

# Emerge ARK ETFs

## FINANCIAL STATEMENTS

December 31, 2020

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



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## Independent Auditor's Report

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To the Unitholders of:

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

(collectively, the "ETFs", individually the "ETF")

### Opinion

We have audited the financial statements of each of the ETFs, which comprise the statements of financial position as at December 31, 2020 and 2019, and the statements of comprehensive income, changes in net assets attributable to holders of redeemable units and cash flows for the year ended December 31, 2020 and the period from June 14, 2019 (date of formation) to December 31, 2019, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of each of the ETFs present fairly, in all material respects, the financial position of each ETF as at December 31, 2020 and 2019, and its financial performance and its cash flows for the year ended December 31, 2020 and period from June 14, 2019 (date of formation) to December 31, 2019 in accordance with International Financial Reporting Standards ("IFRS").

### Basis for Opinion

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

### Other Information

Management is responsible for the other information. The other information comprises the information in the Management Report of Fund Performance for the year ended December 31, 2020 filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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



We obtained the Management Report of Fund Performance for the year ended December 31, 2020 filed with the relevant Canadian Securities Commissions prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

#### Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

Those charged with governance are responsible for overseeing the financial reporting process of each of the ETFs.

#### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of each of the ETFs, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of each of the ETFs.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of each of the ETFs to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements



of each of the ETFs or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the ETFs to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of each of the ETFs, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario  
March 31, 2021

# Emerge ARK Global Disruptive Innovation ETF

## Statements of Financial Position

As at December 31, 2020 and December 31, 2019

	2020	2019
<b>Assets</b>		
Current assets		
Cash	\$ 262,624	\$ 8,359
Investments at fair value through profit or loss (Schedule)	116,108,627	1,860,368
Receivable for investments sold	1,150,968	57,463
Receivable from the Manager (Note 8(c))	611,132	106,342
Other receivable	13,361	-
Dividends Receivable	6,648	-
Total assets	<u>\$ 118,153,360</u>	<u>\$ 2,032,532</u>
<b>Liabilities</b>		
Current liabilities		
Payable for investments purchased	1,361,411	64,168
Total liabilities	<u>1,361,411</u>	<u>\$ 64,168</u>
Net assets attributable to holders of redeemable units	<u>\$ 116,791,949</u>	<u>\$ 1,968,364</u>
Net assets attributable to holders of redeemable units per class		
CAD Units	\$ 115,521,000	\$ 984,180
USD Units (in Canadian dollars)	\$ 1,270,949	\$ 984,184
Number of units outstanding		
CAD Units	5,000,000	100,000
USD Units	55,000	100,000
Net assets attributable to holders of redeemable units per unit		
CAD Units	\$ 23.10	\$ 9.84
USD Units (in Canadian dollars)	\$ 23.10	\$ 9.84

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

(signed) "Lisa Langley"

(signed) "Desmond Alvares"

See accompanying notes to the financial statements

## Emerge ARK Global Disruptive Innovation ETF

### Statements of Comprehensive Income

For the year ended December 31, 2020 and for the period from June 14, 2019 (date of formation) to December 31, 2019

	2020	2019
Income		
Dividend income	\$ 20,035	\$ 509
Interest income for distribution purposes	13,241	289
Realized foreign exchange gain (loss)	(8,175)	449
Realized gain (loss) on sale of investments	4,297,769	(11,750)
Change in unrealized foreign exchange (gain) loss on cash	22	(76)
Change in unrealized appreciation (depreciation) in the value of investments	17,059,375	(7,041)
Total income	<u>21,382,267</u>	<u>(17,620)</u>
Expenses		
Management fees (Note 8)	199,854	7,264
Audit fees	59,031	18,177
Administration fees	223,369	25,971
Withholding taxes	3,684	79
Regulatory fees	75,862	3,700
Legal fees	38,385	-
Transaction costs	9,477	458
Total operating expenses before manager absorption	<u>609,662</u>	<u>55,649</u>
Expenses absorbed by manager	<u>311,455</u>	<u>41,633</u>
Net expenses	<u>298,207</u>	<u>14,016</u>
Increase/(decrease) in net assets attributable to holders of redeemable	<u>\$ 21,084,060</u>	<u>\$ (31,636)</u>
Increase/(decrease) in net assets attributable to holders of redeemable		
CAD Units	\$ 20,432,255	\$ (15,820)
USD Units (in Canadian dollars)	\$ 651,805	\$ (15,816)
Weighted average number of units outstanding		
CAD Units	1,112,842	98,765
USD Units	54,385	98,767
Increase/(decrease) in net assets attributable to holders of redeemable		
CAD Units	\$ 18.36	\$ (0.16)
USD Units (in Canadian dollars)	\$ 11.98	\$ (0.16)

See accompanying notes to the financial statements

**Emerge ARK Global Disruptive Innovation ETF**  
**Statements of Changes in Net Assets Attributable to Holders of Redeemable**  
**Units**

*For the year ended December 31, 2020 and for the period from June 14, 2019 (date of formation) to December 31, 2019*

	<b>2020</b>	<b>2019</b>
Net assets attributable to holders of redeemable units at beginning of year		
CAD Units	\$ 984,180	\$ -
USD Units (in Canadian dollars)	984,184	-
Increase/(decrease) in net assets attributable to holders of redeemable units		
CAD Units	20,432,255	(15,820)
USD Units (in Canadian dollars)	651,805	(15,816)
Redeemable unit transactions		
Proceeds from redeemable units issued		
CAD Units	94,104,565	1,000,000
USD Units (in Canadian dollars)	920,976	1,000,000
Redemption of redeemable units		
CAD Units	-	-
USD Units (in Canadian dollars)	(1,286,016)	-
Distributions capitalized		
CAD Units	2,336,800	-
USD Units (in Canadian dollars)	27,940	-
Distributions to holders of redeemable units		
From net realized capital gains		
CAD Units	(2,336,800)	-
USD Units (in Canadian dollars)	(27,940)	-
Net increase/(decrease) in net assets attributable to holders of redeemable units		
CAD Units	114,536,820	984,180
USD Units (in Canadian dollars)	286,765	984,184
Net assets attributable to holders of redeemable units at end of year		
CAD Units	\$ 115,521,000	\$ 984,180
USD Units (in Canadian dollars)	\$ 1,270,949	\$ 984,184

See accompanying notes to the financial statements

## Emerge ARK Global Disruptive Innovation ETF

### Statements of Cash Flows

For the year ended December 31, 2020 and for the period from June 14, 2019 (date of formation) to December 31, 2019

	2020	2019
<b>Cash flows from operating activities</b>		
Increase/(decrease) in net assets attributable to holders of redeemable	\$ 21,084,060	\$ (31,636)
Adjustments for:		
Net realized (gain)/loss on sale of investments	(4,297,769)	11,750
Change in unrealized (appreciation)/depreciation in value of investments	(17,059,375)	7,041
Change in unrealized foreign exchange (gain) loss on cash	(22)	76
Decrease/(increase) in receivable from the Manager	(504,790)	(106,342)
Decrease/(increase) in other receivable	(13,361)	-
Decrease/(increase) in dividends receivable	(6,648)	-
Purchase of investments	(25,557,192)	(719,247)
Proceeds from sale of investments	24,115,064	805,663
<b>Net cash from operating activities</b>	<b>(2,240,033)</b>	<b>(32,695)</b>
<b>Cash flows from financing activities</b>		
Cash received from redeemable units issued	2,961,450	41,130
Amounts paid for redeemable units redeemed	(467,174)	-
<b>Net cash from financing activities</b>	<b>2,494,276</b>	<b>41,130</b>
Change in unrealized foreign exchange (gain) loss on cash	22	(76)
Net increase in cash	254,243	8,435
Cash at beginning of year	8,359	-
Cash at end of year	\$ 262,624	\$ 8,359
<b>Supplementary cash flow information:</b>		
Dividends received, net of withholding taxes	\$ 9,703	\$ 430
Interest received, net of withholding taxes	\$ 13,241	\$ 289

