

Horizons ReSolve Adaptive Asset Allocation ETF

March 2023 Commentary

Dear Investor,

The Horizons ReSolve Adaptive Asset Allocation ETF (“HRAA” or the “Fund”) returned -1.77% in March 2023

Name	Ticker	1M (%)	3M (%)	6M (%)	YTD (%)	1YR (%)	3YR (%)	5YR (%)	10YR (%)	SIR* (%)
Horizons ReSolve Adaptive Asset Allocation ETF	HRAA	-1.77	-1.92	-3.12	-1.92	-8.51	--	--	--	2.82
iShares MSCI ACWI ETF	ACWI	3.29	7.41	18.14%	7.41	-6.95	15.44	7.06	8.25	6.17
Vanguard Total World Bond ETF	BNDW	2.62	3.33	4.26	3.33	-4.97	-2.47	--	--	0.61
iShares Core Growth Allocation ETF	AOR	2.74	5.53	12.85%	5.53	-5.46	8.55	4.57	5.92	7.14

Source: Bloomberg, as of March 31st, 2023. HRAA Inception Date: July 30, 2020. ACWI Inception Date: March 26, 2008. BNDW Inception Date: September 4, 2018. AOR Inception Date: November 4, 2008.

The indicated rates of return are the historical annual compounded total returns including changes in per unit value and reinvestment of all distributions, and do not take into account sales, redemption, distribution, or optional charges or income taxes payable by any securityholder that would have reduced returns. The rates of return shown in the table are not intended to reflect future values of the ETF or future returns on investment in the ETF. Only the returns for periods of one year or greater are annualized returns. HRAA metrics are computed in CAD, while those for the other ETFs/index are computed in USD.

*Since Inception Return.

The Fund is designed to be an all-terrain investment solution, actively managing long and short exposures to a diverse universe of global asset classes including equity indices, government bonds, currencies, and commodities.

It combines a core portfolio composed of diversified and risk-balanced global asset classes (beta) with an actively managed macro trading strategy (alpha).



March 2023 Performance Highlights

- ◆ The lion's share of losses derived from short exposure to bonds, primarily the German Bobl, US 5-year and Canadian 10-year, following an acute risk-off move mid-March in the wake of a shock to the US banking sector that reverberated to the opposite side of the Atlantic
- ◆ It's hard to overstate the intensity of the dislocation observed in rates and government bonds markets that resulted from this event, which was "the biggest one-day decline since Oct 1, 1982 (the first discount rate cut following the Sept 1981 all-time peak in yields). To emphasize, today's (March 13th) decline in the 2-year was larger than any one day seen during the 2007 - 2009 financial crisis, following 9/11, and the 1987 stock market crash"¹
- ◆ Among the various bond and rate instruments that suffered outsized dislocations relative to historic observations, they represented anywhere between 4 and 13 standard deviation moves in a single day (see Figures 1 and 2)
- ◆ It is a testament to the strategy's agility and risk management tools that despite a net short exposure to government bonds coming into this episode (which have been an important source of positive returns for the strategy over the last 18 months), HRAA experienced a relatively small loss.
- ◆ Important gains stemmed from grains (long corn and soybeans, short milling wheat) and equities (short UK FTSE and Hang Seng, long Aussie200, and active trading in the S&P500).
- ◆ Metals (short gold, partially offset by long silver), currencies (short Japanese Yen and Swiss Franc) and energies (long crude and natural gas) imposed modest detractions to performance.
- ◆ The core "beta" portfolio was modestly up for the month, while losses in the alpha sleeve were led by seasonality and carry signals.

