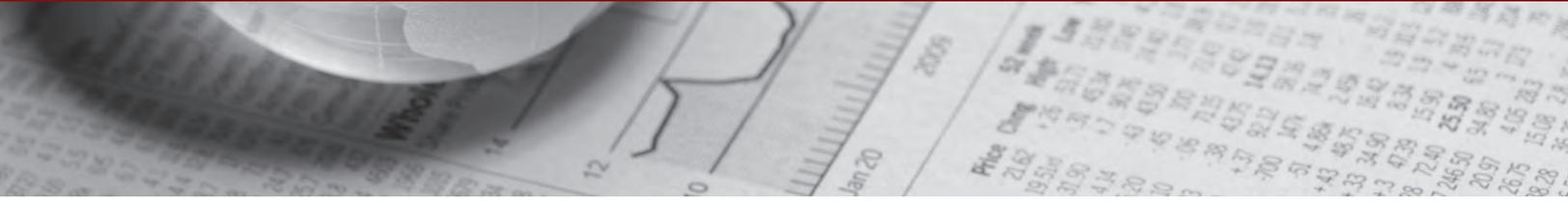




Hamilton Australian Financials Yield ETF
(formerly Hamilton Capital Australian Financials Yield ETF)
(HFA:TSX)



HAMILTON ETFS
FINANCIAL SECTOR SPECIALISTS



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MANAGEMENT REPORT OF FUND PERFORMANCE

This interim management report of fund performance for Hamilton Australian Financials Yield ETF (*formerly Hamilton Capital Australian Financials Yield ETF*) (“HFA” or the “ETF”) contains financial highlights and is included with the unaudited interim financial statements for the investment fund. You may request a copy of the investment fund’s unaudited interim or audited annual financial statements, interim or annual management report of fund performance, current proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosures, at no cost, by calling (416) 941-9888, by writing to Hamilton Capital Partners Inc. (“Hamilton Capital” or the “Manager”), at 55 York Street, Suite 1202, Toronto, Ontario, M5J 1R7, by visiting our website at www.hamiltonetfs.com or through SEDAR at www.sedar.com.

This document may contain forward-looking statements relating to anticipated future events, results, circumstances, performance, or expectations that are not historical facts but instead represent our beliefs regarding future events. By their nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that predictions and other forward-looking statements will not prove to be accurate. We caution readers of this document not to place undue reliance on our forward-looking statements as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed or implied in the forward-looking statements.

Actual results may differ materially from management expectations as projected in such forward-looking statements for a variety of reasons, including but not limited to market and general economic conditions, interest rates, regulatory and statutory developments, the effects of competition in the geographic and business areas in which the ETF may invest and the risks detailed from time to time in the ETF’s simplified prospectus. New risk factors emerge from time to time and it is not possible for management to predict all such risk factors. We caution that the foregoing list of factors is not exhaustive, and that when relying on forward-looking statements to make decisions with respect to investing in the ETF, investors and others should carefully consider these factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements. Due to the potential impact of these factors, the Manager does not undertake, and specifically disclaims, any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable law.

Management Discussion of Fund Performance

Investment Objective and Strategy

The investment objective of HFA is to seek long-term returns consisting of regular dividend income with modest long-term capital growth from an actively managed equity portfolio comprised primarily of Australia-based financial services companies. These companies would include, but not be limited to, commercial and investment banks, insurance companies, brokerages, asset managers, exchanges, real estate investment trusts and other investment companies.

HFA seeks to achieve its investment objective through the selection of financial services companies located primarily in Australia that, in the view of Hamilton Capital, as the ETF’s portfolio adviser (the “Portfolio Adviser”), have attractive dividend yields and/or good long-term prospects of increasing dividends and distribution payments. To determine those companies that fit this criteria, the Portfolio Adviser applies specialized analysis and expertise, reviewing a company’s individual attributes such as its own yield, valuation and growth prospects, as well as its position within the current macro environment (including, but not limited to, how it may be affected by gross domestic product (GDP) growth, inflation and interest rate trends, fiscal and monetary policies, and regulatory trends).

To mitigate downside risk and generate income, HFA will generally write covered call options on 100% of the portfolio securities. The level of covered call option writing may vary based on market volatility and other factors. The Portfolio Adviser has retained Horizons ETFs Management (Canada) Inc. to act as portfolio sub-advisor (the “Sub-Advisor”) to HFA solely in respect of the writing of such covered-call options on its portfolio securities.



Management Discussion of Fund Performance (continued)

HFA primarily invests in equity securities listed on the major Australian exchanges and may also, from time-to-time, invest in preferred securities. The Portfolio Adviser expects to hedge most of the ETF's non-Canadian dollar currency exposure, although the actual percentage of the portfolio hedged may vary based on market volatility and other factors.

Risk

Investments in the units of the ETF can be speculative, involve a degree of risk and are suitable only for persons who are able to assume the risk of losing their entire investment. The Manager, as a summary for existing investors, is providing the list below of the risks to which an investment in the ETF may be subject. **Prospective investors should read the ETF's prospectus and consider the full description of the risks contained therein before purchasing units.**

The risks to which an investment in the ETF is subject are listed below and have not changed from the list of risks found in the ETF's prospectus. A full description of each risk listed below may also be found in the prospectus. The prospectus is available at www.hamiltonetfs.com or from www.sedar.com, or by contacting Hamilton Capital Partners Inc. directly via the contact information on the back page of this document.

- No assurance of meeting investment objective
- Market risk
- Specific issuer risk
- Equity risk
- Short selling risk
- Legal and regulatory risk
- Cyber security risk
- Trading volume of underlying investments
- Investing outside of North America
- Performance of banks and financial institutions
- Changes in the regulatory environment in global financial services sector
- Foreign stock exchange risk
- Foreign markets risk
- Currency price fluctuations
- Currency exposure risk
- Real estate investment trust (REIT) investment risk
- Derivatives risk
- Use of options risk
- Corresponding net asset value risk
- Distributions risk
- Designated broker/dealer risk
- Reliance on key personnel
- Potential conflicts of interest
- Counterparty risk
- Cease trading of securities risk
- No ownership interest
- Exchange risk
- Early closing risk
- Redemption price
- Concentration risk
- Reliance on historical data risk
- Small capitalization risk
- Liquidity risk
- Tax risk
- Securities lending, repurchase and reverse repurchase transaction risk
- Fund of funds investment risk
- Exchange-traded funds (ETF) risk
- Absence of an active market and lack of operating history
- No guaranteed return



Management Discussion of Fund Performance *(continued)*

Results of Operations

For the six-month period ended June 30, 2019, Class E units of the ETF returned 12.17%. By comparison, the S&P/ASX 200 Total Return Financials Sector Index (the “Index”) and the S&P/ASX 200 Total Return Index returned 17.49% and 19.73% in Australian dollar terms, respectively, for the same period, both on a total return basis.

The S&P/ASX 200 Total Return Financials Sector Index is a float-adjusted, market-cap weighted index comprised of those companies in the S&P/ASX 200® that are classified as members of the GICS® financials sector. The S&P/ASX 200 Total Return Index is a broad equity, float-adjusted market cap weighted index of the 200 largest index-eligible stocks trading on the Australian Stock Exchange (“ASX”).