See accompanying notes to the financial statements



# Emerge ARK Global Disruptive Innovation ETF

## Schedule of Investment Portfolio

As at December 31, 2020

Number of Shares		Average Cost \$	Fair Value \$	Percentage of Net Assets %
<b>Equities</b>				
<b>Communication Services</b>				
9,007	Baidu Inc.	2,190,477	2,481,334	
28,489	HUYA Inc.	830,216	723,358	
24,185	Iridium Communications Inc.	968,518	1,211,669	
15,836	Nintendo Co Ltd.	1,440,491	1,624,495	
11,490	Pinterest Inc.	780,895	964,661	
19,025	Roku Inc.	5,896,968	8,047,444	
4,460	Sea Ltd.	1,074,382	1,131,009	
7,838	Spotify Technology SA	2,829,050	3,142,070	
13,514	Tencent Holdings Ltd.	1,268,373	1,237,717	
21,849	Zillow Group Inc.	2,866,734	3,613,061	
		<u>20,146,104</u>	<u>24,176,818</u>	20.70
<b>Consumer Discretionary</b>				
13,731	Tesla Inc.	8,357,982	12,344,483	
		<u>8,357,982</u>	<u>12,344,483</u>	10.57
<b>Financials</b>				
12,995	Intercontinental Exchange Inc.	1,768,905	1,908,697	
6,434	LendingTree Inc.	2,453,433	2,244,232	
		<u>4,222,338</u>	<u>4,152,929</u>	3.56
<b>Health Care</b>				
104,143	Cerus Corp.	906,679	918,132	
56,004	Compugen Ltd.	1,036,433	864,037	
33,102	CRISPR Therapeutics AG	4,797,809	6,456,942	
35,198	Editas Medicine Inc.	1,723,060	3,143,888	
13,843	Exact Sciences Corp.	2,293,827	2,336,589	
34,194	Intellia Therapeutics Inc.	1,452,423	2,369,834	
90,482	Invitae Corp.	5,104,053	4,819,605	
44,495	Iovance Biotherapeutics Inc.	2,211,380	2,630,257	
12,342	NanoString Technologies Inc.	763,504	1,051,601	
4,721	Organovo Holdings Inc.	75,236	73,979	
41,595	Pacific Biosciences of California Inc.	764,646	1,374,612	
40,957	Seres Therapeutics Inc.	1,301,302	1,278,390	
28,297	Syros Pharmaceuticals Inc.	351,488	391,146	
19,997	Teladoc Health Inc.	5,173,413	5,094,212	
12,659	Twist Bioscience Corp.	1,657,143	2,278,662	
26,170	Veracyte Inc.	1,479,789	1,631,687	
		<u>31,092,185</u>	<u>36,713,573</u>	31.43
<b>Industrial</b>				
3,932	ExOne Co.	57,918	47,539	
16,674	Proto Labs Inc.	2,982,896	3,258,624	
		<u>3,040,814</u>	<u>3,306,163</u>	2.83
<b>Information Technology</b>				
43,408	2U Inc.	2,042,791	2,212,623	
7,545	DocuSign Inc.	2,208,554	2,136,819	
31,166	Materialise NV	1,630,430	2,152,433	
41,768	Pagerduty Inc.	1,782,379	2,218,957	
7,838	PayPal Holdings Inc.	2,153,944	2,338,628	
113,992	Pure Storage Inc.	2,770,296	3,283,553	
1,493	Shopify Inc.	2,127,662	2,145,919	
5,225	Splunk Inc.	1,247,215	1,130,897	
22,106	Square Inc.	5,123,749	6,129,398	
39,067	Stratasys Ltd.	847,167	1,031,262	
3,323	Synopsys Inc.	982,861	1,097,492	
14,406	Taiwan Semiconductor Manufacturing Co., Ltd.	1,737,522	2,001,236	
5,894	Twilio Inc.	2,362,939	2,541,780	
7,953	Unity Software Inc.	1,279,319	1,554,976	
3,920	Zoom Video Communications Inc.	2,076,086	1,684,602	
		<u>30,372,914</u>	<u>33,660,575</u>	28.82

See accompanying notes to the financial statements

## Emerge ARK Global Disruptive Innovation ETF Schedule of Investment Portfolio

As at December 31, 2020

Number of Shares	Average Cost \$	Fair Value \$	Percentage of Net Assets %
<b>Real Estate</b>			
22,373 KE Holdings Inc.	1,826,424	1,754,086	
	<u>1,826,424</u>	<u>1,754,086</u>	1.50
<b>Total Equities</b>	<u>99,058,761</u>	<u>116,108,627</u>	99.41
<b>Embedded Broker Commissions</b>	<u>(2,468)</u>		
<b>Total Investments</b>	<u>99,056,293</u>	<u>116,108,627</u>	99.41
Other Assets Less Liabilities		<u>683,322</u>	0.59
<b>Net Assets Attributable to Holders of Redeemable Units</b>		<u>116,791,949</u>	100.00

See accompanying notes to the financial statements

# Emerge ARK Genomics & Biotech ETF

## Statements of Financial Position

As at December 31, 2020 and December 31, 2019

	2020	2019
<b>Assets</b>		
Current assets		
Cash	\$ 9,208	\$ 4,307
Investments at fair value through profit or loss (Schedule)	38,038,454	1,887,449
Receivable for investments sold	607,536	83,911
Receivable from the Manager (Note 8(c))	193,455	75,720
Other receivable	4,115	-
Dividends Receivable	94	-
Total assets	<u>\$ 38,852,862</u>	<u>\$ 2,051,387</u>
<b>Liabilities</b>		
Current liabilities		
Payable for investments purchased	\$ 591,128	\$ 82,125
Total liabilities	<u>591,128</u>	<u>82,125</u>
Net assets attributable to holders of redeemable units	<u>\$ 38,261,734</u>	<u>\$ 1,969,262</u>
Net assets attributable to holders of redeemable units per class		
CAD Units	\$ 36,863,495	\$ 984,630
USD Units (in Canadian dollars)	\$ 1,398,239	\$ 984,632
Number of units outstanding		
CAD Units	1,450,000	100,000
USD Units	55,000	100,000
Net assets attributable to holders of redeemable units per unit		
CAD Units	\$ 25.42	\$ 9.85
USD Units (in Canadian dollars)	\$ 25.42	\$ 9.85

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

*(signed) "Lisa Langley"*

*(signed) "Desmond Alvares"*

See accompanying notes to the financial statements

## Emerge ARK Genomics & Biotech ETF

### Statements of Comprehensive Income

For the year ended December 31, 2020 and for the period from June 14, 2019 (date of formation) to December 31, 2019

	2020	2019
Income		
Dividend Income	\$ 1,015	\$ 493
Interest income for distribution purposes	4,680	182
Realized foreign exchange gain (loss)	8,808	(345)
Realized gain (loss) on sale of investments	2,762,601	1,168
Change in unrealized foreign exchange (gain) loss on cash	39	(39)
Change in unrealized appreciation (depreciation) in the value of investments	3,515,306	(17,559)
Total income	<u>6,292,449</u>	<u>(16,100)</u>
Expenses		
Management fees (Note 8)	59,890	7,350
Audit fees	17,837	18,394
Administration fees	66,986	26,274
Withholding taxes	156	74
Interest expense	63	99
Regulatory fees	22,848	3700
Legal fees	11,530	-
Transaction costs	5,957	900
Total operating expenses before manager absorption	<u>185,267</u>	<u>56,791</u>
Expenses absorbed by manager	<u>90,138</u>	42,153
Net expenses	<u>95,129</u>	<u>14,638</u>
Increase/(decrease) in net assets attributable to holders of redeemable units	<u>\$ 6,197,320</u>	<u>\$ (30,738)</u>
Increase/(decrease) in net assets attributable to holders of redeemable units		
CAD Units	\$ 5,689,825	\$ (15,370)
USD Units (in Canadian dollars)	\$ 507,495	\$ (15,368)
Weighted average number of units outstanding		
CAD Units	303,825	98,765
USD Units	49,057	98,767
Increase/(decrease) in net assets attributable to holders of redeemable units per unit		
CAD Units	\$ 18.73	\$ (0.16)
USD Units (in Canadian dollars)	\$ 10.34	\$ (0.16)

See accompanying notes to the financial statements

## Emerge ARK Genomics & Biotech ETF

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

For the year ended December 31, 2020 and for the period from June 14, 2019 (date of formation) to December 31, 2019

	2020	2019
Net assets attributable to holders of redeemable units at beginning of year		
CAD Units	\$ 984,630	\$ -
USD Units (in Canadian dollars)	984,632	-
Increase/(decrease) in net assets attributable to holders of redeemable units		
CAD Units	5,689,825	(15,370)
USD Units (in Canadian dollars)	507,495	(15,368)
Redeemable unit transactions		
Proceeds from redeemable units issued		
CAD Units	31,786,420	1,000,000
USD Units (in Canadian dollars)	1,282,145	1,000,000
Redemption of redeemable units		
CAD Units	(1,597,380)	-
USD Units (in Canadian dollars)	(1,376,033)	-
Distributions capitalized		
CAD Units	757,200	-
USD Units (in Canadian dollars)	34,705	-
Distributions to holders of redeemable units		
From net realized capital gains		
CAD Units	(757,200)	-
USD Units (in Canadian dollars)	(34,705)	-
Net increase/(decrease) in net assets attributable to holders of redeemable units		
CAD Units	35,878,865	984,630
USD Units (in Canadian dollars)	413,607	984,632
Net assets attributable to holders of redeemable units at end of year		
CAD Units	\$ 36,863,495	\$ 984,630
USD Units (in Canadian dollars)	\$ 1,398,239	\$ 984,632

