryptocurrencies”) bitcoin and ether, respectively, and have appointed Cidel Trust Company (“Cidel”) to be the custodian of the assets of these Funds, and Gemini Trust Company, LLC (“Gemini” or “the Sub-Custodian”) to act as the sub-custodian of these Funds.

Cidel is a federally regulated trust company based in Calgary, Alberta. Cidel acts as the custodian for *Purpose Bitcoin ETF* and *Purpose Ether ETF* by holding hot and cold cryptocurrency wallets, and provides services such as cash settlement and cryptocurrency trade support and execution from its office in Toronto, Ontario. Cidel is a wholly-owned subsidiary of Cidel Bank Canada, a Schedule II Bank regulated by the Office of the Superintendent of Financial Institutions. Cidel will be responsible for safekeeping of the assets of *Purpose Bitcoin ETF* and *Purpose Ether ETF*, other than Bitcoin and Ether. Gemini acts as the sub-custodian in respect of *Purpose Bitcoin ETF* and *Purpose Ether ETF*'s holdings of Bitcoin and Ether respectively.

Gemini is a trust company licensed and regulated by the New York State Department of Financial Services and is qualified to act as a sub-custodian of the Fund for assets held outside of Canada in accordance with NI 81-102. Gemini uses segregated cold storage bitcoin and ether addresses for *Purpose Bitcoin ETF* and *Purpose Ether ETF* which are separate from the bitcoin and ether addresses that the Sub-Custodian uses for its other customers and which are directly verifiable via the Bitcoin and Ethereum blockchains. Gemini will at all times record and identify in its books and records that such Bitcoins constitute the property of *Purpose Bitcoin ETF* and *Purpose Ether ETF*. The Sub-Custodian will not loan, hypothecate, pledge or otherwise encumber the bitcoin and ether holdings of *Purpose Bitcoin ETF* and *Purpose Ether ETF* without these Funds' instructions. The Sub-Custodian, in carrying out its duties concerning the safekeeping of, and dealing with, bitcoin and ether as the case may be, is required to take reasonable care and use commercially reasonable efforts in executing its responsibilities under the Sub-Custodian Agreement, and has agreed to adhere to the standard of care required by law, including NI 81-102.

As of December 31, 2022 and 2021, Cidel held 100% of the digital assets held by *Purpose Bitcoin ETF* and *Purpose Ether ETF*.

The following table sets out the date of commencement of operations of each Fund:

| Fund | Date of commencement of operations |
|----------------------------------|------------------------------------|
| <i>Purpose Bitcoin ETF</i> | February 23, 2021 |
| <i>Purpose Bitcoin Yield ETF</i> | November 30, 2021 |
| <i>Purpose Ether ETF</i> | April 19, 2021 |
| <i>Purpose Ether Yield ETF</i> | November 30, 2021 |

Each Fund's financial statements include the *Schedule of Investments* at December 31, 2022 and the *Statements of Financial Position* at December 31, 2022 and 2021, as applicable, the *Statements of Comprehensive Income*, *Statements of Changes in Financial Position* and *Statements of Cash Flows* for year ended December 31, 2022 and from commencement of operations to December 31, 2021, as applicable (the “financial statements”).

These financial statements were approved for issuance by Purpose on March 31, 2023.

2. INVESTMENT OBJECTIVES

The purpose of each Fund is to invest the assets attributable to that Fund in accordance with the investment objectives attributable to that Fund. The investment objectives for each Fund are set out in note A in the Specific Information for each Fund.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The financial statements have been prepared on a going concern basis using the historical cost convention. However, each Fund is an investment entity and primarily all financial assets and financial liabilities are measured at fair value in accordance with IFRS. Accordingly, the Funds' accounting policies for measuring the fair value of investments and derivatives are consistent with those used in measuring the Net Asset Value for transactions with unitholders.

In applying IFRS, management may make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses during the reporting periods. Actual results may differ from such estimates. The preparation of the Fund's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts recognized in the financial statements and disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Purpose has concluded that the Funds met the additional characteristics of an investment entity within IFRS 10, *Consolidated Financial Statements*.

The financial statements have been presented in Canadian dollars, which is the Funds' functional currency.

FINANCIAL INSTRUMENTS

Financial instruments include financial assets and liabilities such as debt and equity securities, open-ended investment funds and derivatives. Each Fund classifies and measures financial instruments in accordance with IFRS 9, *Financial Instruments* (“IFRS 9”). Upon initial recognition, financial instruments are classified as fair value through profit or loss (“FVTPL”). All financial instruments are recognized in the Statements of Financial Position when a Fund becomes a party to the contractual requirements of the instrument. Financial assets are derecognized when the right to receive cash flows from the instrument has expired or a Fund has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation is discharged, cancelled and expires. As such, investment purchase and sale transactions are recorded as of the trade date. Financial instruments are subsequently measured at FVTPL with changes in fair value recognized in the Statements of Comprehensive Income – Net unrealized gain (loss).