Australian Market

Following the late 2018 sell-off, largely on global growth worries following tough trade rhetoric from the U.S. and China, both the broader Australian market and financial stocks made strong rebounds in the first half of 2019 (“H1”). This rebound was driven by a more conducive regulatory backdrop and the re-election of the pro-growth, incumbents Liberal-National Coalition (the “Coalition Government”). Australian monetary policy also turned accommodative which is expected to be broadly supportive of the housing market.

Specifically, the final report of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry, which weighed on financial stocks in 2018, was released on February 1, 2019 and provided regulatory clarity for the sector. The policy backdrop for the Australian economy and financial stocks also improved with the re-election of the Coalition Government which was favourably received by the market.

Portfolio Review

The ETF is comprised primarily of Australian financial stocks that have attractive dividend yields and/or good long-term prospects of increasing dividends. At the end of H1, the ETF’s portfolio was entirely invested in Australia, with the following split by sub-sector: 49% banks, 21% insurance, 10% other financials and 18% real estate investment trusts (“REITs”).

Relative to the Index, the ETF lagged owing to its lower weighting to the largest four Australian banks, which performed very well during the period, rising ~12-15% on multiple regulatory and policy tailwinds. As a reminder, regulatory constraints restrict the ETF from holding a position greater than 10% of the net asset value. The Index has exposure to the four largest banks of ~70%, including ~26% for the largest bank. Moreover, the Index does not include REITs.

The Manager hedges 100% of the ETF’s non-Canadian dollar currency exposure at all times. During the period, currency hedging generated substantial gains for the ETF, owing to a decline in the Australian Dollar relative to the Canadian dollar.

To mitigate downside risk and generate income, the ETF writes covered call options on its portfolio securities. In H1, the ETF had covered call options written on up to 25% of the portfolio’s notional value, and the strategy resulted in a modest net loss for the period. At the end of the period, the ETF had covered call options written on ~10% of the portfolio. The level of covered call option writing may vary based on market volatility and other factors.



Management Discussion of Fund Performance *(continued)*

Outlook

The outlook for the Australian economy remains strong, with forecasted gross domestic product growth rates of 2.1% in 2019 and 2.5% in 2020 (source: Bloomberg), amongst the highest growth rates among the developed markets. If achieved, this would be supportive of profit growth for financial services stocks.

In addition, the Australian financials are expected to continue to benefit from multiple regulatory and policy tailwinds in 2019. The Reserve Bank of Australia's more accommodative monetary policy stance is expected to be broadly supportive of the Australian housing market, reducing the probability of a correction in home prices impacting the broader economy and the financial sector.

The Manager believes that with a stable economic outlook, supportive policy backdrop and strong capital ratios (for the banks, in fact among the highest on an internationally comparable basis) the strong payout ratios exhibited by Australian financials should be maintained, providing the ETF with attractive income.

For additional comments, please see the Insights section of the Manager's website: <http://hamiltonetfs.com/insights-commentary/>.

Other Operating Items and Changes in Net Assets Attributable to Holders of Redeemable Units

The ETF effectively began operations on December 14, 2018. Therefore, the six-month period ended June 30, 2019 represents the first full interim reporting period for the ETF. For the six-month period ended June 30, 2019, the ETF generated gross comprehensive income (loss) from investments and derivatives (which includes changes in the fair value of the ETF's portfolio) of \$1,575,992. The ETF incurred management, operating and transaction expenses of \$163,967. Of these expenses, the Manager either paid or absorbed \$53,720 on behalf of the ETF. The waiving and/or absorption of such fees and/or expenses by the Manager may be terminated at any time, or continued indefinitely, at its discretion. The ETF distributed \$476,442 to unitholders during the period.

Presentation

The attached financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Any mention of total net assets, net assets, net asset value or increase (decrease) in net assets in the financial statements and/or management report of fund performance is referring to net assets or increase (decrease) in net assets attributable to holders of redeemable units as reported under IFRS.

Recent Developments

Other than indicated below, there are no recent industry, management or ETF related developments that are pertinent to the present and future of the ETF.

ETF Name Change

Subsequent to the end of the reporting period, the ETF's name was changed from Hamilton Capital Australian Financials Yield ETF to Hamilton Australian Financials Yield ETF effective August 7, 2019. No changes were made to the investment objective and strategy of the ETF as a result of the name change.



Management Discussion of Fund Performance (continued)***Potential Impact of Draft Tax Legislation***

Based on a proposed amendment to the *Income Tax Act* (Canada) contained in draft legislation released on July 30, 2019, if enacted as proposed, commencing with its next taxation year, the ETF, should it continue to qualify as a mutual fund trust for tax purposes throughout the year, would be prohibited from claiming a deduction in computing its income for amounts of income that are allocated to redeeming unitholders. In addition, commencing with its first taxation year that begins on or after March 20, 2020, the ETF would be limited in its ability to claim a deduction in computing its income for amounts of capital gains that are allocated to redeeming unitholders.

Related Party Transactions

Certain services have been provided to the ETF by related parties and those relationships are described below.

Manager, Trustee and Portfolio Adviser

The manager, trustee and portfolio adviser of the ETF is Hamilton Capital Partners Inc., 55 York Street, Suite 1202, Toronto, Ontario, M5J 1R7, a corporation incorporated under the laws of the Province of Ontario. The Manager has retained Horizons ETFs Management (Canada) Inc. (the "Administrator"), 55 University Avenue, Suite 800, Toronto, Ontario, M5J 2H7 to provide assistance to the Manager in respect of certain aspects of the day-to-day administration of the ETF.

Any management fees paid to the Manager (described in detail on page 8) are related party transactions, as the Manager is considered to be a related party to the ETF. Fees paid to the Independent Review Committee are also considered to be related party transactions. Both the management fees and fees paid to the Independent Review Committee are disclosed in the statement of comprehensive income in the attached financial statements of the ETF. The management fees payable by the ETF as at June 30, 2019, and December 31, 2018, are disclosed in the statements of financial position.

Financial Highlights

The following tables show selected key financial information about the ETF and are intended to help you understand the ETF's financial performance since it effectively began operations on December 14, 2018. This information is derived from the ETF's audited annual financial statements and the current unaudited interim financial statements. Please see the front page for information on how you may obtain the annual or interim financial statements.

The ETF's Net Assets per Unit

Period ⁽¹⁾	2019	2018
Net assets, beginning of period	\$ 16.20	16.00
Increase from operations:		
Total revenue	0.53	0.05
Total expenses	(0.15)	(0.01)
Realized gains for the period	0.85	0.05
Unrealized gains for the period	0.76	0.11
Total increase from operations ⁽²⁾	1.99	0.20
Distributions:		
From net investment income (excluding dividends)	(0.56)	–
Total distributions ⁽³⁾	(0.56)	–
Net assets, end of period ⁽⁴⁾	\$ 17.59	16.20

1. This information is derived from the ETF's unaudited interim financial statements and audited annual financial statements.
2. Net assets per unit and distributions are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of units outstanding over the financial period.
3. Income, dividend and/or return of capital distributions, if any, are paid in cash, reinvested in additional units of the ETF, or both. Capital gains distributions, if any, may or may not be paid in cash. Non-cash capital gains distributions are reinvested in additional units of the ETF and subsequently consolidated. They are reported as taxable distributions and increase each unitholder's adjusted cost base for their units. Neither the number of units held by the unitholder, nor the net asset per unit of the ETF change as a result of any non-cash capital gains distributions. Distributions classified as return of capital, if any, decrease each unitholder's adjusted cost base for their units. The characteristics of distributions, if any, are determined subsequent to the end of the ETF's tax year. Until such time, distributions are classified as from net investment income (excluding dividends) for reporting purposes.
4. The Financial Highlights are not intended to act as a continuity of the opening and closing net assets per unit.



