



**NOTICE OF SPECIAL MEETING AND MANAGEMENT INFORMATION CIRCULAR FOR
UNITHOLDERS OF**

HORIZONS GLOBAL RISK PARITY ETF

**to be held on
Tuesday, July 14, 2020**

June 12, 2020

Dear Unitholders,

You are hereby invited to a special meeting of unitholders (the “**Meeting**”) of Horizons Global Risk Parity ETF (“**HRA**” or the “**Merging ETF**”). The Meeting of the Merging ETF will be held on Tuesday, July 14, 2020, solely as a virtual (online) meeting by way of live audio webcast, at 2:00 p.m. (Toronto time) at www.virtualshareholdermeeting.com/HorizonsHRA2020.

The Meeting of the Merging ETF will be held, to consider and, if deemed appropriate, to pass the special resolution in the form substantially set forth in Schedule “A” to the accompanying Management Information Circular, to approve all matters relating to the merger (the “**Merger**”) of the Merging ETF, currently structured as a conventional mutual fund trust, into Horizons ReSolve Adaptive Asset Allocation ETF, a new class of shares (the “**Continuing Corporate Class ETF**”) of Horizons ETF Corp. (“**Horizons MFC**”), a multi-class mutual fund corporation managed by Horizons ETFs Management (Canada) Inc. (the “**Manager**”), all as more particularly described in the accompanying Management Information Circular. The Continuing Corporate Class ETF will be considered an alternative mutual fund for purposes of applicable securities legislation, and accordingly, will be permitted to use leverage in seeking to achieve its investment objectives.

The investment objective of the Continuing Corporate Class ETF is to seek long-term capital appreciation by investing, directly or indirectly, in major global asset classes including but not limited to equity indexes, fixed income indexes, interest rates, commodities and currencies. The Continuing Corporate Class ETF will be managed by the Manager, and sub-advised by ReSolve Asset Management Inc. (the same sub-advisor of the Merging ETF).

The Manager’s decision to propose the Merger follows an extensive review of the activities and current tax positions of the Merging ETF, along with proposed changes to the *Income Tax Act* (Canada) (the “**Tax Act**”), and efficiencies expected to be gained through the Merger. As further described in the attached Management Information Circular, the Manager has determined that the Merger is in the best interests of the unitholders of the Merging ETF. The Continuing Corporate Class ETF has been structured to preserve, and potentially enhance through the use of leverage and other strategies available to it as an alternative mutual fund, the fundamental investment mandate offered by the Merging ETF.

The independent review committee (“**IRC**”) of the Merging ETF has reviewed the proposed Merger, including the proposed steps to be taken in implementing the proposed Merger, and has concluded that the proposed Merger represents the business judgment of the Manager uninfluenced by considerations other than the best interests of the Merging ETF and that the Merger achieves a fair and reasonable result for the Merging ETF.

Management’s Recommendation

The Manager, taking into account the foregoing considerations and the considerations set forth in the accompanying Management Information Circular, recommends that unitholders of the Merging ETF vote **IN FAVOUR** of the proposed Merger resolution.

Subject to the receipt of all necessary regulatory, unitholder and other third party approvals, as well as obtaining any necessary exemptive relief under applicable securities laws in order to effect the proposed Merger and the receipt of a final prospectus for the Continuing Corporate Class ETF, it is expected that the proposed Merger will take effect in the third quarter of 2020, or such other date as the Manager may determine in its sole discretion. If the Merger is approved, unitholders of the Merging ETF need not take any action in order to receive shares of the Continuing Corporate Class ETF on the effective date of the Merger, but Section 85 Eligible Holders (as defined in the accompanying Circular) who wish to make a joint election with Horizons MFC under section 85 of the Tax Act should follow the procedures set forth in the accompanying Circular under “Business of the Meetings – Available Elections and Procedures” within the specified time period. If the Merger is not approved, or if the Merger is approved but subsequently not implemented for any reason, including if, in the opinion of the Manager, it would no longer be advisable for any reason, it is currently anticipated that the Merging ETF will continue in the ordinary course as an exchange traded mutual fund trust and the Manager will continue to monitor the economic viability of

the continuing Merging ETF. Any decision by the Manager to terminate the Merging ETF will be made in accordance with the terms of the declaration of trust and applicable securities legislation.

General

If you are not able to attend the Meeting, you should contact your broker and submit a voting instruction form as soon as possible.

Even if you currently plan to participate in the Meeting, you should consider voting your units in advance so that your vote will be counted in the event you experience any technical difficulties.

Attached is a Notice of Special Meeting of Unitholders and related Management Information Circular, both of which contain important information relating to the proposed Merger. You are urged to read the Management Information Circular carefully. If you have any questions prior to the Meeting, please call us at 416-933-5745 or toll-free at 1-866-641-5739.

Sincerely,

“Steven J. Hawkins”

Steven J. Hawkins
President and Chief Executive Officer
Horizons ETFs Management (Canada) Inc.

NOTICE OF SPECIAL MEETING OF UNITHOLDERS OF
HORIZONS GLOBAL RISK PARITY ETF
(“HRA” or the “Merging ETF”)

This is notice that a special meeting of the unitholders of the Merging ETF will be held on Tuesday, July 14, 2020, solely as a virtual (online) meeting by way of live audio webcast (including any adjournment or postponement thereof, as the case may be, the “**Meeting**”). The Meeting will be held at 2:00 p.m. (Toronto time) at www.virtualshareholdermeeting.com/HorizonsHRA2020.

Unitholders of the Merging ETF are invited to vote at the Meeting, which is being called by Horizons ETFs Management (Canada) Inc., as manager and trustee of the Merging ETF (the “**Manager**”). Unitholders of record of the Merging ETF at the close of business on June 4, 2020, the record date for the Meeting, will be entitled to receive notice of and vote at the Meeting.

The Meeting is being held for unitholders of the Merging ETF, to consider and, if deemed appropriate, to pass the special resolution in the form substantially set forth in Schedule “A” to the accompanying Management Information Circular, to approve all matters relating to the merger (the “**Merger**”) of the Merging ETF, currently structured as a trust, into Horizons ReSolve Adaptive Asset Allocation ETF, a new class of shares (the “**Continuing Corporate Class ETF**”) of Horizons ETF Corp. (“**Horizons MFC**”), a multi-class mutual fund corporation managed by the Manager, all as more particularly described in the accompanying Management Information Circular. The Continuing Corporate Class ETF will be considered an alternative mutual fund for purposes of applicable securities legislation, and accordingly, will be permitted to use leverage in seeking to achieve its investment objectives.

In light of the dangers associated with the coronavirus pandemic (COVID-19), the Manager wishes to mitigate risk to the health and safety of communities, unitholders, employees and other stakeholders. For that reason, the Manager is holding the Meeting solely as a virtual (online) meeting which will be conducted by way of live audio webcast. All unitholders, regardless of geographic location, will have an equal opportunity to participate at the Meeting and engage with the Manager as well as other unitholders in real time. **Unitholders will not be able to attend the Meeting in person, but virtual participation is encouraged.** Even if you currently plan to participate in the Meeting, you should consider voting your units in advance so that your vote will be counted in the event you experience any technical difficulties.

Participants will need an Internet-connected device such as a laptop, computer, tablet or cellphone in order to access the virtual Meeting platform. The virtual Meeting platform will be fully supported across popular web browsers and devices running the most current version of applicable software plugins. Unitholders participating in the Meeting must remain connected to the Internet at all times during the Meeting in order to vote when balloting commences. It is a unitholder’s responsibility to ensure Internet connectivity for the duration of the Meeting.

Registered unitholders and duly appointed proxyholders will be able to participate in and vote online in real time at the Meeting at www.virtualshareholdermeeting.com/HorizonsHRA2020, in accordance with instructions given in the accompanying Management Information Circular.

Non-registered (beneficial) unitholders (being unitholders who hold their units through a broker, investment dealer, bank, trust company, custodian, nominee or other intermediary) who have not duly appointed themselves as proxyholder may attend the Meeting and will be able to ask questions, but will not be able to vote at the Meeting. Non-registered (beneficial) unitholders who have not duly appointed themselves as proxyholder may attend the Meeting by logging into the Meeting at www.virtualshareholdermeeting.com/HorizonsHRA2020 at least 5 minutes before the Meeting commences and entering the Unitholder section and completing the registration using his or her 16-digit control number.

For additional information about the Merging ETF, including information regarding: (i) investment objectives, strategies and restrictions, (ii) distribution policies, (iii) valuation policies, (iv) descriptions of the

securities, (v) service providers, (vi) risk factors and risk rating and (vii) fee structure, investors may obtain the most recently filed prospectus, interim and annual financial statements and management reports of fund performance and ETF Facts, all of which are deemed to be incorporated by reference into the accompanying Management Information Circular, on the Internet at www.sedar.com or by accessing the Manager's website at www.HorizonsETFs.com. Additional information about the Continuing Corporate Class ETF, including information regarding: (i) investment objectives, strategies and restrictions, (ii) dividend policies, (iii) valuation policies, (iv) descriptions of the securities, (v) service providers, (vi) risk factors and risk rating, and (vii) fee structure will be available in the preliminary prospectus and related ETF Facts that are or will be filed by the Manager and available on the Internet at www.sedar.com. A copy of the preliminary prospectus for the Continuing Corporate Class ETF has been, or will be, filed with the securities regulatory authorities in each of the provinces and territories in Canada but has not yet become final for the purpose of the sale of securities. Information contained in such preliminary prospectus may not be complete and may have to be amended. Securities may not be sold under the preliminary prospectus for the Continuing Corporate Class ETF, and the Merger contemplated hereby may not be completed, until a receipt for the final prospectus of the Continuing Corporate Class ETF is obtained from the securities regulatory authorities. The above documents may be obtained upon request, without charge, by calling the Manager's toll-free telephone number at 1-866-641-5739 or by faxing the Manager a request to 416-777-5181.

Notice is hereby given that in the event the quorum requirement of the Merging ETF is not satisfied within one-half hour of the scheduled time for the Meeting, then the Meeting will be adjourned by the chairman of the Meeting. Notice is hereby provided that the adjourned Meeting, if any, will be rescheduled for 2:00 p.m. (Toronto time) on July 15, 2020, solely as a virtual (online) meeting by way of live audio webcast. At any applicable adjourned Meeting, the business of the Meeting will be transacted by those unitholders of the Merging ETF present virtually or represented by proxy.

A registered unitholder may submit his or her proxy by mail, over the Internet or by telephone in accordance with the instructions below.

If a unitholder holds their units through a financial intermediary, (a bank, trust company, securities broker, or other financial institution) they will receive a voting instruction form that allows them to vote on the Internet, by telephone, or by mail. To vote, a unitholder should follow the instructions provided on their voting instruction form.

Voting – Registered and Beneficial Unitholders

Voting at the Meeting. Beneficial unitholders who wish to vote at the Meeting should appoint themselves as proxyholder by following the instructions found on his or her voting instruction form. Only registered unitholders or duly appointed proxyholders (including beneficial unitholders who have appointed themselves as proxyholder) may vote at the Meeting. Registered unitholders and duly appointed proxyholders can vote at the Meeting by logging into the Meeting at www.virtualshareholdermeeting.com/HorizonsHRA2020 at least 5 minutes before the Meeting commences and entering the Unitholder or Proxyholder/Appointee section, as applicable. Registered unitholders should follow the instructions on the screen using their 16-digit control number (located on his or her proxy form) and duly appointed proxyholders should follow the instructions on the screen and enter the exact name and eight character appointee identification number as provided by the unitholder to access the Meeting and vote when prompted. Registered unitholders and duly appointed proxyholders should note that voting at the Meeting will revoke any previously submitted proxy.

Voting by Mail. A unitholder may submit his or her proxy by mail by completing, dating and signing the enclosed form of proxy or voting instruction form, as applicable, and returning it using the envelope provided to Broadridge Investor Communication Solutions at the Data Processing Centre, P.O. Box 3700, Stn. Industrial Park, Markham ON, L3R 9Z9. To be valid, forms of proxy or voting instruction forms, as applicable, must be received before 5:00 p.m. (Toronto time) on July 10, 2020, or not later than 48 hours (excluding Saturdays, Sundays and holidays) prior to the commencement of any adjournment or postponement of the Meeting, or must be deposited with the chairman of the Meeting prior to commencement of the Meeting (or any adjournment or postponement thereof).

Voting by Internet. A unitholder may submit his or her proxy at www.proxyvote.com by following the instructions provided on the screen, prior to 5:00 p.m. (Toronto time) on July 10, 2020, or not later than 48 hours

(excluding Saturdays, Sundays and holidays) prior to the commencement of any adjournment or postponement of the Meeting, or must deposit his or her proxy with the chairman of the Meeting prior to commencement of the Meeting (or any adjournment or postponement thereof).

Voting by Telephone (Canada and U.S. only). A unitholder may submit his or her voting instructions by telephone by calling the toll-free number on his or her voting instruction form and following the instructions provided.

A unitholder's intermediary must receive their voting instructions with enough time to act on the unitholder's instructions. Unitholders should check the form for the deadline for submitting their voting instructions. If a unitholder is mailing their voting instruction form, the unitholder should be sure to allow enough time for the envelope to be delivered.

DATED at Toronto, Ontario this 12th day of June 2020.

**HORIZONS ETFs MANAGEMENT (CANADA) INC., as
manager of the Horizons Global Risk Parity ETF**

“Steven J. Hawkins”

Name: Steven J. Hawkins

Title: President and Chief Executive Officer

MANAGEMENT INFORMATION CIRCULAR

HORIZONS GLOBAL RISK PARITY ETF

(the “Merging ETF”)

June 12, 2020

SPECIAL NOTE REGARDING FORWARD LOOKING INFORMATION

This Management Information Circular (the “**Circular**”) contains or refers to certain forward-looking information relating, but not limited, to the expectations, intentions, plans and assumptions of Horizons ETFs Management (Canada) Inc., as manager and trustee of the Merging ETF (the “**Manager**” or “**Horizons**”) and the Merging ETF.

Forward-looking information can often be identified by forward-looking words such as “anticipate”, “believe”, “expect”, “plan”, “intend”, “estimate”, “may”, “potential”, and “will” or similar words suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. Forward-looking information is not historical fact but reflects, as applicable, the Merging ETF’s and the Manager’s current expectations regarding future results or events. Forward-looking information is subject to risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking information expressed herein. Although the Merging ETF and the Manager believe that the assumptions inherent in their respective forward-looking information are reasonable, forward-looking information is not a guarantee of future events or performance and, accordingly, readers are cautioned not to place undue reliance on such forward-looking information due to the inherent uncertainty therein. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events will not occur. There is no obligation to update forward-looking information, except as required by law.

Except as may otherwise be stated, the information contained in this Circular is given as of the date of this Circular.

SOLICITATION OF PROXIES

The information contained in this Circular is provided by the Manager in its capacity as manager and trustee of the Merging ETF in connection with the solicitation of proxies by management of the Manager to be used at the special meeting (including any adjournment or postponement thereof, as the case may be, the “**Meeting**”) of the unitholders of the Merging ETF. The Meeting of the Merging ETF will be held on Tuesday, July 14, 2020, solely as a virtual (online) meeting by way of live audio webcast. The Meeting will be held at 2:00 p.m. (Toronto time) at www.virtualshareholdermeeting.com/HorizonsHRA2020 for the purposes outlined in the Notice of Special Meeting attached to this Circular.

In light of the dangers associated with the coronavirus pandemic (COVID-19), the Manager wishes to mitigate risk to the health and safety of communities, unitholders, employees and other stakeholders. For that reason, the Manager is holding the Meeting solely as a virtual (online) meeting which will be conducted by way of live audio webcast. All unitholders, regardless of geographic location, will have an equal opportunity to participate at the Meeting and engage with the Manager as well as other unitholders in real time. **Unitholders will not be able to attend the Meeting in person, but virtual participation is encouraged.**

Participants will need an Internet-connected device such as a laptop, computer, tablet or cellphone in order to access the virtual Meeting platform. The virtual Meeting platform will be fully supported across popular web browsers and devices running the most current version of applicable software plugins. Unitholders participating in the Meeting must remain connected to the Internet at all times during the Meeting in order to vote when balloting commences. It is a unitholder’s responsibility to ensure Internet connectivity for the duration of the Meeting.

Registered unitholders and duly appointed proxyholders will be able to participate in and vote online in real time at the Meeting at www.virtualshareholdermeeting.com/HorizonsHRA2020, in accordance with instructions given in this Circular. See “General Proxy Information – Voting – Registered and Beneficial Unitholders”.

Non-registered (beneficial) unitholders (being unitholders who hold their units through a broker, investment dealer, bank, trust company, custodian, nominee or other intermediary) who have not duly appointed themselves as proxyholder may attend the Meeting and will be able to ask questions, but will not be able to vote at the Meeting. Non-registered (beneficial) unitholders who have not duly appointed themselves as proxyholder may

attend the Meeting by logging into the Meeting at www.virtualshareholdermeeting.com/HorizonsHRA2020 at least 5 minutes before the Meeting commences and entering the Unitholder section and completing the registration using his or her 16-digit control number.

Notice is hereby given that in the event the quorum requirement of the Merging ETF is not satisfied within one-half hour of the scheduled time for the Meeting, then the Meeting will be adjourned by the chairman of the Meeting. Notice is hereby provided that the adjourned Meeting, if any, will be rescheduled for 2:00 p.m. (Toronto time), on July 15, 2020, solely as a virtual (online) meeting by way of live audio webcast. At any adjourned Meeting, the business of the Meeting will be transacted by those unitholders of the Merging ETF present virtually or represented by proxy.

Although it is expected that the solicitation will be made primarily by mail, the Manager or its agents may also solicit proxies personally, by telephone, facsimile transmission or electronic means. **The costs of preparing and sending the proxy materials and of the solicitation of proxies, as well as other costs and expenses associated with the Meeting and the Merger (as defined below), will be borne by the Manager.** Pursuant to exemptive relief that has been obtained, the Manager has opted to use a notice-and-access procedure to reduce the volume of paper in the materials distributed for the Meeting and to potentially encourage a higher voting participation rate among unitholders of the Merging ETF.

The securityholder materials are being sent to both registered and non-registered owners of the securities. If you are a non-registered owner, and the issuer or its agent has sent these materials directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf.

PURPOSE OF THE MEETING

The Meeting is being held for unitholders of the Merging ETF, to consider and, if deemed appropriate, to pass the special resolution in the form substantially set forth in Schedule “A” hereto, to approve all matters relating to the merger (the “**Merger**”) of the Merging ETF, currently structured as a conventional mutual fund trust, into Horizons ReSolve Adaptive Asset Allocation ETF, a new class of shares (the “**Continuing Corporate Class ETF**”) of Horizons ETF Corp. (“**Horizons MFC**”), a multi-class mutual fund corporation managed by the Manager, and to transact such other business as may properly come before the Meeting or any adjournment or postponement thereof, if any.

As set out above, if the Merger is approved and implemented, it is currently anticipated that the Continuing Corporate Class ETF will be named Horizons ReSolve Adaptive Asset Allocation ETF, or such other name as the Manager deems appropriate at that time.

The Continuing Corporate Class ETF will be considered an alternative mutual fund for purposes of applicable securities legislation, and accordingly, will be permitted to use leverage in seeking to achieve its investment objectives.

BUSINESS OF THE MEETING

The Meeting of unitholders of the Merging ETF will be held to approve the Merger.

Rationale for the Merger

Following an extensive review by the Manager of the activities and current tax positions of the Merging ETF, the Manager has determined that it would be in the best interests of the unitholders of the Merging ETF, which is currently structured as a conventional mutual fund trust, to merge into a new corporate class of shares of Horizons MFC for the following reasons:

1. The Merger will provide unitholders of the Merging ETF with continued exposure to a portfolio of global asset classes that is managed by ReSolve Asset Management Inc. (the same sub-advisor of

the Merging ETF), with the added potential to enhance returns through the use of leverage and other strategies available to it as an alternative mutual fund, which is an investment strategy not currently available to the Merging ETF.

2. The Merger will eliminate similar fund offerings, thereby reducing the administrative and regulatory costs of operating the Merging ETF and the Continuing Corporate Class ETF as separate funds. In addition, as the Continuing Corporate Class ETF will also continuously offer its shares as an exchange traded fund, the Continuing Corporate Class ETF, when combined with the assets of the Merging ETF, will have the potential to achieve the benefits of economies of scale by spreading its operating costs over more shares.
3. Other than the increased management fee and the introduction of a performance fee, the Continuing Corporate Class ETF will have substantially similar operating expenses per class as compared to the Merging ETF. The expenses attributable to the Continuing Corporate Class ETF will continue to be borne by that class of shares of Horizons MFC. To the extent operating expenses are common to Horizons MFC, such expenses will be shared among the classes based on their respective net asset values, or otherwise on a fair and equitable basis as determined by the Manager.
4. Each share of the Continuing Corporate Class ETF issued on the Merger will have a net asset value per share that is identical to the net asset value per unit of the Merging ETF at the moment immediately prior to the Merger. In addition, the valuation policies and procedures of Horizons MFC will be the same as, or substantially similar to, the current valuation policies and procedures of the Merging ETF.
5. The Merging ETF currently incurs significant annual expenses to maintain its status as a separate mutual fund trust, which is treated as a flow-through entity for tax purposes, but which is also required to separately comply with the tax rules applicable thereto. Horizons has determined that significant operational efficiencies can be achieved by combining the Merging ETF into Horizons MFC rather than incurring the foregoing duplicative annual expenses.
6. The Merger will be able to be implemented on a tax-deferred basis for certain Canadian resident unitholders who hold units of the Merging ETF in taxable accounts (“**Section 85 Eligible Holders**”, as more precisely defined below), provided that such Section 85 Eligible Holders make a joint election with Horizons MFC under section 85 of the *Income Tax Act* (Canada) (“**Tax Act**”) to have the exchange of their existing trust units for the corresponding class of shares of Horizons MFC take place at the unitholder’s tax cost plus any reasonable costs of disposition. See “*Business of the Meeting – Available Elections and Procedures*”.
7. Upon implementation of the Merger, the Continuing Corporate Class ETF is expected to be on a level playing field with other multi-class mutual fund corporations from a tax and operational efficiency perspective. Accordingly, all revenues, deductible expenses, capital gains and capital losses of Horizons MFC in connection with all of Horizons MFC’s investment portfolios and other items relevant to Horizons MFC’s tax position (including the tax attributes of Horizons MFC’s portfolio assets) will be taken into account in determining the income or loss of Horizons MFC and applicable taxes payable by Horizons MFC as a whole, including refundable capital gains taxes. As a result, the investment portfolio of the Continuing Corporate Class ETF may have available to it certain tax efficiencies which would not be available to the investment portfolio of the Merging ETF in the absence of the Merger, but no assurance can be given in this regard. See “*Certain Canadian Federal Income Tax Considerations – Taxation of the Continuing Corporate Class ETF and its Shareholders – Taxation of the Corporation*”.
8. None of the costs and expenses associated with the Merger will be borne by the Merging ETF or its unitholders. All such costs will be borne by the Manager. There are no charges payable to the Manager by unitholders of the Merging ETF who acquire securities of the Continuing Corporate

Class ETF as a result of the Merger however, a unitholder's advisor may charge a fee for such transaction.