Cash and cash equivalents

Cash and cash equivalents are comprised of cash and short-term investments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Funds include in this category amounts relating to receivables in respect of amounts receivable for portfolio securities sold and other short-term receivables.

Other financial liabilities

This category includes all financial liabilities, other than those classified as fair value through profit or loss. The Funds include in this category amounts relating to payables in respect of amounts payable for portfolio securities purchased and other accrued liabilities.

A financial asset or a financial liability is recognized when a Fund becomes a party to the contractual provisions of the instrument. Purchases or sales of



NOTES TO THE FINANCIAL STATEMENTS (continued)

financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place (regular way trades) are recognized on the trade date.

Premiums received from writing options are included in derivative liabilities and subsequently measured at fair value on the Statements of Financial Position as initial reductions in the value of investments. Premiums received from writing options that expire unexercised are recorded as realized gains and reported as Net gain (loss) on sale of investments and derivatives on the Statements of Comprehensive Income. For a closing transaction, if the cost of closing the transaction exceeds the premium received, a Fund will record a realized loss or, if the premium received at the time the option was written is greater than the amount paid, a Fund will record a realized gain and are reported as Net gain (loss) on sale of investments and derivatives. If a written put option is exercised, the cost for the security delivered is reduced by the premiums received at the time the option was written.

Valuation of financial instruments

Financial assets and financial liabilities at fair value through profit or loss are recorded in the Statements of Financial Position at fair value upon initial recognition. All transaction costs such as brokerage commissions, incurred in the purchase and sale of securities for such instruments are recognized directly in profit or loss. Loans and receivables and other financial liabilities (other than those classified as fair value through profit and loss) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

After initial measurement, the Funds measure financial instruments that are classified as fair value through profit or loss, at fair value. Subsequent changes in the fair value of those financial instruments are recorded in Net unrealized appreciation (depreciation) on non-derivative financial assets. The applicable period is included on the Statements of Comprehensive Income. The average cost of portfolio investments represents the sum of the average cost of each portfolio investment. For the purposes of determining the average cost of each portfolio investment, the purchase price of the portfolio investment acquired by a Fund is added to the average cost of the particular portfolio investment immediately prior to the purchase. The average cost of a portfolio investment is reduced by the number of shares or units sold multiplied by the average cost of the portfolio investment at the time of the sale. The average cost per share or unit of each portfolio investment sold is determined by dividing the average cost of the portfolio investment by the number of shares or units held immediately prior to the sale transaction. Transaction costs incurred in portfolio transactions are excluded from the average cost of investments and are recognized immediately in net income and are presented as a separate expense item in the financial statements. Realized gains and losses from the sale of portfolio investments are also calculated based on the average costs, excluding transaction costs, of the related investment.

Loans and receivables, and other assets and liabilities (other than those classified as fair value through profit or loss) are measured at amortized cost.

The Funds' obligation for net assets attributable to holders of redeemable units is presented at the redemption amount before discount.

The Funds measure their financial instruments, such as equities, bonds and other interest-bearing investments and derivatives, at fair value at each reporting date. 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 fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability.

The fair values of each specific type of investment and derivative are determined in the following manner:

Portfolio investments

Portfolio investments listed on recognized public securities exchanges are valued using their last traded market price on the securities exchange when the price falls within the day's bid-ask spread. In the circumstance when the close or

last traded price falls outside of the bid-ask spread, then fair value is determined by using bid price for long positions and ask price for short positions or a different point within the bid-ask spread that management determines to be more representative of fair value.

Securities that are not listed on any recognized public securities exchanges are reviewed individually, and the Manager uses in-house pricing models to price such securities. Manually priced securities are reviewed and approved by the valuations committee on a quarterly basis. The pricing models used by the Manager are generally based on discounted cash flow valuation approach, financial statement review, and review of comparable transactions. Other valuation techniques may be used where applicable.

Derivatives

Derivative instruments are financial contracts that derive their value from underlying changes in equity prices, interest rates, foreign exchange rates or other financial or commodity prices or indices. Derivative instruments are either regulated exchange-traded contracts or negotiated over-the-counter contracts. Funds may use these instruments for trading purposes, as well to manage a Fund's risk exposure.

Derivatives are measured at fair value. Realized and unrealized gains and losses are recorded in the Statements of Comprehensive Income.

Valuation of currency forward contracts

The Funds may enter into currency forward contracts for hedging purposes or to establish an exposure to a particular currency. Currency forward contracts are valued based on the difference between the contract forward rate and the forward bid rate (for currency held) or the forward ask rate (for currency sold short) on the valuation date. Upon the closing of a contract, the gain or loss is included in the Statements of Comprehensive Income.

Valuation of future contracts

The margin deposits with brokers relating to futures contracts are included in cash held at broker for margin on the Statements of Financial Position. Any change in the margin requirement is settled daily and is included in cash held at broker for margin on the Statements of Financial Position.