Financial Highlights (continued)

Ratios and Supplemental Data

Period ⁽¹⁾	2019	2018
Total net asset value (000's)	\$ 29,244	5,062
Number of units outstanding (000's)	1,663	313
Management expense ratio ⁽²⁾	0.80%	0.80%
Management expense ratio before waivers and absorptions ⁽³⁾	1.65%	5.97%
Trading expense ratio ⁽⁴⁾	0.68%	0.00%
Portfolio turnover rate ⁽⁵⁾	8.42%	0.00%
Net asset value per unit, end of period	\$ 17.59	16.20
Closing market price	\$ 17.58	16.21

1. This information is provided as at June 30, 2019, and December 31, 2018.
2. Management expense ratio is based on total expenses, including sales tax, (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period. Out of their management fees, the Manager pays for such services to the ETF as portfolio manager compensation, service fees and marketing.
3. The Manager, at its discretion, may waive and/or absorb a portion of the fees and/or expenses otherwise payable by the ETF. The waiving and/or absorption of such fees and/or expenses by the Manager may be terminated at any time, or continued indefinitely, at its discretion.
4. The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.
5. The ETF's portfolio turnover rate indicates how actively its portfolio investments are traded. A portfolio turnover rate of 100% is equivalent to the ETF buying and selling all of the securities in its portfolio once in the course of the year. Generally, the higher the portfolio turnover rate in a year, the greater the trading costs payable by the ETF in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the ETF.



Financial Highlights (continued)**Management Fees**

The Manager provides, or oversees the provision of, administrative services required by the ETF including, but not limited to: negotiating contracts with certain third-party service providers, such as custodians, registrars, transfer agents, auditors and printers; authorizing the payment of operating expenses incurred on behalf of the ETF; arranging for the maintenance of accounting records for the ETF; preparing reports to unitholders and to the applicable securities regulatory authorities; calculating the amount and determining the frequency of distributions by the ETF; preparing financial statements, income tax returns and financial and accounting information as required by the ETF; ensuring that unitholders are provided with financial statements and other reports as are required from time to time by applicable law; ensuring that the ETF complies with all other regulatory requirements, including the continuous disclosure obligations of the ETF under applicable securities laws; administering purchases, redemptions and other transactions in units of the ETF; and dealing and communicating with unitholders of the ETF. The Manager provides office facilities and personnel to carry out these services, if not otherwise furnished by any other service provider to the ETF. The Manager also monitors the investment strategies of the ETF to ensure that the ETF complies with its investment objectives, investment strategies and investment restrictions and practices.

In consideration for the provision of these services, the Manager receives a monthly management fee at the annual rate of 0.65%, plus applicable sales taxes, of the net asset value of the ETF, calculated and accrued daily and payable monthly in arrears.

Any expenses of the ETF which are waived or absorbed by the Manager are paid out of the management fees received by the Manager.

The Manager paid substantially more than 100% of the management fees it received from the ETF during the period towards marketing and promotional costs, and towards the fees associated with the managerial, portfolio management and portfolio advisory services provided to the ETF.

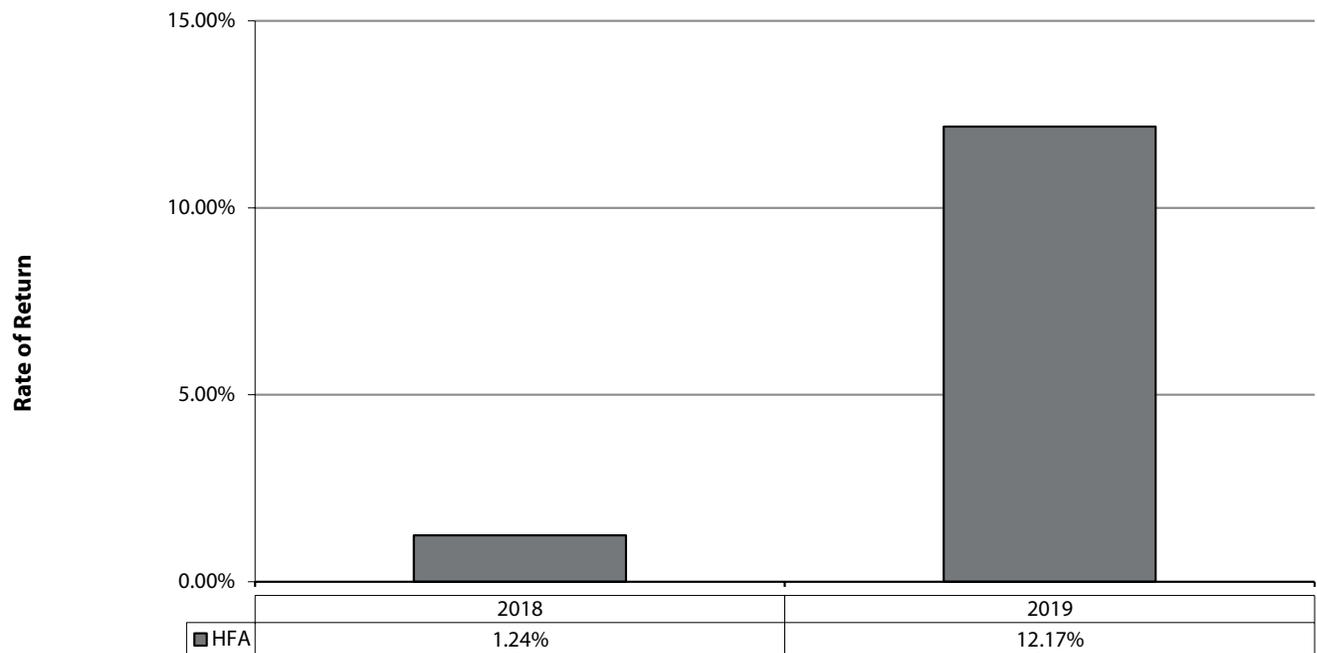


Past Performance

Commissions, management fees, expenses and applicable sales taxes all may be associated with an investment in the ETF. Please read the prospectus before investing. The indicated rates of return are the historical total returns including changes in unit value and reinvestment of all distributions, and do not take into account sales, redemptions, distributions or optional charges or income taxes payable by any investor that would have reduced returns. An investment in the ETF is not guaranteed. Its value changes frequently and past performance may not be repeated. The ETF's performance numbers assume that all distributions, if any, are reinvested in additional units of the ETF. If you hold this ETF outside of a registered plan, income and capital gains distributions that are paid to you increase your income for tax purposes whether paid to you in cash or reinvested in additional units. The amount of the reinvested taxable distributions is added to the adjusted cost base of the units that you own. This would decrease your capital gain or increase your capital loss when you later redeem from the ETF, thereby ensuring that you are not taxed on this amount again. Please consult your tax advisor regarding your personal tax situation.

Year-by-Year Returns

The following chart presents the ETF's performance for the periods shown, and illustrates how the performance has changed from period to period. In percentage terms, the chart shows how much an investment made on the first day of the financial period would have grown or decreased by the last day of the financial period.



