

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and only by persons permitted to sell these securities.



PROSPECTUS

Continuous Offering

August 25, 2023

Horizons S&P/TSX 60™ Index ETF (“Horizons HXT”)
Horizons S&P 500® Index ETF (“Horizons HXS”)
Horizons S&P 500 CAD Hedged Index ETF (“Horizons HSH”)
Horizons S&P/TSX Capped Energy Index ETF (“Horizons HXE”)
Horizons S&P/TSX Capped Financials Index ETF (“Horizons HXF”)
Horizons Cdn Select Universe Bond ETF (“Horizons HBB”)
Horizons NASDAQ-100® Index ETF (“Horizons HXQ”)
Horizons Europe 50 Index ETF (“Horizons HXX”)
Horizons Cdn High Dividend Index ETF (“Horizons HXH”)
Horizons US 7-10 Year Treasury Bond ETF (“Horizons HTB”)
Horizons Laddered Canadian Preferred Share Index ETF (“Horizons HLPR”)
Horizons Intl Developed Markets Equity Index ETF (“Horizons HXDM”)
Horizons Equal Weight Canada REIT Index ETF (“Horizons HCRE”)
Horizons Equal Weight Canada Banks Index ETF (“Horizons HEWB”)
Horizons US Large Cap Index ETF (“Horizons HULC”)
Horizons S&P/TSX Capped Composite Index ETF (“Horizons HXCN”)
Horizons Emerging Markets Equity Index ETF (“Horizons HXEM”)
(the “Index ETFs” and each, an “Index ETF”)

Horizons Carbon Credits ETF (“Horizons CARB”)
Horizons Tactical Absolute Return Bond ETF (“Horizons HARB”)
Horizons Cash Maximizer ETF (“Horizons HSAV”)
Horizons USD Cash Maximizer ETF (“Horizons HSUV.U”)
Horizons Absolute Return Global Currency ETF (“Horizons HARC”)
Horizons ReSolve Adaptive Asset Allocation ETF
(“Horizons HRAA”, and collectively with the Index ETFs, Horizons CARB, Horizons HARB, Horizons HSAV, Horizons HSUV.U and Horizons HARC, the “ETFs” and each an “ETF”)

Horizons ETF Corp. (the “**Company**”) is a mutual fund corporation established under the federal laws of Canada. The authorized capital of the Company includes an unlimited number of non-cumulative, redeemable, non-voting classes of shares (each, a “**Corporate Class**”), issuable in an unlimited number of series, and one class of voting shares designated as “Class J Shares”. Each Corporate Class is a separate investment fund having specific investment objectives and is specifically referable to a separate portfolio of investments. Each ETF will be a separate Corporate Class. Each ETF, except Horizons HARB, currently consists of a single series of exchange traded fund shares (“**ETF Shares**”) of the applicable Corporate Class. Horizons HARB consists of three series of exchange traded fund shares: (i) a total return series of exchange traded fund shares offered for sale in Canadian dollars (the “**Total Return Series Shares**”); (ii) a dividend series of exchange traded fund shares offered for sale in Canadian dollars (the “**Dividend Series Shares**”); and (iii) an unhedged total return series of exchange traded shares offered for sale in U.S. dollars (the “**USD Unhedged Total Return Series Shares**”). The base currency of Horizons HARB is in Canadian dollars. Each ETF Share of Horizons HARB of a series represents an equal, undivided interest in the portion of the ETF’s assets attributable to that series.

The ETFs are exchange traded mutual funds established under the laws of Ontario. Each of Horizons HARC, Horizons HRAA, Horizons CARB and Horizons HARB (the “**Alternative ETFs**”) is an “alternative mutual fund” as defined in National Instrument 81-102 *Investment Funds* (“**NI 81-102**”). An unlimited number of ETF Shares of each Corporate Class of the Company, other than Horizons HSUV.U and the USD Unhedged Total Return Series Shares of Horizons HARB, are being offered for sale on a continuous basis in Canadian dollars by this prospectus (“**Cdn\$ Shares**”). ETF Shares of Horizons HXT, Horizons HXS, Horizons HTB, Horizons HXQ, Horizons HXDM, Horizons HULC, Horizons HSUV.U and the USD Unhedged Total Return Series Shares of Horizons HARB (together with Horizons HXX, Horizons HXEM and Horizons HRAA, but excluding Horizons HSUV.U and the USD Unhedged Total Return Series Shares of Horizons HARB, the “**Dual Currency ETFs**”) are also being offered for sale on a continuous basis, and ETF Shares of Horizons HXX, Horizons HXEM, Horizons HRAA and Horizons CARB may also be offered for sale on a continuous basis, in U.S. dollars by this prospectus (“**US\$ Shares**”). The ETF Shares of each ETF are offered for sale at a price equal to the net asset value of such ETF Shares in the applicable currency next determined following the receipt of a subscription order. To the extent Canadian dollar and U.S. dollar denominated ETF Shares of a Dual Currency ETF are listed for trading on the TSX, subscriptions for US\$ Shares can be made in either U.S. or Canadian dollars.

Horizons ETFs Management (Canada) Inc. (the “**Manager**” or “**Horizons**”), a corporation existing under the federal laws of Canada, is the manager and investment manager of each ETF. The Manager is responsible for providing or arranging for the provision of administrative services required by the ETFs. The Manager also provides investment advisory and investment management services to the ETFs. See “Organization and Management Details of the ETFs”. The Manager is also responsible for (i) engaging the services of CIBC Asset Management Inc. (“**CIBC Asset**”) to act as sub-advisor to Horizons HARC (“**HARC Sub-Advisor**”); (ii) engaging the services of ReSolve Asset Management SEZC (Cayman), to act as sub-advisor to Horizons HRAA (“**HRAA Sub-Advisor**”); and (iii) engaging the services of DMAT Capital Management Inc., to act as sub-advisor to Horizons HARB (the “**HARB Sub-Advisor**”).

Index ETFs

Each Index ETF seeks to replicate, to the extent possible, the performance of a specified market index, net of expenses.

Horizons CARB

Horizons CARB seeks to replicate, to the extent possible and net of expenses, the performance of an index that seeks to provide exposure to investments in cap-and-trade carbon allowances. Currently, Horizons CARB seeks to replicate the performance of the Horizons Carbon Credits Rolling Futures Index (Excess Return), net of expenses.

Horizons CARB seeks to hedge any non-Canadian dollar portfolio exposure back to the Canadian dollar at all times. As a result, the returns of Horizons CARB may differ from those of its Underlying Index, which does not include currency hedging.

Horizons HARB

Horizons HARB seeks to provide positive absolute returns with low volatility over a market cycle regardless of market conditions or general market direction. Horizons HARB will tactically take long and short positions in North American and global debt instruments and derivatives across the credit spectrum. In respect of the Dividend Series Shares, Horizons HARB will also seek to provide consistent income.

Horizons HSAV

Horizons HSAV seeks to generate modest capital growth by investing primarily in high interest deposit accounts with Canadian banks. While any decision to pay dividends or other distributions is within the discretion of the Manager, Horizons HSAV is not currently expected to make any regular distributions.

Horizons HSUV.U

Horizons HSUV.U seeks to generate modest capital growth by investing primarily in high interest U.S. dollar deposit accounts with Canadian banks. While any decision to pay dividends or other distributions is within the discretion of the Manager, Horizons HSUV.U is not currently expected to make any regular distributions.

Horizons HARC

Horizons HARC seeks to generate positive absolute returns through long and short exposure to selected global currencies. Horizons HARC will generally hold Canadian short-term fixed-income securities and will primarily use derivative instruments to gain its exposure to selected global currencies.

Horizons HRAA

Horizons HRAA 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.

See “Investment Objectives”.

The ETF Shares are currently listed and trade on the Toronto Stock Exchange (“TSX”). Investors can buy or sell ETF Shares on the TSX through registered brokers and dealers in the province or territory where the investor resides. The Manager will issue a news release announcing the listing of the US\$ Shares of Horizons HXX, Horizons HXEM, Horizons HRAA or Horizons CARB, as applicable, on or prior to the applicable listing date.

Horizons HSAV and Horizons HSUV.U

If Horizons HSAV or Horizons HSUV.U experiences a significant increase in total NAV, the Manager may, at its sole discretion and if determined to be in the best interests of shareholders of the applicable ETF, decide to suspend subscriptions for new ETF Shares of the applicable ETF if considered necessary or desirable in order to manage potential tax implications and/or to permit Horizons HSAV or Horizons HSUV.U, as applicable, to achieve, or continue to achieve, its investment objectives. During a period of suspended subscriptions, if any, investors should note that ETF Shares of Horizons HSAV or Horizons HSUV.U, as applicable, are expected to trade at a premium or substantial premium to the NAV per ETF Share of Horizons HSAV or Horizons HSUV.U, as applicable. During such periods, investors are strongly discouraged from purchasing ETF Shares of Horizons HSAV or Horizons HSUV.U, as applicable, on a stock exchange.

The Manager announced the suspension of subscriptions for new ETF Shares of Horizons HSAV effective at the close of business on February 3, 2022. This suspension of subscriptions will not affect the ability of Shareholders of Horizons HSAV to sell their ETF Shares in the secondary market at a price reflective of, or potentially higher than, its NAV per ETF Share, assuming normal course market conditions. However, Shareholders and potential investors should note that during a period of suspended subscriptions, the Manager expects ETF Shares of Horizons HSAV to trade at a premium to the NAV per ETF Share. Due to this expected premium, the Manager is strongly discouraging purchases of ETF Shares of Horizons HSAV during this suspension of subscriptions. The Manager currently anticipates that if the NAV of Horizons HSAV were to drop below \$1.5 billion, the Manager would resume subscriptions for ETF Shares of Horizons HSAV. Any subsequent resumption of subscriptions for new ETF Shares of Horizons HSAV will be announced by press release and posted on the Manager's website.

The Manager announced the suspension of subscriptions for new ETF Shares of Horizons HSUV.U effective at the close of business on January 9, 2023. This suspension of subscriptions will not affect the ability of Shareholders of Horizons HSUV.U to sell their ETF Shares in the secondary market at a price reflective of the NAV per ETF Share of Horizons HSUV.U, assuming normal course market conditions. However, Shareholders and potential investors should note that during a period of suspended subscriptions, the Manager expects ETF Shares of Horizons HSUV.U to trade at a premium to the NAV per ETF Share. Due to this expected premium, the Manager is strongly discouraging purchases of ETF Shares of Horizons HSUV.U during this suspension of subscriptions. Any subsequent resumption of subscriptions for new ETF Shares of Horizons HSUV.U will be announced by press release and posted on the Manager's website.

Any other resumption of subscriptions or suspension of subscriptions will also be announced by press release and announced on the Manager's website. A suspension of subscriptions, if any, will not affect the ability of existing Shareholders to sell their ETF Shares in the secondary market at a price reflective of, or potentially higher than, the NAV per ETF Share, assuming normal course market conditions. See "Risk of Suspended Subscriptions – Horizons HSAV, Horizons HSUV.U and Horizons CARB".

Additional Considerations

The Company also offers other ETFs pursuant to other prospectuses, each of which is a separate investment fund having specific investment objectives and will be specifically referable to a separate portfolio of investments.

The Alternative ETFs are alternative mutual funds within the meaning of NI 81-102, and are permitted to use strategies generally prohibited by conventional mutual funds, 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 Alternative ETFs, during certain market conditions they may accelerate the risk that an investment in ETF Shares of such Alternative ETF decreases in value.

Each of the ETFs will comply with all requirements of NI 81-102, as such requirements may be modified by exemptive relief obtained on behalf of the ETFs. ETF Shares of each Index ETF are, in the opinion of the Manager, index participation units within the meaning of NI 81-102. Accordingly, in the opinion of the Manager, mutual funds may purchase ETF Shares of the Index ETFs without regard to the control, concentration or "fund of funds" restrictions of NI 81-102. No purchase of ETF Shares of an Index ETF should be made solely in reliance on the above statements.

The Manager, on behalf of each ETF, has entered into or will enter into agreements with registered dealers (each, a "**Designated Broker**" or "**Dealer**"), which among other things, enables or will enable such Dealers and the Designated Broker to purchase and redeem ETF Shares directly from an ETF. Holders of ETF Shares of an ETF (the "**Shareholders**") may dispose of their ETF Shares in three ways: (i) by selling their ETF Shares on the TSX at the full market price, less any customary brokerage commissions and expenses; (ii) by redeeming or exchanging a prescribed number of ETF Shares (a "**PNS**") for cash only or cash and/or securities; or (iii) by redeeming ETF Shares for cash at a redemption price per ETF Share of 95% of the closing price in the appropriate currency on the TSX on the effective day of redemption, subject to a maximum redemption price per ETF Share equal to the net asset value per ETF Share on the effective day of redemption. Holders of US\$ Shares of a Dual Currency ETF may request that their redemption proceeds be paid in U.S. or Canadian dollars. Holders of USD Unhedged Total Return Series Shares of Horizons HARB will receive their redemption proceeds in U.S. dollars. Shareholders are advised to consult their brokers or investment advisers before redeeming ETF Shares for cash. Each ETF will also offer additional redemption options which are available where a Shareholder or Dealer or Designated Broker, as applicable, redeems or exchanges a PNS. See "Purchases of ETF Shares" and "Redemption and Switching of ETF Shares".

No Designated Broker, Dealer and/or Counterparty has been involved in the preparation of this prospectus nor has any Designated Broker, Dealer and/or Counterparty performed any review of the contents of this prospectus and the Securities Regulatory Authorities (as hereinafter defined) have provided the ETFs with a decision exempting the ETFs from the requirement to include a certificate of an underwriter in the prospectus. No Designated Broker, Dealer and/or Counterparty is an underwriter of the ETFs in connection with the distribution by the ETFs of their ETF Shares under this prospectus.

For a discussion of the risks associated with an investment in ETF Shares, see “Risk Factors”.

Although Horizons HSAV and Horizons HSUV.U primarily invest in bank deposit accounts, neither Horizons HSAV nor Horizons HSUV.U is covered by the Canada Deposit Insurance Corporation, the Federal Deposit Insurance Corporation or any other government deposit insurer.

Provided that the Company continues to qualify as a “mutual fund corporation” (and, in particular, a “public corporation”) within the meaning of the Tax Act, or the ETF Shares of a particular class are listed on a “designated stock exchange” within the meaning of the Tax Act (which currently includes the TSX), the ETF Shares of such class, if issued on the date hereof, would be on such date qualified investments under the Tax Act for a trust governed by a RRSP, RRIIF, RDSP, DPSP, RESP, TFSA or FHSA (each as defined below, and collectively, “**Registered Plans**”).

Registrations and transfers of ETF Shares will be effected only through the book-entry only system administered by CDS Clearing and Depository Services Inc. Beneficial owners will not have the right to receive physical certificates evidencing their ownership.

Additional information about each ETF is or will be available in its most recently filed annual and interim financial statements, its most recently filed annual and interim management report of fund performance and its most recently filed ETF Facts (as defined below) of that ETF. These documents are or will be incorporated by reference into this prospectus which means that they legally form part of this prospectus. You can get a copy of these documents at your request, and at no cost, by calling the Manager at 416-933-5745 or 1-866-641-5739 (toll-free), by e-mail at info@HorizonsETFs.com or from your dealer. These documents are or will also be available on the Manager’s website at www.HorizonsETFs.com. These documents and other information about each of the ETFs are or will also be available on the website of SEDAR+ at www.sedarplus.ca. For further details, see “Documents Incorporated by Reference”.

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**CERTIFICATE OF HORIZONS ETF CORP.
(ON BEHALF OF THE ETFS), THE MANAGER
AND PROMOTER..... C-1**

GLOSSARY

Unless otherwise indicated, the references to dollar amounts in this prospectus are to Canadian dollars and all references to times in this prospectus are to Toronto time. The following terms have the following meaning:

“**Adjusted NAV per ETF Share**” has the meaning ascribed to such term under the heading “Fees and Expenses – Fees and Expenses Payable by the ETFs – Performance Fee – Horizons HRAA”;

“**Acceptable Counterparty**” means a Canadian chartered bank that has a designated rating, or an affiliate of a Canadian chartered bank whose obligations are guaranteed by a Canadian chartered bank that has a designated rating and “**Acceptable Counterparties**” means more than one of them;

“**allowable capital loss**” has the meaning ascribed to such term under the heading “Income Tax Considerations – Taxation of Holders of ETF Shares”;

“**Alternative ETFs**” means, collectively, Horizons HARC, Horizons HRAA, Horizons CARB and Horizons HARB; and “**Alternative ETF**” means any one of them;

“**Bank Holiday**” means any business day that deposit taking banks in the United States or Canada are not open for business;

“**Basket of Securities**” means a group of shares, bonds or other securities, including but not limited to one or more exchange traded funds or securities, as determined by the Manager and/or the HARB Sub-Advisor from time to time for the purpose of subscription orders, exchanges, redemptions or for other purposes;

“**Broad Markets**” means major North American equity markets;

“**Bond ETFs**” means, together, Horizons HBB, Horizons HTB and Horizons HLPR; and “**Bond ETF**” means any one of them;

“**business day**” means a day upon which sessions of the TSX and applicable Reference Markets, as applicable, are held and such other date determined appropriate by the Manager;

“**Canadian securities legislation**” means the securities laws in force in each province and territory of Canada, all regulations, rules, orders and policies made thereunder and all multilateral and national instruments adopted by the Securities Regulatory Authorities in such jurisdictions;

“**Capital Gains Dividend**” has the meaning ascribed thereto under the heading “Income Tax Considerations – Taxation of the Company”;

“**Capital Gains Redemption**” has the meaning ascribed thereto under the heading “Income Tax Considerations – Taxation of the Company”;

“**Carbon Credit Futures**” has the meaning ascribed to that term under the heading “The Indexes – Horizons Carbon Credits Rolling Futures Index (Excess Return)”;

“**Cash Redemption**” has the meaning ascribed to such term under the heading “Redemption and Switching of Shares – Redemption – Redemption of ETF Shares for Cash for ETFs other than Horizons HXX”;

“**Cash Subscription**” means a subscription order for ETF Shares of an ETF that is paid in full in the applicable currency;

“**Cdn\$ Shares**” has the meaning ascribed to such term on the face page hereof;

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

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

“**CFTC**” means the U.S. Commodity Futures Trading Commission;

“**CIBC**” means Canadian Imperial Bank of Commerce;

“**CIBC Asset**” means CIBC Asset Management Inc.;

“**CIBC Mellon Global**” means CIBC Mellon Global Securities Services Company;

“**CIBC SLA**” means the securities lending agreement with CIBC, pursuant to which CIBC is a securities lending agent for the ETFs;

“**Class J Shares**” means the voting, non-participating Class J shares of the Company;

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

“**Constituent Issuers**” means the issuers included in an Underlying Index or portfolio of an Index ETF from time to time, if any, or where the Manager uses a representative “sampling” methodology, the issuers included in the representative sample of issuers intended to replicate the Underlying Index as determined from time to time by the Manager or Index Provider as the case may be;

“**Constituent Securities**” means the securities included in an Underlying Index or portfolio of an Index ETF from time to time, if any, or where the Manager uses a representative “sampling” methodology, the securities included in the representative sample of issuers intended to replicate the Underlying Index as determined from time to time by the Manager or Index Provider as the case may be;

“**Corporate Class**” has the meaning ascribed to such term on the face page hereof;

“**Counterparty**” means a party with which an ETF will enter into a Swap or a Forward Document, including Acceptable Counterparties;

“**CRA**” means the Canada Revenue Agency;

“**CRS Rules**” has the meaning ascribed to such term under the heading “Other Material Facts – Exchange of Tax Information”;

“**Custodian**” means CIBC Mellon Trust Company;

“**Custodian Agreement**” means the custodial services agreement among the Manager and CIBC Mellon Trust Company as may be further supplemented, amended and/or amended and restated from time to time;

“**currency pair**” has the meaning ascribed to that term under the heading “Investment Strategies – Horizons HARC”;

“**Dealer**” means a registered dealer (that may or may not be a Designated Broker) that has entered into a Dealer Agreement on behalf of one or more ETFs, pursuant to which the Dealer may subscribe for ETF Shares as described under the heading “Purchases of ETF Shares”;

“**Dealer Agreement**” means an agreement among the Manager, on behalf of an ETF, the Company and a Dealer;

“**derivatives**” means an instrument, agreement or security, the market price, value or payment obligations of which is derived from, referenced to or based on an underlying interest;

“**Designated Broker**” means a registered dealer that has entered into a Designated Broker Agreement on behalf of one or more ETFs, pursuant to which the Designated Broker agrees to perform certain duties in relation to an ETF;

“**Designated Broker Agreement**” means an agreement among the Manager, on behalf of an ETF, the Company and a Designated Broker;

“**DFA Rules**” has the meaning ascribed to such term under the heading “Income Tax Considerations – Taxation of the Company”;

“**Distribution Record Date**” means a date determined by the Manager as a record date for the determination of holders of ETF Shares entitled to receive a distribution;

“**Dividend Series Shares**” means the dividend series of exchange traded fund shares of Horizons HARB offered for sale in Canadian dollars;

“**DPSP**” means a deferred profit sharing plan within the meaning of the Tax Act;

“**Dual Currency ETFs**” means, collectively, Horizons HXT, Horizons HXS, Horizons HTB, Horizons HXQ, Horizons HXX, Horizons HXDM, Horizons HULC, Horizons HXEM and Horizons HRAA (to the extent Canadian dollar and U.S. dollar denominated ETF Shares of such ETFs are listed for trading on the TSX); and “**Dual Currency ETF**” means any one of them;

“**EIFEL Rules**” has the meaning ascribed to such term under the heading “Risk Factors – Tax-Related Risks”.

“**ESG**” means the generally accepted standards of Environmental, Social, and Governance criteria established by the Manager;

“**Equity ETFs**” means, collectively, Horizons HXT, Horizons HXS, Horizons HSH, Horizons HXE, Horizons HXF, Horizons HXQ, Horizons HXX, Horizons HXH, Horizons HXDM, Horizons HCRE, Horizons HEWB, Horizons HULC, Horizons HXCN and Horizons HXEM; and “**Equity ETF**” means any one of them;

“**ETF Managers**” means the Manager and its respective principals and affiliates (each, an “**ETF Manager**”);

“**ETF**” means the exchange-traded mutual funds offered under this prospectus;

“**ETF Facts**” means the ETF Facts document prescribed by Canadian securities legislation in respect of an exchange traded fund, which summarizes certain features of the exchange traded fund and which is publicly available at www.sedarplus.ca and provided or made available to registered dealers for delivery to purchasers of securities of an exchange-traded mutual fund;

“**ETF Shares**” means the non-voting, exchange-traded fund series of shares of an ETF and “**ETF Share**” means any one of them;

“**ETF Switch Date**” means the date upon which Switches between Corporate Classes are permitted, as determined by the Manager;

“**EUA**” means a European Union Allowance unit under the European Union Emissions Trading Scheme;

“**ETFs**” has the meaning ascribed to such term on the face page hereof;

“**Exchange/Redemption Deadline**” means, for an ETF, the applicable exchange/redemption deadline published by Horizons on its website at www.horizonsetfs.com from time to time, or such other time as may be acceptable to Horizons in its sole discretion;

“**Exchange Traded Product**” means an exchange traded fund or an exchange traded note traded on a North American exchange;

“**FHSA**” means a first home savings account within the meaning of the Tax Act;

“**forward contracts**” means agreements between two parties to buy or sell an asset at a specified point of time in the future at a predetermined price;

“**Forward Documents**” means agreements evidencing cash-settled forward transactions related to the Underlying Index that the ETF has entered into or may enter into with a Counterparty, which transactions are collateralized through an interest-bearing cash account and T-Bills;

“**Fund Administration Agreement**” means the amended and restated fund administration services agreement between the Manager and CIBC Mellon Global, as may be further supplemented, amended and/or amended and restated from time to time;

“**futures contracts**” means standardized contracts entered into on domestic or foreign exchanges which call for the future delivery of specified quantities of various assets such as stocks, bonds, agricultural commodities, industrial commodities, currencies, financial instruments, energy products or metals at a specified time and place. The terms and conditions of futures contracts of a particular commodity are standardized and as such, are not subject to any negotiation between the buyer and seller. The contractual obligations, depending upon whether one is a buyer or a seller, may be satisfied either by taking or making, as the case may be, physical delivery of an approved grade of commodity or by making an offsetting sale or purchase of an equivalent but opposite futures contract on the same exchange prior to the designated date of delivery. The difference between the price at which the futures contract is sold or purchased and the price paid for brokerage commissions, constitutes the profit or loss to the trader. In market terminology, a trader who purchases a futures contract is “long” in the market and a trader who sells a futures contract is “short” in the market. Before a trader closes out his or her long or short position by an offsetting sale or purchase, his or her outstanding contracts are known as “open trades” or “open positions”. The aggregate amount of open long or short positions held by traders in a particular contract is referred to as the “open interest” in such contract;

“**GST/HST**” means taxes exigible under Part IX of the *Excise Tax Act* (Canada) and the regulations made thereunder;

“**HARB High Water Mark**” has the meaning ascribed to such term under the heading “Fees and Expenses – Fees and Expenses Payable by the ETF – Performance Fee – Horizons HARB”;

“**HRAA High Water Mark**” has the meaning ascribed to such term under the heading “Fees and Expenses – Fees and Expenses Payable by the ETFs – Performance Fee – Horizons HRAA”;

“**HARB Performance Fee**” has the meaning ascribed to such term under the heading “Fees and Expenses – Fees and Expenses Payable by the ETFs – Performance Fee – Horizons HARB”;

“**HRAA Performance Fee**” has the meaning ascribed to such term under the heading “Fees and Expenses – Fees and Expenses Payable by the ETFs – Performance Fee – Horizons HRAA”;

“**HARB Sub-Advisor**” means DMAT Capital Management Inc., in its capacity as sub-advisor of the ETF;

“**HARC Sub-Advisor**” means CIBC Asset, in its capacity as sub-advisor of Horizons HARC;

“**HRAA Sub-Advisor**” means ReSolve Asset Management SEZC (Cayman), in its capacity as sub-advisor of Horizons HRAA;

“**HARB Sub-Advisory Agreement**” means the portfolio sub-advisory agreement made between the HARB Sub-Advisor and the Manager, as supplemented, amended, or amended and restated from time to time;

“**HARC Sub-Advisory Agreement**” means the portfolio sub-advisory agreement made between the HARC Sub-Advisor and the Manager, as supplemented, amended, or amended and restated from time to time;

“**HRAA Sub-Advisory Agreement**” means the portfolio sub-advisory agreement made between the HRAA Sub-Advisor and the Manager, as supplemented, amended, or amended and restated from time to time;

“**Holder**” has the meaning ascribed to such term under “Income Tax Considerations”;

“**Horizons**” means Horizons ETFs Management (Canada) Inc., the Manager of the ETFs;

“**Hurdle Rate**” has the meaning ascribed to such term under the heading “Fees and Expenses – Fees and Expenses Payable by the ETFs – Performance Fee – Horizons HARB”;

“**IFRS**” means the International Financial Reporting Standards;

“**Index ETFs**” has the meaning ascribed to such term on the cover page of this prospectus;

“**Index Level**” means the level of an Underlying Index as calculated by an Index Provider from time to time;

“**Index Provider**” (i) with respect to a particular Index ETF, means the third-party provider of the relevant Underlying Index, with which the Manager has entered into a License Agreement to use the relevant Underlying Index and certain trademarks in connection with the operation of the Index ETF; and (ii) with respect to Horizons CARB, means Horizons, in its capacity as the index provider of the Underlying Index of Horizons CARB;

“**Index Securities**” means, with respect to an Index ETF, the securities of: (i) the Constituent Issuers included in its Underlying Index; or (ii) the exchange traded funds that issue index participation units and that are based on its Underlying Index;

“**IRC**” means the independent review committee of an ETF established under NI 81-107;

“**Leveraged ETFs**” means the leveraged Exchange Traded Products, including Exchange Traded Products managed by Horizons;

“**Listed Funds**” means exchange traded funds that issue index participation units, or exchange traded funds in respect of which the Manager has obtained exemptive relief from certain of the control, concentration or “fund of fund” restrictions of NI 81-102;

“**License Agreement**”, with respect to a particular Index ETF, means, collectively, the master licence agreement and any related product licence agreements between the Manager, on behalf of itself and the exchange traded funds party thereto, and the Index Provider, as may be amended from time to time, pursuant to which the Index Provider has agreed to license the Underlying Index and certain trademarks of such Index Provider to the Manager for use in connection with the Index ETF;

“**Management Agreement**” means the master management agreement between the Company and the Manager, as amended;

“**Management Fee**” has the meaning ascribed to such term under the heading “Summary of Fees and Expenses – Fees and Expenses Payable by the ETF”;

“**Management Fee Rebate**” has the meaning ascribed to such term under the heading “Summary of Fees and Expenses – Fees and Expenses Payable by the ETF”;

“**Manager**” means Horizons ETFs Management (Canada) Inc., in its capacity as investment fund manager of the ETFs;

“**Mirae Asset**” means Mirae Asset Global Investments Co., Ltd.;

“**NAV**” or “**net asset value**” means the applicable net asset value calculated at the Valuation Time on each Valuation Day;

“**NBC**” means National Bank of Canada;

“**NBF**” means National Bank Financial Inc.;

“**NBF SLAA**” means the securities lending agency agreement with NBF, pursuant to which NBF may act as a securities lending agent for the ETFs;

“**NI 81-102**” means National Instrument 81-102 *Investment Funds*;

“**NI 81-106**” means National Instrument 81-106 *Investment Fund Continuous Disclosure*;

“**NI 81-107**” means National Instrument 81-107 *Independent Review Committee for Investment Funds*;

“**Ordinary Dividends**” has the meaning ascribed to such term under the heading “Income Tax Considerations – Taxation of Holders of ETF Shares”;

“**Permitted Merger**” has the meaning ascribed to such term under the heading “Shareholder Matters”;

“**PNS**” means, in relation to an ETF, the prescribed number of ETF Shares of that ETF determined by the Manager from time to time for the purpose of subscription orders, redemptions or for other purposes;

“**Promoter**” means Horizons, in its capacity as promoter of the ETFs;

“**Proxy Voting Policy**” has the meaning ascribed to such term under the heading “Proxy Voting Disclosure for Portfolio Securities Held”;