Any difference between the settlement value at the close of business on each valuation date and the settlement value at the close of business on the previous valuation date is recorded as net change in unrealized appreciation (depreciation) on futures contracts on the Statements of Comprehensive Income.

Valuation of options

When any option is written by any Fund, the premium received by the Funds will be reflected as a liability that will be valued at an amount equal to the current fair value of the 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 liability shall be deducted in arriving at the net assets attributable to holders of redeemable units of the Funds. The securities that are the subject of a written option, if any, will be valued in the manner described above for listed securities.

Valuation of margin

Margin paid or deposited in respect of futures contracts and forward contracts will be reflected as cash, and margin consisting of assets other than cash will be noted as held as collateral.

Other derivatives and margin are fair valued in a manner that the Manager determines to represent their fair value.

Digital assets

The Manager has concluded that the digital assets held by the Funds are treated as a commodity and that each Fund holding digital assets is a commodity broker-trader in accordance with *IAS 2 Inventories*. Therefore, digital assets inventory is held at fair value less costs to sell. The Manager does not make allowance for the costs to sell digital assets, which are immaterial. Change in the amount of digital assets based on fair value are recorded as "Net change in unrealized appreciation (depreciation) on digital assets" in the Statement

NOTES TO THE FINANCIAL STATEMENTS (continued)

of Comprehensive Income. When digital assets are derecognized through the Funds' trading activities, gains (losses) are realized and recorded as "Net realized gain (loss) on sale of digital assets" in the Statement of Comprehensive Income.

The Funds calculate the fair market value of their digital assets using the CoinDesk Bitcoin Price Index (XBX) and the CoinDesk Ether Price Index (ETX), respectively (interchangeably, the "Index"). These Funds' Net Asset Values (NAV) are calculated using the 4:00 pm Toronto time reference price on the Index. Index returns are converted to Canadian dollars. The Indices represent a real-time, US dollar equivalent spot rate for digital currencies. The Indices' values are algorithmically calculated (with reference to volume, weight, price variance weighting and inactivity adjustment) once every second based on observed trading activity on leading bitcoin and ether trading platforms. The indexes are designed as a reference rate to track liquidity while also adjusting for deviations caused by anomalies and manipulation attempts at individual trading platforms.

The price of digital currencies trading on public exchanges has a limited history. Digital currency prices have been volatile and subject to influence by many factors including the levels of liquidity on the exchanges and trading platforms. Digital currency markets are sensitive to new developments, and since volumes are still maturing, any significant changes in market sentiment can induce large swings in volume and subsequent price changes.

Other financial assets and liabilities

All trade receivables and other accounts receivable are designated as receivables. They are recorded at amortized cost, which approximates their fair value. Similarly, all trade payables and accrued expenses are designated as financial liabilities and are recorded at amortized cost, which approximates their fair value.

INCOME RECOGNITION

Interest income for distribution purposes

The interest income for distribution purposes shown on the Statements of Comprehensive Income represents the interest received by the Fund accounted for on an accrual basis. The Funds do not amortize premiums paid or discounts received on the purchase of fixed income securities except for zero coupon bonds which are amortized on a straight-line basis. The interest income for distribution purposes is the tax basis of calculating the interest received and which is subject to tax.

Dividend revenue

Dividend revenue is recognized when the Funds' right to receive the payment is established. Dividend revenue is presented gross of any non-recoverable withholding taxes, which are disclosed separately in the Statements of Comprehensive Income.

Securities lending

The Funds may lend portfolio securities in order to earn additional revenue from fees paid by the counterparty, which is included on the Statements of Comprehensive Income. These transactions involve the temporary exchange of qualified securities as collateral with a commitment to deliver the same securities on a future date.

The market value of the loaned securities is determined on the close of any valuation date and any additional required collateral is delivered to the Funds on the next business day. The securities on loan continue to be included on the Schedule of Investments and are included in the total value on the Statements of Financial Position in investments at fair value.

The Funds may engage in securities lending transactions. The credit risk related to securities lending transactions is limited by the fact that the value of the securities held as collateral by the Funds in connection with these transactions is at least 105% of the fair value of the securities loaned. The collateral and loaned securities are marked to market on each business day. The securities lending agent of the Funds is the Bank of New York Mellon. Further information regarding the collateral and securities on loan can be found in the footnotes to the Statements of Comprehensive Income.

FOREIGN CURRENCY TRANSLATIONS

Transactions during the year, including purchases and sales of securities, income and expenses, are translated into Canadian dollars at the rate of exchange prevailing on the date of the transaction. Assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange at the reporting date.

Foreign currency transaction gains and losses on financial instruments classified as fair value through profit or loss are included in profit or loss in the Statements of Comprehensive Income as part of the "net change in unrealized appreciation (depreciation) on non-derivative financial assets".