See accompanying notes to the financial statements

## Emerge ARK Genomics & Biotech ETF

### Statements of Cash Flows

For the year ended December 31, 2020 and for the period from June 14, 2019 (date of formation) to December 31, 2019

	2020	2019
<b>Cash flows from operating activities</b>		
Increase/(decrease) in net assets attributable to holders of redeemable units	\$ 6,197,320	\$(30,738)
Adjustments for:		
Net realized (gain)/loss on sale of investments	(2,762,601)	(1,168)
Change in unrealized (appreciation)/depreciation in value of investments	(3,515,306)	17,559
Change in unrealized foreign exchange (gain) loss on cash	(39)	39
Decrease/(increase) in receivable from the Manager	(117,735)	(75,720)
Decrease/(increase) in other receivable	(4,115)	-
Decrease/(increase) in dividends receivable	(94)	-
Purchase of investments	(10,190,828)	(529,302)
Proceeds from sale of investments	9,823,925	561,857
<b>Net cash from operating activities</b>	<b>(569,473)</b>	<b>(57,473)</b>
<b>Cash flows from financing activities</b>		
Cash received from redeemable units issued	1,337,465	61,819
Amounts paid for redeemable units redeemed	(763,130)	-
<b>Net cash from financing activities</b>	<b>574,335</b>	<b>61,819</b>
Change in unrealized foreign exchange (gain) loss on cash	39	(39)
Net increase in cash	4,901	4,307
Cash at beginning of year	4,307	-
Cash at end of year	<b>\$ 9,208</b>	<b>\$ 4,307</b>
<b>Supplementary cash flow information:</b>		
Dividends received, net of withholding taxes	\$ 765	\$ 419
Interest received, net of withholding taxes	\$ 4,680	\$ 182
Interest paid	\$ 63	\$ 99

See accompanying notes to the financial statements

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

As at December 31, 2020

Number of Shares		Average Cost \$	Fair Value \$	Percentage of Net Assets %
<b>Equities</b>				
<b>Communication Services</b>				
354	Alphabet Inc.	797,584	790,090	
		797,584	790,090	2.06
<b>Financial</b>				
6,257	Longview Acquisition Corp.	130,049	157,754	
		130,049	157,754	0.41
<b>Health Care</b>				
2,063	10X Genomics Inc.	377,415	372,162	
9,285	Accolade Inc.	528,443	514,565	
5,997	Adaptive Biotechnologies Corp.	406,131	451,763	
34,654	AquaBounty Technologies Inc.	258,935	386,747	
15,334	Arcturus Therapeutics Holdings Inc.	1,376,588	847,450	
4,389	Beam Therapeutics Inc.	326,982	456,497	
5,752	Berkeley Lights Inc.	654,542	655,200	
16,116	CareDx Inc.	1,247,789	1,487,527	
8,145	Castle Biosciences Inc.	601,985	696,797	
25,675	Collectis S.A.	749,339	885,131	
33,314	Cerus Corp.	286,484	293,699	
15,601	Codexis Inc.	358,573	433,886	
23,805	Compugen Ltd.	410,599	367,267	
10,772	CRISPR Therapeutics AG	1,661,986	2,101,208	
7,697	Editas Medicine Inc.	444,211	687,497	
19,213	Evogene Ltd.	85,292	115,044	
8,235	Exact Sciences Corp.	1,319,570	1,390,003	
11,664	Fate Therapeutics Inc.	999,350	1,351,213	
2,102	Guardant Health Inc.	310,951	345,134	
6,918	Incyte Corp.	782,017	766,600	
8,599	Intellia Therapeutics Inc.	421,960	595,958	
25,053	Invitae Corp.	1,479,314	1,334,471	
9,444	Ionis Pharmaceuticals Inc.	638,957	680,269	
23,624	Iovance Biotherapeutics Inc.	1,259,028	1,396,499	
3,950	NanoString Technologies Inc.	262,274	336,560	
8,535	Novartis AG	989,687	1,026,792	
1,966	Organovo Holdings Inc.	25,578	30,808	
79,570	Pacific Biosciences of California Inc.	1,699,643	2,629,590	
26,936	Personalis Inc.	1,057,962	1,256,325	
5,261	Phreesia Inc.	301,468	363,678	
14,835	Pluristem Therapeutics Inc.	164,885	133,621	
1,779	Regeneron Pharmaceuticals Inc.	1,137,718	1,094,942	
2,473	Repare Therapeutics Inc.	101,381	108,066	
21,946	Roche Holding AG	1,209,651	1,225,731	
925	Sarepta Therapeutics Inc.	196,477	200,914	
5,584	Schrodinger Inc.	486,249	563,287	
14,446	Seres Therapeutics Inc.	498,285	450,903	
8,529	Surface Oncology Inc.	98,072	100,401	
12,898	Syros Pharmaceuticals Inc.	164,162	178,288	
34,861	Takeda Pharmaceutical Co., Ltd.	818,424	808,314	
8,945	Teladoc Health Inc.	2,297,603	2,278,726	
741	Thermo Fisher Scientific Inc.	447,567	439,712	
12,223	Twist Bioscience Corp.	1,756,557	2,200,180	
1,206	Veeva Systems Inc.	427,677	418,297	
8,354	Veracyte Inc.	500,895	520,868	
3,273	Vertex Pharmaceuticals Inc.	979,506	985,490	
		32,608,162	35,964,080	94.01

See accompanying notes to the financial statements

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

As at December 31, 2020

Number of Shares	Average Cost \$	Fair Value \$	Percentage of Net Assets %
<b>Industrials</b>			
1,740 908 Devices Inc.	129,131	126,244	
	<u>129,131</u>	<u>126,244</u>	0.33
<b>Information Technology</b>			
34,726 Pure Storage Inc.	877,793	1,000,286	
	<u>877,793</u>	<u>1,000,286</u>	2.61
<b>Total Equities</b>	<u>34,542,719</u>	<u>38,038,454</u>	<u>99.42</u>
<b>Embedded Broker Commissions</b>	<u>(2,012)</u>		
<b>Total Investments</b>	<u>34,540,707</u>	<u>38,038,454</u>	<u>99.42</u>
Other Assets Less Liabilities		<u>223,280</u>	0.58
<b>Net Assets Attributable to Holders of Redeemable Units</b>		<u>38,261,734</u>	<u>100.00</u>

See accompanying notes to the financial statements



# Emerge ARK Fintech Innovation ETF

## Statements of Financial Position

As at December 31, 2020 and December 31, 2019

	2020	2019
<b>Assets</b>		
Current assets		
Cash	\$ 75,014	\$ 9,285
Investments at fair value through profit or loss (Schedule)	10,979,075	1,947,916
Dividends receivable	361	185
Receivable for investments sold	95,064	52,152
Receivable from the Manager (Note 8(c))	53,392	94,960
Other receivable	2,751	-
<b>Total assets</b>	<b>\$ 11,205,657</b>	<b>\$ 2,104,498</b>
<b>Liabilities</b>		
Current liabilities		
Payable for investments purchased	\$ 149,181	\$ 49,691
<b>Total liabilities</b>	<b>149,181</b>	<b>49,691</b>
<b>Net assets attributable to holders of redeemable units</b>	<b>\$ 11,056,476</b>	<b>\$ 2,054,807</b>
Net assets attributable to holders of redeemable units per class		
CAD Units	\$ 10,955,972	\$ 1,027,400
USD Units (in Canadian dollars)	\$ 100,504	\$ 1,027,407
Number of units outstanding		
CAD Units	545,000	100,000
USD Units	5,000	100,000
Net assets attributable to holders of redeemable units per unit		
CAD Units	\$ 20.10	\$ 10.27
USD Units (in Canadian dollars)	\$ 20.10	\$ 10.27

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

(signed) "Lisa Langley"

(signed) "Desmond Alvares"

See accompanying notes to the financial statements

## Emerge ARK Fintech Innovation ETF

### Statements of Comprehensive Income

For the year ended December 31, 2020 and for the period from June 14, 2019 (date of formation) to December 31, 2019