“**RDSP**” means a registered disability savings plan within the meaning of the Tax Act;

“**Redemption Non-Standard Adjustment**” has the meaning ascribed to such term under the heading “Redemption and Switching of ETF Shares”;

“**reference assets**” has the meaning ascribed to such term under the heading “Investment Strategies – Swap Agreements”;

“**Reference Markets**” means any one or more of the Chicago Mercantile Exchange, Chicago Board of Trade, Sydney Futures Exchange, Montreal Stock Exchange, New York Stock Exchange, Intercontinental Exchange, NASDAQ, Singapore Exchange, Eurex Deutschland, Commodity Exchange, Inc. or New York Mercantile Exchange;

“**Registered Plan**” means a trust governed by an RRSP, RRIF, TFSA, FHSA, RESP, RDSP or DPSP;

“**REIT**” has the meaning ascribed to such term under the heading “Risk Factors – Real Estate Investments Risk (Horizons HCRE)”;

“**Relative Weight**” means in respect of an Underlying Index, the quoted market value of an individual Constituent Issuer or a potential Constituent Issuer of such Underlying Index, as applicable, divided by the aggregate quoted market value of that Underlying Index;

“**REOC**” has the meaning ascribed to such term under the heading “Risk Factors – Real Estate Investments Risk (Horizons HCRE)”;

“**RESP**” means a registered education savings plan within the meaning of the Tax Act;

“**RRIF**” means a registered retirement income fund within the meaning of the Tax Act;

“**RRSP**” means a registered retirement savings plan within the meaning of the Tax Act;

“**S&P**” means S&P Opco, LLC;

“**Sales Tax**” means all applicable provincial and federal sales, value added or goods and services taxes, including GST/HST;

“**Sector Market**” means a specific commodity, currency, fixed-income or equity sector located anywhere in the world;

“**Securities Redemption**” has the meaning ascribed to such term under the heading “Redemption and Switching of ETF Shares – Redemption – Redemption of ETF Shares for Cash for ETFs other than Horizons HXX”;

“**Securities Regulatory Authorities**” means 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;

“**Securities Subscription**” means a subscription order for ETF Shares of an ETF, other than Horizons HXX, in the applicable currency that is paid in full with a combination of securities and cash;

“**Shareholder**” means the holder of an ETF Share of an ETF;

“**Solactive**” means Solactive AG;

“**strong side currency**” has the meaning ascribed to that term under the heading “Investment Strategies – Horizons HARC”;

“**Subscription Deadline**” means, for an ETF, the applicable subscription deadline published by Horizons on its website at www.horizonsetfs.com from time to time, or such other time as may be acceptable to Horizons in its sole discretion;

“**Swap**” has the meaning ascribed to such term under the heading “Investment Strategies – Swap Agreements”;

“**Switch**” means a switch of shares of one Corporate Class of the Company to shares of another Corporate Class of the Company;

“**Switch NAV Price**” means the NAV per share of the relevant series of shares of the relevant Corporate Class of the Company on the applicable ETF Switch Date;

“**Switched Shares**” has the meaning ascribed to such term under the heading “Redemption and Switching of ETF Shares – Switches”;

“**T-Bills**” means short-term U.S., Canadian federal or provincial treasury bills;

“**Tax Act**” means the *Income Tax Act* (Canada) and the regulations thereunder, as amended from time to time;

“**Tax Amendments**” means proposed amendments to the Tax Act publicly announced by the Minister of Finance (Canada) prior to the date hereof;

“**Tax Treaties**” has the meaning ascribed to such term under the heading “Risk Factors – Tax-Related Risks”;

“**taxable capital gain**” has the meaning ascribed to such term under the heading “Income Tax Considerations – Taxation of Holders of ETF Shares”;

“**TFSA**” means a tax-free savings account within the meaning of the Tax Act;

“**Total Return Series Shares**” means the total return series of exchange traded fund shares of Horizons HARB offered for sale in Canadian dollars;

“**Trading Day**” means, in respect of (A) an Equity ETF, a day on which (i) a session of the TSX is held; (ii) the principal exchange for the securities to which the Equity ETFs are exposed is open for trading; and (iii) an Index Provider calculates and publishes data relating to the applicable Underlying Index; (B) a Bond ETF, a day on which (i) a session of the TSX is held; (ii) the principal market for the securities to which the Bond ETF is exposed is open for trading; (iii) the Index Provider calculates and publishes data relating to the applicable Underlying Index; and (iv)

is a day that deposit taking banks in Canada are open for business; (C) Horizons HSAV, a day on which (i) a session of the TSX is held, and (ii) a day that deposit taking banks in Canada are open for business; (D) Horizons HARC and Horizons HRAA, a day on which a session of the TSX and New York Stock Exchange is held; (E) Horizons HSUV.U, a day on which (i) a session of the TSX is held; (ii) the principal markets for the investments to which Horizons HSUV.U is exposed are open for trading; and (iii) is a day that deposit taking banks in Canada are open for business; and (F) Horizons CARB and Horizons HARB, a day on which (i) a session of the TSX is held; (ii) the principal exchanges for the securities held by the ETF are open for trading; and (iii) it is not a Bank Holiday;

“**Transfer Agent and Registrar**” means TSX Trust Company;

“**TSX**” means the Toronto Stock Exchange;

“**USD Unhedged Total Return Series Shares**” means the unhedged total return series of exchange traded shares of Horizons HARB offered for sale in U.S. dollars;

“**Underlying Index**” means (i) in respect of the Index ETFs, the index tracked by an Index ETF as stated in its investment objectives, or a replacement or alternative benchmark or index that applies substantially similar criteria to those currently used by the Index Provider for the benchmark or index, or a successor index that is substantially comprised of or would be substantially comprised of the same Constituent Securities or similar contracts or instruments, which is used by the Index ETF in relation to that Index ETF’s investment objective, and (ii) in respect of Horizons CARB, an index that replicates the returns generated over time through exposure to investments in cap-and-trade carbon allowances which is used by Horizons CARB in relation to Horizons CARB’s investment objective, with the current Underlying Index of Horizons CARB being the Horizons Carbon Credits Rolling Futures Index (Excess Return), and “**Underlying Indexes**” means more than one of them;

“**US\$ Shares**” has the meaning ascribed to such term on the face page hereof;

“**Valuation Agent**” means CIBC Mellon Global, who the Manager has retained to provide accounting and valuation services in respect of the ETFs;

“**Valuation Day**” means, for a class of ETF Shares, a day upon which a session of the TSX is held and any other day determined appropriate by Horizons;

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

“**weak side currency**” has the meaning ascribed to that term under the heading “Investment Strategies – Horizons HARC”.

PROSPECTUS SUMMARY

The following is a summary of the principal features of this distribution and should be read together with the more detailed information and financial data and statements contained elsewhere in this prospectus or incorporated by reference in the prospectus. Capitalized terms not defined in this summary are defined in the Glossary.

The ETFs

Horizons S&P/TSX 60™ Index ETF (“**Horizons HXT**”)
 Horizons S&P 500® Index ETF (“**Horizons HXS**”)
 Horizons S&P 500 CAD Hedged Index ETF (“**Horizons HSH**”)
 Horizons S&P/TSX Capped Energy Index ETF (“**Horizons HXE**”)
 Horizons S&P/TSX Capped Financials Index ETF (“**Horizons HXF**”)
 Horizons Cdn Select Universe Bond ETF (“**Horizons HBB**”)
 Horizons NASDAQ-100® Index ETF (“**Horizons HXQ**”)
 Horizons Europe 50 Index ETF (“**Horizons HXX**”)
 Horizons Cdn High Dividend Index ETF (“**Horizons HXH**”)
 Horizons US 7-10 Year Treasury Bond ETF (“**Horizons HTB**”)
 Horizons Laddered Canadian Preferred Share Index ETF (“**Horizons HLPR**”)
 Horizons Intl Developed Markets Equity Index ETF (“**Horizons HXDM**”)
 Horizons Equal Weight Canada REIT Index ETF (“**Horizons HCRE**”)
 Horizons Equal Weight Canada Banks Index ETF (“**Horizons HEWB**”)
 Horizons US Large Cap Index ETF (“**Horizons HULC**”)
 Horizons S&P/TSX Capped Composite Index ETF (“**Horizons HXCN**”)
 Horizons Carbon Credits ETF (“**Horizons CARB**”)
 Horizons Tactical Absolute Return Bond ETF (“**Horizons HARB**”)
 Horizons Cash Maximizer ETF (“**Horizons HSAV**”)
 Horizons USD Cash Maximizer ETF (“**Horizons HSUV.U**”)
 Horizons Absolute Return Global Currency ETF (“**Horizons HARC**”)
 Horizons Emerging Markets Equity Index ETF (“**Horizons HXEM**”)
 Horizons ReSolve Adaptive Asset Allocation ETF (“**Horizons HRAA**”)

Each of Horizons HARC, Horizons HRAA, Horizons CARB and Horizons HARB (collectively, the “**Alternative ETFs**”) is an “alternative mutual fund” as defined in NI-81-102. See “Overview of the Legal Structure of the ETFs”.

Offering

Horizons ETF Corp. (the “**Company**”) is a mutual fund corporation established under the federal laws of Canada. The authorized capital of the Company includes an unlimited number of non-cumulative, redeemable, non-voting classes of shares (each, a “**Corporate Class**”), issuable in an unlimited number of series, and one class of voting shares designated as “Class J Shares”. Each Corporate Class is a separate investment fund having specific investment objectives and is specifically referable to a separate portfolio of investments. Each ETF will be a separate Corporate Class. Each ETF, except Horizons HARB, currently consists of a single series of exchange traded fund shares (“**ETF Shares**”) of the applicable Corporate Class. Horizons HARB consists of three series of exchange traded fund shares: (i) a total return series of exchange traded fund shares offered for sale in Canadian dollars (the “**Total Return Series Shares**”); (ii) a dividend series of exchange traded fund shares offered for sale in Canadian dollars (the “**Dividend Series Shares**”); and (iii) an unhedged total return series of exchange traded shares offered for sale in U.S. dollars (the “**USD Unhedged Total Return Series Shares**”).

An unlimited number of ETF Shares of each Corporate Class of the Company, other than Horizons HSUV.U and the USD Unhedged Total Return Series Shares of Horizons HARB, are being offered for sale on a continuous basis in Canadian dollars by this prospectus (“**Cdn\$ Shares**”). ETF Shares of Horizons HXT, Horizons HXS, Horizons HTB, Horizons HXQ, Horizons HXDM, Horizons

HULC, Horizons HSUV.U and the USD Unhedged Total Return Series Shares of Horizons HARB (together with Horizons HXX, Horizons HXEM and Horizons HRAA, but excluding Horizons HSUV.U and the USD Unhedged Total Return Series Shares of Horizons HARB, the “**Dual Currency ETFs**”) are also being offered for sale on a continuous basis, and ETF Shares of Horizons HXX, Horizons HXEM, Horizons HRAA and Horizons CARB may also be offered for sale on a continuous basis, in U.S. dollars by this prospectus (“**US\$ Shares**”). The ETF Shares of each ETF are offered for sale at a price equal to the net asset value of such ETF Shares in the applicable currency next determined following the receipt of a subscription order. Subscriptions for US\$ Shares of a Dual Currency ETF can be made in either U.S. or Canadian dollars.

The ETF Shares are currently listed and trade on the TSX. Investors can buy or sell ETF Shares on the TSX through registered brokers and dealers in the province or territory where the investor resides. The Manager will issue a news release announcing the listing of the US\$ Shares of Horizons HXX, Horizons HXEM, Horizons HRAA or Horizons CARB, as applicable, on or prior to the applicable listing date.

Investment ObjectivesHorizons HXT

Horizons HXT seeks to replicate, to the extent possible, the performance of the S&P/TSX 60™ Index (Total Return), net of expenses. The S&P/TSX 60™ Index (Total Return) is designed to measure the performance of the large-cap market segment of the Canadian equity market.

Horizons HXS

Horizons HXS seeks to replicate, to the extent possible, the performance of the S&P 500® Index (Total Return), net of expenses. The S&P 500® Index (Total Return) is designed to measure the performance of the large-cap market segment of the U.S. equity market.

Horizons HSH

Horizons HSH seeks to replicate, to the extent possible, the performance of the S&P 500® CAD Hedged Index (Total Return), net of expenses. The S&P 500® CAD Hedged Index (Total Return) is designed to measure the performance of the large-cap market segment of the U.S. equity market, hedged to the Canadian dollar.

Horizons HXE

Horizons HXE seeks to replicate, to the extent possible, the performance of the S&P/TSX Capped Energy Index (Total Return), net of expenses. The S&P/TSX Capped Energy Index (Total Return) is designed to measure the performance of Canadian energy sector equity securities included in the S&P/TSX Composite Index. The Relative Weight of any single index Constituent Security is capped.

Horizons HXF

Horizons HXF seeks to replicate, to the extent possible, the performance of the S&P/TSX Capped Financials Index (Total Return), net of expenses. The S&P/TSX Capped Financials Index is designed to measure the performance of Canadian financial sector equity securities included in the S&P/TSX Composite Index. The Relative Weight of any single index Constituent Security is capped.

Horizons HBB

Horizons HBB seeks to replicate, to the extent possible, the performance of the Solactive Canadian Select Universe Bond Index (Total Return), net of expenses. The Solactive Canadian Select Universe Bond Index (Total Return) is designed to measure the performance of the Canadian investment-grade fixed income market.

Horizons HXQ

Horizons HXQ seeks to replicate, to the extent possible, the performance of the NASDAQ-100® Index (Total Return), net of expenses. The NASDAQ-100® Index (Total Return) includes 100 of the largest domestic and international non-financial companies listed on The NASDAQ Stock Market.

Horizons HXX

Horizons HXX seeks to replicate, to the extent possible, the performance of the Solactive Europe 50 Rolling Futures Index (Total Return), net of expenses. The Solactive Europe 50 Rolling Futures Index (Total Return) is designed to measure the performance of 50 of the largest companies that are sector leaders in the Eurozone.

Horizons HXH

Horizons HXH seeks to replicate, to the extent possible, the performance of the Solactive Canadian High Dividend Yield Index (Total Return), net of expenses. The Solactive Canadian High Dividend Yield Index (Total Return) is designed to measure the performance of Canadian-listed equity securities characterized by high dividend yield.

Horizons HTB

Horizons HTB seeks to replicate, to the extent possible, the performance of the Solactive US 7-10 Year Treasury Bond Index (Total Return), net of expenses. The Solactive US 7-10 Year Treasury Bond Index (Total Return) is designed to measure the performance of the US 7-10 Year Treasury Bond market.

Horizons HLPR

Horizons HLPR seeks to replicate, to the extent possible, the performance of the Solactive Laddered Canadian Preferred Share Index (Total Return), net of expenses. The Solactive Laddered Canadian Preferred Share Index (Total Return) is an index of Canadian preferred shares that generally have an adjustable dividend rate.

Horizons HXDM

Horizons HXDM seeks to replicate, to the extent possible, the performance of the Horizons EAFE Futures Roll Index (Total Return), net of expenses. The Horizons EAFE Futures Roll Index (Total Return) is designed to measure the performance of large and mid-cap securities across 21 developed markets including countries in Europe, Australasia and the Far East, excluding the U.S. and Canada.

Horizons HCRE

Horizons HCRE seeks to replicate, to the extent possible, the performance of the Solactive Equal Weight Canada REIT Index (Total Return), net of expenses. The Solactive Equal Weight Canada REIT Index (Total Return) is an equal weight index of Canadian-listed real estate investment trust equity securities.

Horizons HEWB

Horizons HEWB seeks to replicate, to the extent possible, the performance of the Solactive Equal Weight Canada Banks Index (Total Return), net of expenses. The Solactive Equal Weight Canada Banks Index (Total Return) is an equal weight index of equity securities of diversified Canadian banks.

Horizons HULC

Horizons HULC seeks to replicate, to the extent possible, the performance of the Solactive US Large Cap Index (CA NTR), net of expenses. The Solactive US Large Cap Index (CA NTR) is designed to measure the performance of the large-cap market segment of the U.S. equity market.

Horizons HXCN

Horizons HXCN seeks to replicate, to the extent possible, the performance of the S&P/TSX Capped Composite Index (Total Return), net of expenses. The S&P/TSX Capped Composite Index (Total Return) is designed to measure the performance of the broad large-cap market segment of the Canadian equity market, with a capped weight of 10% on all Constituent Issuers.

Horizons CARB

Horizons CARB seeks to replicate, to the extent possible and net of expenses, the performance of an index that seeks to provide exposure to investments in cap-

and-trade carbon allowances. Currently, Horizons CARB seeks to replicate the performance of the Horizons Carbon Credits Rolling Futures Index (Excess Return), net of expenses.

Horizons CARB seeks to hedge any non-Canadian dollar portfolio exposure back to the Canadian dollar at all times. As a result, the returns of Horizons CARB may differ from those of its Underlying Index, which does not include currency hedging.

Horizons HARB

Horizons HARB seeks to provide positive absolute returns with low volatility over a market cycle regardless of market conditions or general market direction. Horizons HARB will tactically take long and short positions in North American and global debt instruments and derivatives across the credit spectrum. In respect of the Dividend Series Shares, Horizons HARB will also seek to provide consistent income.

Horizons HSAV

Horizons HSAV seeks to generate modest capital growth by investing primarily in high interest deposit accounts with Canadian banks. While any decision to pay dividends or other distributions is within the discretion of the Manager, Horizons HSAV is not currently expected to make any regular distributions.

Horizons HSUV.U

Horizons HSUV.U seeks to generate modest capital growth by investing primarily in high interest U.S. dollar deposit accounts with Canadian banks. While any decision to pay dividends or other distributions is within the discretion of the Manager, Horizons HSUV.U is not currently expected to make any regular distributions.

Horizons HARC

Horizons HARC seeks to generate positive absolute returns through long and short exposure to selected global currencies. Horizons HARC will generally hold Canadian short-term fixed-income securities and will primarily use derivative instruments to gain its exposure to selected global currencies.

Horizons HXEM

Horizons HXEM seeks to replicate, to the extent possible, the performance of the Horizons Emerging Markets Futures Roll Index (Total Return), net of expenses. The Horizons Emerging Markets Futures Roll Index (Total Return) is designed to measure the performance of large and mid-cap securities across 26 emerging markets countries.

Horizons HRAA

Horizons HRAA 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.

See “Investment Objectives”.

Investment Strategies

Index ETFs

In order to achieve their investment objectives and obtain direct or indirect exposure to securities of their Underlying Index’s Constituent Issuers, the Index ETFs may invest in and hold the securities of Constituent Issuers in substantially

the same proportion as they are reflected in the applicable Underlying Index, or may invest in and hold index participation units of exchange traded funds or use derivatives, including but not limited to swap agreements, futures contracts, options on futures contracts, forward contracts, options on securities and indices, money market instruments, reverse repurchase agreements or a combination of the foregoing, that are based on the applicable Underlying Index, provided that the use of such derivative instruments is in compliance with NI 81-102 and is consistent with the investment objective of that Index ETF. Accordingly, ETFs may enter into a Swap (as described below) and/or obtain direct exposure to its Underlying Index's Constituent Issuers at any time, or from time to time. The Index ETFs will remain fully invested in, or exposed to, the markets at all times. The Index ETFs may also invest in futures contracts and forward agreements in order to provide exposure for other cash held by the Index ETFs and may also hold money market instruments, securities of money market funds or cash to meet their current obligations.

Use of Swap Agreements by Certain Index ETFs

Currently, each of the Index ETFs, except Horizons HXQ and Horizons HULC has entered or will enter into a Swap (as defined below) with a Counterparty or Counterparties pursuant to which each ETF seeks to gain exposure to the performance of its Underlying Index. Each Swap is a total return swap (which expression shall include a price return swap that results in the receipt of a total return) under which the Index ETFs will pay the Counterparty or Counterparties a floating amount based on prevailing short-term market interest rates and an equity amount based upon any negative return of the value of the reference assets and, in return, the Counterparty or Counterparties will pay the Index ETFs an equity amount based upon any positive return of the value of the reference assets. The Index ETFs also each intend to invest the net proceeds of Index ETF Share subscriptions in cash and/or short-term debt obligations to earn prevailing short-term market interest rates.

Horizons HXQ and Horizons HULC do not employ a total return swap to gain exposure to its Underlying Index. Horizons HXQ and Horizons HULC invest in the equity securities of Constituent Issuers in substantially the same proportion as they are reflected in its Underlying Index. As such, Horizons HXQ and Horizons HULC do not pay swap costs to a Counterparty.

An Index ETF may replace a Counterparty at any time or engage additional Counterparties at any time. The daily marked-to-market value of a Swap is or will be based upon the daily performance of the applicable Underlying Index.

Any exposure that the portfolio of Horizons HSH may have to the U.S. dollar will be hedged back to the Canadian dollar. The ETFs (other than Horizons HSH) will not hedge any foreign currency exposure back to the currency in which the applicable ETF Shares is denominated. See "Plan of Distribution".

Horizons CARB

In order to achieve its investment objective, Horizons CARB may invest all or a portion of its portfolio in interest bearing accounts, T-Bills and/or other financial instruments, including without limitation, futures contracts, options on futures contracts, forward contracts, Swaps, options on indices, money market instruments or any combination of the foregoing (referred to as "**Carbon Credit-Exposed Instruments**") that have similar return characteristics as the performance of the Underlying Index or certain Carbon Credit Futures selected by the Manager, provided that the use of such financial instruments is in compliance with NI 81-102 and is consistent with the investment objective Horizons CARB. Assets not invested in financial instruments may be invested in

cash or cash equivalents, or reverse repurchase agreements with a term not to exceed 30 days.

Horizons CARB does not invest directly in physical carbon allowances/carbon credits.

Use of Derivatives

In compliance with NI 81-102 or an exemption therefrom, Horizons CARB may invest in derivatives, including, without limitation, forward contracts, swap agreements and/or futures contracts. Derivatives are instruments that derive their value from the market price, value or level of an underlying security, commodity, economic indicator, index or financial instrument and which enable investors to speculate on or hedge against future changes in the price or value of the underlying interest of the derivative. Subject to the limits and qualification requirements set out in NI 81-102 and in accordance with its policies, Horizons CARB may deliver portfolio assets to its derivatives Counterparties to secure its obligations under derivatives arrangements.

The following is a general discussion of the more common derivatives likely to be employed by Horizons CARB, but it is not an exhaustive discussion of all derivatives in which the ETF may invest:

Futures Contracts

In compliance with NI 81-102 or an exemption therefrom, Horizons CARB may invest in and/or be exposed to futures contracts, including Carbon Credit Futures. Futures contracts are standardized contracts entered into on domestic or foreign exchanges which call for the future delivery of specified quantities of various agricultural commodities, industrial commodities, currencies, financial instruments, energy products or metals at a specified time and place. The terms and conditions of futures contracts of a particular commodity are standardized and, as such, are not subject to any negotiation between the buyer and the seller. Subject to the limits and qualification requirements set out in NI 81-102 and in accordance with its policies, Horizons CARB may deliver portfolio assets to its futures dealers that are members of relevant futures exchanges to secure its obligations under futures contracts.

In addition, Horizons CARB may also purchase a put or call option on a futures contract. An option on a futures contract gives the buyer of the option the right to take a position at a specified price (the “striking”, “strike” or “exercise” price) in the underlying futures contract. The buyer of a “call” option acquires the right to take a long position in the underlying futures contract, and the buyer of a “put” option acquires the right to take a short position in the underlying futures contract.

Swap Agreements

In compliance with NI 81-102 or an exemption therefrom, in order to achieve its investment objective, Horizons CARB may also enter into one or more Swaps that provide positive exposure to the Underlying Index or certain Carbon Credit Futures selected by the Manager, as applicable.

At the discretion of the Manager, Horizons CARB may enter into one or more Swaps with a Counterparty or Counterparties pursuant to which Horizons CARB seeks to gain exposure to the performance of a notional number of certain Carbon

Credit Futures selected by the Manager and/or the Underlying Index, as applicable. Under each Swap, Horizons CARB will pay the Counterparty or Counterparties (i) a floating amount based on prevailing short-term market interest rates computed upon an agreed notional amount, and (ii) an amount based upon any decline in value of a notional investment in a notional number of Carbon Credit Futures and/or the Underlying Index, as applicable, the value of each of which will equal the value of the Carbon Credit Futures and/or the Underlying Index, as applicable, to which Horizons CARB seeks to gain exposure pursuant to the Swap (the “**swap reference assets**”). In return, the Counterparty or Counterparties will pay Horizons CARB an amount based upon any increase in value of the swap reference assets. The return will be comprised of notional income which would be earned on a notional investment in the swap reference assets (which, by virtue of the operation of the Swap, will be notionally reinvested in further swap reference assets) plus any notional appreciation in the value of the swap reference assets or, as the case may be, minus any reduction in the value of the swap reference assets.

Horizons CARB may replace a Counterparty at any time or engage additional Counterparties at any time. The daily marked-to-market value of a Swap is or will be based upon the performance of the Underlying Index. Horizons CARB may also invest any net proceeds of ETF Share subscriptions in cash and/or short-term debt obligations to earn prevailing short-term market interest rates.

Forward Documents

In compliance with NI 81-102 or an exemption therefrom, in order to achieve its investment objective, Horizons CARB may enter into Forward Documents with a Counterparty or Counterparties that will provide positive exposure that substantially corresponds to the performance of its Underlying Index.

At the discretion of the Manager, Horizons CARB may invest some or all of the net proceeds of ETF Share subscriptions in interest bearing accounts and T-Bills to earn prevailing short-term market interest rates. The terms of the Forward Documents require Horizons CARB, for any applicable Counterparty, to pledge substantially all of its respective interest bearing accounts to the Counterparty to secure the payment of the ETF’s payment obligations under the Forward Documents.

The amount payable by a Counterparty under the Forward Documents will be based upon the performance of the Underlying Index. The daily marked-to-market value of a Forward Document is based upon the performance of a notional investment in the Underlying Index. Horizons CARB is entitled to increase or decrease its notional exposure to the Underlying Index, including to pre-settle the Forward Documents in whole or in part, from time to time as needed to fund ETF Share purchases and reinvestment of distributions, to fund redemptions and market repurchases of ETF Shares, pay administrative expenses, meet other liquidity needs and such other purposes as the ETF may determine. Horizons CARB has the option of electing to cash settle its obligations under the Forward Documents.

A Counterparty or its guarantor is generally required, pursuant to the terms of the Forward Documents, to have a designated rating within the meaning of NI 81-102. Horizons CARB has the ability to replace a Counterparty or engage additional Counterparties at any time. The reference asset of each Forward Document is a notional amount of positive exposure that substantially corresponds to the daily performance of the Underlying Index. A Counterparty or

an affiliate thereof may, from time to time, reimburse the Manager for certain expenses incurred by the Manager in the normal course of its business.

Investments in Underlying Funds

In accordance with applicable Canadian securities legislation, including NI 81-102, Horizons CARB may also invest in one or more other investment funds, including other investment funds managed by the Manager, provided that no management fees or incentive fees are payable that, to a reasonable person, would duplicate a fee payable by the underlying fund for the same service. The Manager's allocation to investments in other investment funds, if any, will vary from time to time depending on the relative size and liquidity of the investment fund, and the ability of the Manager to identify appropriate investment funds that are consistent with Horizons CARB's investment objectives and strategies.

Horizons HARB

To achieve Horizons HARB's investment objective, the HARB Sub-Advisor will employ a variety of strategies based on the investment cycle at the time of investment. Some of the strategies include, but are not limited to, the following: long/short high yield bond strategies to hedge default risk and hedge interest rate risk, long positions in investment grade bonds/short positions in government bonds to hedge interest rate risk, long positions in short duration high yield bonds and investment grade bonds/short positions in government bonds and Credit Default Swap Index swaps to produce positive yield without capital losses from rising interest rates, and positions in long duration government bonds to mitigate market risk.

Horizons HARB will trade primarily in North American and global debt instruments across the credit spectrum including, but not limited to, cash and cash equivalents, government debt, convertible bonds, government agency securities, inflation-linked bonds, investment grade corporate debt, high yield corporate debt, preferred shares, limited recourse capital notes, fixed income derivatives, private debt and other income-producing instruments.

The HARB Sub-Advisor has full flexibility with regards to duration positioning and will seek to provide optimal exposure through changing market conditions. Investment grade corporate debt securities may be of issuers located in Canada, the United States, Europe or Japan. High yield corporate debt securities will vary by quality, liquidity, duration, and will be primarily of issuers located in Canada or the United States, with the intention of creating interest income and capital gains from narrowing credit spreads. Horizons HARB could at times, primarily be exposed to very short-term government debt, such as U.S. Treasury securities (cash equivalents) and, to a lesser extent, cash. The HARB Sub-Advisor has full flexibility and discretion regarding portfolio exposure, credit risk and yield.

Horizons HARB may be exposed to multiple foreign currencies. The HARB Sub-Advisor will choose tactically whether to hedge the foreign currency exposure of the Total Return Series Shares and the Dividend Series Shares of Horizons HARB. The USD Unhedged Total Return Series Shares will not hedge any non-U.S. dollar exposure back to the U.S. dollar.

Horizons HARB is tactically managed using a combination of top-down macroeconomic analysis involving the assessment of economic, political and market trends and a bottom-up company and security level analysis to assess a company's ability to generate cash and meet interest and principal payment obligations on its debt securities. The HARB Sub-Advisor conducts analysis which generally includes, but may not be limited to, assessing a company's

industry position, operating leverage, management strength and experience, historical earnings and future projections, liquidity profile and accounting ratios and practices.

The HARB Sub-Advisor will also employ a flexible approach to the use of derivative instruments, and Horizons HARB may opportunistically use options, swaps, futures, forward contracts, options, money market instruments, repurchase agreements and reverse repurchase agreements for hedging or non-hedging purposes under different market conditions. Index or exchange traded fund based derivatives and credit derivatives are examples of some of the types of derivatives that may be used.

When taking a “short” position, the Sub-Advisor may sell an instrument that Horizons HARB does not own and would then borrow to meet its settlement obligations. The HARB Sub-Advisor may also take “short” positions in futures, forwards and swaps. A “short” position will benefit from a decrease in price of the underlying instrument and will lose value if the price of the underlying instrument increases. A “long” position will benefit from an increase in price of the security and will lose value if the price of the security decreases. See “Use of Leverage” and “Exemptions and Approvals”.