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below. The Funds based the assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Funds. Such changes are reflected in the assumptions when they occur.

Fair value of financial instruments

When the fair values of financial assets and financial liabilities recorded in the Statements of Financial Position cannot be derived from active markets, their fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statements of Financial Position and the level where the instruments are disclosed in the fair value hierarchy. The models are tested for validity by calibrating to prices from any observable current market transactions in the same instrument (without modification or repackaging) when available.

Classification and measurement of investments and application of the fair value option

In classifying and measuring financial instruments held by the Funds, Purpose is required to make significant judgements in order to determine the most appropriate classification in accordance with IFRS 9. Purpose has assessed the Funds' business model, the manner in which all financial instruments are managed and performance evaluated as a group on a fair value basis, and concluded that FVTPL in accordance with IFRS 9 provides the most appropriate measurement and presentation of the Funds' financial instruments.

TAXES

Uncertainties exist with respect to the interpretation of complex tax regulations and changes in tax laws on foreign withholding tax. Given the wide range of international investments, differences arising between the actual investment income and the assumptions made, or future changes to such assumptions could necessitate future adjustments to tax expense already recorded. The Funds establish provisions, based on reasonable estimate for possible consequences of audits by the tax authorities of the respective countries in which it invests. The amounts of such provisions are based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective investment's domicile. As the Funds assess the probability for litigation and subsequent cash outflow with respect to taxes as remote, no contingent liability has been recognized.

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. REDEEMABLE PARTICIPATING UNITS

The Funds are authorized to issue an unlimited number of classes of units and an unlimited number of units of each class. The units are redeemable and transferable. Each unit of a class entitles the holder to the same rights and privileges in relation to any other unitholder of that class, subject to the terms and conditions of the declaration of trust. Unitholders are entitled to vote at

all meetings of all unitholders and at all meetings of unitholders of the same class as the units held. All ETF and Mutual Fund unit classes rank equally with respect to the payment of distributions. The realized and unrealized gains or losses and income and common expenses of the Funds are allocated on each valuation date to the unitholders in proportion to the respective prior day net asset value of each class of units at the date on which the allocation is made. All class specific expenses do not require an allocation.

ETF Units and Mutual Fund Units

The Funds have issued ETF units, traded on the Toronto Stock Exchange ("TSX"), and mutual fund units as set out below:

| Fund | ETF Units | ETF Units (USD Purchase Option) | ETF Non-Currency Hedged Units | ETF Carbon Offset Units | Mutual Fund Units |
|---------------------------|-----------|---------------------------------|-------------------------------|-------------------------|--|
| Purpose Bitcoin ETF | TSX: BTCC | TSX: BTCC.U | TSX: BTCC.B | TSX: BTCC.J | Class A Units, Class A Non-Currency Hedged Units, Class F Units, Class F Non-Currency Hedged Units, Class I Units, Class I Non-Currency Hedged Units |
| Purpose Bitcoin Yield ETF | TSX: BTCY | TSX: BTCY.U | TSX: BTCY.B | | Class A Units, Class A Non-Currency Hedged Units, Class F Units, Class F Non-Currency Hedged Units, Class I Units, Class I Non-Currency Hedged Units |
| Purpose Ether ETF | TSX: ETHH | TSX: ETHH.U | TSX: ETHH.B | | Class A Units, Class A Non-Currency Hedged Units, Class F Units, Class F Non-Currency Hedged Units, Class I Units, Class I Non-Currency Hedged Units |
| Purpose Ether Yield ETF | TSX: ETHY | TSX: ETHY.U | TSX: ETHY.B | | Class A Units, Class A Non-Currency Hedged Units, Class F Units, Class F Non-Currency Hedged Units, Class I Units, Class I Non-Currency Hedged Units |

ETF units may be redeemed on any trading day at 95% of their closing price on the TSX, however, they will generally be able to sell ETF units at the market price through a registered broker or dealer. Mutual Fund units may be redeemed daily, subject to certain minimum amounts, by sending a redemption request to the unitholder's registered broker or dealer.

5. MANAGEMENT FEES, INCENTIVE FEES, ADMINISTRATIVE FEES, AND OTHER EXPENSES

MANAGEMENT FEES

The Manager of the Funds is entitled to a management fee payable by each Fund. The management fee varies for each class of units of a fund. See the "Fees and expenses" in the fund-specific notes for the percentage of the management fee which you will be required to pay as an investor in the Funds.

No management fees or administration fees are payable by a fund that, to a reasonable person, would duplicate a fee payable by the underlying funds of that fund for the same service. In addition, the Fund will not pay any sales fees or redemption fees upon a purchase or redemption of securities of an underlying fund. Any service fees paid by the Manager to your dealer, will be paid out of the management fee payable to the Manager.

The Manager may, in some years and in certain cases, absorb a portion of a class' management fee. The decision to absorb the management fee is determined at the discretion of the Manager, without notice to any unitholder.

