

March 19, 2021



**SIMPLIFIED PROSPECTUS**

Offering Series A, Series F, Series O, ETF CAD Series (EAXP) and ETF USD Series (EAXP.U) units of:

**Emerge ARK Space Exploration ETF  
(the “Emerge Fund”)**

No securities regulatory authority has expressed an opinion about these units. It is an offence to claim otherwise.

The EmERGE Fund and the units of the EmERGE Fund offered under this Simplified Prospectus are not registered with the United States Securities and Exchange Commission and they are sold in the United States only in reliance on exemptions from registration.

# Table of Contents

<b>Introduction .....</b>	<b>1</b>
<b>What is a Mutual Fund and What are the Risks of Investing in a Mutual Fund? .....</b>	<b>4</b>
What is a Mutual Fund?.....	4
What do you Own? .....	4
Structure of the Emerge Fund.....	4
Series of Units .....	4
What are the General Risks of Investing in a Mutual Fund?.....	4
<b>Purchases, Switches and Redemptions .....</b>	<b>5</b>
Series of Units .....	5
How to Buy Units of the Emerge Fund .....	6
How to Switch your Mutual Fund Series Units .....	8
How to Redeem your Units .....	9
<b>Optional Services .....</b>	<b>12</b>
<b>Fees and Expenses .....</b>	<b>12</b>
Fees and Expenses Payable by the Emerge Fund.....	13
Fees and Expenses Payable Directly by You.....	14
Impact of Sales Charges .....	15
<b>Dealer Compensation .....</b>	<b>15</b>
Commissions we Pay to your Dealer.....	15
Dealer Support.....	15
<b>Income Tax Considerations for Investors.....</b>	<b>15</b>
How Mutual Funds Earn Money .....	16
How your Investment is Taxed.....	16
Non-Registered Accounts.....	16
Registered Plans .....	18
<b>What are your Legal Rights?.....</b>	<b>19</b>
<b>Additional Information .....</b>	<b>19</b>
<b>Specific Information about Emerge ARK Space Exploration ETF .....</b>	<b>21</b>

# Introduction

This Simplified Prospectus contains selected important information to help you make an informed investment decision and understand your rights as an investor. It contains information about the Emerge Fund and the risks of investing in mutual funds generally, as well as the names of the firms responsible for the management of the Emerge Fund.

Throughout this document:

- *We, us, Manager, Portfolio Manager or Emerge* means Emerge Canada Inc.
- *You* means each person who invests in the Emerge Fund. Persons who invest in the Emerge Fund are also referred to in this document as unitholders or investors
- *ACB* means adjusted cost base
- *ADRs* means American depositary receipts, which are negotiable certificates issued by a depositary bank that represent securities of a non-Canadian or a non-United States company and that trade in the United States financial markets. In the case of sponsored ADRs, the bank has a relationship with the issuer of the foreign security that is the underlying asset of the ADR and the bank issues the ADR on behalf of that foreign issuer. In the case of unsponsored ADRs, the bank issues the ADR without the participation, involvement or consent of the issuer of the foreign security that is the underlying asset of the ADR
- *Advisor* means the registered representative who advises you on your investments
- *Aerospace Beneficiary Companies* are companies that stand to benefit from aerospace activities, including agriculture, internet access, global positioning system (GPS), construction and imaging
- *ARK* means ARK Investment Management LLC
- *Baskets of Securities* means a group of securities selected by the Portfolio Manager from time to time that may collectively reflect the constituents of the portfolio of the Emerge Fund
- *Business Day* means any day that the NEO Exchange is open for trading
- *CDS* means CDS Clearing and Depository Services Inc.
- *CRA* means the Canada Revenue Agency
- *Custodian* means RBC Investor Services Trust or its successor
- *Dealer* means the company where your Advisor works
- *Declaration of Trust* means the master declaration of trust establishing, among others, the Emerge Fund originally dated June 14, 2019, with amendments as of March 18, 2021, as the same may be amended or restated from time to time
- *Designated Broker* means the registered dealer that has entered into a designated broker agreement with us, on behalf of the Emerge Fund, pursuant to which the Designated Broker agrees to perform certain duties in relation to the ETF Series Units of the Emerge Fund
- *Distribution Record Date* means a date designated by us as a record date for the determination of Unitholders entitled to receive a distribution from the Emerge Fund

- *Emerge Fund* means EmERGE ARK Space Exploration ETF
- *ETF Dealer* means a registered dealer (that may or may not be the Designated Broker) that has entered into a continuous distribution dealer agreement with us, on behalf of the EmERGE Fund, and that subscribes for and purchases ETF Series Units
- *ETF Facts* means the documents that summarize certain features of the ETF Series Units
- *ETF Series* means each series of units of the EmERGE Fund that are listed and traded on an exchange, which are the ETF CAD Series and the ETF USD Series
- *Fund Administrator* means RBC Investor Services Trust or its successor
- *Fund Facts* means the documents that summarize certain features of the Mutual Fund Series Units
- *Intermediary* means a third party that your Dealer may use to administer your accounts
- *IRC* means the Independent Review Committee operating under National Instrument 81-107 *Independent Review Committee for Investment Funds*
- *MER* means management expense ratio, which is calculated for each series of Units and reflects the management fees and certain expenses borne by that series
- *Mutual Fund Series* means each series of Units of the EmERGE Fund other than the ETF Series
- *NAV* means net asset value
- *NEO Exchange* means Neo Exchange Inc.
- *NI 81-102* means National Instrument 81-102 – *Investment Funds*, as the same may be amended, restated or replaced from time to time
- *Orbital Aerospace Companies* are companies that launch, make, service, or operate platforms in the orbital space, including satellites and launch vehicles
- *registered plan* means a trust governed by a registered retirement savings plan, a registered retirement income fund, a registered education savings plan, a registered disability savings plan, a deferred profit sharing plan, or a tax-free savings account.
- *Series NAV* means the separate NAV for the applicable series of Units
- *Space Exploration Companies* are companies that ARK believes are engaged in the theme of space exploration
- *Sub-Adviser* means EmERGE Capital Management Inc. or its successor
- *Suborbital Aerospace Companies* are companies that launch, make, service, or operate aircrafts that do not achieve an altitude and/or velocity to remain in orbit around a planet, including drones, air taxis and electric aviation vehicles
- *Tax Act* means the *Income Tax Act (Canada)* and the regulations issued thereunder, as the same may be amended from time to time
- *Unit* means a redeemable, transferable unit of the EmERGE Fund that represents an equal, undivided interest in the EmERGE Fund, and includes the ETF Series and the Mutual Fund Series.

**No ETF Dealer or Designated Broker has been involved in the preparation of this Simplified Prospectus or has performed any review of the contents of this Simplified Prospectus and, as such, the ETF Dealers and the Designated Broker do not perform many of the usual underwriting activities in connection with the distribution by the Emerge Fund of its ETF Series Units under this Simplified Prospectus.**

## **For more Information**

Additional information about the Emerge Fund is available in the following documents:

- the Annual Information Form (AIF)
- the most recently filed Fund Facts and ETF Facts
- the most recently filed annual financial statements, once available
- any interim financial report filed after those annual financial statements
- the most recently filed annual management report of fund performance (MRFP), once available
- any interim MRFP filed after that annual MRFP.

These documents are incorporated by reference into this Simplified Prospectus, which means that they legally form part of this document just as if they were printed as part of it.

You can get a copy of these documents, at your request and at no cost, by calling 1-833-363-7432 or by contacting a registered dealer. These documents and other information about the Emerge Funds are also available on the Manager's website at [www.emergecm.ca](http://www.emergecm.ca) or at [www.sedar.com](http://www.sedar.com).

# What is a Mutual Fund and What are the Risks of Investing in a Mutual Fund?

## What is a Mutual Fund?

The Emerge Fund is a mutual fund. When you invest in a mutual fund, you contribute your cash to a pool of investments along with many other people. Professional money managers use the cash to buy securities on behalf of all of the contributors.

A mutual fund invests in different kinds of securities based on its investment objectives. These securities form the mutual fund's investment portfolio. The value of these securities changes from day to day, reflecting changes in economic and market conditions, interest rates and company news.

## What do you Own?

You receive units in a mutual fund in exchange for the cash you contribute, and you become a unitholder of the mutual fund. You share in the fund's income, expenses and capital gains or losses with reference to the number of units you own.

## Structure of the Emerge Fund

The Emerge Fund is an open-end unit trust offering Units of multiple Mutual Fund Series and ETF Series that is governed by the Declaration of Trust under Ontario laws. We, as trustee, hold the property and investments of the Emerge Fund in trust for the unitholders.

You can buy an unlimited number of Units of the Emerge Fund.

## Series of Units

The Emerge Fund issues Units in more than one series. For some purposes, such as calculating fees and expenses, a series of Units may be dealt with separately from other series of Units. For other purposes, such as the Emerge Fund's investment activity, all series of Units are dealt with together.

**Mutual Fund Series** – The Emerge Fund offers three different Mutual Fund Series for different investors.

**ETF Series** – The Emerge Fund also offers two different ETF Series that trade on an exchange. The ETF Series Units have been conditionally approved for listing on the NEO Exchange. Subject to satisfying the NEO Exchange's original listing requirements in respect of the Emerge Fund, and a receipt being issued for the final simplified prospectus of the Emerge Fund by the securities regulatory authorities, the ETF Series Units will be listed on the NEO Exchange and offered on a continuous basis. You can buy and sell ETF Series Units on the NEO Exchange or another exchange or marketplace where the ETF Series Units are traded through registered brokers and dealers in the province or territory where you reside.

See the heading *Purchases, Switches and Redemptions – Series of Units* for more details on the different series of Units available.

## What are the General Risks of Investing in a Mutual Fund?

Risk is the chance that your investment may not perform as expected. There are different degrees and types of risk, but, in general, the more investment risk you are willing to accept, the higher your potential returns and the greater your potential losses.

The general risks of investing in a mutual fund include:

### **Price Fluctuation**

The value of a mutual fund, and the price of its units, will fluctuate daily with changes in the value of the fund's investments. As a result, the value of your investment in a mutual fund may be more or less when you redeem it than when you bought it. This daily fluctuation is often referred to as "volatility".

### **Your Investment is not Guaranteed**

The value of your investment in a mutual fund is not guaranteed. Unlike bank accounts or guaranteed investment certificates, mutual fund units are not covered by the Canada Deposit Insurance Corporation or any other government deposit insurer.

### **Redemptions may be Suspended**

Under exceptional circumstances, your right to redeem your units may be suspended. See the heading *Purchases, Switches and Redemptions – Suspending your Right to Redeem* for details.

## **Purchases, Switches and Redemptions**

### **Series of Units**

The Emerge Fund may offer an unlimited number of series of Units and may issue an unlimited number of Units of each series.

Each series of Units is intended for different types of investors. The money that you and other investors pay to purchase Units of any series is tracked on a series-by-series basis in the Emerge Fund's administration records. However, the assets of all series of Units are combined in a single pool to create one portfolio for investment purposes.

### **Series A**

Series A Units are available to all investors.

### **Series F**

Series F Units are only available to investors who have a fee-based account with their Dealer and whose Dealer has entered into an agreement with Emerge. Instead of paying sales charges, investors buying Series F Units pay fees to their Dealer for investment advice provided by their Advisor and other services. We do not pay any commission to Dealers in respect of Series F Units.

### **Series O**

Series O Units are special-purpose securities available to other mutual funds, eligible institutional investors or other permitted investors and are not sold to the general public. No management fees are charged to the Emerge Fund with respect to Series O. Instead, each Series O investor must enter into a Series O Unit agreement with us and negotiate its own management and advisory fee that is paid directly to us. No sales commission is paid to Dealers for selling Series O Units.

