

# Emerge ARK ETFs

2020

## Interim Financial Statements

For the period ended June 30, 2020

Emerge ARK Global Disruptive Innovative ETF  
Emerge ARK Genomics & Biotech ETF  
Emerge ARK Fintech Innovative ETF  
Emerge ARK AI & Big Data ETF  
Emerge ARK Autonomous Tech & Robotics ETF

# Emerge ARK Global Disruptive Innovation ETF

## Statements of Financial Position

As at June 30, 2020 and December 31, 2019

	June 30 2020 (Unaudited)	December 31 2019 (Audited)
<b>Assets</b>		
Current assets		
Cash	\$ 31,669	\$ 8,359
Investments at fair value through profit or loss (Schedule)	6,687,366	1,860,368
Receivable for investments sold	77,948	57,463
Receivable from the Manager (Note 8(c))	420,905	106,342
Total assets	<u>7,217,888</u>	<u>\$ 2,032,532</u>
<b>Liabilities</b>		
Current liabilities		
Payable for investments purchased	23,180	64,168
Management fees payable	174	-
Total liabilities	<u>23,354</u>	<u>\$ 64,168</u>
Net assets attributable to holders of redeemable units	<u>7,194,534</u>	<u>\$ 1,968,364</u>
Net assets attributable to holders of redeemable units per class		
CAD Units	7,123,300	\$ 984,180
USD Units (in Canadian dollars)	71,234	\$ 984,184
Number of units outstanding		
CAD Units	500,000	100,000
USD Units	5,000	100,000
Net assets attributable to holders of redeemable units per unit		
CAD Units	14.25	\$ 9.84
USD Units (in Canadian dollars)	14.25	\$ 9.84

Approved on behalf of the Board of Directors of  
Emerge Canada Inc., as Trustee of Emerge ARK Global Disruptive Innovation ETF

*(signed) "Lisa Langley"*

*(signed) "Desmond Alvares"*

See accompanying notes to the financial statements

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## Emerge ARK Global Disruptive Innovation ETF

### Statement of Comprehensive Income

For the six-month period ended June 30, 2020 (Unaudited)

2020

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Income	
Dividend income	590
Interest income for distribution purposes	654
Realized foreign exchange gain (loss)	925
Realized gain (loss) on sale of investments	295,330
Change in unrealized foreign exchange (gain) loss on cash	(87)
Change in unrealized appreciation (depreciation) in the value of investments	893,353
Total income	<u>1,190,765</u>
Expenses	
Management fees (Note 8)	11,638
Audit fees	10,159
Administration fees	49,772
Withholding taxes	89
Regulatory fees	15,856
Legal fees	4,359
Transaction costs	1,076
Total operating expenses before manager absorption	<u>92,949</u>
Expenses absorbed by manager	<u>64,300</u>
Net expenses	<u>28,649</u>
Increase/(decrease) in net assets attributable to holders of redeemable	<u>1,162,116</u>
Increase/(decrease) in net assets attributable to holders of redeemable	
CAD Units	789,050
USD Units (in Canadian dollars)	373,066
Weighted average number of units outstanding	
CAD Units	135,165
USD Units	88,654
Increase/(decrease) in net assets attributable to holders of redeemable	
CAD Units	5.84
USD Units (in Canadian dollars)	4.21

See accompanying notes to the financial statements

# Emerge ARK Global Disruptive Innovation ETF

## Statement of Changes in Net Assets Attributable to Holders of Redeemable Units

For the six-month period ended June 30, 2020 (Unaudited)

2020

Net assets attributable to holders of redeemable units at beginning of period	
CAD Units	984,180
USD Units (in Canadian dollars)	984,184
Increase/(decrease) in net assets attributable to holders of redeemable units	
CAD Units	789,050
USD Units (in Canadian dollars)	373,066
Redeemable unit transactions	
Proceeds from redeemable units issued	
CAD Units	5,350,070
USD Units (in Canadian dollars)	-
Redemption of redeemable units	
CAD Units	-
USD Units (in Canadian dollars)	(1,286,016)
Net increase/(decrease) in net assets attributable to holders of redeemable units	
CAD Units	6,139,120
USD Units (in Canadian dollars)	(912,950)
Net assets attributable to holders of redeemable units at end of period	
CAD Units	7,123,300
USD Units (in Canadian dollars)	71,234

See accompanying notes to the financial statements

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## Emerge ARK Global Disruptive Innovation ETF

### Statement of Cash Flows

For the six-month period ended June 30, 2020 (Unaudited)

2020

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#### Cash flows from operating activities

Increase/(decrease) in net assets attributable to holders of redeemable	1,162,116
Adjustments for:	
Net realized (gain)/loss on sale of investments	(295,330)
Change in unrealized (appreciation)/depreciation in value of investments	(893,353)
Change in unrealized foreign exchange (gain) loss on cash	87
Changes in non-cash working capital:	
Decrease/(increase) in receivable for investments sold	-
Decrease/(increase) in receivable from the Manager	(314,563)
Increase/(decrease) in payable for investments purchased	-
Increase/(decrease) in management fees payable	174
Purchase of investments	(1,385,191)
Proceeds from sale of investments	1,302,907
<b>Net cash from operating activities</b>	<b>(423,153)</b>

#### Cash flows from financing activities

Cash received from redeemable units issued	1,087,495
Amounts paid for redeemable units redeemed	(640,945)
<b>Net cash from financing activities</b>	<b>446,550</b>

Change in unrealized foreign exchange (gain) loss on cash	(87)
Net increase in cash	23,397
Cash at beginning of period	8,359
Cash at end of period	31,669

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#### Supplementary cash flow information:

Dividends received, net of withholding taxes	501
Interest received, net of withholding taxes	654

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See accompanying notes to the financial statements

# Emerge ARK Global Disruptive Innovation ETF

## Schedule of Investment Portfolio

As at June 30, 2020

Number of Shares	Average Cost \$	Fair Value \$	Percentage of Net Assets %	
<b>Equities</b>				
<b>Communication Services</b>				
2,289	Iridium Communications Inc.	80,296	79,313	
3,212	Pagerduty Inc.	110,961	125,206	
221	Spotify Technology SA	65,558	77,716	
3,073	Zillow Group Inc.	224,152	241,124	
		480,967	523,359	7.27
<b>Consumer Discretionary</b>				
2,169	Roku Inc.	337,650	344,252	
505	Tesla Inc.	512,697	742,709	
		850,347	1,086,961	15.11
<b>Financials</b>				
632	LendingClub Corp.	6,909	3,917	
562	LendingTree Inc.	208,591	221,620	
		215,500	225,537	3.13
<b>Health Care</b>				
13,642	Cerus Corp.	108,863	122,631	
8,935	Compugen Ltd.	137,770	182,787	
3,787	CRISPR Therapeutics AG	312,724	379,056	
4,973	Editas Medicine Inc.	193,865	200,353	
537	Illumina Inc.	243,191	270,873	
7,222	Intellia Therapeutics Inc.	191,746	206,762	
15,104	Invitae Corp.	424,714	623,119	
2,278	Iovance Biotherapeutics Inc.	95,096	85,168	
2,408	NanoString Technologies Inc.	103,003	96,260	
6,541	Organovo Holdings Inc.	4,223	4,901	
7,335	Seres Therapeutics Inc.	41,613	47,554	
5,129	Syros Pharmaceuticals Inc.	63,385	74,468	
554	Twist Bioscience Corp.	29,938	34,181	
2,830	Veracyte Inc.	100,855	99,831	
		2,050,986	2,427,944	33.75
<b>Industrial</b>				
1,990	ExOne Co.	23,190	23,174	
1,635	Proto Labs Inc.	234,802	250,458	
		257,992	273,632	3.80
<b>Information Technology</b>				
6,064	2U Inc.	242,312	313,520	
220	Autodesk Inc.	60,502	71,671	
3,820	Materialise NV	115,772	117,377	
4,688	Pinterest Inc.	135,032	141,558	
6,109	Pure Storage Inc.	137,503	144,194	
3,272	Slack Technologies Inc.	143,659	138,552	
556	Splunk Inc.	124,141	150,471	
3,721	Square Inc.	432,412	531,839	
7,814	Stratasys Ltd.	217,706	168,794	
1,248	Teradyne Inc.	121,659	143,649	
1,135	Xilinx Inc.	148,381	152,098	
511	Zscaler Inc.	66,655	76,210	
		1,945,734	2,149,933	29.89
	<b>Total Equities</b>	5,801,526	6,687,366	92.95
	<b>Embedded Broker Commissions</b>	(472)		
	<b>Total Investments</b>	5,801,054	6,687,366	92.95
	Other Assets Less Liabilities		507,168	7.05
	<b>Net Assets Attributable to Holders of Redeemable Units</b>		7,194,534	100.00