OPERATING EXPENSES

Each Fund pays its own operating and administrative expenses, other than advertising costs and costs of dealer compensation programs, which are paid by the Manager. Operating expenses include, but are not limited to, portfolio transaction costs (including brokerage commissions), costs associated with the use of derivatives, and fees, taxes, audit, accounting and legal fees and expenses, safekeeping, trustee and custodial fees, interest expenses, registrar and transfer agent fees, regulatory participation fees, administrative costs, the costs of complying with any new governmental or regulatory requirement introduced after the date a fund is established, investor servicing costs and costs of financial and other reports to investors, as well as renewal prospectuses.

Operating expenses and other costs of a Fund are subject to applicable taxes. As the Funds have more than one class of securities, the unitholders of each class of a Fund bear their pro rata share of those expenses which are common to the operation of all classes of the Fund as well as those expenses which are attributable solely to that class.

6. INTERESTS IN UNDERLYING FUNDS

The Funds may invest in other investment funds ("underlying funds"). Where applicable, a Fund's interests in underlying funds are reported in its Schedule of Investment Portfolio at fair value, which represent the Funds' maximum exposure on these investments. Investment income earned from underlying funds is included in net gain (loss) on non-derivative financial assets in the Statements of Comprehensive Income. The Funds do not provide any additional significant financial or other support to underlying funds.

The interest in underlying funds is included in the Fund-Specific Notes.

7. INCOME TAXES AND WITHHOLDING TAXES

The Funds qualify and intend to continue to qualify as mutual fund trusts under the Income Tax Act (Canada) and, accordingly, are subject to tax on their investment income, including net realized capital gains, for any tax year in which its net investment income or sufficient net realized capital gains are not paid or payable to its unitholders as at the end of its tax year. It is the intention of the Manager that all annual net investment income and sufficient net taxable capital gains will be distributed to unitholders on a tax year basis such that no Canadian income taxes are payable by the Funds. As a result thereof, no provision for income taxes is made in these financial statements.

The capital and non-capital losses for each specific fund are included in the Fund-Specific Notes.

The Funds may incur withholding taxes imposed by certain countries on investment income and capital gains. Such income and gains are recorded on a gross basis and the related withholding taxes are shown as a separate expense in the Statements of Comprehensive Income.

8. INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT

Increase (decrease) in net assets from operations attributable to holders of redeemable units per unit of each class is calculated by dividing the Increase (decrease) in net assets attributable to holders of redeemable units from operations (excluding distributions), as reported in the Statements of Comprehensive Income, by the weighted average number of units in issue during the related period.

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. BROKERAGE COMMISSIONS

The Investment Sub-Advisor makes decisions, including the selection of markets and dealers and the negotiation of commissions, with respect to the purchase and sale of portfolio securities, certain derivative products (including futures) and the execution of portfolio transactions. Commissions paid to brokers in connection with portfolio transactions are included in transaction costs in the Funds' Statements of Comprehensive Income. Brokerage business is allocated based on which broker can deliver to the Funds the best trade execution.

Soft dollar arrangements are when trades are allocated to brokers that provide or pay for, in addition to transaction execution, investment research, statistical or other similar services. Any soft dollar commissions are identified in the referenced footnote on the Statements of Comprehensive Income and refer to amounts paid to dealers.

10. FAIR VALUE INVESTMENTS

IFRS 13 requires disclosures relating to fair value measurements using a three-level fair value hierarchy. The level within which the fair value measurement is categorized in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement. Assessing the significance of a particular input requires judgement, considering factors specific to the asset or liability. The Funds' hierarchy for disclosing the fair value of its financial instruments is based on the inputs summarized below:

- Level 1 – valuation based on quoted prices (unadjusted) observed in active markets for identical assets or liabilities.
 - Level 2 – valuation techniques based on inputs that are quoted prices of similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; inputs other than quoted prices used in a valuation model that are observable for that instrument; and inputs that are derived from or corroborated by observable market data by correlation or other means.
 - Level 3 – valuation techniques with significant unobservable market inputs.
- For assets and liabilities that are recognized in the financial statements on a recurring basis, the Funds determine whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the beginning of each reporting period.

The Funds' fair value hierarchy classification of its assets and liabilities is included in Fair value measurements in the Fund-Specific Notes.

11. FINANCIAL RISKS

In the normal course of business the Funds are exposed to a variety of financial risks: market price risk, interest rate risk, currency risk, portfolio concentration risk, credit risk and liquidity risk. The Funds' primary risk management objective is to protect earnings and cash flow and, ultimately, unitholder value. Risk management strategies, as discussed below, are designed and implemented to ensure the Funds' risks and related exposures are consistent with their objectives and risk tolerance.

Most of the Funds' risks are derived from their investments. The value of the investments within the Funds' portfolios can fluctuate on a daily basis as a result of changes in interest rates, economic conditions, commodity prices, and the market and company news related to specific securities held by a Fund. The investments are made in accordance with the Funds' risk management policies. The policies establish investment objectives, strategies, criteria and restrictions.