### **ETF CAD Series (EAXP) and ETF USD Series (EAXP.U)**

The ETF Series Units have been conditionally approved for listing on the NEO Exchange. Subject to satisfying the NEO Exchange's original listing requirements in respect of the Emerge Fund, and a receipt being issued for the final simplified prospectus of the Emerge Fund by the securities regulatory authorities, the ETF Series Units will be listed on the NEO Exchange and offered on a continuous basis. You can buy and sell ETF Series Units on the NEO Exchange

or another exchange or marketplace where the ETF Series Units are traded through registered brokers and dealers in the province or territory where you reside. You may incur customary brokerage commissions in buying or selling ETF Series Units.

**The ETF USD Series are offered as a convenience for investors who wish to purchase with U.S. dollars and receive distributions and the proceeds of sale or redemption in U.S. dollars. The ETF USD Series Units are not hedged against changes in the exchange rate between the Canadian dollar and the U.S. dollar.**

ETF Series Units are available to all investors.

## **How to Buy Units of the Emerge Fund**

You can buy Units of the Emerge Fund through an Advisor. We do not accept any purchase order directly from individual investors. Generally, you must be of the age of majority in the province or territory in which you live to buy units in a mutual fund. You may hold Units in trust for a minor.

### **Initial Investment in the Emerge Fund**

In compliance with NI 81-102, the Emerge Fund will not issue Units to the public until subscriptions aggregating not less than \$500,000 have been received by the Emerge Fund from investors other than persons or companies related to us or our affiliates and have been accepted by the Emerge Fund.

### **Valuation of the Emerge Fund and Each Series**

Each series of Units of the Emerge Fund has a separate Series NAV. We calculate the Series NAV by:

- taking that series' proportionate share of the assets of the Emerge Fund and
- subtracting that series' expenses and its proportionate share of the Emerge Fund's common expenses.

The Series NAV per Unit is calculated by dividing the Series NAV by the total number of outstanding Units of that series.

We calculate the Series NAV for each series of the Emerge Fund in Canadian dollars. The Series NAV of each series of Units, other than the ETF USD Series, is expressed in Canadian dollars. The Series NAV of the ETF USD Series is first determined in Canadian dollars, the base currency of the Emerge Fund, and then converted at the applicable rate of exchange on the date of calculation into U.S. dollars.

The Series NAV per Unit will fluctuate with the value of the Emerge Fund's investments.

### **Purchase of Mutual Fund Series**

When you buy Mutual Fund Series Units of the Emerge Fund, the price you pay is the Series NAV of those Units.

Each Mutual Fund Series of the Emerge Fund is valued in Canadian dollars and can be bought in Canadian dollars or in U.S. dollars (the "U.S. dollar option"). The U.S. dollar option is offered only as a convenience. It allows you to invest in the Emerge Fund using your U.S. currency. If you select the U.S. dollar option, we convert the Series NAV to U.S. dollars using the exchange rate from the day that the purchase order is processed. If you buy your Units of the Emerge Fund in U.S. dollars, you will receive U.S. dollars when you redeem them or receive distributions from the Emerge Fund. You must designate a U.S. dollar bank account to receive payments. Buying your Units in U.S. dollars will not affect the investment return of the Emerge Fund, and, in particular, does not hedge – or protect – against losses caused by changes in the exchange rate between the Canadian and U.S. dollars. The performance of the Emerge Fund is driven by its portfolio investments, regardless of which currency purchase option is used.

If your purchase order is placed by your Dealer before 4 p.m. ET on a Business Day or before the NEO Exchange closes for the day, whichever is earlier, your order will be processed based on the Series NAV calculated on that day.



If your order is placed by your Dealer after that time, your order will be processed based on the Series NAV calculated on the next Business Day.

### **Sales Charges**

You and your Advisor negotiate an up-front fee when you purchase Series A Units, which may be up to 5% of the cost of those Units, and you pay it to your Dealer when you buy the Series A Units. There are no sales charges for the purchase of Series F and Series O Units. However, Series F investors may pay a separate fee to their Dealer.

### **Minimum Investment**

There is no minimum amount for investment in Series A Units of the Emerge Fund. The minimum amount for investment in Series F Units of the Emerge Fund is \$1,000 and the minimum amount for investment in Series O Units is \$20 million. Minimum dollar amounts apply in Canadian dollars or U.S. dollars, as applicable. These minimum investment amounts may be adjusted or waived in our absolute discretion and without notice to unitholders.

### **How Your Order is Processed**

You and your Advisor are responsible for ensuring that your purchase order is accurate and that all of the necessary documents or instructions are submitted by your Dealer.

We must receive full payment from your Dealer within two Business Days of processing your order. If we do not receive payment within the stipulated time or if the payment is returned, we will redeem your Units on the next Business Day. If the proceeds are greater than the amount you owe us, the Emerge Fund will keep the difference. If the proceeds are less than the amount you owe us, your Dealer will pay the difference to the Emerge Fund and you may have to reimburse your Dealer.

We may accept or reject your order within one Business Day of receiving it. If we accept your order, you will receive a written or electronic confirmation from your Dealer or the Intermediary. If we reject your order, we will return your money to your Dealer without interest.

We will not accept cash, certain money orders, travellers' cheques, or certain other cheques.

We do not issue certificates for Units.

### **Purchase of ETF Series**

The ETF Series Units have been conditionally approved for listing on the NEO Exchange. Subject to satisfying the NEO Exchange's original listing requirements in respect of the Emerge Fund, and a receipt being issued for the final simplified prospectus of the Emerge Fund by the securities regulatory authorities, the ETF Series Units will be listed on the NEO Exchange and offered on a continuous basis. You can buy and sell ETF Series Units on the NEO Exchange or another exchange or marketplace where the ETF Series Units are traded through registered brokers and dealers in the province or territory where you reside.

**The ETF USD Series are offered as a convenience for investors who wish to purchase with U.S. dollars and receive distributions and the proceeds of sale or redemption in U.S. dollars. The ETF USD Series Units are not hedged against changes in the exchange rate between the Canadian dollar and the U.S. dollar.**

You may incur customary brokerage commissions in buying or selling ETF Series Units. You may trade these Units in the same way as other securities listed on the NEO Exchange, including by using market orders and limit orders.

### **Purchases by Designated Broker and other Dealers**

We have entered into a designated broker agreement with the Designated Broker pursuant to which the Designated Broker has agreed to perform certain duties relating to the Emerge Fund including, without limitation: (i) to subscribe for a sufficient number of ETF Series Units to satisfy the NEO Exchange's original listing requirements; (ii) to

subscribe for ETF Series Units when there are cash redemptions of Units; and (iii) to post a liquid two-way market for the trading of ETF Series Units on the NEO Exchange. We may from time to time and, in any event not more than once quarterly, require the Designated Broker to subscribe for ETF Series Units of the Emerge Fund for cash in a dollar amount not to exceed 0.30% of the net asset value of the Emerge Fund.

Generally, all orders to purchase ETF Series Units directly from the Emerge Fund must be placed by the Designated Broker or another ETF Dealer. The Emerge Fund reserves the absolute right to reject any subscription order placed by the Designated Broker or an ETF Dealer. No fees will be payable by the Emerge Fund to the Designated Broker or an ETF Dealer in connection with the issuance of ETF Series Units. On the issuance of ETF Series Units, an amount may be charged to the Designated Broker or an ETF Dealer to offset the expenses incurred in issuing those Units.

After the initial issuance of ETF Series Units to the Designated Broker to satisfy the NEO Exchange's original listing requirements, on any business day, an ETF Dealer (who may also be the Designated Broker) may place a subscription order for the minimum of a prescribed number of ETF Series Units (and any additional multiple thereof) of the Emerge Fund. If a subscription order is received by the Emerge Fund or as we may otherwise direct by 4 p.m. ET on a Business Day, the Emerge Fund will issue to the ETF Series Units based on the Series NAV per Unit determined on such Business Day. If a subscription order is not received by that time on a Business Day, subject to our discretion, the subscription order will be deemed to be received only on the next Business Day.

For each prescribed number of ETF Series Units issued, the ETF Dealer must deliver payment consisting of, in our discretion: (i) cash in an amount equal to the aggregate Series NAV per Unit of the prescribed number of ETF Series Units next determined following the receipt of the subscription order; (ii) one Basket of Securities and cash in an amount sufficient so that the value of the securities and the cash received is equal to the aggregate Series NAV per Unit of the prescribed number of ETF Series Units next determined following the receipt of the subscription order; or (iii) a combination of securities and cash, as determined by us, in an amount sufficient so that the value of the securities and cash received is equal to the aggregate Series NAV per Unit of the prescribed number of ETF Series Units next determined following the receipt of the subscription order. In respect of ETF USD Series Units, any cash component will be in U.S. dollars. Where an ETF Dealer subscribes for ETF Series Units of the Emerge Fund and, with our consent, makes payment, in whole or in part, in cash, the Emerge Fund may, at our discretion, charge a fee to the ETF Dealer that reflects the trading expenses and other costs and expenses that the Emerge Fund expects to incur in effecting portfolio transactions with such cash payment.

ETF Series Units may also be issued by the Emerge Fund to its Designated Broker in certain special circumstances, including when cash redemptions of ETF Series Units occur, or when the Emerge Fund otherwise has cash that we want to invest.

We will make available in respect of the Emerge Fund to its Designated Broker and ETF Dealers information as to the prescribed number of ETF Series Units and the Basket of Securities for the Emerge Fund for each Business Day. We may, in our discretion, increase or decrease the prescribed number of ETF Series Units from time to time.

### **Special Considerations for Purchasers**

The provisions of the so-called "early warning" reporting requirements in Canadian securities legislation do not apply if a person or company acquires 10% or more of the Units of the Emerge Fund. The Emerge Fund has obtained exemptive relief from the securities regulatory authorities to permit you to acquire more than 20% of the ETF Series Units of the Emerge Fund through purchases on a marketplace without regard to the takeover bid requirements of applicable Canadian securities legislation.

### **How to Switch your Mutual Fund Series Units**

A switch involves a change between the series of Mutual Fund Series Units of the Emerge Fund. If you wish to switch your Units to a different Mutual Fund Series of the Emerge Fund, you must be eligible to purchase the new series. See the heading *Purchases, Switches and Redemptions - Series of Units* for eligibility details.

Any switch to or from Series O Units is subject to our prior written approval.

You must place all switch orders through your Advisor or Dealer.

### **Tax Consequences of Switching**

A switch between series of the Emerge Fund (where such switches are permitted) generally occur on a tax-deferred basis. See the heading *Income Tax Considerations for Investors* for more details.

### **Switch Fees**

No switch fees are charged on switches between Mutual Fund Series.

## **How to Redeem your Units**

### **Redemption of Mutual Fund Series**

If you want to redeem any of your Mutual Fund Series Units of the Emerge Fund, contact your Advisor, who may ask you to complete a redemption request form.

We will pay your Dealer the current Series NAV for your Units, less any applicable short-term trading fees, as described below. If your Units are held in a registered plan, the redemption amount less applicable fees will be paid to your registered plan, and may be subject to withholding tax when withdrawn from your registered plan. If your redemption request is placed by your Dealer before 4 p.m. ET on a Business Day or before the NEO Exchange closes for the day, whichever is earlier, we will calculate your redemption amount as of that day. If your redemption request is placed by your Dealer after that time, we will calculate your redemption amount as of the next Business Day.

### **Redemption Fees**

You do not pay a fee for redeeming Series A, Series F or Series O Units.