The above-described investment strategies are not intended to be exhaustive and other strategies may also be employed at the sole discretion of the HARB Sub-Advisor. The strategies employed by the HARB Sub-Advisor will depend on its assessment of market conditions and the relative attractiveness of the available opportunities.

Horizons HSAV

Horizons HSAV invests substantially all of its assets in high interest deposit accounts with one or more Canadian chartered banks. Horizons HSAV can also invest in high-quality, short-term (one year or less) debt securities, including treasury bills and promissory notes issued or guaranteed by Canadian governments or their agencies, and banker’s acceptances.

Horizons HSUV.U

Horizons HSUV.U invests substantially all of its assets in high interest U.S. dollar deposit accounts with one or more Canadian chartered banks. Horizons HSUV.U can also invest in high-quality, short-term (one year or less) debt securities, including U.S. dollar denominated treasury bills and promissory notes issued or guaranteed by the United States federal government or the Government of Canada, or their respective agencies, and U.S. dollar denominated banker’s acceptances.

Horizons HARC

In order to achieve its investment objective, the HARC Sub-Advisor will select currencies that are expected to strengthen or weaken on a relative basis using the HARC Sub-Advisor’s proprietary active investment process that tracks more than thirty global currencies. The HARC Sub-Advisor’s investment process employs both fundamental analysis and a factor based ranking model. Horizons HARC will obtain exposure to currencies primarily by entering into derivatives where the underlying interests are the currencies of two countries. In each derivative, the currency of one country (the “**strong side currency**”) will be selected by the HARC Sub-Advisor to outperform the currency of the other country (the “**weak side currency**”). Horizons HARC will realize a gain (or incur a loss) from the derivative if, during the term of the derivative, the exchange rate between the two

currencies changes such that the strong side currency increases (or decreases) in value relative to the weak side currency. The HARC Sub-Advisor will study a country's level of inflation, anticipated interest rate change, employment outlook, economic growth expectation, trade balance, government policy and central bank actions. The HARC Sub-Advisor actively monitors interest rate and inflation differentials and uses, among other techniques, exchange rate analysis techniques such as interest rate parity and purchasing power parity to forecast currency values. The HARC Sub-Advisor also conducts fundamental economic analysis of the currencies being considered for inclusion in Horizons HARC's portfolio, taking into account macro-economic variables and events that it judges to be important to a particular country.

Horizons HARC may use other instruments and derivatives including spot currency transactions, currency ETFs, currency options and currency futures contracts. At times Horizons HARC may be over-weighted in a specific geographic region and/or to emerging markets currencies.

Horizons HRAA

Horizons HRAA provides exposure to major global asset classes including equity indexes, fixed income indexes, interest rates, commodities and currencies. Horizons HRAA gains exposure to these asset classes by investing in derivatives and securities. Derivative instruments may include futures contracts and forward agreements.

Horizons HRAA may invest in instruments that provide exposure to both domestic and foreign markets, including emerging markets. Horizons HRAA will also hold a large portion of its assets in cash, money market mutual funds, U.S. treasury securities, or other cash equivalents, some or all of which will serve as margin or collateral for Horizons HRAA's investments.

As part of its investment strategies, Horizons HRAA may obtain indirect exposure to digital assets, including cryptocurrencies such as, but not limited to, bitcoin or Ether, subject to a limit of 5% of Horizons HRAA's last determined NAV at the time of acquiring such investments. Horizons HRAA's exposure to digital assets may be obtained by (i) investing in investment funds, including mutual funds, alternative mutual funds and non-redeemable investment funds, that are subject to NI 81-102, that invest directly or indirectly in such digital assets, or (ii) using or investing in derivatives and other financial instruments, including without limitation, futures contracts, options on futures contracts, forward contracts, swap agreements or any combination of the foregoing. In accordance with its policies, Horizons HRAA may deliver portfolio assets to its futures dealers that are members of relevant futures exchanges to secure its obligations under futures contracts.

Horizons HRAA's strategy aims to achieve capital appreciation over the long-term.

Horizons HRAA's sub-advisor, ReSolve Asset Management SEZC (Cayman) (the "**HRAA Sub-Advisor**"), uses 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. Horizons HRAA will take long or short positions in asset classes such as equity index and fixed income asset

classes, commodities, currencies, volatility indexes and other alternative asset classes.

The HRAA Sub-Advisor's trading systems determine asset 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 HRAA 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.

Target Volatility

Horizons HRAA is actively managed to keep volatility at approximately 8% annualized volatility, although there is no guarantee that this target can be met in all market conditions. Volatility is a statistical measure of the average magnitude of changes in Horizons HRAA's returns without regard to the direction of the returns. Horizons HRAA'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 Horizons HRAA's risk exposure may be materially higher or lower than the level targeted by the HRAA Sub-Advisor. As portfolio weights, and estimates of volatility and correlations change through time, the HRAA Sub-Advisor will increase and decrease Horizons HRAA's gross exposure to underlying assets in order to maintain its target level of portfolio volatility. During periods of high volatility and high correlations, Horizons HRAA may have lower exposure to underlying assets to maintain the target level of portfolio volatility. Conversely, during periods of low volatility and low correlations, Horizons HRAA may require greater exposure to underlying assets to maintain its target level of portfolio volatility.

There is no guarantee that Horizons HRAA will successfully achieve or maintain the target volatility level. Horizons HRAA's target volatility level is not a total return performance target – Horizons HRAA does not expect, nor does it represent, that its total return performance will be within any specified range. It is possible that Horizons HRAA 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 limit Horizons HRAA's gains in rising markets, may expose Horizons HRAA to costs to which it would otherwise not have been exposed and, if unsuccessful, may result in substantial losses.

Horizons HRAA actively trades its portfolio investments, which may lead to higher transaction costs that may affect Horizons HRAA's performance.

See "Investment Strategies".

Use of Leverage by Alternative ETFs

Certain Alternative ETFs may use leverage. Leverage may be created through the use of cash borrowings, short sales and derivatives. An Alternative ETF may 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 Alternative ETF is subject to an overall limit of 50% of its NAV. The Alternative ETFs do not currently anticipate borrowing cash, but may do so in the future.

An Alternative ETF's aggregate gross exposure, to be calculated as the sum of the following, must not exceed 300% of such Alternative ETF's 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.

Horizons HARC, Horizons HRAA and Horizons HARB

The aggregate market exposure of all instruments held directly or indirectly by the ETF calculated daily on a mark-to-market basis, can exceed the ETF's net asset value and can exceed the amount of cash and securities held as margin on deposit to support the derivatives trading activities of the ETF. Under normal market conditions, the maximum amount of leverage used, directly or indirectly, by the ETF will generally not exceed 300% of the ETF's net asset value.

See "Investment Strategies".

Special Considerations for Purchasers

ETF Shares of each of the Index ETFs are, in the opinion of the Manager, index participation units within the meaning of NI 81-102. A mutual fund wishing to invest in ETF Shares of an Index ETF should make its own assessment of its ability to do so after careful consideration of the relevant provisions of NI 81-102, including, but not limited to, whether the ETF Shares of the ETF should be considered index participation units, as well as the control, concentration and certain of the "fund-of-funds" restrictions of NI 81-102. No purchase of ETF Shares of an ETF should be made solely in reliance on the above statements.

The ETFs are exempt from the so-called "early warning" requirements set out in Canadian securities legislation in connection with the acquisition of ETF Shares of an ETF. In addition, the ETFs have obtained exemptive relief from the Securities Regulatory Authorities to permit a Shareholder to acquire more than 20% of the ETF Shares of an ETF through purchases on the TSX without regard to the takeover bid requirements of applicable Canadian securities legislation.

Although Horizons HSAV and Horizons HSUV.U primarily invest in bank deposit accounts, neither Horizons HSAV nor Horizons HSUV.U is covered by the Canada Deposit Insurance Corporation, the Federal Deposit Insurance Corporation or any other government deposit insurer.

Dividend Policy

The Company does not currently intend to pay regular dividends or returns of capital on the ETF Shares (except in respect of the Dividend Series Shares of Horizons HARB).

With respect to the Dividend Series Shares of Horizons HARB, while such ETF Shares will not pay dividends or returns of capital (together, "distributions") at a fixed rate, the current distribution rate on the Dividend Series Shares is currently targeted to be 5.0% per annum. It is anticipated that Horizons HARB will pay a distribution (which may consist of dividends and/or returns of capital) on the Dividend Series Shares on a monthly basis.

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 Board of Directors and will depend on, among other things, the Company'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 Board of Directors may deem relevant.

If, in any taxation year, the Company would otherwise be liable for tax on net realized capital gains, the Company intends to pay, to the extent possible, by the last day of that year, a special Capital Gains Dividend to ensure that the Company 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 the Company, the Manager does not currently expect the Company to pay a material amount of special Capital Gains Dividends.

See "Income Tax Considerations".

Purchase Options

All orders to purchase ETF Shares directly from an ETF must be placed by a Designated Broker or Dealer in the applicable currency. Subscriptions for US\$ Shares of a Dual Currency ETF can be made in either U.S. or Canadian dollars. At the discretion of the manager, direct subscriptions for Cdn\$ Shares or US\$ Shares of Horizons HXX may, in the future, be permitted to be made in Euros. Each ETF reserves the absolute right to reject any subscription order placed by a Designated Broker or Dealer. No fees will be payable by an ETF to a Designated Broker or Dealer in connection with the issuance of ETF Shares of such ETF.

On any Trading Day, a Designated Broker or Dealer may place a subscription order for the PNS or multiple PNS of an ETF. In respect of the Equity ETFs other than Horizons HXX, a subscription order may be a Cash Subscription or, at the sole discretion of the Manager, a Securities Subscription. In respect of Horizons HXX, Horizons HSAV, Horizons HSUV.U, Horizons CARB and Horizons HARB, a subscription order may only be a Cash Subscription. In respect of the Bond ETFs, a subscription order may be a Securities Subscription or, at the sole discretion of the Manager, a Cash Subscription. See "Purchases of ETF Shares".

Switches

A Shareholder may switch ETF Shares of one ETF of the Company for shares of another Corporate Class of the Company (a "**Switch**") through the facilities of CDS by contacting their financial advisor or broker. ETF Shares may be switched on any date designated by the Manager as a switch date ("**ETF Switch Date**") by delivering written notice to the Transfer Agent and Registrar and surrendering such ETF Shares through the facilities of CDS by 4:00 p.m. (Toronto time) at least one business day prior to the ETF Switch Date. Written notice must contain the name of the Corporate Class, the TSX ticker symbol of the ETF Shares of the ETF and the number of ETF Shares to be switched, and the name of the ETF and the TSX ticker symbol of the shares of the Corporate Class to which the Shareholder wishes to Switch. The Manager may, in its discretion, change the frequency with which ETF Shares may be switched at any time upon 30 days' notice by way of press release. Switching between Total Return Series Shares, Dividend Series Shares and USD Unhedged Total Return Series Shares of Horizons HARB is not permitted.

Under the Tax Act, a Switch of ETF Shares held as capital property for purposes of the Tax Act ("**Switched Shares**") to shares of a different Corporate Class of

the Company will constitute a disposition of such Switched Shares at fair market value for the purposes of the Tax Act. See “Income Tax Considerations”.

Redemptions

Equity ETFs, Horizons HSAV, Horizons HSUV.U, Horizons HRAA and Horizons CARB

Shareholders of the Equity ETFs, Horizons HSAV, Horizons HSUV, Horizons HRAA and Horizons CARB may redeem a PNS (or a whole multiple thereof) on any Trading Day for cash equal to the net asset value of that number of ETF Shares in the applicable currency, subject to any administrative charge.

Shareholders of the Equity ETFs may also, at the sole discretion of the Manager, redeem a PNS (or a whole multiple thereof) on any Trading Day in exchange for a combination of securities and cash equal to the net asset value of that number of ETF Shares in the applicable currency.

Bond ETFs and Horizons HARB

Shareholders of a Bond ETF and Horizons HARB may redeem a PNS (or a whole multiple thereof) on any Trading Day in exchange for a combination of securities and cash equal to the net asset value of that number of ETF Shares of the Bond ETF or Horizons HARB in the applicable currency, subject to any administrative charges that may be applied.

Shareholders of a Bond ETF may also, at the sole discretion of the Manager, redeem a PNS (or a whole multiple thereof) on any Trading Day for cash equal to the net asset value of that number of ETF Shares of the Bond ETF in the applicable currency, subject to any administrative charges that may be applied.

All ETFs

Shareholders may redeem ETF Shares for cash at a redemption price per ETF Share equal to 95% of the closing price for such ETF Share on the TSX on the effective day of the redemption, subject to a maximum redemption price per ETF Share equal to the net asset value per ETF Share on the effective day of redemption. Holders of US\$ Shares of a Dual Currency ETF may request that their redemption proceeds be paid in U.S. or Canadian dollars. Holders of USD Unhedged Total Return Series Shares of Horizons HARB will receive their redemption proceeds in U.S. dollars.

Shareholders of an ETF will generally be able to sell (rather than redeem) ETF Shares of the ETF at the full market price on the TSX through a registered broker or dealer subject only to customary brokerage commissions. Therefore, Shareholders are advised to consult their brokers, dealers or investment advisors before redeeming their ETF Shares for cash.

As noted above, administrative charges may apply upon the redemption of ETF Shares of an ETF. However, no fees or expenses will be paid by a Shareholder of any ETF to the Manager or the applicable ETF in connection with selling ETF Shares of an ETF on the TSX. See “Redemption and Switching of ETF Shares”.

Income Tax Considerations

This summary of Canadian federal income tax considerations for the ETFs and for Canadian resident Shareholders is subject in its entirety to the qualifications, limitations and assumptions set out under the heading “Income Tax Considerations”.

A holder of ETF Shares who is an individual (other than a trust) resident in Canada for purposes of the Tax Act will be required to include in his or her income the amount of any dividends paid on such ETF Shares, other than Capital

Gains Dividends, whether received in cash or reinvested in additional ETF Shares. The dividend gross-up and tax credit treatment normally applicable to taxable dividends (including eligible dividends) paid by a taxable Canadian corporation to an individual resident in Canada will generally apply to such dividends. Capital Gains Dividends will be paid by the Company to holders of ETF Shares in respect of any net capital gains realized by the Company. The amount of a Capital Gains Dividend will be treated as a capital gain in the hands of the holder of such ETF Shares. If the Company pays a return of capital, such amount will generally not be taxable but will reduce the adjusted cost base of the holder's ETF Shares. Where such reductions would result in the adjusted cost base becoming a negative amount, that amount will be treated as a capital gain realized by the holder of the shares and the adjusted cost base of the shares will be nil immediately thereafter.

Given the expected investment and operating policies of the Company, the Manager does not currently expect the Company to pay a material amount of regular dividends (except in respect of the Dividend Series Shares of Horizons HARB) or special Capital Gains Dividends.

A Shareholder who disposes of an ETF Share that is held as capital property, including on a redemption or otherwise, will realize a capital gain (or capital loss) to the extent that the proceeds of disposition, net of costs of disposition, exceed (or are less than) the adjusted cost base of the ETF Share disposed of.

Each investor should satisfy himself or herself as to the federal and provincial tax consequences of an investment in ETF Shares by obtaining advice from his or her tax advisor. See "Income Tax Considerations".

Eligibility for Investment

Provided that the Company continues to qualify as a "mutual fund corporation" (and, in particular, a "public corporation") within the meaning of the Tax Act, or the ETF Shares of a particular class are listed on a "designated stock exchange" within the meaning of the Tax Act (which currently includes the TSX), the ETF Shares of such class, if issued on the date hereof, would be on such date qualified investments under the Tax Act for a trust governed by a RRSP, RRIF, RDSP, DPSP, RESP, TFSA or FHSA. See "Income Tax Considerations" and "Eligibility for Investment".

Documents Incorporated by Reference

Additional information about each ETF is or will be available in its most recently filed annual and interim financial statements, its most recently filed annual and interim management report of fund performance, and its most recently filed ETF Facts. These documents are or will be incorporated by reference into this prospectus. Documents incorporated by reference into this prospectus legally form part of this prospectus just as if they were printed as part of this prospectus. These documents are or will be publicly available on the Manager's website at www.HorizonsETFs.com and may be obtained upon request, at no cost, by calling toll-free 1-866-641-5739 or by contacting your dealer. These documents and other information about the ETFs are or will also be publicly available at www.sedarplus.ca. See "Documents Incorporated by Reference".

Risk Factors

There are certain risk factors inherent to an investment in the ETFs. See "Risk Factors."

Organization and Management of the ETFs

The Manager	<p>Horizons ETFs Management (Canada) Inc., a corporation existing under the federal laws of Canada, is the manager and investment manager of each ETF. The Manager is responsible for providing or arranging for the provision of administrative services required by the ETFs. The Manager also provides investment advisory and investment management services to the ETFs. The principal office of Horizons is 55 University Avenue, Suite 800, Toronto, Ontario, M5J 2H7.</p> <p>Horizons is a financial services organization distributing the Horizons family of leveraged, inverse leveraged, inverse, index and actively managed exchange traded funds. Horizons is a subsidiary of Mirae Asset Global Investments Co., Ltd. (“Mirae Asset”). Mirae Asset is the Korea-based asset management entity of Mirae Asset Financial Group, one of the world’s largest investment managers in emerging market equities. See “Organization and Management Details of the ETFs – Manager”.</p>
Sub-Advisor (Horizons HARC, Horizons HRAA and Horizons HARB Only)	<p>CIBC Asset, a corporation incorporated under the laws of Canada, is the sub-advisor of Horizons HARC. The principal office of CIBC Asset is located in Toronto, Ontario.</p> <p>See “Organization and Management Details of the ETFs – The HARC Sub-Advisor”.</p> <p>ReSolve Asset Management SEZC (Cayman) (“ReSolve Global”), a corporation organized under the laws of the Cayman Islands, with its head office located in George Town, Grand Cayman, Cayman Islands, is the Sub-Advisor of Horizons HRAA.</p> <p>See “Organization and Management Details of the ETFs – The HRAA Sub-Advisor”.</p> <p>DMAT Capital Management Inc. is the sub-advisor to Horizons HARB. The principal office of DMAT Capital Management Inc. is located in Toronto, Ontario.</p> <p>See “Organization and Management Details of the ETFs – The HARB Sub-Advisor”.</p>
Custodian	<p>CIBC Mellon Trust Company is the Custodian of the ETFs and is independent of the Manager. CIBC Mellon Trust Company will provide custodial services to the ETFs and is located in Toronto, Ontario. See “Organization and Management Details of the ETFs – Custodian”.</p>
Valuation Agent	<p>CIBC Mellon Global has been retained to provide accounting valuation services to the ETFs. CIBC Mellon Global is located in Toronto, Ontario. See “Organization and Management Details of the ETFs – Valuation Agent”.</p>
Auditors	<p>KPMG LLP is responsible for auditing the annual financial statements of the ETFs. The auditors are independent of the Manager. The office of the auditors is located in Toronto, Ontario. See “Organization and Management Details of the ETFs – Auditors”.</p>

Promoter	Horizons is also the promoter of the ETFs. Horizons took the initiative in founding and organizing the ETFs and is, accordingly, the promoter of the ETFs within the meaning of securities legislation of certain provinces and territories of Canada. See “Organization and Management Details of the ETFs – Promoter”.
Transfer Agent and Registrar	TSX Trust Company is the Transfer Agent and Registrar for the ETF Shares of the ETFs. TSX Trust Company is independent of the Manager. TSX Trust Company is located in Toronto, Ontario. See “Organization and Management Details of the ETFs – Transfer Agent and Registrar”.
Securities Lending Agent	<p>Canadian Imperial Bank of Commerce (“CIBC”) is a securities lending agent for the ETFs. CIBC is located in Toronto, Ontario. CIBC is independent of the Manager.</p> <p>National Bank Financial Inc. (“NBF”) may also act as a securities lending agent for the ETFs. NBF is located in Toronto, Ontario. NBF is not an affiliate of the Manager.</p> <p>See “Organization and Management Details of the ETFs – Securities Lending Agents”.</p>

Summary of Fees and Expenses

The following table lists the fees and expenses payable by each ETF, and the fees and expenses that Shareholders may have to pay if they invest in the ETFs. Shareholders may have to pay some of these fees and expenses directly. Alternatively, the ETFs may have to pay some of these fees and expenses, which will therefore reduce the value of an investment in the ETFs.

Fees and Expenses Payable by the ETFs

Type of Fee

Amount and Description

Management Fees

Each ETF will pay annual management fees (each, a “**Management Fee**”) to the Manager equal to an annual percentage of the net asset value of that ETF, together with applicable Sales Tax, calculated and accrued daily and payable monthly in arrears, as follows:

ETF	Annual Management Fee
Horizons HXT	0.07%
Horizons HXS	0.10%
Horizons HSH	0.10%
Horizons HXE	0.25%
Horizons HXF	0.25%
Horizons HBB	0.09%
Horizons HTB	0.15%
Horizons HXQ	0.25%
Horizons HXX	0.17%
Horizons HXH	0.10%
Horizons HXDM	0.20%
Horizons HCRE	0.30%
Horizons HLPR	0.30%
Horizons HEWB	0.25%
Horizons HULC	0.08%
Horizons HXCN	0.05%
Horizons CARB	0.75%
Horizons HARB	0.75%
Horizons HSAV	0.18%
Horizons HSUV.U	0.18%
Horizons HARC	0.85%
Horizons HXEM	0.25%
Horizons HRAA	0.85%

Management Fee Rebates

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.

Shareholders should consult their own tax advisors with respect to any tax (including Sales Tax) consequences of a Management Fee Rebate. Certain income tax consequences of a Management Fee Rebate are discussed under “Income Tax Considerations – Taxation of Holders of ETF Shares”.

Operating ExpensesIndex ETFs, Horizons HSAV and Horizons HSUV.U

The Manager will pay all the expenses of the ETFs other than the Management Fee, any Sales Taxes on the applicable Management Fee, and any Swap costs, hedging costs, or brokerage expenses and commissions as may be applicable. As a result, the ETFs do not have, or will not have, any operating expenses other than Management Fees, Sales Taxes on the Management Fees, and any Swap costs, hedging costs, or brokerage expenses and commissions as may be applicable.

In accordance with applicable securities legislation, including NI 81-102, no management fees or incentives fees shall be payable by the ETFs that, to a reasonable person, would duplicate a fee payable by any underlying fund for the same services.

Horizons HARC, Horizons HRAA, Horizons CARB and Horizons HARB

Each ETF will, unless otherwise waived or reimbursed by the Manager, pay all of its operating expenses, including but not limited to: Management Fees; 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; withholding taxes and, in respect of Horizons CARB, fees payable to service providers in connection with regulatory compliance and tax matters in foreign jurisdictions.

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

See “Fees and Expenses”.

Expenses of the Issue

All expenses related to the issuance of ETF Shares of the ETFs shall be borne by the Manager. See “Fees and Expenses”.

**Performance Fee
(Horizons HRAA)**

Horizons HRAA shall also pay the Manager a performance fee (the “**HRAA Performance Fee**”). The HRAA Performance Fee shall be calculated and accrued daily. The HRAA Performance Fee shall be payable at least quarterly in arrears on dates determined by the Manager, together with applicable Sales Taxes.

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

The HRAA 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, as at the last day of the period in respect of which the calculation is being made, without giving effect to the accrual of any HRAA 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**”);

B equals the HRAA High Water Mark;

C equals 1 plus an annualized return of 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 HRAA Performance Fee will be payable on any payable date unless A exceeds B x C at that time.

**Performance Fee
(Horizons HARB)**

Horizons HARB shall also pay the Manager a performance fee (the “**HARB Performance Fee**”). The HARB Performance Fee shall be calculated and accrued daily. The HARB Performance Fee shall be payable at least quarterly in arrears on dates determined by the Manager, together with applicable Sales Taxes.

Horizons HARB shall pay to the Manager a HARB Performance Fee, if any, equal to 10% of the amount by which the performance of Horizons HARB, at any date on which the HARB Performance Fee is payable, (i) exceeds the greater of: (a) the initial net asset value per ETF Share; and (b) the highest net asset value per ETF Share previously utilized for the purposes of calculating a HARB Performance Fee that was paid (the “**HARB High Water Mark**”) and (ii) is greater than an annualized hurdle rate (the “**Hurdle Rate**”) that will begin at 3%, and will increase or decrease with each increase or decrease in the Bank of Canada overnight rate (5.00% as of the date of this prospectus), provided that the Hurdle Rate will always be no less than 3% and no greater than 5%.

The HARB Performance Fee will be determined in accordance with the following formula:
 $10\% \times (A - (B \times C)) \times D$ where:

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

B equals the HARB High Water Mark;

C equals 1 plus the Hurdle Rate 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 HARB Performance Fee will be payable on any payable date unless A exceeds B x C at that time.

Swap Costs, Forward Document Expenses and Hedging Costs

Under the Swaps, each ETF may pay to the Counterparty, monthly in arrears, a net amount equal to no more than a percentage per annum of the notional value of the Swap calculated and applied daily in arrears, as follows:

ETF	Swap Costs (if any)
Horizons HXT	Nil
Horizons HXS	0.30%
Horizons HSH	0.30%
Horizons HXE	Nil
Horizons HXF	Nil
Horizons HBB	0.15%, plus hedging costs (if any)
Horizons HTB	0.05%, plus hedging costs (if any)
Horizons HXX	0.30%
Horizons HXH	Nil
Horizons HXDM	0.30%
Horizons HCRE	Nil
Horizons HLPR	Nil
Horizons HEWB	Nil
Horizons HXCN	Nil
Horizons HXEM	0.30%
Horizons CARB	0.25% plus hedging costs (if any)

Hedging costs incurred by a Counterparty can be similar in nature to portfolio transaction costs that are incurred by an investment fund that holds portfolio securities directly. Currently, the Manager anticipates that, based on existing market conditions, the hedging costs, if any, for Horizons HBB and Horizons HTB could be between 0.00% and 0.10% of the notional exposure of any daily net subscription or redemption activity that results in changes to Horizons HBB's or Horizons HTB's Swaps, as applicable, and that there would be no hedging costs for Horizons CARB based on the notional exposure of the Horizons CARB's Forward Documents and/or Swap. The actual hedging costs, if any, that may be incurred by a Counterparty and charged to Horizons HBB, Horizons HTB and Horizons CARB may be greater depending on market conditions and can change at any time.

Any ETF's Swap or Swaps may be amended, replaced or terminated at any time, and the expenses incurred by an ETF in respect of a Swap may increase, decrease, or in the case of the termination of an ETF's Swap or Swaps, be eliminated.

With respect to Horizons CARB, to the extent applicable, expenses payable by the ETF under its Forward Documents, if any, are incurred by way of a reduction in the forward price payable to the ETF by a Counterparty. The forward expenses charged to the ETF, if any, may change at any time, without notice to investors. Currently, it is anticipated that the value of the forward price payable to the ETF under its Forward Documents, if any, will be reduced by an amount equal to 0.25% per annum of the notional exposure of the ETF's Forward Documents, calculated and applied daily in arrears, plus hedging costs (if any) incurred by each applicable Counterparty.

Fees and Expenses Payable Directly by Shareholders

Type of Fee	Amount and Description
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Administrative Charges

As may be agreed between the Manager and a Designated Broker or Dealer, the Manager may charge Shareholders of an 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 the Company. 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 ETFs 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.

See “Fees and Expenses” and “Redemption and Switching of ETF Shares – Switches”.

OVERVIEW OF THE LEGAL STRUCTURE OF THE ETFS

Horizons ETF Corp. (the “**Company**”) is a mutual fund corporation established under the federal laws of Canada. The authorized capital of the Company includes an unlimited number of non-cumulative, redeemable, non-voting classes of shares (each, a “**Corporate Class**”), issuable in an unlimited number of series, and one class of voting shares designated as “Class J Shares”. Each Corporate Class is a separate investment fund having specific investment objectives and is specifically referable to a separate portfolio of investments. Each ETF will be a separate Corporate Class. Each ETF, except Horizons HARB, currently consists of a single series of exchange traded fund shares (“**ETF Shares**”) of the applicable Corporate Class which are being offered for sale on a continuous basis by this prospectus. Horizons HARB consists of three series of exchange traded fund shares: (i) a total return series of exchange traded fund shares offered for sale in Canadian dollars (the “**Total Return Series Shares**”); (ii) a dividend series of exchange traded fund shares offered for sale in Canadian dollars (the “**Dividend Series Shares**”); and (iii) an unhedged total return series of exchange traded shares offered for sale in U.S. dollars (the “**USD Unhedged Total Return Series Shares**”). Each ETF Share of a series represents an equal, undivided interest in the portion of the ETF’s assets attributable to that series.

The ETFs are exchange traded mutual funds established under the laws of Ontario. Each of Horizons HARC, Horizons HRAA, Horizons CARB and Horizons HARB (the “**Alternative ETFs**”) is an “alternative mutual fund” as defined in NI-81-102.

An unlimited number of ETF Shares of each Corporate Class of the Company, other than Horizons HSUV.U and USD Unhedged Total Return Series Shares of Horizons HARB, are being offered for sale on a continuous basis in Canadian dollars by this prospectus (“**Cdn\$ Shares**”). ETF Shares of Horizons HXT, Horizons HXS, Horizons HTB, Horizons HXQ, Horizons HXDM, Horizons HULC, Horizons HSUV.U and USD Unhedged Total Return Series Shares of Horizons HARB (together with Horizons HXX, Horizons HXEM and Horizons HRAA, but excluding Horizons HSUV.U and USD Unhedged Total Return Series Shares of Horizons HARB, the “**Dual Currency ETFs**”) are also being offered for sale on a continuous basis, and ETF Shares of Horizons HXX, Horizons HXEM, Horizons HRAA and Horizons CARB may also be offered for sale on a continuous basis, in U.S. dollars by this prospectus (“**US\$ Shares**”).