The objectives of these policies are to identify and mitigate investment risk through a disciplined investment process and the appropriate structuring of each transaction. Each Funds' financial risk disclosure is included in the Fund-Specific Notes.

Market price risk

Market price risk arises primarily from uncertainties about the future market prices of instruments held. Market price fluctuations may be caused by factors specific to an individual investment, or factors affecting all securities traded in a market or industry sector. All investments present a risk of loss of capital. The maximum risk resulting from financial instruments is equivalent to their fair value. There is a significant exposure to market price risk arising from investment in equity securities.

Liquidity risk

Liquidity risk is the risk of not being able to meet the Funds' cash requirements in a timely manner and includes the risk of not being able to liquidate assets at reasonable prices. This risk mainly arises from the Funds' exposure to daily redemptions. Sufficient notification is required for redemption requests to allow the Manager to sell investments to raise cash to fund redemptions. In addition, the Funds retain sufficient cash positions to meet their daily cash requirements. All liabilities are due within three months.

Purpose Bitcoin ETF and Purpose Ether ETF may not always be able to liquidate its digital currencies at a desired price. It may become difficult to execute a trade at a specific price due to low volume of orders in the marketplace. Market illiquidity may cause losses to the holders of digital currencies. In the long-term, as each Fund continues to grow, the amount of digital currencies that each Fund has acquired increases the risks of illiquidity by making its digital currencies difficult to liquidate.

Interest rate risk

Interest rate risk arises from interest-bearing financial instruments where the values of those instruments fluctuate due to changes in market interest rates.

Currency risk

Currency risk arises from financial instruments that are denominated in a currency other than the Canadian dollar, which is the Funds' functional currency. The Funds are exposed to the risk that the value of financial instruments denominated in other currencies will fluctuate due to changes in exchange rates. Currency forward contracts and options may be utilized by the Funds to hedge against currency fluctuations. The Funds' exposure to currency risk relates primarily to cash and investments which are denominated in foreign currencies, primarily US dollars.

Portfolio concentration risk

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

The Manager manages the risk through diversification and a thorough understanding of each investment in the portfolio.

Credit risk

Credit risk is the risk that a counterparty to a financial instrument fails to discharge an obligation or commitment it has entered into with a Fund.

The Funds' main exposure to credit risk is: (a) their trading of listed securities – the risk of default is considered minimal as all transactions are settled and paid for upon delivery using approved brokers; (b) their investment in debt securities through exchange traded funds because the issuer of an instrument that the exchange traded fund invests in may be unable to make interest payments or repay the principal amount on maturity. The concentration of credit risk of investments in debt instruments is minimal since the Funds invest in a variety of debt instruments issued by numerous issuers included in an exchange traded fund, (c) their exposure to non-listed securities; and (d) the Funds may enter into derivative contracts to hedge their exposure to foreign currencies. The unrealized gain (loss) on outstanding contracts with counterparties represents the maximum credit exposure. These contracts are carried out with

NOTES TO THE FINANCIAL STATEMENTS (continued)

counterparties with a credit rating of at least “A-”. The exposure to credit risk on these contracts is considered minimal as there are few contracts outstanding at any one time and the transactions are settled and paid for upon delivery.

Digital assets risk

Purpose Bitcoin ETF and Purpose Ether ETF invest in and hold substantially all of the assets in digital currencies Bitcoin and Ether respectively. Digital currencies are a relatively new asset class, and given the speculative nature of digital assets and the volatility of digital asset markets, there is considerable risk that the Funds which directly invest in digital assets will not be able to meet their investment objectives.

Purpose Bitcoin Yield ETF and Purpose Ether Yield ETF will pursue their investment objectives indirectly by investing in securities of other funds, including ETFs, in order to gain access to the strategies pursued by those underlying funds. The risks of investing in such underlying funds include the risks associated with the securities in which an underlying fund invests, along with the other risks of an underlying fund. Accordingly, a fund takes on the risk of an underlying fund and its respective securities in proportion to its investment in the underlying fund. There can be no assurance that any use of such multi-layered fund of fund structures will result in any gains for a fund. If an underlying fund that is not traded on an exchange suspends redemptions, a fund will be unable to value part of its portfolio and may be unable to redeem units. In addition, the portfolio manager could allocate a fund’s assets in a manner that results in that fund underperforming its peers.

Digital assets markets are speculative, highly volatile, and are sensitive to new developments. Any significant changes in market sentiment can induce large swings in volume and subsequent price changes, and such volatility can adversely relate the NAV of the Funds’ units. Specific risks related to the Funds’ investments in digital assets are described below.