### **Market Timing and Excessive Short-Term Trading**

In general, the Emerge Fund is a medium to long-term investment. Some investors may seek to trade frequently to try to take advantage of the difference between the Emerge Fund's NAV and the value of the Emerge Fund's portfolio holdings. This activity is sometimes referred to as "market timing". Frequent trading in order to time the market or otherwise can hurt the Emerge Fund's performance, affecting all the investors in the Emerge Fund, by forcing the Emerge Fund to keep cash or sell investments to meet redemptions. We use a combination of measures to detect and deter market-timing activity and excessive short-term trading, including:

- monitoring trading activity in our client accounts
- imposing short-term trading fees and, if a client continues to attempt such trading activity, declining trades and
- applying fair value pricing to foreign portfolio holdings in determining the prices of the Emerge Fund.

While we actively take steps to detect and deter market-timing activity and excessive short-term trading, we cannot ensure all such activity is completely eliminated. In certain instances, a financial institution may invest in then Emerge Fund directly or indirectly for multiple investors whose individual trading activity is not recorded on our recordkeeping system.

### **Short-Term Trading Fees**

If you redeem within 60 days of purchase, we may charge a short-term trading fee on behalf of the Emerge Fund in circumstances where we determine that the trading activity may represent market timing and/or excessive short-term trading. See the heading *Fees and Expenses – Fees and Expenses Payable Directly by You*.

Short-term trading fees are meant to help protect long-term fund investors and reduce market timers' arbitrage opportunities and, as such, we do not impose fees where the interests of long-term investors are not harmed by short-term trades. For example, no short-term trading fees are charged on redemptions or switches that relate to optional plans, such as pre-authorized chequing plans and systematic withdrawal plans, that are a result of a special circumstance, such as death of a unitholder or a hardship situation, subject to our discretion, or that relate to Units received on the reinvestment of distributions.

### **Fair Value Pricing**

Our fair value pricing techniques involve assigning a value to the Emerge Fund's portfolio holdings, which may, in the case of securities traded on an exchange, differ from the closing price on the exchange. We do this where we have in good faith determined that to do so better reflects the current market value of the securities in question.

For securities traded on North American markets, the closing prices are generally an accurate reflection of market values at 4 p.m. ET. However, closing prices on foreign securities exchanges may, in certain cases, no longer accurately reflect market values. Events affecting the values of the Emerge Fund's foreign portfolio holdings may have occurred after the foreign market closed but before 4 p.m. ET. Absent our fair value pricing procedures, these events would not be captured in the Emerge Fund's NAV. We employ fair value pricing for two purposes. It increases the likelihood that the Emerge Fund's NAV truly reflects the value of its holdings at the time the Emerge Fund's price is determined. It also acts to deter market-timing activity by decreasing the likelihood that an investor is able to take inappropriate advantage of market developments that occur following the foreign market close and prior to 4 p.m. ET.

### **How Your Redemption Request is Processed**

We pay your Dealer the proceeds of your redemption, less applicable fees, within two Business Days after all the required documents or instructions are submitted. We will deduct any short-term trading fees, if applicable, from the payment of the proceeds of your redemption.

We send the redemption proceeds to your account that is registered in the name of your Dealer or an Intermediary unless your Dealer or the Intermediary tells us otherwise.

If your Dealer does not submit all the necessary documents or instructions within 10 Business Days of submitting the redemption order, we will buy back the same number of Units on your behalf on the 10th Business Day after the redemption request. If the proceeds from that redemption are greater than the cost we incur to buy back the Units, the Emerge Fund will keep the difference. If the proceeds from that redemption are less than the cost we incur to buy back the Units, your Dealer will pay the difference to the Emerge Fund and you may have to reimburse your Dealer.

### **Automatic Redemption**

We reserve the right to redeem, without notice to you, all of the Series A or Series F Units that you hold in the Emerge Fund if your investment falls below \$50. We also intend to observe all redemption policies that may be implemented from time to time by industry participants, such as Fundserv.

### **Redemption of ETF Series**

#### **Redemption of Units in any Number**

On any Business Day, you may redeem your ETF Series Units in any number at a redemption price per Unit equal to 95% of the closing trading price of those Units on the NEO Exchange on the effective day of the redemption, subject to a maximum redemption price of the applicable Series NAV per Unit. Because you will generally be able to sell Units at the market price on a marketplace like the NEO Exchange through a registered broker or dealer subject only to customary brokerage commissions, you are advised to consult your broker, dealer or investment adviser before redeeming Units.

For such a redemption to be effective on a Business Day, a redemption request in the form prescribed by us from time to time must be delivered through your CDS participant by 9 a.m. ET on that day to the Emerge Fund at its head office

or as we may otherwise direct. If a redemption request is received after that time, the redemption request will be effective only on the next Business Day. Payment of the redemption price, which will be paid in cash or, with your consent, *in specie*, will be made by no later than the second Business Day after the effective day of the redemption. The redemption request forms may be obtained from us.

If you exercise this redemption right during the period commencing on and including the Business Day that is one Business Day prior to a Distribution Record Date and ending on and including that date, you will be entitled to receive the applicable distribution in respect of those Units.

In connection with the redemption of Units, the Emerge Fund may dispose of securities or other assets in order to fund the required redemption proceeds. The redemption price paid to you may include capital gains realized by the Emerge Fund. The remaining portion of the exchange or redemption price will be the proceeds of redemption.

We reserve the right to cause the Emerge Fund to redeem the Units held by you for cash at a price equal to the Series NAV per Unit on the effective date of such redemption if we believe it is in the best interests of the Emerge Fund to do so.

Any cash redemption payment in respect of ETF USD Series Units will be made in U.S. dollars.

### **Exchange of Prescribed Number of Units**

On any Business Day, you may exchange a minimum of a prescribed number of ETF Series Units (and any additional multiple thereof) for, in our discretion, cash or Baskets of Securities or other securities and cash. To effect an exchange of Units, you must submit an exchange request in the form prescribed by us from time to time to the Emerge Fund at its head office or as we may otherwise direct by 4 p.m. ET on a Business Day. The exchange price will be equal to the aggregate Series NAV per Unit of the prescribed number of ETF Series Units on the effective day of the exchange request, payable by delivery of, in our discretion, cash or Baskets of Securities (constituted prior to the receipt of the exchange request) or other securities and cash. If the exchange price is fully paid in cash, we may, in our discretion, require you to pay or reimburse the Emerge Fund for the trading expenses incurred or expected to be incurred by the Emerge Fund in connection with the sale by it of securities in order to obtain the necessary cash to fund the exchange price. On an exchange, the applicable Units will be redeemed. In respect of ETF USD Series Units, any cash component will be in U.S. dollars.

If an exchange request is not received by 4 p.m. (ET) on a Business Day, subject to our discretion, the exchange order will be effective only on the next Business Day. Settlement of exchanges for cash or Baskets of Securities or other securities and cash, as the case may be, will be made by no later than the second Business Day after the effective day of the exchange request.

We will make available to the Designated Broker and ETF Dealers information as to the prescribed number of ETF Series Units and the Basket of Securities for the Emerge Fund for each Business Day. We may, in our discretion, increase or decrease the prescribed number of ETF Series Units from time to time.

If you exchange or redeem Units during the period commencing on and including the Business Day that is one Business Day prior to a Distribution Record Date and ending on and including that date, you will be entitled to receive the applicable distribution in respect of those Units.

If securities held in the portfolio of the Emerge Fund are cease traded at any time by order of a securities regulatory authority or other relevant regulator or stock exchange, the delivery of such securities to you on an exchange may be postponed until such time as the transfer of the securities is permitted by law.

The exchange or redemption price paid to you may include capital gains realized by the Emerge Fund. The remaining portion of the exchange or redemption price will be proceeds of disposition.

An amount may be charged to the Designated Broker or ETF Dealer to offset certain transaction and other costs associated with the exchange or redemption of ETF Series Units.

The exchange and redemption rights described above must be exercised through the CDS participant through which the owner holds Units. Beneficial owners of Units should ensure that they provide exchange and/or redemption instructions to the CDS participant through which they hold Units sufficiently in advance of the cut-off times set by the CDS participant to allow such CDS participant to notify us or as we may direct prior to the relevant cut-off time.

### **Short-Term Trading**

We do not believe that it is necessary to impose any short-term trading restrictions on the ETF Series Units of the Emerge Fund at this time, as those Units are primarily traded in the secondary market.

### **Suspending your Right to Redeem or Exchange**

Canadian securities regulators allow us to suspend your right to redeem or exchange your Units when:

- normal trading is suspended in any market where securities or derivatives that make up more than 50% of the Emerge Fund's total value are traded and there is no other market or exchange that represents a reasonable alternative or
- Canadian securities regulators consent.

If we suspend redemption or exchange rights after you have requested a redemption or exchange and before your redemption or exchange amount has been determined, you may either withdraw your redemption or exchange request or redeem or exchange your Units at the Series NAV determined after the suspension period ends. We will not accept orders to buy Units of the Emerge Fund during any redemption suspension period.

## **Optional Services**

Dealers may provide optional services to you, including pre-authorized contribution plans, systematic withdrawal plans and automatic reinvestment plans. Please contact your Dealer for details including any fees charged by your Dealer for such services.

The Emerge Fund may be purchased within registered plans, including registered retirement savings plans, group registered retirement savings plans, registered retirement income funds, registered education savings plans, registered disability savings plans, deferred profit sharing plans ("DPSPs") and tax-free savings accounts, which may be available by your Dealer. Provided that the Emerge Fund qualifies as a mutual fund trust under the Tax Act, the Units of the Emerge Fund will be qualified investments for registered plans. See the heading *Income Tax Considerations for Investors – How your Investment is Taxed – Registered Plans* regarding the circumstances in which Units of the Emerge Fund may be prohibited investments for a registered plan (other than a DPSP).

## **Fees and Expenses**

The following tables show the fees and expenses you may have to pay if you invest in the Emerge Fund. You may pay some of these fees and expenses directly, depending on the series of Units you purchase. The Emerge Fund may pay some of these fees and expenses, which reduces the value of your investment.

If a fee or expense relating to the Units or the Emerge Fund is charged by an arm's length entity, then your approval is not required in order to change the basis of how that fee or expense is calculated, even if the change could result in an increase in the fee or expense, or to introduce a new fee or expense. Instead, you will be sent a written notice at least 60 days before the effective date of the change.

## Fees and Expenses Payable by the Emerge Fund

---

**Management Fees** The Emerge Fund pays a management fee to us in respect of each series of Units, other than Series O Units. The management fee is accrued daily and paid monthly. The management fee covers fees for services we provide, or cause to be provided, to the Emerge Fund, including the management of the Emerge Fund, oversight of service providers, general administration, the distribution, marketing and promotion of the Emerge Fund and portfolio management and sub-advisory fees. This list is not exhaustive.

The maximum rate of the management fee, excluding HST and any other applicable taxes, is:

Series A: 1.80%

Series F: 0.80%

ETF CAD Series: 0.80%

ETF USD Series: 0.80%

Investors pay the management fee for Series O Units directly. The Series O management fee (which is negotiated) will not exceed the Series A management fee and is accrued and paid as agreed to by us and each Series O investor.

---

### Management Fee Distributions

We may, in our discretion, agree to charge a reduced management fee as compared to the fee that we otherwise would be entitled to receive from the Emerge Fund with respect to investments in ETF CAD Series and ETF USD Series Units. These reductions are negotiable by an investor or his or her Advisor and us. In such cases, an amount equal to the difference between the management fee otherwise chargeable and the reduced fee payable by the Emerge Fund will be distributed periodically by the Emerge Fund to those investors as “Management Fee Distributions”. Management Fee Distributions will be paid first out of income and capital gains of the Emerge Fund and then out of capital. See the heading *Income Tax Considerations for Investors* for more details. We reserve the right, in our discretion, to discontinue or change Management Fee Distributions at any time. The tax consequences of Management Fee Distributions made by the Emerge Fund generally will be borne by the investors receiving these distributions.