9. The Continuing Corporate Class ETF will have Horizons as investment fund manager, and will have at the time of the Merger, the identical portfolio manager, custodian, sub-advisor, transfer agent and auditor as the Merging ETF. As a mutual fund corporation, Horizons MFC does not require a trustee, which is currently Horizons in respect of the Merging ETF.

Procedures for the Merger

The steps for implementing the Merger are substantially as follows:

1. The declaration of trust (the "**Trust Declaration**") governing the Merging ETF will be amended to, among other matters: (i) require that every unitholder of the Merging ETF transfer each of his or her units of the Merging ETF to Horizons MFC in return for an equivalent number of shares of an equivalent series of the Continuing Corporate Class ETF, (ii) otherwise facilitate the Merger and the implementation of the steps and transactions involved as described herein, and (iii) authorize the Manager, as manager and trustee of the Merging ETF, to execute all such instruments as may be necessary or desirable to give effect to the Merger;
2. The Merging ETF will settle all or part of its outstanding derivative instruments and dispose of certain portfolio assets such that on the date of the Merger, the Merging ETF will hold only cash and/or cash equivalents;
3. The Merging ETF will distribute its net income and net realized capital gains, if any, for its current taxation year to the extent necessary to eliminate its liability for non-refundable income tax;
4. Each unitholder of the Merging ETF will transfer each of his or her units of the Merging ETF to Horizons MFC in exchange for an equivalent number of shares of an equivalent series of the Continuing Corporate Class ETF;
5. Subsequent to the transfer of all the units of the Merging ETF to Horizons MFC per Step 4 above, the Merging ETF will transfer to Horizons MFC (for the benefit of the Continuing Corporate Class ETF), as a return of capital or otherwise, all or part of its assets, and Horizons MFC will assume the Merging ETF's remaining liabilities, if any;
6. Once the Merging ETF has transferred all of its assets to Horizons MFC, per Step 5 above, the Merging ETF will be wound up. Assets retained within the Merging ETF following the Merger, if any, will be held for the exclusive benefit of the Continuing Corporate Class ETF and its shareholders. See "*Rationale for Preserving the Merging ETF following the Merger*" below.

Under Canadian tax laws, the Merger cannot be completed as a qualifying exchange. However, assuming that regulatory approval to preserve the Merging ETF following the Merger is obtained, the Manager anticipates that the transfer of the Merging ETF's assets by the Merging ETF to Horizons MFC described above will not give rise to material adverse income tax consequences for the Merging ETF, the Continuing Corporate Class ETF, Horizons MFC or their respective unitholders and shareholders.

In order to provide an opportunity for taxable unitholders to dispose of their units of the Merging ETF on a tax-deferred rollover basis (for Canadian income tax purposes), the Merger will be implemented in a manner that enables unitholders who are Canadian residents for purposes of the Tax Act (other than unitholders who are exempt from tax under Part I of the Tax Act) and unitholders that are "Canadian partnerships" for purposes of the Tax Act (other than partnerships all members of which are exempt from tax under Part I of the Tax Act) to make a joint election with Horizons MFC under subsection 85(1) or 85(2) of the Tax Act (an "**Election**") to defer all or a portion (as chosen by the Section 85 Eligible Holder) of the Canadian income tax which would otherwise be payable in respect of the disposition of their units. See "*Business of the Meeting – Available Elections and Procedures*" and

“Certain Canadian Federal Income Tax Considerations – Taxation of Holders in connection with the Merger – Taxation of Taxable Holders – Section 85 Election” below.

As of the date hereof, the Merging ETF is expected to make a distribution of income of up to approximately \$0.05 per unit in connection with the Merger. If the Merging ETF is not, or is not permitted to be, maintained following the Merger as discussed below, then material additional capital gains may be, but are not currently expected to be, realized by Horizons MFC and, if so realized, are expected to be distributed to the extent possible to the shareholders of the Continuing Corporate Class ETF through the capital gains dividend mechanism, potentially resulting in tax liability to such shareholders. Such tax liability, if it arises, would be realized even by unitholders who have made an Election to defer all or a portion of their Canadian income tax liability in respect of the transfer of their units of the Merging ETF to Horizons MFC, and potentially by unitholders who would not otherwise have any Canadian income tax liability with respect to the Merger. Any capital gains realized by Horizons MFC that are not distributed to shareholders as a Capital Gains Dividend (as defined below) will be subject to tax within Horizons MFC (net of any deductions that may be available to Horizons MFC for purposes of computing its income or taxable income). Any such tax would be attributed to the Continuing Corporate Class ETF and would be indirectly borne by the shareholders of that class. While any such tax may be fully or partially refundable in subsequent years upon the payment by Horizons MFC of sufficient Capital Gains Dividends and/or Capital Gains Redemptions (as defined below and as described under *“Certain Canadian Federal Income Tax Considerations – Taxation of the Continuing Corporate Class ETF and its Shareholders – Taxation of the Corporation”*), there can be no assurances in this regard.

Available Elections and Procedures

A Section 85 Eligible Holder who intends to make an Election should consult the Manager’s website (the **“Tax Website”**) at <https://www.horizonsetfs.com/section-85-election> to obtain the relevant Election form(s), a brief overview regarding the process for completing such Election form(s) and the conditions under which Horizons MFC has agreed to make such election.

A Section 85 Eligible Holder that wishes to make an Election will be responsible for accessing the Election form(s) on the Tax Website, correctly completing and executing the Election form(s) on their own and mailing such form(s) to Horizons MFC. Subject to the Election form(s) being correct and complete and complying with the provisions of the Tax Act (and applicable provincial or territorial income tax law), and being provided to Horizons MFC not later than March 31, 2021, Horizons MFC will make reasonable efforts to execute such Election and send it to the Section 85 Eligible Holder within 30 days of receipt. However, there can be no assurances that an Election will be executed and signed by Horizons MFC within this time period. Following receipt of the signed Election form(s) from Horizons MFC, a Section 85 Eligible Holder will be solely responsible for the proper and timely filing of all necessary copies of the Election with the Canada Revenue Agency (the **“CRA”**) and, if applicable, the provincial or territorial taxing authority. **Section 85 Eligible Holders are requested to complete and submit the Election form(s) to Horizons MFC within 90 days of the effective date of the Merger, but in any event not later than March 31, 2021 (after which Horizons MFC will no longer accept any Election form(s)).**

Generally speaking, the information required to complete an Election will include (but may not be limited to):

- i. certain information concerning the Section 85 Eligible Holder;
- ii. the name of the Merging ETF and details of the number of units to be exchanged for shares of the Continuing Corporate Class ETF, in respect of which the Section 85 Eligible Holder is making an Election; and
- iii. the applicable elected amount(s) for such units.

Horizons MFC will only commit to making an Election with a Section 85 Eligible Holder if it receives such Section 85 Eligible Holder’s correctly completed and executed Election form in accordance with the procedures set out in this Circular not later than March 31, 2021. Section 85 Eligible Holders should consult their own tax advisors with regard to making an Election without delay.

All Election form(s) should be filed by the Section 85 Eligible Holder with the CRA (or the applicable provincial or territorial taxing authority) and, if filed by the Section 85 Eligible Holder later than the time prescribed by applicable law for the filing thereof, may not be valid unless a penalty is paid by the Section 85 Eligible Holder at the time the Election is filed. Horizons MFC will not be responsible for the payment of such penalty and accepts no responsibility if the Election is not considered valid as a result of the correct penalty not being paid at the time of filing (or for any other reason). **Each Section 85 Eligible Holder is solely responsible for ensuring the Election is completed correctly and providing completed, executed Election forms to Horizons MFC for filing such that they can be signed and returned to the Section 85 Eligible Holder for filing prior to the time prescribed by applicable law.** Section 85 Eligible Holders should consult their own tax advisors with regard to timely making an Election.

Neither the Manager nor Horizons MFC will be responsible for the proper completion of any Election form(s) and, except for the obligation to sign and return a copy of a correctly completed, executed Election form(s) provided by a Section 85 Eligible Holder, as described above, neither Horizons MFC nor the Manager will be responsible for any taxes, interest or penalties resulting from the failure by a former beneficial owner of units to properly complete the Election form(s) in the form and manner and within the time prescribed by the Tax Act (or any applicable provincial or territorial legislation).

An Election will be valid only if it meets all the applicable requirements under the Tax Act (and any applicable provincial or territorial tax legislation) and is filed on a timely basis. These requirements are complex, are not discussed in any detail in this summary or on the Tax Website, and meeting these requirements with respect to preparing the Election, filing the Election with the relevant taxing authorities and providing an executed copy to Horizons MFC is the sole responsibility of the Section 85 Eligible Holder. An Election for a Section 85 Eligible Holder that is a trust will generally be required to be filed with the CRA (and any applicable provincial or territorial tax authority) within 90 days of the end of the Section 85 Eligible Holder's taxation year in which the Merger is completed. Section 85 Eligible Holders are urged to consult their own tax advisors with regard to completing and filing Elections.

See "*Certain Canadian Federal Income Tax Considerations – Taxation of Holders in connection with the Merger*" below for additional information.

Rationale for Preserving the Merging ETF following the Merger

As part of the Merger, the Manager has determined that, subject to obtaining regulatory approvals, preserving the Merging ETF following the implementation of the Merger may be beneficial to investors in the Continuing Corporate Class ETF by deferring an unnecessary realization by Horizons MFC of material taxable income or capital gains that may otherwise arise on a wind-up of the Merging ETF and a distribution of its assets to the Continuing Corporate Class ETF, and by potentially preserving any value in the Merging ETF for the exclusive benefit of the shareholders of the Continuing Corporate Class ETF.

Upon implementation of the Merger, the Merging ETF will no longer issue new units or be in continuous distribution, the units held by Horizons MFC following the Merger will not be listed on an exchange and will be redeemable at the net asset value per unit by the Continuing Corporate Class ETF. Following the Merger, it is anticipated that the Merging ETF may hold all or a portion of its assets in cash and cash equivalents.

Although the Merging ETF will be a reporting issuer and subject to National Instrument 81-102 *Investment Funds* ("NI 81-102") at the time of the Merger, assuming the Merging ETF is permitted by the securities regulatory authorities to exist as an investment for the benefit of the Continuing Corporate Class ETF, in order to reduce redundant operational costs and expenses the Manager will apply, on behalf of the Merging ETF, for the Merging ETF to cease to be a reporting issuer under Canadian securities laws following the Merger. For greater certainty, the Merging ETF will remain a reporting issuer until such time as regulatory approval to cease to be a reporting issuer is obtained; however, there can be no assurances that such regulatory approval shall be obtained.

The Manager believes that preservation of the Merging ETF following the Merger is a fair and reasonable result for the shareholders of the Continuing Corporate Class ETF, since such shareholders will be the same as the holders of units of the Merging ETF immediately prior to the implementation of the Merger. The Manager does not, and shall not, obtain any direct benefit from the Merging ETF following the Merger, and any value that is ultimately realized through the Merging ETF not being wound up shall be for the exclusive benefit of the Continuing Corporate

Class ETF. Notwithstanding the foregoing, while it is not currently expected that the Merging ETF will have material capital and/or non-capital tax losses carried forward from previous taxation years (“**loss carry-forwards**”) any such loss carry-forwards are also not expected to be utilized by the Merging ETF or by the Continuing Corporate Class ETF. The Manager will also continue to act as the investment fund manager of the Merging ETF following the Merger. Assuming the Continuing Corporate Class ETF is permitted to hold units of the Merging ETF following the Merger, there shall be no management fees or incentive fees that are payable by the Merging ETF following the Merger that, to a reasonable person, would duplicate a fee payable by the Continuing Corporate Class ETF to the Manager for the same service. For greater certainty, Horizons shall not collect any management fees from the Merging ETF following the Merger.

The determination as to whether the Merging ETF will be preserved will be determined closer to the effective date of implementing the Merger and based on whether or not the winding up of the Merging ETF is expected to cause any material income or capital gains within the Merging ETF or Horizons MFC, or whether the preservation of the Merging ETF, subject to regulatory approval, would otherwise be beneficial to the continuing shareholders of the Continuing Corporate Class ETF. If the Merging ETF is not maintained following the Merger, then material additional net capital gains may be (but are not currently expected to be) realized by Horizons MFC and if so realized, are expected to be distributed to the extent possible to its shareholders as a Capital Gains Dividend (as defined below), potentially resulting in an additional tax liability to such shareholders. Such tax liability, if it arises, as described above, would be realized even by unitholders who have made an Election to defer all or a portion of their Canadian income tax liability in respect of the transfer of their units of the Merging ETF to Horizons MFC, and potentially by unitholders who would not otherwise have any Canadian income tax liability with respect to the Merger. Such a Capital Gains Dividend, if not paid in cash, may be paid in shares or automatically reinvested in shares (in which case the shareholder may need to fund any tax liability from other sources, or sell sufficient shares to fund the tax). Horizons MFC may not have adequate information to correctly ascertain the quantum of capital gains it realizes in time to make such capital gains payable (as a Capital Gains Dividend) to shareholders who were shareholders at the time such capital gains were realized, in which case Horizons MFC may choose not to distribute such gains to shareholders as a Capital Gains Dividend, or may distribute such gains some time after their realization by Horizons MFC to shareholders of the Continuing Corporate Class ETF at that time, who may not have been shareholders at the time of realization. Any capital gains realized by Horizons MFC that are not distributed to shareholders as a Capital Gains Dividend will be subject to tax within Horizons MFC (net of any deductions that may be available to Horizons MFC for purposes of computing its income). Any such tax would be attributed to the Continuing Corporate Class ETF and be indirectly borne by the shareholders of that class. While any such tax may be fully or partially refundable in subsequent years upon the payment by Horizons MFC of sufficient Capital Gains Dividends and/or Capital Gains Redemptions (as described under “*Certain Canadian Federal Income Tax Considerations – Taxation of the Continuing Corporate Class ETF and its Shareholders – Taxation of the Corporation*”), there can be no assurances in this regard.

In the event regulatory approval to preserve the Merging ETF is not granted and the Merging ETF is required to be wound up as soon as possible or as soon as reasonably practicable following the Merger, any tax attributes within the Merging ETF (such as loss carry-forwards of the Merging ETF) would expire. As of the date hereof, the Manager does not anticipate that the Merging ETF will have material tax attributes that might expire as a result of the Merging ETF being wound up.

Equivalent Class to be Received from the Continuing Corporate Class ETF

In connection with the Merger, each Class E unit of the Merging ETF will be exchanged for a share of a corresponding ETF series of shares of the Continuing Corporate Class ETF (“**ETF Shares**”), with the Continuing Corporate Class ETF representing a separate class of shares of Horizons MFC. For example, a securityholder that held Class E units of the Merging ETF, as a result of the Merger, would exchange such Class E units for an equal number of ETF Shares of the Continuing Corporate Class ETF of Horizons MFC (in this example, the securityholder would receive ETF Shares of the corporate class of Horizons MFC representing the Horizons ReSolve Adaptive Asset Allocation ETF).

Implementation of the Merger

If the Merger is approved, it is proposed that the Merger will occur after the close of business on a trading day in the third quarter of 2020, or such other date as the Manager may determine in its sole discretion, subject to receipt of all regulatory, unitholder and other third party approvals. Even if the Merger is approved, the Manager may, in its discretion, determine to postpone implementing the approved Merger until a later date or elect not to proceed with the Merger, in whole or in part, if considered by the Manager, in its sole discretion, to be in the best interests of the Merging ETF.

If the Merger is approved, unitholders of the Merging ETF need not take any action in order to receive ETF Shares of the Continuing Corporate Class ETF on the effective date of the Merger, but Section 85 Eligible Holders who wish to make a joint election with Horizons MFC under section 85 of the Tax Act should follow the procedures set forth under “*Business of the Meeting – Available Elections and Procedures*” within the specified time period. If the Merger is not approved, or if the Merger is approved but subsequently not implemented for any reason, including if in the opinion of the Manager it would no longer be advisable for any reason, it is currently anticipated that the Merging ETF will continue in the ordinary course as an exchange traded mutual fund trust and the Manager will continue to monitor the economic viability of the continuing Merging ETF. Any decision by the Manager to terminate the Merging ETF will be made in accordance with the terms of the Trust Declaration and applicable securities legislation.

If the proposed Merger is approved by unitholders of the Merging ETF, the right of those unitholders to redeem or trade their units on a designated exchange will cease as of the close of business on the effective date of the Merger. Upon becoming shareholders of the Continuing Corporate Class ETF, shareholders of the Continuing Corporate Class ETF will be able to redeem or trade their ETF Shares on the same designated exchange in the ordinary course at the open of trading on the next business day following the implementation of the Merger. As a result, the units of the Merging ETF prior to the Merger, and the ETF Shares of the Continuing Corporate Class ETF after the Merger, are not expected to experience any material period of illiquidity.

A Comparison of the Material Attributes of the Merging ETF and the Continuing Corporate Class ETF

Set out below is a description of certain features which are common to the Merging ETF and the Continuing Corporate Class ETF. Unless otherwise defined therein, defined terms in the Schedules hereto shall have the meanings given to them in this Circular and/or the applicable prospectus of the Merging ETF incorporated by reference herein.

Features	Merging ETF	Continuing Corporate Class ETF
Name	Horizons Global Risk Parity ETF	Horizons ReSolve Adaptive Asset Allocation ETF
Investment Fund Manager	Horizons ETFs Management (Canada) Inc.	Same
Trustee	Horizons ETFs Management (Canada) Inc.	Not applicable
Portfolio Manager	Horizons ETFs Management (Canada) Inc.	Same
Independent Review Committee	Warren Law, Sue Fawcett and Michael Gratch	Same
Custodian	CIBC Mellon Trust Company	Same
Transfer Agent	TSX Trust Company	Same
Sub-Advisor	ReSolve Asset Management Inc.	Same The principal individual portfolio managers responsible for providing sub-advisory services to the Continuing Corporate Class ETF are the same individual portfolio

Features	Merging ETF	Continuing Corporate Class ETF
		managers currently responsible for providing sub-advisory services to the Merging ETF.
Investment Restrictions	Please refer to Schedule “C” – Investment Restrictions of the Merging ETF.	Please refer to Schedule “C” – Investment Restrictions of the Continuing Corporate Class ETF.
Risk Factors	Please refer to Schedule “D” – Risk Factors for the Merging ETF.	Please refer to Schedule “D” – Risk Factors for the Continuing Corporate Class ETF.
Distribution or Dividend Policies	Please refer to Schedule “E” – Distribution Policies for the Merging ETF.	Please refer to Schedule “E” – Dividend Policies for the Continuing Corporate Class ETF.
Management Fees and Operating Expenses	Please refer to Schedule “F” – Management Fees and Operating Expenses for the Merging ETF.	Please refer to Schedule “F” – Management Fees and Operating Expenses for the Continuing Corporate Class ETF, which also includes the description of the performance fee of the Continuing Corporate Class ETF.
Valuation Policies and Procedures	Please refer to Schedule “G” – Valuation Policies and Procedures of the Merging ETF.	Same

Comparison of the Investment Objectives and Investment Strategies of the Merging ETF and the Continuing Corporate Class ETF

The Continuing Corporate Class ETF is or will be an alternative mutual fund within the meaning of NI 81-102, and will be permitted to use strategies generally prohibited by conventional mutual funds (such as the Merging ETF), such as the ability to invest more than 10% of their net asset value in securities of a single issuer, the ability to borrow cash, to short sell beyond the limits prescribed for conventional mutual funds and to employ leverage of up to 300% of net asset value. These strategies will only be used in accordance with the investment objectives and strategies of the Continuing Corporate Class ETF.

A comparison of the investment objectives of the Merging ETF and the Continuing Corporate Class ETF is set forth below:

Investment Objectives of the Merging ETF	Investment Objectives of the Continuing Corporate Class ETF
The investment objective of the Merging ETF is to seek long term capital appreciation through the use of asset allocation. The Merging ETF will primarily use exchange traded products to gain exposure to a portfolio of global asset classes with a focus on the forecasted amount of risk that each investment contributes.	The Continuing Corporate Class ETF’s investment objective is to seek long-term capital appreciation by investing, directly or indirectly, in major global asset classes including but not limited to equity indexes, fixed income indexes, interest rates, commodities and currencies.

The Continuing Corporate Class ETF may use leverage to seek to enhance returns. Leverage may be created through the use of cash borrowings, short sales and derivatives. The Continuing Corporate Class ETF may, in accordance with NI 81-102, borrow cash up to 50% of its NAV and may sell securities short, whereby the aggregate market value of the securities sold short will be limited to 50% of its NAV. The combined use of short-selling and cash borrowing by the Continuing Corporate Class ETF is subject to an overall limit of 50% of its NAV.

The Continuing Corporate Class ETF’s aggregate gross exposure, to be calculated as the sum of the following, will not exceed 300% of its NAV: (i) the aggregate market value of cash borrowing; (ii) the aggregate

market value of physical short sales on equities, fixed income securities or other portfolio assets; and (iii) the aggregate notional value of specified derivatives positions excluding any specified derivatives used for hedging purposes. Leverage will be calculated in accordance with the methodology prescribed by securities laws, or any exemptions therefrom

The maximum amount of leverage used, directly or indirectly, by the Continuing Corporate Class ETF will not exceed 300% of its NAV.

See Schedule “B” for a more detailed description of the investment strategies of the Merging ETF and the Continuing Corporate Class ETF.

Risk Factors

The risk factors applicable to the Continuing Corporate Class ETF are expected to be similar to the risk factors currently applicable to the Merging ETF, subject to inherent differences between a unit trust structure and a corporate structure, and the ability of the Continuing Corporate Class ETF to utilize investment strategies available to it as an alternative mutual fund, including the use of leverage. As of May 31, 2020, the Manager has rated the volatility of the Merging ETF as **Low to Medium**. The Manager anticipates that the rating for the Continuing Corporate Class ETF will be rated as **High**.

For more information about the risk rating and specific risks that can affect an ETF’s returns, see the “Risk Factors” section of the applicable prospectus. Please also refer to Schedule “D” – Risk Factors for the Merging ETF and Schedule “D” - Risk Factors for the Continuing Corporate Class ETF.

Management Fees for the Continuing Corporate Class ETF

The Merging ETF pays an annual management fee to the Manager equal to 0.65% of the net asset value of the Merging ETF, together with applicable sales tax.

The Continuing Corporate Class ETF will pay an annual management fee to the Manager equal to 0.85% of the net asset value of the Continuing Corporate Class ETF, together with applicable sales tax, which is 0.20% higher than the annual management fee currently payable by the Merging ETF.

Performance Fee for the Continuing Corporate Class ETF

The Merging ETF does not pay any performance fees.

The Continuing Corporate Class ETF shall pay to the Manager a performance fee. The performance fee shall be calculated and accrued daily. The performance fee shall be payable at least quarterly in arrears on dates determined by the Manager, together with applicable taxes.