Horizons ETFs Management (Canada) Inc., a corporation existing under the federal laws of Canada, is the manager and investment manager of each ETF. The Manager is responsible for providing or arranging for the provision of administrative services required by the ETFs. The Manager also provides investment advisory and investment management services to the ETFs. The head office of the Manager and the ETFs is 55 University Avenue, Suite 800, Toronto, Ontario, M5J 2H7. The fiscal year end of the Company is December 31. The Manager is also responsible for (i) engaging the services of CIBC Asset Management Inc. (“**CIBC Asset**”) to act as sub-advisor to Horizons HARC (“**HARC Sub-Advisor**”); (ii) engaging the services of ReSolve Asset Management SEZC (Cayman), to act as sub-advisor to Horizons HRAA (“**HRAA Sub-Advisor**”); and (iii) engaging the services of a portfolio manager, DMAT Capital Management Inc. (the “**HARB Sub-Advisor**”), to act as a sub-advisor to Horizons HARB.

The following chart sets out the full legal name as well as the TSX ticker symbol(s) for each of the ETFs, other than Horizons HARB:

Name of ETF	Share Currency	Ticker Symbol
Horizons S&P/TSX 60™ Index ETF	Canadian dollar	HXT
	U.S. dollar	HXT.U
Horizons S&P 500® Index ETF	Canadian dollar	HXS
	U.S. dollar	HXS.U
Horizons S&P 500 CAD Hedged Index ETF	Canadian dollar	HSH
Horizons S&P/TSX Capped Energy Index ETF	Canadian dollar	HXE
Horizons S&P/TSX Capped Financials Index ETF	Canadian dollar	HXF
Horizons Cdn Select Universe Bond ETF	Canadian dollar	HBB
Horizons NASDAQ-100® Index ETF	Canadian dollar	HXQ

	U.S. dollar	HXQ.U
Horizons Europe 50 Index ETF	Canadian dollar	HXX
Horizons Cdn High Dividend Index ETF	Canadian dollar	HXH
Horizons US 7-10 Year Treasury Bond ETF	Canadian dollar	HTB
	U.S. dollar	HTB.U
Horizons Laddered Canadian Preferred Share Index ETF	Canadian dollar	HLPR
Horizons Intl Developed Markets Equity Index ETF	Canadian dollar	HXDM
	U.S. dollar	HXDM.U
Horizons Equal Weight Canada REIT Index ETF	Canadian dollar	HCRE
Horizons Equal Weight Canada Banks Index ETF	Canadian dollar	HEWB
Horizons US Large Cap Index ETF	Canadian dollar	HULC
	U.S. dollar	HULC.U
Horizons S&P/TSX Capped Composite Index ETF	Canadian dollar	HXCN
Horizons Carbon Credits ETF	Canadian dollar	CARB
	U.S. dollar	CARB.U
Horizons Cash Maximizer ETF	Canadian dollar	HSAV
Horizons USD Cash Maximizer ETF	U.S. dollar	HSUV.U
Horizons Absolute Return Global Currency ETF	Canadian dollar	HARC
Horizons Emerging Markets Equity Index ETF	Canadian dollar	HXEM
	U.S. dollar	HXEM.U
Horizons ReSolve Adaptive Asset Allocation ETF	Canadian dollar	HRAA
	U.S. dollar	HRAA.U

The following chart sets out the full legal name as well as the TSX ticker symbols for Horizons HARB:

Name of ETF	Series	Currency	TSX Ticker Symbol
Horizons Tactical Absolute Return Bond ETF	Total Return Series Shares	Canadian dollars	HARB
	Dividend Series Shares	Canadian dollars	HARB.J
	USD Unhedged Total Return Series Shares	U.S. Dollars	HARB.U

The Manager will issue a news release announcing the listing of the US\$ Shares of Horizons HXX, Horizons HXEM, Horizons HRAA or Horizons CARB, as applicable, on or prior to the applicable listing date.

The Company also offers other ETFs pursuant to other prospectuses, each of which is a separate investment fund having specific investment objectives and will be specifically referable to a separate portfolio of investments.

While each of the ETFs is an open-end mutual fund under the securities legislation of certain provinces and territories of Canada, each ETF is entitled to rely on exemptive relief from certain provisions of Canadian securities legislation applicable to conventional mutual funds. See “Exemptions and Approvals”.

INVESTMENT OBJECTIVES

The Alternative ETFs are alternative mutual funds within the meaning of NI 81-102, and are permitted to use strategies generally prohibited by conventional mutual funds, 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 applicable Alternative ETFs.

Horizons HXT

Horizons HXT seeks to replicate, to the extent possible, the performance of the S&P/TSX 60™ Index (Total Return), net of expenses. The S&P/TSX 60™ Index (Total Return) is designed to measure the performance of the large-cap market segment of the Canadian equity market.

Horizons HXS

Horizons HXS seeks to replicate, to the extent possible, the performance of the S&P 500® Index (Total Return), net of expenses. The S&P 500® Index (Total Return) is designed to measure the performance of the large-cap market segment of the U.S. equity market.

Horizons HSH

Horizons HSH seeks to replicate, to the extent possible, the performance of the S&P 500® CAD Hedged Index (Total Return), net of expenses. The S&P 500® CAD Hedged Index (Total Return) is designed to measure the performance of the large-cap market segment of the U.S. equity market, hedged to the Canadian dollar.

Horizons HXE

Horizons HXE seeks to replicate, to the extent possible, the performance of the S&P/TSX Capped Energy Index (Total Return), net of expenses. The S&P/TSX Capped Energy Index (Total Return) is designed to measure the performance of Canadian energy sector equity securities included in the S&P/TSX Composite Index. The Relative Weight of any single index Constituent Security is capped.

Horizons HXF

Horizons HXF seeks to replicate, to the extent possible, the performance of the S&P/TSX Capped Financials Index (Total Return), net of expenses. The S&P/TSX Capped Financials Index is designed to measure the performance of Canadian financial sector equity securities included in the S&P/TSX Composite Index. The Relative Weight of any single index Constituent Security is capped.

Horizons HBB

Horizons HBB seeks to replicate, to the extent possible, the performance of the Solactive Canadian Select Universe Bond Index (Total Return), net of expenses. The Solactive Canadian Select Universe Bond Index (Total Return) is designed to measure the performance of the Canadian investment-grade fixed income market.

Horizons HXQ

Horizons HXQ seeks to replicate, to the extent possible, the performance of the NASDAQ-100® Index (Total Return), net of expenses. The NASDAQ-100® Index (Total Return) includes 100 of the largest domestic and international non-financial companies listed on The NASDAQ Stock Market.

Horizons HXX

Horizons HXX seeks to replicate, to the extent possible, the performance of the Solactive Europe 50 Rolling Futures Index (Total Return), net of expenses. The Solactive Europe 50 Rolling Futures Index (Total Return) is designed to measure the performance of 50 of the largest companies that are sector leaders in the Eurozone.

Horizons HXH

Horizons HXH seeks to replicate, to the extent possible, the performance of the Solactive Canadian High Dividend Yield Index (Total Return), net of expenses. The Solactive Canadian High Dividend Yield Index (Total Return) is designed to measure the performance of Canadian-listed equity securities characterized by high dividend yield.

Horizons HTB

Horizons HTB seeks to replicate, to the extent possible, the performance of the Solactive US 7-10 Year Treasury Bond Index (Total Return), net of expenses. The Solactive US 7-10 Year Treasury Bond Index (Total Return) is designed to measure the performance of the US 7-10 Year Treasury Bond market.

Horizons HLPR

Horizons HLPR seeks to replicate, to the extent possible, the performance of the Solactive Laddered Canadian Preferred Share Index (Total Return), net of expenses. The Solactive Laddered Canadian Preferred Share Index (Total Return) is an index of Canadian preferred shares that generally have an adjustable dividend rate.

Horizons HXDM

Horizons HXDM seeks to replicate, to the extent possible, the performance of the Horizons EAFE Futures Roll Index (Total Return), net of expenses. The Horizons EAFE Futures Roll Index (Total Return) is designed to measure the performance of large and mid-cap securities across 21 developed markets including countries in Europe, Australasia and the Far East, excluding the U.S. and Canada.

Horizons HCRE

Horizons HCRE seeks to replicate, to the extent possible, the performance of the Solactive Equal Weight Canada REIT Index (Total Return), net of expenses. The Solactive Equal Weight Canada REIT Index (Total Return) is an equal weight index of Canadian-listed real estate investment trust equity securities.

Horizons HEWB

Horizons HEWB seeks to replicate, to the extent possible, the performance of the Solactive Equal Weight Canada Banks Index (Total Return), net of expenses. The Solactive Equal Weight Canada Banks Index (Total Return) is an equal weight index of equity securities of diversified Canadian banks.

Horizons HULC

Horizons HULC seeks to replicate, to the extent possible, the performance of the Solactive US Large Cap Index (CA NTR), net of expenses. The Solactive US Large Cap Index (CA NTR) is designed to measure the performance of the large-cap market segment of the U.S. equity market.

Horizons HXCN

Horizons HXCN seeks to replicate, to the extent possible, the performance of the S&P/TSX Capped Composite Index (Total Return), net of expenses. The S&P/TSX Capped Composite Index (Total Return) is designed to measure the performance of the broad large-cap market segment of the Canadian equity market, with a capped weight of 10% on all Constituent Issuers.

Horizons CARB

Horizons CARB seeks to replicate, to the extent possible and net of expenses, the performance of an index that seeks to provide exposure to investments in cap-and-trade carbon allowances. Currently, Horizons CARB seeks to replicate the performance of the Horizons Carbon Credits Rolling Futures Index (Excess Return), net of expenses.

Horizons CARB seeks to hedge any non-Canadian dollar portfolio exposure back to the Canadian dollar at all times. As a result, the returns of Horizons CARB may differ from those of its Underlying Index, which does not include currency hedging.

Horizons HARB

Horizons HARB seeks to provide positive absolute returns with low volatility over a market cycle regardless of market conditions or general market direction. Horizons HARB will tactically take long and short positions in North American and global debt instruments and derivatives across the credit spectrum. In respect of the Dividend Series Shares, Horizons HARB will also seek to provide consistent income.

Horizons HSAV

Horizons HSAV seeks to generate modest capital growth by investing primarily in high interest deposit accounts with Canadian banks. While any decision to pay dividends or other distributions is within the discretion of the Manager, Horizons HSAV is not currently expected to make any regular distributions.

Horizons HSUV.U

Horizons HSUV.U seeks to generate modest capital growth by investing primarily in high interest U.S. dollar deposit accounts with Canadian banks. While any decision to pay dividends or other distributions is within the discretion of the Manager, Horizons HSUV.U is not currently expected to make any regular distributions.

Horizons HARC

Horizons HARC seeks to generate positive absolute returns through long and short exposure to selected global currencies. Horizons HARC will generally hold Canadian short-term fixed-income securities and will primarily use derivative instruments to gain its exposure to selected global currencies.

Horizons HXEM

Horizons HXEM seeks to replicate, to the extent possible, the performance of the Horizons Emerging Markets Futures Roll Index (Total Return), net of expenses. The Horizons Emerging Markets Futures Roll Index (Total Return) is designed to measure the performance of large and mid-cap securities across 26 emerging markets countries.

Horizons HRAA

Horizons HRAA 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.

The fundamental investment objective of an ETF may not be changed except with the approval of Shareholders of that ETF. See “Shareholder Matters” for additional descriptions of the process for calling a meeting of Shareholders and requirements of Shareholder approval.

THE INDEXES***S&P/TSX 60™ Index (Total Return)***

Horizons HXT uses the S&P/TSX 60™ Index (Total Return) as its Underlying Index. The S&P/TSX 60™ Index (Total Return) represents the total return of the large-cap market segment of the Canadian equity market. The S&P/TSX 60™ Index is comprised of 60 of the largest (by market capitalization) and most liquid securities listed on the TSX, selected by S&P using its industrial classifications and guidelines for evaluating issuer capitalization, liquidity and fundamentals with a view to matching the sector weights of the S&P TSX Composite Index. The S&P/TSX 60™ Index is a market capitalization –weighted index of securities of the Constituent Issuers. Further information about the Underlying Index is available from S&P on its web site at spglobal.com/spdji/en/.

S&P 500® Index (Total Return)

Horizons HXS uses the S&P 500® Index (Total Return) as its Underlying Index. The S&P 500® Index (Total Return) represents the total return of the S&P 500®. The S&P 500® includes 500 leading companies in leading industries of the U.S. economy. The S&P 500® is also the U.S. component of the S&P Global 1200. Further information about the Underlying Index is available from S&P on its web site at spglobal.com/spdji/en/.

S&P 500® CAD Hedged Index (Total Return)

Horizons HSH uses the S&P 500® CAD Hedged Index (Total Return) as its Underlying Index. The S&P 500® CAD Hedged Index (Total Return) represents the total return of the S&P 500®, hedged to the Canadian dollar. The S&P

500® includes 500 leading companies in leading industries of the U.S. economy. The S&P 500® is also the U.S. component of the S&P Global 1200. Further information about the Underlying Index is available from S&P on its web site at spglobal.com/spdji/en/.

S&P/TSX Capped Energy Index (Total Return)

Horizons HXE uses the S&P/TSX Capped Energy Index (Total Return) as its Underlying Index. The S&P/TSX Capped Energy Index (Total Return) is comprised of S&P/TSX Composite Index securities that are classified in the energy sector, provided that securities classified by the Global Industry Classification Standard as “Oil & Gas Refining & Marketing”, “Oil & Gas Storage & Transportation”, or “Coal & Consumable Fuels” are excluded. The Relative Weight of any single index constituent is capped at 25%. Further information about the Underlying Index is available from S&P on its web site at spglobal.com/spdji/en/.

S&P/TSX Capped Financials Index (Total Return)

Horizons HXF uses the S&P/TSX Capped Financials Index (Total Return) as its Underlying Index. The S&P/TSX Capped Financials Index (Total Return) is comprised of S&P/TSX Composite Index securities that are classified in the financials sector, provided that securities classified by the Global Industry Classification Standard as “Real Estate” are excluded. The Relative Weight of any single index constituent is capped at 25%.

Solactive Canadian Select Universe Bond Index (Total Return)

Horizons HBB uses the Solactive Canadian Select Universe Bond Index as its Underlying Index. The Solactive Canadian Select Universe Bond Index is a rules-based index which is designed to measure the performance of the Canadian investment-grade fixed income market by selecting a representative group of government and corporate bonds. Corporate and government bonds are each weighted according to their respective market value in proportion to the aggregated market value of all corporate universe or government universe components, as applicable. The details of the criteria applied in the selection process are provided in the Guideline for the Solactive Canadian Select Universe Bond Index available on the Solactive website at www.solactive.com. The universe of eligible securities is composed of fixed income instruments which are denominated in Canadian dollars, and for which the country of issuance and country of issuing entity are Canada. Bonds must have an amount outstanding of at least \$100 million. Eligible securities must have a fixed coupon, an effective remaining time to maturity of not less than one year and a rating of at least BBB- (or its equivalent) from S&P, Moody’s or DBRS. Floating rate notes, convertibles, mortgage backed securities, asset backed securities, inflation-linked securities, flat trading or defaulted securities are specifically excluded from the available universe. The composition and weighting of the Solactive Canadian Select Universe Bond Index is adjusted on the last business day of each month.

NASDAQ-100® Index (Total Return)

Horizons HXQ uses the NASDAQ-100® Index (Total Return) as its Underlying Index. The NASDAQ-100® Index (Total Return) includes 100 of the largest non-financial domestic and international issuers listed on The NASDAQ Stock Market. This index is calculated under a modified capitalization-weighted methodology. Reconstitution and rebalancing occurs on an annual, quarterly, and ongoing basis. To be eligible for inclusion, companies cannot be in bankruptcy proceedings and must meet certain additional criteria including trading volume and “seasoning” requirements. Further details regarding the methodology for this Underlying Index are available at https://indexes.nasdaqomx.com/docs/Methodology_NDX.pdf.

Solactive Europe 50 Rolling Futures Index (Total Return)

Horizons HXX uses the Solactive Europe 50 Rolling Futures Index (Total Return) as its Underlying Index. The Underlying Index is licensed from Solactive, and is calculated and distributed by the Index Provider. The Underlying Index tracks the performance of a EUREX active month EUROSTOXX50 futures contract, and rolls the exposure over four days from the active contract into the next active contract (the “**Roll Period**”), as further described below. The Underlying Index is published in Reuters under the code and in Bloomberg under the code <SOEU50RF Index>. The full index methodology is available at www.Solactive.com.

Rolling Methodology

During the Roll Period, the active contract is rolled over a 4-day period into the next active contract. The Roll Period starts on the 6th Trading Day (as defined in index methodology) preceding the last Trading Day of the active contract. The contract roll weight of the active contract is then decreased by 25% after the Close of Business (as defined in index methodology) of each Trading Day of the Roll Period starting at 100% while the contract roll weight of the next active contract is increased by 25% after the Close of Business of each Trading Day of the Roll Period starting at 0%.

The active contract and the next active contract are as follows:

Active Contract

Month:	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Contract:	Mar	Mar	Mar	Jun	Jun	Jun	Sep	Sep	Sep	Dec	Dec	Dec

Next Active Contract

Month:	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Contract:	Mar	Mar	Jun	Jun	Jun	Sep	Sep	Sep	Dec	Dec	Dec	Mar+

“+” defines a contract of the following year.

Solactive Canadian High Dividend Yield Index (Total Return)

Horizons HXH uses the Solactive Canadian High Dividend Yield Index as its Underlying Index. This Underlying Index is a rules based index which is designed to measure the performance of approximately 40 TSX-listed high dividend Canadian domiciled companies or REITs with significant anticipated yield, selected in accordance within three major sector categories described below. The universe of eligible securities for the Solactive Canadian High Dividend Yield Index is selected from 400 listed TSX-listed companies or REITs which later must meet a minimum size, and dividend paying requirements, which are further described below.

The Constituent Issuer selection process for this Underlying Index is to identify 40 cash dividend paying equity securities within the universe of eligible securities based upon three equally represented sectors: financials, energy and a “diversified sector” with securities chosen across all remaining industries. The selection criteria include a minimum market capitalization threshold, an expectation of cash dividends being paid over the next twelve months, and a minimum and maximum number of securities per sector. The eligible securities are then ranked based on their anticipated cash dividend yield to select the top 40 securities. In calculating the weight of a security within each equally weighted sector, the securities are float market-capitalization weighted.

This Underlying Index is rebalanced annually at the close of trading on each rebalance date. Further details regarding the methodology for this Underlying Index are available on the Solactive website at www.solactive.com.

Solactive US 7-10 Year Treasury Bond Index (Total Return)

Horizons HTB uses the Solactive US 7-10 Year Treasury Bond Index as its Underlying Index. The Solactive US 7-10 Year Treasury Bond Index is a rules-based index which is designed to measure the performance of the US 7-10 Year Treasury bond market. The Solactive US 7-10 Year Treasury Bond Index constituents are selected based on size and

maturity criteria, and generally have a maturity between 7 and 10 years at the time of inclusion. The criteria applied in this selection process is detailed in the Solactive US 7-10 Year Treasury Bond Index methodology available on the Solactive website at www.solactive.com. The eligible universe is made up of those U.S. Treasury securities which are U.S. dollar denominated, have a maturity between 7 and 10 years, have a fixed coupon, and are not convertible or callable. Solactive US 7-10 Year Treasury Bond Index Constituent Securities are generally deliverable against the U.S. 10-Year Treasury Note futures contract.

The U.S. federal government finances its expenditures in excess of tax receipts through the sale of debt obligations. The market for U.S. Treasury securities is one of largest, most active debt markets in the world. Treasuries are debt obligations issued and backed by the full faith and credit of the U.S. government. Because they are considered to have low credit or default risk, they generally offer lower yields relative to other bonds.

Solactive Laddered Canadian Preferred Share Index (Total Return)

Horizons HLPR uses the Solactive Laddered Canadian Preferred Share Index (Total Return) as its Underlying Index. The Solactive Laddered Canadian Preferred Share Index (Total Return) includes TSX-listed preferred shares that generally have an adjustable dividend rate and are laddered using equal weights in annual reset term buckets. Securities are market capitalization weighted within the annual term buckets. Constituent Issuers are rebalanced on a monthly basis, and are subject to minimum market capitalization, quality and liquidity screens. Further information about Solactive Laddered Canadian Preferred Share Index (Total Return) and its Constituent Issuers is available from Solactive on its website at www.solactive.com. The value of this Underlying Index will be published after the close of trading on each business day by Bloomberg L.P. under the ticker symbol SOLADPRF.

Horizons EAFE Futures Roll Index (Total Return)

Horizons HXDM uses the Horizons EAFE Futures Roll Index (Total Return) as its Underlying Index. This Underlying Index is an index provided by Horizons that is designed to reflect the returns generated over time through long notional investments in a series of MSCI EAFE Index Futures that are in turn based on the performance of the MSCI EAFE Index. The MSCI EAFE Index Futures are listed on the Intercontinental Exchange. The Underlying Index is designed to represent the performance of large and mid-cap securities across 21 developed markets as of August 2023, including countries in Europe, Australasia and the Far East, and excluding the U.S. and Canada. The Underlying Index encompasses a number of regions and market segments/sizes, and tracks a substantial portion of the free float-adjusted market capitalization in each of the 21 countries. As noted above, the Horizons EAFE Futures Roll Index (Total Return) is based in whole, or in part, on the MSCI EAFE Index Futures owned by ICE Data, LLP and its affiliates, and is used by Horizons with permission under license by ICE Data, LLP. See “Other Material Facts – Index Information”.

The notional portfolio of the Underlying Index is invested into the first nearby contract of the MSCI EAFE Index Futures, and then rolled into the next nearby contract over a four day period in each of March, June, September and December. The roll from the first nearby contract to the next nearby contract begins on the day that is the sixth ICE Trading Day prior to the last ICE Trading Day of the first nearby contract on the Intercontinental Exchange. Further details regarding the methodology for this Underlying Index are available on the Manager’s website at www.HorizonsETFs.com. The value of this Underlying Index will be published after the close of trading on each business day by Bloomberg L.P. under the ticker symbol <CMDYHXDM>.

Horizons, as index provider of the Horizons EAFE Futures Roll Index (Total Return), reserves the ability to make exceptions when applying the index methodology if the need arises, as determined in its discretion. At least once within any 12-month period, Horizons, in its capacity as index provider, reviews the index methodology to ensure that it continues to achieve the stated objectives, and that the data and methodology remain effective. The current futures contract exposure and methodology employed by the Horizons EAFE Futures Roll Index (Total Return) is posted on the Manager’s website at <http://www.HorizonsETFs.com> and any changes to the futures contract exposure or index methodology, if any, will be disclosed by way of public announcement.

Solactive Equal Weight Canada REIT Index (Total Return)

Horizons HCRE uses the Solactive Equal Weight Canada REIT Index (Total Return) as its Underlying Index. The Solactive Equal Weight Canada REIT Index (Total Return) includes TSX-listed securities that are classified within the Real Estate Investment Trust industry classification. Constituents are subject to minimum market capitalization and liquidity screens. Constituent Issuers are equally weighted at each rebalancing and this Underlying Index is rebalanced semi-annually in March and September. Further information about the Solactive Equal Weight Canada REIT Index (Total Return) and its Constituent Issuers is available from Solactive on its website at www.solactive.com. The value of this Underlying Index will be published after the close of trading on each business day by Bloomberg L.P. under the ticker symbol SOLCREW.

Solactive Equal Weight Canada Banks Index (Total Return)

Horizons HEWB uses the Solactive Equal Weight Canada Banks Index (Total Return) as its Underlying Index. The Solactive Equal Weight Canada Banks Index (Total Return) includes TSX-listed common shares of Canadian banks. Constituent Issuers are subject to minimum market capitalization and liquidity screens. Constituent Issuers are equally weighted at each rebalancing and this Underlying Index is rebalanced semi-annually in March and September. Further information about the Solactive Equal Weight Canada Banks Index (Total Return) and its Constituent Issuers is available from Solactive on its website at www.solactive.com. The value of this Underlying Index will be published after the close of trading on each business day by Bloomberg L.P. under the ticker symbol SOLCBEW.

Solactive US Large Cap Index (CA NTR)

Horizons HULC uses the Solactive US Large Cap Index (CA NTR) as its Underlying Index. The Solactive US Large Cap Index (CA NTR) aims to track the price movements of the 500 largest companies in the United States stock market based on free float market capitalization. The Solactive US Large Cap Index (CA NTR) is rebalanced semi-annually at the close of trading on the first Wednesday in May and November. The Solactive US Large Cap Index (CA NTR) is a net total return index, thus dividend income is adjusted for withholding tax rates that are applicable to a Canadian investor. Initial public offerings may be added on a quarterly basis if they meet all criteria outlined in the relevant sections of the index guideline methodology. The Solactive US Large Cap Index (CA NTR) is published in U.S. dollars and Horizons HULC will not hedge any U.S. dollar currency exposure.

The S&P/TSX Capped Composite Index (Total Return)

Horizons HXCN uses the S&P/TSX Capped Composite Index (Total Return) as its Underlying Index. The S&P/TSX Capped Composite Index (Total Return) represents the broad large-cap market segment of the Canadian equity market. The S&P/TSX Capped Composite Index (Total Return) is generally comprised of over 225 securities and is a market capitalization-weighted index of securities of its Constituent Issuers. The Constituent Issuers include common stocks and income trust units. The Relative Weight of any single Constituent Security is capped at 10% and additions to the S&P/TSX Composite are generally only made as part of the quarterly rebalance.

S&P, the Index Provider, is not affiliated with the Manager. Further information about the Underlying Index is available from S&P on its web site at spglobal.com/spdji/en/. The value of the Underlying Index will be published by Bloomberg L.P. under the ticker symbol “T00CAR Index”.

Horizons Emerging Markets Futures Roll Index (Total Return)

Horizons HXEM uses the Horizons Emerging Markets Futures Roll Index (Total Return) as its Underlying Index. This Underlying Index is an index provided by Horizons that is designed to reflect the returns generated over time through long notional investments in a series of MSCI Emerging Markets Index Futures that are in turn based on the performance of the MSCI Emerging Markets Index. The MSCI Emerging Markets Index Futures are listed on the Intercontinental Exchange. The Underlying Index is designed to represent the performance of large and mid-cap securities across 24 emerging markets, as of July 2023. The Underlying Index covers approximately 85% of the free float-adjusted market capitalization in each country, as of July 2023. As noted herein, the Horizons Emerging Markets Futures Roll Index (Total Return) is based in whole, or in part, on the MSCI Emerging Markets Index Futures owned

by ICE Data LLP and its affiliates, and is used by Horizons with permission under license by ICE Data, LLP. See “*Other Material Facts – Index Information*”.

The notional portfolio of the Underlying Index is invested into the first nearby contract of the MSCI Emerging Markets Index Futures, and then rolled into the next nearby contract over a four day period in each of March, June, September and December. The roll from the first nearby contract to the next nearby contract begins on the third ICE Trading Day prior to the last ICE Trading Day of the first nearby contract on the Intercontinental Exchange. Further details regarding the methodology for this Underlying Index are available on the Manager’s website at www.HorizonsETFs.com. The value of this Underlying Index will be published after the close of trading on each business day by Bloomberg L.P. under the ticker symbol <CMDYHXEE>.

Horizons Carbon Credits Rolling Futures Index (Excess Return)

Horizons CARB currently employs the Horizons Carbon Credits Rolling Futures Index (Excess Return) as its Underlying Index. The Underlying Index is a proprietary index provided by the Manager and is designed to measure the performance of liquid carbon credit futures contracts listed on globally recognized developed market exchanges (the “**Carbon Credit Futures**”).

The Underlying Index will hold a notional position of Carbon Credit Futures. The Underlying Index will hold a notional position of Carbon Credit Futures. The Underlying Index is initially comprised of, and calculated based on, the daily returns of the settlement price of European Union Allowance (“EUA”) emission futures contracts, as determined by the Manager. The settlement prices are generally determined at 11:15 am (EST).

The Index Provider has the discretion to change the roll period of futures contracts of the Underlying Index, including, but not limited to, adjustments made from time to time because of various events affecting the replication of carbon allowances. These adjustments may require adjusting the number of days in the roll period or the term of the contract expirations in which the roll is made. If such adjustments to the Underlying Index were to occur, the ETF may alter its investment exposure to Carbon Credit Futures such that its exposure will match, as closely as commercially possible, the exposure of the Underlying Index, as adjusted.

The Underlying Index may also be changed with the addition of other Carbon Credit Futures contracts that may be eligible in the future for inclusion into the Underlying Index subject to liquidity and market cap considerations as defined by the Underlying Index methodology. In the event that additional Carbon Credit Futures become eligible for inclusion in the Underlying Index, the relative weighting of each futures contract would be determined in accordance with the methodology of the Underlying Index.

The index committee shall regularly review the developed markets carbon credit futures to determine eligibility for potential inclusion in the Index. Futures contract eligibility will be assessed based on factors such as the average daily value traded and open interest over the past three months up to the selection day of the Underlying Index.

Roll Methodology for the Underlying Index

Futures contracts must be rolled from the specified delivery month to the next applicable delivery month before the contract requires the holder to accept delivery of a physical commodity on maturity. As part of its roll process, the Underlying Index will refer to a primary futures contract and a secondary futures contract in different weightings over the period of time the roll is implemented. As contracts reach that delivery date at the end of the expiring contract month, the secondary contract for the next applicable delivery month becomes the primary futures contract. During periods where a roll is not being implemented, the primary contract and secondary contract are the same. The Underlying Index will track the Carbon Credit Futures according to the following roll schedule. As described in further detail below, the roll methodology of the Underlying Index is subject to change, and any changes will be posted on the Manager’s website at HorizonsETFs.com.

Based on the Underlying Index, the notional portfolio of the Underlying Index is invested into the nearby December contract of the Carbon Credit Futures, and then rolled into the next active December contract annually over a five day period each November. The roll from the current December contract to the next active December contract begins on the first trading day of each November. Additionally, the roll schedule of the Underlying Index may be adapted subject to Carbon Credit Futures availability and liquidity.

The roll methodology for the Underlying Index (which includes roll dates, the primary and secondary futures contracts, and the allocation between the primary and secondary futures contract) may be changed at any time by the Index Provider in its sole discretion based on, among other things, liquidity for the underlying primary and secondary futures contracts. The Manager posts the current roll methodology of the Underlying Index on its website, www.HorizonsETFs.com.