---

### Operating expenses

The Emerge Fund is responsible for the payment of its own operating expenses. The Emerge Fund’s operating expenses consist of the costs to operate the Emerge Fund, including - but not limited to:

- brokerage expenses and commissions, any related transaction fees and other costs of portfolio transactions
  - bank related fees and interest charges
  - the fees and other costs under any derivative instrument used by the Emerge Fund
  - the cost of complying with governmental, regulatory or other requirements introduced after the creation of the Emerge Fund, including, without limitation, any new fees or increases in fees
  - the fees related to external services that are not commonly charged in the Canadian mutual fund industry as of the date of creation of the Emerge Fund
  - the fees payable to the Custodian, the Fund Administrator, the auditor, legal counsel and other service providers retained by us
  - costs for the services provided to investors of the Emerge Fund
  - the costs and expenses incurred in connection with the establishment and ongoing operation of the IRC
  - any termination costs that may be allocated by us to the Emerge Fund
  - the fees payable to CDS in respect of the Emerge Fund
  - prospectus filing fees
  - all other fees and expenses incurred in connection with the operation and administration of the Emerge Fund
  - any GST/HST on those expenses and
-

- any income, withholding or other taxes.

In addition, the Emerge Fund incur brokerage commissions and other portfolio transaction costs, including any HST and other taxes applicable to such costs and any applicable stamp or other transfer taxes relating to the portfolio securities (“trading expenses”). Because they are not included in the management expense ratio, trading expenses are not included as part of operating expenses; rather, trading expenses are reflected in the cost base or proceeds of sale of securities in the Emerge Fund’s investment portfolio.

Each series of Units of the Emerge Fund pays for its own operating expenses and its proportionate share of the common operating expenses. Trading expenses of the Emerge Fund are allocated proportionately to each Mutual Fund Series of Units; because of the manner in which the ETF Series Units are purchased and sold, no trading expenses are allocated to the ETF Series. The expenses allocated to a series of Units are paid out of the assets attributed to each series of Units of the Emerge Fund, which reduces the return you receive. We will give you written notice of any proposed changes in this arrangement.

From time to time we may absorb operating expenses that would otherwise be charged to the Emerge Fund or a series of Units. This absorption of operating expenses may be terminated at any time without prior notice to you.

We may pay a portion of the operating expenses for investors who invest large amounts in the Emerge Fund.

---

### **IRC**

Each member of the IRC is paid an annual retainer of \$6,000 (\$8,000 for the Chair) to serve on the IRC. IRC members are also reimbursed for certain expenses in connection with meeting attendance. Other fees and expenses payable in connection with the IRC include secretariat fees, insurance costs, legal fees, and attendance fees for educational seminars. A portion of the retainer and fees and expenses paid to each member is allocated to each Emerge investment fund, including the Emerge Fund.

---

### **Underlying Fund Fees and Expenses**

When the Emerge Fund invests in an underlying fund, the underlying fund may pay a management fee and other expenses in addition to the fees and expenses payable by the Emerge Fund. The fees and expenses of the underlying fund will have an impact on the management expense ratio of the Emerge Fund that invests in such underlying fund, as the Emerge Fund is required, in determining its management expense ratio, to take into account the expenses incurred by the Emerge Fund that are attributable to its investment in the underlying fund. However, the Emerge Fund will not pay management fees on the portion of its assets that it invests in the underlying fund that, to a reasonable person, would duplicate a fee payable by the underlying fund for the same service. In addition, the Emerge Fund will not pay duplicate sales charges or redemption fees for its purchase or redemption of securities of the underlying fund.

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

<b>Sales Charges</b>	You and your Advisor negotiate an up-front fee when you purchase Series A Units, which may be up to 5% of the cost of those Units, and you pay it to your Dealer when you buy the Series A Units.
<b>Management Fees for Series O</b>	If you invest in Series O Units, you will pay management fees directly to us. These fees will not exceed the Series A management fee. See the information set out earlier in this table for a description of the management fees.
<b>Short-term trading fees</b>	You may pay to the Emerge Fund 2.0% of the current value of the Units if you redeem your Units within 60 days of purchase. See the heading <i>Purchases, Switches and Redemptions – Switch Fees</i> for details.



<b>ETF Series Fee</b>	An amount of up to 0.25% of the issue, exchange or redemption price, as the case may be, may be charged to the Designated Broker or dealer to offset certain transaction and other costs associated with the issue, exchange and/or redemption of ETF Series Units. This charge does not apply to investors who buy and sell their ETF Series Units through the facilities of the NEO Exchange or another exchange or marketplace.
-----------------------	--

## Impact of Sales Charges

The following table shows the amount of fees that you would have to pay if you made an investment of \$1,000 in Series A Units of the Emerge Fund and if you held that investment for one, three, five or ten years and redeemed immediately before the end of that period.

	<b>At Time of Purchase</b>	<b>1 Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>10 Years</b>
<b>Series A Sales Charge<sup>1</sup></b>	Up to \$50	Nil	Nil	Nil	Nil

## Dealer Compensation

### Commissions we Pay to your Dealer

We do not pay your Dealer a commission if you buy Units. Investors may pay a fee to their Dealer for investment advice and other services.

**Sales Commission** – If you buy Series A Units, the commission you negotiate (up to 5% of your purchase amount) is deducted from your purchase amount and paid by you, through us, to your Dealer.

**Trailing Commission** – We pay a monthly or quarterly trailing commission of 1.0% to your Dealer on your Series A Units. The trailing commission is a percentage of the value of your Units.

### Dealer Support

We may from time to time pay the permitted marketing expenses of participating dealers on a co-operative basis. We may also hold educational conferences that sales representatives of participating dealers may attend and may pay certain of the expenses incurred by participating dealers in holding such educational conferences for sales representatives. In addition, we may provide promotional items of minimal value to representatives of participating dealers.

These activities are in compliance with applicable laws and regulations and any cost incurred by them will be paid by us and not the Emerge Fund.

## Income Tax Considerations for Investors

**This information is a general summary of Canadian federal income tax rules and is not intended to be legal or tax advice. We are assuming that you are an individual (other than a trust) who, for the purposes of the Tax Act and at all relevant times, is resident in Canada, is not affiliated with the Emerge Fund, deals with the Emerge Fund at arm's length, and that you hold your Units directly as capital property or in a registered plan. More detailed tax information is available in the Emerge Fund's AIF.**

<sup>1</sup> There are no sales charges to purchase Series F, Series O, ETF CAD Series or ETF USD Series; however, holders of Series F Units pay a separate fee to their Dealers.

**We have tried to make this discussion easy to understand. As a result, we do not describe the tax rules in detail or cover all the tax consequences that may apply. We recommend you consult your tax advisor for advice about your individual situation.**

## **How Mutual Funds Earn Money**

Mutual funds make money in a number of ways. These include:

- earning income in the form of dividends, interest, trust income, certain gains from derivatives or other types of returns from investments and
- realizing a capital gain if they sell an investment for more than its cost. A fund may realize a capital loss if it sells an investment for less than its cost.

## **How your Investment is Taxed**

The tax you pay on your mutual fund investment depends on whether you hold your Units in a non-registered account or registered plan.

## **Non-Registered Accounts**

### **Distributions**

Generally, in computing your income for tax purposes you must include the taxable portion of all distributions paid to you by the Emerge Fund (which may include Management Fee Distributions) in Canadian dollars. This is the case whether you receive them in cash or reinvest them in additional Units. Distributions are automatically reinvested by purchasing additional Units of the Emerge Fund on your behalf, unless you tell your Dealer that you want them in cash. The amount of reinvested distributions is added to your adjusted cost base (ACB) and thus reduces your capital gain or increases your capital loss when you redeem those Units, so that you do not pay tax twice on the same amount. The Emerge Fund will take steps so that capital gains, Canadian dividends and foreign source income earned by the Emerge Fund will retain their character when paid to you. Canadian dividends distributed to you by the Emerge Fund are included in income subject to the gross-up and dividend tax credit rules. You may be eligible to claim foreign tax credits on foreign non-business income tax paid by the Emerge Fund and not deducted by it.

Distributions from the Emerge Fund may be treated as returns of capital. A distribution to you will generally be treated as a return of capital if distributions to you in the year exceed your share of the Emerge Fund's net income and net realized capital gains. A return of capital distribution is not included in your income for tax purposes, but will reduce the ACB of your Units on which it is paid. Where net reductions to the ACB of Units would result in an ACB becoming a negative amount, such amount will be treated as a capital gain realized by you and the ACB of your Units will then be nil.

You will receive a T3 tax slip each year showing the Canadian dollar amount and type of distributions (Canadian eligible dividends, Canadian dividends other than eligible dividends, capital gains, foreign income, other income, and/or returns of capital) you received from the Emerge Fund, and showing any foreign non-business income tax allocated to you.

### **Adjusted Cost Base (ACB)**

The aggregate ACB of your Units of a series of the Emerge Fund is made up of:

- the amount you paid for your Units, including any sales commission **plus**
- any reinvested distributions (including returns of capital and, if applicable, Management Fee Distributions) **plus**
- the aggregate ACB of any Units that were switched from another Unit on a tax-deferred basis **minus**

- any distributions that were a return of capital **minus**
- the ACB of any Units already redeemed **minus**
- the aggregate ACB of any Units that were switched to another Unit on a tax-deferred basis.

You are responsible for keeping a record of the ACB of your investment for the purpose of calculating any capital gain or capital loss you may realize when you redeem, or otherwise dispose of, your Units. You should keep track of the original cost of your Units, including new Units you receive when distributions are reinvested. If you own Units denominated in U.S. dollars, you must convert U.S. dollars to Canadian dollars using the appropriate exchange rate, determined in accordance with the detailed rules in the Tax Act in that regard. You should consult your tax or financial advisor for more information.

### **Buying Units just Before a Distribution Date**

At the time you acquire Units of the Emerge Fund, the Emerge Fund's Series NAV per Unit will reflect any income and gains that have accrued or been realized, but have not been made payable at the time the Units are acquired. The Emerge Fund makes its only or largest distribution in December. If you buy Units of the Emerge Fund just before it makes such a distribution, you will be taxed on the entire distribution even though the Emerge Fund may have earned the income or realized the gain giving rise to the distribution before you owned Units of the Emerge Fund. That means you may have to pay tax on your proportionate share of the net income or net realized capital gains earned by the Emerge Fund for the whole year, even though you were not invested in the Emerge Fund during the whole year.

### **Portfolio Turnover Rate**

The portfolio turnover rate tells you how often we or the Sub-Adviser bought and sold securities for the Emerge Fund. A portfolio turnover rate of 100% is equivalent to the Emerge Fund buying and selling all of the securities in its portfolio one time in the course of a year. The higher the Emerge Fund's portfolio turnover rate in the year, the greater the trading costs payable by the Emerge Fund, and the greater the chance that you will receive a taxable distribution from the Emerge Fund in that year. There is not necessarily a relationship between a high portfolio turnover rate and the performance of the Emerge Fund.

### **Tax Impact of Redeeming or Exchanging your Units**

If you redeem or exchange Units with a Series NAV that is greater than the ACB of your Units, you will realize a capital gain. If you redeem or exchange Units with a Series NAV that is less than the ACB of your Units, you will realize a capital loss. You may deduct your redemption or exchange expenses, such as redemption or exchange fees, if any, in calculating your capital gains or losses.