	2020	2019
Income		
Dividend income	\$ 9,044	\$ 2,592
Interest income for distribution purposes	9,115	502
Realized foreign exchange gain (loss)	(16,330)	(352)
Realized gain (loss) on sale of investments	1,155,502	42,703
Change in unrealized foreign exchange (gain) loss on cash	61	(61)
Change in unrealized appreciation (depreciation) in the value of investments	827,634	24,193
Total income	<u>1,985,026</u>	<u>69,577</u>
Expenses		
Management fees (Note 8)	27,029	7,669
Audit fees	8,507	19,201
Administration fees	31,629	27,405
Withholding taxes	1,317	435
Interest expense	77	17
Regulatory fees	10,849	3,700
Legal fees	5,456	-
Transaction costs	4,043	435
Total operating expenses before manager absorption	<u>88,907</u>	<u>58,862</u>
Expenses absorbed by manager	42,708	44,092
Net expenses	<u>46,199</u>	<u>14,770</u>
Increase/(decrease) in net assets attributable to holders of redeemable units	<u>\$ 1,938,827</u>	<u>\$ 54,807</u>
Increase/(decrease) in net assets attributable to holders of redeemable units		
CAD Units	\$ 1,514,787	\$ 27,400
USD Units (in Canadian dollars)	\$ 424,040	\$ 27,407
Weighted average number of units outstanding		
CAD Units	156,134	98,765
USD Units	53,839	98,767
Increase/(decrease) in net assets attributable to holders of redeemable units per unit		
CAD Units	\$ 9.70	\$ 0.28
USD Units (in Canadian dollars)	\$ 7.88	\$ 0.28

See accompanying notes to the financial statements

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## Emerge ARK Fintech Innovation ETF

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

For the year ended December 31, 2020 and for the period from June 14, 2019 (date of formation) to December 31, 2019

	2020	2019
Net assets attributable to holders of redeemable units at beginning of year		
CAD Units	\$ 1,027,400	\$ -
USD Units (in Canadian dollars)	1,027,407	-
Increase/(decrease) in net assets attributable to holders of redeemable units		
CAD Units	1,514,787	27,400
USD Units (in Canadian dollars)	424,040	27,407
Redeemable unit transactions		
Proceeds from redeemable units issued		
CAD Units	13,398,195	1,000,000
USD Units (in Canadian dollars)	-	1,000,000
Redemption of redeemable units		
CAD Units	(4,984,410)	-
USD Units (in Canadian dollars)	(1,350,943)	-
Distributions capitalized		
CAD Units	477,160	10,356
USD Units (in Canadian dollars)	6,040	10,356
Distributions to holders of redeemable units		
From net realized capital gains		
CAD Units	(477,160)	(10,356)
USD Units (in Canadian dollars)	(6,040)	(10,356)
Net increase/(decrease) in net assets attributable to holders of redeemable units		
CAD Units	9,928,572	1,027,400
USD Units (in Canadian dollars)	(926,903)	1,027,407
Net assets attributable to holders of redeemable units at end of year		
CAD Units	\$ 10,955,972	\$ 1,027,400
USD Units (in Canadian dollars)	\$ 100,504	\$ 1,027,407

See accompanying notes to the financial statements

## Emerge ARK Fintech Innovation ETF

### Statements of Cash Flows

For the year ended December 31, 2020 and for the period from June 14, 2019 (date of formation) to December 31, 2019

	2020	2019
<b>Cash flows from operating activities</b>		
Increase/(decrease) in net assets attributable to holders of redeemable units	\$ 1,938,827	\$ 54,807
Adjustments for:		
Net realized (gain)/loss on sale of investments	(1,155,502)	(42,703)
Change in unrealized (appreciation)/depreciation in value of investments	(827,634)	(24,193)
Change in unrealized foreign exchange (gain) loss on cash	(61)	61
Decrease/(increase) in dividends receivable	(176)	(185)
Decrease/(increase) in receivable from the Manager	41,568	(94,960)
Decrease/(increase) in other receivable	(2,751)	-
Purchase of investments	(5,170,574)	(460,568)
Proceeds from sale of investments	3,254,665	428,500
<b>Net cash from operating activities</b>	<b>(1,921,638)</b>	<b>(139,241)</b>
<b>Cash flows from financing activities</b>		
Cash received from redeemable units issued	3,134,092	148,587
Amounts paid for redeemable units redeemed	(1,146,786)	-
<b>Net cash from financing activities</b>	<b>1,987,306</b>	<b>148,587</b>
Foreign exchange gain/(loss) on cash	61	(61)
Net increase in cash	65,729	9,285
Cash at beginning of year	9,285	-
Cash at end of year	<b>\$ 75,014</b>	<b>\$ 9,285</b>
<b>Supplementary cash flow information:</b>		
Dividends received, net of withholding taxes	\$ 7,551	\$ 1,972
Interest received, net of withholding taxes	\$ 9,115	\$ 502
Interest paid	\$ 77	\$ 17

See accompanying notes to the financial statements

# Emerge ARK Fintech Innovation ETF

## Schedule of Investment Portfolio

As at December 31, 2020

Number of Shares		Average Cost \$	Fair Value \$	Percentage of Net Assets %
<b>Equities</b>				
<b>Communication Services</b>				
650	Facebook Inc.	227,999	226,204	
5,101	Pinterest Inc.	395,206	428,262	
1,585	Sea Ltd.	358,094	401,939	
4,188	Snap Inc.	230,355	267,149	
4,772	Tencent Holdings Ltd.	439,183	437,057	
27,627	Z Holdings Corp.	211,193	212,861	
2,923	Zillow Group Inc.	425,387	483,362	
		<u>2,287,417</u>	<u>2,456,834</u>	22.22
<b>Consumer Discretionary</b>				
1,102	Alibaba Group Holding Ltd.	369,144	326,741	
70	Amazon.com Inc.	283,800	290,453	
1,170	JD.com Inc.	125,262	131,022	
6,300	Meituan Dianping	279,512	304,947	
236	MercadoLibre Inc.	431,209	503,678	
799	Pinduoduo Inc.	127,958	180,855	
		<u>1,616,885</u>	<u>1,737,696</u>	15.72
<b>Financials</b>				
2,085	Charles Schwab Corp.	127,025	140,890	
10,065	Discovery Ltd.	116,888	134,035	
1,215	HDFC Bank Ltd.	101,163	111,852	
3,093	Intercontinental Exchange Inc.	425,684	454,298	
140	Kaspi.KZ JSC	10,926	11,968	
8,345	LendingClub Corp.	80,409	112,269	
763	LendingTree Inc.	279,744	266,141	
68	MarketAxess Holdings Inc.	47,405	49,429	
4,425	Opendoor Technologies Inc.	126,255	128,139	
2,724	Silvergate Capital Corp.	146,210	257,883	
2,827	TCS Group Holding PLC	109,488	118,492	
34,100	ZhongAn Online P&C Insurance Co., Ltd.	211,873	202,822	
		<u>1,783,070</u>	<u>1,988,218</u>	17.98
<b>Health Care</b>				
458	Teladoc Health Inc.	114,642	116,675	
		<u>114,642</u>	<u>116,675</u>	1.06
<b>Industrial</b>				
336	Verisk Analytics Inc.	84,378	88,862	
		<u>84,378</u>	<u>88,862</u>	0.80
<b>Information Technology</b>				
138	Adyen NV	357,041	399,974	
1,488	Apple Inc.	230,281	251,542	
963	BASE Inc.	106,077	115,978	
880	DocuSign Inc.	251,746	249,225	
961	Guidewire Software Inc.	148,406	157,606	
391	Intuit Inc.	179,243	189,216	
2,888	Lightspeed POS Inc.	190,177	259,458	
173	NVIDIA Corp.	114,050	115,094	
1,383	PayPal Holdings Inc.	374,034	412,646	
157	Shopify Inc.	224,674	225,659	
956	Splunk Inc.	215,599	206,916	
4,031	Square Inc.	1,004,483	1,117,688	
1,116	Taiwan Semiconductor Manufacturing Co., Ltd.	137,247	155,031	
653	Twilio Inc.	254,909	281,605	

See accompanying notes to the financial statements

**Emerge ARK Fintech Innovation ETF**  
**Schedule of Investment Portfolio**

As at December 31, 2020

Number of Shares	Average Cost \$	Fair Value \$	Percentage of Net Assets %
<b>Information Technology (continued)</b>			
719 Workday Inc.	210,340	219,484	
18,800 Yeahka Ltd.	123,536	116,144	
	<u>4,121,843</u>	<u>4,473,266</u>	40.46
<b>Real Estate</b>			
1,499 KE Holdings Inc.	120,647	117,524	
	<u>120,647</u>	<u>117,524</u>	1.06
<b>Total Equities</b>	<u>10,128,882</u>	<u>10,979,075</u>	99.30
<b>Embedded Broker Commissions</b>	<u>(1,634)</u>		
<b>Total Investments</b>	<u>10,127,248</u>	<u>10,979,075</u>	99.30
Other Assets Less Liabilities		<u>77,401</u>	0.70
<b>Net Assets Attributable to Holders of Redeemable Units</b>		<u>11,056,476</u>	100.00