The Underlying Index is calculated by an independent calculation agent, Solactive AG. The Underlying Index methodology is also posted on the index calculation agent's website at www.solactive.com.

Underlying Indexes (For Index ETFs)

An Index Provider has the discretion to change the Constituent Issuers of an Underlying Index, including, but not limited to, adjustments made from time to time because of various events affecting Index Securities. These adjustments may require removing a Constituent Issuer from an Underlying Index and substituting a new Constituent Issuer while at the same time, if necessary, changing the number of Index Securities, thereby effectively increasing or decreasing the Relative Weight of the Constituent Issuer in this Underlying Index. These adjustments to an Underlying Index are expected to be made in such a way that the Index Levels will not be affected. If such events occur, the applicable Index ETF may implement these changes such that the direct or indirect exposure of such Index ETF to the Index Levels will match, as closely as possible, the Constituent Issuers in its Underlying Index with the overall goal of continuing to manage that Index ETF and meet its investment objective.

Change of an Underlying Index

The Manager may, subject to any required Shareholder approval, change an Underlying Index in order to provide investors with substantially the same exposure to which that Index ETF or Horizons CARB is currently exposed. If the Manager changes an Underlying Index, or any index replacing such Underlying Index, the Manager will issue a press release identifying and describing the new Underlying Index and specifying the reasons for the change in the Underlying Index.

Termination of an Underlying Index

Each Index Provider calculates, determines and maintains the applicable Underlying Index. If an Index Provider ceases to calculate an Underlying Index, or the applicable License Agreement is terminated, the Manager may choose to: terminate the applicable Index ETF or Horizons CARB, as the case may be, change the applicable Index ETF's or Horizons CARB's investment objective or to seek to replicate an alternative index (subject to any Shareholder approval, if required); or make such other arrangements as the Manager considers appropriate and in the best interests of applicable Shareholders in the circumstances.

If an alternate index is selected, the investment objective of the Index ETF or Horizons CARB, as the case may be, shall be to replicate, to the extent possible, the performance of such alternate index, net of expenses. The Manager will notify Shareholders, which notice may be by way of press release, at least 30 days prior to the effective date of the selection of an alternate index.

Use of the Underlying Indexes

Each Index ETF and Horizons CARB is permitted by the applicable Index Provider to use its Underlying Index and to use certain trademarks in connection with its operation. The Index ETFs and Horizons CARB do not accept responsibility for or guarantee the accuracy or completeness of the Underlying Indexes or any data included in the Underlying Indexes.

INVESTMENT STRATEGIES

In order to achieve their investment objectives and obtain direct or indirect exposure to securities of their Underlying Index's Constituent Issuers, the Index ETFs may invest in and hold the securities of Constituent Issuers in substantially the same proportion as they are reflected in the applicable Underlying Index, or may invest in and hold index

participation units of exchange traded funds or use derivatives, including but not limited to swap agreements, futures contracts, options on futures contracts, forward contracts, options on securities and indices, money market instruments, reverse repurchase agreements or a combination of the foregoing, that are based on the applicable Underlying Index, provided that the use of such derivative instruments is in compliance with NI 81-102 and is consistent with the investment objective of that Index ETF. Accordingly, ETFs may enter into a Swap (as described below) and/or obtain direct exposure to its Underlying Index's Constituent Issuers at any time, or from time to time. The Index ETFs will remain fully invested in, or exposed to, the markets at all times. The Index ETFs may also invest in futures contracts and forward agreements in order to provide exposure for other cash held by the Index ETFs and may also hold money market instruments, securities of money market funds or cash to meet their current obligations. See "Direct Investment in the Index Securities" below.

Use of Swap Agreements by Certain Index ETFs

Currently, each of the Index ETFs, except Horizons HXQ and Horizons HULC, has entered or will enter into a swap with a Counterparty or Counterparties pursuant to which each Index ETF seeks to gain exposure to the performance of its Underlying Index (a "**Swap**"). Each Swap is or will be a total return swap under which the applicable Index ETF will pay the Counterparty (i) a floating amount based upon prevailing short-term market interest rates computed upon an agreed notional amount and (ii) an equity amount based upon any decline in value of a notional investment in a notional number of shares, the value of each of which will equal the value of the applicable index to which the Index ETF seeks to gain exposure pursuant to the Swap (the "**reference assets**"). In return, the Counterparty or Counterparties will pay the applicable ETF an equity amount based upon any increase in value of the reference assets. The total return will be comprised of notional income which would be earned on a notional investment in the reference assets (which, by virtue of the operation of the Swap, will be notionally reinvested in further reference assets) plus any notional appreciation in the value of the reference assets or, as the case may be, minus any reduction in the value of the reference assets. The daily marked-to-market value of a Swap is based upon the performance of the applicable index to which the Index ETF seeks to gain exposure pursuant to the Swap. A Counterparty may hedge its exposure under a Swap to Index Securities. There is no assurance that a Counterparty will maintain a hedge or will do so with respect to the full amount or term of a Swap. In respect of the Swap each Index ETF has entered or will enter into, the Index ETFs may replace a Counterparty or engage additional Counterparties at any time.

Horizons HXQ and Horizons HULC do not employ a total return swap to gain exposure to its Underlying Index. Horizons HXQ and Horizons HULC invests in the equity securities of Constituent Issuers in substantially the same proportion as they are reflected in its Underlying Index. As such, Horizons HXQ and Horizons HULC do not pay swap costs to a Counterparty.

Each Index ETF also currently invests or will invest the net proceeds of ETF Share subscriptions in cash and/or short-term debt obligations to earn short-term market interest rates. The terms of each Swap of an Equity ETF (except Horizons HXQ and Horizons HULC, which does not employ a total return swap to gain exposure to its Underlying Index), other than the Swap in respect of Horizons HXS, Horizons HXDM, Horizons HTB, Horizons HXX and Horizons HXEM, require or will require the Equity ETFs to pledge their cash in Canadian dollars to the Counterparty to secure the payment of their payment obligations under the applicable Swap. The income earned on the cash in Canadian dollars and short-term debt obligations is expected to continue to be sufficient to fund the required floating payments by the applicable ETF (other than Horizons HXS and Horizons HTB) under the current Swaps. The terms of the Swaps in respect of Horizons HXS, Horizons HTB, Horizons HXDM and Horizons HXEM require or will require each such ETF to pledge its cash in U.S. dollars and short-term debt obligations to the Counterparty to secure the payment of the ETF's payment obligations under the applicable Swap. The terms of the Swap in respect of Horizons HXX require or will require Horizons HXX to pledge its cash in Euros and short-term debt obligations to the Counterparty to secure the payment of Horizons HXX's payment obligations under the Swap.

In order to seek to replicate the Underlying Index of Horizons HSH, including the currency hedging requirements of such Underlying Index, the ETF has entered or will enter into Swaps that provide exposure to the performance of a custom index selected by the Manager from time to time that incorporates a currency hedging methodology, and is expected to substantially correspond to the performance of the applicable Underlying Index. Initially, Horizons HSH has entered or will enter into Swaps that provide exposure to the performance of the Horizons S&P 500 CAD-Hedged Index (Total Return) (Bloomberg index ticker symbol: CMDYSPTR). The values of this index is published by Bloomberg L.P. at the close of trading on each business day.

Each Swap has or will have a term of less than five (5) years and, provided no default or event of default and no unresolved hedging event or disruption event has occurred and is continuing, each Index ETF has the ability to terminate its exposure under a Swap, in whole or in part, at any time. Events of default and/or termination events under a Swap include, among others: (i) a failure by a party to make a payment or perform an obligation when due under the Swap which is not cured within any applicable grace period; (ii) fundamental changes are made to the applicable Index ETF or the Index ETF's material contracts which have a material adverse effect on a party to the Swap; (iii) a party makes a representation which is incorrect or misleading in any material respect; (iv) a party defaults in respect of a specified transaction having a value in excess of a specified threshold, which default is not cured within any applicable grace period; (v) certain events related to the bankruptcy or insolvency of a party; (vi) a party consolidates, amalgamates or merges with or into, or transfers substantially all its assets to, another entity and the resulting, surviving or transferee entity fails to assume the obligations of such party under the Swap; (vii) any proposed change in law that prohibits or renders the transactions under the Swap unlawful; (viii) the occurrence or existence at any time of any event or condition arising from any transaction that results in a material adverse tax consequence to a party under the Swap, the applicable Index ETF or the Shareholders of the Index ETF; (ix) failure of the Index ETF to comply with its governing documents; (x) the inability of a Counterparty to the Swap to hedge its exposure to the securities subject to the Swap or an increase in the cost of such hedging that the Index ETF is unwilling to assume; (xi) a Counterparty or its guarantor ceases to have a designated rating, as the case may be; or (xii) certain regulatory, market disruption, credit or legal events occur which affect a party. If a Swap is terminated, the applicable Index ETF may either pursue the same or other alternative investment strategies with an Acceptable Counterparty, or make direct investments in Index Securities. There is no assurance that an Index ETF will be able to replace its Swap if the Swap is terminated.

Each Index ETF is subject to the terms and conditions of the applicable Swap, entitled to increase or decrease the notional exposure of the Swap from time to time as needed to manage Index ETF Share purchases and reinvestment of distributions, to fund redemptions and market repurchases of ETF Shares, meet other liquidity needs and such other purposes as each may determine. For information regarding Swap fees and hedging costs, please see "Fees and Expenses". A Counterparty or an affiliate thereof may, from time to time, reimburse the Manager for certain expenses incurred by the Manager in the normal course of its business.

Direct Investment in the Index Securities

Any Index ETF may also invest in and hold the securities of the issuers contained in its Underlying Index in substantially the same proportion as they are reflected in the Underlying Index or an Index ETF may invest in and hold exchange traded funds or other derivatives, including but not limited to futures contracts, options on futures contracts, options on securities and indices, that are based on its Underlying Index. The Index ETFs will remain fully invested in or exposed to the markets at all times. The Index ETFs may also invest in futures contracts and forward agreements in order to provide market exposure for other cash held by the ETFs and may also hold money market instruments, securities of money market funds or cash to meet their current obligations.

Sampling

Each Index ETF may also employ a "stratified sampling" strategy. Under this stratified sampling strategy, an Index ETF may not hold all of the securities that are included in its Underlying Index, but instead will hold a portfolio of securities and/or derivatives that closely matches the aggregate investment characteristics of the securities included in such Underlying Index. The sampling process typically involves selecting a representative sample of securities in the Underlying Index, principally to enhance liquidity and reduce transaction costs while seeking to maintain a high correlation with, and similar aggregate characteristics (e.g., market capitalization and industry weightings) to, the Underlying Index. In addition, each Index ETF may obtain exposure to components not included in its Underlying Index, invest in securities that are not included in its Underlying Index or may overweight or underweight certain components contained in such Underlying Index. If the Manager reasonably expects that an Index ETF will still achieve its stated investment objective, an Index ETF may hold other derivatives, including swap agreements, futures contracts, options on futures contracts, forward contracts, options on securities and indices, that refer to an underlying contract that is different from the Index ETF's Underlying Index.

Currency Hedging

The underlying exposure of Cdn\$ Shares and US\$ Shares of a Dual Currency ETF is the same. Any exposure that the portfolio of Horizons HSH may have to the U.S. dollar will be hedged back to the Canadian dollar. The ETFs (other than Horizons HSH) will not hedge any foreign currency exposure back to the currency in which the applicable class of ETF Shares is denominated.

The Solactive US Large Cap Index (CA NTR), the Underlying Index of Horizons HULC, is published in USD, and Horizons HULC will not hedge any USD currency exposure.

Horizons CARB

In order to achieve its investment objective, Horizons CARB may invest all or a portion of its portfolio in interest bearing accounts, T-Bills and/or other financial instruments, including without limitation, futures contracts, options on futures contracts, forward contracts, Swaps, options on indices, money market instruments or any combination of the foregoing (referred to as “**Carbon Credit-Exposed Instruments**”) that have similar return characteristics as the performance of the Underlying Index or certain Carbon Credit Futures selected by the Manager, provided that the use of such financial instruments is in compliance with NI 81-102 and is consistent with the investment objective Horizons CARB. Assets not invested in financial instruments may be invested in cash or cash equivalents, or reverse repurchase agreements with a term not to exceed 30 days.

Horizons CARB does not invest directly in physical carbon allowances/carbon credits.

Use of Leverage

Horizons CARB does not intend to borrow money or employ other forms of leverage. Horizons CARB may however borrow money on a temporary short-term basis in connection with a subscription for ETF Shares by a dealer. Any cash borrowing by Horizons CARB will be subject to an overall limit of 50% of its NAV under NI 81-102.

Horizons CARB is an alternative mutual fund and is permitted by NI 81-102 to lever its assets; that is, the aggregate underlying market exposure of all derivatives held by that ETF calculated on a daily mark-to-market basis can exceed that Horizons CARB’s cash and cash equivalents, including cash held as margin on deposit to support that Horizons CARB’s derivatives trading activities. Horizons CARB measures leverage in terms of the total underlying value of the financial derivative positions as a ratio of the total assets held by Horizons CARB.

Use of Derivatives

In compliance with NI 81-102 or an exemption therefrom, Horizons CARB may invest in derivatives, including, without limitation, forward contracts, swap agreements and/or futures contracts. Derivatives are instruments that derive their value from the market price, value or level of an underlying security, commodity, economic indicator, index or financial instrument and which enable investors to speculate on or hedge against future changes in the price or value of the underlying interest of the derivative. Subject to the limits and qualification requirements set out in NI 81-102 and in accordance with its policies, Horizons CARB may deliver portfolio assets to its derivatives Counterparties to secure its obligations under derivatives arrangements.

The following is a general discussion of the more common derivatives likely to be employed by Horizons CARB, but it is not an exhaustive discussion of all derivatives in which Horizons CARB may invest:

Futures Contracts

In compliance with NI 81-102 or an exemption therefrom, Horizons CARB may invest in and/or be exposed to futures contracts, including Carbon Credit Futures. Futures contracts are standardized contracts entered into on domestic or foreign exchanges which call for the future delivery of specified quantities of various agricultural commodities, industrial commodities, currencies, financial instruments, energy products or metals at a specified time and place. The terms and conditions of futures contracts of a particular commodity are standardized and, as such, are not subject to any negotiation between the buyer and the seller. Subject to the limits and qualification requirements set out in NI 81-

102 and in accordance with its policies, Horizons CARB may deliver portfolio assets to its futures dealers that are members of relevant futures exchanges to secure its obligations under futures contracts.

In addition, Horizons CARB may also purchase a put or call option on a futures contract. An option on a futures contract gives the buyer of the option the right to take a position at a specified price (the “striking”, “strike” or “exercise” price) in the underlying futures contract. The buyer of a “call” option acquires the right to take a long position in the underlying futures contract, and the buyer of a “put” option acquires the right to take a short position in the underlying futures contract.

Swap Agreements

In compliance with NI 81-102 or an exemption therefrom, in order to achieve its investment objective, Horizons CARB may also enter into one or more Swaps that provide positive exposure to the Underlying Index or certain Carbon Credit Futures selected by the Manager, as applicable.

At the discretion of the Manager, Horizons CARB may enter into one or more Swaps with a Counterparty or Counterparties pursuant to which Horizons CARB seeks to gain exposure to the performance of a notional number of certain Carbon Credit Futures selected by the Manager and/or the Underlying Index, as applicable. Under each Swap, Horizons CARB will pay the Counterparty or Counterparties (i) a floating amount based on prevailing short-term market interest rates computed upon an agreed notional amount, and (ii) an amount based upon any decline in value of a notional investment in a notional number of Carbon Credit Futures and/or the Underlying Index, as applicable, the value of each of which will equal the value of the Carbon Credit Futures and/or the Underlying Index, as applicable, to which Horizons CARB seeks to gain exposure pursuant to the Swap (the “**swap reference assets**”). In return, the Counterparty or Counterparties will pay Horizons CARB an amount based upon any increase in value of the swap reference assets. The return will be comprised of notional income which would be earned on a notional investment in the swap reference assets (which, by virtue of the operation of the Swap, will be notionally reinvested in further swap reference assets) plus any notional appreciation in the value of the swap reference assets or, as the case may be, minus any reduction in the value of the swap reference assets.

Horizons CARB may replace a Counterparty at any time or engage additional Counterparties at any time. The daily marked-to-market value of a Swap is or will be based upon the performance of the Underlying Index. Horizons CARB may also invest any net proceeds of ETF Share subscriptions in cash and/or short-term debt obligations to earn prevailing short-term market interest rates.

Forward Documents

In compliance with NI 81-102 or an exemption therefrom, in order to achieve its investment objective, Horizons CARB may enter into Forward Documents with a Counterparty or Counterparties that will provide positive exposure that substantially corresponds to the performance of its Underlying Index.

At the discretion of the Manager, Horizons CARB may invest some or all of the net proceeds of ETF Share subscriptions in interest bearing accounts and T-Bills to earn prevailing short-term market interest rates. The terms of the Forward Documents require Horizons CARB, for any applicable Counterparty, to pledge substantially all of its respective interest bearing accounts to the Counterparty to secure the payment of Horizons CARB’s payment obligations under the Forward Documents.

The amount payable by a Counterparty under the Forward Documents will be based upon the performance of the Underlying Index. The daily marked-to-market value of a Forward Document is based upon the performance of a notional investment in the Underlying Index. Horizons CARB is entitled to increase or decrease its notional exposure to the Underlying Index, including to pre-settle the Forward Documents in whole or in part, from time to time as needed to fund ETF Share purchases and reinvestment of distributions, to fund redemptions and market repurchases of ETF Shares, pay administrative expenses, meet other liquidity needs and such other purposes as Horizons CARB may determine. Horizons CARB has the option of electing to cash settle its obligations under the Forward Documents.

A Counterparty or its guarantor is generally required, pursuant to the terms of the Forward Documents, to have a designated rating within the meaning of NI 81-102. The ETF has the ability to replace a Counterparty or engage

additional Counterparties at any time. The reference asset of each Forward Document is a notional amount of positive exposure that substantially corresponds to the daily performance of the Underlying Index. A Counterparty or an affiliate thereof may, from time to time, reimburse the Manager for certain expenses incurred by the Manager in the normal course of its business.

Investments in Underlying Funds

In accordance with applicable Canadian securities legislation, including NI 81-102, Horizons CARB may also invest in one or more other investment funds, including other investment funds managed by the Manager, provided that no management fees or incentive fees are payable that, to a reasonable person, would duplicate a fee payable by the underlying fund for the same service. The Manager's allocation to investments in other investment funds, if any, will vary from time to time depending on the relative size and liquidity of the investment fund, and the ability of the Manager to identify appropriate investment funds that are consistent with Horizons CARB's investment objectives and strategies.

Horizons HARB

Specific Investment Strategies of the ETF

To achieve the ETF's investment objective, the HARB Sub-Advisor will employ a variety of strategies based on the investment cycle at the time of investment. Some of the strategies include, but are not limited to, the following: long/short high yield bond strategies to hedge default risk and hedge interest rate risk, long positions in investment grade bonds/short positions in government bonds to hedge interest rate risk, long positions in short duration high yield bonds and investment grade bonds/short positions in government bonds and Credit Default Swap Index swaps to produce positive yield without capital losses from rising interest rates, and positions in long duration government bonds to mitigate market risk.

The ETF will trade primarily in North American and global debt instruments across the credit spectrum including, but not limited to, cash and cash equivalents, government debt, convertible bonds, government agency securities, inflation-linked bonds, investment grade corporate debt, high yield corporate debt, preferred shares, limited recourse capital notes, fixed income derivatives, private debt and other income-producing instruments.

The HARB Sub-Advisor has full flexibility with regards to duration positioning and will seek to provide optimal exposure through changing market conditions. Investment grade corporate debt securities may be of issuers located in Canada, the United States, Europe or Japan. High yield corporate debt securities will vary by quality, liquidity and duration, and will be primarily of issuers located in Canada or the United States, with the intention of creating interest income and capital gains from narrowing credit spreads. The ETF could, at times, primarily be exposed to very short-term government debt, such as U.S. Treasury securities (cash equivalents) and, to a lesser extent, cash. The HARB Sub-Advisor has full flexibility and discretion regarding portfolio exposure, credit risk and yield.

The ETF may be exposed to multiple foreign currencies. The HARB Sub-Advisor will choose tactically whether to hedge the foreign currency exposure of the Total Return Series Shares and the Dividend Series Shares. The USD Unhedged Total Return Series Shares of the ETF will not hedge any non-U.S. dollar exposure back to the U.S. dollar.

The ETF is tactically managed using a combination of top-down macroeconomic analysis involving the assessment of economic, political and market trends, and a bottom-up company and security level analysis to assess a company's ability to generate cash and meet interest and principal payment obligations on its debt securities. The Sub-Advisor conducts analysis which generally includes, but may not be limited to, assessing a company's industry position, operating leverage, management strength and experience, historical earnings and future projections, liquidity profile and accounting ratios and practices.

The HARB Sub-Advisor will also employ a flexible approach to the use of derivative instruments, and the ETF may opportunistically use options, swaps, futures, forward contracts, options, money market instruments, repurchase agreements and reverse repurchase agreements for hedging or non-hedging purposes under different market conditions. Index or exchange traded fund based derivatives and credit derivatives are examples of some of the types of derivatives that may be used.

When taking a “short” position, the HARB Sub-Advisor may sell an instrument that the ETF does not own and would then borrow to meet its settlement obligations. The HARB Sub-Advisor may also take “short” positions in futures, forwards and swaps. A “short” position will benefit from a decrease in price of the underlying instrument and will lose value if the price of the underlying instrument increases. A “long” position will benefit from an increase in price of the security and will lose value if the price of the security decreases. See “Use of Leverage” and “Exemptions and Approvals”.

The above-described investment strategies are not intended to be exhaustive and other strategies may also be employed at the sole discretion of the Sub-Advisor. The strategies employed by the HARB Sub-Advisor will depend on its assessment of market conditions and the relative attractiveness of the available opportunities.

Use of Leverage

The ETF will use leverage. The leverage will be created through the use of cash borrowings, short sales and derivative contracts. The ETF’s leverage will not exceed 300% of its NAV. Some examples of leverage that may be employed by the ETF include borrowing by way of loan facilities, margin purchases, short-selling securities and through derivative instruments.

The ETF will short sell and borrow cash. The ETF has obtained exemptive relief to sell a security short or borrow cash if, immediately after the borrowing or short selling transaction, (i) the aggregate market value of all securities sold short by the ETF does not exceed 100% of the ETF’s NAV, (ii) the aggregate value of all cash borrowing by the ETF does not exceed 100% of the ETF’s NAV, (iii) the aggregate market value of securities sold short by the ETF combined with the aggregate value of cash borrowing by the ETF does not exceed 100% of the ETF’s NAV, and (iv) the ETF’s aggregate exposure to short selling, cash borrowing and specified derivatives does not exceed 300% of the ETF’s NAV.

The ETF’s aggregate gross exposure, to be calculated as the sum of the following, must not exceed 300% of the ETF’s 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 aggregate market exposure of all instruments held directly or indirectly by the ETF, calculated daily on a mark-to-market basis, can exceed the ETF’s net asset value, and can exceed the amount of cash and securities held as margin on deposit to support the derivatives trading activities of the ETF.

Use of Derivatives

The ETF invests in its own actively managed portfolio of investments. Subject to its investment restrictions, the ETF may, in respect of the Total Return Series Shares and the Dividend Series Shares, use derivative instruments for hedging all or a portion of the value of the ETF’s non-Canadian currency exposure (if any) back to the Canadian dollar. The ETF may also use derivative instruments to reduce transaction costs and increase the liquidity and efficiency of trading, in accordance with the ETF’s investment restrictions. The ETF may use various hedging activities to manage portfolio and, in respect of the Total Return Series Shares and the Dividend Series Shares, currency risk. Any use of derivatives will be in accordance with NI 81-102.

The USD Unhedged Total Return Series Shares of the ETF will not hedge any non-U.S. dollar exposure back to the U.S. dollar.

Horizons HSAV

Horizons HSAV invests substantially all of its assets in high interest deposit accounts with one or more Canadian chartered banks. Horizons HSAV can also invest in high-quality, short-term (one year or less) debt securities, including treasury bills and promissory notes issued or guaranteed by Canadian governments or their agencies, and bankers acceptances.

Horizons HSUV.U

Horizons HSUV.U invests substantially all of its assets in high interest U.S. dollar deposit accounts with one or more Canadian chartered banks. Horizons HSUV.U can also invest in high-quality, short-term (one year or less) debt securities, including U.S. dollar denominated treasury bills and promissory notes issued or guaranteed by the United States federal government or the Government of Canada, or their respective agencies, and U.S. dollar denominated banker's acceptances.

Horizons HARC

In order to achieve its investment objective, the HARC Sub-Advisor selects currencies that are expected to strengthen or weaken on a relative basis using the HARC Sub-Advisor's proprietary active investment process that tracks more than thirty global currencies. The HARC Sub-Advisor's investment process employs both fundamental analysis and a factor based ranking model. Horizons HARC will obtain exposure to currencies primarily by entering into derivatives where the underlying interests are the currencies of two countries. In each derivative, the currency of one country (the "**strong side currency**") will be selected by the HARC Sub-Advisor to outperform the currency of the other country (the "**weak side currency**"). Horizons HARC will realize a gain (or incur a loss) from the derivative if, during the term of the derivative, the exchange rate between the two currencies changes such that the strong side currency increases (or decreases) in value relative to the weak side currency. The HARC Sub-Advisor will study a country's level of inflation, anticipated interest rate change, employment outlook, economic growth expectation, trade balance, government policy and central bank actions. The HARC Sub-Advisor actively monitors interest rate and inflation differentials and uses, among other techniques, exchange rate analysis techniques such as interest rate parity and purchasing power parity to forecast currency values. The HARC Sub-Advisor also conducts fundamental economic analysis of the currencies being considered for inclusion in Horizons HARC's portfolio, taking into account macro-economic variables and events that it judges to be important to a particular country.

The value of a currency is quoted relative to the value of another currency (together, the "**currency pair**"). The relative values of the currencies in a currency pair fluctuates based on a number of different factors. Currency traders follow global economic and monetary policy along with specific factors such as the difference between one country's short-term interest rate or inflation relative to another country. Currency pairs that are made up of currencies of developed nations relative to the U.S. dollar are extremely liquid and trade 24 hours a day in various markets around the world. Other currency pairs that are made up of currencies of developed nations other than the United States can also be highly liquid. The majority of currency trading takes place in the interbank market where banks deal with each other directly or through use of electronic platforms. The most widely used reference rate is the WM/Reuters closing spot rate, which is calculated at 4 p.m. in London, United Kingdom. A WM/Reuters closing spot rate exists for every currency pair traded. Trading volume at the WM/Reuters closing spot rate is especially high at the end of each calendar month because many market participants use that rate to rebalance their portfolios. Settlement usually occurs same day or within 2 Trading Days, which is why it is also referred to as the "spot market".

Currencies provide diversification at the portfolio level as they do not generally exhibit a material long-term positive correlation with the equity market or other asset classes. The currencies to which Horizons HARC may be exposed include, but are not limited to, the currencies of the following countries or monetary unions:

- | | | |
|-----------------|------------------|---------------|
| ▪ Canada | ▪ Australia | ▪ Israel |
| ▪ United States | ▪ New Zealand | ▪ Russia |
| ▪ Norway | ▪ Mexico | ▪ China |
| ▪ Sweden | ▪ Colombia | ▪ South Korea |
| ▪ UK | ▪ Brazil | ▪ India |
| ▪ Denmark | ▪ Chile | ▪ Thailand |
| ▪ Switzerland | ▪ South Africa | ▪ Taiwan |
| ▪ EuroZone | ▪ Poland | ▪ Philippines |
| ▪ Hong Kong | ▪ Czech Republic | ▪ Malaysia |
| ▪ Japan | ▪ Hungary | ▪ Indonesia |
| ▪ Singapore | ▪ Turkey | ▪ Peru |
| | | ▪ Romania |

Horizons HARC may use other instruments and derivatives including spot currency transactions, currency ETFs, currency options and currency futures contracts. At times Horizons HARC may be over-weighted in a specific geographic region and/or to emerging markets currencies.

Use of Leverage

The aggregate market exposure of all instruments held directly or indirectly by Horizons HARC, calculated daily on a mark-to-market basis, can exceed Horizons HARC's net asset value, and can exceed the amount of cash and securities held as margin on deposit to support the derivatives trading activities of Horizons HARC. Under normal market conditions, the maximum amount of leverage used, directly or indirectly, by Horizons HARC, will generally not exceed 300% of net asset value.

Currency Hedging

Any exposure that the portfolio of Horizons HARC may have to foreign currencies will not be hedged back to the currency in which the applicable class of ETF Shares is denominated.

Horizons HRAA

Horizons HRAA provides exposure to major global asset classes including equity indexes, fixed income indexes, interest rates, commodities and currencies. Horizons HRAA gains exposure to these asset classes by investing in derivatives and other securities. Derivative instruments may include futures contracts and forward agreements.

Horizons HRAA may invest in instruments that provide exposure to both domestic and foreign markets, including emerging markets. The ETF will also hold a large portion of its assets in cash, money market mutual funds, U.S. treasury securities, or other cash equivalents, some or all of which will serve as margin or collateral for Horizons HRAA's investments.

As part of its investment strategies, Horizons HRAA may obtain indirect exposure to digital assets, including cryptocurrencies such as, but not limited to, bitcoin or Ether, subject to a limit of 5% of Horizons HRAA's last determined NAV at the time of acquiring such investments. Horizons HRAA's exposure to digital assets may be obtained by (i) investing in investment funds, including mutual funds, alternative mutual funds and non-redeemable investment funds, that are subject to NI 81-102, that invest directly or indirectly in such digital assets, or (ii) using or investing in derivatives and other financial instruments, including without limitation, futures contracts, options on futures contracts, forward contracts, swap agreements or any combination of the foregoing. In accordance with its policies, Horizons HRAA may deliver portfolio assets to its futures dealers that are members of relevant futures exchanges to secure its obligations under futures contracts.

Horizons HRAA's strategy aims to achieve capital appreciation over the long-term.

The HRAA Sub-Advisor uses 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. Horizons HRAA will take long or short positions in asset classes such as equity index and fixed income asset classes, commodities, currencies, volatility indexes and other alternative asset classes.