Generally, one-half of a capital gain is included in your income and you may deduct one-half of your capital losses from your taxable capital gains, subject to certain tax rules.

When you redeem or exchange Units of the Emerge Fund, the Emerge Fund may distribute capital gains to you as partial payment of the redemption or exchange price. Any capital gains so distributed must be included in the calculation of your income and will reduce your proceeds of disposition. As described below under "*What are the Risks of Investing in the Fund? - Taxation of the Emerge Fund Risk*", draft legislation released by the Minister of Finance (Canada) on July 30, 2019, proposed amendments to the Tax Act will deny the Emerge Fund a deduction for the portion of a capital gain of the Emerge Fund designated to a unitholder on a redemption or exchange of Units that is greater than the unitholder's accrued gain.

You must keep a record of the price you paid for your Units (including as a result of the reinvestment of distributions) and received for your Units, as well as the price of any returns of capital you received on your Units. These records will allow you to calculate your ACB and your capital gains or capital losses realized when you redeem, exchange or otherwise dispose of your Units.

## **Tax Impact of Switching Between Series**

Switching between series of the Emerge Fund (where such switches are permitted) will generally occur on a tax-deferred basis.

The total cost for tax purposes of the Units you receive on a tax-deferred switch will be the same as the total ACB of the Units that you switched.

## **International Information Reporting**

Generally, you will be required to provide your Advisor or Dealer with information related to your citizenship or residence for tax purposes and, if applicable, your foreign tax identification number. If you (i) are identified as a U.S. Person (including a U.S. resident or U.S. citizen); (ii) are identified as a tax resident of a country other than Canada or the U.S.; or (iii) do not provide the required information and indicia of the U.S. or non-Canadian status is present, information about you and your investment in the Emerge Fund will be reported to the CRA unless your Units are held within a registered plan. The CRA will provide that information to the U.S. Internal Revenue Service (in the case of U.S. Persons) or other foreign tax authority in the relevant country if the country is a signatory of the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information or has otherwise agreed to a bilateral information exchange with Canada under the Common Reporting Standard.

## **Registered Plans**

Generally, neither you nor your registered plan will be subject to tax on distributions received from the Emerge Fund on Units held in your registered plan, or on capital gains realized on the disposition of those Units of the Emerge Fund (provided that the Units are a qualified investment and are not a prohibited investment for your registered plan). Withdrawals from your registered plan may be subject to tax.

The Units of the Emerge Fund are expected to be a qualified investment for registered plans at all times. However, Units that are a qualified investment may still be a prohibited investment for your registered plan (other than a DPSP).

If your registered plan holds a prohibited investment, you will be liable to a 50% potentially refundable tax on the fair market value of the prohibited investment and a 100% tax on income and capital gains from the prohibited investment, and capital gains realized on the disposition of the prohibited investment.

Units of the Emerge Fund will generally not be a prohibited investment for your registered plan if you and persons with whom you do not deal at arm's length do not, in total, directly or indirectly, own Units representing 10% or more of the value of the Emerge Fund. You are generally deemed not to deal at arm's length with your parents, spouse, children, siblings and in-laws.

A registered plan may acquire securities *in specie* from the Emerge Fund on the redemption of ETF Series Units or on the termination of the Emerge Fund. The registered plan and the planholder of the registered plan will generally not be subject to tax on the value of those securities, income received by the registered plan from those securities or gains realized by the registered plan on the disposition of those securities, provided each of those securities is a qualified investment for the registered plan at all times that the security is held by the registered plan and, in the case of RRSPs, RRIFs, RESPs, TFSAs and RDSPs, not a prohibited investment for the registered plan.

You should consult your own tax advisor regarding the special rules that apply to each type of registered plan, including whether or not a particular Unit would be a prohibited investment for your registered plan.

# What are your Legal Rights?

## Mutual Fund Series

Securities legislation in some provinces and territories gives you the right to withdraw from an agreement to buy mutual funds within two business days after you receive the Simplified Prospectus, Fund Facts or ETF Facts, or to cancel your purchase within 48 hours after you receive confirmation of your order.

Securities legislation in some provinces and territories also allows you to cancel an agreement to buy mutual fund units and get your money back, or to make a claim for damages, if the Simplified Prospectus, Fund Facts, ETF Facts, AIF, MRFP or financial statements misrepresent any facts about the Emerge Fund. You must usually exercise these rights within a certain time period.

You can get more information from the securities legislation of your province or territory or from your lawyer.

## ETF Series

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase ETF Series Units within 48 hours after the receipt of a confirmation of a purchase of such Units. In several of the provinces and territories, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation, or if there is non-delivery of the ETF Facts, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory.

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

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

# Additional Information

## Exemptions and Approvals

The Emerge Fund has obtained exemptive relief from the Canadian securities regulatory authorities to permit the following practices:

- (i) the purchase on a marketplace by an investor of more than 20% of the ETF Series Units of the Emerge Fund without regard to the takeover bid requirements of applicable Canadian securities legislation;
- (ii) to relieve the Emerge Fund from the requirement to include in the prospectus a certificate of an underwriter;
- (iii) to relieve the Emerge Fund from the requirement to prepare and file a long form prospectus for the ETF Series Units provided that the Emerge Fund file a simplified prospectus for the ETF Series Units; and
- (iv) to treat the ETF Series and the Mutual Series of the Emerge Fund as if such series were two separate funds in connection with their compliance with the provisions of Part 9, 10 and 14 of NI 81-102.

## **Registration and Transfer through CDS**

Registration of interests in, and transfers of, the ETF Series Units will be made only through the book-entry only system of CDS. ETF Series Units must be purchased, transferred and surrendered for exchange or redemption only through a CDS participant. All rights of an owner of ETF Series Units must be exercised through, and all payments or other property to which such owner is entitled will be made or delivered by, CDS or the CDS participant through which the owner holds such Units. Upon purchase of any ETF Series Units, the owner will receive only the customary confirmation. All distributions and redemption proceeds in respect of ETF Series Units will be made or paid initially to CDS, which payments will be forwarded by CDS to the CDS participants and, thereafter, by such CDS participants to the applicable investors. References in this Simplified Prospectus to a holder of ETF Series Units means, unless the context otherwise requires, the owner of the beneficial interest in such Units.

Neither the Emerge Fund nor us will have any liability for: (i) any aspect of the records maintained by CDS relating to the beneficial interests in the ETF Series Units or the book-entry accounts maintained by CDS; (ii) maintaining, supervising or reviewing any records relating to such beneficial ownership interests; or (iii) any advice or representation made or given by CDS, whether contained in this Simplified Prospectus or otherwise, or made or given with respect to the rules and regulations of CDS or any action taken by CDS or at the direction of the CDS participants. The rules governing CDS provide that it acts as the agent and depository for the CDS participants. As a result, CDS participants must look solely to CDS and persons, other than CDS participants, having an interest in the ETF Series Units must look solely to CDS participants for payment made by the Emerge Fund to CDS.

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

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

# Specific Information about Emerge ARK Space Exploration ETF

## Organization and Management of Emerge ARK Space Exploration ETF

Emerge is a Canadian investment management firm and is a registered portfolio manager, investment fund manager and exempt market dealer.

<b>Manager</b> Emerge Canada Inc. 26 Wellington St. East, Suite 901 Toronto, Ontario M5E 1S2 1-833-363-7432 www.emergecm.ca	The Manager is responsible for the day-to-day business and operations of the Emerge Fund. We may hire affiliates or arm's-length third parties to perform some of the services required by the Emerge Fund.
<b>Trustee</b> Emerge Canada Inc.	The Emerge Fund is organized as an investment trust. When you invest in the Emerge Fund, you buy units of the trust. The trustee holds title to the Emerge Fund's investments in trust for the unitholders.
<b>Portfolio manager</b> Emerge Canada Inc.	We are the portfolio manager of the Emerge Fund. In such capacity, we are responsible for managing the investment portfolios of the Emerge Fund and making investment decisions. We have appointed the sub-adviser listed below for the Emerge Fund to perform these investment activities.
<b>Portfolio sub-advisers</b> Emerge Capital Management Inc. Buffalo, New York	We have appointed Emerge Capital Management Inc. as sub-adviser to the portfolio manager in respect of the Emerge Fund. As the Sub-Adviser is resident outside Canada, and all or a substantial portion of its assets are situated outside Canada, there may be difficulty enforcing any legal rights against it. The Sub-Adviser is a registered investment advisor in the United States and is an affiliate of the Manager. We are responsible for the investment advice provided by the Sub-Adviser.
ARK Investment Management LLC New York, New York	The Sub-Adviser has retained ARK Investment Management LLC ("ARK") to provide certain investment advice to it in respect of the Emerge Fund. As ARK is resident outside Canada, and all or a substantial portion of its assets are situated outside Canada, there may be difficulty enforcing any legal rights against it. ARK is a registered investment adviser in the United States and is not an affiliate of the Manager.
<b>Custodian</b> RBC Investor Services Trust Toronto, Ontario	The Custodian holds all of the Emerge Fund's investments for safekeeping.
<b>Auditor</b> BDO Canada LLP Toronto, Ontario	The auditor audits the Emerge Fund's annual financial statements and provides an opinion as to whether they present fairly the Emerge Fund's financial position, financial performance and cash flows. The auditor is independent of the Emerge Fund.

<p><b>Fund Administrator</b> RBC Investor Services Trust Toronto, Ontario</p>	<p>The Fund Administrator is responsible for certain aspects of the day-to-day administration of the Emerge Fund, including NAV calculations, accounting for net income and net realized capital gains of the Emerge Fund while maintaining books and records with respect to the Emerge Fund.</p>
<p><b>Registrar and Transfer Agent</b> ETF Series AST Trust Company (Canada) Toronto, Ontario</p> <p>Mutual Fund Series RBC Investor Services Trust Toronto, Ontario</p>	<p>The Registrar and Transfer Agent for the ETF Series keeps a record of all registered owners of those Units.</p> <p>The Registrar for the Mutual Fund Series will keep a record of all registered owners of those Units. RBC Investor Services Trust will be the Registrar for the Mutual Fund Series when Units of the Mutual Fund Series are issued.</p>
<p><b>Independent Review Committee (IRC)</b> Marie Rounding (Chair) Bruce Friesen Monique Hutchins</p>	<p>The mandate of the IRC is to review all conflicts of interest matters identified and referred to the IRC by the Manager relating to the investment funds managed by the Manager, including the Emerge Fund. The IRC reviews and gives its approval or recommendations as to the conflict of interests matters referred to it. A conflict of interest matter is a situation where a reasonable person would consider the Manager or an entity related to the Manager to have an interest that conflicts with the Manager's ability to act in good faith and in the best interest of the Emerge Fund. The IRC is also required to approve certain mergers involving the Emerge Fund and any change of the auditor of the Emerge Fund.</p> <p>Each member of the IRC is independent of us, the Emerge Fund and any party related to us. The IRC prepares a report for unitholders, at least annually, of its activities. Such report is made available on the Manager's website at <a href="http://www.emergecm.ca">www.emergecm.ca</a> or, at the request of a unitholder and at no cost, by contacting the Manager at 26 Wellington St. East, Suite 901, Toronto, Ontario, M5E 1S2, or by sending an e-mail to <a href="mailto:operations@emergecm.com">operations@emergecm.com</a>. A copy will also be available at <a href="http://www.sedar.com">www.sedar.com</a>.</p> <p>Additional information about the IRC, including the names of the members, is available in the AIF.</p>

## Fund of Funds

The Emerge Fund may buy units of other investment funds managed by us. If the Emerge Fund does this, we will not vote the units held by the Emerge Fund. The Manager may, if it determines it to be practicable, arrange for the securities of the underlying fund to be voted by the beneficial holders of such securities, but the Manager is not obliged to do so.