Table 1: March 2023 Return Attributions

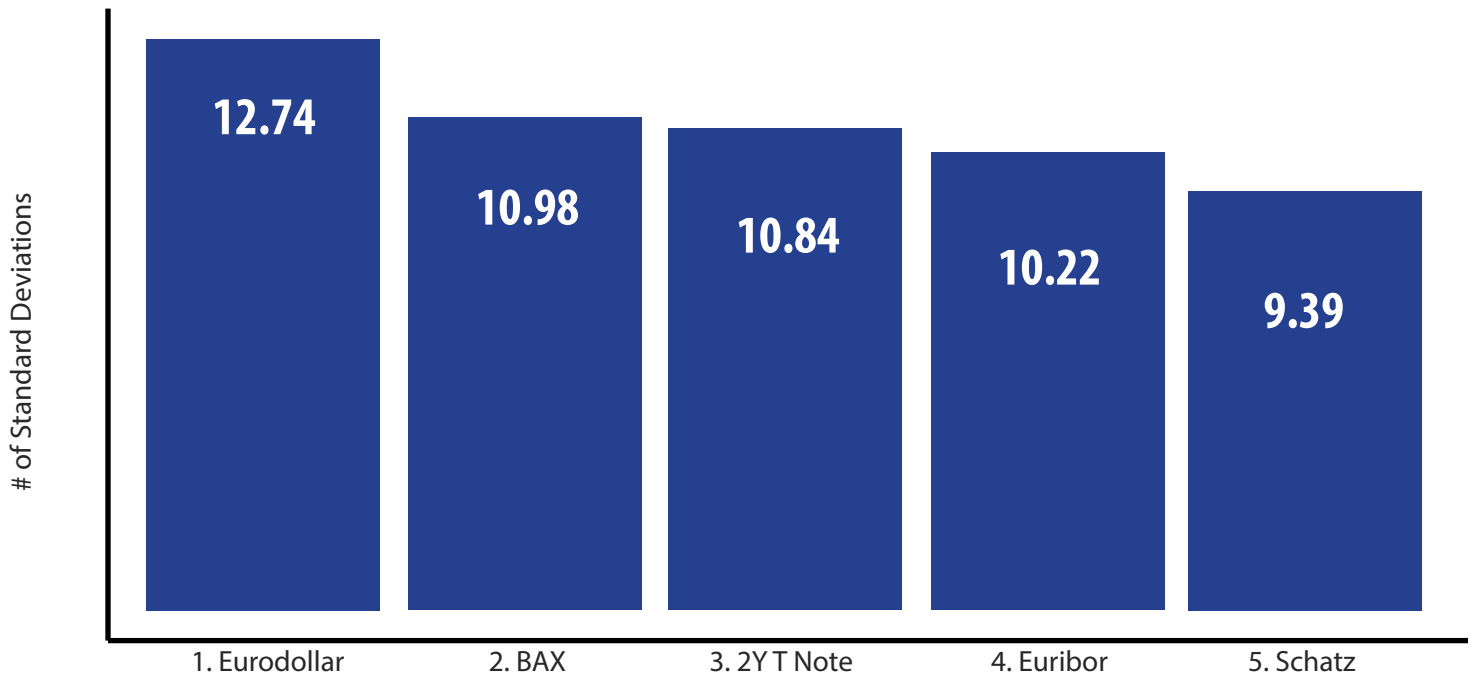
Sector	March (%)	2023 (%)
Bonds	-1.4	-1.2
Currencies	-0.4	-0.3
Energies	-0.3	-1.3
Grains	0.5	0.2
Indices	0.7	2.2
Meats	0.0	0.0
Metals	-0.6	-1.3
Softs	-0.3	0.0
Volatility	-0.1	-0.1
Total	-1.8	-1.9

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS.

Analysis by ReSolve Asset Management SEZC (Cayman). March 2023 return figures as of March 31, 2023. Note: Results may differ due to rounding. Performance is expressed in CAD. Strategy attribution is a best effort approximation due to rounding and trade timing, net of all applicable borrowing costs, fees and fund accruals for the period.