The HRAA Sub-Advisor's trading systems determine asset 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 HRAA 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.

Target Volatility

Horizons HRAA is actively managed to keep volatility at approximately 8% annualized volatility, although there is no guarantee that this target can be met in all market conditions. Volatility is a statistical measure of the average magnitude of changes in Horizons HRAA's returns without regard to the direction of the returns. Horizons HRAA'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 Horizons HRAA's risk exposure may be materially higher or lower than the level targeted by the HRAA Sub-Advisor. As portfolio weights and estimates of volatility and correlations change through time, the HRAA Sub-Advisor will increase or decrease Horizons HRAA's gross exposure to underlying assets as necessary in order to maintain its target level of portfolio volatility. During periods of high volatility and high correlations, Horizons HRAA may have lower exposure to underlying assets to maintain the target level of portfolio volatility. Conversely, during periods of low volatility and low correlations, Horizons HRAA may require greater exposure to underlying assets to maintain its target level of portfolio volatility.

There is no guarantee that Horizons HRAA will successfully achieve or maintain the target volatility level. Horizons HRAA's target volatility level is not a total return performance target – Horizons HRAA does not expect, nor does it represent, that its total return performance will be within any specified range. It is possible that the 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 limit Horizons HRAA's gains in rising markets, may expose Horizons HRAA to costs to which it would otherwise not have been exposed and, if unsuccessful, may result in substantial losses.

Horizons HRAA actively trades its portfolio investments, which may lead to higher transaction costs that may affect the ETF's performance.

General Investment Strategies of Horizons HRAA

Horizons HRAA 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 Leveraged ETFs.

Equity related securities held by Horizons HRAA include, but are not limited to, convertible debentures, income trust units, single issuer equity option, preferred shares and warrants. The portfolio of Horizons HRAA may, from time to time, also include a significant amount of cash and/or cash equivalents.

Horizons HRAA 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 Horizons HRAA. With respect to such investments, no Management Fee or incentive fees are payable by Horizons HRAA 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 Horizons HRAA 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.

Use of Leverage

Horizons HRAA may use leverage. Leverage may be created through the use of cash borrowings, short sales and derivatives. Horizons HRAA may 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 ETF is subject to an overall limit of 50% of its NAV. Horizons HRAA does not currently anticipate borrowing cash, but may do so in the future.

Horizons HRAA's aggregate gross exposure, to be calculated as the sum of the following, must not exceed 300% of Horizons HRAA's 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 aggregate market exposure of all instruments held directly or indirectly by Horizons HRAA, calculated daily on a mark-to-market basis, can exceed Horizons HRAA's net asset value, and can exceed the amount of cash and securities held as margin on deposit to support the derivatives trading activities of Horizons HRAA. Under normal market conditions, the maximum amount of leverage used, directly or indirectly, by Horizons HRAA will generally not exceed 300% of net asset value.

Investment in Reverse Repurchase Transactions – All ETFs

Each ETF may enter into reverse repurchase transactions. The Manager has adopted policies and practice guidelines applicable to an ETF to manage the risks associated with investments in reverse repurchase transactions. Such policies and practice guidelines require that (i) investments in reverse repurchase transactions be consistent with the ETF's investment objective and policies; (ii) the risks associated with reverse repurchase transactions be adequately described in the ETF's prospectus; (iii) authorized officers or directors of the Manager approve the parameters, including transaction limits, under which reverse repurchase transactions are permitted for the ETF and that such parameters comply with applicable securities legislation; (iv) the operational, monitoring and reporting procedures in place ensure that all reverse repurchase transactions are completely and accurately recorded, in accordance with their approved use, and within the limits and regulatory restrictions prescribed for the ETF; (v) the counterparties to reverse repurchase transactions must meet the Manager's quantitative and qualitative criteria regarding market making and credit worthiness, and be in good standing with all applicable regulators; and (vi) the Manager must review at least annually all reverse repurchase transactions to ensure that they are being conducted in accordance with applicable securities legislation.

All reverse repurchase transactions must be completed within 30 days.

Investment in Other Investment Funds – All ETFs

In accordance with applicable securities legislation, including any exemptions obtained therefrom, and as an alternative to or in conjunction with investing in and holding securities directly, an ETF may also invest in one or more other investment funds, including investment funds managed by the Manager, provided that no management fees or incentive fees are payable by the ETF that, to a reasonable person, would duplicate a fee payable by an underlying fund for the same service. An ETF's allocation to investments in other investment funds, if any, will vary from time to time depending on the relative size and liquidity of the investment fund and the ability of the Manager to identify appropriate investment funds that are consistent with the ETF's investment objectives and strategies.

Use of Derivatives – All ETFs

ETFs may use derivative instruments for currency hedging purposes or other purposes, including to generate additional income, reduce transaction costs and increase the liquidity and efficiency of trading. Any use of derivative instruments,

including futures contracts and forward contracts, will be consistent with the investment objective of the ETFs, and will be in accordance with NI 81-102.

Securities Lending – All ETFs

In order to generate additional returns, an ETF may lend portfolio securities to securities borrowers acceptable to the ETF pursuant to the terms of a securities lending agreement between the ETF and any such borrower under which: (i) the borrower will pay to the ETF a negotiated securities lending fee and will make compensation payments to the ETF equal to any distributions received by the borrower on the securities borrowed to which the ETF is otherwise entitled; (ii) the securities loans must qualify as “securities lending arrangements” for the purposes of the Tax Act; and (iii) the ETF will receive collateral security.

If a securities lending agent is appointed for the ETF, such agent will be responsible for the ongoing administration of the securities loans, including the obligation to mark-to-market the collateral on a daily basis. The Custodian or a party related to the Manager may, from time to time, act as a prime broker to the ETF.

Overview of the Investment Structure

A description of the investment structure of the ETFs is provided above under the heading “Investment Strategies”.

OVERVIEW OF THE SECTORS THAT THE ETFS INVEST IN

Please see “Investment Objectives” and “Investment Strategies” for additional information on the sectors applicable to each ETF.

Horizons HARC and Horizons HRAA will be exposed to various global currencies.

Horizons CARB

Horizons CARB is exposed to the carbon credit sector. Carbon credits operate within a regulated market structure, sometimes referred to as a 'cap and trade' scheme or emissions trading system. The system designed by government and regulatory authorities to reduce pollution in our atmosphere with the explicit goal of reducing the amount of greenhouse gas emissions from businesses (“regulated entities”) that historically use a high level of carbon emissions in their day-to-day business activities.

Within a carbon credit issuance system, a cap is set on the total amount of carbon dioxide and certain greenhouse gases emitted by participants required to comply with the system. Over time, the cap is reduced so participants must emit less greenhouse gases unless they purchase additional carbon credits. The regulator then issues or sells “emission allowances” to regulated entities which may then buy or sell (“trade”) the emission allowances on the open market

To cover their output, participants are required to redeem enough carbon credits to cover their emissions, otherwise fines can be enforced. If a participant reduces its emissions, it can hold onto remaining allowances to cover future needs or sell them to another participant that needs them for their emissions.

Regulated entities are thereby incentivized to reduce their emissions; otherwise they must purchase emission allowances on the open market, where the price of such allowances will likely be increasing as caps are reduced. Ultimately, the goal is that the cost of these emission allowances becomes too cumbersome, forcing industries over time to reduce emissions rather than relying on the purchasing of allowances.

Key Regional Carbon Credit Allowances

European Union Allowance (EUA)

The largest and most liquid carbon credit system is in Europe, referred to as the European Union Allowance or EUA. Initially, the ETF will provide exposure only to EUAs, through Carbon Credit-Exposed Instruments. In Europe, carbon

credits are administered under the European Union's Emissions Trading System (“EU ETS”) the world's first cap-and-trade marketplace. It is also currently the world's largest domestic carbon market. The EU ETS operates in all EU countries, as well as Iceland, Liechtenstein and Norway.

The EU ETS oversees emissions from power stations, industrial plants and flights inside the European Economic Area. Within its scope, the EU ETS regulates 40% of EU emissions. Since its launch in 2005, the EU ETS has successfully helped reduce European emissions from power generation and energy-intensive industries by 42.8%. The European Carbon Credit market was estimated to be in excess of US\$765 billion (Refinitiv Research, January 2022), before the price of these credits ascended from finishing 2021 at €80.22 a tonne (t) of carbon dioxide, the benchmark EUA, to peaking in intraday trading at €97.92/t on August 19, 2022. The depth of this market has allowed a fairly active futures market to evolve to track these credits allowing more investment globally into the space.

Californian Carbon Allowance (CCA)

The State of California has a rapidly growing carbon allowance system, these allowances are referred to as CCAs. The CCAs are a central component of the state’s broader strategy to reduce greenhouse gas emissions to 1990 levels by 2020, 40 percent below 1990 levels by 2030, and 80 percent below 1990 levels by 2050.

The program regulated entities include large electric power plants, large industrial plants, and fuel distributors (e.g., natural gas and petroleum). The CCA system is also integrated across North America, as California has linked its system with the Canadian province of Quebec’s cap-and-trade program, meaning that businesses in one jurisdiction can use emission allowances issued by the other for compliance. However, from an investment standpoint, the California-issued CCA is the underlying exposure of futures contracts that trade in U.S. dollars on multiple global exchanges.

The Regional Greenhouse Gas Initiative (RGGI)

The RGGI is a cooperative, market-based effort among the Eastern states of Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island, Vermont, and Virginia designed to reduce carbon dioxide emissions from that region’s power sector. It represents the first multi-state regional initiative implemented in the United States. There are futures contracts that provide exposure to RGGI credits, but it is a relatively small market as of December 31, 2022.

The Underlying Index and Horizons CARB are not currently exposed to CCA or RGGI futures. However, the Underlying Index may also be changed with the addition of other Carbon Credit Futures contracts that may be eligible in the future for inclusion into the Underlying Index subject to liquidity and market cap considerations as defined by the Underlying Index methodology.

INVESTMENT RESTRICTIONS

The ETFs are 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 ETFs are diversified and relatively liquid and to ensure their proper administration. The investment restrictions and practices applicable to the ETFs 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 ETFs. Please see “Shareholder Matters – Matters Requiring Shareholder Approval”.

Alternative mutual funds, such as the Alternative ETFs, are permitted to use strategies generally prohibited by conventional mutual funds, 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 Alternative ETFs, during certain market conditions they may accelerate the risk that an investment in ETF Shares of the Alternative ETFs decreases in value.

Subject to the following, and the exemptive relief that has been obtained, the ETFs are managed in accordance with the investment restrictions and practices set out in the applicable Canadian securities legislation, including NI 81-102. See “Exemptions and Approvals”.

Tax Related Investment Restrictions

The Company will not make an investment or conduct any activity that would result in the Company failing to qualify as a “mutual fund corporation” within the meaning of the Tax Act. In addition, the Company 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 Company’s property consisted of such property.

FEES AND EXPENSES

Fees and Expenses Payable by the ETFs

Management Fee

Each ETF will pay annual Management Fees to the Manager equal to an annual percentage of the net asset value of that ETF, together with applicable Sales Tax, calculated and accrued daily and payable monthly in arrears, as follows:

ETF	Annual Management Fee
Horizons HXT	0.07%
Horizons HXS	0.10%
Horizons HSH	0.10%
Horizons HXE	0.25%
Horizons HXF	0.25%
Horizons HBB	0.09%
Horizons HTB	0.15%
Horizons HXQ	0.25%
Horizons HXX	0.17%
Horizons HXH	0.10%
Horizons HXDM	0.20%
Horizons HCRE	0.30%
Horizons HLPR	0.30%
Horizons HEWB	0.25%
Horizons HULC	0.08%
Horizons HXCN	0.05%
Horizons CARB	0.75%
Horizons HARB	0.75%
Horizons HSAV	0.18%
Horizons HSUV.U	0.18%
Horizons HARC	0.85%
Horizons HXEM	0.25%
Horizons HRAA	0.85%

Management Fee Rebates

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 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.

Shareholders should consult their own tax advisors with respect to any tax (including Sales Tax) consequences of a Management Fee Rebate. Certain income tax consequences of a Management Fee Rebate are discussed under “Income Tax Considerations – Taxation of Holders of ETF Shares”.

Operating Expenses – Index ETFs, Horizons HSAV and Horizons HSUV.U

The Manager will pay all the expenses of the ETFs other than the Management Fee, any Sales Taxes on the applicable Management Fee, and any Swap costs, hedging costs, or brokerage expenses and commissions as may be applicable. As a result, the ETFs do not have, or will not have, any operating expenses other than Management Fees, Sales Taxes on the Management Fees, and any Swap costs, hedging costs, or brokerage expenses and commissions as may be applicable.

In accordance with applicable securities legislation, including NI 81-102, no management fees or incentives fees shall be payable by the ETFs that, to a reasonable person, would duplicate a fee payable by any underlying fund for the same services.

Operating Expenses –Horizons HARC, Horizons HRAA, Horizons CARB and Horizons HARB

Each ETF will, unless otherwise waived or reimbursed by the Manager, pay all of its operating expenses, including but not limited to: Management Fees; 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; withholding taxes and, in respect of Horizons CARB, fees payable to service providers in connection with regulatory compliance and tax matters in foreign jurisdictions.

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

Underlying Fund Fees (Horizons CARB)

Horizons CARB may, in accordance with its investment strategy and 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 Horizons CARB. With respect to such investments, no management fees or incentive fees are payable by Horizons CARB 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 Horizons CARB 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.

Expenses of the Issue

All expenses related to the issuance of ETF Shares the ETFs shall be borne by the Manager.

Swap Costs, Forward Document Expenses and Hedging Costs

Under the Swaps, each ETF may pay to the Counterparty, monthly in arrears, a net amount equal to no more than a percentage per annum of the notional value of the Swap calculated and applied daily in arrears, as follows:

ETF	Swap Costs (if any)
Horizons HXT	Nil
Horizons HXS	0.30%

Horizons HSH	0.30%
Horizons HXE	Nil
Horizons HXF	Nil
Horizons HBB	0.15%, plus hedging costs (if any)
Horizons HTB	0.05%, plus hedging costs (if any)
Horizons HXX	0.30%
Horizons HXH	Nil
Horizons HXDM	0.30%
Horizons HCRE	Nil
Horizons HLPR	Nil
Horizons HEWB	Nil
Horizons HXCN	Nil
Horizons HXEM	0.30%
Horizons CARB	0.25% plus hedging costs (if any)

Hedging costs incurred by a Counterparty can be similar in nature to portfolio transaction costs that are incurred by an investment fund that holds portfolio securities directly. Currently, the Manager anticipates that, based on existing market conditions, the hedging costs, if any, for Horizons HBB and Horizons HTB could be between 0.00% and 0.10% of the notional exposure of any daily net subscription or redemption activity that results in changes to Horizons HBB's or Horizons HTB's Swaps, as applicable, and that there would be no hedging costs for Horizons CARB based on the notional exposure of the Horizons CARB's Forward Documents and/or Swap. The actual hedging costs, if any, that may be incurred by a Counterparty and charged to Horizons HBB, Horizons HTB and Horizons CARB may be greater depending on market conditions and can change at any time.

Any ETF's Swap or Swaps may be amended, replaced or terminated at any time, and the expenses incurred by an ETF in respect of a Swap may increase, decrease, or in the case of the termination of an ETF's Swap or Swaps, be eliminated.

With respect to Horizons CARB, to the extent applicable, expenses payable by the ETF under its Forward Documents, if any, are incurred by way of a reduction in the forward price payable to the ETF by a Counterparty. The forward expenses charged to the ETF, if any, may change at any time, without notice to investors. Currently, it is anticipated that the value of the forward price payable to the ETF under its Forward Documents, if any, will be reduced by an amount equal to 0.25% per annum of the notional exposure of the ETF's Forward Documents, calculated and applied daily in arrears, plus hedging costs (if any) incurred by each applicable Counterparty.

Performance Fee – Horizons HRAA

The ETF shall also pay the Manager a performance fee (the “**HRAA Performance Fee**”). The HRAA Performance Fee shall be calculated and accrued daily. The HRAA Performance Fee shall be payable at least quarterly in arrears on dates determined by the Manager, together with applicable Sales Taxes.

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

The HRAA 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, as at the last day of the period in respect of which the calculation is being made, without giving effect to the accrual of any HRAA 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**”);

B equals the HRAA High Water Mark;

C equals 1 plus an annualized return of 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 HRAA Performance Fee will be payable on any payable date unless A exceeds B x C at that time.

Performance Fee – Horizons HARB

The ETF shall also pay the Manager a performance fee (the “**HARB Performance Fee**”). The HARB Performance Fee shall be calculated and accrued daily. The HARB Performance Fee shall be payable at least quarterly in arrears on dates determined by the Manager, together with applicable Sales Taxes.

The ETF shall pay to the Manager a HARB Performance Fee, if any, equal to 10% of the amount by which the performance of the ETF, at any date on which the HARB Performance Fee is payable, (i) exceeds the greater of: (a) the initial net asset value per ETF Share; and (b) the highest net asset value per ETF Share previously utilized for the purposes of calculating a HARN Performance Fee that was paid (the “**HARB High Water Mark**”) and (ii) is greater than an annualized hurdle rate (the “**Hurdle Rate**”) that will begin at 3%, and will increase or decrease with each increase or decrease in the Bank of Canada overnight rate (5.00% as of the date of this prospectus), provided that the Hurdle Rate will always be no less than 3% and no greater than 5%.

The Hurdle Rate is currently 5%.

The HARB Performance Fee will be determined in accordance with the following formula: $10\% \times (A - (B \times C)) \times D$ where:

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

B equals the HARB High Water Mark;

C equals 1 plus the Hurdle Rate 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 HARB Performance Fee will be payable on any payable date unless A exceeds B x C at that time.

Fees and Expenses Payable Directly by Shareholders

Administrative Charges for Issuance, Exchange and Redemption Costs

As may be agreed between the Manager and a Designated Broker or Dealer, the Manager may charge Shareholders of an 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 the Company. 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 ETFs 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.

RISK FACTORS

In addition to the considerations set out elsewhere in this prospectus, the following are certain considerations relating to an investment in ETF Shares of an ETF which prospective investors should consider before purchasing such ETF Shares.

General Risks of Investments – Index ETFs

An investment in an ETF should be made with an understanding that the value of the Index Securities for such ETF (whether held directly or indirectly) may fluctuate in accordance with changes in the financial condition of the Constituent Issuers of the applicable Underlying Index (particularly those that are more heavily weighted in such Underlying Index). The value may also fluctuate in accordance with the condition of equity, bond and currency markets generally and other factors. The identity and weighting of the applicable Constituent Issuers and Index Securities may also change from time to time.

The risks inherent in investments in equity and bond securities (whether held directly or indirectly) include the risk that the financial condition of Constituent Issuers may become impaired or that the general condition of the stock market may deteriorate (either of which may cause a decrease in the value of an Underlying Index and thus in the value of ETF Shares of a related ETF). Equity securities are susceptible to general stock market fluctuations and the financial condition of the issuer. These investor perceptions are based on various and unpredictable factors, including expectations regarding government, economic, monetary and fiscal policies; inflation and interest rates; economic expansion or contraction; and global or regional political, economic and banking crises.

General Risks of Investing in an Index Fund and Passive Investment Risk – Index ETFs

Investments in an ETF should be made with an understanding that the Index Level of the applicable Underlying Index may fluctuate in accordance with the financial condition of the its Constituent Issuers (particularly those that are more heavily weighted), the value of the securities generally and other factors.

Because the investment objective of an ETF is to replicate the performance of its Underlying Index, the ETFs are not actively managed by traditional methods, and the Manager will not attempt to take defensive positions in declining markets. Therefore, the adverse financial condition of a Constituent Issuer represented in an Underlying Index will not necessarily result in the elimination of exposure to its securities, whether direct or indirect, by an ETF unless the relevant Constituent Issuer is removed from the applicable Underlying Index.

Risks Relating to Index Replication Strategies – Index ETFs

An investment in an ETF should be made with an understanding that an ETF will not replicate exactly the performance of its Underlying Index. The total return generated by the securities held directly or indirectly by an ETF will be reduced by any costs and expenses borne by such ETF, whereas costs and expenses are not included in the calculation of the returns of the applicable Underlying Index. The hedging strategies employed by Horizons HSH will also affect the ability of Horizons HSH to track its Underlying Index. See “Risk Factors – Currency Hedging Risk – Horizons HSH”.

Although the Manager deems it unlikely, it is also possible that an ETF may not fully replicate the performance of its Underlying Index due to extraordinary circumstances and whenever an ETF makes direct investments in applicable Index Securities, the temporary unavailability of certain securities or instruments in the secondary market or otherwise. It is also possible that an ETF will not fully replicate the performance of its Underlying Index where that ETF's expenses exceed income received from the applicable underlying securities.

Whenever an ETF makes direct investments in Index Securities, a deviation could also occur in the tracking of such ETF with its Underlying Index due to timing differences with respect to corporate actions (such as mergers and spin-offs), index adjustments, and other timing variances (for example, where the ETF tenders under a successful takeover bid for less than all applicable Index Securities where the applicable Constituent Issuer is not taken out of the Underlying Index and the ETF buys replacement Index Securities for more than the takeover bid proceeds). An ETF may not replicate exactly the composition of its Underlying Index, which may also lead to differences between the performance of such ETF and the performance of its Underlying Index.

Calculation of Index Level and Termination of an Underlying Index – Index ETFs

An Underlying Index is maintained and calculated by an Index Provider. Trading in ETF Shares of an ETF may be suspended for a period of time if, for whatever reason, the calculation of an Index Level is delayed. An ETF's subscription and redemption activity may also be suspended for a period of time if, for whatever reason, the calculation of an Index Level is delayed, provided that any such suspension would be in accordance with NI 81-102. In the event an Index Level ceases to be calculated or is discontinued, the Manager may choose to: terminate the applicable ETF; change the applicable ETF's investment objective or to seek to replicate an alternative index (subject to any Shareholder approval, if required); or make such other arrangements as the Manager considers appropriate and in the best interests of applicable Shareholders in the circumstances.

Leverage Risk (Alternative ETFs)

When an 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 an ETF's notional exposure to underlying assets is greater than the amount invested. It is an investment technique that can magnify gains and losses. Consequently, any adverse change in the value or level of the underlying asset, rate or index may amplify losses compared to those that would have been incurred if the underlying asset had been directly held by the 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. Each ETF is subject to a gross aggregate exposure limit of 300% of its NAV which is measured on a daily basis.

Digital Asset Investment Risks (Horizons HRAA)

Horizons HRAA's portfolio may be exposed digital assets, including cryptocurrencies such as, but not limited to, bitcoin and Ether, which may be subject to significantly greater volatility than traditional securities. Given the speculative nature of digital assets and the volatility of digital assets markets, there is considerable risk associated with Horizons HRAA investing, directly or indirectly, in digital assets. The further development and acceptance of digital assets, which is part of a new and rapidly changing industry, is subject to a variety of factors that are difficult to evaluate and may impact the performance of Horizons HRAA. The slowing or stopping of the development or acceptance of digital assets may adversely affect an investment in Horizons HRAA.

Digital assets are loosely regulated and there is no central marketplace for digital assets. Supply is determined by a computer code, not by a central bank, and prices can be extremely volatile. Additionally, digital asset trading platforms may suffer from operational issues, such as delayed execution, that could have an adverse effect on Horizons HRAA. Some digital asset trading platforms have been closed due to fraud, failure or security breaches. Several factors may affect the price of digital assets, including, but not limited to supply and demand, investors' expectations with respect to the rate of inflation, interest rates, currency exchange rates or future regulatory measures (if any) that restrict the trading of digital assets or the use of digital assets as a form of payment. Government regulation of digital assets continues to evolve as regulators better understand the mechanics, use and implications of blockchain based assets. To the extent that future regulatory actions or policies limit the ability to exchange digital assets or utilize them for payments, the demand for such digital assets may be reduced, which could impact the value of Horizons HRAA's investments. There is no assurance that digital assets will maintain its long-term value in terms of purchasing power in the future, or that mainstream retail merchants will accept digital assets as a form of payment. Digital assets are created, issued, transmitted, and stored according to protocols run by computers in digital assets networks. It is possible the digital assets protocol has undiscovered flaws which could result in the loss of some or all of the assets held by

Horizons HRAA. There may also be network-scale attacks against the digital assets protocol, which could result in the loss of some or all of the digital assets held by Horizons HRAA. Advancements in quantum computing could break digital assets' cryptographic rules. The Manager makes no guarantees about the reliability of the cryptography used to create, issue, or transmit digital assets which may be held by Horizons HRAA.

Digital Asset Futures Risk (Horizons HRAA)

Unlike the futures markets for traditional physical commodities, the market for exchange-traded digital asset futures contracts, such as for example, bitcoin futures, has limited trading history and operational experience, and may be riskier, less liquid, more volatile and more vulnerable to economic, market and industry changes than more established futures markets. The liquidity of such market will depend on, among other things, the adoption of digital assets and the commercial and speculative interest in the market for exchange-traded digital asset futures contracts. The performance of the futures to which Horizons HRAA may be exposed, and therefore the performance of Horizons HRAA's portfolio attributable to investments in digital assets, can be expected to be very different from digital asset prices. The value of Horizons HRAA's exposure to digital asset futures may not be correlated with digital asset prices and may go down when digital asset prices go up (and vice versa). Volatility in the price of digital assets may lead to consequences such as sudden and significant margin calls in the relevant futures market for such digital assets. An investor should only consider an investment in Horizons HRAA if he or she understands the consequences of being exposed to digital asset futures.

Market Disruptions Risk

War and occupation, terrorism and related geopolitical risks may in the future lead to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally, including U.S., Canadian and other economies and securities markets. For example, the recent spread of a coronavirus disease (COVID-19) has caused volatility in the global financial markets and a slowdown in the global economy. COVID-19 or any other disease outbreak may adversely affect the performance of the ETFs. The effects of future terrorist acts (or threats thereof), military action or similar unexpected disruptive events on the economies and securities markets of countries cannot be predicted. These events could also have an acute effect on individual issuers or related groups of issuers. These risks could also adversely affect securities markets, inflation and other factors relating to the value of the portfolios of the ETFs.

Upon the occurrence of a natural disaster such as flood, hurricane, or earthquake, or upon an incident of war, riot or civil unrest or disease outbreak, the impacted country may not efficiently and quickly recover from such event, which could have a materially adverse effect on borrowers and other developing economic enterprises in such country.

Derivative Investments

The ETFs may use derivative instruments to achieve their investment objectives. The use of derivative instruments involves risks different from, and possibly greater than, the risks associated with investing in conventional securities.

Derivatives are subject to a number of risks, such as liquidity risk, interest rate risk, market risk, credit risk, leveraging risk and counterparty risk. They also involve the risk of mispricing or improper valuation and the risk that changes in the value of a derivative may not correlate perfectly with the underlying asset, rate or index. An ETF or other party to a derivatives transaction may not be able to obtain or close out a derivative contract when Horizons or another manager believes it is desirable to do so, which may prevent an ETF from making a gain or limiting a loss. The low margin deposits normally required in trading derivatives (typically between 2% and 15% of the value of the derivatives purchased) can permit a degree of leverage. Accordingly, at the time of buying a derivative, a percentage of the price of the derivative is deposited as margin and a decrease in the price of the contract equal to such percentage will result in a total loss of the margin deposit. A decrease of more than the percentage deposited will result in a loss of more than the total margin deposit.

The ETFs are subject to credit risk with respect to the amounts expected to be received from counterparties to derivatives instruments entered into by an ETF. If a counterparty becomes bankrupt or otherwise fails to perform its obligations under a derivative instrument, the net asset value per ETF Share of an ETF, as applicable, may decline.

Deposit Risk and Credit Risk – Horizons HSAV and Horizons HSUV.U

Although Horizons HSAV and Horizons HSUV.U primarily invest in chartered bank deposit accounts, neither Horizons HSAV's nor Horizons HSUV.U's assets are not protected by the Canada Deposit Insurance Corporation, the Federal Deposit Insurance Corporation or any other government deposit insurer. Horizons HSAV and Horizons HSUV.U are therefore subject to the credit risk of the chartered banks in which it makes deposits.

Risk of Suspended Subscriptions – Horizons HSAV, Horizons HSUV.U and Horizons CARB

If Horizons HSAV, Horizons HSUV.U or Horizons CARB experiences a significant increase in total NAV, the Manager may, at its sole discretion and if determined to be in the best interests of shareholders, decide to suspend subscriptions for new ETF Shares if considered necessary or desirable in order to manage potential tax implications and/or to permit Horizons HSAV, Horizons HSUV.U or Horizons CARB, as applicable, to achieve, or continue to achieve, its investment objectives. During a period of suspended subscriptions, if any, investors should note that ETF Shares of Horizons HSAV, Horizons HSUV.U or Horizons CARB, as applicable, are expected to trade at a premium or substantial premium to the NAV per ETF Share of Horizons HSAV, Horizons HSUV.U or Horizons CARB, as applicable. During such periods, investors are strongly discouraged from purchasing ETF Shares of Horizons HSAV, Horizons HSUV.U or Horizons CARB on a stock exchange.

The Manager announced the suspension of subscriptions for new ETF Shares of Horizons HSAV effective at the close of business on February 3, 2022. This suspension of subscriptions will not affect the ability of Shareholders of Horizons HSAV to sell their ETF Shares in the secondary market at a price reflective of, or potentially higher than, its NAV per ETF Share, assuming normal course market conditions. However, Shareholders and potential investors should note that during a period of suspended subscriptions, the Manager expects ETF Shares of Horizons HSAV to trade at a premium to the NAV per ETF Share. Due to this expected premium, the Manager is strongly discouraging purchases of ETF Shares of Horizons HSAV during this suspension of subscriptions. The Manager currently anticipates that if the NAV of Horizons HSAV were to drop below \$1.5 billion, the Manager would resume subscriptions for ETF Shares of Horizons HSAV. Any subsequent resumption of subscriptions for new ETF Shares of Horizons HSAV will be announced by press release and posted on the Manager's website.