## Fund Details

Fund type	Global Equity
Securities offered	Series A, Series F, Series O Units, ETF CAD Series and ETF USD Series of a mutual fund trust
Start date	Series A: March 19, 2021 Series F: March 19, 2021



---

Series O: March 19, 2021  
ETF CAD Series: March 19, 2021  
ETF USD Series: March 19, 2021

---

Registered plan eligibility      The Units are qualified investments for registered plans

---

## Investment Objectives

Emerge ARK Space Exploration ETF seeks to achieve long-term growth of capital by investing primarily, under normal circumstances, in global equity securities of companies that are engaged in space exploration and innovation.

## Investment Strategies

In order to achieve its investment objective, the EmERGE Fund invests primarily in global equity securities of Space Exploration Companies. ARK defines “Space Exploration” as leading, enabling, or benefitting from technologically enabled products and/or services that occur beyond the surface of the Earth. A company is deemed to be engaged in the theme of space exploration if it derives a significant portion of its revenue or market value from the theme of space exploration, or it has stated its primary business to be in products and services focused on the theme of space exploration.

In selecting Space Exploration Companies, ARK seeks to identify, using its own internal research and analysis, companies capitalizing on disruptive innovation. ARK defines “disruptive innovation” as the introduction of a technologically enabled new product or service that it expects to change an industry landscape. ARK’s internal research and analysis leverages insights from diverse sources, including external research, to develop and refine its investment themes and identify and take advantage of trends that have ramifications for individual companies or entire industries.

ARK believes that Space Exploration Companies can be grouped into four overarching categories, each of which contains relevant sub-elements: Orbital Aerospace Companies; Suborbital Aerospace Companies; Enabling Technologies Companies; and Aerospace Beneficiary Companies. Space exploration is possible due to the convergence of a number of categories, as discussed in the four overarching categories above, and a Space Exploration Company may not currently derive any revenue, and there is no assurance that such company will derive any revenue from innovative technologies in the future.

ARK analyzes potential investments by using both “top down” information (*e.g.*, economy-wide analysis of facts, such as rate of growth, cost declines, unit economics, sizing of markets, and price levels, as well as business and technology cycle trends) and “bottom up” criteria (*e.g.*, fundamental and quantitative metrics for individual companies, such as their revenue growth, profitability and return on invested capital). Based upon its research and analysis, ARK selects a portfolio company that it believes presents the best risk-reward opportunities. In both the “top down” and “bottom up” approaches, ARK evaluates environmental, social, and governance (“ESG”) considerations. In its “top down” approach, ARK uses the framework of the United Nations Sustainable Development Goals to integrate ESG considerations into its research and investment process. The United Nations Sustainable Development Goals are a collection of seventeen interlinked goals designed to provide a shared blueprint for countries to, among other objectives, end extreme poverty and hunger, fight inequality and injustice, and tackle climate change. ARK, however, does not use ESG considerations to limit, restrict or otherwise exclude companies or sectors from the EmERGE Fund’s investment universe. In its “bottom up” approach, ARK makes its investment decisions primarily based on its analysis of the potential of individual companies, while integrating ESG considerations into that process.

We allocate the EmERGE Fund’s portfolio holdings based on the recommendations provided to us by the Sub-Adviser, which recommendations are derived from the analysis and research performed by ARK and represent ARK’s assessment of the best risk-reward opportunities based on ARK’s thematic approach to innovation across market sectors.

Under normal circumstances, substantially all of the EmERGE Fund’s assets will be invested in equity securities, including common stocks, partnership interests, business trust shares and other equity investments or ownership

interests in business enterprises. The Emerge Fund's investments will include micro-, small-, medium- and large-capitalization companies. The Emerge Fund's investments in equity securities will be in both developed and emerging markets. The Emerge Fund may invest in foreign securities (including investments in ADRs and Global Depositary Receipts) and securities listed on local and foreign exchanges.

The Emerge Fund may use derivatives, including futures and forward contracts, to hedge some or all of its foreign currency exposure, or to hedge against potential loss. The Emerge Fund may also use derivatives for other hedging and non-hedging purposes, such as to gain exposure to certain securities or asset classes without investing directly in such securities or asset classes, to generate income, or to provide protection for its portfolio. The Emerge Fund will only use derivatives as permitted by Canadian securities regulatory authorities.

The Emerge Fund may engage in securities lending to earn additional returns.

The Emerge Fund may invest in cash and cash equivalents when prevailing market and economic conditions indicate that it is desirable to do so.

## **What are the Risks of Investing in the Fund?**

### **Absence of Active Market Risk**

Although the ETF Series Units of the Emerge Fund are listed on the NEO Exchange, there can be no assurance that an active public market for the ETF Series Units will develop or be sustained.

### **American Depositary Receipts Risk**

ADRs are securities typically issued by a bank or trust company that evidence ownership of underlying securities issued by a non-Canadian or non-U.S. domiciled corporation and entitle the holder to all dividends and capital gains that are paid out on the underlying securities. The issuers of certain ADRs are under no obligation to distribute shareholder communications to the holders of such ADRs, or to pass through to them any voting rights with respect to the deposited securities. Investment in ADRs may be less liquid than the underlying shares in their primary trading market. ADRs may not necessarily be denominated in the same currency as the underlying securities into which they may be converted. In addition, the issuers of the stock underlying unsponsored ADRs are not obligated to disclose material information in Canada.

### **Cease Trading of ETF Series Units Risk**

Trading of ETF Series Units on the NEO Exchange may be halted by the activation of individual or market-wide "circuit breakers"/"thresholds" (which halt trading for a specific period of time when the price of a particular security or overall market prices decline or increase by a specified percentage). Trading of ETF Series Units may also be halted if: (i) the ETF Series Units are delisted from the NEO Exchange without first being listed on another exchange; or (ii) NEO Exchange officials determine that such action is appropriate in the interest of a fair and orderly market or to protect investors.

### **Cease Trading of Securities Held by the Emerge Fund Risk**

If securities held by the Emerge Fund are cease traded at any time by a securities regulatory authority or other relevant regulator or stock exchange, we may, subject to any required regulatory approvals, suspend the exchange or redemption of Units of the Emerge Fund until such time as the transfer of the securities is permitted. As a result, the Emerge Fund that holds securities traded on an exchange or other organized market bears the risk of cease trading orders against any security held by the Emerge Fund.

### **Changes in Legislation Risk**

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

or an investment in a non-resident trust will not be changed in a manner that adversely affects the Emerge Fund or their unitholders.

### **Communications Sector Risk**

The Emerge Fund will be more affected by the performance of the communications sector than a fund with less exposure to such sector. Communication companies are particularly vulnerable to the potential obsolescence of products and services due to technological advancement and the innovation of competitors. Companies in the communications sector may also be affected by other competitive pressures, such as pricing competition, as well as research and development costs, substantial capital requirements and government regulation. Additionally, fluctuating domestic and international demand, shifting demographics and often unpredictable changes in consumer tastes can drastically affect a communication company's profitability. While all companies may be susceptible to network security breaches, certain companies in the communications sector may be particular targets of hacking and potential theft of proprietary or consumer information or disruptions in service, which could have a material adverse effect on their businesses.

### **Currency or Exchange Rate Risk**

Fluctuations in foreign currency exchange rates may affect the value of the Emerge Fund's investments in securities traded in foreign markets and held in foreign currencies. Foreign currency exchange rates may fluctuate significantly. They are determined by supply and demand in the foreign exchange markets, the relative merits of investments in different countries, actual or perceived changes in interest rates, and other complex factors. Currency exchange rates also can be affected unpredictably by intervention, or the failure to intervene, by Canadian, United States or foreign governments or central banks or by currency controls or political developments. A strong U.S. dollar relative to foreign currencies will adversely affect the value of the Emerge Fund's portfolio.

### **Cyber Security Risk**

Cyber security risk is the risk of harm, loss and liability resulting from a failure or breach of an organization's information technology systems.

In general, cyber security risk can result from deliberate attacks or unintentional events, and may arise from external or internal sources. Cyber attacks include gaining unauthorized access to digital systems (e.g., through "hacking" or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data, equipment or systems or causing operational disruption. Cyber attacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users).

Cyber security risk has the ability to negatively impact the Emerge Fund and unitholders by, among other things, disrupting and impacting business operations, interfering with the Emerge Fund's ability to calculate its NAV, impeding trading by or in the Emerge Fund or causing violations of applicable privacy and other laws.

While we have established business continuity plans and risk management systems to address cyber security risk, there are inherent limitations in such plans and systems, including the possibility that certain risks have not been identified. Furthermore, although we have vendor oversight policies and procedures, the Emerge Fund 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 Emerge Fund or its unitholders. The Emerge Fund and its unitholders could be negatively impacted as a result.

### **Derivatives Risk**

The Emerge Fund may use derivatives to pursue their investment objectives. Generally, a derivative is a contract between two parties whose value is determined with reference to the market price of an asset, such as a currency, commodity or stock, or the value of an index or an economic indicator, such as a stock market index or a specified interest rate (the "underlying interest").

Some derivatives are settled by one party's delivery of the underlying interest to the other party; others are settled by a cash payment representing the value of the contract.

The use of derivatives carries several risks, including: (i) there is no guarantee that a market will exist for some derivatives, which could prevent the Emerge Fund from selling or exiting the derivative prior to the maturity of the contract. The risk may restrict the Emerge Fund's ability to realize its profits or limit its losses; (ii) it is possible that the other party to the derivative contract ("counterparty") will fail to perform its obligations under the contract, resulting in a loss to the Emerge Fund; (iii) when entering into a derivative contract, the Emerge Fund may be required to provide margin or collateral to the counterparty. If the counterparty becomes insolvent, the Emerge Fund could lose its margin or its collateral or incur expenses to recover it; (iv) the Emerge Fund may use derivatives to reduce certain risks associated with investments in foreign markets, currencies or specific securities. Using derivatives for these purposes is called hedging. Hedging may not be effective in preventing losses. Hedging may also reduce the opportunity for gain if the value of the hedged investment rises, because the derivative could incur an offsetting loss. Hedging may also be costly or difficult to implement; and (v) securities and commodities exchanges could set daily trading limits on options and futures. Such rule changes could prevent the Emerge Fund from completing a futures or options transaction, causing the Emerge Fund to realize a loss because it cannot hedge properly or limit a loss.

### **Disruptive Innovation Risk**

Companies that ARK believes are capitalizing on disruptive innovation and developing technologies to displace older technologies or create new markets may not in fact do so. Companies that initially develop a novel technology may not be able to capitalize on the technology. Companies that develop disruptive technologies may face political or legal attacks from competitors, industry groups or local and national governments. These companies may also be exposed to risks applicable to sectors other than the disruptive innovation theme for which they are chosen, and the securities issued by these companies may underperform the securities of other companies that are primarily focused on a particular theme. The Emerge Fund may invest in a company that does not currently derive any revenue from disruptive innovations or technologies, and there is no assurance that a company will derive any revenue from disruptive innovations or technologies in the future. A disruptive innovation or technology may constitute a small portion of a company's overall business. As a result, the success of a disruptive innovation or technology may not affect the value of the equity securities issued by the company.

### **Emerging Market Securities Risk**

Investment in securities of emerging market issuers may present risks that are greater than or different from those associated with securities of issuers in developed markets due to less developed and liquid markets and such factors as increased economic, political, regulatory, or other uncertainties.

