

EMERGE CTO FAQ

APRIL 11TH 2023

WHAT IS A CEASE TRADE ORDER OR “CTO”?

A CTO means that there can be no “trading” in securities of an issuer that is subject to a “CTO”. In the context of the Emerge ETFs, this means there cannot be any creations/buys of units or redemptions/sales of units and therefore liquidity cannot be achieved until the regulatory authorities lift (revoke) the CTO. When a CTO is issued against an issuer whose securities are listed on an exchange, the exchange also places a trading halt. This has occurred for the Emerge ETFs on the Neo Exchange. This trading halt makes it difficult for some investment dealers to price the Emerge ETFs.

WHY WAS A CTO PUT IN PLACE FOR THE EMERGE ETFS?

The CTO issued by the Ontario Securities Commission for the Emerge ETFs, is a “failure to file” CTO and arises out of our missing the March 31 regulatory deadline for filing the year end 2022 financial documents for the Emerge ETFs.

On December 19, 2022, Emerge Canada announced the end of its relationship with its auditors, BDO LLP. Since that time, we have been engaged in discussions with other auditing partners to secure a new auditor for our suite of Canadian ETFs. One unfortunate result of our shift to a new auditor is that the ETFs’ 2022 financial statements were not provided to the Ontario Securities Commission on time, resulting in the CTO.

WHAT ARE THE IMPLICATIONS TO INVESTORS AND HOW CAN INVESTORS TRACK DAILY PRICES?

As a result of CTO, there cannot be any new creations/buys of units or redemptions/sales of units until the regulatory authorities lift the CTO.

Our custodian RBC Investor Services will continue to custody assets and service the Emerge ETFs as usual. RBC will continue to strike a daily NAV for each Emerge ETF and report the same on a daily basis to Emerge.

Your dealer may not reflect the daily NAV due to the CTO. However, you may check the daily NAV on our website. Our website will reflect the most updated end of day NAV.

WILL EMERGE CONTINUE TO TRADE/MANAGE THE EXISTING AUM FOR EACH FUND?

Yes, Emerge Canada will continue to manage the Emerge ETFs as usual. The underlying securities will be valued and traded as per the fund objective mentioned in the prospectus. The CTO restricts trading of the units of the Emerge ETFs and not the securities held by those ETFs in their portfolios.

ARE THE FUNDS STILL BEING MANAGED BY EMERGE CANADA INC. DURING THE CTO?

Yes, during a CTO the ETFs are still being actively managed and have the same exposure to market volatility as they did before the CTO. All investment activities across all Emerge Canada ETFs will continue to operate in accordance with the fund prospectus.

DO I LOSE MY INVESTMENTS?

During a CTO, you do not lose your investment, you just cannot buy, sell, or liquidate your units. The Emerge ETFs have value, however, because they are not allowed to sell new units or to redeem units, this affects the price you may see quoted. The ETFs still exist and we are working to file the necessary financials with the Ontario Securities Commission as early as possible, which will allow us to seek to have the CTO lifted.

WHEN WILL THE CTO BE LIFTED OR RESOLVED?

Emerge is working diligently to resolve this issue. We are unable to provide any assurances on the timing of lifting of CTO or if it will be lifted at all.

IS PERFORMANCE IMPACTED DURING THE CTO?

During this time fund performance and trading is not impacted. That said, Emerge at any time cannot guarantee performance outcomes. Investment activity across all Emerge Canada ETFs will continue to operate in accordance with the prospectus of each fund.

CAN I/CLIENTS SELL UNITS? CAN I/CLIENTS BUY UNITS? WHY CAN'T I BUY OR SELL MY ETFS?

During a CTO you cannot buy or sell units of Emerge ETFs.

CAN I LIQUIDATE MY EMERGE ETFS?

During a CTO you cannot liquidate your units.

HOW OFTEN CAN UNIT HOLDERS EXPECT AN UPDATE?

As updates are available and Emerge is allowed to share with the public we will be communicating as often as we can.

DOES THIS IMPACT ALL EMERGE ETFS?

YES, THIS IMPACTS ALL EMERGE ETFS MANAGED BY EMERGE CANADA INCLUDING THE EMERGE EMPWR ETFS AND EMERGE ARK ETFS, PLEASE SEE TICKERS BELOW:

EARK, EAGB, EAFT, EAXP, EAAI, EAUT
EPWR, EPCA, EPGC, EPCH, EPZA

WHERE CAN I FIND THE PRESS RELEASE REGARDING THE CTO?

Please see here:

www.emergecm.ca/cto

CAN EMERGE COMMUNICATE DIRECTLY WITH UNIT HOLDERS/DIRECT INVESTORS DURING THIS TIME?

We encourage investors to follow our press release and subscribe to our mailing list for an update on the CTO.

IF YOU HAVE ANY QUESTIONS OR CONCERNS

Please contact us at marketing@emergecm.ca

Press inquiries: emerge@fullyvested.com