The Manager announced the suspension of subscriptions for new ETF Shares of Horizons HSUV.U effective at the close of business on January 9, 2023. This suspension of subscriptions will not affect the ability of Shareholders of Horizons HSUV.U to sell their ETF Shares in the secondary market at a price reflective of the NAV per ETF Share of Horizons HSUV.U, assuming normal course market conditions. However, Shareholders and potential investors should note that during a period of suspended subscriptions, the Manager expects ETF Shares of Horizons HSUV.U to trade at a premium to the NAV per ETF Share. Due to this expected premium, the Manager is strongly discouraging purchases of ETF Shares of Horizons HSUV.U during this suspension of subscriptions. Any subsequent resumption of subscriptions for new ETF Shares of Horizons HSUV.U will be announced by press release and posted on the Manager's website.

Any other suspension of subscriptions or resumption of subscriptions will also be announced by press release and announced on the Manager's website. A suspension of subscriptions, if any, will not affect the ability of existing Shareholders to sell their ETF Shares in the secondary market at a price reflective of, or potentially higher than, the NAV per ETF Share, assuming normal course market conditions.

Risk that ETF Shares Will Trade at Prices Other than Net Asset Value per ETF Share

The ETF Shares of an ETF may trade below, at, or above their net asset value. The net asset value per ETF Share of an ETF will fluctuate with changes in the market value of such ETF's holdings. The trading prices of the ETF Shares of an ETF will fluctuate in accordance with changes in the ETF's net asset value per ETF Share, as well as market supply and demand on the TSX. However, given that a Designated Broker or Dealer may subscribe for a PNS at the net asset value per ETF Share in the applicable currency, the Manager believes that large discounts or premiums to the net asset value per ETF Share of an ETF should not be sustained.

If a Shareholder of an ETF purchases ETF Shares of such ETF in the applicable currency at a time when the market price of such ETF Shares is at a premium to the net asset value per ETF Share or sells ETF Shares of such ETF at a time when the market price of such ETF Shares is at a discount to the net asset value per ETF Share, the Shareholder may sustain a loss.

Issuer Concentration Risk

Each ETF may invest more of its net assets in one or more issuers than is permitted for actively managed mutual funds. This may increase the liquidity risk of an ETF which may, in turn, have an effect on such ETF's ability to satisfy redemption requests. This may also lower the diversification of the ETF and may make the general risk of equity investments, fixed income investments and the volatility of the net asset value of the ETF relatively greater.

Sector Risk – Horizons HXE, Horizons HXF, Horizons HEWB and Horizons HCRE

As Horizons HXE, Horizons HXF and Horizons HEWB are each invested in a certain economic sector, the values of these ETFs are expected to be more volatile than those of an investment fund with a more broadly diversified portfolio (such as Horizons HXS and Horizons HXT). This concentration of assets in a single sector also make Horizons HXE, Horizons HXF and Horizons HEWB subject to the risk that economic, political or other conditions that have a negative effect on that sector will negatively impact Horizons HXE, Horizons HXF and Horizons HEWB to a greater extent than if the assets of these ETFs were invested in a wider variety of sectors.

The value of ETF Shares of Horizons HXE is expected to vary with changes in the price of energy and related commodities and/or changes in the prices of equity securities of companies in the energy sector. Energy prices and the prices of related commodities can change quickly. Because the energy industry is sensitive to changes in the global economy and because the economy is cyclical, the demand for energy industry products also moves in cycles, which will affect the share price of issuers in this sector.

The profitability of financial sector issuers represented in Horizons HXF and Horizons HEWB's Underlying Index depends, among other factors, on the availability and cost of capital funds, level of sector competition, fluctuation of asset values and stability of interest rates. Losses resulting from bad loans can negatively impact financial sector issuers. Further, the comprehensive governmental regulation of the financial sector can affect financial sector issuer profitability.

Horizons HCRE is exposed to real estate investments risk. Investments in real estate investment trusts ("REITs"), real estate operating corporations ("REOCs") and other real estate issuers are subject to the general risks associated with real property investments. Real property investments are affected by various factors, including changes in general economic conditions (such as the levels of interest rates and the availability of long term mortgage financing) and in local conditions (such as oversupply of space or a reduction in demand for real estate in the area), the attractiveness of the properties to tenants, competition from other available space and various other factors. The value of real property and any improvements thereto may also depend on the credit and financial stability of the tenants. The income of a REIT, REOC or other real estate issuer that is available for payment to its unitholders or shareholders, as the case may be, would be adversely affected if a significant number of tenants were to become unable to meet their obligations to the REIT, REOC or other real estate issuer, or if the REIT, REOC or other real estate issuer was unable to lease a significant amount of available space in its properties on economically favourable lease terms.

Fixed Income Risk and Interest Rate Risk – Bond ETFs, Horizons HRAA and Horizons HARB

The market value of fixed-income securities is generally inversely related to changes in the general level of interest rates (e.g. the interest rates charged by banks and other major commercial lenders). If the general level of interest rates increases, the market value of fixed-income securities can be expected to go down while the interest payments (also referred to as "coupon payments") remain fixed, all else being equal. If the general level of interest rates decreases, the market value of fixed-income securities can be expected to go up while the coupon payments remain fixed, all else being equal.

The value of fixed-income securities depends, in part, on the perceived ability of the government or company which issued the securities to pay the interest and to repay the original investments. This ability will be affected by such factors as general economic conditions and the creditworthiness of the issuer. Securities issued by issuers that have a low credit rating are considered to have a higher credit risk than securities issued by issuers with a high credit rating. Although generally considered less volatile than equity markets, certain types of fixed-income securities and certain market conditions may result in significant volatility in the value of one or more fixed-income investments to which a Bond ETF, Horizons HRAA or Horizons HARB may be exposed. In addition, from time to time investors may re-evaluate risk and, as a result, re-price risk in the credit market. Generally, the interest rate paid on corporate debt is higher than the interest rates paid on government debt, and corporate debt is generally considered a riskier investment than government debt. Any re-pricing of risk in the credit market could increase the spread between the interest rates paid on corporate debt securities and government-issued fixed-income securities, and may lead to more volatile returns for a Bond ETF, Horizons HRAA or Horizons HARB, as applicable.

Floating-rate bonds act differently than traditional fixed-income securities when interest rates change. Generally, in periods when there are increases in short-term lending rates, the coupon payments of a floating-rate bond, which are linked to these rates, will increase while the market value will remain unchanged, all else equal. Conversely, in periods when short-term lending rates decrease, the coupon payments of a floating-rate bond will decrease while the market value will remain unchanged, all else equal.

Traditional fixed-income securities have risk associated with their market value, but not their coupon payments as interest rates change, while floating-rate bonds have risk associated with their coupon payments, but not their market value as interest rates change, all else equal.

Certain derivatives, such as interest rate swaps, can be used by investors to exchange fixed coupon payments and risks for floating-rate coupon payments and risks.

Changes in interest rates may also affect the value of dividend paying equity securities and preferred shares, which will experience a drop in market value as interest rates go up, and an increase in market value as interest rates go down, all else equal.

Changes in interest rates may also affect the relative value of foreign currencies.

Eurozone Risk – Horizons HXX

European countries will be exposed to the fiscal and monetary decisions of the European Economic and Monetary Union. Changes to laws, regulations, exports, imports, changes in the exchange rate of the euro and recessions among certain European countries can adversely influence on the economies of other European countries including those of Eastern Europe. The markets in Eastern Europe remain relatively undeveloped as compared Western Europe and can be more sensitive to economic and political change.

International Developed Market Risk – Horizons HXDM

Horizons HXDM's investment in issuers in developed countries may subject Horizons HXDM to regulatory, political, currency, security, economic and other risks associated with developed countries. Developed countries tend to represent a significant portion of the global economy and have generally experienced slower economic growth than some less developed countries. In addition, developed countries may be adversely impacted by changes to the economic conditions of certain key trading partners, regulatory burdens, debt burdens, natural disasters, and/or the price or availability of certain commodities.

U.S. Treasury Securities Risk – Horizons HTB

The public debt of the United States as a percentage of gross domestic product has grown since the beginning of the 2007-2009 financial downturn. High debt levels may create certain systemic risks. A high national debt level may increase market pressures to meet government funding needs, which may drive debt cost higher and cause the United States to sell additional debt, thereby increasing refinancing risk. A high national debt also raises concerns that a

government will not be able to make principal or interest payments when they are due. In the worst case, unsustainably high debt levels can cause a decline in the value of the U.S. dollar, and can prevent the U.S. government from implementing effective fiscal policy in economic downturns.

On August 5, 2011, Standard & Poor's Ratings Services downgraded U.S. Treasury securities from a AAA rating to AA+ rating. Standard & Poor's Ratings Services stated that its decision was prompted by its view on the rising public debt burden and its perception of greater policymaking uncertainty. A downgrade of the ratings of U.S. government debt obligations, which are often used as a benchmark for other borrowing arrangements, could result in higher interest rates for individual and corporate borrowers, cause disruptions in the international bond markets and have a negative effect on the U.S. economy. A downgrade of U.S. Treasury securities from another ratings agency or a further downgrade below AA+ rating by Standard & Poor's Ratings Services may cause the value of Horizons HTB's U.S. Treasury obligations to decline.

Currency Price Fluctuations – Dual Currency ETFs and Horizons HARB

The performance of Cdn\$ Shares of Horizons HXS, Horizons HTB, Horizons HXQ, Horizons HXX, Horizons HXDM, Horizons HULC and Horizons HXEM will generally correspond to the performance, in Canadian dollars, of their respective Underlying Indexes, net of expenses. An investor buying Cdn\$ Shares of Horizons HXS, Horizons HTB, Horizons HXQ, Horizons HXX, Horizons HXDM, Horizons HULC and Horizons HXEM may therefore experience a gain or loss due to a fluctuation in the relative value between the applicable foreign currency and the Canadian dollar on any given day. A Shareholder buying or selling Cdn\$ Shares of Horizons HXS, Horizons HTB, Horizons HXQ, Horizons HXX, Horizons HXDM, Horizons HULC or Horizons HXEM on the TSX may also experience currency gains or losses due to differences in the exchange rates used in determining the NAV of the applicable ETF, in Canadian dollars. No currency hedging is used with respect to ETF Shares of Horizons HXS, Horizons HTB, Horizons HXQ, Horizons HXX, Horizons HXDM, Horizons HULC or Horizons HXEM.

An investor buying US\$ Shares of Horizons HXT may experience a foreign currency gain or loss due to a fluctuation in the relative value between the U.S. dollar and the Canadian dollar on any given day. A Shareholder buying or selling US\$ Shares of Horizons HXT, Horizons HXS or Horizons HULC on the TSX may also experience foreign currency gains or losses due to timing differences as the base currency of Horizons HXT, Horizons HXS and Horizons HULC is Canadian dollars. No currency hedging is used with respect to ETF Shares of Horizons HXT, Horizons HXS or Horizons HULC.

With respect to Horizons HXS, Horizons HTB and Horizons HXQ, several factors may affect the relative value between the U.S. dollar and Canadian dollar, including, but not limited to: debt level and trade deficit; inflation and interest rates; investors' expectations concerning inflation or interest rates; and global or regional political, economic or financial events and situations. In addition, the U.S. dollar may not maintain its long-term value in terms of purchasing power in the future. **If the price of the U.S. dollar declines, the Manager expects the value of Cdn\$ Shares of Horizons HXS, Horizons HTB, Horizons HXQ and Horizons HULC to decline as well.**

With respect to Horizons HXX, several factors may affect the relative value between the Euro and the Canadian dollar, including, but not limited to: debt level and trade deficit; inflation and interest rates; investors' expectations concerning inflation or interest rates; and global or regional political, economic or financial events and situations. In addition, the Euro may not maintain its long-term value in terms of purchasing power in the future. **If the price of the Euro declines, the Manager expects the value of ETF Shares of Horizons HXX to decline as well.**

With respect to Horizons HXDM and Horizons HXEM, several factors may affect the relative value between the applicable foreign currencies and the Canadian dollar, including, but not limited to: debt level and trade deficit; inflation and interest rates; investors' expectations concerning inflation or interest rates; and global or regional political, economic or financial events and situations. In addition, the applicable foreign currencies may not maintain their long-term value in terms of purchasing power in the future. **If the price of the applicable foreign currencies declines, the Manager expects the value of ETF Shares of Horizons HXDM or Horizons HXEM, as applicable, to decline as well.**

With respect to Horizons HRAA, the portfolio of Horizons HRAA may include a significant proportion of securities valued in U.S. dollars or other foreign currencies. Accordingly, the net asset value per ETF Share, when measured in

Canadian dollars, will, to the extent this has not been hedged against, be affected by changes in the value of the U.S. dollar or other foreign currencies relative to the Canadian dollar. No assurance can be given that Horizons HRAA will not be adversely impacted by changes in foreign exchange rates or other factors, regardless of whether Horizons HRAA attempts to hedge against the impact of such changes.

With respect to Horizons HARB, the portfolio of Horizons HARB may include a significant proportion of securities valued in U.S. dollars or other foreign currencies. The HARB Sub-Advisor will choose tactically whether to hedge the foreign currency exposure of the Total Return Series Shares and the Dividend Series Shares of Horizons HARB. The USD Unhedged Total Return Series Shares of Horizons HARB will not hedge any non-U.S. dollar exposure back to the U.S. dollar. Accordingly, the net asset value per ETF Share, when measured in the denomination of the applicable series of the ETF, will be affected by changes in the value of foreign currencies relative to the Canadian dollar or U.S. dollar, as applicable. No assurance can be given that the ETF will not be adversely impacted by changes in foreign exchange rates or other factors, regardless of whether the ETF attempts to hedge against the impact of such changes.

Shareholders buying or selling USD Unhedged Total Return Series Shares of Horizons HARB on the TSX may experience foreign currency gains or losses due to timing differences as the base currency of the ETF is Canadian dollars. The USD Unhedged Total Return Series Shares of Horizons HARB will not hedge any non-U.S. dollar exposure back to the U.S. dollar. A Shareholder buying or selling USD Unhedged Total Return Series Shares of Horizons HARB on the TSX may also experience currency gains or losses due to differences in the exchange rates used in determining the NAV in U.S. dollars.

Several factors may affect the relative value between the base currency of the ETF's underlying exposure and the U.S. dollar, including, but not limited to: debt level and trade deficit; inflation and interest rates; investors' expectations concerning inflation or interest rates; and global or regional political, economic or financial events and situations. In addition, the U.S. dollar may not maintain its long-term value in terms of purchasing power in the future.

Currency Hedging Risk – Horizons HSH and Horizons HARB

Horizons HSH seeks to hedge all or substantially all of its foreign currency exposure by tracking the performance an index pursuant to a Swap or Swaps that includes a hedging strategy. Although there is no assurance that this currency hedging strategy will be effective, the Manager expects the currency hedging to be substantially effective. However, some deviations from the returns of the applicable index pursuant to the Swap or the applicable Underlying Index will occur as a result of this currency hedging strategy.

The effectiveness of Horizons HSH's currency hedging strategy may, in general, be affected by the volatility of the applicable Underlying Index, the volatility of the currency in which the ETF Shares of Horizons HSH are denominated relative to other currencies, and the amount of subscription/redemption activity of Horizons HSH. Increased volatility may reduce the effectiveness of the currency hedging strategy. The effectiveness of this currency hedging strategy may also be affected by any significant difference between the Canadian dollar and other currencies' interest rates.

With respect to Horizons HARB, various hedging techniques may be used in an attempt to reduce certain risks, including but not limited to currency risks (with respect to Total Return Series Shares and Dividend Series Shares). Although a hedge is intended to reduce risk, it does not eliminate risk entirely. A hedging strategy may not be effective. For example, hedging in options may reduce the risks of both short-selling and taking long positions in certain transactions. Recalculations and adjustments to specific position hedges will be performed as market conditions warrant. However, such position hedges entail risks of their own. With respect to Total Return Series Shares and Dividend Series Shares of Horizons HARB, unanticipated changes in currency exchange rates may result in an overall poorer performance than if currency risks had not been hedged. If market conditions are analyzed incorrectly or a risk reduction strategy is employed that does not correlate well with the ETF's investments, risk reduction techniques could result in a loss, regardless of whether the intent was to reduce risk or increase return. Furthermore, a hedge can result in a loss in the case of an extraordinary event. There are several such possible cases including, but not limited to: (i) a cease trade order being issued in respect of the underlying security; (ii) the inability to maintain a short position due to the repurchase or redemption of shares by the issuing company; (iii) disappearance of any conversion premium due to premature redemptions, changes in conversion terms or changes in an issuer's dividend policy; (iv) credit quality considerations, such as bond defaults; and (v) lack of liquidity during market panics.

Substantial Sales of the U.S. Dollar – Horizons HXS, Horizons HSH, Horizons HTB, Horizons HXQ and Horizons HULC

The official sector of the U.S. consists of central banks, other governmental agencies and multi-lateral institutions that buy, sell and hold currency in the U.S., as part of its reserve assets. Each official sector holds a significant amount of U.S. dollars that can be mobilized in the open market. In the event that future economic, political or social conditions or pressures require members of the official sector to sell the U.S. dollars each holds simultaneously or in an uncoordinated manner, the demand for U.S. dollars might not be sufficient to accommodate the sudden increase in the supply of U.S. dollars to the market. Consequently, the price of U.S. dollars could decline, which would adversely affect an investment in ETF Shares.

Foreign Exchange Rate Risk

In general, foreign exchange rates are influenced by the factors identified immediately above and may also be influenced by: changing supply and demand for a particular currency; monetary policies of governments (including exchange control programs, restrictions on local exchanges or markets and limitations on foreign investment in a country or on investment by residents of a country in other countries); changes in balances of payments and trade; trade restrictions; and currency devaluation and revaluations. Also, governments from time to time intervene in the currency markets, directly and by regulation, in order to influence prices directly. These events and actions are unpredictable and could materially and adversely affect the performance of the ETF Shares.

Carbon Risk – Horizons CARB

Carbon emissions prices fluctuate widely and may be affected by numerous factors, including:

- supply and demand of carbon emissions allowances. Supply is set by the availability of EUAs, as dictated by the national allocation plans (“NAPs”), and other project based credits that may be used within the EU Emissions Trading Scheme (“EU ETS”). Factors affecting demand (via the level of greenhouse gas emissions) include the efficiency of energy usage, economic growth, relative commodity prices and seasonal weather patterns;
- the inclusion of new industries in the EU ETS will also affect the supply-demand balance and the price of EUAs. For example, the inclusion of the aviation sector increased demand for EUAs from producers and expanded the available pool of EUAs under NAPs;
- global or regional political, economic or financial events and situations, which might lead to disruptions in demand and supply. Such events could also cause trading on the relevant exchanges to be disrupted, which may prevent Carbon Credit Futures from operating normally for such period;
- investors’ expectations with respect to the future rates of economic activity and inflation;
- global and local demand for carbon emissions allowances, which can be influenced by factors such as economic activity in countries that are significant producers of carbon emissions; and
- investment and trading activities of hedge funds, commodity funds and other speculators and the investment, trading and hedging activities of carbon emissions producers and suppliers. Such price movements could result in an investor’s ETF Shares decreasing in value. Day to day positive or negative movements in local and international financial markets and factors that affect the investment climate and investor sentiment could all affect the level of trading in commodities and, therefore, the market price of ETF Shares.

Carbon Credit Futures Market is Volatile and Subject to Market Speculation – Horizons CARB

Carbon Credit Futures prices are highly influenced by policy that determines the availability of the allowances. The EUA market has gone through periods of excess supply, but the general direction of travel from policy makers is to tighten supply to meet environmental goals. Market speculation about the pace of this tightening can influence both

price and price volatility. Also recessions which reduce economic activity and by extension carbon-emitting activity can move prices lower and/or contribute to price volatility.

Carbon Credit Futures may be subject to sharp price movements and such volatility can have a negative impact on the investor experience. A Shareholder may lose the value of their entire investment or part of their investment in the ETF. Shareholders should be aware that the historical performance of Carbon Credit Futures should not be considered as an indication of future performance.

Carbon Credit Futures Risk – Horizons CARB

Horizons CARB is not a conventional investment, is highly speculative and is very different from other Canadian exchange traded funds. Horizons CARB is designed to provide investment results that endeavour to correspond to the performance of the Underlying Index.

Unlike the futures markets for traditional physical commodities, the market for exchange-traded cap-and-trade carbon allowances futures contracts such as the Carbon Credit Futures has a limited trading history and operational experience, and may be riskier, less liquid, more volatile and more vulnerable to economic, market and industry changes than more established futures markets.

There are inherent risks associated with products linked to carbon credits, including Carbon Credit Futures. While Carbon Credit Futures are traded on a regulated exchange and cleared by regulated central counterparties, direct or indirect exposure to the high level of risk of Carbon Credit Futures will not be suitable for all types of investors.

Investors should monitor their investment in Horizons CARB at least daily.

Contango or Backwardation Risk – Horizons CARB

A cap-and-trade carbon allowances index, like the Underlying Index, replicates exposure to a basket of futures contracts. On specified dates these futures contracts are rolled mechanically into a subsequent futures contracts before the current position expires according to a defined schedule. Thus, for example, a futures contract purchased and held in one month may specify an expiration in a later month. As time passes, the contract expiring in the later month may be replaced by a contract for delivery a subsequent later month. This process is referred to as “rolling”. This mechanism also allows the investor to maintain an exposure to Carbon Credit Futures over time. The difference between the price at which the first futures contract is sold and the next futures contract is purchased is called the “roll yield” and is an important part of the return on a futures investment. The overall return is therefore derived from fluctuations in cap-and-trade carbon allowances in addition to the shape of the futures curve over time. Assuming prices and the shape of the curve remain constant, rolling futures will yield a positive return when the curve is in “backwardation”, which describes a situation where the prices are lower in the distant delivery months than in the nearest delivery months, and a negative return when the curve is in “contango”, which describes a situation where the prices are higher in the distant delivery months than in the nearer delivery months. The specified roll dates may change from time to time largely based on liquidity for the underlying futures contract as expiry approaches.

The actual realization of a potential roll yield will be dependent upon the level of the related Underlying Index price relative to the unwind price of the relevant Carbon Credit Futures at the time of hypothetical sale of the contract. The contracts included in the Underlying Index have not historically exhibited consistent periods of backwardation, and backwardation will most likely not exist at many, if not most times. Moreover, many of the contracts included in the Underlying Index have historically traded in “contango” markets. The existence of contango in the carbon credit markets could result in negative “roll yields”, which could adversely affect the value of the Underlying Index and, accordingly, decrease the payment a Shareholder will receive upon a sale or redemption of ETF Shares.

Market Price vs. Futures Risk – Horizons CARB

Horizons CARB tracks an Underlying Index that is comprised of futures contracts for future delivery. Horizons CARB does not invest directly in cap-and-trade carbon allowances.

The risk of investing in a futures contract is that it can be speculative in nature and based on future expectations of value. A futures contract is a standardized financial contract where the parties agree to exchange currencies, financial instruments or other physical commodities at a future date at a future price. As a result, a futures market is not a ready market, does not involve primary activity and is speculative in nature as deals are struck at future prices where the holder is purchasing an obligation to buy or sell an underlying asset, which may not be the best price at the time the contract is completed, depending on what happens in the markets during the intervening period.

In contrast, in a ready market (sometimes referred to as “spot”), commodities are sold for cash at current prices and delivered immediately. A ready market is a real time market where the contract becomes effective immediately and the purchaser accepts delivery of, or immediately, resells the asset. Unlike a futures contract, no speculation is involved as the contract is entered into and the transaction for the underlying asset takes place on the same “spot” in time. Horizons CARB does not invest in the spot market, and Horizons CARB is exposed to the potential risks involved of using futures contracts which are speculative in nature.

Price Volatility Risk – Horizons CARB

The Underlying Index is volatile and the Carbon Credit Futures may be subject to periods of very high volatility from time to time. Horizons CARB’s exposure to the Underlying Index may subject Horizons CARB to greater volatility than investments in traditional investments, which may adversely affect an investor’s investment in the ETF.

The value of futures linked derivative instruments may be affected by many factors, including national or international economic, political and regulatory developments.

Underlying Index Correlation Risk – Horizons CARB

A number of factors may affect Horizons CARB’s ability to achieve a high degree of correlation or co-efficiency (i.e., to substantially track) with the Underlying Index, and there can be no guarantee that Horizons CARB will achieve a high degree of correlation or co-efficiency with the Underlying Index. A failure to achieve a high degree of correlation or co-efficiency may prevent Horizons CARB from achieving its investment objective.

The following factors, including fees, expenses, transaction costs, costs associated with the use of leveraged investment techniques, may adversely affect Horizons CARB’s correlation or co-efficiency with the Underlying Index and Horizons CARB’s ability to meet its investment objective: (i) investment in futures contracts based on financial instruments not included in the Underlying Index; (ii) significant volatility of the Underlying Index; (iii) the receipt of transaction information after the relevant exchange or market closes, potentially resulting in over or under exposure to the Underlying Index; (iv) the early close or trading halt on an exchange or market; (v) a restriction on security transactions, which may result in the ability to buy or sell certain futures contracts based on foreign securities or financial instruments; (vi) Horizons CARB may not have investment exposure to all financial instruments in the Underlying Index, or its weighting of investment exposure to such financial instruments may be different from that of the Underlying Index. In such circumstances, Horizons CARB may be unable to rebalance its portfolio, accurately price its investments, and may incur substantial losses; (vii) an imperfect correlation between the performance of instruments held by Horizons CARB, such as forwards, Swaps and/or futures contracts, and the performance of the Underlying Index; (viii) bid-ask spreads; (ix) Horizons CARB’s share prices being rounded to the nearest cent; (x) the need to conform Horizons CARB’s portfolio holdings to comply with investment restrictions or policies or regulatory or tax law requirements; or (xi) failure of the futures contracts or other financial instruments to precisely track the performance of (or inverse performance of) the Underlying Index.

Horizons CARB seeks to hedge any non-Canadian dollar portfolio exposure back to the Canadian dollar at all times. As a result, the returns of Horizons CARB may differ from those of its Underlying Index, which does not include currency hedging.

Tracking Error Risk – Horizons CARB

The difference between the performance of the ETF on a given day and the performance of the applicable Underlying Index on a given day is generally called “tracking error”. The performance of Horizons CARB on a given day may

not replicate the intended multiple of the applicable Underlying Index on that given day. Tracking error may occur due to Management Fees, operating costs, forward expenses, hedging, index adjustments including rebalances, valuation timing variances, or due to other extraordinary circumstances.

Foreign Exchange and Market Risk – Horizons HXS, Horizons HSH, Horizons HTB, Horizons HXQ, Horizons HXX, Horizons HXDM, Horizons HULC, Horizons HXEM, Horizons HRAA and Horizons HARB

Investments in foreign securities may involve risks not typically associated with investing in Canada. Foreign stock exchanges or fixed-income markets may be open on days when an ETF does not price its ETF Shares and, therefore, the value of the securities in the portfolios of these ETFs may change on days when investors will not be able to purchase or sell ETF Shares. Also, Constituent Securities traded on foreign exchanges or on foreign fixed-income markets may not be traded on days when the foreign exchange or fixed-income market is closed and a Canadian exchange or fixed-income market is open. In those circumstances the spread or difference between the reported net asset value of these ETFs' portfolios, and the market price of an ETF Share of the corresponding ETF on the TSX, may increase.

Foreign Security Risk (Horizons HARC and Horizons HXEM)

There are certain risks involved in obtaining indirect exposure to securities of companies in countries other than Canada and the United States which are in addition to the usual risks inherent in Canadian or U.S. investments. The value of foreign securities will be affected by factors affecting other similar securities and could also be affected by additional factors such as the absence of timely information, less stringent auditing standards and less liquid markets. As well, different financial, political and social factors may involve risks not typically associated with investing in Canada or the U.S.

Counterparty Risk

Each ETF will be subject to credit risk with respect to the amount an ETF expects to receive from Counterparties to financial instruments entered into by the ETF or held by special purpose or structured vehicles. If a Counterparty becomes bankrupt or otherwise fails to perform its obligations due to financial difficulties, the value of an investor's investment in ETF Shares of an ETF may decline. An ETF may experience significant delays in obtaining any recovery in a bankruptcy or other reorganization proceeding.

The Counterparty of an ETF may also be adversely affected by regulatory or market changes which may make it difficult or impossible for the Counterparty to hedge its obligations to the ETF, which may adversely affect the ETF's ability to achieve its investment objective.

No Counterparty has been involved in the preparation of this prospectus or has performed any review of the contents of this prospectus. No Counterparty assumes any liability in connection with the administration, marketing or trading of the ETFs. The ETFs are not sponsored, endorsed, sold or promoted by any Counterparty. No Counterparty makes any representation or warranty, express or implied, to the Shareholders of the ETFs regarding the advisability of investing in the ETFs or the ability of the applicable ETF to track its Underlying Index. No Counterparty has any obligation to take the needs of an ETF or the Shareholders of the ETF into consideration.

A Shareholder will not have any recourse against the assets of a Counterparty or any subsequent Acceptable Counterparty in respect of a Swap. If a Counterparty defaults on its obligations under a Swap, the applicable ETF will, however, have certain rights against the Counterparty and an unsecured claim against the Counterparty. As a Counterparty under a Swap, the interests of a Counterparty differ from those of the ETFs. ETF Shares do not represent an interest in, or an obligation of, a Counterparty or any affiliate thereof and a Shareholder of an ETF will not have any recourse against a Counterparty or any affiliate thereof in respect of amounts payable by the ETF to the Shareholder or by a Counterparty to the ETF. A Counterparty can be expected to exercise its rights from time to time under a Swap in its own best interests. The legitimate exercise of these rights may be contrary to the interests of the applicable ETF and the Shareholders.

Index Adjustments – Index ETFs

The Underlying Indexes were not created for the benefit of the ETFs. Index providers have the right to make adjustments to the Underlying Indexes or to cease publishing the Underlying Indexes without regard to the particular interests of ETFs, the Manager, the Shareholders or the Designated Broker and Dealers, but rather solely with a view to the original purpose of the Underlying Indexes.

Adjustments to the Underlying Index of an ETF will require corresponding adjustments to the portfolio assets held by such ETF, directly or indirectly. Such adjustments could cause a minor deviation in the tracking of the Index Level by the ETF.

Adjustments to the portfolio held directly or indirectly by an ETF necessitated by adjustments to its Underlying Index will depend on the ability of the Manager to match these adjustments. To achieve this, an ETF may be required to sell or purchase, as the case may be, applicable Index Securities in the market.