### **Equity Securities Risk**

The value of the equity securities the Emerge Fund holds may fall due to general market and economic conditions, perceptions regarding the industries in which the issuers of securities the Emerge Fund holds participate or factors relating to specific companies in which the Emerge Fund invests. Equity securities may also be particularly sensitive to general movements in the stock market, and a decline in the broader market may affect the value of the Emerge Fund's equity investments.

### **Fluctuations in NAV Risk**

The value of the Emerge Fund's assets will fluctuate as the markets in which the Emerge Fund invests fluctuate. The value of the Emerge Fund's investments may decline, sometimes rapidly and unpredictably, simply because of economic changes or other events, such as inflation (or expectations for inflation), interest rates, global demand for particular products or resources, natural disasters or events, terrorism, regulatory events and government controls, that

affect large portions of the market. We have no control over the factors that affect the value of the securities held by the Emerge Fund.

### **Foreign Investment Risk**

Investments in the securities of foreign issuers involve risks beyond those associated with investments in Canadian securities. These additional risks may include greater market volatility, the availability of less reliable financial information, higher transactional costs, potentially higher custody costs, taxation by foreign governments, decreased market liquidity and political and economic instability.

The Emerge Fund may file claims to recover withholding tax on dividend and interest income (if any) received from issuers in certain countries where such withholding tax reclaim is possible. Whether or when the Emerge Fund will receive a withholding tax refund in the future is within the control of the tax authorities in such countries. Where the Emerge Fund expects to recover withholding tax based on a continuous assessment of probability of recovery, the NAV of the Emerge Fund generally includes accruals for such tax refunds. If the likelihood of receiving refunds materially decreases, for example due to a change in tax regulation or approach, accruals in the Emerge Fund's NAV for such refunds may need to be written down partially or in full, which will adversely affect the Emerge Fund's NAV. Investors in the Emerge Fund at the time an accrual is written down will bear the impact of any resulting reduction in NAV regardless of whether they were investors during the accrual period. Conversely, if the Emerge Fund receives a tax refund that has not been previously accrued, investors in the Emerge Fund at the time the claim is successful will benefit from any resulting increase in the Emerge Fund's NAV. Investors who sold their Units prior to such time, will not benefit from such NAV increase.

### **Illiquid Securities Risk**

If the Emerge Fund is unable to dispose of some or all of the securities held by it, or is unable to do so at prices that reflect the fair value of such investments, the Emerge Fund may experience a delay in the receipt of the proceeds of disposition until such time as it is able to dispose of such securities. Likewise if certain securities are particularly illiquid, we may be unable to acquire the number of securities it would like to at a price acceptable to it on a timely basis.

### **Industrials Sector Risk**

The industrials sector includes companies engaged in the aerospace and defense industry, electrical engineering, machinery and professional services. Companies in the industrials sector may be adversely affected by changes in government regulation, world events and economic conditions. In addition, companies in the industrials sector may be adversely affected by environmental damage product liability claims and exchange rates. Issuers having their principal activities in the aerospace and defense industry and in professional services have the additional risks described below.

- *Aerospace and Defense Company Risk.* Companies in the aerospace and defense industry rely to a large extent on government demand for their products and services and may be significantly affected by changes in government regulations and spending, as well as economic conditions and industry consolidation.
- *Professional Services Company Risk.* Professional services companies may be materially impacted by economic conditions and related fluctuations in client demand for marketing, business, technology and other consulting services. Professional services companies' success depends in large part on attracting and retaining key employees and a failure to do so could adversely affect a company's business. There are relatively few barriers to entry into the professional services market, and new competitors could readily seek to compete in one or more market segments, which could adversely affect a professional services company's operating results through pricing pressure and loss of market share.

### **Information Technology Sector Risk**

The information technology sector includes companies engaged in internet software and services, technology hardware and storage peripherals, electronic equipment instruments and components, and semiconductors and

semiconductor equipment. Information technology companies face intense competition, which may have an adverse effect on profit margins. Information technology companies may have limited product lines, markets, financial resources or personnel. The products of information technology companies may face rapid product obsolescence due to technological developments and frequent new product introduction, unpredictable changes in growth rates and competition for the services of qualified personnel. Failure to introduce new products, develop and maintain a loyal customer base, or achieve general market acceptance for their products could have a material adverse effect on a company's business. Companies in the information technology sector are heavily dependent on intellectual property and the loss of patent, copyright and trademark protections may adversely affect the profitability of these companies. Additional risks related to this sector are described below.

- *Internet Company Risk.* Many Internet-related companies have incurred large losses since their inception and may continue to incur large losses in the hope of capturing market share and generating future revenues. Accordingly, many such companies expect to incur significant operating losses for the foreseeable future, and may never be profitable. The markets in which many Internet companies compete face rapidly evolving industry standards, frequent new service and product announcements, introductions and enhancements, and changing customer demands. The failure of an Internet company to adapt to such changes could have a material adverse effect on the company's business. Additionally, the widespread adoption of new Internet, networking, telecommunications technologies, or other technological changes could require substantial expenditures by an Internet company to modify or adapt its services or infrastructure, which could have a material adverse effect on an Internet company's business.
- *Semiconductor Company Risk.* Competitive pressures may have a significant effect on the financial condition of semiconductor companies and, as product cycles shorten and manufacturing capacity increases, these companies may become increasingly subject to aggressive pricing, which hampers profitability. Reduced demand for end-user products, under-utilization of manufacturing capacity, and other factors could adversely impact the operating results of companies in the semiconductor sector. Semiconductor companies typically face high capital costs and may be heavily dependent on intellectual property rights. The semiconductor sector is highly cyclical, which may cause the operating results of many semiconductor companies to vary significantly. The stock prices of companies in the semiconductor sector have been and likely will continue to be extremely volatile.
- *Software Industry Risk.* The software industry can be significantly affected by intense competition, aggressive pricing, technological innovations, and product obsolescence. Companies in the software industry are subject to significant competitive pressures, such as aggressive pricing, new market entrants, competition for market share, short product cycles due to an accelerated rate of technological developments and the potential for limited earnings and/or falling profit margins. These companies also face the risks that new services, equipment or technologies will not be accepted by consumers and businesses or will become rapidly obsolete. These factors can affect the profitability of these companies and, as a result, the value of their securities. Also, patent protection is integral to the success of many companies in this industry, and profitability can be affected materially by, among other things, the cost of obtaining (or failing to obtain) patent approvals, the cost of litigating patent infringement and the loss of patent protection for products (which significantly increases pricing pressures and can materially reduce profitability with respect to such products). In addition, many software companies have limited operating histories. Prices of these companies' securities historically have been more volatile than other securities, especially over the short term.

### **In-Kind Subscription Risk**

In-kind subscriptions for ETF Series Units may impact the market for the securities held by the Emerge Fund, as the applicable dealer seeks to buy or to borrow the securities to constitute the Baskets of Securities or other securities to be delivered to the Emerge Fund as payment for the ETF Series Units to be issued.

### **Issuer Risk**

Because the Emerge Fund may invest in approximately 40 to 55 issuers, it is subject to the risk that the value of the Emerge Fund's portfolio may decline due to a decline in value of the equity securities of particular issuers. The value

of an issuer's equity securities may decline for reasons directly related to the issuer, such as management performance and reduced demand for the issuer's goods or services.

### **Large-Capitalization Companies Risk**

Large-capitalization companies are generally less volatile than companies with smaller market capitalizations. In exchange for this potentially lower risk, the value of large-capitalization companies may not rise as much as that of companies with smaller market capitalizations.

### **Management Risk**

As an actively-managed mutual fund, the Emerge Fund is subject to management risk. Our ability to successfully implement the Emerge Fund's investment strategies will significantly influence the Emerge Fund's performance.

### **Market Risk**

The value of the Emerge Fund's assets will fluctuate as the markets in which the Emerge Fund invests fluctuate. The value of the Emerge Fund's investments may decline, sometimes rapidly and unpredictably, simply because of economic changes or other events, such as inflation (or expectations for inflation), deflation (or expectations for deflation), interest rates, global demand for particular products or resources, market instability, debt crises and downgrades, embargoes, tariffs, sanctions and other trade barriers, regulatory events, other governmental trade or market control programs and related geopolitical events. In addition, the value of the Emerge Fund's investments may be negatively affected by the occurrence of global events, such as war, terrorism, environmental disasters, natural disasters or events, country instability, and infectious disease epidemics or pandemics.

For example, the outbreak of COVID-19, a novel coronavirus disease, has negatively affected economies, markets and individual companies throughout the world, including those in which the Emerge Fund invests. The effects of this pandemic to public health and business and market conditions, including exchange trading suspensions and closures may continue to have a significant negative impact on the performance of the Emerge Fund's investments, increase the Emerge Fund's volatility, negatively impact the Emerge Fund's arbitrage and pricing mechanisms, exacerbate pre-existing political, social and economic risks to the Emerge Fund, and negatively impact broad segments of businesses and populations. The Emerge Fund's operations may be interrupted as a result, which may contribute to the negative impact on investment performance. In addition, governments, their regulatory agencies, or self-regulatory organizations may take actions in response to the pandemic that affect the instruments in which the Emerge Fund invests, or the issuers of such instruments, in ways that could have a significant negative impact on the Emerge Fund's investment performance. The full impact of the COVID-19 pandemic, or other future epidemics or pandemics, is currently unknown.

### **Market Trading Risk**

The Emerge Fund faces numerous market trading risks, including disruptions to the creation and redemption processes of the Emerge Fund, losses from trading in secondary markets, the existence of extreme market volatility or potential lack of an active trading market for Units due to market stress, which may result in ETF Series Units trading at a significant premium or discount to their Series NAV. If you purchase ETF Series Units at a time when the market price is at a premium to the Series NAV or sell ETF Series Units at a time when the market price is at a discount to the Series NAV, you may sustain losses.

### **Micro-Capitalization Companies Risk**

Micro-capitalization companies are subject to substantially greater risks of loss and price fluctuations because their earnings and revenues tend to be less predictable (and some companies may be experiencing significant losses). Their share prices tend to be more volatile and their markets less liquid than companies with larger market capitalizations.

The shares of micro-capitalization companies tend to trade less frequently than those of larger, more established companies, which can adversely affect the pricing of these securities and the future ability to sell these securities.

### **Multi-Series Risk**

The Emerge Fund issues more than one series of Units. Each series has its own fees and expenses, which are tracked separately. If the Emerge Fund cannot pay the expenses of one series using that series' share of the Emerge Fund's assets, the Emerge Fund will have to pay those expenses out of the other series' share of the Emerge Fund's assets attributable to those series. This could lower the investment return of the other series.

### **Non-Diversification Risk**

The Emerge Fund may invest a relatively higher percentage of its assets in a relatively smaller number of issuers or may invest a larger proportion of its assets in a single issuer. As a result, the gains and losses on a single investment may have a greater impact on the Emerge Fund's NAV and may make the Emerge Fund more volatile than more diversified funds.

### **Reliance on Advisors Risk**

ARK has been retained by the Sub-Adviser to provide investment advice to the Sub-Adviser in respect of the composition of the portfolio of the Emerge Fund. The Sub-Adviser provides ARK's analysis, research and advice to us, and we select the securities to be included in the portfolio of the Emerge Fund based on ARK's advice and our view as to which investment ideas present the best risk-reward opportunities. ARK specializes in providing investment advice with respect to businesses and industry sectors that are focused on, or engaged in, the use and benefits of disruptive technologies.

### **Sector Risk**

The assets of the Emerge Fund will be concentrated in securities of issuers having their principal business activities in a particular industry or sector, and the Emerge Fund will be subject to the risk that economic, political or other conditions that have a negative effect on that sector will negatively impact that Emerge Fund to a greater extent than if the Emerge Fund's assets were invested in a wider variety of sectors or industries.