The ETF effectively began operations on December 14, 2018.

**Summary of Investment Portfolio**

As at June 30, 2019

Asset Mix	Net Asset Value	% of ETF's Net Asset Value
Long Positions		
Global Equities	\$ 28,630,043	97.90%
Currency Forward Hedge*	(47,187)	-0.16%
Cash and Cash Equivalents	723,534	2.47%
Other Assets less Liabilities	36,194	0.13%
Short Positions		
Equity Call Options	(98,843)	-0.34%
	\$ 29,243,741	100.00%

Sector Mix	Net Asset Value	% of ETF's Net Asset Value
Long Positions		
Financials	\$ 28,630,043	97.90%
Currency Forward Hedge*	(47,187)	-0.16%
Cash and Cash Equivalents	723,534	2.47%
Other Assets less Liabilities	36,194	0.13%
Short Positions		
Equity Call Options	(98,843)	-0.34%
	\$ 29,243,741	100.00%

* Positions in forward contracts are disclosed as the gain/(loss) that would be realized if the contracts were closed out on the date of this report.

**Summary of Investment Portfolio** (continued)

As at June 30, 2019

Top 25 Holdings	% of ETF's Net Asset Value
Long Positions	
National Australia Bank Ltd.	9.58%
Australia and New Zealand Banking Group Ltd.	9.54%
Commonwealth Bank of Australia	9.47%
Westpac Banking Corp. Ltd.	9.45%
Suncorp Group Ltd.	7.36%
Insurance Australia Group Ltd.	7.14%
Macquarie Group Ltd.	7.14%
Bendigo and Adelaide Bank Ltd.	5.32%
Bank of Queensland Ltd.	5.07%
QBE Insurance Group Ltd.	4.33%
Vicinity Centres	3.54%
Dexus	3.35%
Stockland	3.29%
Scentre Group	3.21%
GPT Group	2.84%
Medibank Private Ltd.	2.59%
Cash and Cash Equivalents	2.47%
Goodman Group	2.02%
IOOF Holdings Ltd.	1.01%
AMP Ltd.	0.85%
ASX Ltd.	0.80%
Short Positions	
Scentre Group, Call Options	0.00%
Stockland, Call Options	0.00%
National Australia Bank Ltd., Call Options	-0.01%
QBE Insurance Group Ltd., Call Options	-0.01%

The summary of investment portfolio may change due to the ongoing portfolio transactions of the ETF. The most recent financial statements are available at no cost by calling (416) 941-9888, by writing to us at 55 York Street, Suite 1202, Toronto, Ontario, M5J 1R7, by visiting our website at www.hamiltonetfs.com or through SEDAR at www.sedar.com.



MANAGER'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited interim financial statements of Hamilton Australian Financials Yield ETF (*formerly Hamilton Capital Australian Financials Yield ETF*) (the "ETF") are the responsibility of the manager and trustee to the ETF, Hamilton Capital Partners Inc. (the "Manager"). They have been prepared in accordance with International Financial Reporting Standards using information available and include certain amounts that are based on the Manager's best estimates and judgements.

The Manager has developed and maintains a system of internal controls to provide reasonable assurance that all assets are safeguarded and to produce relevant, reliable and timely financial information, including the accompanying financial statements.

These financial statements have been approved by the Board of Directors of the Manager.

Robert Wessel
Director
Hamilton Capital Partners Inc.

Jennifer Mersereau
Director
Hamilton Capital Partners Inc.

NOTICE TO UNITHOLDERS

The Auditors of the ETF have not reviewed these Financial Statements.

Hamilton Capital Partners Inc., the Manager of the ETF, appoints an independent auditor to audit the ETF's annual financial statements.

The ETF's independent auditors have not performed a review of these interim financial statements in accordance with Canadian generally accepted auditing standards.



Statements of Financial Position (unaudited)

As at June 30, 2019 and December 31, 2018

	2019	2018
Assets		
Cash and cash equivalents	\$ 723,534	\$ 136,120
Investments	28,630,043	4,935,717
Amounts receivable relating to accrued income	206,969	13,780
Total assets	29,560,546	5,085,617
Liabilities		
Accrued management fees	15,392	1,698
Accrued operating expenses	1,571	163
Distribution payable	153,812	–
Derivative liabilities (note 3)	146,030	21,852
Total liabilities	316,805	23,713
Total net assets (note 2)	\$ 29,243,741	\$ 5,061,904
Number of redeemable units outstanding (note 8)	1,662,835	312,501
Total net assets per unit (note 1)	\$ 17.59	\$ 16.20

(See accompanying notes to financial statements)

Approved on behalf of the Board of Directors of the Manager:

Robert Wessel
Director

Jennifer Mersereau
Director



Statement of Comprehensive Income (unaudited)

For the Period Ended June 30, 2019

2019

Income

Dividend income	\$ 387,338
Interest income for distribution purposes	5
Net realized gain on sale of investments and derivatives	643,235
Net realized loss on foreign exchange	(15,863)
Net change in unrealized appreciation of investments and derivatives	563,153
Net change in unrealized depreciation of foreign exchange	(1,876)

1,575,992

Expenses (note 9)

Management fees	45,257
Audit fees	5,207
Independent Review Committee fees	2,060
Custodial and fund valuation fees	29,311
Securityholder reporting costs	5,853
Administration fees	15,824
Transaction costs	42,429
Withholding taxes	18,023
Other expenses	3

163,967

Amounts that were payable by the investment fund that were paid or absorbed by the Manager	(53,720)
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110,247

Increase in net assets for the period **\$ 1,465,745**

Increase in net assets per unit \$ 1.99

(See accompanying notes to financial statements)

**Statement of Changes in Financial Position** (unaudited)

For the Period Ended June 30, 2019

2019

Total net assets at the beginning of the period	\$	5,061,904
Increase in net assets		1,465,745
Redeemable unit transactions		
Proceeds from the issuance of securities of the investment fund		23,186,789
Securities issued on reinvestment of distributions		5,745
Distributions:		
From net investment income		(476,442)
Total net assets at the end of the period	\$	29,243,741

(See accompanying notes to financial statements)

**Statement of Cash Flows** (unaudited)

For the Period Ended June 30, 2019

2019**Cash flows from operating activities:**

Increase in net assets for the period	\$ 1,465,745
Adjustments for:	
Net realized gain on sale of investments and derivatives	(643,235)
Net realized gain on currency forward contracts	682,049
Net change in unrealized appreciation of investments and derivatives	(563,153)
Net change in unrealized appreciation of foreign exchange	(5)
Purchase of investments	(24,180,889)
Proceeds from the sale of investments	1,135,080
Amounts receivable relating to accrued income	(193,189)
Accrued expenses	15,102

Net cash used in operating activities	(22,282,495)
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Cash flows from financing activities:

Amount received from the issuance of units	23,186,789
Distributions paid to unitholders	(316,885)

Net cash from financing activities	22,869,904
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Net increase in cash and cash equivalents during the period	587,409
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Effect of exchange rate fluctuations on cash and cash equivalents	5
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Cash and cash equivalents at beginning of period	136,120
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Cash and cash equivalents at end of period	\$ 723,534
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Interest received, net of withholding taxes	\$ 5
Dividends received, net of withholding taxes	\$ 176,126

(See accompanying notes to financial statements)