See accompanying notes to the financial statements

# Emerge ARK Genomics & Biotech ETF

## Statement of Financial Position

As at June 30, 2020 and December 31, 2019

	June 30 2020 (Unaudited)	December 31 2019 (Audited)
<b>Assets</b>		
Current assets		
Cash	18,708	4,307
Investments at fair value through profit or loss (Schedule)	2,945,899	1,887,449
Receivable for investments sold	17,764	83,911
Receivable from the Manager (Note 8(c))	183,287	75,720
Total assets	<u>3,165,658</u>	<u>2,051,387</u>
<b>Liabilities</b>		
Current liabilities		
Payable for investments purchased	18,934	82,125
Management fees payable	76	-
Total liabilities	<u>19,010</u>	<u>82,125</u>
Net assets attributable to holders of redeemable units	<u>3,146,648</u>	<u>1,969,262</u>
Net assets attributable to holders of redeemable units per class		
CAD Units	3,069,900	984,630
USD Units (in Canadian dollars)	76,748	984,632
Number of units outstanding		
CAD Units	200,000	100,000
USD Units	5,000	100,000
Net assets attributable to holders of redeemable units per unit		
CAD Units	15.35	9.85
USD Units (in Canadian dollars)	15.35	9.85

Approved on behalf of the Board of Directors of  
Emerge Canada Inc., as Trustee of EmERGE ARK Genomics & Biotech ETF

*(signed) "Lisa Langley"*

*(signed) "Desmond Alvares"*

See accompanying notes to the financial statements

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## Emerge ARK Genomics & Biotech ETF

### Statement of Comprehensive Income

For the six-month period ended June 30, 2020 (Unaudited)

2020

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Income	
Interest income for distribution purposes	79
Realized foreign exchange gain (loss)	6,537
Realized gain (loss) on sale of investments	457,401
Change in unrealized foreign exchange (gain) loss on cash	13
Change in unrealized appreciation (depreciation) in the value of investments	744,698
Total income	<u>1,208,728</u>
Expenses	
Management fees (Note 8)	10,726
Audit fees	9,441
Administration fees	46,257
Regulatory fees	14,736
Legal fees	4,051
Transaction costs	1,232
Total operating expenses before manager absorption	<u>86,443</u>
Expenses absorbed by manager	<u>58,574</u>
Net expenses	<u>27,869</u>
Increase/(decrease) in net assets attributable to holders of redeemable units	<u>1,180,859</u>
Increase/(decrease) in net assets attributable to holders of redeemable units	
CAD Units	712,710
USD Units (in Canadian dollars)	468,149
Weighted average number of units outstanding	
CAD Units	116,484
USD Units	89,203
Increase/(decrease) in net assets attributable to holders of redeemable units per unit	
CAD Units	6.12
USD Units (in Canadian dollars)	5.25

See accompanying notes to the financial statements

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## **Emerge ARK Genomics & Biotech ETF**

### **Statement of Changes in Net Assets Attributable to Holders of Redeemable Units**

*For the six-month period ended June 30, 2020 (Unaudited)*

**2020**

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Net assets attributable to holders of redeemable units at beginning of period	
CAD Units	<b>984,630</b>
USD Units (in Canadian dollars)	<b>984,632</b>
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Increase/(decrease) in net assets attributable to holders of redeemable units	
CAD Units	<b>712,710</b>
USD Units (in Canadian dollars)	<b>468,149</b>
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Redeemable unit transactions	
Proceeds from redeemable units issued	
CAD Units	<b>1,372,560</b>
USD Units (in Canadian dollars)	<b>-</b>
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Redemption of redeemable units	
CAD Units	<b>-</b>
USD Units (in Canadian dollars)	<b>(1,376,033)</b>
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Net increase/(decrease) in net assets attributable to holders of redeemable units	
CAD Units	<b>2,085,270</b>
USD Units (in Canadian dollars)	<b>(907,884)</b>
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Net assets attributable to holders of redeemable units at end of period	
CAD Units	<b>3,069,900</b>
USD Units (in Canadian dollars)	<b>76,748</b>

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See accompanying notes to the financial statements

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## Emerge ARK Genomics & Biotech ETF

### Statement of Cash Flows

For the six-month period ended June 30, 2020 (Unaudited)

2020

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#### Cash flows from operating activities

Increase/(decrease) in net assets attributable to holders of redeemable units	1,180,859
Adjustments for:	
Net realized (gain)/loss on sale of investments	(457,401)
Change in unrealized (appreciation)/depreciation in value of investments	(744,698)
Change in unrealized foreign exchange (gain) loss on cash	(13)
Changes in non-cash working capital:	
Decrease/(increase) in receivable from the Manager	(107,567)
Increase/(decrease) in management fees payable	76
Purchase of investments	(852,436)
Proceeds from sale of investments	919,755
<b>Net cash from operating activities</b>	<b>(61,425)</b>

#### Cash flows from financing activities

Cash received from redeemable units issued	752,552
Amounts paid for redeemable units redeemed	(676,739)
<b>Net cash from financing activities</b>	<b>75,813</b>

Change in unrealized foreign exchange (gain) loss on cash	13
Net increase in cash	14,401
Cash at beginning of period	4,307
Cash at end of period	18,708

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#### Supplementary cash flow information:

Interest received, net of withholding taxes	79
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See accompanying notes to the financial statements

## Emerge ARK Genomics & Biotech ETF Schedule of Investment Portfolio

As at June 30, 2020

Number of Shares	Average Cost \$	Fair Value \$	Percentage of Net Assets %
<b>Equities</b>			
<b>Health Care</b>			
545	59,078	66,294	
516	25,950	34,001	
2,323	10,008	10,188	
3,286	77,681	209,188	
2,192	78,318	105,777	
852	32,131	43,737	
3,975	83,878	96,369	
1,043	20,275	21,266	
9,400	65,594	84,499	
1,536	31,518	23,849	
8,436	71,579	172,578	
2,946	211,283	294,877	
2,450	85,638	98,706	
768	1,498	1,046	
1,705	58,448	79,676	
743	80,044	82,101	
397	166,029	200,255	
555	64,254	78,592	
1,195	19,102	43,864	
4,199	104,314	120,215	
7,541	208,585	311,106	
554	43,992	44,488	
2,965	108,960	110,853	
982	41,091	39,255	
20,136	11,890	15,087	
13,403	70,702	62,980	
3,582	63,637	63,277	
1,946	16,415	23,430	
258	22,560	32,178	
5,491	27,202	35,599	
4,904	46,239	71,200	
95	11,115	24,693	
1,633	66,036	100,754	
2,048	73,506	72,245	
	<u>2,158,550</u>	<u>2,874,223</u>	91.34
<b>Information Technology</b>			
39	1,478	1,502	
2,973	59,462	70,174	
	<u>60,940</u>	<u>71,676</u>	2.28
<b>Total Equities</b>	<u>2,219,490</u>	<u>2,945,899</u>	93.62
<b>Embedded Broker Commissions</b>	<u>(730)</u>		
<b>Total Investments</b>	<u>2,218,760</u>	<u>2,945,899</u>	93.62
Other Assets Less Liabilities		<u>200,749</u>	6.38
<b>Net Assets Attributable to Holders of Redeemable Units</b>		<u>3,146,648</u>	100.00

See accompanying notes to the financial statements

# Emerge ARK Fintech Innovation ETF

## Statement of Financial Position

As at June 30, 2020 and December 31, 2019

	June 30 2020 (Unaudited)	December 31 2019 (Audited)
<b>Assets</b>		
Current assets		
Cash	16,103	9,285
Investments at fair value through profit or loss (Schedule)	1,313,394	1,947,916
Dividends receivable	114	185
Receivable for investments sold	6,176	52,152
Receivable from the Manager (Note 8(c))	54,152	94,960
<b>Total assets</b>	<b>1,389,939</b>	<b>2,104,498</b>
<b>Liabilities</b>		
Current liabilities		
Payable for investments purchased	-	49,691
Management fees payable	33	-
<b>Total liabilities</b>	<b>33</b>	<b>49,691</b>
<b>Net assets attributable to holders of redeemable units</b>	<b>1,389,906</b>	<b>2,054,807</b>
Net assets attributable to holders of redeemable units per class		
CAD Units	694,955	1,027,400
USD Units (in Canadian dollars)	694,951	1,027,407
Number of units outstanding		
CAD Units	50,000	100,000
USD Units	50,000	100,000
Net assets attributable to holders of redeemable units per unit		
CAD Units	13.90	10.27
USD Units (in Canadian dollars)	13.90	10.27

Approved on behalf of the Board of Directors of  
Emerge Canada Inc., as Trustee of EmERGE ARK Fintech Innovation ETF

(signed) "Lisa Langley"

(signed) "Desmond Alvares"

See accompanying notes to the financial statements

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## Emerge ARK Fintech Innovation ETF

### Statement of Comprehensive Income

For the six-month period ended June 30, 2020 (Unaudited)