See accompanying notes to the financial statements

# Emerge ARK AI & Big Data ETF

## Statements of Financial Position

As at December 31, 2020 and December 31, 2019

	2020	2019
<b>Assets</b>		
Current assets		
Cash	\$ 92,076	\$ 2,801
Investments at fair value through profit or loss (Schedule)	29,030,241	1,963,169
Receivable for investments sold	324,373	46,617
Receivable from the Manager (Note 8(c))	240,692	100,886
Other receivable	6,971	-
Dividends Receivable	981	-
<b>Total assets</b>	<b>\$ 29,695,334</b>	<b>\$ 2,113,473</b>
<b>Liabilities</b>		
Current liabilities		
Payable for investments purchased	\$ 377,378	\$ 46,611
<b>Total liabilities</b>	<b>377,378</b>	<b>46,611</b>
<b>Net assets attributable to holders of redeemable units</b>	<b>\$ 29,317,956</b>	<b>\$ 2,066,862</b>
Net assets attributable to holders of redeemable units per class		
CAD Units	\$ 29,196,360	\$ 1,033,430
USD Units (in Canadian dollars)	\$ 121,596	\$ 1,033,432
Number of units outstanding		
CAD Units	1,200,000	100,000
USD Units	5,000	100,000
Net assets attributable to holders of redeemable units per unit		
CAD Units	\$ 24.33	\$ 10.33
USD Units (in Canadian dollars)	\$ 24.33	\$ 10.33

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

*(signed) "Lisa Langley"*

*(signed) "Desmond Alvares"*

See accompanying notes to the financial statements

## Emerge ARK AI & Big Data ETF

### Statements of Comprehensive Income

For the year ended December 31, 2020 and for the period from June 14, 2019 (date of formation) to December 31, 2019

	2020	2019
<b>Income</b>		
Dividend income	\$ 7,676	\$ 661
Interest income for distribution purposes	9,576	171
Realized foreign exchange gain (loss)	(10,000)	(108)
Realized gain (loss) on sale of investments	3,023,625	(5,722)
Change in unrealized foreign exchange (gain) loss on cash	2	(2)
Change in unrealized appreciation (depreciation) in the value of investments	4,960,245	86,052
<b>Total income</b>	<b>7,991,124</b>	<b>81,052</b>
<b>Expenses</b>		
Management fees (Note 8)	77,681	7,510
Audit fees	23,830	18,803
Administration fees	89,778	26,846
Withholding taxes	1,266	99
Interest expense	241	10
Regulatory fees	30,568	3,700
Legal fees	15,442	-
Transaction costs	3,321	357
<b>Total operating expenses before manager absorption</b>	<b>242,127</b>	<b>57,325</b>
Expenses absorbed by manager	121,594	43,135
<b>Net expenses</b>	<b>120,533</b>	<b>14,190</b>
<b>Increase/(decrease) in net assets attributable to holders of redeemable units</b>	<b>\$ 7,870,591</b>	<b>\$ 66,862</b>
<b>Increase/(decrease) in net assets attributable to holders of redeemable units</b>		
CAD Units	\$ 7,361,965	\$ 33,430
USD Units (in Canadian dollars)	\$ 508,626	\$ 33,432
<b>Weighted average number of units outstanding</b>		
CAD Units	426,913	98,765
USD Units	49,331	98,767
<b>Increase/(decrease) in net assets attributable to holders of redeemable units per unit</b>		
CAD Units	\$ 17.24	\$ 0.34
USD Units (in Canadian dollars)	\$ 10.31	\$ 0.34

See accompanying notes to the financial statements



## Emerge ARK AI & Big Data ETF

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

For the year ended December 31, 2020 and for the period from June 14, 2019 (date of formation) to December 31, 2019

	2020	2019
Net assets attributable to holders of redeemable units at beginning of year		
CAD Units	\$ 1,033,430	\$ -
USD Units (in Canadian dollars)	1,033,432	-
Increase/(decrease) in net assets attributable to holders of redeemable units		
CAD Units	7,361,965	33,430
USD Units (in Canadian dollars)	508,626	33,432
Redeemable unit transactions		
Proceeds from redeemable units issued		
CAD Units	22,484,060	1,000,000
USD Units (in Canadian dollars)	-	1,000,000
Redemption of redeemable units		
CAD Units	(1,683,095)	-
USD Units (in Canadian dollars)	(1,420,462)	-
Distributions capitalized		
CAD Units	1,634,600	-
USD Units (in Canadian dollars)	7,430	-
Distributions to holders of redeemable units		
From net realized capital gains		
CAD Units	(1,634,600)	-
USD Units (in Canadian dollars)	(7,430)	-
Net increase/(decrease) in net assets attributable to holders of redeemable units		
CAD Units	28,162,930	1,033,430
USD Units (in Canadian dollars)	(911,836)	1,033,432
Net assets attributable to holders of redeemable units at end of year		
CAD Units	\$ 29,196,360	\$ 1,033,430
USD Units (in Canadian dollars)	\$ 121,596	\$ 1,033,432

See accompanying notes to the financial statements

## Emerge ARK AI & Big Data ETF

### Statements of Cash Flows

For the year ended December 31, 2020 and for the period from June 14, 2019 (date of formation) to December 31, 2019

	2020	2019
<b>Cash flows from operating activities</b>		
Increase/(decrease) in net assets attributable to holders of redeemable units	\$ 7,870,591	\$ 66,862
Adjustments for:		
Net realized (gain)/loss on sale of investments	(3,023,625)	5,722
Change in unrealized (appreciation)/depreciation in value of investments	(4,960,245)	(86,052)
Change in unrealized foreign exchange (gain) loss on cash	(2)	2
Decrease/(increase) in receivable from the Manager	(139,806)	(100,886)
Decrease/(increase) in other receivable	(6,971)	-
Decrease/(increase) in dividends receivable	(981)	-
Purchase of investments	(11,276,951)	(730,539)
Proceeds from sale of investments	10,237,237	799,990
<b>Net cash from operating activities</b>	<b>(1,300,753)</b>	<b>(44,901)</b>
<b>Cash flows from financing activities</b>		
Cash received from redeemable units issued	1,496,520	47,704
Amounts paid for redeemable units redeemed	(106,494)	-
<b>Net cash from financing activities</b>	<b>1,390,026</b>	<b>47,704</b>
Change in unrealized foreign exchange (gain) loss on cash	2	(2)
Net increase in cash	89,275	2,801
Cash at beginning of year	2,801	-
Cash at end of year	<b>\$ 92,076</b>	<b>\$ 2,801</b>
<b>Supplementary cash flow information:</b>		
Dividends received, net of withholding taxes	\$ 5,429	\$ 562
Interest received, net of withholding taxes	\$ 9,576	\$ 171
Interest paid	\$ 241	\$ 10

See accompanying notes to the financial statements

## Emerge ARK AI & Big Data ETF

### Schedule of Investment Portfolio

As at December 31, 2020

Number of Shares	Average Cost \$	Fair Value \$	Percentage of Net Assets %
<b>Equities</b>			
<b>Communication Services</b>			
872 Baidu Inc.	241,162	240,227	
2,185 Facebook Inc.	764,438	760,392	
19,658 HUYA Inc.	535,639	499,132	
925 Netflix Inc.	598,615	637,223	
3,912 Nintendo Co Ltd.	342,658	401,302	
7,870 Pinterest Inc.	466,595	660,738	
4,490 Roku Inc.	1,180,362	1,899,239	
2,493 Sea Ltd.	466,671	632,199	
10,799 Snap Inc.	475,706	688,859	
2,431 Spotify Technology S.A.	837,499	974,531	
8,850 Tencent Holdings Ltd.	817,147	810,552	
3,474 Zillow Group Inc.	401,866	574,478	
	7,128,358	8,778,872	29.94
<b>Consumer Discretionary</b>			
1,263 Alibaba Group Holding Ltd.	413,470	374,477	
2,955 JD.com Inc.	314,722	330,914	
203 MercadoLibre Inc.	313,271	433,248	
1,968 Peloton Interactive Inc.	307,041	380,397	
3,380 Tesla Inc.	1,593,290	3,038,697	
	2,941,794	4,557,733	15.55
<b>Financials</b>			
3,896 Intercontinental Exchange Inc.	522,685	572,244	
23,226 LendingClub Corp.	185,065	312,469	
1,626 LendingTree Inc.	646,230	567,162	
13,545 Opendoor Technologies Inc.	339,554	392,236	
	1,693,534	1,844,111	6.29
<b>Health Care</b>			
4,284 Teladoc Health Inc.	1,087,129	1,091,344	
7,753 Veracyte Inc.	383,543	483,396	
	1,470,672	1,574,740	5.37
<b>Information Technology</b>			
9,271 2U Inc.	441,627	472,568	
475 Adobe Inc.	289,336	302,647	
5,002 Adyen NV	239,693	295,686	
6,916 Agora Inc.	363,860	348,562	
1,852 Apple Inc.	306,288	313,075	
979 Atlassian Corp PLC	250,305	291,693	
3,229 CloudFlare Inc.	268,265	312,603	
1,211 Crowdstrike Holdings Inc.	210,066	326,799	
1,517 DocuSign Inc.	427,590	429,630	
5,146 Fastly Inc.	546,457	572,798	
639 HubSpot Inc.	246,422	322,736	
456 NVIDIA Corp.	278,985	303,369	
851 Okta Inc.	245,573	275,662	
10,739 Pagerduty Inc.	429,221	570,518	
5,812 Palantir Technologies Inc.	131,374	174,376	
2,164 PayPal Holdings Inc.	560,645	645,674	