Speculative nature of digital currencies

Purpose Bitcoin ETF and Purpose Ether ETF invest in and holds substantially all of their assets in digital currencies. Given the speculative nature of digital currencies and the volatility of the digital currency markets, there is considerable risk that the Funds will not be able to meet their investment objectives. An investment in the Funds is not intended as a complete investment program and is only appropriate for investors who have the capacity to absorb a loss of some or all of their investment. A significant portion of digital currency demand is generated by speculators and investors seeking to profit from the short- or long-term holding of digital currencies.

Concentration risk

Purpose Bitcoin ETF and Purpose Ether ETF were created to invest in digital currencies and are not expected to have significant exposure to any other investments or assets. The NAV per ETF unit may be more volatile than the value of a more broadly diversified portfolio and may fluctuate substantially over short periods of time.

Custody risk and risk of loss

An investment in the Funds is not guaranteed by any entity. Unlike bank accounts or guaranteed investment certificates, an investment in the Funds is not covered by the Canada Deposit Insurance Corporation or any other government deposit insurer.

Each of the Manager, the Custodian and the Sub-Custodian are subject to a contractual standard of care in carrying out its duties on behalf of the Funds. In the case that the Funds suffer a loss of their digital currencies and each of the Manager, the Custodian and the Sub-Custodian satisfied its respective standard of care, the Funds will bear the risk of loss as with respect to these parties. Under the terms of the Custody Agreement, the Custodian is required to exercise the standard of care required by NI 81-102. However, the Custodian will not be liable to the Funds for any loss of the Funds’ digital currencies held by the Sub-Custodian unless such loss is directly caused by the Custodian’s gross negligence, fraud, wilful default, or the breach of its standard of care. The Manager periodically reviews the SOC reports issued by Gemini to ensure that the assets are appropriately safeguarded.

Holding digital assets with a third-party custodian may increase certain risks rather than holding digital assets in a private wallet, which may include insolvency risk (credit risk), fraud risk or proficiency risk on the part of a custodian or sub-custodian. There may be difficulties in enforcing legal rights against digital asset sub-custodian if it is resident, or substantially all of its assets are located, outside Canada.

Dependency on the Internet risk

Digital currency miners relay transactions to one another via the Internet by mining blocks on the blockchain and forward the mined blocks via the Internet. Vendors of goods and services that accept digital currencies access the digital currency’s blockchain via the Internet. Thus, the entire system is dependent upon the continued functioning of the Internet, which would be compromised in the event of a naturally occurring event.

Cyber security risk

Cyber security risk is the risk of harm, loss and liability resulting from a failure or breach of information technology systems. Failures or breaches of the information technology systems can result from deliberate attacks or unintentional events and may arise from external or internal sources. Deliberate cyber attacks include, but are not limited to, gaining unauthorized access to digital systems for purposes of misappropriating assets or sensitive information, corrupting data, equipment or systems, or causing operational disruption.

The Manager has established risk management systems designed to reduce the risks associated with cyber security. However, there is no guarantee that such efforts will succeed. Furthermore, the Funds cannot control the cyber security plans and systems put in place by its service providers or any other third party whose operations may affect the Funds or their unitholders.

Volatility in the price of digital currencies risk

The digital currency markets are sensitive to new developments. Any significant changes in market sentiment can induce large swings in volume and subsequent price changes. Such volatility can adversely affect the NAV of the Funds’ units. Digital currency prices on the digital currency trading platforms have been volatile in the past and are subject to influence by many factors including the levels of liquidity on digital currency trading platforms.

Attacks on the digital currencies networks risk

Digital currency networks are periodically subject to distributed denial of service attacks to clog the list of transactions being tabulated by miners, which can slow the confirmation of authentic transactions. Another avenue of attack would be if a large number of miners were taken offline, which would stall block creation time and therefore transaction confirmation time. In the past these scenarios have not caused significant delays or resulted in any significant systemic issues.

Hacking of digital currency trading platforms risk

In the event that a digital currency trading platform is hacked such an event may result in the in the closure or temporary closure of a digital currency trading platform or reduce investor confidence in digital currencies generally which could affect the price of digital currencies and in turn adversely affect the NAV per unit.

Decrease in demand for and usage of digital currencies risk

There is no assurance that digital currencies will maintain their long-term value in terms of purchasing power in the future or that the acceptance of digital currencies as a means for payments by mainstream retail merchants and commercial businesses will continue to grow. In the event that the price of digital currencies declines, the Manager expects the NAV per ETF unit to decline proportionately. As relatively new products and technologies, cryptoassets such as digital currencies have only recently become widely accepted as a means of payment for goods and services by many major retail and commercial outlets, and use of digital currencies by consumers to pay such retail and commercial outlets remains limited. Banks and other established financial institutions may refuse to process funds for digital currency transactions, process wire transfers to or from digital currency trading platforms, digital currency related companies

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

or service providers, or maintain accounts for persons or entities transacting in digital currencies.