2020

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Income	
Dividend income	5,116
Interest income for distribution purposes	623
Realized foreign exchange gain (loss)	(756)
Realized gain (loss) on sale of investments	362,747
Change in unrealized foreign exchange (gain) loss on cash	24
Change in unrealized appreciation (depreciation) in the value of investments	316,961
Total income	<u>684,715</u>
Expenses	
Management fees (Note 8)	9,459
Audit fees	8,350
Administration fees	40,912
Withholding taxes	749
Regulatory fees	13,033
Legal fees	3,583
Transaction costs	577
Total operating expenses before manager absorption	<u>76,663</u>
Expenses absorbed by manager	<u>50,925</u>
Net expenses	<u>25,738</u>
Increase/(decrease) in net assets attributable to holders of redeemable units	<u>658,977</u>
Increase/(decrease) in net assets attributable to holders of redeemable units	
CAD Units	343,390
USD Units (in Canadian dollars)	315,587
Weighted average number of units outstanding	
CAD Units	96,703
USD Units	92,582
Increase/(decrease) in net assets attributable to holders of redeemable units per unit	
CAD Units	3.55
USD Units (in Canadian dollars)	3.41

See accompanying notes to the financial statements

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## **Emerge ARK Fintech Innovation ETF**

### **Statement of Changes in Net Assets Attributable to Holders of Redeemable Units**

*For the six-month period ended June 30, 2020 (Unaudited)*

**2020**

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Net assets attributable to holders of redeemable units at beginning of period	
CAD Units	<b>1,027,400</b>
USD Units (in Canadian dollars)	<b>1,027,407</b>
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Increase/(decrease) in net assets attributable to holders of redeemable units	
CAD Units	<b>343,390</b>
USD Units (in Canadian dollars)	<b>315,587</b>
<hr/>	
Redemption of redeemable units	
CAD Units	<b>(675,835)</b>
USD Units (in Canadian dollars)	<b>(648,043)</b>
<hr/>	
Net increase/(decrease) in net assets attributable to holders of redeemable units	
CAD Units	<b>(332,445)</b>
USD Units (in Canadian dollars)	<b>(332,456)</b>
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Net assets attributable to holders of redeemable units at end of period	
CAD Units	<b>694,955</b>
USD Units (in Canadian dollars)	<b>694,951</b>

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See accompanying notes to the financial statements

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## Emerge ARK Fintech Innovation ETF

### Statement of Cash Flows

For the six-month period ended June 30, 2020 (Unaudited)

2020

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#### Cash flows from operating activities

Increase/(decrease) in net assets attributable to holders of redeemable units	658,977
Adjustments for:	
Net realized (gain)/loss on sale of investments	(362,747)
Change in unrealized (appreciation)/depreciation in value of investments	(316,961)
Change in unrealized foreign exchange (gain) loss on cash	(24)
Changes in non-cash working capital:	
Decrease/(increase) in dividends receivable	71
Decrease/(increase) in receivable from the Manager	40,808
Increase/(decrease) in management fees payable	33
Purchase of investments	(664,250)
Proceeds from sale of investments	1,077,210
<b>Net cash from operating activities</b>	<b>433,117</b>

#### Cash flows from financing activities

Amounts paid for redeemable units redeemed	(426,323)
<b>Net cash from financing activities</b>	<b>(426,323)</b>

Foreign exchange gain/(loss) on cash	24
Net increase in cash	6,818
Cash at beginning of period	9,285
Cash at end of period	16,103

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#### Supplementary cash flow information:

Dividends received, net of withholding taxes	4,438
Interest received, net of withholding taxes	623

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See accompanying notes to the financial statements

# Emerge ARK Fintech Innovation ETF

## Schedule of Investment Portfolio

As at June 30, 2020

Number of Shares	Average Cost \$	Fair Value \$	Percentage of Net Assets %	
<b>Equities</b>				
<b>Communication Services</b>				
95	Facebook Inc.	27,439	29,381	
180	Sea Ltd.	10,870	26,291	
826	Snap Inc.	17,659	26,427	
713	Tencent Holdings Ltd.	43,983	62,151	
6,381	Z Holdings Corp.	32,176	42,373	
781	Zillow Group Inc.	45,892	61,281	
		<hr/>		
	178,019	247,904	17.84	
<b>Consumer Discretionary</b>				
142	Alibaba Group Holding Ltd.	34,019	41,717	
12	Amazon.com Inc.	32,005	45,090	
1,300	Meituan Dianping	16,803	39,271	
57	MercadoLibre Inc.	45,803	76,531	
364	Pinduoduo Inc.	11,941	42,557	
1,012	Rakuten Inc.	13,673	12,074	
		<hr/>		
	154,244	257,240	18.51	
<b>Financials</b>				
120	Charles Schwab Corp.	7,148	5,515	
1,463	Discovery Ltd.	14,052	11,990	
317	HDFC Bank Ltd.	22,691	19,628	
396	Interactive Brokers Group Inc.	24,148	22,529	
245	Intercontinental Exchange Inc.	28,969	30,566	
3,184	LendingClub Corp.	30,427	19,732	
143	LendingTree Inc.	61,439	56,391	
803	SBI Holdings Inc.	23,225	23,600	
375	Silvergate Capital Corp.	6,972	7,151	
5,600	ZhongAn Online P&C Insurance Co., Ltd.	20,445	37,740	
		<hr/>		
	239,516	234,842	16.90	
<b>Industrial</b>				
95	TransUnion	10,120	11,262	
47	Verisk Analytics Inc.	9,305	10,895	
		<hr/>		
	19,425	22,157	1.59	
<b>Information Technology</b>				
20	Adyen NV	25,906	39,634	
127	Apple Inc.	35,883	63,101	
75	DocuSign Inc.	7,675	17,591	
107	Guidewire Software Inc.	14,401	16,155	
34	Intuit Inc.	12,616	13,716	
207	Lightspeed POS Inc.	3,820	6,713	
31	NVIDIA Corp.	7,811	16,041	
220	PayPal Holdings Inc.	34,936	52,207	
1,448	Pinterest Inc.	41,396	43,723	
65	Salesforce.com Inc.	13,635	16,584	
307	Slack Technologies Inc.	13,366	13,000	
141	Splunk Inc.	25,507	38,159	
1,082	Square Inc.	101,092	154,650	
182	Taiwan Semiconductor Manufacturing Co., Ltd.	10,644	14,072	

See accompanying notes to the financial statements

87 Twilio Inc.	14,218	26,000	
78 Workday Inc.	18,366	19,905	
	<u>381,272</u>	<u>551,251</u>	39.66
<b>Total Equities</b>	<u>972,476</u>	<u>1,313,394</u>	<u>94.50</u>
<b>Embedded Broker Commissions</b>	<u>(236)</u>		
<b>Total Investments</b>	<u>972,240</u>	<u>1,313,394</u>	<u>94.50</u>
Other Assets Less Liabilities		<u>76,512</u>	5.50
<b>Net Assets Attributable to Holders of Redeemable Units</b>		<u>1,389,906</u>	<u>100.00</u>

See accompanying notes to the financial statements

# Emerge ARK AI & Big Data ETF

## Statements of Financial Position

As at June 30, 2020 and December 31, 2019

	June 30 2020 (Unaudited)	December 31 2019 (Audited)
<b>Assets</b>		
Current assets		
Cash	17,654	2,801
Investments at fair value through profit or loss (Schedule)	7,388,091	1,963,169
Receivable for investments sold	11,091	46,617
Receivable from the Manager (Note 8(c))	426,477	100,886
Total assets	<u>7,843,313</u>	<u>2,113,473</u>
<b>Liabilities</b>		
Current liabilities		
Payable for investments purchased	10,834	46,611
Management fees payable	192	-
Total liabilities	<u>11,026</u>	<u>46,611</u>
Net assets attributable to holders of redeemable units	<u>7,832,287</u>	<u>2,066,862</u>
Net assets attributable to holders of redeemable units per class		
CAD Units	7,754,750	1,033,430
USD Units (in Canadian dollars)	77,537	1,033,432
Number of units outstanding		
CAD Units	500,000	100,000
USD Units	5,000	100,000
Net assets attributable to holders of redeemable units per unit		
CAD Units	15.51	10.33
USD Units (in Canadian dollars)	15.51	10.33

Approved on behalf of the Board of Directors of  
Emerge Canada Inc., as Trustee of EmERGE ARK AI & Big Data ETF

*(signed) "Lisa Langley"*

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*(signed) "Desmond Alvares"*

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See accompanying notes to the financial statements

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## Emerge ARK AI & Big Data ETF

### Statement of Comprehensive Income

For the six-month period ended June 30, 2020 (Unaudited)