See accompanying notes to the financial statements

**Emerge ARK AI & Big Data ETF**  
**Schedule of Investment Portfolio**

As at December 31, 2020

Number of Shares	Average Cost \$	Fair Value \$	Percentage of Net Assets %
<b>Information Technology (continued)</b>			
30,960 Pure Storage Inc.	730,315	891,806	
971 Salesforce.com Inc.	282,350	275,281	
411 Shopify Inc.	568,530	590,739	
1,417 Splunk Inc.	341,643	306,695	
4,784 Square Inc.	956,305	1,326,473	
804 Synopsys Inc.	222,822	265,538	
2,106 Taiwan Semiconductor Manufacturing Co Ltd.	246,731	292,559	
361 Trade Desk Inc.	305,302	368,391	
1,320 Twilio Inc.	469,783	569,248	
2,942 Unity Software Inc.	410,984	575,222	
954 Zoom Video Communications Inc.	512,798	409,977	
	10,283,270	11,830,325	40.35
<b>Real Estate</b>			
5,669 KE Holdings Inc.	467,505	444,460	
	467,505	444,460	1.52
<b>Total Equities</b>	23,985,133	29,030,241	99.02
<b>Embedded Broker Commissions</b>	(1,189)		
<b>Total Investments</b>	23,983,944	29,030,241	99.02
Other Assets Less Liabilities		287,715	0.98
<b>Net Assets Attributable to Holders of Redeemable Units</b>		29,317,956	100.00

See accompanying notes to the financial statements

# Emerge ARK Autonomous Tech & Robotics ETF

## Statements of Financial Position

As at December 31, 2020 and December 31, 2019

	2020	2019
<b>Assets</b>		
Current assets		
Cash	\$ 3,308	\$ 10,358
Investments at fair value through profit or loss (Schedule)	8,938,537	1,942,688
Dividends receivable	1,887	344
Receivable for investments sold	61,392	57,249
Receivable from the Manager (Note 8(c))	53,598	108,534
Other receivable	691	-
Total assets	<u>\$ 9,059,413</u>	<u>\$ 2,119,173</u>
<b>Liabilities</b>		
Current liabilities		
Payable for investments purchased	\$ 62,685	\$ 67,265
Total liabilities	<u>62,685</u>	<u>67,265</u>
Net assets attributable to holders of redeemable units	<u>\$ 8,996,728</u>	<u>\$ 2,051,908</u>
Net assets attributable to holders of redeemable units per class		
CAD Units	\$ 8,896,752	\$ 1,025,950
USD Units (in Canadian dollars)	\$ 99,976	\$ 1,025,958
Number of units outstanding		
CAD Units	445,000	100,000
USD Units	5,000	100,000
Net assets attributable to holders of redeemable units per unit		
CAD Units	\$ 19.99	\$ 10.26
USD Units (in Canadian dollars)	\$ 20.00	\$ 10.26

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

*(signed) "Lisa Langley"*

*(signed) "Desmond Alvares"*

See accompanying notes to the financial statements

## Emerge ARK Autonomous Tech & Robotics ETF

### Statements of Comprehensive Income

For the year ended December 31, 2020 and for the period from June 14, 2019 (date of formation) to December 31, 2019

	2020	2019
Income		
Dividend income	\$ 9,561	\$ 3,426
Interest income for distribution purposes	5,220	247
Realized foreign exchange gain (loss)	(3,338)	667
Realized gain (loss) on sale of investments	715,185	(11,541)
Change in unrealized foreign exchange (gain) loss on cash	95	(95)
Change in unrealized appreciation (depreciation) in the value of investments	1,126,361	74,205
Total income	<u>1,853,084</u>	<u>66,909</u>
Expenses		
Management fees (Note 8)	21,156	7,451
Audit fees	6,468	18,650
Administration fees	23,823	26,631
Withholding taxes	1,581	565
Regulatory fees	8,218	3,700
Legal fees	4,116	-
Transaction costs	1,962	771
Total operating expenses before manager absorption	<u>67,324</u>	<u>57,768</u>
Expenses absorbed by manager	31,718	42,767
Net expenses	<u>35,606</u>	<u>15,001</u>
Increase/(decrease) in net assets attributable to holders of redeemable units	<u>\$ 1,817,478</u>	<u>\$ 51,908</u>
Increase/(decrease) in net assets attributable to holders of redeemable units		
CAD Units	\$ 1,414,304	\$ 25,950
USD Units (in Canadian dollars)	\$ 403,174	\$ 25,958
Weighted average number of units outstanding		
CAD Units	113,470	98,765
USD Units	55,383	98,767
Increase/(decrease) in net assets attributable to holders of redeemable units per unit		
CAD Units	\$ 12.46	\$ 0.26
USD Units (in Canadian dollars)	\$ 7.28	\$ 0.26

See accompanying notes to the financial statements

## Emerge ARK Autonomous Tech & Robotics ETF

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

*For the year ended December 31, 2020 and for the period from June 14, 2019 (date of formation) to December 31, 2019*

	2020	2019
Net assets attributable to holders of redeemable units at beginning of year		
CAD Units	\$ 1,025,950	\$ -
USD Units (in Canadian dollars)	1,025,958	-
Increase/(decrease) in net assets attributable to holders of redeemable units		
CAD Units	1,414,304	25,950
USD Units (in Canadian dollars)	403,174	25,958
Redeemable unit transactions		
Proceeds from redeemable units issued		
CAD Units	7,108,633	1,000,000
USD Units (in Canadian dollars)	-	1,000,000
Redemption of redeemable units		
CAD Units	(652,135)	-
USD Units (in Canadian dollars)	(1,329,156)	-
Distributions capitalized		
CAD Units	357,835	-
USD Units (in Canadian dollars)	6,065	-
Distributions to holders of redeemable units		
From net realized capital gains		
CAD Units	(357,835)	-
USD Units (in Canadian dollars)	(6,065)	-
Net increase/(decrease) in net assets attributable to holders of redeemable units		
CAD Units	7,870,802	1,025,950
USD Units (in Canadian dollars)	(925,982)	1,025,958
Net assets attributable to holders of redeemable units at end of year		
CAD Units	\$ 8,896,752	\$ 1,025,950
USD Units (in Canadian dollars)	\$ 99,976	\$ 1,025,958

See accompanying notes to the financial statements

## Emerge ARK Autonomous Tech & Robotics ETF

### Statements of Cash Flows

For the year ended December 31, 2020 and for the period from June 14, 2019 (date of formation) to December 31, 2019

	2020	2019
<b>Cash flows from operating activities</b>		
Increase/(decrease) in net assets attributable to holders of redeemable units	\$ 1,817,478	\$ 51,908
Adjustments for:		
Net realized (gain)/loss on sale of investments	(715,185)	11,541
Change in unrealized (appreciation)/depreciation in value of investments	(1,126,361)	(74,205)
Change in unrealized foreign exchange (gain) loss on cash	(95)	95
Decrease/(increase) in dividends receivable	(1,543)	(344)
Decrease/(increase) in receivable from the Manager	54,936	(108,534)
Decrease/(increase) in other receivable	(691)	-
Purchase of investments	(2,083,185)	(546,862)
Proceeds from sale of investments	1,805,571	647,437
<b>Net cash from operating activities</b>	<b>(249,075)</b>	<b>(18,964)</b>
<b>Cash flows from financing activities</b>		
Cash received from redeemable units issued	794,147	29,417
Amounts paid for redeemable units redeemed	(552,217)	-
<b>Net cash from financing activities</b>	<b>241,930</b>	<b>29,417</b>
Change in unrealized foreign exchange (gain) loss on cash	95	(95)
Net increase in cash	(7,050)	10,358
Cash at beginning of year	10,358	-
Cash at end of year	\$ 3,308	\$ 10,358
<b>Supplementary cash flow information:</b>		
Dividends received, net of withholding taxes	\$ 6,437	\$ 2,517
Interest received, net of withholding taxes	\$ 5,220	\$ 247