The Continuing Corporate Class ETF shall pay to the Manager a performance fee, if any, equal to 15% of the amount by which the performance of the Continuing Corporate Class ETF, at any date on which the fee is payable, (i) exceeds the greater of: (a) the initial net asset value per ETF Share offered by the Continuing Corporate Class ETF; and (b) the highest net asset value per ETF Share previously utilized for the purposes of calculating a performance fee that was paid (the “**High Water Mark**”), and (ii) is greater than an annualized return of three percent (3%).

The performance fee will be determined in accordance with the following formula: $15\% \times (A - (B \times C)) \times D$ where:

A equals the net asset value per ETF Share at the end of a fiscal year without giving effect to the accrual of any Performance Fee, plus the aggregate amount of all distributions previously declared on a per ETF

Share basis, if any (the Adjusted NAV per ETF Share), as at the last day of the period in respect of which the calculation is being made;

B equals the High Water Mark;

C equals 1 plus an annualized return of three percent (3%) pro-rated for the number of days in the period; and

D equals the number of ETF Shares outstanding as at the last day of the period in respect of which the calculation is being made.

No performance fee will be payable on any payable date unless A exceeds B x C at that time.

Please refer to Schedule “F” – Management Fees and Operating Expenses for the Merging ETF and Schedule “F” – Management Fees and Operating Expenses for the Continuing Corporate Class ETF for additional details on the management fees and operating expenses of the Merging ETF and the Continuing Corporate Class ETF.

Description of the Units of the Merging ETF and the Corporate Class Shares of Horizons MFC

Currently, the Merging ETF is authorized to issue an unlimited number of redeemable, transferable units, each of which represents an equal, undivided interest in the net assets of the Merging ETF. Units of the Merging ETF are currently listed on the Toronto Stock Exchange (the “TSX”). Each unit of the Merging ETF entitles the owner to one vote at meetings of unitholders of the Merging ETF. Each unit of the Merging ETF is entitled to participate equally with all other units of the Merging ETF with respect to all payments made to unitholders of the Merging ETF, other than management fee distributions and income or capital gains allocated and designated as payable to a redeeming unitholder, whether by way of income or capital gains distributions and, on liquidation, to participate equally in the net assets of the Merging ETF remaining after satisfaction of any outstanding liabilities that are attributable to units of the Merging ETF. All other rights attached to the units of the Merging ETF may only be modified, amended or varied in accordance with the terms of the Trust Declaration.

Horizons MFC is authorized to issue an unlimited number of non-cumulative, redeemable, non-voting classes of shares (other than voting as permitted or required by NI 81-102), including an ETF series of such corporate classes of shares pursuant to the Merger, each of which represents an equal, undivided interest in the net assets of that class or series of the Continuing Corporate Class ETF. Shares of the Continuing Corporate Class ETF will be a separate investment fund having specific investment objectives and be specifically referable to a separate portfolio of investments. The Continuing Corporate Class ETF will be listed on the TSX, subject to the approval and listing requirements of the TSX. Each share of the Continuing Corporate Class ETF entitles the owner to one vote at meetings of shareholders of the Continuing Corporate Class ETF to which they are entitled to vote. Each share of the Continuing Corporate Class ETF is entitled to participate equally with all other shares of the same class or series of the Continuing Corporate Class ETF with respect to all payments made to shareholders, other than management fee rebates, including dividends and distributions and, on liquidation, to participate equally in the net assets of the Continuing Corporate Class ETF remaining after satisfaction of any outstanding liabilities that are attributable to shares of the Continuing Corporate Class ETF.

The proposed share terms of the Continuing Corporate Class ETF shall be in the form substantially set forth in Schedule “H”, subject to such amendment or modification as the Manager considers necessary or desirable for the Continuing Corporate Class ETF.

Purchases and Redemptions

Currently, all orders to purchase units directly from the Merging ETF must be placed by a designated broker or dealer. The Merging ETF reserves the absolute right to reject any subscription order placed by a

designated broker or dealer. No fees are payable by the Merging ETF to a designated broker or dealer in connection with the issuance of units of the Merging ETF. In issuing units of the Merging ETF to a designated broker or dealer, the designated broker or dealer must deliver cash in exchange for the units in an amount equal to the net asset value of such units next determined following the receipt of the subscription order.

Investors may trade units of the Merging ETF in the same way as other securities traded on a designated exchange. An investor may buy or sell units of the Merging ETF on the TSX only through a registered broker or dealer in the province or territory where the investor resides. Investors may incur customary brokerage commissions when buying or selling units of the Merging ETF over the TSX.

On any trading day, unitholders of the Merging ETF may redeem: (i) units of the Merging ETF for cash at a redemption price per unit equal to 95% of the closing price for units of the Merging ETF on the TSX on the effective day of the redemption; or (ii) less any applicable redemption charge determined by the Manager, in its sole discretion from time to time, a prescribed number of units (“PNU”) or a multiple PNU of the Merging ETF for cash and/or baskets of securities (if applicable) equal to the net asset value of that number of units. Because unitholders of the Merging ETF are generally able to sell their units of the Merging ETF at the market price on the TSX through a registered broker or dealer subject only to customary brokerage commissions, unitholders of the Merging ETF are advised to consult their brokers, dealers or investment advisors before redeeming such units for cash unless they are redeeming a PNU or a multiple PNU of the Merging ETF.

The buying, selling and redemption features of the Merging ETF are not expected to change as a result of the Merger. The ETF Shares of the Continuing Corporate Class ETF will be listed on the TSX, subject to the approval and listing requirements of the TSX. It is anticipated that the ticker symbol for the ETF Shares of the Continuing Corporate Class ETF will be “HRAA”. The rights attached to the shares of the Continuing Corporate Class ETF may only be modified, amended or varied in accordance with the terms of the articles of Horizons MFC and applicable law. The proposed share terms of the Continuing Corporate Class ETF shall be in the form substantially set forth in Schedule “H”, subject to such amendment or modification as the Manager considers necessary or desirable for the Continuing Corporate Class ETF.

Mutual fund corporation and mutual fund trust

The Merger will result in the investors of the Merging ETF ceasing to be unitholders of a mutual fund trust and becoming holders of shares of the Continuing Corporate Class ETF. The Continuing Corporate Class ETF is a mutual fund consisting of the assets and liabilities attributable to the applicable series or classes of shares of Horizons MFC. Set out below is a description of the material differences between an investor’s rights as a unitholder of the Merging ETF and as a shareholder of the Continuing Corporate Class ETF.

Investors in both the Merging ETF and the Continuing Corporate Class ETF have the rights provided by NI 81-102, including the right to receive written notice of certain events and/or the right to vote in respect of certain fundamental changes, including to approve: in most cases, a proposed change to the basis of the calculation of or the introduction of a fee or expense that is charged to the fund or its securityholders that could result in an increase in charges to that fund or its securityholders; a proposed change in the manager of the fund to a party not affiliated with the current manager; a proposed change in the fundamental investment objectives of the fund; a proposed decrease in the frequency of calculating the net asset value per security of the fund; in some cases, a proposed reorganization with, or transfer of assets to, another fund, if the fund ceases to continue after the transaction and securityholders of the fund become securityholders of the other fund; and a proposed reorganization with, or acquisition of assets from, another fund, if the fund continues after the transaction, the transaction results in securityholders of the other fund becoming securityholders of the fund and the transaction is a significant change to the fund. Those changes described above for which securityholder approval is required under NI 81-102 may be made if approved by a resolution passed by a majority of the votes cast at a meeting of securityholders.

Investors in the Continuing Corporate Class ETF (but not the Merging ETF) shall also have the rights provided by the *Canada Business Corporations Act* (the “CBCA”). These rights include: the right to vote in respect of certain fundamental changes proposed to be made to the Continuing Corporate Class ETF (including a proposed change to certain attributes of its shares and a sale of all or substantially all of Horizons MFC’s assets out of the ordinary course of business); and the right to dissent from certain fundamental changes to the Continuing Corporate

Class ETF and to be paid the fair value for their shares. Fundamental changes to the Continuing Corporate Class ETF described above generally may be made only if approved by a resolution of shareholders of the Continuing Corporate Class ETF passed by two-thirds of the votes cast at a meeting of shareholders or by an instrument in writing signed by all the shareholders.

As required by the CBCA, Horizons MFC has a board of directors that is elected annually by holders of its voting Class J shares. The directors and officers of Horizons MFC along with Horizons shall manage the affairs of the Continuing Corporate Class ETF and, in exercising their powers and discharging their duties, are required to act honestly and in good faith with a view to the best interests of Horizons MFC and to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. In contrast, the Merging ETF does not have a board of directors. Rather, under the Trust Declaration, Horizons, as trustee, is obliged to exercise its powers and discharge its duties honestly, in good faith and in the best interest of the Merging ETF and in connection therewith to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

The Merging ETF has, and the Continuing Corporate Class ETF shall have, an independent review committee (an “**IRC**”) as required by National Instrument 81-107 *Independent Review Committee for Investment Funds* (“**NI 81-107**”) of the Canadian securities administrators. The IRC provides independent oversight and impartial judgment on conflicts of interest involving the funds. The members of the IRC for the Merging ETF shall be the members of the IRC for the Continuing Corporate Class ETF.

Pursuant to the Trust Declaration, the Merging ETF has retained Horizons to manage its affairs. Horizons is responsible for the day-to-day operations of the Merging ETF and provides all general management and administrative services required by the Merging ETF. In connection with the Merger, Horizons and Horizons MFC, on behalf of the Continuing Corporate Class ETF, shall enter into a master management agreement whereby the Continuing Corporate Class ETF shall retain Horizons to manage its affairs. As is currently the case for the Merging ETF, Horizons shall be responsible for the day-to-day operations of the Continuing Corporate Class ETF and shall provide all general management and administrative services required by the Continuing Corporate Class ETF. In its capacity as portfolio manager of the Continuing Corporate Class ETF, the Manager will retain ReSolve Asset Management Inc. (the same sub-advisor of the Merging ETF).

OTHER BUSINESS

The Manager knows of no other business to be presented at the Meeting. If any additional matters should be properly presented, it is intended that the enclosed proxy will be voted in accordance with the judgement of the persons named in the proxy.

RECOMMENDATIONS

Management’s Recommendation

The board of directors of the Manager recommends that unitholders of the Merging ETF vote **IN FAVOUR** of the Merger.

Independent Review Committee

As required by NI 81-107, the Manager has referred the Merger to the Merging ETF’s IRC as a conflict of interest matter. The IRC of the Merging ETF has reviewed the proposed Merger, including the proposed steps to be taken in implementing the proposed Merger, and has concluded that the proposed Merger represents the business judgment of the Manager uninfluenced by considerations other than the best interests of the Merging ETF and that the Merger achieves a fair and reasonable result for the Merging ETF.

REQUIRED UNITHOLDER APPROVAL

For the Merger, the special resolution in the form substantially set forth in Schedule “A” to this Circular must be approved by a majority of the votes cast at the Meeting by all unitholders of the Merging ETF.

By approving the Merger, securityholders also will be authorizing any director or officer of the Manager to take all such steps as may be necessary or desirable to give effect to the Merger. Under such authority, the Manager will amend the Trust Declaration to require that unitholders of the Merging ETF transfer their units to Horizons MFC in return for ETF Shares of the Continuing Corporate Class ETF having a net asset value equal to the net asset value of such units in effect at the time such transfer is made.

Any securityholder of the Merging ETF who does not wish to participate in its Merger can, at any time up to the close of business on the effective date of the Merger, redeem his or her securities in accordance with the Trust Declaration or trade his or her securities on the TSX. In addition, immediately following completion of the Merger, an investor, as a securityholder of the Continuing Corporate Class ETF may redeem his or her securities or trade his or her securities on the TSX on terms consistent with the existing Trust Declaration.

The Manager will be authorized, in its discretion, not to proceed with the Merger, in whole or in part, if it determines this to be in the best interest of the Merging ETF and is authorized to complete some or all of the Merger steps to the extent permitted by the securities regulatory authorities. If the Merger is not approved, or if the Merger is approved but subsequently not implemented for any reason, including if in the opinion of the Manager it would no longer be advisable for any reason, it is currently anticipated that the Merging ETF will continue in the ordinary course as an exchange traded mutual fund trust and the Manager will continue to monitor the economic viability of such continuing Merging ETF. Any decision by the Manager to terminate the Merging ETF will be made in accordance with the terms of the Trust Declaration and applicable securities legislation. Upon termination of the Merging ETF, if any, unitholders of such terminating fund would be entitled to receive on the termination date (i) payment for units at NAV, plus (ii) where applicable, any net income and net realized capital gains that are owing to or otherwise attributable to such unitholder’s units that have not otherwise been paid to such unitholder, less (iii) any applicable administrative charges and any taxes that are required to be deducted.

Voting and Record Date

Unitholders of the Merging ETF are entitled to one vote for each whole unit of the Merging ETF held. Only unitholders of the Merging ETF of record at the close of business on June 4, 2020 will be entitled to receive notice of the Meeting of the Merging ETF and to vote in respect of the matters to be voted at the Meeting, including the proposed resolution.

Quorum and Adjournment

The quorum required for the Meeting to be duly constituted in respect of the Merging ETF is two or more unitholders of the Merging ETF present virtually or represented by proxy. Notice is hereby given that in the event the quorum requirement of the Merging ETF is not satisfied within one-half hour of the scheduled time for the Meeting, then the Meeting will be adjourned by the chairman of the Meeting. The adjourned Meeting, if any, will be rescheduled for 2:00 p.m. (Toronto time) on July 15, 2020, solely as a virtual (online) meeting by way of live audio webcast. At any adjourned Meeting, the business of the Meeting will be transacted by those unitholders of the Merging ETF present virtually or represented by proxy.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary, as of the date hereof, of the principal Canadian federal income tax considerations generally applicable under the Tax Act to a unitholder in respect of the disposition of units of the Merging ETF (for purposes of this “*Certain Canadian Federal Income Tax Considerations*” and “*Tax Considerations for Non-Residents of Canada*”, the “**Units**”) prior to or on the Merger, and the acquisition, holding and disposition of shares of the Continuing Corporate Class ETF (for purposes of this “*Certain Canadian Federal Income Tax Considerations*” and “*Tax Considerations for Non-Residents of Canada*”, the “**Shares**”) by a unitholder

who acquires such Shares pursuant to the Merger. This summary is applicable only to a unitholder who, for purposes of the Tax Act and at all relevant times, is resident in Canada, deals at arm's length with Horizons MFC, the Merging ETF, any applicable designated broker or dealer and any person that such unitholder sells or otherwise disposes of Units or Shares to, is not affiliated with Horizons MFC, the Merging ETF, any applicable designated broker or dealer or any person that such unitholder sells or otherwise disposes of Units or Shares to, and holds Units as capital property and (where applicable) will hold Shares as capital property (a "**Holder**").

Generally, Units and Shares ("**Securities**") will be considered to be capital property to a Holder provided that the Holder does not hold the Securities in the course of carrying on a business and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. In circumstances where Securities may not otherwise constitute capital property to a particular holder for purposes of the Tax Act, such holder may be entitled to elect that such Securities be deemed to be capital property by making an irrevocable election under subsection 39(4) of the Tax Act (the "**Canadian securities election**") to deem every "Canadian security" (as defined in the Tax Act) owned by such holder in the taxation year of the election and in each subsequent taxation year to be capital property. Holders who may not otherwise hold their Securities as capital property should consult with their own tax advisors regarding the availability and desirability of making such an election in their particular circumstances (including whether such election would apply to Shares acquired in exchange for Units where the unitholder has made an Election with Horizons MFC under section 85 of the Tax Act in respect of its disposition of the Units).

This summary is not applicable to a Holder: (i) that is a "financial institution" for purposes of the "mark-to-market rules" in the Tax Act; (ii) that is a "specified financial institution"; (iii) that has elected to report its "Canadian tax results" in a currency other than Canadian currency; or (iv) that has entered or will enter into a "derivative forward agreement" with respect to any Securities (in each case, as those terms are defined in the Tax Act). Any such Holders should consult their own tax advisors with respect to the consequences of disposing of their Units and acquiring, holding or disposing of Shares. In addition, this summary does not address the deductibility of interest on money borrowed to acquire Units disposed of prior to or under the Merger.

This summary is of a general nature only and is based upon the facts set out in this Circular, the provisions of the Tax Act in force at the date hereof, all specific proposals to amend the Tax Act publicly announced by the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**") and the Manager's understanding of the current administrative policies and assessing practices of the CRA which have been made public prior to the date hereof. This summary assumes that the Tax Proposals will be enacted as proposed but no assurances can be given that the Tax Proposals will be enacted in their current form or at all. This summary does not otherwise take into account or anticipate any changes in law or in the administrative policies and assessing practices of the CRA, whether by legislative, governmental or judicial decision or action, and does not take into account any provincial, territorial or foreign tax legislation or considerations, which may differ significantly from those discussed in this summary. Modification or amendment of the Tax Act or the Tax Proposals could significantly alter the tax status of the Merging ETF, the Continuing Corporate Class ETF or the tax consequences described herein.

This summary describes the principal Canadian federal income tax consequences generally applicable to a Holder in respect of a disposition of Units prior to the Merger, a transfer of Units to Horizons MFC for Shares, and the acquiring, holding or disposition of Shares acquired pursuant to the Merger. The income and other tax consequences of such a disposition of Units, and of the acquiring, holding or disposition of Shares, will vary depending on a Holder's particular circumstances, including the province or provinces in which the Holder resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to be legal or tax advice to any Holder or prospective holder of Shares. Investors should consult their own tax advisors with respect to the tax consequences of the Merger and the acquisition, holding or disposition of Securities based on their particular circumstances.

Taxation of the Merging ETF

Please refer to the prospectus of the Merging ETF for a general description of the status and taxation of the Merging ETF and the general income tax consequences of acquiring, holding and disposing of Units of the Merging ETF.

To the extent necessary, the Merging ETF will distribute to its Unitholders a sufficient amount of its net income and net realized capital gains (including any net realized capital gains realized on the disposition by the Merging ETF of certain assets in its portfolio prior to the Merger) for its taxation year that includes, or ends immediately prior to in the case the Merging ETF experiences a “loss restriction event” (as discussed below), the time of the Merger, (as applicable “a Merger Year”), to ensure that, after taking into account the realization of losses, if any, in such taxation year, and the carry forward of non-capital and net capital losses from prior years, it will not be required to pay any non-refundable income tax under Part I of the Tax Act for the Merger Year. As of the date hereof, the Merging ETF is expected to make a distribution of income of up to approximately \$0.05 per unit in connection with the Merger.

If the Merging ETF experiences a “loss restriction event”, the Merging ETF (i) will be deemed to have a year-end of its Merger Year for tax purposes (which, if the Merging ETF has not paid or made payable sufficient net income and net realized capital gains, if any, for such taxation year, would result in the Merging ETF being liable for income tax on such amounts under Part I of the Tax Act), and (ii) will become subject to the loss restriction rules generally applicable to a corporation that experiences an acquisition of control, including a deemed realization of any unrealized capital losses and restrictions on its ability to carry forward losses. Generally, the Merging ETF would be subject to a loss restriction event as a result of the acquisition of the Merging ETF’s units by Horizons MFC in connection with the Merger. However, the Merging ETF will be exempt from the application of these rules in most circumstances if the Merging ETF is an “investment fund” (within the meaning of these rules) by satisfying certain investment diversification and other conditions. At this time, a determination has not been made as to whether the Merging ETF will qualify as an investment fund such that it would not be subject to these rules, but in any event, as of the date hereof, the Manager expects that the Merging ETF will not have a material amount of non-capital or net capital loss carry forwards that may be restricted as a result of the Merger and not be utilized to reduce income or gains of the Merging ETF prior to the Merger.

Taxation of Holders – Disposition of Securities Prior to the Merger

A Holder who disposes of Units, including on a redemption, prior to the Merger will be considered to have disposed of such Units for proceeds of disposition equal to the fair market value of the consideration received therefor, and the tax consequences to a Holder that is an individual will be the same as described in the prospectus for such Merging ETF.

A Holder will realize a capital gain (or capital loss) to the extent that the proceeds of disposition of Units so disposed of, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the Holder of such Units. The taxation of capital gains and capital losses is described below under the heading “*Taxation of Capital Gains and Losses*”.

In general, if Units are held by trusts governed by registered retirement savings plans (“RRSPs”), registered education savings plans (“RESPs”), tax-free savings accounts (“TFSAAs”), registered retirement income funds (“RRIFs”), registered disability savings plans (“RDSPs”) or disability savings plans (collectively, “Registered Plans”), capital gains realized in connection with a disposition of Units prior to the Merger will, provided such Units are qualified for investment by such Registered Plans, be exempt from tax. Withdrawals from a Registered Plan (other than a TFSA and certain withdrawals from an RESP or RDSP) are generally fully taxable. See “*Eligibility for Investment*”.

Taxation of Holders in connection with the Merger

Taxation of Taxable Holders – receipt of distributions prior to Merger

As of the date hereof, the Merging ETF is expected to make a distribution of income of up to approximately \$0.05 per unit in connection with the Merger. If the Merging ETF does make such a distribution, a Holder will generally be required to include in computing income for a particular taxation year of the Holder such portion of the net income of the Merging ETF, including the taxable portion of any net realized capital gains, as is paid or becomes payable to the Holder in that year (whether paid in cash, in Units or automatically reinvested in additional Units of the ETF).

Provided that appropriate designations are made by the Merging ETF, such portion of the net realized taxable capital gains of the ETF, taxable dividends from taxable Canadian corporations, the foreign source income of the ETF as is paid or becomes payable to a Holder and the relevant portion of foreign taxes paid or deemed to be paid by the ETF, if any, will effectively retain their character and be treated as such in the hands of the Holder for purposes of the Tax Act. A Holder may be entitled to claim a foreign tax credit in respect of foreign taxes designated to such Holder in accordance with the detailed rules in the Tax Act. To the extent that amounts are designated as taxable dividends from taxable Canadian corporations, the gross-up and dividend tax credit rules under the Tax Act will apply (including the rules in respect of “eligible dividends”).

Please refer to the prospectus of the Merging ETF for a supplemental description of the general income tax consequences of acquiring, holding and disposing of Units of the Merging ETF.

Taxation of Taxable Holders – No Section 85 Election

A Holder who transfers some or all of their Units of the Merging ETF to Horizons MFC in exchange for Shares pursuant to the Merger, other than a Holder who is a Section 85 Eligible Holder and chooses to file an Election with Horizons MFC so that such transfer occurs on a tax-deferred (or partially tax-deferred) basis in accordance with section 85 of the Tax Act (as described below), will be considered to have disposed of such Units for proceeds of disposition equal to the fair market value of the Shares received as consideration therefor. The cost to a Holder of the Shares so acquired will be equal to the fair market value thereof at the time of issue, and the adjusted cost base of such Shares at any time will be determined by averaging the cost of such Shares with the adjusted cost base of any other Shares of that Continuing Corporate Class ETF held by the Holder as capital property at that time.