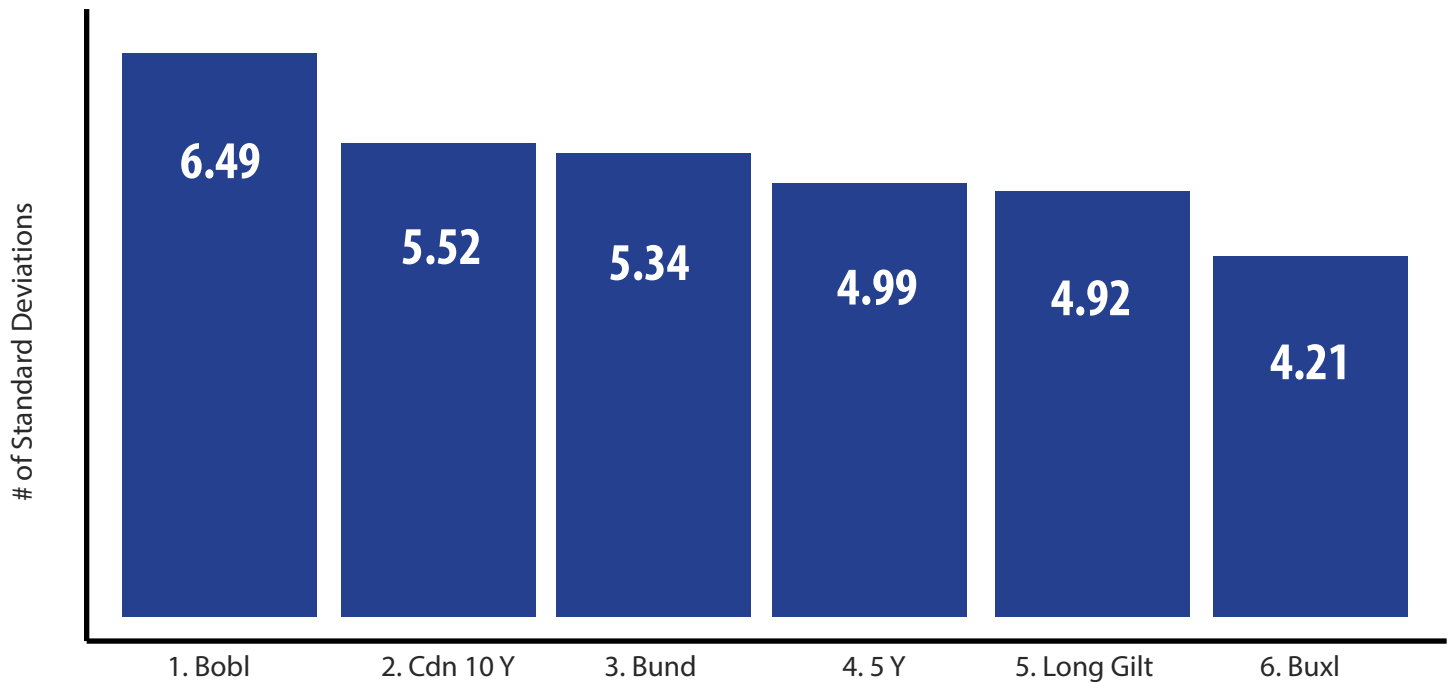
¹Jim Bianco of Bianco Research: <https://twitter.com/biancoresearch/status/1635407339711787008>

Figure 1. Number of Standard Deviations Across Select Rate Markets on March 13th, 2023