**Schedule of Investments** (unaudited)

As at June 30, 2019

Security	Shares/ Contracts	Average Cost	Fair Value
GLOBAL EQUITIES (97.90%)			
Financials (97.90%)			
AMP Ltd.	127,000	\$ 264,861	\$ 247,531
ASX Ltd.	3,100	203,450	234,758
Australia and New Zealand Banking Group Ltd.	107,600	2,738,781	2,790,651
Bank of Queensland Ltd.	169,100	1,489,550	1,481,585
Bendigo and Adelaide Bank Ltd.	146,200	1,448,419	1,556,489
Commonwealth Bank of Australia	36,400	2,564,415	2,770,237
Dexus	82,200	983,997	980,927
Goodman Group	42,700	526,725	590,034
GPT Group	146,700	823,431	829,460
Insurance Australia Group Ltd.	275,000	1,975,162	2,088,348
IOOF Holdings Ltd.	62,200	318,278	295,645
Macquarie Group Ltd.	18,100	2,089,820	2,086,563
Medibank Private Ltd.	236,500	615,371	758,834
National Australia Bank Ltd.	114,000	2,732,420	2,800,473
QBE Insurance Group Ltd.	116,500	1,289,805	1,267,071
Scentre Group	265,800	975,354	938,375
Stockland	251,300	968,404	963,427
Suncorp Group Ltd.	173,700	2,174,278	2,151,085
Vicinity Centres	459,400	1,108,809	1,034,778
Westpac Banking Corp. Ltd.	106,000	2,677,628	2,763,772
		27,968,958	28,630,043
TOTAL GLOBAL EQUITIES		27,968,958	28,630,043
DERIVATIVES (-0.50%)			
Currency Forwards (-0.16%)			
Currency forward contract to buy C\$29,198,669 for AU\$31,800,000 maturing July 31, 2019		-	(47,187)
SHORT POSITIONS (-0.34%)			
Equity Call Options (-0.34%)			
ASX Ltd., July 2019, \$77.00 AUD	(7)	(1,122)	(3,836)
Australia and New Zealand Banking Group Ltd., July 2019, \$28.50 AUD	(100)	(3,438)	(2,298)
Australia and New Zealand Banking Group Ltd., August 2019, \$28.50 AUD	(100)	(2,630)	(5,240)
Bank of Queensland Ltd., July 2019, \$9.50 AUD	(300)	(3,810)	(5,930)
Bank of Queensland Ltd., August 2019, \$9.75 AUD	(200)	(2,544)	(3,677)
Bendigo and Adelaide Bank Ltd., July 2019, \$10.75 AUD	(100)	(1,641)	(8,849)
Bendigo and Adelaide Bank Ltd., July 2019, \$11.25 AUD	(300)	(4,491)	(12,274)
Commonwealth Bank of Australia, July 2019, \$74.00 AUD	(15)	(1,559)	(12,611)

**Schedule of Investments** (unaudited) (continued)

As at June 30, 2019

Security	Shares/ Contracts	Average Cost	Fair Value
Insurance Australia Group Ltd., August 2019, \$8.50 AUD	(200)	(1,803)	(2,758)
Medibank Private Ltd., July 2019, \$2.90 AUD	(200)	(867)	(10,665)
Medibank Private Ltd., July 2019, \$3.00 AUD	(300)	(1,016)	(13,239)
Medibank Private Ltd., September 2019, \$3.40 AUD	(300)	(2,881)	(5,102)
National Australia Bank Ltd., July 2019, \$27.00 AUD	(100)	(2,950)	(1,701)
QBE Insurance Group Ltd., August 2019, \$12.26 AUD	(100)	(976)	(1,977)
QBE Insurance Group Ltd., August 2019, \$13.25 AUD	(40)	(1,280)	(239)
Scentre Group, July 2019, \$3.90 AUD	(150)	(631)	(758)
Stockland, August 2019, \$4.40 AUD	(150)	(1,971)	(621)
Stockland, August 2019, \$4.60 AUD	(200)	(947)	(368)
Westpac Banking Corp. Ltd., July 2019, \$27.51 AUD	(50)	(1,042)	(4,769)
Westpac Banking Corp. Ltd., August 2019, \$29.00 AUD	(100)	(3,167)	(1,931)
		(40,766)	(98,843)
TOTAL DERIVATIVES		(40,766)	(146,030)
Transaction Costs		(42,155)	
TOTAL INVESTMENT PORTFOLIO (97.40%)		\$ 27,886,037	\$ 28,484,013
Cash and cash equivalents (2.47%)			723,534
Other assets less liabilities (0.13%)			36,194
TOTAL NET ASSETS (100.00%)			\$ 29,243,741

(See accompanying notes to financial statements)

**Notes to Financial Statements** (unaudited)

June 30, 2019

1. REPORTING ENTITY

Hamilton Australian Financials Yield ETF (*formerly Hamilton Capital Australian Financials Yield ETF*) ("HFA" or the "ETF") is an investment trust established under the laws of the Province of Ontario by Declaration of Trust on August 9, 2018. The ETF effectively began operations on December 14, 2018. The address of the ETF's registered office is: c/o Hamilton Capital Partners Inc., 55 York Street, Suite 1202, Toronto, Ontario, M5J 1R7.

The ETF is offered for sale on a continuous basis by its prospectus in class E units ("Class E") which trade on the Toronto Stock Exchange ("TSX") under the symbol HFA. An investor may buy or sell units of the ETF on the TSX only through a registered broker or dealer in the province or territory where the investor resides. Investors are able to trade units of the ETF in the same way as other securities traded on the TSX, including by using market orders and limit orders and may incur customary brokerage commissions when buying or selling units.

The investment objective of HFA is to seek long-term returns consisting of regular dividend income with modest long-term capital growth from an actively managed equity portfolio comprised primarily of Australia-based financial services companies. These companies would include, but not be limited to, commercial and investment banks, insurance companies, brokerages, asset managers, exchanges, real estate investment trusts and other investment companies.

Hamilton Capital Partners Inc. ("Hamilton Capital" or the "Manager") is the manager, trustee and portfolio adviser of the ETF. The Manager is responsible for implementing the ETF's investment strategies.

ETF Name Change

Subsequent to the end of the reporting period, the ETF's name was changed from Hamilton Capital Australian Financials Yield ETF to Hamilton Australian Financials Yield ETF effective August 7, 2019. No changes were made to the investment objective and strategy of the ETF as a result of the name change.

2. BASIS OF PREPARATION***(i) Statement of compliance***

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Any mention of total net assets, net assets, net asset value or increase (decrease) in net assets is referring to net assets or increase (decrease) in net assets attributable to holders of redeemable units as reported under IFRS.

These financial statements were authorized for issue on August 12, 2019, by the Board of Directors of the Manager.

(ii) Basis of measurement

The financial statements have been prepared on the historical cost basis except for financial instruments at fair value through profit or loss, which are measured at fair value.

(iii) Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the ETF's functional currency.

**Notes to Financial Statements** (unaudited) (continued)

June 30, 2019

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Financial instruments***(i) Recognition, initial measurement and classification***

The ETF is subject to IFRS 9, Financial Instruments ("IFRS 9") for the classification and measurement requirements for financial instruments, including impairment on financial assets and hedge accounting.

This standard requires assets to be classified based on the ETF's business model for managing the financial assets and contractual cash flow characteristics of the financial assets. The standard includes three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income, and fair value through profit and loss ("FVTPL"). IFRS 9 requires classification of debt instruments, in any, based solely on payments of principal and interest and business model tests.