### **Securities Lending Risk**

In the future, the Emerge Fund may engage in securities lending in accordance with NI 81-102. Although it will receive collateral for the loans and such collateral will be marked-to-market, the Emerge Fund may be exposed to the risk of loss should the borrower default on its obligation to return the borrowed securities and the collateral is insufficient to reconstitute the portfolio of loaned securities.

### **Short Selling Risk**

In the future, the Emerge Fund may engage in short selling in accordance with NI 81-102. A "short sale" is where the Emerge Fund borrows securities from a lender and sells those securities in the open market. The short seller is obligated to return the borrowed securities in the future and may need to purchase them at short notice in order to satisfy this obligation. Where the Emerge Fund sells securities short, it will generally see a profit if the securities decrease in value and a loss if they increase in value. Unlike a purchase of securities, where the maximum amount of the loss is limited to the amount invested, there is theoretically no limit to the Emerge Fund's exposure on a short sale, as the securities may need to be purchased at a higher price than at what the short sale took place. As a result, the financial loss could be infinite. In addition, the securities loaned for the short sale may be recalled by the lender, and limitations on availability of securities may limit the Emerge Fund's freedom of action in connection with short sales.

### **Small- and Medium-Capitalization Companies Risk**

Small- and medium-capitalization companies may be more volatile and more likely than large-capitalization companies to have narrower product lines, fewer financial resources, less management depth and experience and less



competitive strength. Returns on investments in securities of small- and medium-capitalization companies could trail the returns on investments in securities of large-capitalization companies.

### **Taxation of the Emerge Fund Risk**

The Emerge Fund will be subject to certain tax risks generally applicable to Canadian investment funds, including the following.

The Emerge Fund intends to qualify as a “mutual fund trust” for purposes of the Tax Act at all material times. If the Emerge Fund does not qualify as a mutual fund trust under the Tax Act and more than 50% (based on fair market value) of the Units of the Emerge Fund are held by one or more unitholders that are considered “financial institutions” for the purposes of certain “mark-to-market” rules in the Tax Act, then the Emerge Fund itself will be treated as a financial institution under those rules. In such case, the Emerge Fund will be required to recognize on income account any gains and losses accruing on certain types of debt obligations and equity securities that it holds and also will be subject to special rules with respect to income inclusion on these securities. Any income arising from such treatment will be included in amounts to be distributed to unitholders. Each time the Emerge Fund becomes or ceases to be a financial institution in accordance with the mark-to-market rules, the tax year of the Emerge Fund will be deemed to end immediately before that time and any gains or losses accrued on certain securities before that time will be deemed realized by the Emerge Fund and will be distributed to unitholders. A new taxation year for the Emerge Fund will then begin and for that and subsequent taxation years, for so long as not more than 50% of the Units of the Emerge Fund are held by financial institutions or the Emerge Fund qualifies as a mutual fund trust for purposes of the Tax Act, the Emerge Fund will not be subject to these mark-to-market rules.

Part XII.2 of the Tax Act provides that certain trusts (excluding mutual fund trusts) that have an investor who is a “designated beneficiary” under the Tax Act at any time in the taxation year are subject to a special tax at a rate of 40% on the trust’s “designated income”. A “designated beneficiaries” includes a non-resident person. “Designated income” generally includes income from businesses carried on in Canada (including from derivatives) and from Canadian real estate, “timber resource properties” and “Canadian resource properties” (each as defined in the Tax Act) as well as taxable capital gains from dispositions of “taxable Canadian properties” (as defined in the Tax Act). If the Emerge Fund is subject to tax under Part XII.2, unitholders of the Emerge Fund who are not “designated beneficiaries” may be entitled to a refund of a portion of the Part XII.2 tax paid by the Emerge Fund, provided that the Emerge Fund makes the appropriate designation.

There can be no assurance that the CRA will agree with the tax treatment adopted by the Emerge Fund in filing its tax returns. The CRA could reassess the Emerge Fund on a basis that results in an increase in the taxable component of distributions considered to have been paid to unitholders. A reassessment by the CRA may result in the Emerge Fund being liable for unremitted withholding taxes on prior distributions to non-resident unitholders. Such liability may reduce the NAV of, or trading prices of, Units of the Emerge Fund.

In certain circumstances, the Emerge Fund may experience a “loss restriction event” for tax purposes, which generally will occur each time any person, together with other persons with whom that person is affiliated within the meaning of the Tax Act, or any group of persons acting in concert, acquires Units of the Emerge Fund having a fair market value that is greater than 50% of the fair market value of all of the Units of the Emerge Fund. If the Emerge Fund experiences a “loss restriction event” for the purposes of the Tax Act, the taxation year of the Emerge Fund will be deemed to end and an automatic distribution of income and net capital gain may occur under the terms of the Declaration of Trust so that the Emerge Fund will not be liable for income tax. Generally, any net losses of the Emerge Fund will not carry forward to future years, with the result that income and capital gains distributions in the future may be larger. It may not be possible for the Emerge Fund to determine if or when a loss restriction event has occurred because of the way Units are bought and sold. There can be no assurances that the Emerge Fund will not experience a loss restriction event and there can be no assurances regarding when or to whom the distributions resulting from a loss restriction event will be made, or that the Emerge Fund will not be required to pay tax notwithstanding such distributions.

The Tax Act contains rules concerning the taxation of publicly traded Canadian trusts and partnerships that own certain types of property defined as “non-portfolio property”. The Emerge Fund will be a “SIFT trust” as defined in the Tax Act if it holds a “non-portfolio property” as defined in the Tax Act. If the Emerge Fund is a SIFT trust, it will generally

be subject to tax at rates applicable to a Canadian corporation on income from a non-portfolio property and net taxable capital gains realized on the disposition of a non-portfolio property. Unitholders who receive distributions from the Emerge Fund of this income and gain are deemed to receive an eligible dividend from a Canadian corporation for tax purposes. The total of the tax payable by the Emerge Fund on its non-portfolio earnings and the tax payable by a unitholder on the distribution of those earnings will generally be more than the tax that would have been payable in the absence of the tax rules that apply to a SIFT trust. The Declaration of Trust requires the Emerge Fund to restrict its investments and activities so that it will not be a SIFT trust.

If the Emerge Fund realizes income or capital gains as a result of the transfer or disposition of its property undertaken to permit a redemption of Units by a unitholder, allocation of fund-level income and capital gains will follow the Declaration of Trust. Draft legislation released by the Minister of Finance (Canada) on July 30, 2019 proposed amendments to the Tax Act that would (i) effective for taxation years of the Emerge Fund beginning on or after March 19, 2019, deny the Emerge Fund a deduction for any income of the Emerge Fund designated to a unitholder on a redemption of Units, where the unitholder’s proceeds of disposition are reduced by the designation, and (ii) effective for taxation years of the Emerge Fund beginning on or after March 20, 2020, deny the Emerge Fund a deduction for the portion of a capital gain of the Emerge Fund designated to a unitholder on a redemption of Units that is greater than the unitholder’s accrued gain on those Units, where the unitholder’s proceeds of disposition are reduced by the designation. If such proposed amendments to the Tax Act are enacted in their current form, any income or capital gains that would otherwise have been designated to redeeming unitholders may be made payable to remaining non-redeeming unitholders to ensure that the Emerge Fund will not be liable for non-refundable income tax thereon. Accordingly, the amounts of taxable distributions made to unitholders of the Emerge Fund may be greater than they would have been in the absence of such amendments.

### Temporary Defensive Strategy Risk

When the Emerge Fund pursues a temporary defensive strategy inconsistent with its principal investment strategies, it may not achieve its investment objective.

### Fund Risk Classification

We assign an investment risk rating to the Emerge Fund to help you decide whether it is right for you. **This information is only a guide.** The Emerge Fund is assigned a risk rating in one of the following categories: low, low to medium, medium, medium to high or high.

The investment risk level of the Emerge Fund is required to be determined in accordance with a standardized risk classification methodology that is based on the Emerge Fund’s historical volatility as measured by the 10-year standard deviation of the returns of the Emerge Fund. As the Emerge Fund does not currently have 10 years of performance history, the 10-year standard deviation for the Emerge Fund has been calculated by imputing the return history for a reference index that has investable constituents that are consistent with the investment objectives and strategies of the Emerge Fund and is expected to reasonably approximate the standard deviation of the Emerge Fund (the “Reference Index”).

We use the MSCI ACWI Index as the Reference Index for the Emerge Fund. The MSCI ACWI Index is designed to represent the performance of large- and mid-capitalization stocks across 23 developed and 27 emerging markets and covers more than 3,000 constituents across 11 sectors. Using this Reference Index, we have assigned a risk rating of **medium** to the Emerge Fund.

We assign a risk rating category that is at, or higher than, the applicable rating indicated by the standard deviation ranges in the standardized risk classification methodology, as outlined in the table below.

Standard deviation range	Risk rating
0 to less than 6	Low
6 to less than 11	Low-to-medium
11 to less than 16	Medium
16 to less than 20	Medium-to-high
20 or greater	High

You should know that other types of risks, both measurable and non-measurable, exist. Also, just as historical performance may not be indicative of future returns, historical volatility may not be indicative of future volatility. The risk rating of the Emerge Fund, as set out above, is reviewed annually and anytime it is no longer reasonable in the circumstances. The standardized risk classification methodology used to identify the investment risk level of the Emerge Fund is available on request, at no cost, by calling 1-833-363-7432 or by writing to us at 26 Wellington St. East, Suite 901, Toronto, Ontario, M5E 1S2.

### **Who should invest in this Fund?**

The Emerge Fund may be suitable for investors who:

- seek exposure to companies focused on space exploration and innovation
- wish to participate in a global equity fund that emphasizes companies with strong growth potential
- have a medium to long-term investment perspective and
- have a medium risk tolerance.

### **Distribution Policy**

Each December, the Emerge Fund will distribute to its investors a sufficient amount of its net income and net realized capital gains so that the Emerge Fund will not be liable for ordinary income tax, which distribution will be automatically reinvested in additional Units. Immediately following such reinvestment, the number of Units outstanding will be consolidated so that the Series NAV per Unit following the distribution and reinvestment is the same as it would have been if the distribution had not been paid. In the case of a non-resident investor, if tax has to be withheld in respect of the distribution, the investor's custodian may debit his, her or its account for any such required withholding tax. Cash distributions will not be paid.

An investor that subscribes for ETF Series Units during the period commencing on and including the business day that is one Business Day prior to a Distribution Record Date and ending on and including that Distribution Record Date will not be entitled to receive the applicable distribution in respect of those Units. Income and/or capital gains of the Emerge Fund may be distributed to an investor as part of the price paid to the investor on the exchange or redemption of ETF Series Units.

### **Fund Expenses Indirectly Borne by Investors**

This information is not available because the Emerge Fund is new and its expenses are not yet known.



## **SIMPLIFIED PROSPECTUS**

### **Emerge ARK Space Exploration ETF**

You can find more information about the Emerge Fund in its Annual Information, Fund Facts, ETF Facts, management reports of fund performance, and financial statements. These documents are incorporated by reference into this document, which means that they legally form part of this document just as if they were printed as part of it.

For a free copy of these documents, call Emerge Canada Inc., the Manager of the Emerge Fund, toll-free at 1-833-363-7432 or ask your investment Advisor. These documents and other information about the Emerge Fund, such as material contracts, are also available at our website at [www.emergecm.ca](http://www.emergecm.ca) or publicly available at [www.sedar.com](http://www.sedar.com).