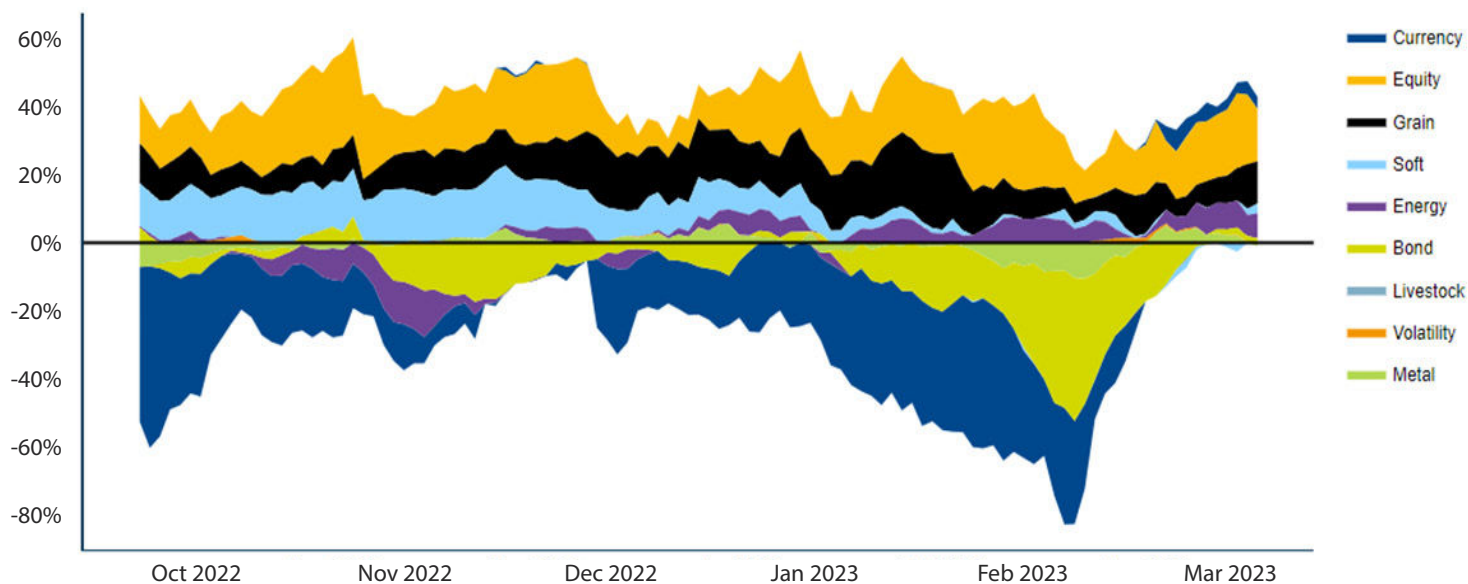
Source: ReSolve Asset Management SEZC (Cayman). Past performance does not predict future returns. Standard deviation was calculated using the close to close returns for each continuous futures market over the past 40 days. Where the standard deviation calculated is below the 5th percentile of standard deviation for the market over the full history of the market, standard deviation is set to the 5th percentile value.

Figure 2. Number of Standard Deviations Across Select Bond Markets on March 13th, 2023



Source: ReSolve Asset Management SEZC (Cayman). Past performance does not predict future returns. Standard deviation was calculated using the close to close returns for each continuous futures market over the past 40 days. Where the standard deviation calculated is below the 5th percentile of standard deviation for the market over the full history of the market, standard deviation is set to the 5th percentile value.

Figure 3: Sector Exposures over the last 6 months



Analysis by ReSolve Asset Management SEZC (Cayman). Note: Strategy exposures are best-effort approximations due to rounding and trade timing. End of month allocations are: Currency 4%; Equity 25%; Grain 11%; Soft -3%; Energy 9%; Bond 2%; Livestock 0%; Volatility 0%; Metal 3%; Total Gross Exposure: 57%; Total Net Exposure: 51%.

All currency pairs are against the USD. The "Currency" portion shown in Chart 1 above should be interpreted as net short global currencies against the USD.

Table 2: March 2023 performance statistics

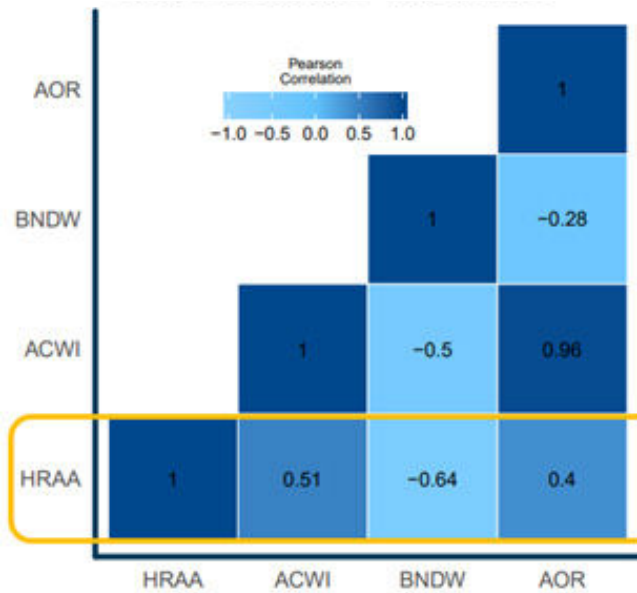
Name	Ticker	March 2023 Returns (%)	YTD 2023 Returns (%)	YTD 2023 Sharpe Ratio	YTD 2023 Standard Deviation (%)	YTD 2023 Max Drawdown (%)
Horizons ReSolve Adaptive Asset Allocation ETF	HRAA	-1.77	-1.92	-1.4	7.7	-5.3
iShares MSCI ACWI ETF	ACWI	3.29	7.41	1.8	14.4	-7.4
Vanguard Total World Bond ETF	BNDW	2.62	3.33	1.2	7.2	-3.8
iShares Core Growth Allocation ETF	AOR	2.74	5.53	1.9	9.6	-5.2