The ETF's financial assets and financial liabilities are managed and its performance is evaluated on a fair value basis. The contractual cash flows of the ETF's debt securities, if any, consist solely of principal and interest, however, these securities are neither held in held-to-collect, or held-to-collect-and-sale business models in IFRS 9.

Financial assets and financial liabilities at FVTPL are initially recognized on the trade date, at fair value (see below), with transaction costs recognized in the statement of comprehensive income. Other financial assets and financial liabilities are recognized on the date on which they are originated at fair value.

The ETF classifies financial assets and financial liabilities into the following categories:

- Financial assets mandatorily classified at fair value through profit or loss: debt securities, equity investments and derivative financial instruments
- Financial assets at amortized cost: All other financial assets
- Financial liabilities classified at fair value through profit or loss: derivative financial instruments and securities sold short, if any
- Financial liabilities at amortized cost: all other financial liabilities

(ii) 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 in the principal or, in its absence, the most advantageous market to which the ETF has access at that date. The fair value of a liability reflects its non-performance risk.

Investments are valued at fair value as of the close of business on each day upon which a session of the TSX is held ("Valuation Date") and based on external pricing sources to the extent possible. Investments held that are traded in an active market through recognized public stock exchanges, over-the-counter markets, or through recognized investment dealers, are valued at their closing sale price. However, such prices may be adjusted if a more accurate value can be obtained from recent trading activity or by incorporating other relevant information that may not have been reflected in pricing

**Notes to Financial Statements** (unaudited) (continued)

June 30, 2019

obtained from external sources. Short-term investments, including notes and money market instruments, are valued at amortized cost which approximates fair value.

Investments held that are not traded in an active market, including some derivative financial instruments, are valued using observable market inputs where possible, on such basis and in such manner as established by the Manager. Derivative financial instruments are recorded in the statements of financial position according to the gain or loss that would be realized if the contracts were closed out on the Valuation Date. Margin deposits, if any, are included in the schedule of investments as margin deposits. See also the summary of fair value measurements in note 6.

Fair value policies used for financial reporting purposes are the same as those used to measure the net asset value ("NAV") for transactions with unitholders.

The fair value of other financial assets and liabilities approximates their carrying values due to the short-term nature of these instruments.

(iii) Offsetting

Financial assets and liabilities are offset and the net amount presented 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.

Income and expenses are presented on a net basis for gains and losses from financial instruments at fair value through profit or loss and foreign exchange gains and losses.

(iv) Specific instruments**Cash and cash equivalents**

Cash and cash equivalents consist of cash on deposit and short-term, interest bearing notes with a term to maturity of less than three months from the date of purchase.

Forward foreign exchange contracts

Forward foreign exchange contracts, if any, are valued at the current market value thereof on the Valuation Date. The value of these forward contracts is the gain or loss that would be realized if, on the Valuation Date, the positions were to be closed out and recorded as derivative assets and/or liabilities in the statements of financial position and as a net change in unrealized appreciation (depreciation) of investments and derivatives in the statement of comprehensive income. When the forward contracts are closed out or mature, realized gains or losses on forward contracts are recognized and are included in the statement of comprehensive income in net realized gain (loss) on sale of investments and derivatives. The Canadian dollar value of forward foreign exchange contracts is determined using forward currency exchange rates supplied by an independent service provider.

Redeemable units

The redeemable units are measured at the present value of the redemption amounts and are considered a residual amount of the net assets attributable to holders of redeemable units. They are classified as financial liabilities as a result of the ETF's requirement to distribute net income and capital gains to unitholders.

**Notes to Financial Statements** (unaudited) (continued)

June 30, 2019

(b) Investment income

Investment transactions are accounted for as of the trade date. Realized gains and losses from investment transactions are calculated on a weighted average cost basis. The difference between fair value and average cost, as recorded in the financial statements, is included in the statement of comprehensive income as part of the net change in unrealized appreciation (depreciation) of investments and derivatives. Interest income for distribution purposes from investments in bonds and short-term investments, if any, represents the coupon interest received by the ETF accounted for on an accrual basis. Dividend income is recognized on the ex-dividend date. Distribution income from investments in other funds or ETFs is recognized when earned.

Income from derivatives is shown in the statement of comprehensive income as net realized gain (loss) on sale of investments and derivatives; net change in unrealized appreciation (depreciation) of investments and derivatives; and, interest income for distribution purposes, in accordance with its nature.

Income from securities lending, if any, is included in "Securities lending income" on the statement of comprehensive income and is recognized when earned. Any securities on loan continue to be displayed in the schedule of investments and the market value of the securities loaned and collateral held is determined daily (see note 7).

If the ETF incurs 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.

(c) Foreign currency

Transactions in foreign currencies are translated into the ETF's reporting currency using the exchange rate prevailing on the trade date. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the period-end exchange rate. Foreign exchange gains and losses are presented as "Net realized gain (loss) on foreign exchange", except for those arising from financial instruments at fair value through profit or loss, which are recognized as a component within "Net realized gain (loss) on sale of investments and derivatives" and "Net change in unrealized appreciation (depreciation) of investments and derivatives" in the statement of comprehensive income.

(d) Cost basis

The cost of portfolio investments is determined on an average cost basis.

(e) Increase (decrease) in net assets attributable to holders of redeemable units per unit

The increase (decrease) in net assets per unit in the statement of comprehensive income represents the change in net assets attributable to holders of redeemable units from operations divided by the weighted average number of units of the ETF outstanding during the reporting period. For management fees please refer to note 9.

(f) Unitholder transactions

The value at which units are issued or redeemed is determined by dividing the net asset value of the class by the total number of units outstanding of that class on the Valuation Date. Amounts received on the issuance of units and amounts paid on the redemption of units are included in the statement of changes in financial position.

**Notes to Financial Statements** (unaudited) (continued)

June 30, 2019

(g) Amounts receivable (payable) relating to portfolio assets sold (purchased)

In accordance with the ETF's policy of trade date accounting for sale and purchase transactions, sales/purchase transactions awaiting settlement represent amounts receivable/payable for securities sold/purchased, but not yet settled as at the reporting date.

(h) Net assets attributable to holders of redeemable units per unit

Net assets attributable to holders of redeemable units per unit is calculated by dividing the ETF's net assets attributable to holders of redeemable units by the number of units of the ETF outstanding on the Valuation Date.

(i) Transaction costs

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. Transaction costs are expensed and are included in "Transaction costs" in the statement of comprehensive income.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing these financial statements, the Manager has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

The ETF may hold financial instruments that are not quoted in active markets, including derivatives. The determination of the fair value of these instruments is the area with the most significant accounting judgements and estimates that the ETF has made in preparing the financial statements. See note 6 for more information on the fair value measurement of the ETF's financial instruments.

5. FINANCIAL INSTRUMENTS RISK

In the normal course of business, the ETF's investment activities expose it to a variety of financial risks. The Manager seeks to minimize potential adverse effects of these risks for the ETF's performance by employing professional, experienced portfolio advisors, by daily monitoring of the ETF's positions and market events, and periodically may use derivatives to hedge certain risk exposures. To assist in managing risks, the Manager maintains a governance structure that oversees the ETF's investment activities and monitors compliance with the ETF's stated investment strategies, internal guidelines and securities regulations.