A Holder will realize a “capital gain” (or “capital loss”) (as each such term is defined in the Tax Act) to the extent that the proceeds of disposition of Units of the Merging ETF so disposed of, net of any reasonable costs of disposition, exceed (or are less than) the “adjusted cost base” (as defined in the Tax Act) to the Holder of such Units. The taxation of capital gains and capital losses is described below under the heading “*Taxation of Capital Gains and Losses*”.

Taxation of Taxable Holders – Section 85 Election

A Holder who is a Section 85 Eligible Holder may choose to defer all or a portion of any capital gain that would otherwise be realized on the transfer of his, her or its Units to Horizons MFC in exchange for Shares pursuant to the Merger by jointly making an Election with Horizons MFC pursuant to section 85 of the Tax Act. See “*Business of the Meeting – Available Elections and Procedures*”. Horizons has agreed to make an Election pursuant to section 85 of the Tax Act with a Section 85 Eligible Holder at the elected amount (the “**Elected Amount**”) determined by such Section 85 Eligible Holder, subject to the limitations set out in section 85 of the Tax Act.

The limitations imposed by the Tax Act in respect of the Elected Amount are that the Elected Amount:

- (a) may not be less than the lesser of:
 - (i) the adjusted cost base to the Section 85 Eligible Holder of the Section 85 Eligible Holder’s Units of the Merging ETF that are exchanged, determined immediately before the time of the exchange; and
 - (ii) the fair market value of such Units at that time; and
- (b) may not exceed the fair market value of such Units at the time of the exchange.

An Elected Amount that does not otherwise comply with the foregoing limitations will be automatically adjusted under the Tax Act so that it is in compliance.

Where a Section 85 Eligible Holder and Horizons MFC make an Election that complies with the above rules and the Election is filed on a timely basis, the tax treatment to the Section 85 Eligible Holder will generally be as follows:

- (a) such Units that are the subject of the Election will be deemed to be disposed of by the Section 85 Eligible Holder for proceeds of disposition equal to the Elected Amount;
- (b) if such proceeds of disposition in respect of such Units are equal to the aggregate of the adjusted cost base thereof to the Section 85 Eligible Holder, determined immediately before the exchange, and any reasonable costs of disposition, no capital gain or capital loss will be realized by the Section 85 Eligible Holder;
- (c) to the extent that such proceeds of disposition in respect of such Units exceed (or are less than) the aggregate of the adjusted cost base of such Units to the Section 85 Eligible Holder and any reasonable costs of disposition, such Section 85 Eligible Holder will in general realize a capital gain (or a capital loss); and
- (d) the cost to the Section 85 Eligible Holder of the Shares acquired on the exchange for such Units will generally be equal to the Elected Amount.

The taxation of capital gains and capital losses is discussed below under the heading “*Taxation of Capital Gains and Losses*”.

Taxation of Taxable Holders – Other Considerations

If the Merging ETF is not, or is not permitted to be, maintained following the Merger, then material additional capital gains may be, but are not currently expected to be, realized by Horizons MFC and, if so realized, are expected to be distributed to the extent possible to the shareholders of the corresponding Continuing Corporate Class ETF through the capital gains dividend mechanism, potentially resulting in tax liability to such shareholders. Such tax liability, if it arises, would be realized even by unitholders who have made an Election to defer all or a portion of their Canadian income tax liability in respect of the transfer of their Units to Horizons MFC, and potentially by unitholders who would not otherwise have any Canadian income tax liability with respect to the Merger.

Taxation of Registered Plans

In general, if Units are held by trusts governed by Registered Plans, capital gains realized in connection with the Merger will, provided such Units are qualified for investment by such plans, be exempt from tax. Withdrawals from a Registered Plan (other than a TFSA and certain withdrawals from an RESP or RDSP) are generally fully taxable. See “*Eligibility for Investment*”.

Taxation of the Continuing Corporate Class ETF and its Shareholders

The following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations under the Tax Act generally applicable to the taxation of the Continuing Corporate Class ETF and the acquisition, holding and disposition of Shares by a Holder.

Status of the Corporation

Horizons MFC intends at all relevant times to qualify as a “mutual fund corporation” as defined in the Tax Act. To qualify as a mutual fund corporation: (i) Horizons MFC must be a “Canadian corporation” that is a “public corporation” for purposes of the Tax Act; (ii) the only undertaking of Horizons MFC must be (a) the investing of its funds in property (other than real property or interests in real property or immovables or real rights in immovables), (b) the acquiring, holding, maintaining, improving, leasing or managing of any real property (or interest in real property) or of any immovable (or real right in immovables) that is capital property of Horizons MFC, or (c) any

combination of the activities described in (a) and (b); and (iii) at least 95% of the fair market value of all of the issued shares of the capital stock of Horizons MFC must be redeemable at the demand of the holders of those shares. In addition, Horizons MFC must not reasonably at any time be considered to be established or maintained primarily for the benefit of non-resident persons unless, throughout the period that begins on the date of Horizons MFC's incorporation and ends at that time, substantially all of its property consists of property other than property that would be "taxable Canadian property" within the meaning of the Tax Act (if the definition of such term were read without reference to paragraph (b) of that definition).

If Horizons MFC were not to qualify as a mutual fund corporation at all relevant times, the income tax considerations described below would, in some respects, be materially and adversely different.

Taxation of the Corporation

The Continuing Corporate Class ETF will be a separate class of shares of Horizons MFC. Although Horizons MFC may issue shares in any number of classes, in any number of series, it will be required (like any other mutual fund corporation with a multi-class structure) to compute its income and net capital gains for tax purposes as a single entity. All of Horizons MFC's revenues, deductible expenses, non-capital losses, capital gains and capital losses in connection with all of its investment portfolios, and other items relevant to its tax position (including the tax attributes of all of its assets), will be taken into account in determining the income (and taxable income) or loss of Horizons MFC and applicable taxes payable by Horizons MFC as a whole. For example, expenses, tax deductions and losses arising from Horizons MFC's investments and activities in respect of one class of shares of Horizons MFC (including the Continuing Corporate Class ETF) may be deducted or offset against income or gains arising from Horizons MFC's investments and activities in respect of other classes of shares of Horizons MFC (including the Continuing Corporate Class ETF). As a result of Horizons MFC being required to calculate its income as a single entity and not being able to flow all of its income through to its shareholders, the overall result for a Holder of the Continuing Corporate Class ETF will differ from what would be the case if the Holder had invested in a mutual fund trust, or a single-class mutual fund corporation, that made the same investments as the Continuing Corporate Class ETF.

Horizons MFC will establish a policy to determine how it allocates income, capital gains and other amounts in a tax-efficient manner among its classes of Shares in a way that it believes is fair, consistent and reasonable for all shareholders, with the general intent that allocations to the Continuing Corporate Class ETF track the performance of the corresponding portfolio, but subject to the foregoing paragraph. The amount of dividends, if any, paid to shareholders will be based on this tax allocation policy, which will be approved by Horizons MFC's board of directors.

In general, gains and losses realized by Horizons MFC from derivative transactions (including forwards and futures contracts) will be on income account, except where such derivatives are used to hedge portfolio securities held on capital account provided there is sufficient linkage, subject to the DFA Rules discussed below, and Horizons MFC will recognize such gains or losses for tax purposes at the time they are realized. Gains or losses in respect of currency hedges entered into in respect of amounts invested in the portfolio of the Continuing Corporate Class ETF will constitute capital gains and capital losses to the Continuing Corporate Class ETF if the securities its portfolio are capital property and there is sufficient linkage.

The Tax Act contains rules (the "**DFA Rules**") that target certain financial arrangements (referred to as "derivative forward agreements") that seek to reduce tax by converting, through the use of derivative contracts, the return on an investment that would otherwise have the character of ordinary income to a capital gain. The DFA Rules are broadly drafted and could apply to other agreements or transactions. If the DFA Rules were to apply to derivatives used by Horizons MFC, returns realized in respect of any capital property underlying such derivatives would be treated as ordinary income or losses rather than capital gains and capital losses. The Tax Act exempts the application of the DFA Rules on currency forward contracts or certain other derivatives that are entered into in order to hedge foreign exchange risk in respect of an investment held as capital property.

In determining the income of Horizons MFC, gains or losses realized upon dispositions of portfolio securities held by Horizons MFC, other than certain short sales undertaken on income account, will constitute capital gains or capital losses of Horizons MFC in the year realized unless Horizons MFC is considered to be trading

or dealing in securities or otherwise carrying on a business of buying and selling securities or Horizons MFC has acquired the securities in a transaction or transactions considered to be an adventure or concern in the nature of trade. To the extent that Holders make Elections on the transfer of Units to Horizons MFC, Horizons MFC may, in the future, realize capital gains that accrued on such Units prior to the acquisition of such Units by Horizons MFC pursuant to the Merger.

For purposes of the Tax Act, all amounts relating to the computation of the income of Horizons MFC, must be expressed in Canadian dollars. Amounts denominated in another currency generally must be converted into Canadian dollars based on the exchange rate quoted by the Bank of Canada on the date such amounts arise or such other rate of exchange as is acceptable to the CRA.

As a mutual fund corporation, Horizons MFC will be entitled, in certain circumstances, to a refund of tax paid by it in respect of its net realized capital gains determined on a formula basis that is based in part on the redemption of the Shares (including the switching of Shares for Shares of another Continuing Corporate Class ETF) (“**Capital Gains Redemption**”). Also, as a mutual fund corporation, Horizons MFC will be entitled to maintain a capital gains dividend account in respect of its net realized capital gains and from which it may elect to pay dividends (“**Capital Gains Dividends**”) which are treated as capital gains in the hands of Holders (see “*Taxation of Holders of Shares*” below). In certain circumstances where Horizons MFC has realized a capital gain in a taxation year, it may elect not to pay Capital Gains Dividends in that taxation year in respect thereof and instead pay refundable capital gains tax, which may in the future be fully or partially refundable upon the payment of sufficient Capital Gains Dividends and/or Capital Gains Redemptions. Where Horizons MFC has realized a net capital loss in a taxation year, such capital loss cannot be allocated to Holders but Horizons MFC may carry such capital loss back three years or forward indefinitely to offset capital gains realized by Horizons MFC in accordance with the rules of the Tax Act.

With respect to indebtedness, Horizons MFC will be required to include in its income for a taxation year all interest thereon that accrues (or is deemed to accrue) to it to the end of that year (or until the disposition of the indebtedness in the year) or that has become receivable or is received by Horizons MFC before the end of that year, including on a conversion, redemption or repayment on maturity, except to the extent that such interest was included in computing Horizons MFC’s income for a preceding year and excluding any interest that accrued prior to the time of the acquisition of the indebtedness by Horizons MFC.

Horizons MFC will also be required to include in its income for each taxation year any dividends received (or deemed to be received) by it in such year on a security held in its portfolio.

Horizons MFC is expected to qualify as a “financial intermediary corporation” (as defined in the Tax Act) and, thus, will not be subject to tax under Part VI.1 of the Tax Act on dividends paid by Horizons MFC on “taxable preferred shares” (as defined in the Tax Act).

To the extent Horizons MFC holds trust units issued by a trust resident in Canada (including if the Merging ETF is not wound up following the Merger) as capital property for the purposes of the Tax Act, and which trust is not subject in a taxation year to the tax under the rules in the Tax Act applicable to certain publicly traded trusts and partnerships (the “**SIFT Rules**”), Horizons MFC will be required to include in the calculation of its income the net income, including net taxable capital gains, paid or payable to Horizons MFC by such trust in the year, notwithstanding that certain of such amounts may be reinvested in additional units of the trust. Horizons MFC will be required to reduce the adjusted cost base of units of such trust by any amount paid or payable by the trust to Horizons MFC except to the extent that the amount was included in calculating the income of Horizons MFC or was Horizons MFC’s share of the non-taxable portion of capital gains of the trust, the taxable portion of which was designated in respect of Horizons MFC. If the adjusted cost base to Horizons MFC of such units becomes a negative amount at any time in a taxation year of Horizons MFC, that negative amount will be deemed to be a capital gain realized by Horizons MFC in that taxation year and Horizons MFC’s adjusted cost base of such units will be increased by the amount of such deemed capital gain to zero.

Under the SIFT Rules, each issuer in the portfolio of Horizons MFC that is a “SIFT trust” as defined under the SIFT Rules (which generally includes income trusts, other than certain real estate investment trusts, the units of which are listed or traded on a stock exchange or other public market) is subject to a special tax in respect of (i)

income from business carried on in Canada, and (ii) certain income and capital gains respecting “non-portfolio properties” (collectively, “Non-Portfolio Earnings”). Non-Portfolio Earnings that are distributed by a SIFT trust to its unitholders are taxed at a rate that is equivalent to the federal general corporate tax rate plus a prescribed amount on account of provincial tax. Any Non-Portfolio Earnings that become payable by a SIFT trust are taxed as a taxable dividend from a taxable Canadian corporation and are deemed to be an “eligible dividend” eligible for the enhanced gross-up and tax credit rules under the Tax Act.

To the extent that Horizons MFC earns net income (other than dividends or deemed dividends from taxable Canadian corporations and certain taxable capital gains and after available deductions), including in respect of derivative transactions that are not otherwise treated as capital property (including in respect of forwards, and futures contracts), interest, and other income paid or made payable to it by a Merging ETF, Horizons MFC will be subject to income tax on such net income and no refund will be available in respect thereof.

In computing its income under the Tax Act, Horizons MFC may deduct reasonable administrative and other expenses incurred to earn income, and a reasonable rate of interest on funds borrowed to earn income from a business or property. In certain circumstances, Horizons MFC may not be able to deduct interest on borrowed funds that are used to fund redemptions of its Shares. Horizons MFC is entitled to deduct an amount equal to the reasonable expenses that it incurs in the course of issuing Shares that is not reimbursed. Such issue expenses will be deductible by Horizons MFC ratably over a five-year period subject to reduction in any taxation year which is less than three hundred and sixty-five (365) days.

In certain circumstances, the portion of interest on borrowed money used by Horizons MFC to invest in a trust or other entity that may be deducted by Horizons MFC may be reduced on a pro rata basis in respect of distributions from the trust or other entity that are a return of capital and which are not reinvested for an income earning purpose. Accordingly, while the ability to deduct interest depends on all the facts, it is possible that part of the interest payable by Horizons MFC in connection with money borrowed to acquire certain securities held in the portfolio of Horizons MFC could be non-deductible where such returns of capital have occurred, increasing the net income of Horizons MFC.

Non-capital losses incurred by Horizons MFC in a taxation year cannot be allocated to shareholders of Horizons MFC, but may be carried back three years or carried forward twenty years to offset income (including taxable capital gains) in accordance with the Tax Act.

In certain situations, where Horizons MFC disposes of property and would otherwise realize a capital loss, the loss will be deemed to be a “suspended loss”. This may occur if Horizons MFC disposes of and acquires the same property or an identical property during the period that begins 30 days before and ends 30 days after the disposition of property and holds it at the end of that period (including if the disposition and acquisition are made on account of different classes of shares of Horizons MFC).

Given the expected investment, operating and distribution policies of Horizons MFC, and taking into account the deduction of expenses and any applicable losses (including available losses and future loss carry-forwards), Horizons MFC does not expect to be subject to any significant amount of non-refundable Canadian income tax, but no assurance can be given in this regard. However, to the extent that any capital gains are realized by Horizons MFC and not distributed to shareholders as a Capital Gains Dividend, such capital gains will be subject to tax within Horizons MFC (net of any deductions that may be available to Horizons MFC for purposes of computing its income). Any such tax would be attributed to the applicable class of Horizons MFC (including a Continuing Corporate Class ETF, where applicable) and be indirectly borne by the shareholders of that class. While any such tax may be fully or partially refundable in subsequent years upon the payment by Horizons MFC of sufficient Capital Gains Dividends and/or Capital Gains Redemptions, there can be no assurances in this regard.

Taxation of Holders of Shares

A Holder will be required to include in income the amount of any dividends other than Capital Gains Dividends (“**Ordinary Dividends**”) paid on Shares of a Continuing Corporate Class ETF, whether received in cash, in the form of Shares or as cash which is reinvested in additional Shares. In the case of a Holder that is an individual, the dividend gross-up and tax credit treatment normally applicable to taxable dividends (including eligible

dividends) paid by a taxable Canadian corporation will generally apply to such dividends. The treatment to Holders of Capital Gains Dividends is described below.

In the case of a Holder that is a corporation, the amount of any such Ordinary Dividend that is included in its income for a taxation year will generally be deductible in computing its taxable income for that taxation year. In certain circumstances, an Ordinary Dividend received by a Holder that is a corporation may be treated as proceeds of disposition or a capital gain pursuant to the rules in subsection 55(2) of the Tax Act. Corporate Holders should contact their own tax advisors with respect to the application of these rules in their particular circumstances.

If Horizons MFC pays a return of capital on shares of a Continuing Corporate Class ETF, such amount will generally not be taxable but will reduce the adjusted cost base of the Holder's Shares of the Continuing Corporate Class ETF in respect of which the return of capital was paid. However, where such returns of capital are reinvested in new Shares of the Continuing Corporate Class ETF, the Holder's overall adjusted cost base of such Shares will not be reduced. In the circumstance where a reduction to the adjusted cost base of a Holder's Shares of a Continuing Corporate Class ETF would result in such adjusted cost base becoming a negative amount, that amount will be treated as a capital gain realized by the Holder of the Shares of the Continuing Corporate Class ETF and the adjusted cost base of such Shares will then be zero.

Capital Gains Dividends will be paid to Holders, at the discretion of Horizons MFC's board of directors with respect to the timing, the amount and, if applicable, the Continuing Corporate Class ETF on which the dividends will be paid, in respect of any capital gains realized by Horizons MFC, including capital gains realized on the disposition of portfolio assets occurring as a result of Holders redeeming Shares or switching their Shares of the Continuing Corporate Class ETF into Shares of another class of shares of Horizons MFC, if applicable. The amount of a Capital Gains Dividend paid to a Holder will be treated as a capital gain in the hands of the Holder from the disposition of capital property in the taxation year in which the Capital Gains Dividend is received, and will be subject to the general rules relating to the taxation of capital gains which are described below.

Where an Ordinary Dividend or a Capital Gains Dividend is paid in Shares of the Continuing Corporate Class ETF, or in cash which is reinvested in Shares of the Continuing Corporate Class ETF, the cost of such Shares will be equal to the amount of the dividend. The adjusted cost base of each Share of a Continuing Corporate Class ETF to a Holder will generally be the weighted average of the cost of the Shares of the Continuing Corporate Class ETF acquired by the Holder at a particular time and the aggregate adjusted cost base of any Shares of the same class and series held as capital property immediately before the particular time.

Ordinary Dividends and Capital Gains Dividends received by a Holder who is an individual (other than certain trusts) may result in such Holder being liable for alternative minimum tax under the Tax Act. Such Holders should consult their own tax advisors in this regard.

Generally, a Holder who receives a management fee rebate in a particular taxation year will include the amount of such rebate in income for that year. Shareholders should consult their own tax advisors with respect to the tax treatment of management fee rebates.

Under the Tax Act, the switch by a Holder of Shares of the Continuing Corporate Class ETF into Shares of another class of Horizons MFC, will be a disposition of the switched Shares for purposes of the Tax Act for proceeds of disposition equal to the fair market value, at the time of the switch, of the Shares of the other class of Horizons MFC received pursuant to the switch. As a result, a Holder of such Shares may realize a capital gain or capital loss on such switched Shares as discussed below. The cost of the Shares of the other class of Horizons MFC acquired on the switch will be equal to the fair market value of the switched Shares at the time of the switch. Any redemption of fractional Shares for cash proceeds as a result of a switch will also result in a capital gain (or capital loss) to the holder of such Shares.

Upon the actual or deemed disposition of a Share of the Continuing Corporate Class ETF, including the redemption of a Share of a Continuing Corporate Class ETF for cash proceeds or on a switch by a Holder of Shares of the Continuing Corporate Class ETF for Shares of another class of Horizons MFC, a Holder will realize a capital gain (or a capital loss) to the extent that the proceeds of disposition of the Share so disposed of exceed (or are less than) the aggregate of the adjusted cost base to the Holder of such Share and any reasonable costs of disposition.

The taxation of capital gains and capital losses is described below under the heading “*Taxation of Capital Gains and Losses*”.

In certain situations where a Holder disposes of Shares of the Continuing Corporate Class ETF and would otherwise realize a capital loss, the loss will be denied (in the case of an individual other than a trust) or suspended (in the case of a corporation or a trust). This may occur if the Holder, the Holder’s spouse or another person affiliated with the Holder (including a corporation controlled by the Holder) has acquired Shares of any class of Horizons MFC which are considered to be “substituted property” within 30 days before or after the Holder disposed of the Shares of the Continuing Corporate Class ETF. For this purpose, Shares of the same class that are disposed of by the Holder are considered to be “substituted property”, and under current published administrative policy of the CRA, Shares of another class of shares of Horizons MFC may also be considered to be “substituted property”. In the case of a Holder who is an individual (other than a trust), the amount of the denied capital loss will generally be added in computing the aggregate adjusted cost base to the owner of the Shares which are “substituted property”. In the case of a Holder that is a corporation or a trust, the suspended capital loss will cease to be suspended immediately before the first time, after the disposition, at which a 30-day period begins throughout which neither the Holder nor a person affiliated with the Holder owns the substituted property or a property that is identical to the substituted property and that was acquired after the day that is 31 days before the period begins.

A Holder that is a “private corporation” or a “subject corporation,” each as defined in the Tax Act, will generally be liable to pay a refundable tax under Part IV of the Tax Act on Ordinary Dividends received on the Shares to the extent such dividends are deductible in computing the Holder’s taxable income for the year.

A Holder that is throughout the relevant taxation year a “Canadian-controlled private corporation” (as defined in the Tax Act) may be liable to pay an additional refundable tax on its “aggregate investment income” (as defined in the Tax Act) for the year, including taxable capital gains realized on the disposition of Shares of a Continuing Corporate Class ETF and Capital Gains Dividends received.

Capital gains realized and Ordinary Dividends and Capital Gains Dividends received by a Holder who is an individual (other than certain trusts) may result in such Holder being liable for alternative minimum tax under the Tax Act. Such Holders should consult their own tax advisors in this regard.

Taxation of Registered Plans

Dividends and other distributions received by Registered Plans on Shares of a Continuing Corporate Class ETF while the Shares are a qualified investment for Registered Plans will be exempt from income tax in the plan, as will capital gains realized by the plan on the disposition of such Shares. Withdrawals from such plans (other than a TFSA and certain withdrawals from an RESP or RDSP) are generally subject to tax under the Tax Act. Unitholders should consult their own advisers regarding the tax implications of establishing, amending, terminating or withdrawing amounts from a Registered Plan.