2020

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Income	
Dividend income	1,005
Interest income for distribution purposes	1,632
Realized foreign exchange gain (loss)	(6,333)
Realized gain (loss) on sale of investments	716,675
Change in unrealized foreign exchange (gain) loss on cash	(14)
Change in unrealized appreciation (depreciation) in the value of investments	305,781
Total income	<u>1,018,746</u>
Expenses	
Management fees (Note 8)	11,659
Audit fees	10,159
Administration fees	49,778
Withholding taxes	130
Regulatory fees	15,858
Legal fees	4,359
Transaction costs	650
Total operating expenses before manager absorption	<u>92,593</u>
Expenses absorbed by manager	<u>63,369</u>
Net expenses	<u>29,224</u>
Increase/(decrease) in net assets attributable to holders of redeemable units	<u>989,522</u>
Increase/(decrease) in net assets attributable to holders of redeemable units	
CAD Units	524,955
USD Units (in Canadian dollars)	464,567
Weighted average number of units outstanding	
CAD Units	114,011
USD Units	94,148
Increase/(decrease) in net assets attributable to holders of redeemable units per unit	
CAD Units	4.60
USD Units (in Canadian dollars)	4.93

See accompanying notes to the financial statements

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## **Emerge ARK AI & Big Data ETF**

### **Statement of Changes in Net Assets Attributable to Holders of Redeemable Units**

*For the six-month period ended June 30, 2020 (Unaudited)*

**2020**

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Net assets attributable to holders of redeemable units at beginning of period	
CAD Units	<b>1,033,430</b>
USD Units (in Canadian dollars)	<b>1,033,432</b>
<hr/>	
Increase/(decrease) in net assets attributable to holders of redeemable units	
CAD Units	<b>524,955</b>
USD Units (in Canadian dollars)	<b>464,567</b>
<hr/>	
Redeemable unit transactions	
Proceeds from redeemable units issued	
CAD Units	<b>6,956,280</b>
USD Units (in Canadian dollars)	<b>-</b>
<hr/>	
Redemption of redeemable units	
CAD Units	<b>(759,915)</b>
USD Units (in Canadian dollars)	<b>(1,420,462)</b>
<hr/>	
Net increase/(decrease) in net assets attributable to holders of redeemable units	
CAD Units	<b>6,721,320</b>
USD Units (in Canadian dollars)	<b>(955,895)</b>
<hr/>	
Net assets attributable to holders of redeemable units at end of period	
CAD Units	<b>7,754,750</b>
USD Units (in Canadian dollars)	<b>77,537</b>

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See accompanying notes to the financial statements

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## Emerge ARK AI & Big Data ETF

### Statement of Cash Flows

For the six-month period ended June 30, 2020 (Unaudited)

2020

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#### Cash flows from operating activities

Increase/(decrease) in net assets attributable to holders of redeemable units	989,522
Adjustments for:	
Net realized (gain)/loss on sale of investments	(716,675)
Change in unrealized (appreciation)/depreciation in value of investments	(305,781)
Change in unrealized foreign exchange (gain) loss on cash	14
Changes in non-cash working capital:	
Decrease/(increase) in receivable from the Manager	(325,591)
Increase/(decrease) in management fees payable	192
Purchase of investments	(1,920,324)
Proceeds from sale of investments	1,370,820
<b>Net cash from operating activities</b>	<b>(907,823)</b>

#### Cash flows from financing activities

Cash received from redeemable units issued	1,013,583
Amounts paid for redeemable units redeemed	(90,893)
<b>Net cash from financing activities</b>	<b>922,690</b>

Change in unrealized foreign exchange (gain) loss on cash	(14)
Net increase in cash	14,853
Cash at beginning of period	2,801
Cash at end of period	17,654

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#### Supplementary cash flow information:

Dividends received, net of withholding taxes	875
Interest received, net of withholding taxes	1,632

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See accompanying notes to the financial statements

# Emerge ARK AI & Big Data ETF

## Schedule of Investment Portfolio

As at June 30, 2020

Number of Shares	Average Cost \$	Fair Value \$	Percentage of Net Assets %
<b>Equities</b>			
<b>Communication Services</b>			
631 Facebook Inc.	202,915	195,150	
7,929 HUYA Inc.	197,396	201,624	
146 Netflix Inc.	87,520	90,486	
5,102 Pagerduty Inc.	191,969	198,879	
893 Sea Ltd.	117,625	130,433	
7,385 Snap Inc.	222,700	236,273	
503 Spotify Technology S.A.	155,588	176,883	
2,461 Tencent Holdings Ltd.	204,600	214,522	
1,166 Twitter Inc.	51,786	47,310	
3,615 Zillow Group Inc.	289,867	283,652	
	1,721,966	1,775,212	22.67
<b>Consumer Discretionary</b>			
442 Alibaba Group Holding Ltd.	131,660	129,853	
54 Amazon.com Inc.	189,954	202,907	
116 MercadoLibre Inc.	142,268	155,745	
842 Pinduoduo Inc.	87,009	98,442	
2,703 Roku Inc.	455,930	429,006	
522 Tesla Inc.	621,537	767,711	
	1,628,358	1,783,664	22.77
<b>Financials</b>			
5,940 LendingClub Corp.	50,863	36,811	
601 LendingTree Inc.	227,983	237,000	
	278,846	273,811	3.50
<b>Health Care</b>			
227 Teladoc Health Inc.	55,701	59,003	
3,260 Veracyte Inc.	119,226	115,000	
	174,927	174,003	2.22
<b>Information Technology</b>			
6,099 2U Inc.	283,128	315,329	
174 Adobe Inc.	98,000	103,164	
272 Adyen NV	10,834	10,836	
521 Alteryx Inc.	108,424	116,574	
245 Apple Inc.	113,850	121,731	
344 Atlassian Corp PLC	80,531	84,462	
644 CrowdStrike Holdings Inc.	85,991	87,968	
384 HubSpot Inc.	112,151	117,338	
152 NVIDIA Corp.	69,868	78,651	
302 Okta Inc.	77,976	82,360	
479 PayPal Holdings Inc.	107,063	113,668	
5,931 Pinterest Inc.	188,063	179,091	
7,599 Pure Storage Inc.	172,200	179,364	
272 Salesforce.com Inc.	67,410	69,399	
3,457 Slack Technologies Inc.	154,291	146,386	
858 Splunk Inc.	210,789	232,201	
4,430 Square Inc.	587,907	633,176	
294 Synopsys Inc.	72,679	78,085	
153 Trade Desk Inc.	77,122	84,709	

See accompanying notes to the financial statements

456	Twilio Inc.	122,285	136,276	
177	VMware Inc.	35,178	37,333	
378	Workday Inc.	92,967	96,460	
1,407	Xilinx Inc.	183,731	188,549	
592	Zscaler Inc.	80,101	88,291	
		<u>3,192,539</u>	<u>3,381,401</u>	43.17
	<b>Total Equities</b>	<u>6,996,636</u>	<u>7,388,091</u>	<u>94.33</u>
	<b>Embedded Broker Commissions</b>	<u>(378)</u>		
	<b>Total Investments</b>	<u>6,996,258</u>	<u>7,388,091</u>	<u>94.33</u>
	Other Assets Less Liabilities		<u>444,196</u>	5.67
	<b>Net Assets Attributable to Holders of Redeemable Units</b>		<u>7,832,287</u>	<u>100.00</u>

See accompanying notes to the financial statements

# Emerge ARK Autonomous Tech & Robotics ETF

## Statement of Financial Position

As at June 30, 2020 and December 31, 2019

	June 30 2020 (Unaudited)	December 31 2019 (Audited)
<b>Assets</b>		
Current assets		
Cash	19,270	10,358
Investments at fair value through profit or loss (Schedule)	1,271,610	1,942,688
Dividends receivable	321	344
Receivable for investments sold	4,871	57,249
Receivable from the Manager (Note 8(c))	45,931	108,534
<b>Total assets</b>	<b>1,342,003</b>	<b>2,119,173</b>
<b>Liabilities</b>		
Current liabilities		
Payable for investments purchased	6,304	67,265
Management fees payable	32	-
<b>Total liabilities</b>	<b>6,336</b>	<b>67,265</b>
<b>Net assets attributable to holders of redeemable units</b>	<b>1,335,667</b>	<b>2,051,908</b>
Net assets attributable to holders of redeemable units per class		
CAD Units	667,835	1,025,950
USD Units (in Canadian dollars)	667,832	1,025,958
Number of units outstanding		
CAD Units	50,000	100,000
USD Units	50,000	100,000
Net assets attributable to holders of redeemable units per unit		
CAD Units	13.36	10.26
USD Units (in Canadian dollars)	13.36	10.26

Approved on behalf of the Board of Directors of  
Emerge Canada Inc., as Trustee of EmERGE ARK Autonomous Tech & Robotics ETF

*(signed) "Lisa Langley"*

*(signed) "Desmond Alvares"*

See accompanying notes to the financial statements

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## Emerge ARK Autonomous Tech & Robotics ETF

### Statement of Comprehensive Income

For the six-month period ended June 30, 2020 (Unaudited)