Please refer to the most recent prospectus for a complete discussion of the risks attributed to an investment in the units of the ETF. Significant financial instrument risks that are relevant to the ETF and an analysis of how they are managed are presented below.



Notes to Financial Statements (unaudited) (continued)

June 30, 2019

(a) Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor’s/issuer’s credit standing) will affect the ETF’s income or the fair value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(i) Currency risk

Currency risk is the risk that financial instruments which are denominated in currencies other than the ETF’s reporting currency, the Canadian dollar, will fluctuate due to changes in exchange rates and adversely impact the ETF’s income, cash flows or fair values of its investment holdings. The ETF may reduce its foreign currency exposure through the use of derivative arrangements such as foreign exchange forward contracts or futures contracts. As at June 30, 2019, and December 31, 2018, the ETF did not have any material net exposure to foreign currencies due to the ETF’s hedging strategies.

(ii) Interest rate risk

The ETF may be exposed to the risk that the fair value of future cash flows of its financial instruments will fluctuate as a result of changes in market interest rates. In general, the value of interest-bearing financial instruments will rise if interest rates fall, and conversely, will generally fall if interest rates rise. There is minimal sensitivity to interest rate fluctuation on cash and cash equivalents invested at short-term market rates since those securities are usually held to maturity and are short term in nature.

As at June 30, 2019, and December 31, 2018, the ETF did not hold any long-term debt instruments and did not have any exposure to interest rate risk.

(iii) Other market risk

Other market 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), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. The Manager has imposed internal risk management controls on the ETF which are intended to limit the loss on its trading activities.

The table below shows the estimated impact on the ETF of a 1% increase or decrease in a broad-based market index, based on historical correlation, with all other factors remaining constant, as at the dates shown. In practice, actual results may differ from this sensitivity analysis and the difference could be material. The historical correlation may not be representative of future correlation.

Comparative Index	June 30, 2019	December 31, 2018
S&P/ASX 200 Total Return Index	\$245,078	\$44,003

(b) Credit risk

Credit risk on financial instruments is the risk of a financial loss occurring as a result of the default of a counterparty on its obligation to the ETF. It arises principally from debt securities held, and also from derivative financial assets, cash and cash

**Notes to Financial Statements** (unaudited) (continued)

June 30, 2019

equivalents, and other receivables. The ETF's maximum credit risk exposure as at the reporting date is represented by the respective carrying amounts of the financial assets in the statements of financial position. The ETF's credit risk policy is to minimize its exposure to counterparties with perceived higher risk of default by dealing only with counterparties that meet the credit standards set out in the ETF's prospectus and by taking collateral.

As at June 30, 2019, and December 31, 2018, due to the nature of its portfolio investments, the ETF did not have any material credit risk exposure.

(c) Liquidity risk

Liquidity risk is the risk that the ETF will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The ETF's policy and the Manager's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, including estimated redemptions of shares, without incurring unacceptable losses or risking damage to the ETF's reputation. Generally, liabilities of the ETF are due within 90 days. Liquidity risk is managed by investing the majority of the ETF's assets in investments that are traded in an active market and can be readily disposed. The ETF aims to retain sufficient cash and cash equivalent positions to maintain liquidity; therefore, the liquidity risk for the ETF is considered minimal.

6. FAIR VALUE MEASUREMENT

Below is a classification of fair value measurements of the ETF's investments based on a three level fair value hierarchy and a reconciliation of transactions and transfers within that hierarchy. The hierarchy of fair valuation inputs is summarized as follows:

- Level 1: securities that are valued based on quoted prices in active markets.
- Level 2: securities that are valued based on inputs other than quoted prices that are observable, either directly as prices, or indirectly as derived from prices.
- Level 3: securities that are valued with significant unobservable market data.

Changes in valuation methods may result in transfers into or out of an investment's assigned level. The following is a summary of the inputs used as at June 30, 2019, and December 31, 2018, in valuing the ETF's investments and derivatives carried at fair values:

Notes to Financial Statements (unaudited) (continued)

June 30, 2019

	June 30, 2019			December 31, 2018		
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)
Financial Assets						
Equities	28,630,043	–	–	4,935,717	–	–
Total Financial Assets	28,630,043	–	–	4,935,717	–	–
Financial Liabilities						
Currency Forward Contracts	–	(47,187)	–	–	(21,852)	–
Options	(98,843)	–	–	–	–	–
Total Financial Liabilities	(98,843)	(47,187)	–	–	(21,852)	–
Net Financial Assets and Liabilities	28,531,200	(47,187)	–	4,935,717	(21,852)	–

There were no significant transfers made between Levels 1 and 2 as a result of changes in the availability of quoted market prices or observable market inputs during the periods shown. In addition, there were no investments or transactions classified in Level 3 for the periods ended June 30, 2019, and December 31, 2018.

7. SECURITIES LENDING

In order to generate additional returns, the ETF is authorized to enter into securities lending agreements with borrowers deemed acceptable in accordance with National Instrument 81-102 – *Investment Funds* (“NI 81-102”). Under a securities lending agreement, the borrower must pay the ETF a negotiated securities lending fee, provide compensation to the ETF equal to any distributions received by the borrower on the securities borrowed, and the ETF must receive an acceptable form of collateral in excess of the value of the securities loaned. Although such collateral is marked to market, the ETF may be exposed to the risk of loss should a borrower default on its obligations to return the borrowed securities and the collateral is insufficient to reconstitute the portfolio of loaned securities. Revenue, if any, earned on securities lending transactions during the period is disclosed in the ETF’s statement of comprehensive income.

As at June 30, 2019, and December 31, 2018, the ETF was not participating in any securities lending transactions.

For the period ended June 30, 2019, the ETF did not earn any income from securities lending transactions.

8. REDEEMABLE UNITS

The ETF is authorized to issue an unlimited number of redeemable, transferable Class E units each of which represents an equal, undivided interest in the net assets of the ETF. Each unit entitles the owner to one vote at meetings of unitholders. Each unit is entitled to participate equally with all other units with respect to all payments made to unitholders, other than management fee distributions, whether by way of income or capital distributions and, on liquidation, to participate equally in the net assets of the ETF remaining after satisfaction of any outstanding liabilities that are attributable to units of the ETF. All units will be fully paid and non-assessable, with no liability for future assessments, when issued and will not be transferable except by operation of law.

The redeemable units issued by the ETF provide an investor with the right to require redemption for cash at a value proportionate to the investor’s share in the ETF’s net assets at each redemption date and are classified as liabilities as a result of the ETF’s requirement to distribute net income and capital gains to unitholders. The ETF’s objectives in managing the

Notes to Financial Statements (unaudited) (continued)

June 30, 2019

redeemable units are to meet the ETF's investment objective, and to manage liquidity risk arising from redemptions. The ETF's management of liquidity risk arising from redeemable units is discussed in note 5.

On any Valuation Date, unitholders of the ETF may (i) redeem units of the ETF for cash at a redemption price per unit equal to 95% of the closing price for units of the ETF on the TSX on the effective day of the redemption, where the units being redeemed are not equal to a prescribed number of units ("PNU") or a multiple PNU; or (ii) redeem, less any applicable redemption charge as determined by the Manager in its sole discretion from time to time, a PNU or a multiple PNU of the ETF for cash equal to the net asset value of that number of units.