Analysis by ReSolve Asset Management SEZC (Cayman). March and YTD return figures as of March 31, 2023. Data Source: Horizons ETFs, Tiingo, Y-Charts and S&P Dow Jones Indices. Metrics for HRAA are expressed in CAD, while those for ACWI, BNDW and AOR are expressed in USD. Calculations of Standard Deviation, Max Drawdown and Sharpe ratio are based on 2023 year-to-date returns ending on March 31, 2023.

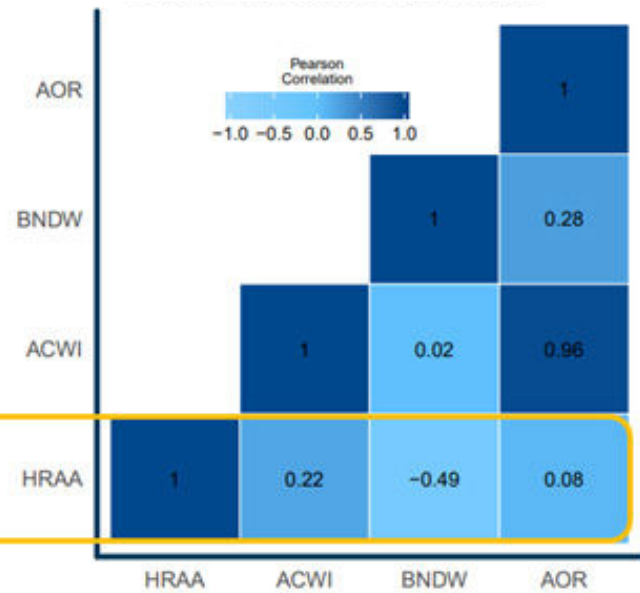
Since HRAA¹ is a globally diversified multi-asset strategy, it is important to show its performance against a cross-section of different assets and asset allocation strategies to highlight its absolute return profile and potential diversification benefits.

The ETFs used in this analysis are selected as benchmark proxies used to represent various asset class exposures. ACWI² represents large-cap global equities, BNDW³ represents global investment-grade bonds, and AOR⁴ represents a growth-oriented balanced portfolio.

Daily Correlations - March 2023



Daily Correlations - 2023 YTD



PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS.

Analysis by ReSolve Asset Management SEZC (Cayman). March and 2023 YTD correlation figures as of March 31, 2023. Data Source: Horizons ETFs, Tiingo, Y-Charts and S&P Dow Jones Indices. Returns for HRAA are expressed in CAD. Returns for ACWI, BNDW and AOR are expressed in USD.

Strategy Highlights

◆ HRAA complements traditional portfolios by striving to **address two vulnerabilities in traditional stock-bond portfolios:**

1. Prolonged bear markets, which investors haven't seen in over a decade
2. Inflationary regimes, which many investors haven't experienced in their lifetime

◆ In these challenging environments, the Fund will strive to provide positive results where most traditional portfolios generally suffer

◆ During concentrated bull markets, HRAA may underperform the highest-returning sectors