Tax Implications of the Continuing Corporate Class ETF’s Distribution Policy

The net asset value per Share of the Continuing Corporate Class ETF will, in part, reflect any income and gains of the Continuing Corporate Class ETF that have accrued or been realized, but have not been distributed at the time Shares of the Continuing Corporate Class ETF were acquired. Accordingly, a Holder of the Continuing Corporate Class ETF who acquires Shares of the Continuing Corporate Class ETF, including on a reinvestment of dividends or a dividend paid in Shares, may become taxable on the Holder’s share of taxable dividends and capital gains of the Continuing Corporate Class ETF. In particular, an investor who acquires Shares of the Continuing Corporate Class ETF shortly before an Ordinary Dividend or Capital Gains Dividend is paid will have to pay tax on the dividend in accordance with the rules in the Tax Act regardless of the fact that the investor only recently acquired such Shares.

Given the expected investment and operating policies of Horizons MFC, the Manager does not expect to pay a material amount of Capital Gains Dividends or Ordinary Dividends to Holders. However, in connection with the Merger, if the Merging ETF is not, or is not permitted to be, maintained following the Merger, then material

additional capital gains may be, but are not currently expected to be, realized by Horizons MFC and, if so realized, are expected to be distributed to the extent possible to the shareholders of the corresponding Continuing Corporate Class ETF as a Capital Gains Dividend, potentially resulting in tax liability to such shareholders. Such tax liability, if it arises, would be realized even by shareholders who acquire Shares of the applicable Continuing Corporate Class ETF after the corresponding Merger if they hold the Shares on the record date for such dividend.

Taxation of Capital Gains and Losses

One-half of any capital gain (a “**taxable capital gain**”) realized by a Holder on a disposition (or deemed disposition) of Units or Shares will be included in the Holder’s income under the Tax Act. One-half of any capital loss (an “**allowable capital loss**”) realized by a Holder on a disposition (or deemed disposition) of Units or Shares must generally be deducted against any taxable capital gains realized by the Holder in the year of disposition. Any excess of allowable capital losses over taxable capital gains for the year may generally be carried back to the three preceding taxation years or carried forward to any subsequent taxation year and applied against net taxable capital gains in those years, subject to the detailed rules contained in the Tax Act.

If a Holder is a corporation, any capital loss realized on a disposition or deemed disposition of Shares may, in certain circumstances prescribed by the Tax Act, be reduced by the amount of any Ordinary Dividends which have been received or which are deemed to have been received on such Shares. Similar rules may apply where a Holder that is a corporation is a member of a partnership or a beneficiary of a trust that owns Shares directly or indirectly through a partnership or a trust. Holders to whom these rules may be relevant should consult their own tax advisors.

A Holder that is throughout the relevant taxation year a “Canadian-controlled private corporation” (as defined in the Tax Act) may be liable to pay an additional refundable tax on its “aggregate investment income” (as defined in the Tax Act) for the year, including taxable capital gains realized on the disposition of Units.

Capital gains realized by a Holder who is an individual (other than certain trusts) may result in such Holder being liable for alternative minimum tax under the Tax Act. Such Holders should consult their own tax advisors in this regard.

Eligibility for Investment

Based on the current provisions of the Tax Act, provided that, at all relevant times, the Shares of the Continuing Corporate Class ETF are listed on a “designated stock exchange” for purposes of the Tax Act (which currently includes the TSX), or Horizons MFC qualifies as a “mutual fund corporation” under the Tax Act, Shares of the Continuing Corporate Class ETF, if issued on the date of the Merger, would be on such date qualified investments under the Tax Act for trusts governed by Registered Plans.

Notwithstanding the foregoing, the holder of a TFSA or RDSP, the annuitant under an RRSP or RRIF or the subscriber of an RESP will be subject to a penalty tax in respect of Shares of the Continuing Corporate Class ETF held by such TFSA, RDSP, RRSP, RRIF or RESP, as the case may be, if such Shares are a “prohibited investment” for such Registered Plan for the purposes of the Tax Act. The Shares of the Continuing Corporate Class ETF will not be a “prohibited investment” for trusts governed by a such a Registered Plan unless the holder of the TFSA or RDSP, the annuitant under the RRSP or RRIF or the subscriber of an RESP, as applicable, does not deal at arm’s length with Horizons MFC for purposes of the Tax Act, or has a “significant interest” as defined in the Tax Act in Horizons MFC.

In addition, the Shares of the Continuing Corporate Class ETF will not be a “prohibited investment” if the Shares are “excluded property” as defined in the Tax Act for trusts governed by an RRSP, RRIF, TFSA, RDSP or RESP. Holders, annuitants and subscribers should consult their own tax advisors with respect to whether Shares of the Continuing Corporate Class ETF would be a prohibited investment in their particular circumstances, including with respect to whether Shares of the Continuing Corporate Class ETF would be excluded property.

TAX CONSIDERATIONS FOR NON-RESIDENTS OF CANADA

Canadian Federal Income Tax Considerations

A disposition of Units of the Merging ETF in connection with the Merger (including a disposition or redemption of Units prior to the Merger) by a person who is a non-resident of Canada for purposes of the Tax Act (a “**Foreign Person**”), and who does not carry on business in Canada and holds such Units as capital property for purposes of the Tax Act, will not give rise to any capital gain subject to tax under the Tax Act, provided that the Units do not constitute “taxable Canadian property” within the meaning of the Tax Act of the Foreign Person.

Provided the Merging ETF is, at the time of the disposition of Units, a “mutual fund trust” (within the meaning of the Tax Act, which is the current expectation of the Manager), the Units of the Merging ETF generally will not be taxable Canadian property of a Foreign Person for these purposes unless at any time during the 60-month period that ends immediately before the disposition of the Units (A) the Foreign Person, persons with whom the Foreign Person did not deal at arm’s length (for purposes of the Tax Act), partnerships in which the Foreign Person or such a person holds a membership interest directly or indirectly through one or more partnerships, or any combination thereof, held 25% or more of the issued and outstanding Units of the Merging ETF, and (B) more than 50% of the fair market value of the Unit of the Merging ETF was, at that time, derived, directly or indirectly, from one or any combination of real or immovable property situated in Canada, Canadian resource property (as defined in the Tax Act), or timber resource property (as defined in the Tax Act) or options or interests in respect of such property.

Foreign Persons should consult their own tax advisors with respect to the Canadian tax consequences of the Merger and the acquisition, holding or disposition of Shares based on their particular circumstances.

Non-Canadian Tax Considerations

This Circular does not address any tax considerations of the Merger other than certain Canadian federal income tax considerations for unitholders resident in Canada. Unitholders who are resident in or are otherwise taxable in jurisdictions other than Canada should consult their own tax advisors with respect to the tax implications of the Merger in such jurisdictions, including any associated filing requirements, whether a deferral of the recognition of capital gains in connection with the Merger is available under the applicable tax laws (including any income tax treaty between Canada and the jurisdiction in which the unitholder is resident), and with respect to the tax implications in such jurisdiction of acquiring, holding or disposing of Shares upon completion of the Merger.

INTEREST OF MANAGEMENT AND OTHERS IN THE PROPOSED MERGER

None of the directors or officers of the Manager nor its associates or affiliates has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, other than as disclosed herein.

The Manager is the manager, trustee and promoter of the Merging ETF. The Manager receives a management fee from each of the Merging ETF and the Continuing Corporate Class ETF, as set out in Schedule “F” hereto. In respect of the Continuing Corporate Class ETF, the Manager may also be entitled to a performance fee, as set out in Schedule “F” hereto.

As of the date hereof, the Manager and its directors and officers, as a group, did not beneficially own, or control or direct, directly or indirectly, more than 10% percent of the securities of the Merging ETF. See also “*Voting Securities and Principal Holders*”, below.

AUDITOR

KPMG LLP is the auditor of the Merging ETF. The office of the auditors is located at 333 Bay Street, Suite 4600, Toronto, Ontario, M5H 2S5.

VOTING SECURITIES AND PRINCIPAL HOLDERS

To the knowledge of the directors and senior officers of the Manager, as at the close of business on May 31, 2020, other than certain designated brokers, dealers, or mutual funds or exchange traded funds managed by the Manager, no person or company (other than CDS & Co., as nominee of CDS) beneficially owns, directly or indirectly, or exercises control or direction over, more than 10% of the voting rights attached to the units of the Merging ETF entitled to be voted at the Meeting. Pursuant to terms of exemptive relief, no person or company that has purchased units of the Merging ETF may exercise any votes attached to the units of the Merging ETF which represent more than 20% of the votes attached to all outstanding units of the Merging ETF.

The following table sets forth the number of voting securities, net asset value and management expense ratio (for the most recently completed calendar year) of the Merging ETF issued and outstanding:

Merging ETF	Number of Units Outstanding as of May 29, 2020	Total Net Asset Value as of May 29, 2020	Management Expense Ratio (2019 calendar year)
Horizons Global Risk Parity ETF	1,175,901	\$11,753,483.27	1.05%

The management expense ratio is based on total expenses, including sales tax, (excluding commissions and other portfolio transaction costs) for the stated period for the Merging ETF and is expressed as an annualized percentage of the Merging ETF's daily average net asset value during the period. Out of its management fees, the Manager pays for services to the Merging ETF such as investment manager compensation, service fees and marketing. As the Continuing Corporate Class ETF is new, similar information in respect of the Continuing Corporate Class ETF is not yet available.

Units of the Merging ETF that are held by the Manager, or by other mutual funds or exchange traded funds managed by the Manager, if any, will not be voted at the Meeting.

GENERAL PROXY INFORMATION

The persons named in the enclosed form of proxy are directors and/or officers of the Manager.

You have the right to appoint some other person or company (who need not be a unitholder of the Merging ETF) as nominee to attend and act on your behalf at the Meeting by following the instructions on either your voting instruction form or form of proxy, as applicable.

A registered unitholder may submit his or her proxy by mail, over the internet or by telephone in accordance with the instructions below.

If you hold your units through a financial intermediary, (a bank, trust company, securities broker, or other financial institution) you will receive a voting instruction form that allows you to vote on the internet, by telephone, or by mail. To vote, you should follow the instructions provided on your voting instruction form.

Voting – Registered and Beneficial Unitholders

Voting at the Meeting. Beneficial unitholders who wish to vote at the Meeting should appoint themselves as proxyholder by following the instructions found on his or her voting instruction form. Only registered unitholders or duly appointed proxyholders (including beneficial unitholders who have appointed themselves as proxyholder) may vote at the Meeting. Registered unitholders and duly appointed proxyholders can vote at the Meeting by logging into the Meeting at www.virtualshareholdermeeting.com/HorizonsHRA2020 at least 5 minutes before the Meeting commences and entering the Unitholder or Proxyholder/Appointee section, as applicable. Registered unitholders should follow the instructions on the screen using their 16-digit control number (located on his or her proxy form) and duly appointed proxyholders should follow the instructions on the screen and enter the exact name and eight character appointee identification number as provided by the unitholder to access the Meeting and vote

when prompted. Registered unitholders and duly appointed proxyholders should note that voting at the Meeting will revoke any previously submitted proxy.

Voting by Mail. A unitholder may submit his or her proxy by mail by completing, dating and signing the enclosed form of proxy or voting instruction form, as applicable, and returning it using the envelope provided to Broadridge Investor Communication Solutions at the Data Processing Centre, P.O. Box 3700, Stn. Industrial Park, Markham ON, L3R 9Z9. To be valid, forms of proxy or voting instruction forms, as applicable, must be received before 5:00 p.m. (Toronto time) on July 10, 2020, or not later than 48 hours (excluding Saturdays, Sundays and holidays) prior to the commencement of any adjournment or postponement of the Meeting, or must be deposited with the chairman of the Meeting prior to commencement of the Meeting (or any adjournment or postponement thereof).

Voting by Internet. A unitholder may submit his or her proxy at www.proxyvote.com by following the instructions provided on the screen, prior to 5:00 p.m. (Toronto time) on July 10, 2020, or not later than 48 hours (excluding Saturdays, Sundays and holidays) prior to the commencement of any adjournment or postponement of the Meeting, or must deposit his or her proxy with the chairman of the Meeting prior to commencement of the Meeting (or any adjournment or postponement thereof).

Voting by Telephone (Canada and U.S. only). A unitholder may submit his or her voting instructions by telephone by calling the toll-free number on his or her voting instruction form and following the instructions provided.

Your intermediary must receive your voting instructions with enough time to act on your instructions. Check the form for the deadline for submitting your voting instructions. If you are mailing your voting instruction form, be sure to allow enough time for the envelope to be delivered.

If you give a proxy, you may revoke it in relation to any matter, provided a vote has not already been taken on that matter. You can revoke your proxy by:

- completing and signing a proxy bearing a later date and depositing it as described above;
- depositing a written revocation executed by you, or by your attorney who you have authorized in writing to act on your behalf, at the above address at any time up to and including the last business day preceding the day of the Meeting, or any postponement(s), adjournment(s) or continuance(s), at which the proxy is to be used, or with the chair of the Meeting prior to the beginning of the Meeting on the day of the Meeting or any postponements(s), adjournment(s) or continuance(s); or
- any other manner permitted by law.

EXERCISE OF DISCRETION BY PROXIES

On any ballot that may be called for at the Meeting, the management representatives designated in the enclosed form of proxy will vote the units for which they are appointed proxy in accordance with your instructions as indicated on the form of proxy.

In the absence of such direction, such units will be voted by the management representatives IN FAVOUR of the proposed resolution.

The enclosed form of proxy confers discretionary authority on the designated management representatives relating to amendments to or variations of matters identified in the Notice attached to this Circular and relating to other matters which may properly come before the Meeting. At the date of this Circular, the Manager does not know of any such amendments, variations or other matters.

UNITS HELD THROUGH INTERMEDIARIES

The information set forth in this section is important to unitholders who do not hold their units in their own name but rather through securities dealers, banks and trust companies, or their nominees (the “intermediaries”).

Beneficial unitholders should note that only proxies deposited by unitholders whose names appear on the records of the Merging ETF as the registered holders of units can be recognized and acted upon at the Meeting. If units are listed in an account statement provided to a unitholder by a broker, then in almost all cases those units will not be registered in the unitholder’s name on the records of the Merging ETF. Such securities will more likely be registered under the name of the unitholder’s financial adviser, broker or an agent of the financial adviser or broker. Units held by financial advisers, brokers or their nominees can only be voted (for or against the resolution) upon the instructions of the beneficial unitholder. Without specific instructions, the brokers/nominees are prohibited from voting units for their clients.

Beneficial unitholders will be provided with a request for voting instructions. Beneficial unitholders who wish to file proxies should complete their voting instruction form, sign it and return it in the postage prepaid envelope accompanying this Circular. Beneficial unitholders who wish to attend and vote at the Meeting should follow the instructions provided on the voting instruction form.

DOCUMENTS INCORPORATED BY REFERENCE

For additional information about the Merging ETF, including information regarding: (i) investment objectives, strategies and restrictions, (ii) distribution policies, (iii) valuation policies, (iv) descriptions of the securities, (v) service providers, (vi) risk factors and risk rating and (vii) fee structure, investors may obtain the most recently filed prospectus, interim and annual financial statements and management reports of fund performance and ETF Facts, all of which are deemed to be incorporated by reference into this Circular, on the Internet at www.sedar.com or by accessing the Manager’s website at www.HorizonsETFs.com. Additional information about the Continuing Corporate Class ETF, including information regarding: (i) investment objectives, strategies and restrictions, (ii) dividend policies, (iii) valuation policies, (iv) descriptions of the securities, (v) service providers, (vi) risk factors and risk rating, and (vii) fee structure will be available in the preliminary prospectus and related ETF Facts that are or will be filed by the Manager and available on the Internet at www.sedar.com. A copy of the preliminary prospectus for the Continuing Corporate Class ETF has been, or will be, filed with the securities regulatory authorities in each of the provinces and territories in Canada but has not yet become final for the purpose of the sale of securities. Information contained in such preliminary prospectus may not be complete and may have to be amended. Securities may not be sold under the preliminary prospectus for the Continuing Corporate Class ETF, and the Merger contemplated hereby may not be completed, until a receipt for the final prospectus of the Continuing Corporate Class ETF is obtained from the securities regulatory authorities. The above documents may be obtained upon request, without charge, by calling the Manager’s toll-free telephone number at 1-866-641-5739 or by faxing the Manager a request to 416-777-5181.

CERTIFICATE

The contents of this Circular and its distribution have been approved by the board of directors of the Manager.

DATED at Toronto, Ontario this 12th day of June, 2020.

**HORIZONS ETFs MANAGEMENT (CANADA) INC., as
manager of the Merging ETF**

“Steven J. Hawkins”

Name: Steven J. Hawkins

Title: President and Executive Officer

SCHEDULE “A”

FORM OF SPECIAL RESOLUTION OF UNITHOLDERS OF

HORIZONS GLOBAL RISK PARITY ETF

(the “**Merging ETF**”)

BE IT RESOLVED THAT:

1. the merger (the “**Merger**”), to be carried out substantially in the manner described in the Management Information Circular dated June 12, 2020 (the “**Circular**”), of the Merging ETF into Horizons ReSolve Adaptive Asset Allocation ETF (the “**Continuing Corporate Class ETF**”), being an ETF series of a new class of shares of Horizons MFC structured as an alternative mutual fund, is approved;
2. the trustee of the Merging ETF is authorized to amend the Trust Declaration governing the Merging ETF to require that every unitholder of the Merging ETF transfer each of his or her units to Horizons MFC in return for one share of the Continuing Corporate Class ETF for each such unit of the Merging ETF, and otherwise to the extent necessary to permit and facilitate the Merger and the implementation of the steps and transactions described in the Circular, and to execute all instruments necessary to give effect to the foregoing;
3. any director or officer of the trustee or the Manager of the Merging ETF is authorized to take all such steps as may be necessary or desirable to give effect to the foregoing including, without limitation, to amend the Trust Declaration of the Merging ETF as described in the Circular, such determination to be conclusively evidenced by the execution and delivery of such document or the performance of such action by any director or officer of the Manager or trustee;
4. notwithstanding that this resolution has been passed by unitholders, the Manager is hereby authorized to delay, modify or terminate the Merger or make such other changes contemplated by this resolution if the Manager determines in its sole discretion that it would be necessary or desirable, or otherwise necessary in order to proceed with the Merger in accordance with applicable regulatory approvals; and
5. all capitalized terms not otherwise defined in this resolution have the meanings ascribed thereto in the Circular.

SCHEDULE “B”

INVESTMENT OBJECTIVES AND INVESTMENT STRATEGIES OF THE MERGING ETF AND THE CONTINUING CORPORATE CLASS ETF

The following is a comparison of the investment objectives and investment strategies of the Merging ETF and the investment objectives and investment strategies of the Continuing Corporate Class ETF. Following the Merger, the Merging ETF will be permitted to hold all or a part of its assets in cash and cash equivalents. Additional information on the investment objectives and strategies of the Continuing Corporate Class ETF is or will be set forth in the preliminary prospectus of the Continuing Corporate Class ETF incorporated by reference herein (see “*Investment Objectives*”), which is or will be available at www.sedar.com.

Investment Objectives of the Merging ETF	Investment Objectives of the Continuing Corporate Class ETF
<p>The investment objective of Horizons HRA is to seek long term capital appreciation through the use of asset allocation. Horizons HRA will primarily use exchange traded products to gain exposure to a portfolio of global asset classes with a focus on the forecasted amount of risk that each investment contributes.</p>	<p>The investment objective of the Continuing Corporate Class ETF is to seek long-term capital appreciation by investing, directly or indirectly, in major global asset classes including but not limited to equity indexes, fixed income indexes, interest rates, commodities and currencies.</p>

Investment Strategies of the Merging ETF	Investment Strategies of the Continuing Corporate Class ETF
<p><i>General Investment Strategies</i></p> <p>The Merging ETF invests in its own actively managed portfolio of investments.</p> <p>Subject to its investment restrictions, the Merging ETF may use derivative instruments for hedging all or a portion of the value of the Merging ETF’s non-Canadian currency exposure (if any) back to the Canadian dollar. The Merging ETF may also use derivative instruments to reduce transaction costs and increase the liquidity and efficiency of trading, in accordance with the Merging ETF’s investment restrictions. The Merging ETF may use various hedging activities to manage portfolio and currency risk. Any use of derivatives will be in accordance with NI 81-102.</p> <p>The Merging ETF may enter into securities lending transactions, repurchase and reverse repurchase transactions, to the extent permitted by applicable securities laws, to earn additional income for the Merging ETF.</p> <p>The Merging ETF will not be exposed to leverage in excess of its net asset value. Any theoretical leverage obtained in respect of the use of options or short selling by the Merging ETF will be in compliance with NI 81-102, or an exemption therefrom.</p>	<p><i>General Investment Strategies</i></p> <p>The Continuing Corporate Class ETF invests in its own actively managed portfolio of investments.</p> <p>Subject to its investment restrictions, the Continuing Corporate Class ETF may use derivative instruments for hedging all or a portion of the value of the Continuing Corporate Class ETF’s non-Canadian currency exposure (if any) back to the Canadian dollar. The Continuing Corporate Class ETF may also use derivative instruments to reduce transaction costs and increase the liquidity and efficiency of trading, in accordance with the Continuing Corporate Class ETF’s investment restrictions. The Continuing Corporate Class ETF may use various hedging activities to manage portfolio and currency risk. Any use of derivatives will be in accordance with NI 81-102.</p> <p>The Continuing Corporate Class ETF may use leverage. Leverage may be created through the use of cash borrowings, short sales and derivatives. The Continuing Corporate Class ETF may, in accordance with NI 81-102, borrow cash up to 50% of its NAV and may sell securities short, whereby the aggregate market value of the securities sold short will be limited to 50% of its NAV. The combined use of short-selling and cash borrowing by the Continuing Corporate Class ETF is subject to an overall limit of 50% of its NAV.</p>