Units of the ETF are issued or redeemed on a daily basis at the net asset value per security that is determined as at 4:00 p.m. (Eastern Time) each Valuation Date. Purchase and redemption orders are subject to a 4:00 p.m. (Eastern Time) cutoff time on the business day before Valuation Date.

The ETF is required to distribute all of its income (including net realized capital gains) that it has earned in the year to such an extent that the ETF will not be liable for ordinary income tax thereon. Income earned by the ETF is distributed to unitholders at least once per year, if necessary, and any such amount distributed by the ETF will be paid as a "reinvested distribution". Reinvested distributions on units of the ETF will be reinvested automatically in additional units of the ETF at a price equal to the net asset value per unit of the ETF on such day and the units of the ETF will be immediately consolidated such that the number of outstanding units of the ETF held by each unitholder on such day following the distribution will equal the number of units of the ETF held by the unitholder prior to the distribution. Reinvested distributions are reported as taxable distributions and used to increase each unitholder's adjusted cost base for the ETF. Distributions paid to holders of redeemable units, if any, are recognized in the statement of changes in financial position.

Please consult the ETF's most recent prospectus for a full description of the subscription and redemption features of the ETF's units.

For the period ended June 30, 2019, the number of units issued by subscription, the number of units redeemed, the total and average number of units outstanding was as follows:

Period	Beginning Units Outstanding	Units Issued	Units Redeemed	Ending Units Outstanding	Average Units Outstanding
2019	312,501	1,350,334	–	1,662,835	736,490

9. EXPENSES AND OTHER RELATED PARTY TRANSACTIONS
Management fees

The Manager provides, or oversees the provision of, administrative services required by the ETF including, but not limited to: negotiating contracts with certain third-party service providers, such as portfolio managers, custodians, registrars, transfer agents, auditors and printers; authorizing the payment of operating expenses incurred on behalf of the ETF; arranging for the maintenance of accounting records for the ETF; preparing reports to unitholders and to the applicable securities regulatory authorities; calculating the amount and determining the frequency of distributions by the ETF; preparing financial statements, income tax returns and financial and accounting information as required by the ETF; ensuring that unitholders are provided with financial statements and other reports as are required from time to time by applicable law; ensuring that the ETF complies with all other regulatory requirements, including the continuous disclosure obligations of the ETF under applicable securities laws; administering purchases, redemptions and other transactions in units of

Notes to Financial Statements (unaudited) (continued)

June 30, 2019

the ETF; and dealing and communicating with unitholders of the ETF. The Manager provides office facilities and personnel to carry out these services, if not otherwise furnished by any other service provider to the ETF. The Manager also monitors the investment strategies of the ETF to ensure that the ETF complies with its investment objectives, investment strategies and investment restrictions and practices.

In consideration for the provision of these services, the Manager receives a monthly management fee at the annual rate of 0.65%, plus applicable sales taxes, of the net asset value of the ETF, calculated and accrued daily and payable monthly in arrears.

Any expenses of the ETF which are waived or absorbed by the Manager are paid out of the management fees received by the Manager.

Other expenses

In addition to the management fees, unless otherwise waived or absorbed by the Manager, the ETF pays all of its operating expenses, including but not limited to: audit fees; trustee and custodial expenses; administration costs; valuation, accounting and record keeping costs; legal expenses; permitted prospectus preparation and filing expenses; costs associated with delivering documents to unitholders; listing and annual stock exchange fees; CDS Clearing and Depository Services Inc. fees; bank related fees and interest charges; extraordinary expenses; unitholder reports and servicing costs; registrar and transfer agent fees; costs associated with the Independent Review Committee; income taxes; sales taxes; brokerage expenses and commissions; and withholding taxes.

The Manager, at its discretion, may waive and/or absorb a portion of the fees and/or expenses otherwise payable by the ETF. The waiving and/or absorption of such fees and/or expenses by the Manager may be terminated at any time, or continued indefinitely, at the discretion of the Manager.

10. BROKER COMMISSIONS, SOFT DOLLARS AND RELATED PARTY TRANSACTIONS

Brokerage commissions paid on securities transactions may include amounts paid to related parties of the Manager for brokerage services provided to the ETF.

Research and system usage related services received in return for commissions generated with specific dealers are generally referred to as soft dollars.

Total brokerage commissions paid to dealers in connection with investment portfolio transactions, soft dollar transactions incurred and amounts paid to related parties of the Manager, if any, for the period ended June 30, 2019, were as follows:

Period Ended	Brokerage Commissions Paid	Soft Dollar Transactions	Amount Paid to Related Parties
June 30, 2019	\$42,429	\$nil	\$nil

In addition to the information contained in the table above, the management fees paid to the Manager described in note 9 are related party transactions, as the Manager is considered to be a related party to the ETF. Fees paid to the Independent Review Committee are also considered to be related party transactions. Both fees are disclosed in the statement

Notes to Financial Statements (unaudited) (continued)

June 30, 2019

of comprehensive income. The management fees payable by the ETF as at June 30, 2019, and December 31, 2018, are disclosed in the statements of financial position.

The ETF may invest in other ETFs managed by the Manager or its affiliates, in accordance with the ETF's investment objectives and strategies. Such investments, if any, are disclosed in the schedule of investments.

11. INCOME TAX

The ETF has qualified as a mutual fund trust under the *Income Tax Act* (Canada) (the "Tax Act") and accordingly, is not taxed on the portion of taxable income that is paid or allocated to unitholders. As well, tax refunds (based on redemptions and realized and unrealized gains during the year) may be available that would make it possible to retain some net capital gains in the ETF without incurring any income taxes.

12. TAX LOSSES CARRIED FORWARD

Capital losses for income tax purposes may be carried forward indefinitely and applied against capital gains realized in future years. Non-capital losses carried forwards may be applied against future years' taxable income. Non-capital losses that are realized in the current taxation year may be carried forward for 20 years. As at December 31, 2018, the ETF has no net capital or non-capital losses available.

13. OFFSETTING OF FINANCIAL INSTRUMENTS

In the normal course of business, the ETF may enter into various master netting arrangements or other 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 set off in certain circumstances, such as bankruptcy or termination of the contracts. The following table shows financial instruments that may be eligible for offset, if such conditions were to arise, as at June 30, 2019, and December 31, 2018. The "Net" column displays what the net impact would be on the ETF's statement of financial position if all amounts were set-off.

Financial Assets and Liabilities as at June 30, 2019	Amounts Offset (\$)			Amounts Not Offset (\$)		Net (\$)
	Gross Assets (Liabilities)	Gross Assets (Liabilities) Offset	Net Amounts	Financial Instruments	Cash Collateral Pledged	
Derivative assets	-	-	-	-	-	-
Derivative liabilities	(47,187)	-	(47,187)	-	-	(47,187)

Financial Assets and Liabilities as at December 31, 2018	Amounts Offset (\$)			Amounts Not Offset (\$)		Net (\$)
	Gross Assets (Liabilities)	Gross Assets (Liabilities) Offset	Net Amounts	Financial Instruments	Cash Collateral Pledged	
Derivative assets	-	-	-	-	-	-
Derivative liabilities	(21,852)	-	(21,852)	-	-	(21,852)



Notes to Financial Statements (unaudited) (continued)

June 30, 2019

14. COMPARATIVE FINANCIAL STATEMENTS

Certain information in the comparative financial statements and/or notes to the financial statements for 2018 has been reclassified to conform to the financial statement presentation adopted for 2019.

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