2020

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Income	
Dividend income	4,309
Interest income for distribution purposes	78
Realized foreign exchange gain (loss)	(217)
Realized gain (loss) on sale of investments	446,661
Change in unrealized foreign exchange (gain) loss on cash	10
Change in unrealized appreciation (depreciation) in the value of investments	171,419
Total income	<u>622,260</u>
Expenses	
Management fees (Note 8)	9,626
Audit fees	8,503
Administration fees	41,659
Withholding taxes	686
Regulatory fees	13,271
Legal fees	3,648
Transaction costs	513
Total operating expenses before manager absorption	<u>77,906</u>
Expenses absorbed by manager	<u>51,794</u>
Net expenses	<u>26,112</u>
Increase/(decrease) in net assets attributable to holders of redeemable units	<u>596,148</u>
Increase/(decrease) in net assets attributable to holders of redeemable units	
CAD Units	294,020
USD Units (in Canadian dollars)	302,128
Weighted average number of units outstanding	
CAD Units	96,703
USD Units	93,956
Increase/(decrease) in net assets attributable to holders of redeemable units per unit	
CAD Units	3.04
USD Units (in Canadian dollars)	3.22

See accompanying notes to the financial statements

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## Emerge ARK Autonomous Tech & Robotics ETF

### Statement of Cash Flows

For the six-month period ended June 30, 2020 (Unaudited)

2020

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#### Cash flows from operating activities

Increase/(decrease) in net assets attributable to holders of redeemable units	596,148
Adjustments for:	
Net realized (gain)/loss on sale of investments	(446,661)
Change in unrealized (appreciation)/depreciation in value of investments	(171,419)
Change in unrealized foreign exchange (gain) loss on cash	(10)
Changes in non-cash working capital:	
Decrease/(increase) in dividends receivable	23
Decrease/(increase) in receivable from the Manager	62,603
Increase/(decrease) in management fees payable	32
Purchase of investments	(981,772)
Proceeds from sale of investments	1,007,004
<b>Net cash from operating activities</b>	<b>65,948</b>

#### Cash flows from financing activities

Cash received from redeemable units issued	-
Amounts paid for redeemable units redeemed	(57,046)
<b>Net cash from financing activities</b>	<b>(57,046)</b>

Change in unrealized foreign exchange (gain) loss on cash	10
Net increase in cash	8,912
Cash at beginning of period	10,358
Cash at end of period	19,270

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#### Supplementary cash flow information:

Dividends received, net of withholding taxes	3,646
Interest received, net of withholding taxes	78

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See accompanying notes to the financial statements

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## **Emerge ARK Autonomous Tech & Robotics ETF**

### **Statement of Changes in Net Assets Attributable to Holders of Redeemable Units**

*For the six-month period ended June 30, 2020 (Unaudited)*

**2020**

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Net assets attributable to holders of redeemable units at beginning of period	
CAD Units	<b>1,025,950</b>
USD Units (in Canadian dollars)	<b>1,025,958</b>
<hr/>	
Increase/(decrease) in net assets attributable to holders of redeemable units	
CAD Units	<b>294,020</b>
USD Units (in Canadian dollars)	<b>302,128</b>
<hr/>	
Redeemable unit transactions	
Proceeds from redeemable units issued	
CAD Units	-
USD Units (in Canadian dollars)	-
<hr/>	
Redemption of redeemable units	
CAD Units	<b>(652,135)</b>
USD Units (in Canadian dollars)	<b>(660,254)</b>
<hr/>	
Net increase/(decrease) in net assets attributable to holders of redeemable units	
CAD Units	<b>(358,115)</b>
USD Units (in Canadian dollars)	<b>(358,126)</b>
<hr/>	
Net assets attributable to holders of redeemable units at end of period	
CAD Units	<b>667,835</b>
USD Units (in Canadian dollars)	<b>667,832</b>

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See accompanying notes to the financial statements

## Emerge ARK Autonomous Tech & Robotics ETF Schedule of Investment Portfolio

As at June 30, 2020

Number of Shares or Par Value	Average Cost \$	Fair Value \$	Percentage of Net Assets %	
<b>Equities</b>				
<b>Communication Services</b>				
8	Alphabet Inc.	13,987	15,403	
127	Baidu Inc.	19,145	20,738	
961	Iridium Communications Inc.	32,028	33,298	
161	Tencent Holdings Ltd.	10,671	14,034	
		<u>75,831</u>	<u>83,473</u>	6.25
<b>Consumer Discretionary</b>				
7	Amazon.com Inc.	17,870	26,303	
454	JD.com Inc.	24,105	37,212	
109	Tesla Inc.	45,459	160,308	
		<u>87,434</u>	<u>223,823</u>	16.76
<b>Health Care</b>				
27	Intuitive Surgical Inc.	18,499	20,956	
8,019	Organovo Holdings Inc.	7,152	6,008	
		<u>25,651</u>	<u>26,964</u>	2.02
<b>Industrial</b>				
382	Aerovironment Inc.	28,844	41,430	
188	Caterpillar Inc.	31,574	32,391	
133	Deere & Co.	27,798	28,467	
80	Elbit Systems Ltd.	16,264	14,933	
1,980	ExOne Co.	21,123	23,057	
1,132	Komatsu Ltd.	31,009	31,514	
1,653	Kratos Defense & Security Solutions Inc.	42,738	35,189	
469	Proto Labs Inc.	63,114	71,844	
40	Rockwell Automation Inc.	10,474	11,604	
671	Virgin Galactic Holdings Inc.	14,574	14,933	
		<u>287,512</u>	<u>305,362</u>	22.86
<b>Information Technology</b>				
2,079	2U Inc.	70,315	107,489	
41	ANSYS Inc.	13,654	16,291	
54	Apple Inc.	17,196	26,830	
110	Autodesk Inc.	25,184	35,836	
596	FLIR Systems Inc.	33,047	32,933	
2,251	Materialise NV	58,920	69,167	
744	Nano Dimension Ltd.	2,616	2,229	
38	NVIDIA Corp.	9,757	19,663	
161	NXP Semiconductors NV	24,347	25,006	
149	Splunk Inc.	26,472	40,324	
3,105	Stratasys Ltd.	100,069	67,073	
55	Synopsys Inc.	10,585	14,608	
149	Taiwan Semiconductor Manufacturing Co., Ltd.	9,863	11,521	
339	Teradyne Inc.	27,527	39,020	
634	Trimble Inc.	35,363	37,295	
647	Xilinx Inc.	84,884	86,703	
		<u>549,799</u>	<u>631,988</u>	47.31
	<b>Total Equities</b>	<u>1,026,227</u>	<u>1,271,610</u>	95.20
	<b>Embedded Broker Commissions</b>	<u>(241)</u>		
	<b>Total Investments</b>	<u>1,025,986</u>	<u>1,271,610</u>	95.20
	Other Assets Less Liabilities		<u>64,057</u>	4.80
	<b>Net Assets Attributable to Holders of Redeemable Units</b>		<u>1,335,667</u>	100.00

See accompanying notes to the financial statements

**The Emerge ETFs**  
**Notes to the Financial Statements**  
*For six-month period ended June 30, 2020 (Unaudited)*

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## **1. Establishment of the ETF**

Each Emerge ETF (collectively, the “ETFs” and each, the “ETF”) listed below is an unincorporated open-ended mutual fund trust under the laws of the Province of Ontario, which is authorized to issue an unlimited number of redeemable, transferable Units.:

<b>ETF Full Name</b>	<b>Short Name</b>	<b>Commencement Date</b>
Emerge ARK Global Disruptive Innovation ETF	EARK	June 14, 2019
Emerge ARK Genomics & Biotech ETF	EAGB	June 14, 2019
Emerge ARK Fintech Innovation ETF	EAFT	June 14, 2019
Emerge ARK AI & Big Data ETF	EAAI	June 14, 2019
Emerge ARK Autonomous Tech & Robotics ETF	EAUT	June 14, 2019

The ETFs are each established pursuant to a declaration of trust dated June 14, 2019, as the same may be amended or restated from time to time. The registered office of the ETFs and the Manager is located at 130 King St. West, Exchange Tower, Suite 1804, Toronto, Ontario, M5X 1E3.

Emerge Canada Inc. (the “Manager”) is the trustee, manager and portfolio manager of the ETFs and is responsible for the administration of the ETFs. RBC Investor Services Trust acts as custodian and administrator of the ETFs. The ETFs commenced operations on June 14, 2019 and the listing date was July 29, 2019. The Financial Statements were authorized for issuance by the Manager on August 14, 2020.

The ETFs have received exemptions from National Instrument 81-102 - Investment Funds (“NI 81-102”) to permit the purchase by a unitholder of more than 20% of the units of the ETF without regard to the takeover bid requirements of applicable Canadian securities legislation and relief for the ETFs from the requirement to include in the prospectus a certificate of an underwriter.