Investment Strategies of the Merging ETF	Investment Strategies of the Continuing Corporate Class ETF
<p>As soon as practicable following the end of each month, the Manager intends to publish on its website (www.HorizonsETFs.com) a summary of the investment portfolio disclosing the top ten positions (long and short) held by the Merging ETF expressed as an absolute percentage of the net assets of the Merging ETF.</p> <p>The Merging ETF invests in a variety of portfolio securities and instruments which may include, but are not limited to, equity and equity related, or debt securities of Canadian companies, directly, or through investments in securities of other investment funds, including exchange traded funds and will not invest in the Leveraged ETFs (as defined in the prospectus of the Merging ETF).</p> <p>Equity related securities held by the Merging ETF includes but is not limited to convertible debentures, income trust units, single issuer equity option, preferred shares and warrants. The portfolio of the Merging ETF may, from time to time, also include a significant amount of cash and/or cash equivalents.</p> <p>The Merging ETF may, in accordance with applicable Canadian securities legislation, invest in exchange traded funds, mutual funds or other public investment funds which may be managed by the Manager, its affiliates or independent fund managers. There are fees and expenses payable by these underlying funds in addition to the fees and expenses payable by the Merging ETF. With respect to such investments, no management fees or incentive fees are payable by the Merging ETF that, to a reasonable person, would duplicate a fee payable by such underlying fund for the same service. Further, no sales fees or redemption fees are payable by the Merging ETF in relation to purchases or redemptions of the securities of the underlying funds in which it invests if these funds are managed by the Manager or an affiliate or associate of the Manager.</p> <p><i>Specific Investment Strategies</i></p> <p>To achieve the Merging ETF's investment objective, ReSolve Asset Management Inc. (the "Sub-Advisor") will follow an enhanced portfolio allocation strategy, commonly known as risk parity, that responds systematically with subtle shifts to asset weights in order to maintain optimal portfolio diversification according to asset volatilities and correlation relationships. The Merging ETF will primarily invest</p>	<p>The Continuing Corporate Class ETF's aggregate gross exposure, to be calculated as the sum of the following, will not exceed 300% of its NAV: (i) the aggregate market value of cash borrowing; (ii) the aggregate market value of physical short sales on equities, fixed income securities or other portfolio assets; and (iii) the aggregate notional value of specified derivatives positions excluding any specified derivatives used for hedging purposes. Leverage will be calculated in accordance with the methodology prescribed by securities laws, or any exemptions therefrom</p> <p>The maximum amount of leverage used, directly or indirectly, by the Continuing Corporate Class ETF will not exceed 300% of its NAV.</p> <p>The Continuing Corporate Class ETF may enter into securities lending transactions, repurchase and reverse repurchase transactions, to the extent permitted by applicable securities laws, to earn additional income for the Continuing Corporate Class ETF.</p> <p>As soon as practicable following the end of each month, the Manager intends to publish on its website (www.HorizonsETFs.com) a summary of the investment portfolio disclosing the top ten positions (long and short) held by the Continuing Corporate Class ETF expressed as an absolute percentage of the net assets of the Continuing Corporate Class ETF.</p> <p>The Continuing Corporate Class ETF invests in a variety of portfolio securities and instruments which may include, but are not limited to, equity and equity related, or debt securities of Canadian companies, directly, or through investments in securities of other investment funds, including exchange traded funds and will not invest in the Leveraged ETFs (as defined in the prospectus of the Continuing Corporate Class ETF).</p> <p>Equity related securities held by the Continuing Corporate Class ETF includes but is not limited to convertible debentures, income trust units, single issuer equity option, preferred shares and warrants. The portfolio of the Continuing Corporate Class ETF may, from time to time, also include a significant amount of cash and/or cash equivalents.</p> <p>The Continuing Corporate Class ETF may, in accordance with applicable Canadian securities legislation, invest in exchange traded funds, mutual funds or other public investment funds which may be</p>

Investment Strategies of the Merging ETF	Investment Strategies of the Continuing Corporate Class ETF
<p>in exchange traded funds to gain exposure to global equity markets, global fixed income instruments, commodity equity exposure, and inflation hedges such as gold bullion, real estate and Treasury Inflation Protected Securities. The Sub-Advisor, in seeking to preserve capital, will seek an annual target 'risk budget' of less than 10%, measured by standard deviation of the Merging ETF's annual returns. The Sub-Advisor seeks to accomplish this through optimization so that each asset class contributes a similar amount of risk, by continually adjusting the asset class weightings in response to changes in correlations and volatility.</p> <p>As the Sub-Advisor is seeking to harvest excess returns from each asset in the portfolio in proportion to its risk, the Merging ETF's portfolio seeks to garner equal risk and return from a representative basket of global assets. The Merging ETF's portfolio contains diverse investments that seek to thrive in most economic environments, whether inflationary or deflationary, and during periods of rising or slowing growth. The Merging ETF's portfolio tends to favour global assets with lower volatility and lower correlations, and therefore low-volatility fixed income exposure generally receives a larger share of the portfolio, while exposure to equities, REITs and other asset classes generally receive lower allocations. This is in contrast to traditional portfolio allocation methods, which typically hold 60% allocations to equities and 40% to fixed income.</p> <p>The primary global asset classes followed are gold, commodity related equities, emerging market bonds, emerging market equities, inflation protected bonds, international real estate, international treasury bonds, regional or country specific equity markets, developed corporate bonds, US mid duration treasury bonds, US long duration bonds, global real estate and cash.</p> <p>The Merging ETF may hedge some or all of its non-Canadian dollar currency exposure at the discretion of the Sub-Advisor.</p>	<p>managed by the Manager, its affiliates or independent fund managers. There are fees and expenses payable by these underlying funds in addition to the fees and expenses payable by the Continuing Corporate Class ETF. With respect to such investments, no management fees or incentive fees are payable by the Continuing Corporate Class ETF that, to a reasonable person, would duplicate a fee payable by such underlying fund for the same service. Further, no sales fees or redemption fees are payable by the Continuing Corporate Class ETF in relation to purchases or redemptions of the securities of the underlying funds in which it invests if these funds are managed by the Manager or an affiliate or associate of the Manager.</p> <p><i>Specific Investment Strategies</i></p> <p>The Continuing Corporate Class ETF provides exposure to major global asset classes including equity indexes, fixed income indexes, interest rates, commodities and currencies. The Continuing Corporate Class ETF gains exposure to these asset classes by investing in derivatives and securities. Derivative instruments may include futures contracts and forward agreements.</p> <p>The Continuing Corporate Class ETF may invest in instruments that provide exposure to both domestic and foreign markets, including emerging markets. The Continuing Corporate Class ETF will also hold a large portion of its assets in cash, money market mutual funds, U.S. Treasury Securities, and other cash equivalents, some or all of which will serve as margin or collateral for the Continuing Corporate Class ETF's investments. The Continuing Corporate Class ETF's strategy aims to achieve capital appreciation over the long-term.</p> <p>The Fund's sub-advisor, ReSolve Asset Management Inc. (the same sub-advisor of the Merging ETF), uses a traditional quantitative methods as well as advanced machine learning tools to create a portfolio of instruments which emphasize a variety of characteristics such as, but not limited to, total- return momentum, trends, seasonal patterns, carry measures, mean reversion, and others, while simultaneously maximizing diversification based on regularly updated estimates of volatility and correlations. The Continuing Corporate Class ETF will take long or short positions in asset classes such as equity index and fixed income asset classes, commodities and currencies.</p> <p>The Sub-Advisor's trading systems determine asset</p>

Investment Strategies of the Merging ETF	Investment Strategies of the Continuing Corporate Class ETF
	<p>allocations based on multi-factor quantitative market information and explicitly seek opportunities to reduce portfolio volatility through diversification. The trading systems analyze these factors over a broad time spectrum which may range from several days to multiple years. The Sub-Advisor analyzes a number of additional factors in determining how the asset classes are allocated in the portfolio including, but not limited to: intermediate-term profitability of an asset class or market, liquidity of a particular market, desired diversification among markets and asset classes, transaction costs, exchange regulations and depth of market. The allocations are reviewed daily, although changes may occur less frequently.</p> <p>Target Volatility: The Continuing Corporate Class ETF is actively managed to keep volatility at or below 12% annualized volatility, although there is no guarantee that this objective can be met in all market conditions. Volatility is a statistical measure of the average magnitude of changes in the Continuing Corporate Class ETF's returns without regard to the direction of the returns. The Fund's actual volatility level for longer or shorter periods may be materially higher or lower than the target level depending on market conditions, and therefore the Continuing Corporate Class ETF's risk exposure may be materially higher or lower than the level targeted by the Sub-Advisor. As portfolio weights, and estimates of volatility and correlations change through time, the Sub-Advisor will increase and decrease the Continuing Corporate Class ETF's gross exposure to underlying assets in order to maintain its target level of portfolio volatility. During periods of high volatility and high correlations the Continuing Corporate Class ETF may have lower exposure to underlying assets to maintain the target level of portfolio volatility. Conversely, during periods of low volatility and low correlations the Continuing Corporate Class ETF may require greater exposure to underlying assets to maintain its target level of portfolio volatility.</p> <p>There is no guarantee that the Continuing Corporate Class ETF will successfully achieve or maintain the target volatility level. The Continuing Corporate Class ETF's target volatility level is not a total return performance target – the Continuing Corporate Class ETF does not expect, nor does it represent, that its total return performance will be within any specified range. It is possible that the Continuing Corporate Class ETF could achieve its target volatility level while having negative performance returns. Also, efforts to achieve and maintain a target volatility level can be expected to</p>

Investment Strategies of the Merging ETF	Investment Strategies of the Continuing Corporate Class ETF
	<p>limit the Continuing Corporate Class ETF's gains in rising markets, may expose the Continuing Corporate Class ETF to costs to which it would otherwise not have been exposed and, if unsuccessful, may result in substantial losses.</p> <p>The Continuing Corporate Class ETF actively trades its portfolio investments, which may lead to higher transaction costs that may affect the Continuing Corporate Class ETF's performance.</p>

Schedule “C”**INVESTMENT RESTRICTIONS OF THE CONTINUING CORPORATE CLASS ETF**

The Continuing Corporate Class ETF is subject to certain investment restrictions and practices contained in Canadian securities legislation, including NI 81-102 applicable to alternative mutual funds. The investment restrictions and practices applicable to the Continuing Corporate Class ETF which are contained in securities legislation, including NI 81-102, may not be deviated from without the prior consent of the securities commission or similar regulatory authority in each province and territory of Canada that is responsible for administering the Canadian securities legislation in force in such jurisdictions (“**Canadian Securities Regulatory Authorities**”) having jurisdiction over the Continuing Corporate Class ETF.

Alternative mutual funds are permitted to use strategies generally prohibited by conventional mutual funds (e.g. the Merging ETF), such as the ability to invest more than 10% of their net asset value in securities of a single issuer, the ability to borrow cash, to short sell beyond the limits prescribed for conventional mutual funds and to employ leverage. While these strategies will only be used in accordance with the investment objectives and strategies of the Continuing Corporate Class ETF, during certain market conditions they may accelerate the risk that an investment in ETF Shares decreases in value.

Subject to the following, and the exemptive relief that has been obtained, the Continuing Corporate Class ETF is managed in accordance with the investment restrictions and practices set out in the applicable Canadian securities legislation, including NI 81-102.

Horizons MFC will not make an investment or conduct any activity that would result in Horizons MFC failing to qualify as a “mutual fund corporation” within the meaning of the Tax Act. In addition, Horizons MFC will not (i) make or hold any investment in property that would be “taxable Canadian property” (if the definition of such term in the Tax Act were read without reference to paragraph (b) thereof) if more than 10% of Horizons MFC’s property consisted of such property.

Additional information on the investment restrictions of the Continuing Corporate Class ETF is or will be set forth in the preliminary prospectus of the Continuing Corporate Class ETF incorporated by reference herein (see “*Investment Restrictions*”), which is or will be available at www.sedar.com.

INVESTMENT RESTRICTIONS OF THE MERGING ETF

The Merging ETF is subject to certain investment restrictions and practices contained in Canadian securities legislation, including NI 81-102, which are designed in part to ensure that the investments of the Merging ETF are diversified and relatively liquid and to ensure its proper administration. The investment restrictions and practices applicable to the Merging ETF which are contained in securities legislation, including NI 81-102, may not be deviated from without the prior consent of the Securities Regulatory Authorities having jurisdiction over the Merging ETF.

The Merging ETF will not make an investment that would result in the Merging ETF failing to qualify as a “unit trust” or “mutual fund trust” within the meaning of the Tax Act or that would result in the Merging ETF becoming subject to the tax for “SIFT trusts” within the meaning of the Tax Act. In addition, the Merging ETF will not make or hold any investment in property that would be “taxable Canadian property” (if the definition of such term in the Tax Act were read without reference to paragraph (b) thereof) if more than 10% of the Merging ETF’s property consisted of such property.

Schedule “D”**RISK FACTORS FOR THE CONTINUING CORPORATE CLASS ETF**

The risk factors applicable to the Continuing Corporate Class ETF are expected to be similar to the risk factors currently applicable to the Merging ETF, subject to inherent differences between a unit trust structure and a corporate structure, and the ability of the Continuing Corporate Class ETF to utilize investment strategies available to it as an alternative mutual fund, including the use of leverage.

As of May 31, 2020, the Manager has rated the volatility of the Merging ETF as **Low to Medium**. The Manager anticipates that the rating for the Continuing Corporate Class ETF will be rated as **High**. For more information about the risk rating and specific risks that can affect an ETF’s returns, see the “Risk Factors” section of the applicable prospectus.

The following additional risk factors will apply to the Continuing Corporate Class ETF:

Alternative Mutual Fund Risk

Alternative mutual funds are permitted to use strategies generally prohibited by conventional mutual funds (e.g. the Merging ETF), such as the ability to invest more than 10% of their net asset value in securities of a single issuer, the ability to borrow cash, to short sell beyond the limits prescribed for conventional mutual funds and to employ leverage. While these strategies will only be used in accordance with the investment objectives and strategies of the Continuing Corporate Class ETF, during certain market conditions they may accelerate the risk that an investment in ETF Shares decreases in value.

Use of Leverage Risk

When the Continuing Corporate Class ETF makes investments in derivatives, borrows cash for investment purposes, or uses physical short sales on equities, fixed income securities or other portfolio assets, leverage may be introduced into the ETF. Leverage occurs when the Continuing Corporate Class ETF’s notional exposure to underlying assets is greater than the amount invested. It is an investment technique that can magnify gains and losses substantially. Consequently, any adverse change in the value or level of the underlying asset, rate or index may materially amplify losses compared to those that would have been incurred if the underlying asset had been directly held by the Continuing Corporate Class ETF and may result in losses greater than the amount invested in the derivative itself. Leverage may increase volatility, may impair an ETF’s liquidity and may cause an ETF to liquidate positions at unfavourable times. The Continuing Corporate Class ETF is subject to a gross aggregate exposure limit of 300% of its NAV which is measured on a daily basis.

Tax-Related Risks

If Horizons MFC ceases to qualify as a “mutual fund corporation” under the Tax Act, the income tax considerations described under the heading “*Certain Canadian Federal Income Tax Considerations – Taxation of the Continuing Corporate Class ETF and its Shareholders*” would be materially and adversely different in certain respects. Horizons MFC will be deemed not to be a mutual fund corporation if it is established or maintained primarily for the benefit of non-residents of Canada unless, at that time, all or substantially all of its property is property other than property that would be “taxable Canadian property” as defined in the Tax Act (if the definition of such term in the Tax Act were read without reference to paragraph (b) thereof). The current law does not provide any means of rectifying a loss of mutual fund corporation status if this requirement is not met.

Legal and regulatory changes may occur, including income tax laws and administrative policies and assessing practices of the CRA relating to the treatment of mutual fund corporations under the Tax Act, that may adversely affect Horizons MFC and the Continuing Corporate Class ETF and which could make it more difficult, if not impossible, for the Continuing Corporate Class ETF to operate or to achieve its investment objectives. To the extent possible, the Manager will attempt to monitor such changes to determine the impact such changes may have on

Horizons MFC and the Continuing Corporate Class ETF and what can be done, if anything, to try to limit such impact.

Horizons MFC will recognize income or gain under a forward or futures contract when it is realized upon partial settlement or termination of such contract. This may result in significant gains being realized by Horizons MFC at such times and such gains would be taxed as ordinary income, unless the forward or futures contract property is used to hedge capital property and there is sufficient linkage, subject to the DFA Rules discussed above – see “*Certain Canadian Federal Income Tax Considerations*”. To the extent not offset by any available expenses or other deductions of Horizons MFC, such income or gain would be taxable to Horizons MFC.

The Continuing Corporate Class ETF is also generally required to pay GST/HST on any management fees and most of the other fees and expenses that it may pay, if any. There may be changes to the way that the GST/HST and provincial sales taxes apply to fees and expenses incurred by mutual fund corporations such as Horizons MFC and there may be changes in the rates of such taxes, which, accordingly, may affect the costs borne by the Continuing Corporate Class ETF and its shareholders.

The Continuing Corporate Class ETF may invest in global equity or debt securities. Many foreign countries preserve their right under domestic tax laws and applicable tax conventions with respect to taxes on income and on capital (“**Tax Treaties**”) to impose tax on dividends and interest paid or credited to persons who are not resident in such countries. While Horizons MFC intends to make investments in such a manner as to minimize the amount of foreign taxes incurred under foreign tax laws and subject to any applicable Tax Treaties, investments in global equity and debt securities may subject the Continuing Corporate Class ETF to foreign taxes on dividends and interest paid or credited to them or any gains realized on the disposition of such securities. Any foreign taxes incurred by Horizons MFC in respect of the Continuing Corporate Class ETF will generally reduce the value of its portfolio.

If, in any taxation year, Horizons MFC would otherwise be liable for tax on net realized capital gains, Horizons MFC generally intends to pay, to the extent possible, by the last day of that year, a special Capital Gains Dividend to ensure that Horizons MFC will not be liable for income tax on such amounts under the Tax Act (after taking into account all available deductions, credits and refunds). Such dividend may be paid in Shares of the applicable class of Horizons MFC or in cash that is automatically reinvested in such Shares (in which case the shareholder may need to fund any tax liability from other sources, or sell sufficient Shares to fund the tax). Horizons MFC may not have adequate information to correctly ascertain the quantum of capital gains it realizes in time to make such capital gains payable (as a Capital Gains Dividend) to shareholders who were shareholders at the time such capital gains were realized, in which case Horizons MFC may choose not to distribute such gains to shareholders as a Capital Gains Dividend, or may distribute such gains some time after their realization by Horizons MFC to shareholders of the applicable class of Horizons MFC at that time, who may not have been shareholders at the time of realization. To the extent that any capital gains are realized by Horizons MFC and not distributed to shareholders as a Capital Gains Dividend, such capital gains will be subject to tax within Horizons MFC (net of any deductions that may be available to Horizons MFC for purposes of computing its income). Any such tax would be attributed to the applicable class of Horizons MFC (including the Continuing Corporate Class ETF, where applicable) and be indirectly borne by the shareholders of that class. While any such tax may be fully or partially refundable in subsequent years upon the payment by Horizons MFC of sufficient Capital Gains Dividends and/or Capital Gains Redemptions, there can be no assurances in this regard.

Fund Corporation and Multi-Class/Series Structure Risk

The Continuing Corporate Class ETF is a series of a separate class of shares of Horizons MFC and each class of Horizons MFC could become available in more than one series. Each class and series of Horizons MFC has its own fees and expenses which are tracked separately. Those fees and expenses will be deducted in calculating the net asset value of that class or series, thereby reducing the net asset value of the relevant class or series. The liabilities of each class of shares of Horizons MFC are liabilities of Horizons MFC as a whole. If one class or series is unable to pay its expenses or liabilities, Horizons MFC is legally responsible to pay those expenses and as a result, the net asset value of the other classes or series may also be reduced. Similarly, if the liabilities of a class of shares of Horizons MFC are greater than its assets, the other classes of shares of Horizons MFC may be responsible for those liabilities.

A mutual fund corporation is effectively permitted to flow through certain income to investors in the form of dividends, specifically capital gains and dividends from taxable Canadian corporations. However, a mutual fund corporation cannot flow through other income including income realized in respect of derivative transactions that are not otherwise treated as capital property, interest, trust income and foreign income including dividends. If this type of income, calculated for Horizons MFC as a whole, is greater than the expenses or other deductions from income or taxable income available to Horizons MFC (including any available losses and loss carryforwards to the extent deductible), Horizons MFC would generally become taxable. The Manager will track the income and expenses of each class or series of shares of Horizons MFC separately, so that if Horizons MFC becomes taxable, the Manager would usually allocate the tax to those classes or series whose taxable income exceeded available expenses or other deductions.

If Horizons MFC has taxable net income, this could be disadvantageous for two types of investors: (a) investors in a Registered Plan and (b) investors with a lower marginal tax rate than Horizons MFC. Investors in Registered Plans do not immediately pay income tax on income received, therefore income that a fund is permitted to flow through to a Registered Plan will not be subject to any immediate income tax. If Horizons MFC cannot distribute or deduct the income, investors in a registered plan will indirectly bear the income tax incurred by Horizons MFC. With regard to investors described in (b) above, the corporate tax rate applicable to mutual fund corporations is higher than some personal income tax rates, depending on the province or territory in which an investor resides and depending on the investor's marginal tax rate. If the income is taxed inside Horizons MFC rather than distributed to the investor (such that the investor pays the tax), the investor may indirectly bear a higher rate of tax on that income.

Given the expected investment, operating and distribution policies of Horizons MFC, and taking into account the deduction of expenses and other deductions (including any available losses and loss carryforwards to the extent deductible), Horizons MFC does not expect to be subject to any significant amount of non-refundable Canadian income tax, although no assurances can be given in this regard.

Additional information on the risk factors of the Continuing Corporate Class ETF is or will be set forth in the preliminary prospectus of the Continuing Corporate Class ETF incorporated by reference herein (see "*Risk Factors*") and is or will be available at www.sedar.com.

RISK FACTORS FOR THE MERGING ETF

There are certain risk factors inherent to an investment in the Merging ETF. These risks relate to the following factors:

- Stock Market Risk
- Specific Issuer Risk
- Legal and Regulatory Risk
- Exchange Traded Funds Risk
- Reliance on Historical Data Risk
- Corresponding Net Asset Value Risk
- Designated Broker/Dealer Risk
- Cease Trading of Securities Risk
- Exchange Risk
- Early Closing Risk
- No Assurance of Meeting Investment Objectives
- Tax Risk
- Securities Lending, Repurchase and Reverse Repurchase Transaction Risk
- Loss of Limited Liability
- Reliance on Key Personnel
- Distributions Risk
- Conflicts of Interest
- No Ownership Interest
- Market for Units

- Redemption Price
- Net Asset Value Fluctuation
- Limited Operating History
- Restrictions on Certain Unitholders
- Highly Volatile Markets
- No Guaranteed Return
- Derivatives Risk and Counterparty Risk
- Interest Rate Risk
- Foreign Currency Risk
- Emerging Markets Risk
- Credit Risk
- Income Trust Investment Risk
- Foreign Stock Exchange Risk
- High Yield Bond Risk and Risk of Other Lower Rated Investments
- Call Risk
- Risk of Difference between Quoted and Actionable Market Price
- Commodity Price Volatility Risk

For additional information about the risk factors inherent to an investment in the Merging ETF, please refer to pages 52 through 65 of the final prospectus of the Merging ETF dated January 29, 2020.