See accompanying notes to the financial statements



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

As at December 31, 2020

Number of Shares or Par Value	Average Cost \$	Fair Value \$	Percentage of Net Assets %	
<b>Equities</b>				
<b>Communication Services</b>				
153	Alphabet Inc.	333,495	341,480	
1,089	Baidu Inc.	229,899	300,008	
5,751	Iridium Communications Inc.	240,876	288,125	
1,161	Tencent Holdings Ltd.	105,305	106,333	
		909,575	1,035,946	11.51
<b>Consumer Discretionary</b>				
26	Amazon.com Inc.	99,537	107,882	
3,579	Byd Co Ltd.	195,493	240,612	
2,914	JD.com Inc.	289,095	326,323	
489	Magna International Inc.	46,345	44,107	
3,685	Niu Technologies	129,979	131,686	
1,234	Tesla Inc.	754,891	1,109,394	
7,595	Workhorse Group Inc.	200,940	191,392	
		1,716,280	2,151,396	23.91
<b>Health Care</b>				
107	Intuitive Surgical Inc.	99,365	111,522	
1,027	Organovo Holdings Inc.	15,482	16,093	
		114,847	127,615	1.42
<b>Industrial</b>				
1,659	Aerovironment Inc.	169,853	183,669	
1,013	Caterpillar Inc.	214,567	234,908	
1,029	Deere & Co.	318,127	352,710	
520	Elbit Systems Ltd.	86,114	86,652	
4,183	ExOne Co.	54,816	50,574	
149	Honeywell International Inc.	38,165	40,376	
6,198	Komatsu Ltd.	200,494	218,588	
9,263	Kratos Defense & Security Solutions Inc.	271,376	323,703	
1,286	Proto Labs Inc.	233,455	251,325	
2,023	Raven Industries Inc.	76,023	85,283	
229	Rockwell Automation Inc.	70,365	73,173	
5,562	Virgin Galactic Holdings Inc.	163,884	168,150	
		1,897,239	2,069,111	23.00
<b>Information Technology</b>				
5,367	2U Inc.	241,550	273,570	
257	ANSYS Inc.	109,759	119,115	
598	Apple Inc.	89,615	101,090	
229	Autodesk Inc.	77,568	89,082	
6,109	FLIR Systems Inc.	323,730	341,123	
8,920	Materialise NV	464,585	616,045	
19,798	Nano Dimension Ltd.	155,414	229,526	
119	NVIDIA Corp.	70,737	79,169	
1,349	NXP Semiconductors NV	259,815	273,279	
706	Splunk Inc.	156,656	152,806	
7,581	Stratasys Ltd.	193,017	200,118	
511	Synopsys Inc.	150,020	168,769	
1,993	Taiwan Semiconductor Manufacturing Co., Ltd.	243,758	276,861	
973	Teradyne Inc.	126,957	148,616	
4,257	Trimble Inc.	321,745	362,121	
682	Xilinx Inc.	115,580	123,179	
		3,100,506	3,554,469	39.51
	<b>Total Equities</b>	7,738,447	8,938,537	99.35
	<b>Embedded Broker Commissions</b>	(476)		
	<b>Total Investments</b>	7,737,971	8,938,537	99.35
	Other Assets Less Liabilities	58,191	0.65	
	<b>Net Assets Attributable to Holders of Redeemable Units</b>	8,996,728	100.00	

See accompanying notes to the financial statements

**The Emerge ETFs**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2020*

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

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

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

The ETFs are each established pursuant to a declaration of trust dated June 14, 2019, as the same may be amended or restated from time to time. The registered office of the ETFs and the Manager is located at 26 Wellington Street East, Suite 901, Toronto, Ontario, MSE 1S2.

Emerge Canada Inc. (the “Manager”) is the trustee, manager and portfolio manager of the ETFs and is responsible for the administration of the ETFs. RBC Investor Services Trust acts as custodian and administrator of the ETFs. The ETFs commenced operations on June 14, 2019 and the listing date was July 29, 2019. The Financial Statements were authorized for issuance by the Manager on March 31, 2021.

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

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

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

## **2. Significant Accounting Policies**

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

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

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

### **Financial Instruments**

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

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

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

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

### **(b) Impairment**

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

### **(c) Recognition**

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

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

### **(d) Offsetting**

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and marketable securities) are based on quoted market prices at the close of trading on the reporting date. The ETFs use the close prices for both financial assets and financial liabilities where the close price falls within that day's bid-ask spread. In circumstances where the close price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Transaction costs are expensed and are included in “Transaction costs” in the Statement of Comprehensive Income. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of an investment, which include fees and commissions paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. The embedded transaction costs in the cost of the investment portfolio as at December 31, 2020 are disclosed in the Schedule of Investment Portfolio.

### **(j) Cash**

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

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

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

### **(l) Taxation**

The Emerge ETFs currently qualify as mutual fund trusts as defined in the *Income Tax Act* (Canada) (the “Act”).

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

The ETFs currently incur withholding taxes imposed by certain countries on investment income and capital gains. Such income and gains are recorded on a gross basis and the related withholding taxes are shown as a separate expense in the Statement of Comprehensive Income. The ETFs do not have unused capital losses. As at December 31, 2020, the ETFs non-capital losses were as per table below:

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Emerge ARK Global Disruptive Innovation ETF	-	8,023
Emerge ARK Genomics & Biotech ETF	-	4,682
Emerge ARK AI & Big Data ETF	-	8,800
Emerge ARK Autonomous Tech & Robotics ETF	-	3,507
Emerge ARK Fintech Innovation ETF	-	-

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

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

**The Emerge ETFs**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2020*

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**3. Fair Value Disclosure**

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

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

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

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

The ETFs' policy is to recognize transfers in and out and between Levels 1 and 2 as per the value at the end of the reporting period and for transfers in and out of Level 3 as per the value at the date of transfer.

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

<b>Emerge ARK Global Disruptive Innovation ETF</b>			
December 31, 2020	Level 1	Level 2	Total
Equities	114,484,133	1,624,494	116,108,627
December 31, 2019	Level 1	Level 2	Total
Equities	1,812,265	48,103	1,860,368

<b>Emerge ARK Genomics &amp; Biotech ETF</b>			
December 31, 2020	Level 1	Level 2	Total
Equities	38,038,454	-	38,038,454
December 31, 2019	Level 1	Level 2	Total
Equities	1,806,618	80,831	1,887,449

<b>Emerge ARK Fintech Innovation ETF</b>			
December 31, 2020	Level 1	Level 2	Total
Equities	10,979,075	-	10,979,075
December 31, 2019	Level 1	Level 2	Total
Equities	1,491,320	456,596	1,947,916

<b>Emerge ARK AI &amp; Big Data ETF</b>			
December 31, 2020	Level 1	Level 2	Total
Equities	28,333,253	696,988	29,030,241
December 31, 2019	Level 1	Level 2	Total
Equities	1,756,480	206,689	1,963,169

**The Emerge ETFs**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2020**

<b>Emerge ARK Autonomous Tech &amp; Robotics ETF</b>			
December 31, 2020	Level 1	Level 2	Total
Equities	8,479,337	459,200	8,938,537
December 31, 2019	Level 1	Level 2	Total
Equities	1,593,313	349,375	1,942,688

All fair value measurements above are recurring. The carrying values of cash, dividends and interest and other accounts receivable approximate their fair values due to their short-term nature. Fair values are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. During the year, \$3,390,150 was transferred from Level 2 to Level 1 for the Emerge ARK Global Disruptive Innovation ETF, \$885,131 was transferred from Level 2 to Level 1 for the Emerge ARK Genomics & Biotech ETF, \$1,611,510 was transferred from Level 2 to Level 1 for Emerge ARK Fintech Innovation ETF, \$2,057,455 was transferred from Level 2 to Level 1 for the Emerge ARK AI & Big Data ETF and \$1,857,117 was transferred from Level 2 to Level 1 for the Emerge ARK Autonomous Tech & Robotics ETF. The transfer of equity securities between Level 2 and Level 1 is generally due to availability of fair value factors for application on December 31, 2020 and 2019.