The ETFs are currently offered in both Canadian-dollar-denominated units and U.S.-dollar-denominated units. An unlimited number of units may be issued. The financial statements are presented in Canadian dollars and are prepared on a going concern basis using the historical cost basis, except for financial assets and liabilities that have been measured at fair value.

The investment objective of each ETF are contained in Note 7.

## **2. Significant Accounting Policies**

The significant accounting policies adopted by the ETFs for the preparation of these financial statements are set out below.

### **Statement of Compliance and Basis of Presentation**

These financial statements have been prepared in compliance with International Financial Reporting Standards (“IFRS”), including International Accounting Standards (“IAS”) 34: Interim Financial Reporting, as published by the International Accounting Standards Board (“IASB”).

### **Financial Instruments**

#### **(a) Classification and measurement**

Classification and measurement categories under Financial instrument (“IFRS 9”) are amortized cost, fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVTPL). To determine the appropriate classification and measurement category, IFRS 9 requires an entity to consider the business model for managing financial instruments and the contractual cash flow characteristics associated with the financial instruments.

## **2. Significant Accounting Policies** *(continued)*

The ETFs' business model is one in which investments are managed with the objective of realizing cash flows through the sale of assets. Decisions are made based on the assets' fair values and investments are managed to realize these fair values. This business model is aligned with a FVTPL classification and measurement category. Other financial assets and liabilities are classified and measured as amortized cost, which approximates fair value due to their short term or liquid nature.

### **(b) Impairment**

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. Specifically, IFRS 9 requires the ETFs to recognize a loss allowance for expected credit losses on financial assets measured at amortized cost. The ETFs' credit loss on its financial assets measured at amortized cost is not material.

### **(c) Recognition**

All financial assets and liabilities are recognized in the Statements of Financial Position when the ETFs become a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the ETFs have transferred substantially all risks and rewards of ownership.

The ETFs recognize financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments measured at amortized cost. Investment transactions are accounted for on the trade date. The ETFs' obligation for net assets attributable to holders of redeemable units is presented at the redemption amount. The ETFs' accounting policies for measuring the fair value of its investments are identical to those used in measuring its net asset value ("NAV") for transactions with unitholders, except where the last traded market price is not within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

### **(d) Offsetting**

Financial assets and liabilities are offset and the net amount reported in the Statements of Financial Position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. In the normal course of business, the ETFs may enter into various master netting agreements or similar agreements that do not meet the criteria for offsetting in the Statements of Financial Position but still allow for the related amounts to be offset in certain circumstances, such as bankruptcy or termination of the contracts. As of June 30, 2020 and December 31, 2019, no amounts have been offset in the Statements of Financial Position.

### **(e) Fair Value Measurement**

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 of financial assets and liabilities traded in active markets (such as publicly traded derivatives and marketable securities) are based on quoted market prices at the close of trading on the reporting date. The ETFs use the close prices for both financial assets and financial liabilities where the close price falls within that day's bid-ask spread. In circumstances where the close price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions at an arm's length basis.

Fixed-income securities, debentures and other debt instruments, including short-term investments, are valued at the quotation received from recognized investment dealers. The fair value of financial assets and liabilities that are not traded

## **2. Significant Accounting Policies** *(continued)*

in an active market, including over-the-counter derivatives, is determined using valuation techniques. The ETFs may use a variety of methods and makes assumptions that are based on market conditions existing at each reporting date.

Valuation techniques include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and others commonly used by market participants and which make the maximum use of observable inputs.

For instruments for which there is no active market, the ETFs may use externally provided pricing or internally developed models, which are usually based on valuation methods and techniques generally recognized as standard within the industry. Valuation models are used primarily to value unlisted equity, debt securities and other debt instruments for which markets were or have been inactive during the financial year. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The output of the model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the ETFs hold.

Valuations are therefore adjusted, where appropriate, to allow for additional factors including model risk, liquidity risk and counterparty risk.

The fair value of financial instruments other than investments at FVTPL closely approximates their carrying values, given their short-term maturities.

Refer to Note 3 for further information about the ETFs' fair value measurements.

### **(f) Foreign Currency Translation**

The ETFs' functional and reporting currency is Canadian dollars. The ETFs have issued CAD Units and USD Units and maintains the capital accounts of these two unit pools in Canadian dollars. The income and expenses of the ETFs on a daily basis are divided between the two unit pools based on their capital accounts in Canadian dollars and the USD Units net asset value per unit (NAVPU) is calculated daily and converted to U.S. dollars based on the rate of exchange at the end of the day. This NAVPU in U.S. dollars is used for subscriptions and redemptions of the USD Units.

The fair value of foreign currency denominated portfolio investments and other assets and liabilities denominated in a foreign currency are translated into the functional currency using the exchange rate prevailing at the measurement date. Income and expense items are translated at the exchange rates prevailing at the dates that transactions occur. Foreign exchange gains and losses relating to cash are presented as "Foreign exchange gain (loss) on cash" and realized gains (losses) relating to other financial assets and liabilities are presented within "Realized gain (loss) on sale of investments". Unrealized gains (losses) on financial assets and liabilities are presented within "Change in unrealized appreciation (depreciation) in the value of investments" in the Statement of Comprehensive Income.

### **(g) Unit Valuation**

Units of the ETFs are valued at the NAVPU on each valuation day. A valuation day is each business day or any other day designated by the Manager on which the NAV and NAV per unit of the ETFs are calculated. The NAVPU is determined by dividing the aggregate fair value of the net asset value by the total number of units outstanding before giving effect to redemptions or subscriptions for units on that day.

### **(h) Income Recognition**

Dividend income is recorded on the ex-dividend date. Realized gains and losses on the sale of investments and unrealized appreciation or depreciation in the value of investments are calculated with reference to the average cost of the related investments.

## **2. Significant Accounting Policies (continued)**

### **(i) Transaction Costs**

Transaction costs are expensed and are included in “Transaction costs” in the Statement of Comprehensive Income. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of an investment, which include fees and commission paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. The embedded transaction costs in the cost of the investment portfolio as at June 30, 2020 are disclosed in the Schedule of Investment Portfolio.

### **(j) Cash**

Cash balances of the ETFs include cash with Canadian chartered financial institutions and are recorded as “Cash” in the Statements of Financial Position.

### **(k) Increase (decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit**

Increase (decrease) in net assets attributable to holders of redeemable units per unit represents the increase (decrease) in net assets divided by the weighted average number of units outstanding during the period.

### **(l) Taxation**

The Emerge ETFs currently do not qualify as a “mutual fund trust” for purposes of the Tax Act, an extension has been requested to extend the qualifying period. As a result, each of the Emerge ETFs: (i) may become liable for alternative minimum tax under the Tax Act; (ii) may not be eligible for the Capital Gains Refund; (iii) may be subject to the “mark-to-market” rules; (iv) may be required to withhold on capital gains distributions made to Unitholders who are non-residents of Canada for purposes of the Tax Act; and (v) may be subject to a special tax under Part XII.2 of the Tax Act.

All of the ETFs’ net income for tax purposes and sufficient net capital gains realized in any period are required to be distributed to unitholders such that no income tax is payable by the ETFs. As a result, the ETFs do not record income taxes. Since the ETFs do not record income taxes, the tax benefit of capital and noncapital losses has not been reflected in the Statements of Financial Position as a deferred income tax asset.

The ETFs currently 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 Statement of Comprehensive Income. The ETFs do not have unused capital losses. As at December 31, 2019, the ETFs non-capital losses were as per table below:

	<b>December 31, 2019</b>
Emerge ARK Global Disruptive Innovation ETF	8,023
Emerge ARK Genomics & Biotech ETF	4,682
Emerge ARK AI & Big Data ETF	8,800
Emerge ARK Autonomous Tech & Robotics ETF	3,507

### **(m) Critical Accounting Estimates and Judgments**

The preparation of these financial statements requires management to use judgment in applying its accounting policies and to make estimates and assumptions about the future. These judgements, estimates and assumptions affect the reported amounts of assets and liabilities, disclosure of contingencies, as well as the reported amounts of investment income and expenses during the year. Actual results could differ from those estimates. The most significant accounting judgements and estimates made in preparing the financial statements include the fair value measurement of financial assets and liabilities in and the classification of financial assets and liabilities.

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### 3. Fair Value Disclosure

The ETFs' financial assets measured at fair value have been categorized based upon a fair value hierarchy. The ETFs have established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are as follows.

Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 - Inputs that are unobservable. There is little if any market activity. Inputs into the determination of fair value require significant management judgment or estimation.

There were no transfers between levels during the six-month period ended June 30, 2020 and period ended December 31, 2019. The ETFs' policy is to recognize transfers in and out and between Levels 1 and 2 as per the value at the end of the reporting period and for transfers in and out of Level 3 as per the value at the date of transfer.