Investment Objectives

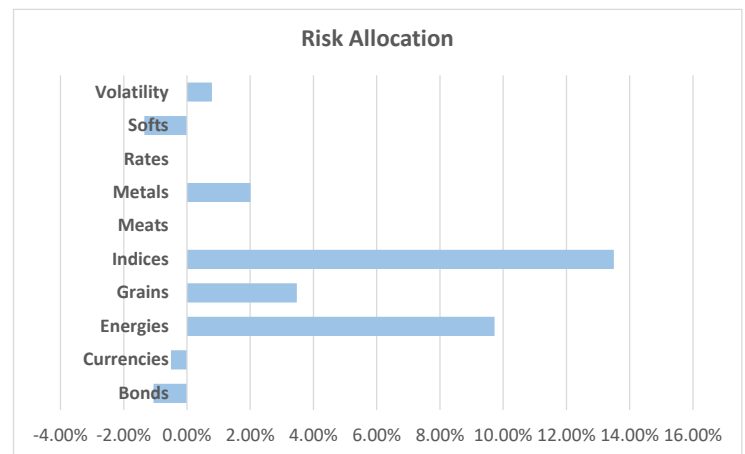
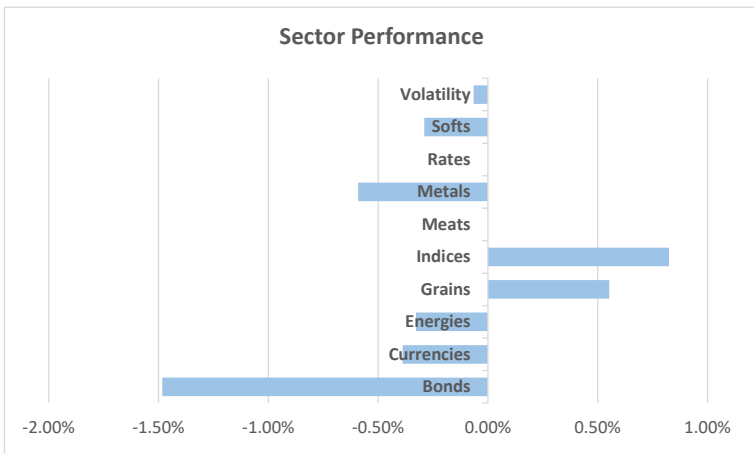
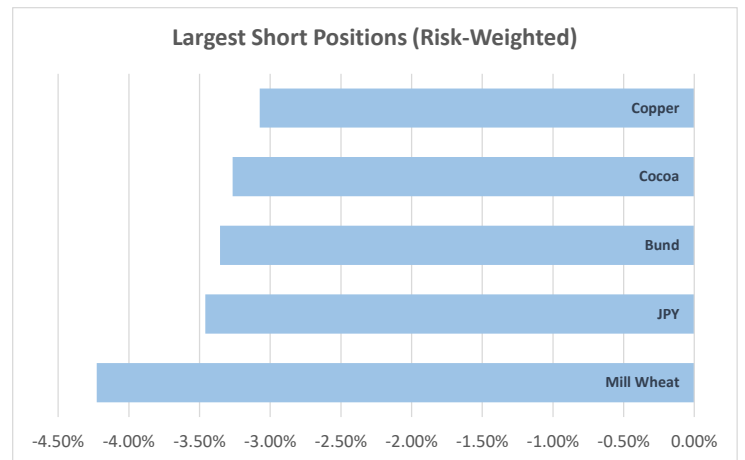
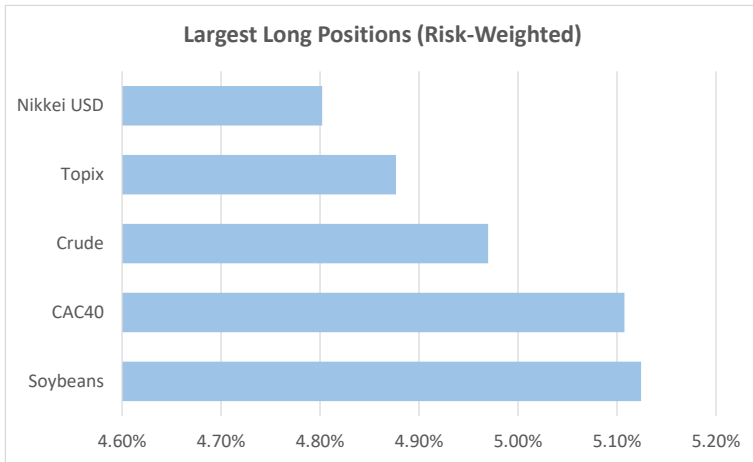
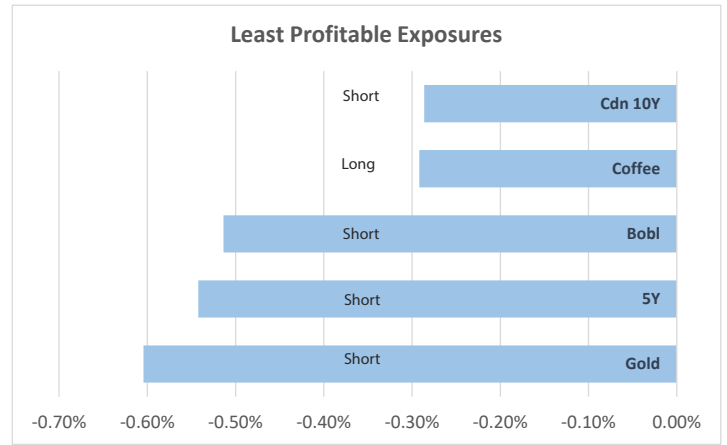
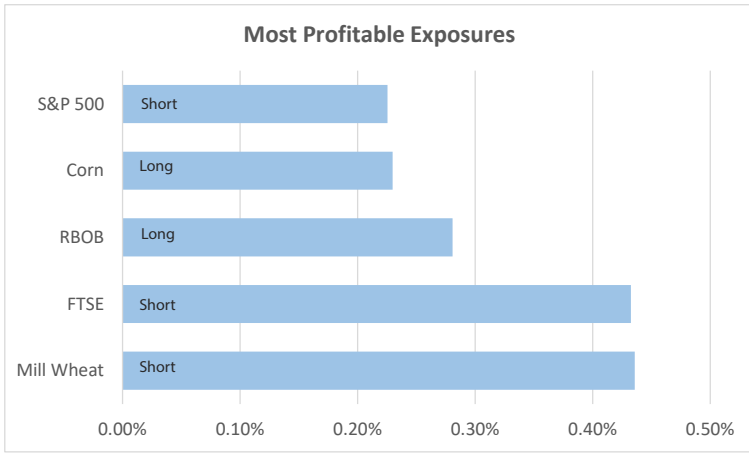
¹The Horizons ReSolve Adaptive Asset Allocation ETF seeks long-term capital appreciation by investing, directly or indirectly, in major global asset classes including but not limited to equity indexes, fixed income indexes, interest rates, commodities, and currencies.