Schedule “E”**Dividend Policies for the Continuing Corporate Class ETF**

Horizons MFC does not currently intend to pay regular dividends or returns of capital on the ETF Shares. Notwithstanding the foregoing, any decision to pay dividends or returns of capital on the ETF Shares of an ETF in the future will be at the discretion of the Manager and will depend on, among other things, Horizons MFC’s and the applicable ETF’s results of operations, current and anticipated cash requirements and surplus, financial condition, any future contractual restrictions, solvency tests imposed by corporate law and other factors that the Manager may deem relevant. If, in any taxation year, Horizons MFC would otherwise be liable for tax on net realized capital gains, Horizons MFC intends to pay, to the extent possible, by the last day of that year, a special capital gains dividend to ensure that Horizons MFC will not be liable for income tax on such amounts under the Tax Act (after taking into account all available deductions, credits and refunds). Such distributions may be paid in the form of ETF Shares of the relevant ETF and/or cash which is automatically reinvested in ETF Shares of the relevant ETF. Any such distributions payable in ETF Shares or reinvested in ETF Shares of the relevant ETF will increase the aggregate adjusted cost base of a shareholder’s ETF Shares of that ETF. Immediately following payment of such a special distribution in ETF Shares or reinvestment in ETF Shares, the number of ETF Shares of that ETF outstanding will be automatically consolidated such that the number of ETF Shares of that ETF outstanding after such distribution will be equal to the number of ETF Shares of that ETF outstanding immediately prior to such distribution, except where there are non-resident shareholders to the extent tax is required to be withheld in respect of the distribution. Given the expected investment and operating policies of Horizons MFC, the Manager does not currently expect to pay a material amount of special capital gains dividends. However, in connection with the Merger, if the Merging ETF is not, or is not permitted to be, maintained following the Merger, then material additional capital gains may be, but are not currently expected to be, realized by Horizons MFC and, if so realized, are expected to be distributed to the extent possible to the shareholders of the Continuing Corporate Class ETF as a capital gains dividend, potentially resulting in tax liability to such shareholders. Such tax liability, if it arises, would be realized even by shareholders who acquire shares of the applicable Continuing Corporate Class ETF after the Merger if they hold the shares on the record date for such dividend.

Additional information on the dividend policies of Horizons MFC is or will be set forth in the preliminary prospectus of the Continuing Corporate Class ETF incorporated by reference herein (see “*Dividend/Distribution Policy*”), which is or will be available at www.sedar.com.

Distribution Policies for the Merging ETF

The Merging ETF is not expected to make regular cash distributions. Cash distributions, if any, to Unitholders of the Merging ETF of income, net of fees and expenses, will be made at the discretion of the Manager.

To the extent required, the Merging ETF will also pay or make payable after December 15 but on or before December 31 of that calendar year (in the case of a taxation year that ends on December 15), or by the end of the taxation year (in any other case), sufficient net income (including net realized capital gains) so that the Merging ETF will not be liable for nonrefundable ordinary income tax in any given taxation year. Such distributions, if any, will be paid within the times noted above as a “reinvested distribution” or distributed in Units of the Merging ETF unless the CDS Participant, on behalf of an investor, requests cash, in writing at least 10 business days prior to the declaration date. Reinvested distributions on Units of the Merging ETF, net of any required withholding, will be reinvested automatically in additional Units of the Merging ETF at a price, or Units will be distributed at a price, equal to the net asset value per Unit of the Merging ETF on such day. The Units of the Merging ETF will be immediately consolidated such that the number of outstanding Units of the Merging ETF held by each Unitholder of the Merging ETF on such day following the distribution will equal the number of Units of the Merging ETF held by the Unitholder prior to the distribution. In the case of a non-resident Unitholder if tax has to be withheld in respect of the distribution the Unitholder’s dealer will invoice or debit the Unitholder’s account directly.

The Manager reserves the right to make additional distributions for the Merging ETF in any year if determined to be appropriate.

Schedule “F”

MANAGEMENT FEES FOR THE CONTINUING CORPORATE CLASS ETF

Management Fees for the Merging ETF and the Corporate Class ETF

The Merging ETF pays an annual management fee to the Manager equal to 0.65% of the net asset value of the Merging ETF, together with applicable sales tax.

The Continuing Corporate Class ETF will pay an annual management fee to the Manager equal to 0.85% of the net asset value of the Continuing Corporate Class ETF, together with applicable sales tax, which is 0.20% higher than the annual management fee currently payable by the Merging ETF.

Performance Fee for the Continuing Corporate Class ETF (into which the Merging ETF will merge)

The Merging ETF does not pay any performance fees.

The Continuing Corporate Class ETF shall pay to the Manager a performance fee. The performance fee shall be calculated and accrued daily. The performance fee shall be payable at least quarterly in arrears on dates determined by the Manager, together with applicable taxes.

The Continuing Corporate Class ETF shall pay to the Manager a performance fee, if any, equal to 15% of the amount by which the performance of the Continuing Corporate Class ETF, at any date on which the fee is payable, (i) exceeds the greater of: (a) the initial net asset value per ETF Share offered by the Continuing Corporate Class ETF; and (b) the highest net asset value per ETF Share previously utilized for the purposes of calculating a performance fee that was paid (the “**High Water Mark**”), and (ii) is greater than an annualized return of three percent (3%).

The performance fee will be determined in accordance with the following formula: $15\% \times (A - (B \times C)) \times D$ where:

A equals the net asset value per ETF Share at the end of a fiscal year without giving effect to the accrual of any Performance Fee, plus the aggregate amount of all distributions previously declared on a per ETF Share basis, if any (the Adjusted NAV per ETF Share), as at the last day of the period in respect of which the calculation is being made;

B equals the High Water Mark;

C equals 1 plus an annualized return of three percent (3%) pro-rated for the number of days in the period; and

D equals the number of ETF Shares outstanding as at the last day of the period in respect of which the calculation is being made.

No performance fee will be payable on any payable date unless A exceeds B x C at that time.

Management Fee Rebates for the Continuing Corporate Class ETF (into which the Merging ETF will merge)

To achieve effective and competitive management fees, the Manager may reduce the fee borne by certain shareholders who have signed an agreement with the Manager. The Manager will pay out the amount of the reduction in the form of a management fee rebate (a “**Management Fee Rebate**”) directly to the eligible shareholder. Management Fee Rebates are reinvested in ETF Shares, unless otherwise requested. The decision to

pay Management Fee Rebates will be in the Manager's discretion and will be dependent on a number of factors, including the size of the investment and a negotiated fee agreement between the Manager and the Shareholder.

The Manager reserves the right to discontinue or change Management Fee Rebates at any time.

Additional information on the fee structure of the Continuing Corporate Class ETF is or will be set forth in the preliminary prospectus of the Continuing Corporate Class ETF incorporated by reference herein (see "*Fees and Expenses*") and is or will be available at www.sedar.com.

Operating Expenses for the Continuing Corporate Class ETF (into which the Merging ETF will merge)

Other than the management fees and the performance fee payable by the Continuing Corporate Class ETF, the operating expenses and expenses of the issue of the Continuing Corporate Class ETF are similar to the operating expenses and expenses of the issue that apply to the Merging ETF, and are summarized below. In particular, whereas the Merging ETF may charge redeeming unitholders a redemption charge of up to 0.25% of their redemption proceeds, as set out in the current final prospectus of the Merging ETF under "Fees and Expenses Payable Directly by the Unitholders", the Continuing Corporate Class ETF will charge an administration charge (that will apply to issuance, exchange and redemption costs) equal to an amount as may be agreed between Horizons MFC and the applicable designated broker or dealer. Such administrative charges will similarly be used to offset certain transaction costs associated with the issuance, exchange or redemption of ETF Shares of Horizons MFC. Such administrative charges are not paid by shareholders to the Manager or the Continuing Corporate Class ETF in connection with selling ETF Shares on a designated exchange. In most other respects, the fund operating expenses are expected to remain the substantially the same.

Operating Expenses Unless otherwise waived or reimbursed by the Manager, the Continuing Corporate Class ETF will pay all of its operating expenses, including but not limited to: audit fees; custodial expenses; valuation, accounting and record keeping costs; legal expenses; permitted prospectus preparation and filing expenses; costs associated with delivering documents to shareholders; listing and annual stock exchange fees; index licensing fees, if applicable; CDS fees; bank related fees and interest charges; extraordinary expenses; shareholder reports and servicing costs; registrar and transfer agent fees; costs of the IRC; income taxes; Sales Tax; brokerage expenses and commissions; and withholding taxes.

Costs and expenses payable by the Manager, or an affiliate of the Manager include fees of a general administrative nature.

Expenses of the Issue All expenses related to the issuance of ETF Shares of the Continuing Corporate Class ETF shall be borne by the Manager.

Administrative Charges As may be agreed between the Manager and a Designated Broker or Dealer, the Manager may charge shareholders of a Continuing Corporate Class ETF, at its discretion, an issue, exchange or redemption charge to offset certain transaction costs associated with the issuance, exchange or redemption of ETF Shares of Horizons MFC. The Manager will publish the current administrative charge, if any, on its website, www.HorizonsETFs.com. No fees or expenses will be paid by a shareholder to the Manager or the Continuing Corporate Class ETF in connection with selling ETF Shares on the TSX.

Switch Fees Shareholders may have to pay their financial advisor, investment advisor or broker a transfer fee based on the value of the ETF Shares that are switched.

Additional information on the fee structure of the Continuing Corporate Class ETF is or will be set forth in the preliminary prospectus of the Continuing Corporate Class ETF incorporated by reference herein (see "*Investment Objectives*"), which is or will be available at www.sedar.com.

Schedule “G”**VALUATION POLICIES AND PROCEDURES OF THE CONTINUING CORPORATE CLASS ETF**

The valuation policies and procedures of the Merging ETF and the Continuing Corporate Class ETF are the same. The following is a summary of the valuation policies and procedures of the Merging ETF as of the date hereof.

Additional information on the valuation policies and procedures of the Continuing Corporate Class ETF is or will be set forth in the preliminary prospectus of the Continuing Corporate Class ETF incorporated by reference herein (see “*Valuation Policies and Procedures*” and “*Calculation of NAV*”) and is or will be available at www.sedar.com.

VALUATION POLICIES AND PROCEDURES FOR THE MERGING ETF*Defined Terms:*

“**ETF**” means Horizons Global Risk Parity ETF;

“**Valuation Agent**” means CIBC Mellon Global Securities Services Company in its capacity as valuation agent of the ETF pursuant to a valuation services agreement;

“**Valuation Day**” means a day upon which sessions of the Toronto Stock Exchange is held and such other dates determined appropriate by the Manager; and

“**Valuation Time**” means 4:00 p.m. (EST) on a Valuation Day or such other time determined appropriate by the Manager;

The Manager uses the following valuation procedures in determining the ETF’s “**net asset value**” and “**net asset value per unit**” on each Valuation Day:

1. The value of any cash on hand, on deposit or on call, bills and notes and accounts receivable, prepaid expenses, cash dividends to be received and interest accrued and not yet received, will be deemed to be the face amount thereof, unless the Manager determines that any such deposit, call loan, bill, note or account receivable is not worth the face amount thereof, in which event the value thereof will be deemed to be such value as the Manager determines, on such basis and in such manner as may be approved by the board of directors of the Manager to be the reasonable value thereof.
2. The value of any security, commodity or interest therein which is listed or dealt in upon a stock exchange will be determined by:
 - a. in the case of securities which were traded on that Valuation Day, the price of such securities as determined at the applicable Valuation Time; and
 - b. in the case of securities not traded on that Valuation Day, a price estimated to be the true value thereof by the Manager on such basis and in such manner as may be approved of by the board of directors of the Manager, such price being between the closing asked and bid prices for the securities or interest therein as reported by any report in common use or authorized as official by a stock exchange.
3. Long positions in clearing corporation options, options on futures, over-the-counter options, debt-like securities and listed warrants will be valued at the current market value thereof. Where a covered clearing corporation option, option on futures or over-the-counter option is written, the premium received shall be reflected as a deferred credit which shall be valued at an amount equal to the current market value of the clearing corporation option, option on futures or over-the-counter option that would have the effect of closing the position. Any difference resulting from any revaluation shall be treated as an unrealized gain or loss on investment. The deferred credit shall be deducted in arriving at the net asset value of such

instrument. The securities, if any, which are the subject of a written clearing corporation option or over-the-counter option shall be valued at the current market value. The fair value of a futures contract, swap or forward contract is the gain or loss with respect thereto that would be realized if, on that Valuation Day, the position in the futures contract, swap or forward contract, as the case may be, were to be closed out unless, in the case of a futures contract or forward contract, “daily limits” are in effect, in which case fair value shall be based on the current market value of the underlying interest. Margin paid or deposited in respect of futures contracts and forward contracts are reflected as an account receivable and margin consisting of assets other than cash is noted as held as margin.

4. In the case of any security or property for which no price quotations are available as provided above, the value thereof will be determined from time to time by the Manager, where applicable, in accordance with the principles described in paragraph 2(b) above, except that the Manager may use, for the purpose of determining the sale price or the asked and bid price of such security or interest, any public quotations in common use which may be available, or where such principles are not applicable, in such manner as may be approved of by the board of directors of the Manager.
5. The liabilities of an ETF will include:
 - a. all bills, notes and accounts payable of which the ETF is an obligor;
 - b. all brokerage expenses of the ETF;
 - c. all Management Fees of the ETF;
 - d. all contractual obligations of the ETF for the payment of money or property, including the amount of any unpaid distribution credited to Unitholders of the ETF on or before that Valuation Day;
 - e. all allowances of the ETF authorized or approved by the Manager for taxes (if any) or contingencies; and
 - f. all other liabilities of the ETF of whatsoever kind and nature.
6. Each transaction of purchase or sale of a portfolio asset effected by an ETF shall be reflected by no later than the next time that the net asset value of the ETF and the net asset value per Unit of the ETF is calculated.

In calculating the net asset value, the ETF will generally value its investments based on the market value of its investments at the time the net asset value of the ETF is calculated. If no market value is available for an investment of the ETF or if the Manager determines that such value is inappropriate in the circumstances (i.e. when the value of an investment of the ETF has been materially changed by effects occurring after the market closes), the Manager will value such investments using methods that have generally been adopted by the marketplace. Fair valuing the investments of an ETF may be appropriate if: (i) market quotations do not accurately reflect the fair value of an investment; (ii) an investment’s value has been materially affected by events occurring after the close of the exchange or market on which the investment is principally traded; (iii) a trading halt closes an exchange or market early; or (iv) other events result in an exchange or market delaying its normal close. The risk in fair valuing an investment of an ETF is that the value of the investment may be higher or lower than the price that the ETF may be able to realize if the investment had to be sold.

In determining the net asset value of an ETF, Units of the ETF subscribed for will be deemed to be outstanding and an asset of the ETF as of the time a subscription for such Units is received by and accepted by the Manager. Units of an ETF that are being redeemed will only be deemed to be outstanding until (and not after) the close of business on the day on which such Units of the ETF are redeemed, and the redemption proceeds thereafter, until paid, will be a liability of the ETF.

For the purposes of financial statement reporting, an ETF is required to calculate net asset value in accordance with IFRS and National Instrument 81-106 *Investment Fund Continuous Disclosure*.

Schedule “H”

PROPOSED SHARE TERMS OF THE CONTINUING CORPORATE CLASS ETF

For purposes of this Schedule “H”:

“**Articles**” means the articles of the Corporation, as amended from time to time;

“**Basket of Securities**” means a group of securities and/or assets determined by the manager from time to time representing the constituents of a Class;

“**Business Day**” means any day on which the Toronto Stock Exchange is open for trading;

“**Capital Account Shares**” means each Class or series of Shares (whether issued or unissued) for which a separate capital account is maintained;

“**CDS**” means CDS Clearing and Depository Services Inc.;

“**CDS Participant**” means a participant in CDS that holds security entitlements in Shares on behalf of beneficial owners of those Shares;

“**Class**” means any class of shares of the Corporation (other than Class J Shares) which are authorized by the Articles, each constituting a separate investment fund and each referable to specific assets of the Corporation;

“**Class Assets**” means, with respect to a Class, assets purchased with subscription and conversion monies of any series of Shares of that Class and all other assets which are referable to that Class;

“**Class J Shares**” means Class J Shares of the Corporation;

“**Class Liabilities**” means, with respect to a Class, the liabilities referable to that Class which are neither Corporation Liabilities nor Series Liabilities;

“**Class NAV**” means, with respect to a Class, the amount determined from time to time in the manner set out in section 3(a) of Part I;

“**Corporation**” means Horizons ETF Corp.;

“**Corporation Liabilities**” means those liabilities of the Corporation, other than Class Liabilities of all Classes and Series Liabilities of all series of all Classes;

“**Distribution**” has the meaning set forth in section 5 of Part I;

“**Eligibility Requirements**” means in respect of the various series of a Class, the criteria established by the Corporation from time to time with respect to the right to acquire the Shares of each such series as set forth in the Prospectus;

“**ETF Shares**” means the Shares of an exchange traded series of a Class of the Corporation designated as ETF Shares and having the rights, privileges, restrictions and conditions set forth in Part II;

“**Exchange Request**” means a request, signed by a CDS Participant or its agent, substantially in the form prescribed by the manager from time to time;

“**Liquidation Event**” has the meaning set forth in section 9(a) of Part I;

“**Person**” means any individual, partnership, association, body corporate, trustee, executor, administrator or legal representative;

“**PNS**” means the prescribed number of Shares of a series of ETF Shares determined by the manager from time to time for the purpose of subscription orders, redemptions or for other purposes;

“**Proportionate Share**”, when used to describe the share attributable to a series of a Class, means the portion of the Class Assets, Corporation Liabilities, Class Liabilities or accrued dividends or distributions attributable to a particular series of that Class;

“**Prospectus**” means the prospectus, simplified prospectus and annual information form or other offering document pursuant to which Shares of a Class are offered to potential investors from time to time in accordance with Securities Legislation;

“**Registrar and Transfer Agent**” means a registrar and transfer agent of the Shares of the Corporation appointed by the manager from time to time;

“**Relevant Share**”, when used to describe the share attributable to a Class of the Corporation, means the portion of the Corporation Liabilities attributable to that particular Class;

“**Securities Authorities**” means the securities commission or similar regulatory authority in each province and territory of Canada that is responsible for administering the Securities Legislation in force in such jurisdictions;

“**Securities Legislation**” means the laws and regulations in each province and territory of Canada which are applicable to a Class of Shares (other than Class J Shares) of the Corporation and the requirements, instruments, rules and policies of the Securities Authorities thereunder;

“**series**” means a series of Shares of a Class;

“**Series Liabilities**” means, with respect to a series of Shares of a Class, the liabilities referable to that series of a Class, other than the Corporation Liabilities and Class Liabilities;

“**Series NAV**” means, with respect to a series of Shares of a Class, the net asset value determined from time to time in the manner set out in section 3(b) of Part I;

“**Series NAV per Share**” means, with respect to a Share of a series of a Class, the net asset value determined from time to time in the manner set out in section 3(c) of Part I;

“**Shareholders**” means Persons who hold Shares of the Corporation.

“**Shares**” means shares of a Class of the Corporation and having the rights, privileges, restrictions and conditions set forth in Part I;

“**Trading Day**” means a day on which a session of the Toronto Stock Exchange is held;

“**Total Series Liabilities**” means, with respect to a Class, the aggregate of the Series Liabilities of each series of that Class;

“**Valuation Date**” means each day on which there is a trading session of the Toronto Stock Exchange; and

“**Valuation Time**” means, with respect to a series of Shares of a Class, the particular time on a Valuation Date at which the Class NAV or Series NAV is determined by or on behalf of the Corporation.

Statutory References

Any reference to a statute or regulation hereunder shall be deemed to be a reference to such statute or regulation as amended, re-enacted or replaced from time to time and references to specific parts, paragraphs or sections thereof shall include all amendments, re-enactments or replacements.

PART I**RIGHTS, PRIVILEGES, RESTRICTIONS AND CONDITIONS ATTACHING TO EACH CLASS OF SHARES OF THE CORPORATION**

Each Class of Shares, other than the Class J Shares, shall have attached thereto the following rights, privileges, restrictions and conditions (the “**Class Conditions**”).

1. Issuance of Shares of a Class

Shares of a Class may be issued at any time or from time to time in one or more series. Shares of a series of a Class shall be issuable in an unlimited number. The Shares of a series of a Class of the Corporation shall, subject to the limitations set out in these Articles, have the rights, privileges, restrictions and conditions attached to the Shares of such series of a Class, however designated, as set out in these Articles. In the event that the Corporation creates Shares of a series of a Class with rights, privileges, restrictions and conditions that differ from those set out in these Articles, the Corporation shall, before the Shares of such series of a Class are issued, file with the Director (as defined in the Act) Articles containing a description of such series including the rights, privileges, restrictions and conditions determined by the Corporation. No rights, privileges, restrictions or conditions attached to a series of Shares of a Class shall confer upon such series a priority over any other series of Shares of the same Class in respect of dividends or a return of capital in the event of the liquidation, dissolution or winding up of the Corporation. Subject to Securities Legislation, Shares of a Class may be issued for cash or for property.

2. Voting

So long as there are any Class J Shares outstanding, unless otherwise required by the Act or Securities Legislation, a Shareholder of a Class shall not be entitled to receive notice of, or attend any meeting of, Shareholders or to vote at any such meeting. If there are no issued and outstanding Class J Shares, subject to the provisions of the Act, a Shareholder of a Class shall be entitled to receive notice of and attend a meeting of Shareholders and to vote at such meeting.

If Shareholders of a Class or series are entitled to vote because there are no issued and outstanding Class J Shares or pursuant to the Act or Securities Legislation, such Shareholders shall have one vote for each whole Share of a Class held by such shareholder.

3. Net Asset Value**(a) Computation of Class NAV**

Subject to section 3(h) of this Part I, a Class NAV shall be determined on each Valuation Date at the Valuation Time. The Class NAV as of any Valuation Date shall be equal to the value of (i) the Class Assets, less (ii) the aggregate of (x) the Relevant Share of the Corporation Liabilities, (y) the Class Liabilities and (z) the Total Series Liabilities, in each case, determined in accordance with this section 3, as of the Valuation Time on the Valuation Date. Any Class NAV determined at a Valuation Time shall remain in effect until the next time the Class NAV is determined. Valuation and calculation policies and procedures relating to the determination of each Class NAV shall be established from time to time by or on behalf of the Corporation.

(b) Computation of Series NAV

Subject to section 3(d) and (h) of this Part I, the Series NAV of a series of Shares of a Class shall be determined on each Valuation Date at the Valuation Time. The Series NAV of a series of Shares of a Class as of any Valuation Date shall be equal to the value of (i) that series' Proportionate Share of Class Assets, less (ii) the aggregate of (x) that series' Proportionate Share of Corporation Liabilities, (y) that series Proportionate Share of Class Liabilities and (z) that

series' Series Liabilities. Any Series NAV determined at a Valuation Time shall remain in effect until the next time the Series NAV is determined.

(c) **Computation of the Series NAV per Share**

The Series NAV per Share of a series of Shares of any Class as of any Valuation Date shall be equal to the result obtained when the applicable Series NAV as of the Valuation Time on the applicable Valuation Date is divided by the total number of Shares of the applicable series outstanding at such time. The Series NAV per Share of a series of Shares so determined will be adjusted to the nearest cent per Share and will remain in effect until the time as at which the next determination of the NAV per Share of such series is made. The Series NAV per Share will be calculated on each Valuation Day.

(d) **Adjustments**

Notwithstanding any of the provisions of section 3 of this Part I, the Corporation may prescribe in its absolute discretion such other bases and times for determining the Series NAV per Share of a series for the purposes of subscriptions, redemptions and for the declaration and payment of dividends and Distributions as it may deem necessary or desirable.