The table below summarizes the ETFs' classification of financial instruments within the fair value hierarchy as at June 30, 2020 and December 31, 2019:

<b>Emerge ARK Global Disruptive Innovation ETF</b>			
June 30, 2020	Level 1	Level 2	Total
Equities	6,569,989	117,377	6,687,366
December 31, 2019	Level 1	Level 2	Total
Equities	1,812,265	48,103	1,860,368

<b>Emerge ARK Genomics &amp; Biotech ETF</b>			
June 30, 2020	Level 1	Level 2	Total
Equities	2,849,530	96,369	2,945,899
December 31, 2019	Level 1	Level 2	Total
Equities	1,806,618	80,831	1,887,449

<b>Emerge ARK Fintech Innovation ETF</b>			
June 30, 2020	Level 1	Level 2	Total
Equities	1,055,268	258,126	1,313,394
December 31, 2019	Level 1	Level 2	Total
Equities	1,491,320	456,596	1,947,916

<b>Emerge ARK AI &amp; Big Data ETF</b>			
June 30, 2020	Level 1	Level 2	Total
Equities	6,613,217	774,874	7,388,091
December 31, 2019	Level 1	Level 2	Total
Equities	1,756,480	206,689	1,963,169

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<b>Emerge ARK Autonomous Tech &amp; Robotics ETF</b>			
June 30, 2020	Level 1	Level 2	Total
Equities	1,085,195	186,415	1,271,610
December 31, 2019	Level 1	Level 2	Total
Equities	1,593,313	349,375	1,942,688

All fair value measurements above are recurring. The carrying values of cash, dividends and interest and other accounts receivable approximate their fair values due to their short-term nature. Fair values are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3.

#### **4. Redeemable Units**

The ETFs are authorized to issue an unlimited number of units in both Canadian-dollar-denominated units and U.S.-dollar-denominated units.

Units of the ETFs are redeemable at the option of the holder on each trading day. Unitholders may redeem units in any number for cash at a redemption price per unit equal to 95% of the closing price for the units on the effective day of the redemption, subject to a maximum redemption price of the applicable NAV per unit. Any gain or loss determined on such redemptions is recorded as a gain or loss on redemption on the Statement of Comprehensive Income, if any. Such reduced redemption price causes cash flows on redemption which are not substantially based on profit or loss, changes in net assets or changes in fair value of net assets, and thus the redeemable units are classified as financial liabilities.

In accordance with the objectives and the risk management policies outlined in the Financial Risk Management notes, the ETFs endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions, such liquidity being managed by investing the majority of assets in investments that can be readily disposed.

Unit transactions of the ETFs for the six-month period ended June 30, 2020 were as follows:

<b>Emerge ARK Global Disruptive Innovation ETF</b>	
Units outstanding, beginning of period	200,000
Units issued, during the period	400,000
Units redeemed, during the period	(95,000)
Units reinvested, during the period	-
<b>Units outstanding, end of period</b>	<b>505,000</b>

<b>Emerge ARK Genomics &amp; Biotech ETF</b>	
Units outstanding, beginning of period	200,000
Units issued, during the period	100,000
Units redeemed, during the period	(95,000)
Units reinvested, during the period	-
<b>Units outstanding, end of period</b>	<b>205,000</b>

**The Emerge ETFs**  
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<b>Emerge ARK Fintech Innovation ETF</b>	
Units outstanding, beginning of period	200,000
Units issued, during the period	-
Units redeemed, during the period	(100,000)
Units reinvested, during the period	-
<b>Units outstanding, end of period</b>	<b>100,000</b>

<b>Emerge ARK AI &amp; Big Data ETF</b>	
Units outstanding, beginning of period	200,000
Units issued, during the period	450,000
Units redeemed, during the period	(145,000)
Units reinvested, during the period	-
<b>Units outstanding, end of period</b>	<b>505,000</b>

<b>Emerge ARK Autonomous Tech &amp; Robotics ETF</b>	
Units outstanding, beginning of period	200,000
Units issued, during the period	-
Units redeemed, during the period	(100,000)
Units reinvested, during the period	-
<b>Units outstanding, end of period</b>	<b>100,000</b>

## 5. Expenses

Each ETF pays a management fee, plus applicable taxes, to the Manager based on the annual rate of 0.8% of the NAV of the ETF.

In addition to the management fee, each ETF pays all applicable operating expenses payable by the ETFs including: the performance incentive fee; brokerage expenses and commissions; the cost of complying with governmental or regulatory requirements introduced after the date of creation of the ETFs; the fees payable to the custodian, the registrar and transfer agent, the fund administrator, the auditor and other service providers retained by the Manager; the fees and expenses relating to the implementation and ongoing operation of the Independent Review Committee; all other operating expenses; any goods and services or harmonized sales taxes on those expenses and any income, withholding or other taxes.

## 6. Capital Risk Management

Units issued and outstanding are considered to be the capital of the ETFs. The Manager manages the capital of the ETFs in accordance with the ETFs' investment objectives. The ETFs do not have any specific externally imposed capital requirements on the subscription of units, other than certain minimum subscription requirements.

## 7. Financial Risk Management

The table below summarizes each ETFs' investment objective:

Emerge ARK Global Disruptive Innovation ETF	The ETF seeks to achieve long-term growth of capital by investing primarily, under normal circumstances, in global equity securities of companies that are, or are expected, to be focused on disruptive innovation, being the introduction of technologically enabled new
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**The Emerge ETFs**  
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	products or services that could potentially change the way the world works.
Emerge ARK Genomics & Biotech ETF	The ETF seeks to achieve long-term growth of capital by investing primarily, under normal circumstances, in global equity securities of companies that are, or are expected, to be focused on extending and enhancing the quality of human and other life through technological and scientific developments, improvements and advancements in Genomics.
Emerge ARK Fintech Innovation ETF	The ETF seeks to achieve long-term growth of capital by investing primarily, under normal circumstances, in global equity securities of companies that are, or are expected, to be focused on financial technology innovation, including the shift of the financial sector and economic transactions towards payment infrastructure platforms and technically enabled web-based intermediaries.
Emerge ARK AI & Big Data ETF	The ETF seeks to achieve long-term growth of capital by investing primarily, under normal circumstances, in global equity securities of companies that are, or are expected, to be focused on artificial intelligence, big data, and the shift of technology infrastructure from hardware and software to the cloud.
Emerge ARK Autonomous Tech & Robotics ETF	The ETF seeks to achieve long-term growth of capital by investing primarily, under normal circumstances, in global equity securities of companies that are, or are expected, to be focused on the development of new products or services, technological improvements, the use of artificial intelligence and advancements in scientific research related to disruptive innovation in energy, automation and manufacturing, materials and transportation.

The COVID-19 global pandemic is likely to have an ongoing effect on the financial markets where the ETFs operates. The ETFs' management performs routine risk assessment procedures and robust controls over its accounts, balances, and transactions. As at the Financial Statement Issue Date, there are no material events or conditions that impact the ETFs' ability to continue as a going concern.

**Market Risk**

**(a) Other Price Risk**

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. The investments of the ETFs are subject to market fluctuations and the risks inherent in financial markets. The maximum risk resulting from financial instruments held by the ETFs are determined by the fair value of the financial instruments. The Manager moderates this risk through a careful selection of securities within specified limits and the ETFs' other price risk is managed through diversification of the ETFs' investments. The Manager monitors the ETFs' overall market positions on a daily basis.

As at June 30, 2020 and December 31, 2019 the overall market exposures were as follows:

	<b>June 30, 2020</b>	
	<b>Fair Value of Investments</b>	<b>% of Net Assets</b>
Emerge ARK Global Disruptive Innovation ETF	6,687,366	92.95
Emerge ARK Genomics & Biotech ETF	2,945,899	93.62
Emerge ARK Fintech Innovation ETF	1,313,394	94.50
Emerge ARK AI & Big Data ETF	7,388,091	94.33
Emerge ARK Autonomous Tech & Robotics ETF	1,271,610	95.20

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	<b>December 31, 2019</b>	
	<b>Fair Value of Investments</b>	<b>% of Net Assets</b>
Emerge ARK Global Disruptive Innovation ETF	1,860,368	94.51
Emerge ARK Genomics & Biotech ETF	1,887,449	95.85
Emerge ARK Fintech Innovation ETF	1,947,916	94.80
Emerge ARK AI & Big Data ETF	1,963,169	94.98
Emerge ARK Autonomous Tech & Robotics ETF	1,942,688	94.68

If equity prices on the respective stock exchanges for these securities had increased (decreased) by 5% at June 30, 2020 and December 31, 2019, with all other variables held constant, net assets would have increased (decreased) approximately:

	<b>June 30, 2020</b>	<b>December 31, 2019</b>
	<b>Increased (decreased) in Net Assets, \$</b>	<b>Increased (decreased) in Net Assets, \$</b>
Emerge ARK Global Disruptive Innovation ETF	334,368	93,018
Emerge ARK Genomics & Biotech ETF	147,295	94,372
Emerge ARK Fintech Innovation ETF	65,670	97,396
Emerge ARK AI & Big Data ETF	369,405	98,158
Emerge ARK Autonomous Tech & Robotics ETF	63,581	97,134

In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

**(b) Currency risk**

Currency risk is the risk that the value of financial instruments denominated in currencies, other than the functional currency of the ETFs, will fluctuate due to changes in foreign exchange rates. Equities in foreign markets are exposed to currency risk as the prices denominated in foreign currencies are converted to the ETFs' functional currency in determining fair value.