²The iShares MSCI ACWI ETF seeks to track the investment results of an index composed of large and mid-capitalization developed and emerging market equities.

³The Vanguard Total World Bond ETF seeks to track the performance of a broad, market-weighted index that measures the investment return of investment-grade U.S. bonds and investment-grade non-U.S. dollar-denominated bonds.

⁴The iShares Core Growth Allocation ETF seeks to track the investment results of an index composed of a portfolio of underlying equity and fixed income funds intended to represent a growth allocation target risk strategy.

MONTHLY ATTRIBUTIONS



Risk allocation refers to the proportion of total portfolio standard deviation that is expected to derive from a market.

Source: CSI, as at March 31, 2023.



Commissions, management fees and expenses all may be associated with an investment in Horizons ReSolve Adaptive Asset Allocation ETF ("HRAA" or the "ETF") managed by Horizons ETFs Management (Canada) Inc. The ETF is not guaranteed, its value changes frequently and past performance may not be repeated. The prospectus contains important detailed information about the ETF. **Please read the relevant prospectus before investing.**

HRAA is an alternative mutual fund within the meaning of National Instrument 81-102 Investment Funds ("NI 81-102"), and is permitted to use strategies generally prohibited by conventional mutual funds, such as the ability to invest more than 10% of its 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 HRAA.

The Manager and the Sub-Advisor have a direct interest in the management fees and performance fees of the Horizons Exchange Traded Products, and may, at any given time, have a direct or indirect interest in the Horizons Exchange Traded Products or its holdings.

Certain statements may constitute a forward-looking statement, including those identified by the expression "expect" and similar expressions (including grammatical variations thereof). The forward-looking statements are not historical facts but reflect the author's current expectations regarding future results or events. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations. These and other factors should be considered carefully and readers should not place undue reliance on such forward-looking statements. These forward-looking statements are made as of the date hereof and the authors do not undertake to update any forward-looking statement that is contained herein, whether as a result of new information, future events or otherwise, unless required by applicable law.

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