(e) **Valuation Binding**

The Class NAV, Series NAV and Series NAV per Share of each series of a Class, established at any time and from time to time by or on behalf of the Corporation in accordance with the Articles shall be conclusive and binding upon all Shareholders.

(f) **Currency**

The Class NAV, Series NAV and Series NAV per Share of each series of a Class shall be determined in Canadian currency and, in addition, may be determined in any other currency at the discretion of the Corporation.

(g) **Corporation Liabilities and Series Liabilities**

For greater certainty, the Corporation in its sole discretion shall determine which liabilities are Corporation Liabilities, including allowances, if any, for taxes and which liabilities shall constitute Class Liabilities and which liabilities shall be allocated to a series of a Class and constitute Series Liabilities of such series.

(h) **Suspension of Determination**

The Corporation shall not be required to determine the Class NAV, the Series NAV or the Series NAV per Share of any series of a Class during any period in which the right of redemption has been suspended pursuant to the provisions of section 7(d) of this Part I.

4. Dividends

Ordinary or capital gains dividends may be paid on any series of Shares of a Class, as and when declared by the Corporation. If dividends are so declared, Shareholders of the Shares of the relevant series of a Class that are outstanding immediately after the Valuation Time on the record date established for the payment of any such dividends declared by the Corporation shall be entitled to receive and the Corporation shall pay thereon in cash or *in specie* (including in Shares of the relevant series of a Class), such dividends so declared payable in respect of such series of Shares by the Corporation. The amount per Share of any series of a Class to be paid to a Shareholder shall be the amount of the dividend determined as described in the preceding sentence divided by the number of Shares of that series of the Class outstanding immediately after the Valuation Time on the record date for the payment of such

dividend. If any amount of declared dividends in respect of the Shares of a series of a Class is not paid in full, the Shares of such series shall participate rateably with the Shares of all other series of the same Class in respect of all declared dividends.

5. Distributions

In addition to dividends, amounts representing returns of capital (a “**Distribution**”) may be paid in respect of any series of Shares of a Class, reducing the amount of the capital account in respect of the Shares of the particular series, as and when determined by the Corporation. If Distributions are so declared, Shareholders of Shares of the relevant series of a Class that are outstanding immediately after the Valuation Time on the record date established for the payment of any such Distribution declared by the Corporation shall be entitled to receive and the Corporation shall pay thereon in cash or *in specie*, the Distribution so declared payable by the Corporation. The amount per Share of any particular series of a Class to be paid to a Shareholder shall be the amount of the Distribution divided by the number of Shares of that series outstanding immediately after the Valuation Time on the record date for the payment of such Distribution.

6. Currency

(a) Dividends and Distributions

For the purpose of any dividend or Distribution to Shareholders, the amount paid by the Corporation shall be in Canadian funds and, subject to Securities Legislation, may be in funds of another currency or currencies as determined by or on behalf of the Corporation. If such amount is to be distributed and paid by the Corporation in a currency other than Canadian currency, such amount, if declared in Canadian currency shall be converted into such other currency or currencies at the rate of exchange determined by the Corporation on the date the dividend or Distribution is declared.

(b) Issuance and Redemption

For the purpose of the issuance and redemption of Shares of a Class, the price and valuation shall be in Canadian funds and may be in funds of another currency or currencies as determined by or on behalf of the Corporation. If such price or valuation is to be in another currency or currencies, the price and valuation in Canadian currency shall be converted into such other currency or currencies at the rate of exchange determined by the Corporation. The Shares of a series of the Class subscribed for or to be redeemed in a currency in which the Series NAV per Share of the relevant series of the Class is determined shall be settled in such currency and in the amount determined on the date the Series NAV per Share of the relevant series of the Class is determined for the purpose of such subscription or redemption request, notwithstanding that the applicable rate of exchange from Canadian currency into the relevant currency or currencies may have changed on the date settlement is made.

7. Redemptions

(a) Redemption by Shareholder

A Shareholder of a Class shall be entitled at any time to make a redemption request to the Corporation, but only in the form and manner as may be accepted by the Corporation from time to time, requiring the Corporation to redeem all or any part of the Shares of the Class held by the Shareholder.

(b) Redemption by the Corporation

The Corporation may redeem all or any part of the Shares of any series of a Class registered in the name of any Shareholder at the Series NAV per Share applicable to such series of Shares being

redeemed by the Corporation determined at the Valuation Time on the day of redemption, and in each case, on such other terms as the Corporation determines to be appropriate in the following circumstances:

- (i) if at any time the aggregate of the Series NAV of all series or any series of Shares held by a Shareholder of the Class is less than the amount specified from time to time in the Prospectus;
- (ii) if at any time a Shareholder of a series of Shares of a Class fails to meet the Eligibility Requirements for the particular series of Shares of such Class;
- (iii) if at any time a Shareholder fails to pay any outstanding fees, charges and expenses applicable to such Shareholder as set forth from time to time in the Prospectus;
- (iv) if the Corporation is permitted or required to do so by Securities Legislation or the Securities Authorities;
- (v) on the termination of a Class or series of a Class held by a Shareholder in accordance with Securities Legislation; and
- (vi) if the holding of Shares of a series of a Class held by a particular Shareholder would, for tax or other reasons, have an adverse effect on other Shareholders, the Corporation or the Class or series of the Class.

(c) **Payment upon Redemption**

Subject to Securities Legislation and the Act, amounts payable by the Corporation in connection with the redemption of Shares of a Class may be paid in cash or *in specie*. The Shares of a Class shall be redeemed as of the relevant Valuation Time and the Shares so redeemed shall be immediately cancelled. The Shareholder shall thereafter cease to have any further rights with respect to such Shares unless the redemption price is not paid, and upon payment of the redemption proceeds, the Corporation shall be discharged from all liability to the Shareholder of the Class with respect to the Shares of the Class so redeemed and the amount so paid.

(d) **Temporary Suspension of Redemption Right**

Notwithstanding anything herein contained or the giving of any notice provided for herein, the Corporation may suspend or postpone, or continue a suspension or postponement of, the right to redeem any Shares of a Class and may postpone the date of payment upon redemption for any period, provided that such suspension or postponement complies with Securities Legislation.

(e) **Payment Where Redemption Suspended**

If the Corporation suspends the right to redeem the Shares of a Class pursuant to section 7(d) of this Part I and the applicable Series NAV per Share has not yet been determined for the purposes of the pricing of redemption requests received prior to the suspension of redemptions, the Valuation Time for the pricing of such redemptions shall be the next following Valuation Time after the suspension of redemptions has ceased.

(f) **Partial Redemption Permitted**

The Corporation may redeem some of the Shares of a Class for which redemption has been requested by a Shareholder and postpone or suspend the redemption of the remaining Shares held by such Shareholder for which redemption has been requested pursuant to the provisions of

section 7(d) of this Part I. With respect to the Shareholders requesting redemption, any partial redemption shall be effected on a *pro rata* basis.

(g) **Withholding Taxes**

If the Corporation redeems all or any part of the Shares of a Class registered in the name of a Shareholder pursuant to section 7 of this Part I, the amount required to be paid to such Shareholder upon the redemption shall be considered to have been fully paid to such Shareholder where the Corporation has paid to such Shareholder such amount net of taxes, if any, required to be withheld under the laws of any country or other jurisdiction.

8. Switches

(a) **Switches by Shareholders**

If authorized by the rights, privileges, restrictions and conditions attaching to a series of Shares of a Class and subject to the Eligibility Requirements for the particular series, a Shareholder of Shares of a series shall be entitled at any time to request a switch of such Shares for Shares of any other series of Shares of the same Class or another Class.

(b) **Exchange by the Corporation**

If at any time a Shareholder who holds Shares of a series of a Class fails to meet the Eligibility Requirements for that particular series of Shares of such Class and such Shares are not redeemed by the Shareholder or the Corporation, the Corporation may exchange such Shares of the series registered in the name of the Shareholder for such number of Shares of another series of Shares of the same Class, as shall be determined by multiplying the Series NAV per Share of the Shares being exchanged by the number of Shares being exchanged and dividing the total by the Series NAV per Share of the series of the Class to be issued on the exchange, all determined at the Valuation Time on the date of exchange and on such other terms as the Corporation determines to be appropriate in the circumstances.

(c) **Certificates**

On any exchange of Shares described in sections 8(a) or 8(b) of this Part I, if the Shares were in certificated form, the certificate or certificates representing the Shares of the series for which such other series shall be exchanged, shall be issued at the expense of the Corporation in the name of the Shareholder whose Shares are being exchanged upon surrender of the share certificate representing the Shares so exchanged.

9. Liquidation, Dissolution or Winding-Up

(a) **Distribution of Remaining Property Amongst Classes**

Subject to the rights, privileges, restrictions and conditions attaching to the Class J Shares, in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or in the event of any other distribution of assets of the Corporation among its Shareholders for the purpose of winding-up its affairs (any, a “**Liquidation Event**”), Shareholders of a Class shall be entitled to participate in the distribution of the remaining property of the Corporation together with all other Classes of Shares based on the relative Class NAVs of that Class and all other Classes of Shares of the Corporation. Distributions of remaining property may be paid in cash or *in specie*.

(b) Distribution Amongst Shareholders of a Class

On a Liquidation Event, Shareholders of each series of Shares of a Class outstanding on the date of distribution of the remaining property shall be entitled to participate in the distribution of the remaining property attributable to the Class based on that series' Proportionate Share, rounded to the number of decimal places as determined to be appropriate by the Corporation, on such date.

(c) Distribution Amongst Shareholders of Each Series

The amount to be paid to a Shareholder in respect of each Share of any series of a Class, shall be that series' Proportionate Share of the remaining property attributable to the Class determined as described in section 9(b) of this Part I divided by the number of Shares of that series of the Class outstanding immediately before such distribution, rounded to the number of decimal places as determined to be appropriate by the Corporation.

- (d)** If a series' Proportionate Share owing in respect of a Share of a series of a Class is not paid in full, the Shares of such series shall participate rateably with the Shares of all other series of the same Class in respect of all amounts payable on the liquidation, dissolution or winding up of the Corporation.

10. Method of Cash Payment

The mailing or other transmission to a Shareholder of any series of a Class at the Shareholder's address as recorded in the register maintained by or on behalf of the Corporation in respect of the particular series of Shares, of a cheque or wire order payable to the order of the Shareholder for the amount of any dividend, Distribution, redemption or purchase proceeds or payment on a Liquidation Event payable in cash shall discharge the Corporation's liability for the dividend, Distribution, redemption or purchase proceeds or payment on a Liquidation Event to the extent of the amount of the cheque or wire order plus the amount of any tax which the Corporation has withheld, unless the cheque is not paid on due presentation or the wire order is not received. In the event of the non-receipt of any cheque or wire order for a dividend, Distribution, redemption or purchase proceeds or payment on a Liquidation Event, the Corporation shall issue to the Shareholder a replacement cheque or wire order for the same amount on such reasonable terms as to indemnity and evidence of non-receipt as the Corporation may require. No Shareholder shall be entitled to recover by action or other legal process against the Corporation any dividend, Distribution, redemption or purchase proceeds or payment on a Liquidation Event that is represented by a cheque that has not been duly presented to a banker of the Corporation for payment, wired by the Corporation or that otherwise remains unclaimed for a period of six (6) years from the date on which it was payable.

11. Mail Service Interruption

If the Corporation determines that mail service is, or is threatened to be, interrupted at the time when the Corporation is required or elects to give any notice hereunder, or is required to send any cheque, certificate or other property to a Shareholder, the Corporation may, notwithstanding the provisions hereof:

- (a)** give such notice by publication thereof once in a daily English language newspaper of general circulation published in Canada and such notice shall be deemed to have been validly given on the day next succeeding its publication in all of such cities; and
- (b)** fulfill the requirement to send such cheque, certificate or other property by arranging for the delivery thereof to such Shareholder by the Registrar and Transfer Agent for the Shares at its principal office in the City of Toronto and such other cities where it carries on business as the Corporation may direct and such cheque, certificate or other property shall be deemed to have been sent on the date on which notice of such arrangement shall have been given as provided in section 11(a) of this Part I provided that as soon as the Corporation determines that mail service is no longer interrupted or threatened to be interrupted, such cheque, certificate or other property, if not theretofore delivered to such Shareholder, shall be sent by mail as herein provided. In the

event that the Corporation is required to mail such cheque, certificate or other property, such mailing shall be made by prepaid mail to the registered address of the designated Person who at the date of mailing is a registered Shareholder and who is entitled to receive such cheque, certificate or other property.

12. Amendments to Articles

The Articles may be amended pursuant to section 173 of the Act to:

- (a) increase or decrease any maximum number of authorized Shares of such Class, or increase any maximum number of authorized Shares of a Class having rights or privileges equal or superior to the Shares of such Class;
- (b) effect an exchange, reclassification or cancellation of all or part of the Shares of such Class; or
- (c) create a new Class of Shares equal or superior to the Shares of such Class;

and no separate class or series vote of the Shareholders shall be required under section 176 of the Act in respect of the amendment, and the Shareholders shall have no dissent right in respect thereof under section 190 of the Act.

13. Authority of Directors to Amend Conditions attached to Series if Shares Unissued

The Articles may be amended by the Corporation to change the rights, privileges, restrictions and conditions attached to a series of a Class provided no Shares of such series are issued. No vote of the Shareholders of the Corporation shall be required under section 173 of the Act or section 176 of the Act and the Shareholders of the Class shall have no dissent rights in respect thereof under section 190 of the Act.

14. Approval of the Shareholders

The approval of the Shareholders of all series of a Class or a particular series of Shares of a Class to add to, change or remove any right, privilege, restriction or condition attaching to the Shares of such Class or series or in respect of any other matter requiring the consent of the Shareholders of such Class or series may be given in such manner as may then be required by the Act and/or Securities Legislation.

The formalities to be observed with respect to the giving of notice of any such meeting or any adjourned meeting, the quorum required therefor and the conduct thereof shall be those from time to time prescribed by the by-laws of the Corporation with respect to meetings of Shareholders of the Corporation, or if not so prescribed, as required by the Act as in force at the time of the meeting or as otherwise required by law.

15. Additional Rights, Privileges, Restrictions and Conditions

- (a) Each Class of Shares and each series of each Class of Shares shall have such name as shall be determined by the directors of the Corporation in their discretion and the directors may designate, from time to time as they deem appropriate, an alternative name or names for any or all of such Classes or series of Shares of any Class or Classes subject to the Act and Securities Legislation.
- (b) The management fees and investment advisory fees payable by the Corporation in respect of each series of Shares of each Class shall be determined from time to time by the directors of the Corporation and shall be set out in the Prospectus for such series.

16. Capital Accounts

- (a) The Corporation may establish and maintain, when authorized from time to time or at any time, a separate capital account for any of its authorized Classes or series of Shares (whether issued or unissued) designated in such resolution. Additions to and deductions from each such capital

account shall be made only in accordance with the provisions of this section 16. Such capital accounts may be expressed in one or more currencies.

(b) Additions To Capital Accounts

- (i) Upon the issuance of Capital Account Shares of any Class or series, the Corporation shall add to the capital account maintained for such Class or series the full amount of the consideration it receives for such Capital Account Shares.
- (ii) Upon the issuance of Capital Account Shares of any Class or series in payment of a dividend as provided in section 4, the Corporation shall add to the capital account maintained for such Class or series the declared amount of the dividend stated as an amount of money.
- (iii) The Corporation may at any time and from time to time add to a capital account maintained by it in respect of Capital Account Shares any amount it has credited to a retained earnings or other surplus account.

(c) Deductions From Capital Accounts

- (i) Upon a purchase, redemption or other acquisition by the Corporation of Capital Account Shares of any Class or series, the Corporation shall deduct from the capital account maintained for such Class or series an amount equal to the result obtained by multiplying the amount of such capital account by the number of Capital Account Shares of that Class or series purchased, redeemed or otherwise acquired, divided by the total number of issued Capital Account Shares of that Class or series immediately before the purchase, redemption or other acquisition.
- (ii) Upon a return of capital pursuant to section 5 above, the Corporation shall deduct the amount of such distribution from the capital account maintained for the Class or series of Capital Account Shares on which such distribution was made.

(d) Adjustments To Capital Accounts

If at any time any Capital Account Shares are converted, exchanged, switched or otherwise changed into Capital Account Shares of another Class or series, the Corporation shall:

- (i) deduct from the capital account maintained for the Class or series of such Capital Account Shares so converted, exchanged or otherwise changed an amount equal to the result obtained by multiplying the amount of such capital account by the number of Capital Account Shares of that Class or series so converted, exchanged, switched or otherwise changed, divided by the number of issued Capital Account Shares of that Class or series immediately before such conversion, exchange or other change; and
- (ii) add the result obtained under sub-paragraph (d)(i) above and any additional consideration received pursuant to such conversion, exchange, switched or other change, to the capital account maintained for the Class or series of Capital Account Shares into which such Capital Account Shares have been converted, exchanged or otherwise changed.

(e) Reduction Of Capital Accounts

The Corporation may at any time and from time to time otherwise reduce the capital account maintained in respect of any Class or series of Capital Account Shares, by any amount that is not representative of the realizable assets of the Corporation, or for any other purpose.

(f) Subject To Share Provisions

For greater certainty, any action taken by the Corporation pursuant to this section 16 shall not be contrary to any of the rights, privileges, restrictions and conditions otherwise attaching to any Capital Account Shares as set out in the Articles and, to the extent of any inconsistency between such action and such rights, privileges, restrictions and conditions, the rights, privileges, restrictions and conditions otherwise attaching to such Capital Account Shares as set out in the Articles shall prevail.

PART II**RIGHTS, PRIVILEGES, RESTRICTIONS AND CONDITIONS ATTACHING TO THE SERIES OF ETF SERIES OF A CLASS**

Each series of ETF Shares of each Class shall consist of an unlimited number of ETF Shares. In addition to the rights, privileges, restrictions and conditions attaching to each Class, each series of such Class shall have attached thereto the following rights, privileges, restrictions and conditions (the “**ETF Shares Conditions**”).

1. Issuance of ETF Shares**(a) Issuance of ETF Shares**

ETF Shares of a series may be issued from time to time by the Corporation at a price per Share equal to the applicable Series NAV per Share determined at the Valuation Time on the Business Day of receipt by or on behalf of the Corporation of a subscription request for such ETF Shares if the Business Day is a Valuation Date. Any subscription request for ETF Shares of a series received on any Business Day which is not a Valuation Date or after the time on a Business Day specified in the Prospectus (in this section 1(a), the “**Previous Day**”) shall be deemed to have been received on the next Business Day (that is a Valuation Date), following such Previous Day (in this section 1(a), the “**Next Day**”) and the Series NAV per Share for the purpose of the issue of the ETF Shares subscribed for will be the Series NAV per Share determined at the Valuation Time on the Next Day and the Next Day shall be the Business Day of deemed receipt of the subscription request.

(b) Fractions of ETF Shares

The Corporation shall not issue fractions of ETF Shares.

2. Consolidations and Subdivision of the Number of ETF Shares

The Corporation may subdivide or consolidate the number of ETF Shares of a series at any time and from time to time into such greater or lesser number of ETF Shares of such series outstanding at the time provided that the Series NAV of such subdivided or consolidated ETF Shares is equal to the Series NAV immediately prior to such subdivision or consolidation and provided that no adjustment to the capital of the applicable series shall be made solely as a result of such consolidation or subdivision.

3. Redemptions and Exchanges**(a) Redemption Price of the ETF Shares**

A Shareholder of ETF Shares of a series shall be entitled to make a redemption request to the Corporation in the form or manner as may be accepted by the Corporation from time to time, requiring the Corporation to redeem all or any part of the ETF Shares of such series held by the Shareholder. The price per ETF Shares at which a redemption request will be processed shall be equal to 95% of the closing price for the ETF Shares of the same series on the Toronto Stock Exchange on the effective day of the redemption, less any applicable redemption fee determined by the manager, in its sole discretion, from time to time. In order for a cash redemption to be effective on a Trading Day, a cash redemption request with respect to the ETF Shares of such series must be delivered to the manager in the form and at the location prescribed by the manager from time to time at or before 9:00 a.m. (Toronto time) on such Trading Day or such other time prior to the Valuation Time on such Trading Day as the manager may permit. Any cash redemption request received after such time will be effective only on the next Trading Day. Shareholders that have delivered a redemption request prior to a dividend or Distribution record date for any Distribution will not be entitled to receive that dividend or Distribution.

(b) Payment upon Redemption

Payment of the redemption proceeds to a Shareholder who has requested redemption of the ETF Shares pursuant to section 2(a) of this Part II shall be made within such time as may be determined by the Corporation in accordance with Securities Legislation, provided such redemption documentation as may be required by the Corporation from time to time has been received by the Corporation.

4. Switches**(a) Switches by a Shareholder of ETF Shares for ETF Shares of the same Class or another Class**

- (i) If a switch is stated to be permitted in the Prospectus and subject to meeting any Eligibility Requirements, Shareholders may switch ETF Shares of any series (the “**Switching Shares**”) into whole ETF Shares of any other series of the same Class, or if applicable, ETF Shares of a series of any other Class (the “**Switched Shares**”) in any week, or such other date as specified by the manager (“**ETF Switch Date**”) by delivering written notice to the Registrar and Transfer Agent and surrendering such shares through the facilities of CDS by 4:00 p.m. (Toronto time) at least one Business Day prior to the ETF Switch Date.
- (ii) For Switching Shares so switched, the Shareholder will receive a number of whole Switched Shares equal to the Series NAV per Switching Share as of the ETF Switch Date, multiplied by the number of Switching Shares so switched, divided by the Series NAV per Switched Share as of the ETF Switch Date. As no fractional ETF Shares will be issued upon switches, any remaining fraction of a Switching Share will be redeemed at its Series NAV.

(b) Exchange of ETF Shares for Baskets of Securities

- (i) A holder of ETF Shares may exchange the applicable PNS (or an integral multiple thereof) on any Trading Day for Baskets of Securities and cash, or in the discretion of the manager, cash only, subject to the requirement that a minimum PNS be exchanged.
- (ii) To be effective on a particular Trading Day, an Exchange Request must be received by the manager at the location prescribed by it from time to time at or before 9:00 a.m. (Toronto time) on a Trading Day, or such other time prior to the Valuation Time on such Trading Day as the manager may permit. If an Exchange Request is not received by the applicable cut-off time, the Exchange Request will be effective only on the next Trading Day.
- (iii) The exchange price will be equal to the applicable Series NAV per Share multiplied by the number of Shares comprising each PNS tendered for exchange determined at the Valuation Time on the effective date of the Exchange Request, payable by delivery of a Basket of Securities (constituted as most recently published prior to the effective date of the Exchange Request) and cash, or in the discretion of the manager, cash only, subject to payment of the applicable cash exchange fee, if any.
- (iv) If any securities in which the Class has invested are cease traded at any time by order of a securities regulatory authority or other relevant regulator or stock exchange, the delivery of Baskets of Securities to a shareholder, dealer or designated broker on an exchange in the PNS may be postponed until such time as the transfer of the Baskets of Securities is permitted by law.