The ETFs hold assets and liabilities, including cash and investments in equities that are denominated in currencies other than the Canadian Dollar, the functional currency. It is therefore exposed to currency risk, as the value of the securities denominated in other currencies fluctuate due to changes in exchange rates.

The table below summarizes the ETFs' exposure to currency risks:

<b>Emerge ARK Global Disruptive Innovation ETF</b>		
June 30, 2020	Currency Exposure, \$	% of Total Net Assets
US Dollar	6,773,803	94.15
December 31, 2019	Currency Exposure, \$	% of Total Net Assets
US Dollar	1,862,022	94.60

<b>Emerge ARK Genomics &amp; Biotech ETF</b>		
June 30, 2020	Currency Exposure, \$	% of Total Net Assets
US Dollar	2,963,437	94.18
December 31, 2019	Currency Exposure, \$	% of Total Net Assets
US Dollar	1,893,540	96.15

**The Emerge ETFs**  
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<b>Emerge ARK Fintech Innovation ETF</b>		
June 30, 2020	Currency Exposure, \$	% of Total Net Assets
US Dollar	1,167,857	84.02
Japanese Yen	65,974	4.75
Hong Kong Dollar	74,462	5.36
South African Rand	11,990	0.86
Total	1,320,283	94.99
December 31, 2019	Currency Exposure, \$	% of Total Net Assets
US Dollar	1,699,052	82.69
Japanese Yen	67,498	3.28
Australian Dollar	8,396	0.41
Hong Kong Dollar	105,053	5.11
South African Rand	20,024	0.97
Total	1,900,023	92.46

<b>Emerge ARK AI &amp; Big Data ETF</b>		
June 30, 2020	Currency Exposure, \$	% of Total Net Assets
US Dollar	7,406,001	94.56
December 31, 2019	Currency Exposure, \$	% of Total Net Assets
US Dollar	1,940,118	93.87

<b>Emerge ARK Autonomous Tech &amp; Robotics ETF</b>		
June 30, 2020	Currency Exposure, \$	% of Total Net Assets
US Dollar	1,289,767	96.56
December 31, 2019	Currency Exposure, \$	% of Total Net Assets
US Dollar	1,943,374	94.71

As at June 30, 2020 and December 31, 2019, if the exchange rate between the Canadian Dollar and the foreign currencies the ETFs are exposed to increased or decreased by 1%, with all other variables held constant, net assets would have decreased or increased by approximately:

	<b>June 30, 2020</b>	<b>December 31, 2019</b>
	<b>Increased (decreased) in Net Assets, \$</b>	<b>Increased (decreased) in Net Assets, \$</b>
Emerge ARK Global Disruptive Innovation ETF	67,738	18,620
Emerge ARK Genomics & Biotech ETF	29,634	18,935
Emerge ARK Fintech Innovation ETF	13,203	19,000
Emerge ARK AI & Big Data ETF	74,060	19,401
Emerge ARK Autonomous Tech & Robotics ETF	12,898	19,434

In practice, actual results may differ from this sensitivity analysis and the difference could be material.

In accordance with the ETFs' policy, the Manager monitors currency positions as part of the overall portfolio construction but does not actively manage currency positions and does not hedge currencies.

**(c) Interest rate risk**

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. Interest rate risk arises when the ETFs invest in interest-bearing financial instruments. The ETFs are exposed to the risk that the value of such financial instruments will fluctuate due to changes in the prevailing levels of market interest rates.

As at June 30, 2020 and December 31, 2019, the ETFs are not subject to a significant amount of interest rate risk due to fluctuations in the prevailing level of market interest rates.

**(d) Credit risk**

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the ETFs. All transactions in listed securities are settled or paid for upon delivery using approved brokers. The credit risk related to the associated receivables is considered limited, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligations.

Each ETF is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. As at June 30, 2020 and December 31, 2019, the credit risk is considered limited as the cash balance represents a deposit with an AA-rated financial institution.

**(e) Liquidity risk**

The ETFs' main liquidity risk exposure is in meeting redemption and expense requirements on a monthly basis. The ETFs' manager monitors cash needs on a regular basis. Liquidity risk is managed by investing the majority of the ETFs' assets in investments that are traded in an active market and can be readily disposed of. In addition, the ETFs' aim to retain sufficient cash to maintain liquidity. The ETFs' investments are considered readily realizable and highly liquid, therefore the ETFs' liquidity risk is considered minimal.

As at June 30, 2020 and December 31, 2019 the ETFs' liabilities re expected to be liquidated within 90 days.

Redeemable units are redeemable on demand at the holder's option. The ETFs' liquid investments are considered to be in excess of the redemption requirements.

**(g) Concentration risk**

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry sector or counterparty type. A summary of the ETFs' concentration risk by industry sector can be found in the ETFs' Schedule of Investment Portfolio.

## **8. Related Parties**

**(a) Management fees, administration fees and Internal Review Committee (IRC) expense**

Each ETF pays a management fee, plus applicable taxes, to the Manager, Emerge Canada Inc. who is the trustee, manager and portfolio manager of the ETFs and is responsible for the administration of the ETFs. The management fees, administration fees and IRC expenses for the six-month period ended June 30, 2020 and for the period ended December 31, 2019 were as follows:

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<b>June 30, 2020</b>	<b>Management fee expense*</b>	<b>Administration fee expense*</b>	<b>IRC, Audit &amp; Legal expense*</b>	<b>Total MER*</b>
Emerge ARK Global Disruptive Innovation ETF	0.80%	0.86%	0.30%	1.96%
Emerge ARK Genomics & Biotech ETF	0.80%	0.93%	0.33%	2.06%
Emerge ARK Fintech Innovation ETF	0.80%	0.89%	0.30%	1.99%
Emerge ARK AI & Big Data ETF	0.80%	0.82%	0.28%	1.90%
Emerge ARK Autonomous Tech & Robotics ETF	0.80%	0.94%	0.33%	2.07%
<b>December 31, 2019</b>	<b>Management fee expense*</b>	<b>Administration fee expense*</b>	<b>IRC expense*</b>	<b>Total MER*</b>
Emerge ARK Global Disruptive Innovation ETF	0.80%	0.23%	0.46%	1.49%
Emerge ARK Genomics & Biotech ETF	0.80%	0.22%	0.46%	1.48%
Emerge ARK Fintech Innovation ETF	0.80%	0.21%	0.44%	1.45%
Emerge ARK AI & Big Data ETF	0.80%	0.22%	0.45%	1.47%
Emerge ARK Autonomous Tech & Robotics ETF	0.80%	0.22%	0.45%	1.47%

\*The total percentages above are before applicable taxes.

**(b) Operating expense absorbed by the Manager**

	<b>June 30, 2020</b>	<b>December 31, 2019</b>
Emerge ARK Global Disruptive Innovation ETF	64,300	22,975
Emerge ARK Genomics & Biotech ETF	58,574	23,279
Emerge ARK Fintech Innovation ETF	50,925	24,410
Emerge ARK AI & Big Data ETF	63,369	23,851
Emerge ARK Autonomous Tech & Robotics ETF	51,794	23,637

These amounts do not include the ETFs organization costs, such as legal fees and audit fee for initial startup, which were paid by the Manager and are not reimbursable by the ETFs.

**(c) Receivable from the Manager**

As at June 30, 2020 and December 31, 2019, following amounts were receivable from the Manager, which represent the amounts pre-paid to the Manager from the ETFs for managing the ETFs. The ETFs plan to amortize these receivables during the subsequent reporting years against future management fees and administration costs payable to the Manager.

	<b>June 30, 2020</b>	<b>December 31, 2019</b>
Emerge ARK Global Disruptive Innovation ETF	420,905	106,342
Emerge ARK Genomics & Biotech ETF	183,287	75,720
Emerge ARK Fintech Innovation ETF	54,152	94,960
Emerge ARK AI & Big Data ETF	426,477	100,886
Emerge ARK Autonomous Tech & Robotics ETF	45,931	108,534

**9. Subsequent Events**

After December 31, 2019, the world was impacted by the emergence and rapid spread of the coronavirus COVID-19. As a result, the first quarter of 2020 has seen significant volatility in equity prices, interest rates, bond yields, and foreign exchange rates, which have impacted the market value of the net assets of the ETFs. The effect of COVID-19 remains an emerging and rapidly evolving issue, leading to a high degree of volatility and uncertainty that will likely impact worldwide financial markets throughout much of 2020.