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

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

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

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

Unit transactions of the ETFs for the year ended December 31, 2020 were as follows:

<b>Emerge ARK Global Disruptive Innovation ETF</b>	
Units outstanding, beginning of year	200,000
Units issued, during the year	4,950,000
Units redeemed, during the year	(95,000)
Units reinvested, during the year	-
<b>Units outstanding, end of year</b>	<b>5,055,000</b>

**The Emerge ETFs**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2020*

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<b>Emerge ARK Genomics &amp; Biotech ETF</b>	
Units outstanding, beginning of year	200,000
Units issued, during the year	1,500,000
Units redeemed, during the year	(195,000)
Units reinvested, during the year	-
<b>Units outstanding, end of year</b>	<b>1,505,000</b>

<b>Emerge ARK Fintech Innovation ETF</b>	
Units outstanding, beginning of year	200,000
Units issued, during the year	745,000
Units redeemed, during the year	(395,000)
Units reinvested, during the year	-
<b>Units outstanding, end of year</b>	<b>550,000</b>

<b>Emerge ARK AI &amp; Big Data ETF</b>	
Units outstanding, beginning of year	200,000
Units issued, during the year	1,200,000
Units redeemed, during the year	(195,000)
Units reinvested, during the year	-
<b>Units outstanding, end of year</b>	<b>1,205,000</b>

<b>Emerge ARK Autonomous Tech &amp; Robotics ETF</b>	
Units outstanding, beginning of year	200,000
Units issued, during the year	395,000
Units redeemed, during the year	(145,000)
Units reinvested, during the year	-
<b>Units outstanding, end of year</b>	<b>450,000</b>

Unit transactions of the ETFs for the period ended December 31, 2019 were as follows:

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

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



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

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

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

## 5. Expenses

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

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

## 6. Capital Risk Management

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

## 7. Financial Risk Management

The table below summarizes each ETFs' investment objective:

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

**Market Risk**

**(a) Other Price Risk**

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk). Financial markets and equity markets in particular have experienced significant volatility in response to the COVID-19 pandemic. The investment portfolio of the ETFs has been subject to these market fluctuations and may continue to experience significant volatility as the situation evolves.

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

	<b>December 31, 2020</b>	
	<b>Fair Value of Investments</b>	<b>% of Net Assets</b>
Emerge ARK Global Disruptive Innovation ETF	116,108,627	99.41
Emerge ARK Genomics & Biotech ETF	38,038,454	99.42
Emerge ARK Fintech Innovation ETF	10,979,075	99.30
Emerge ARK AI & Big Data ETF	29,030,241	99.02
Emerge ARK Autonomous Tech & Robotics ETF	8,938,537	99.35
	<b>December 31, 2019</b>	
	<b>Fair Value of Investments</b>	<b>% of Net Assets</b>
Emerge ARK Global Disruptive Innovation ETF	1,860,368	94.51
Emerge ARK Genomics & Biotech ETF	1,887,449	95.85
Emerge ARK Fintech Innovation ETF	1,947,916	94.80
Emerge ARK AI & Big Data ETF	1,963,169	94.98

**The Emerge ETFs**  
**Notes to the Financial Statements**  
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Emerge ARK Autonomous Tech & Robotics ETF	1,942,688	94.68
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The ETFs are exposed to other price risk from its investment in equity securities and ADRs. If equity and ADR prices on the respective stock exchanges for these securities had increased (decreased) by 5% at December 31, 2020 and December 31, 2019, with all other variables held constant, net assets would have increased (decreased) approximately:

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
	<b>Increased (decreased)</b>	<b>Increased (decreased)</b>
	<b>in Net Assets, \$</b>	<b>in Net Assets, \$</b>
Emerge ARK Global Disruptive Innovation ETF	5,805,431	93,018
Emerge ARK Genomics & Biotech ETF	1,901,923	94,372
Emerge ARK Fintech Innovation ETF	548,954	97,396
Emerge ARK AI & Big Data ETF	1,451,512	98,158
Emerge ARK Autonomous Tech & Robotics ETF	446,927	97,134

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

**(b) Currency risk**

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

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

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

<b>Emerge ARK Global Disruptive Innovation ETF</b>		
December 31, 2020	Currency Exposure, \$	% of Total Net Assets
US Dollar	114,021,536	97.63
December 31, 2019	Currency Exposure, \$	% of Total Net Assets
US Dollar	1,862,022	94.60

<b>Emerge ARK Genomics &amp; Biotech ETF</b>		
December 31, 2020	Currency Exposure, \$	% of Total Net Assets
US Dollar	38,025,583	99.38
December 31, 2020	Currency Exposure, \$	% of Total Net Assets
US Dollar	1,893,540	96.15

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<b>Emerge ARK Fintech Innovation ETF</b>		
December 31, 2020	Currency Exposure, \$	% of Total Net Assets
US Dollar	9,423,783	85.23
Japanese Yen	382,191	3.46
Hong Kong Dollar	541,467	4.90
South African Rand	120,813	1.09
Total	10,468,254	94.68
December 31, 2019	Currency Exposure, \$	% of Total Net Assets
US Dollar	1,699,052	82.69
Japanese Yen	67,498	3.28
Australian Dollar	8,396	0.41
Hong Kong Dollar	105,053	5.11
South African Rand	20,024	0.97
Total	1,900,023	92.46

<b>Emerge ARK AI &amp; Big Data ETF</b>		
December 31, 2020	Currency Exposure, \$	% of Total Net Assets
US Dollar	28,479,554	97.14
December 31, 2019	Currency Exposure, \$	% of Total Net Assets
US Dollar	1,940,118	93.87

<b>Emerge ARK Autonomous Tech &amp; Robotics ETF</b>		
December 31, 2020	Currency Exposure, \$	% of Total Net Assets
US Dollar	8,939,132	99.36
December 31, 2019	Currency Exposure, \$	% of Total Net Assets
US Dollar	1,943,374	94.71

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

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
	<b>Increased (decreased) in Net Assets, \$</b>	<b>Increased (decreased) in Net Assets, \$</b>
Emerge ARK Global Disruptive Innovation ETF	1,140,215	18,620
Emerge ARK Genomics & Biotech ETF	380,256	18,935
Emerge ARK Fintech Innovation ETF	104,683	19,000
Emerge ARK AI & Big Data ETF	284,796	19,401
Emerge ARK Autonomous Tech & Robotics ETF	89,391	19,434

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

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

**(c) Interest rate risk**

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

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

**(d) Credit risk**

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

As at December 31, 2020 and December 31, 2019, the credit risk is considered limited as the cash balance represents a deposit with an AA-rated financial institution.

**(e) Liquidity risk**

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

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

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

**(g) Concentration risk**

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

## **8. Related Parties**

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

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

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<b>December 31, 2020</b>	<b>Management fee expense*</b>	<b>Administration fee expense*</b>	<b>IRC, Audit &amp; Legal expense*</b>	<b>Total MER*</b>
Emerge ARK Global Disruptive Innovation ETF	0.80%	0.13%	0.22%	1.15%
Emerge ARK Genomics & Biotech ETF	0.80%	0.14%	0.25%	1.19%
Emerge ARK Fintech Innovation ETF	0.80%	0.13%	0.22%	1.15%
Emerge ARK AI & Big Data ETF	0.80%	0.13%	0.22%	1.15%
Emerge ARK Autonomous Tech & Robotics ETF	0.80%	0.13%	0.24%	1.17%
<b>December 31, 2019</b>	<b>Management fee expense*</b>	<b>Administration fee expense*</b>	<b>IRC expense*</b>	<b>Total MER*</b>
Emerge ARK Global Disruptive Innovation ETF	0.80%	0.23%	0.46%	1.49%
Emerge ARK Genomics & Biotech ETF	0.80%	0.22%	0.46%	1.48%
Emerge ARK Fintech Innovation ETF	0.80%	0.21%	0.44%	1.45%
Emerge ARK AI & Big Data ETF	0.80%	0.22%	0.45%	1.47%
Emerge ARK Autonomous Tech & Robotics ETF	0.80%	0.22%	0.45%	1.47%

\*The total percentages above are before applicable taxes.

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

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Emerge ARK Global Disruptive Innovation ETF	311,455	41,633
Emerge ARK Genomics & Biotech ETF	90,138	42,153
Emerge ARK Fintech Innovation ETF	42,708	44,092
Emerge ARK AI & Big Data ETF	121,594	43,135
Emerge ARK Autonomous Tech & Robotics ETF	31,718	42,767

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

**(c) Receivable from the Manager**

As at December 31, 2020 and December 31, 2019, following amounts were receivable from the Manager. The ETFs plan to recover these receivables during the subsequent reporting year against future management fees and administration costs payable to the Manager.

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Emerge ARK Global Disruptive Innovation ETF	611,132	106,342
Emerge ARK Genomics & Biotech ETF	193,455	75,720
Emerge ARK Fintech Innovation ETF	53,392	94,960
Emerge ARK AI & Big Data ETF	240,692	100,886
Emerge ARK Autonomous Tech & Robotics ETF	53,598	108,534

**9. Subsequent Events**

On March 18, 2021 the declaration of trust for the Emerge Exchange Traded Funds was amended to add the Emerge ARK Space Exploration ETF, which was launched on March 30, 2021.