Increased regulation of digital currencies risk

As the global regulation of digital currencies continues to evolve, any may restrict the use of digital currencies or otherwise impact the demand for digital currencies in the future. The US Securities and Exchange Commission (the “SEC”) and the Canadian Securities Administrators generally take the view that digital currencies are a commodity. The European Union, Russia and Japan have moved to treat digital currencies like a currency for taxation purposes. While the regulation of digital currencies continues to evolve, the Manager believes that it is unlikely that a hostile regulatory environment will develop. Rather, the Manager believes that such processes will bring about innovation and increased protections for digital currency users.

Risk relating to the cryptography underlying digital currency networks

Digital currency networks and other cryptographic and algorithmic protocols governing the issuance of digital assets represent a new and rapidly evolving industry that is subject to a variety of factors that are difficult to evaluate. The cryptography underlying a digital currency could prove to be flawed or ineffective, or developments in mathematics and/or technology, including advances in digital computing, algebraic geometry and quantum computing, could result in such cryptography becoming ineffective.

12. CAPITAL MANAGEMENT

The Funds consider their capital to consist of their issued and outstanding units. The Funds are not subject to externally imposed capital requirements and have no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Funds’ prospectus. The capital received by a Fund is managed to achieve its investment objective of the Fund while maintaining liquidity to satisfy unitholder redemptions.

The Funds manage their capital in accordance with their investment objectives and strategies and the risk management practices outlined in note 11 while maintaining sufficient liquidity to meet distributions and redemptions. In order to manage its capital structure, the Funds may adjust the amount of distributions paid to unitholders.

Changes in the units issued and outstanding of each class of each Fund for the years ended December 31, 2022 and 2021 are reported in Fund-Specific note B, Redeemable Participating units.

13. DISTRIBUTIONS

The Funds expect to pay cash distributions of excess income as indicated below:

| | |
|---------------------------|-----------------|
| Purpose Bitcoin ETF | annually if any |
| Purpose Bitcoin Yield ETF | monthly |
| Purpose Ether ETF | annually if any |
| Purpose Ether Yield ETF | monthly |

14. RELATED PARTY TRANSACTION

Purpose is deemed to be a related party as current Manager of the Funds. Please refer to note 5 above for fees paid to Purpose. At the inception of the Funds, the Manager purchased units of each Fund.

The Manager has appointed an Independent Review Committee as required by National Instrument 81-107 *Independent Review Committee for Investment Funds*. The mandate of the IRC is to review, and provide input on, the Manager’s written policies and procedures that deal with conflict of interest matters in respect of the Fund. The fees for services rendered to the Fund are reported in the Statements of Comprehensive Income. There are no other related party transactions for the Fund.

FUND INFORMATION

MANAGER

Purpose Investments Inc.
130 Adelaide Street West
Suite 3100, P.O. Box 109
Toronto, ON M5H 3P5

AUDITOR

Ernst & Young LLP
EY Tower
100 Adelaide Street West, P.O. Box 1
Toronto, ON M5H 0B3

CUSTODIANS

Purpose Bitcoin Yield ETF

Purpose Ether Yield ETF

CIBC Mellon Trust Company
1 York Street, Suite 700
Toronto, ON M5J 0B6

Purpose Bitcoin ETF

Purpose Ether ETF

Cidel Trust Company
60 Bloor Street West, 9th Floor
Toronto, ON M4W 3B8

SUB-CUSTODIAN

Purpose Bitcoin ETF

Purpose Ether ETF

Gemini Trust Company, LLC
600 Third Avenue
New York, New York 10016

REGISTRAR AND TRANSFER AGENT

TSX Trust Company
100 Adelaide Street West, Suite 301
Toronto, ON M5H 4H1

UNITHOLDER AND RECORDKEEPING

CIBC Mellon Global Securities Company
1 York Street, Suite 700
Toronto, ON M5J 0B6

TORONTO STOCK EXCHANGE LISTINGS

Ticker Symbols:

| | |
|---------------------------|------------------------------|
| Purpose Bitcoin ETF | BTCC, BTCC.J, BTCC.B, BTCC.U |
| Purpose Bitcoin Yield ETF | BTCY, BTCY.B, BTCY.U |
| Purpose Ether ETF | ETHH, ETHH.B, ETHH.U |
| Purpose Ether Yield ETF | ETHY, ETHY.B, ETHY.U |

INDEPENDENT REVIEW COMMITTEE OF PURPOSE INVESTMENTS INC.

DOUGLAS G. HALL

Chair of the Independent Review Committee

RANDALL C. BARNES

Member of the Independent Review Committee

JEAN M. FRASER

Member of the Independent Review Committee

OFFICERS AND DIRECTORS OF PURPOSE INVESTMENTS INC.

SOM SEIF

Chief Executive Officer, Chairman of the Board of Directors
and Director

VLADIMIR TASEVSKI

Chief Operating Officer and Director

JEFF BOUGANIM

Chief Financial Officer and Director

ALESSIA CRESCENZI

Chief Compliance Officer and Senior Legal Counsel