Liquidity Risk

Under certain circumstances, such as a market disruption, an ETF may not be able to dispose of its investments quickly or at prices that represent the fair market value of such investments. Certain securities or derivatives held by an ETF may be illiquid, which may prevent the ETF from being able to limit its losses or realize gains.

Borrowing Risk

From time to time, an ETF may borrow cash as a temporary measure to fund the portion of any dividends payable to its Shareholders that represent amounts that have not yet been received by the ETF. An ETF is limited to borrowing up to the amount of the unpaid dividend and, in any event, not more than five percent of the net assets of such ETF. There is a risk that an ETF will not be able to repay the borrowed amount because it is unable to collect the distribution or dividend from the applicable issuer. Under these circumstances, an ETF would be required to repay the borrowed amount by disposing of portfolio assets.

Currency Fund Risk (Horizons HARC)

Each of Horizons HARC's investments in currencies will make a gain or experience a loss based on changes in the exchange rate between the currencies of two countries that are the subject of the investment. Horizons HARC's exposure to currency exchange rates could result in losses to Horizons HARC if the two currencies that are the subject of the investment do not move in relation to each other as the HARC Sub-Advisor expects. Currency exchange rates can be affected unpredictably by a number of factors including: the forces of supply and demand in the foreign exchange markets; actual or perceived changes in interest rates; intervention (or the failure to intervene) by governments and central banks; and currency controls and political developments. Currency exchange rates may fluctuate significantly over short periods of time. Currency markets are generally less regulated than securities markets.

The composition of Horizons HARC's portfolio may vary widely from time to time but will be concentrated in currencies. Therefore, the portfolio may be considered less diversified than portfolios of other investment vehicles. Investing in one specific sector, such as currencies, entails greater risk than investing in all sectors of the stock market.

Use of Options Risk (Horizons HARC)

The use of options may have the effect of limiting or reducing the total returns of Horizons HARC if the HARC Sub-Advisor's expectations concerning future events or market conditions prove to be incorrect.

Tax-Related Risks

If the Company ceases to qualify as a "mutual fund corporation" under the Tax Act, the income tax considerations described under the heading "Income Tax Considerations" would be materially and adversely different in certain

respects. The Company 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 the Company and the ETFs and which could make it more difficult, if not impossible, for the ETFs to operate or to achieve their investment objectives. To the extent possible, the Manager will attempt to monitor such changes to determine the impact such changes may have on the Company and the ETFs, and what can be done, if anything, to try to limit such impact.

The Company will recognize income or gains under a Swap (or other derivative, including a forward or futures contract) when it is realized upon partial settlement, termination or maturity. This may result in significant gains being realized by the Company at such times and such gains would be taxed as ordinary income, unless the derivative is used to hedge capital property and there is sufficient linkage, subject to the DFA Rules discussed under the heading *Income Tax Considerations – Taxation and Status of the Company – Taxation of the Company*. To the extent not offset by any available expenses or other deductions of the Company, such income or gain would be taxable to the Company.

Each 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 the Company and there may be changes in the rates of such taxes, which, accordingly, may affect the costs borne by the ETFs and their Shareholders.

Certain of the ETFs 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 the Company 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 ETFs 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 the Company in respect of an ETF will generally reduce the value of its portfolio.

If, in any taxation year, the Company would otherwise be liable for tax on net realized capital gains, the Company generally intends to pay, to the extent possible, by the last day of that year, a special Capital Gains Dividend to ensure that the Company 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 ETF Shares or in cash that is automatically reinvested in ETF Shares (in which case the Shareholder may need to fund any tax liability from other sources, or sell sufficient ETF Shares to fund the tax). The Company 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 the Company 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 the Company to Shareholders of the applicable Corporate Class at that time, who may not have been Shareholders at the time of realization. To the extent that any capital gains are realized by the Company and not distributed to Shareholders as a Capital Gains Dividend, such capital gains will be subject to tax within the Company (net of any deductions that may be available to the Company for purposes of computing its income). Any such tax would be attributed to the applicable Corporate Class 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 the Company of sufficient Capital Gains Dividends and/or Capital Gains Redemptions, there can be no assurances in this regard.

On August 4, 2023, the Minister of Finance released revised proposals to amend the Tax Act (the “**EIFEL Rules**”) that are intended, where applicable, to limit the deductibility of interest and other financing-related expenses by an entity to the extent that such expenses, net of interest and other financing-related income, exceed a fixed ratio of the entity's tax EBITDA. If these rules were to apply to restrict deductions otherwise available to the Company, the taxable

component of distributions paid by the Company to Shareholders may be increased, which could reduce the after-tax return associated with an investment in ETF Shares. The EIFEL Rules and their application are highly complex, and the Manager is considering the potential impact of the EIFEL Rules on the Company and, accordingly, on Shareholders. There can be no assurances that the EIFEL Rules will be enacted in their current form. The EIFEL Rules are proposed to be effective for taxation years beginning on or after October 1, 2023.

Cease Trading of Securities Risk – Index ETFs

Whenever an ETF makes direct investments in Index Securities, if the Index Securities are cease-traded by order of a Securities Regulatory Authority or are halted from trading by the relevant exchanges, such ETF may halt trading in its ETF Shares. Thus, ETF Shares of an ETF bear the risk of cease trading orders against all Constituent Issuers of its Underlying Index, as well as exchange traded funds, the securities of which are Index Securities.

If ETF Shares of an ETF are cease-traded by order of a Securities Regulatory Authority, if normal trading is suspended on the relevant exchange, or if for any reason it is likely there will be no closing bid price for ETF Shares of such ETF, the ETF may suspend the right to redeem ETF Shares of the ETF for cash, subject to prior regulatory approval. If the right to redeem ETF Shares for cash is suspended, the ETF will return redemption requests to its Shareholders who have submitted them.

General Risks of Equity Investments – Index ETFs and Horizons HRAA

Holders of equity securities of any given issuer incur more risk than holders of debt obligations of such issuer because shareholders, as owners of such issuer, generally have inferior rights to receive payments from such issuer in comparison with the rights of creditors of, or holders of debt obligations issued by, such issuer. Further, unlike debt securities, which typically have a stated principal amount payable at maturity (whose value, however, will be subject to market fluctuations prior thereto), equity securities have neither a fixed principal amount nor a maturity.

In the case of an ETF, dividends or distributions on the ETF Shares of such ETF may in the future, but is not currently expected to depend upon the declaration of dividends or distributions on the applicable Index Securities. The declaration of such dividends or distributions generally depends upon various factors, including the financial condition of the applicable Constituent Issuers and general economic conditions. There can be no assurance that the Constituent Issuers will pay dividends or distributions on Index Securities.

Voting of Index Securities Risk – Index ETFs

Shareholders of the ETFs will not have any right to vote Index Securities held by the ETFs, while they would have the right to vote if they owned the Index Securities directly.

Income Trust Investments Risks – Index ETFs, Horizons HRAA and Horizons HARB

Income trust securities may be Constituent Issuers that are included in an Underlying Index. The value of income trusts and the stability of distributions from income trusts may fluctuate in accordance with changes in the financial conditions of those income trusts, the condition of equity markets generally, economic conditions, interest rates and other factors.

Generally, the declaration of trust or trust agreement under which an income trust is governed provides that no unitholder of such income trust shall be subject to any liability whatsoever to any person in connection with a holding of units of such income trust. In addition, legislation in force in the provinces of Ontario, Alberta, British Columbia, Manitoba, Saskatchewan and Québec provides that the holders of units of an income trust that is (i) governed under the laws of such province and (ii) a reporting issuer under the securities laws of such province are not, as beneficiaries, liable for any act, default, obligation or liability of the income trust. However, there remains a risk that, if an ETF holds units in an income trust that is governed under the laws of a jurisdiction other than the Provinces of Ontario, Alberta, British Columbia, Manitoba, Saskatchewan or Québec, such ETF could be held liable for the obligations of such income trust to the extent that claims are not satisfied out of the assets of the income trust. Generally, income

trusts publicly disclose that the risk of such liability is remote and undertake to manage their affairs to seek to minimize such risk wherever possible.

Exchange Risk

In the event that the TSX closes early or unexpectedly on any day that it is normally open for trading, Shareholders will be unable to purchase or sell ETF Shares of an ETF on the TSX until it reopens and there is a possibility that, at the same time and for the same reason, the exchange and redemption of ETF Shares of the ETF may be suspended until the TSX reopens.

Inability to Achieve Investment Objective

There is no assurance that an ETF will be able to achieve its investment objective.

Commodity Risk (Horizons HRAA and Horizons HARB)

Commodities markets may be subject to greater volatility than traditional securities. The value of commodities markets, commodity futures and commodity linked Exchange Traded Products may be affected by changes in overall market movements, commodity price volatility, changes in interest rates, or sectors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs and international economic, political and regulatory developments.

Exchange Traded Funds Risk (Horizons HRAA)

The ETF may invest in Listed Funds. Certain Listed Funds may issue index participation units. These Listed Funds seek to provide returns similar to the performance of a particular market index, industry sector index or index related to an investment in a particular commodity or commodities. These Listed Funds may not achieve the same return as their corresponding benchmark market or industry sector indices (if applicable) due to differences in the actual weightings of securities held in the Listed Fund versus the weightings in the relevant index and due to the operating and administrative expenses of the Listed Fund. Commodity-based Listed Funds may not achieve the same return as their corresponding commodity benchmark market indices due to differences in the actual investments of physical commodities held in a commodity-based exchange traded fund versus the investments in the applicable commodity benchmark index and due to the operating and management expenses of the commodity-based exchange traded funds.

Reliance on Historical Data Risk (Horizons HRAA and Horizons HARB)

Past trends may not be repeated in the future. The accuracy of the historical data used by the Manager and the HRAA Sub-Advisor or the HARB Sub-Advisor, as applicable, for research and development, which is often provided by third parties, cannot be guaranteed by the Manager, the HRAA Sub-Advisor or the HARB Sub-Advisor. The Manager, the HRAA Sub-Advisor and the HARB Sub-Advisor only seek to obtain such data from companies that they believe to be highly reliable and of high reputation.

Highly Volatile Markets (Horizons HRAA and Horizons HARB)

The profitability of the ETF's investment program may depend to a great extent on correct assessments of the future course of price movements of securities and other investments. There can be no assurance that the HRAA Sub-Advisor will be able to accurately predict these price movements. The securities markets have in recent years been characterized by great volatility and unpredictability. The investments of the ETF may be influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control

programs and policies of governments, and national and international political and economic events and policies. The ETF is therefore exposed to some, and at times a substantial, degree of market risk.

High Yield Bond Risk and Risks of other Lower Rated Investments (Horizons HRAA and Horizons HARB)

The ETF may invest in high yield bonds (commonly referred to as “junk bonds”) and other lower rated investments. These investments that are rated below investment grade include those bonds rated lower than “BBB- ” by Standard & Poor’s® Rating Services, a division of The McGraw-Hill Companies, Inc., and Fitch Rating Service Inc. or “Baa3” by Moody’s® Investor’s Services, Inc., or are unrated but judged to be of comparable quality, at the time of purchase, may be more volatile than higher-rated securities of similar maturity. Investments rated below investment grade and comparable unrated investments have speculative characteristics because of the credit risk associated with their issuers. Changes in economic conditions or other circumstances typically have a greater effect on the ability of issuers of lower rated investments to make principal and interest payments than they do on issuers of higher rated investments. An economic downturn generally leads to a higher non-payment rate, and a lower rated investment may lose significant value before a default occurs. Lower rated investments typically are subject to greater price volatility and illiquidity than higher rated investments.

Call Risk (Horizons HRAA and Horizons HARB)

During periods of falling interest rates, an issuer of a callable bond may “call” or repay a security before its stated maturity, which may result in the ETF (or an underlying investment of the ETF) having to reinvest the proceeds at lower interest rates, resulting in a decline in the ETF’s income.

Risk of Difference between Quoted and Actionable Market Price (Horizons HRAA and Horizons HARB)

In the case of certain less conventional instruments, such as loans, the prices quoted by dealers for informational purposes may materially exceed the prices at which the same dealers are willing actually to enter into transactions. This discrepancy can cause material disruptions and unexpected net asset value declines when a fund is required to sell a position which it had been valuing based on the quoted prices of dealers.

Alternative Mutual Fund Risk (Alternative ETFs)

Alternative mutual funds are permitted to use strategies generally prohibited by conventional mutual funds, 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 ETF, during certain market conditions they may accelerate the risk that an investment in ETF Shares decreases in value.

Cyber Security Risk

Cyber security risk is the risk of harm, loss and liability resulting from a failure or breach of information technology systems. Failures or breaches of information technology systems (“**Cyber Security Incidents**”) can result from deliberate attacks or unintentional events and may arise from external or internal sources. Deliberate cyber-attacks include, but are not limited to, gaining unauthorized access to digital systems (e.g., through “hacking” or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data, equipment or systems, or causing operational disruption. Deliberate cyber-attacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users). The primary risks to an ETF from the occurrence of a Cyber Security Incident include disruption in operations, reputational damage, disclosure of confidential information, the incurrence of regulatory penalties, additional compliance costs associated with corrective measures, and/or financial loss. Cyber Security Incidents of an ETF’s third-party service providers (e.g., valuation agents, transfer agents or custodians) or issuers that an ETF invests in can also subject an ETF to many of the same risks associated with direct Cyber Security Incidents. The Manager cannot control the cyber security plans and systems put in place by its service providers or

any other third party whose operations may affect an ETF or its Shareholders. An ETF and its Shareholders could be negatively impacted as a result.

Aggressive Investment Technique Risk (Alternative ETFs)

The Alternative ETFs use investment techniques and financial instruments that may be considered aggressive, including the use of futures contracts, options on futures contracts, securities and indices, forward contracts, swap agreements and similar instruments. Such techniques, particularly when used to create leverage, may expose an Alternative ETF to potentially dramatic changes (losses) in the value of the instruments and imperfect correlation between the value of the instruments and relevant security or index. An Alternative ETF's investment in financial instruments may involve a small investment relative to the amount of risk assumed. Financial instruments are subject to a number of risks described elsewhere in this prospectus, such as liquidity risk, credit risk and counterparty risk. The use of aggressive investment techniques also exposes an Alternative ETF to risks different from, or possibly greater than, the risks associated with investing directly in the securities comprising its Underlying Index, including: 1) the risk that an instrument is temporarily mispriced; 2) credit, performance or documentation risk on the amount the Alternative ETF expects to receive from a counterparty; 3) the risk that securities prices, interest rates and currency markets will move adversely and the Alternative ETF will incur significant losses; 4) imperfect correlation between the price of the financial instruments and movements in the prices of the underlying securities; 5) the risk that the cost of holding a financial instrument might exceed its total return; and 6) the possible absence of a liquid secondary market for any particular instrument and possible exchange imposed price fluctuation limits, both of which may make it difficult or impossible to adjust the ETF's position in a particular instrument when desired.

Reliance on Key Personnel

Shareholders will be dependent on the abilities of the Manager (i) in providing recommendations and advice in respect of the ETFs and (ii) to effectively manage the ETFs in a manner consistent with their investment objectives, investment strategies and investment restrictions. Implementation of an ETF's investment strategies will be dependent on the Manager. There is no certainty that the individuals who are principally responsible for providing administration and portfolio management services to an ETF will continue to be employed by the Manager.

Shareholders of Horizons HARC will be dependent on the abilities of: (i) the Manager and the HARC Sub-Advisor in providing recommendations and advice in respect of Horizons HARC; and (ii) the Manager to effectively manage Horizons HARC in a manner consistent with their investment objectives, investment strategies and investment restrictions. Implementation of Horizons HARC's investment strategies will be dependent on the Manager. There is no certainty that the individuals who are principally responsible for providing administration and portfolio management services to Horizons HARC will continue to be employed by the Manager.

There is also no certainty that the HARC Sub-Advisor will be retained or that the key personnel of the HARC Sub-Advisor will continue to be engaged by the HARC Sub-Advisor throughout the existence of Horizons HARC. Moreover, no assurance can be given that the trading systems and strategies utilized by the HARC Sub-Advisor or its successor will prove successful under all, or any, market conditions.

Shareholders of Horizons HRAA will be dependent on the abilities of: (i) the Manager and the HRAA Sub-Advisor in providing recommendations and advice in respect of Horizons HRAA; and (ii) the Manager to effectively manage Horizons HRAA in a manner consistent with its investment objectives, investment strategies and investment restrictions. Implementation of Horizons HRAA's investment strategies will be dependent on the Manager. There is no certainty that the individuals who are principally responsible for providing administration and portfolio management services to Horizons HRAA will continue to be employed by the Manager.

There is also no certainty that the HRAA Sub-Advisor will be retained or that the key personnel of the HRAA Sub-Advisor will continue to be engaged by the HRAA Sub-Advisor throughout the existence of Horizons HRAA. Moreover, no assurance can be given that the trading systems and strategies utilized by the HRAA Sub-Advisor or its successor will prove successful under all, or any, market conditions.

Distributions Risk

Distributions of income and gains by an ETF may be paid in ETF Shares or reinvested in ETF Shares that may be automatically consolidated. Income or taxable capital gains distributed to a Shareholder in ETF Shares or reinvested in ETF Shares are nevertheless required to be included in the Shareholder's income even though no cash will be distributed to fund any resulting tax payment.

Significant Redemptions

If a significant number of ETF Shares of an ETF are redeemed, the trading liquidity of the ETF Shares could be significantly reduced. In addition, the expenses of the ETF would be spread among fewer ETF Shares resulting in a potentially lower distribution per ETF Share. The Manager has the ability to terminate an ETF if, in its opinion, it would be in the best interests of Shareholders to do so. The Manager may suspend redemptions in certain circumstances.

General Economic and Market Conditions

The success of an ETF's activities may be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws and national and international political circumstances. These factors may affect the level and volatility of securities prices and the liquidity of an ETF's investments. Unexpected volatility or illiquidity could impair an ETF's profitability or result in losses.

Market Risk

The value of those securities in which an ETF invests and that are traded on exchanges or over-the-counter markets and the risks associated therewith vary in response to events that affect such markets and that are beyond the control of an ETF, the Manager or the Sub-Advisor (if applicable). There is no guarantee that securities exchanges and markets can at all times provide continuously liquid markets in which an ETF can close out its positions in those securities that are publicly traded, in particular because an ETF may invest in securities that are thinly traded or traded infrequently. An ETF could experience delays and may be unable to sell securities purchased through a broker or clearing member that has become insolvent. In that event, positions could also be closed out fully or partially without an ETF's consent.

Possible Effect of Performance Fee (Horizons HRAA and Horizons HARB)

The Manager, HRAA Sub-Advisor and the HARB Sub-Advisor may receive the HRAA Performance Fee or the HARB Performance Fee, as applicable, based on the performance of the applicable ETF. Such performance fee arrangements may create an incentive to make investments that are riskier or more speculative than would be the case if such arrangements were not in effect. In addition, because the HRAA Performance Fee and the HARB Performance Fee will each be calculated and accrued on a basis which includes any unrealized gains on the applicable ETF's investments at the time of calculation, it may be greater than if such fee were calculated on the basis of the actual gains realized when such investments are disposed of.

Securities Believed to be Undervalued or Incorrectly Valued Risk (Horizons HARB)

Securities which the HARB Sub-Advisor believes are fundamentally undervalued or incorrectly valued may not ultimately be valued in the capital markets at prices and/or within the time frame the HARB Sub-Advisor anticipates. As a result, the ETF may suffer negative financial consequences in respect of any particular instance. In addition, there is no minimum credit standard that is a prerequisite to the ETF's investment in any instrument and some obligations and preferred stock in which the ETF invests may be less than investment grade.

Price Limit Risk

Some futures exchanges have regulations that limit the amount of fluctuation that may occur in futures contract prices during a single business day. The maximum or minimum price on a contract on any given day as a result of these limits is referred to as a "limit price". Once the limit price is reached on a contract, no trades may be made at a price

beyond the limit. The limit price may preclude trading or force liquidation of a particular contract at potentially disadvantageous prices or times. Such circumstances could also adversely affect the value of a commodity based Exchange Traded Product, the net asset value of an ETF, and could also disrupt subscription and redemption requests.

Conflicts of Interest

The Manager, the Sub-Advisor (as applicable), their respective directors and officers and their respective affiliates and associates may engage in the promotion, management or investment management of other accounts, funds or trusts which invest primarily in the securities held by an ETF. Although officers, directors and professional staff of the Manager and the Sub-Advisor (as applicable) will devote as much time to an ETF as is deemed appropriate to perform their duties, the staff of the Manager and the Sub-Advisor may have conflicts in allocating their time and services among an ETF and the other funds managed by the Manager or the Sub-Advisor (as applicable).

Business and Regulatory Risks of Alternative Investment Strategies

There can be no assurance that certain laws applicable to the ETFs will not be changed in a manner which could adversely affect the ETFs and/or the Shareholders.

Moreover, securities and futures markets are subject to comprehensive statutes, regulations and margin requirements enforced by the relevant regulatory authorities, self-regulatory organizations and exchanges authorized to take extraordinary actions in the event of market emergencies. The regulation of derivatives transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by government and judicial actions. The regulatory environment is evolving, and changes in regulations of trading activities may adversely affect the ability of an ETF to pursue its investment objective, its ability to obtain leverage and financing and the value of its investments. There has been an increase in governmental, as well as self-regulatory, scrutiny of the alternative investment industry in general. It is impossible to predict what, if any, changes in regulations may occur, but any regulations which restrict the ability of an ETF to trade in the relevant instruments or the ability of an ETF to employ, or brokers and other counterparties to extend, credit in its trading (as well as other regulatory changes that result) could have a material adverse impact on an ETF's portfolio. The ETFs and their Shareholders could be adversely affected as a result.

Political, Economic and Social Risk

The value of an ETF's securities exposed to various markets may be adversely affected by political, economic, social and other factors, relations with other countries and changes in laws and regulations in developing and emerging economies. In addition, developing and emerging economies may differ favourably or unfavourably from the Canadian economy in such respects as the rate of GDP growth, the rate of inflation, capital reinvestment, resource self-sufficiency and balance of payments position. Governments may exercise significant influence over many aspects of the economy in developing and emerging countries and, accordingly, political or social instability and government actions in developing and emerging countries in the future could have a significant effect on such countries, which could affect market conditions, prices and yields of securities that are held by an ETF. Governmental acts in developing and emerging countries, including imposition of tariffs, royalties or other levies, cancellation or renegotiation of joint ventures or confiscation or nationalization of property, mineral or resource rights may have an adverse effect upon the securities of various markets to which an ETF is exposed.

Securities Lending Risk

An ETF may enter into securities lending transactions, repurchase transactions and reverse repurchase transactions in order to earn additional income. There are risks associated with these kinds of transactions. Over time, the value of the securities loaned under a securities lending transaction or sold under a repurchase transaction might exceed the value of the cash or collateral held by an ETF. If the third party defaults on its obligation to repay or resell the securities to an ETF, the cash or collateral may be insufficient to enable the ETF to purchase replacement securities and the ETF may suffer a loss for the difference. Likewise, over time, the value of the securities purchased by an ETF under a reverse repurchase transaction may decline below the amount of cash paid by the ETF to the third party. If the third

party defaults on its obligation to repurchase the securities from an ETF, the ETF may need to sell the securities for a lower price and suffer a loss for the difference.

Emerging Markets Risk (Horizons HXEM, Horizons HRAA and Horizons HARB)

Investments in emerging markets are subject to heightened risk as compared to investments in developed markets. The value of an ETF that is exposed to emerging markets may be adversely affected by, among other things, the following risks associated with emerging market economies: political and social instability; government involvement, including, but not limited to, currency controls and risk of expropriation; securities markets which are less liquid and which operate under different trading and market regulations; difficulties in enforcing contractual rights; currency volatility; risk of high inflation; infrastructure issues; greater susceptibility to commodity prices; and greater susceptibility to the economic performance of trading partners.

No Ownership Interest

An investment in ETF Shares does not constitute an investment by Shareholders in the securities held by an ETF. Shareholders will not own the securities held by an ETF.

Restrictions on Certain Shareholders

At no time may non-residents of Canada, partnerships that are not Canadian partnerships, or a combination of non-residents and such partnerships (all as defined in the Tax Act) be the beneficial owner of a majority of the shares of the Company. This restriction may limit the rights of certain Shareholders, including non-residents of Canada. This restriction may also limit the demand for ETF Shares by certain investors and thereby adversely affect the liquidity and market value of the ETF Shares that are held by other investors.

Redemption Price

Shareholders will not know in advance of giving a notice of redemption the price at which the ETF Shares will be redeemed. In the period after a notice of redemption for ETF Shares has been given and before the applicable redemption date, the net asset value per ETF Share or the trading price for an ETF Share and therefore the redemption amount which will be payable to the Shareholder in respect of the ETF Shares being redeemed may change substantially due to market movements. Shareholders are not entitled to withdraw a request for redemption unless a suspension of redemptions has been declared. In various circumstances, the redemption of ETF Shares and the payment of redemption proceeds may be suspended.

Fund Corporation and Multi-Class/Series Structure Risk

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

A mutual fund corporation is 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 most other income including income realized in respect of derivative transactions (including Swaps) that are not otherwise treated as capital gains, interest, trust income and foreign income, including most foreign source dividends. If this type of income, calculated for the Company as a whole, is greater than the expenses or other deductions from income or taxable income available to the Company (including any available losses and loss carryforwards to the extent deductible), the Company would generally become taxable. The Manager will track the income and expenses of each class or series of shares of the Company separately, so that if the Company becomes

taxable, the Manager would usually allocate the tax to those classes or series whose taxable income exceeded available expenses or other deductions.

If the Company 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 the Company. 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 the Company cannot distribute the income, investors in a Registered Plan will indirectly bear the income tax incurred by the Company. 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 income is taxed inside the Company 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 the Company, and taking into account the deduction of expenses and other deductions (including any available losses and loss carryforwards to the extent deductible), the Company 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.

Short Selling Risk (Horizons HRAA and Horizons HARB)

In compliance with NI 81-102 or an exemption therefrom, the ETF may engage in short selling. A "short sale" will occur when the ETF borrows securities from a lender which are then sold in the open market (or "sold short"). At a later date, the same number of securities are repurchased by the ETF and returned to the lender. In the interim, the proceeds from the first sale are deposited with the lender and the ETF pays fees to the lender. If the value of the securities declines between the time that the ETF borrows the securities (and sells short) and the time it repurchases and returns the securities, the ETF makes a gain for the difference (less any fees the ETF is required to pay to the lender). Short selling involves certain risks. There is no assurance that securities will decline in value during the period of the short sale sufficient to offset the fees paid by the ETF and make a gain for the ETF, and securities sold short may instead appreciate in value. The ETF may also experience difficulties repurchasing and returning the borrowed securities if a liquid market for the securities does not exist. Also, the lender from whom the ETF has borrowed securities may go bankrupt and the ETF may lose the collateral it has deposited with the lender.

If the ETF engages in short selling, the ETF will adhere to controls and limits that are intended to offset these risks by short selling only securities of larger issuers for which a liquid market is expected to be maintained and by limiting the amount of exposure for short sales. The ETF will also deposit collateral only with lenders that meet certain criteria for creditworthiness and only up to certain limits.

Possible losses from short sales differ from losses that may be incurred from purchases of securities because losses from short sales may be unlimited, whereas losses from purchases are limited to the total amount invested. To deliver securities to a purchaser, the ETF must arrange through a broker to borrow the securities, and, as a result, the ETF becomes obligated to replace the securities borrowed at the market price at the time of replacement, whatever that price may be. A short sale therefore involves the theoretically unlimited risk of loss occasioned by an increase in the market price of the security between the date of the short sale and the date on which the ETF covers its short position. In addition, the borrowing of securities entails the payment of a borrowing fee (which may increase during the borrowing period) and the payment of any dividends or interest payable on the securities until they are replaced. If the ETF is engaged in short selling it is required to maintain cash cover for its short positions and other investments may need to be sold quickly (and at potentially unattractive prices) in order to maintain sufficient cash cover.

Fluctuations in NAV and Market Price of the ETF Shares Risk

ETF Shares of an ETF may trade in the market at a premium or discount to their NAV and there can be no assurance that ETF Shares of an ETF will trade at a price equal to their NAV. Whether Shareholders of an ETF will realize gains or losses upon a sale of ETF Shares of that ETF will depend not upon the NAV of the ETF Shares but entirely upon whether the market price of the ETF Shares at the time of sale is above or below the Shareholder's purchase price for the ETF Shares. The market price of the ETF Shares of an ETF will be determined by factors in addition to NAV such

as relative supply of and demand for the ETF Shares of the ETF in the market, general market and economic conditions, and other factors.

Limited History of Underlying Index – Horizons CARB

The Underlying Index has a limited history which may or may not be indicative of future results or of the future performance of Horizons CARB. Therefore, a decision to invest in Horizons CARB may be made on the basis of limited information.

The Underlying Index was created on February 3, 2022, and there is no published information about how the Underlying Index would have performed had it been calculated in the past. Because the Underlying Index and the Carbon Credit Futures contracts that underlie it have very limited historical performance, an investment in Horizons CARB may involve a greater risk than investing in alternate securities linked to one or more indices with an established record of performance.

Absence of an Active Market for the ETF Shares and Lack of Operating History Risk

The ETFs have limited history as exchange traded classes of shares of the Company. Although the ETF Shares of an ETF are listed on the TSX, there can be no assurance that an active public market for the ETF Shares of the ETF will develop or be sustained.

No Guaranteed Return

There is no guarantee that an investment in an ETF will earn any positive return. The value of the ETF Shares may increase or decrease depending on market, economic, political, regulatory and other conditions affecting the ETF's investments. All prospective Shareholders should consider an investment in an ETF within the overall context of their investment policies. Investment policy considerations include, but are not limited to, setting objectives, defining risk/return constraints and considering time horizons.

INVESTMENT RISK CLASSIFICATION METHODOLOGY

Risk Ratings of the ETFs

The investment risk level of each ETF is required to be determined in accordance with a standardized risk classification methodology that is based on the historical volatility of the ETF, as measured by the 10-year standard deviation of the returns of the ETF. If the ETF is fewer than 10 years old, the Manager calculates the investment risk level of each ETF using the return history of the ETF, and, for the remainder of the 10-year period, the return history of a reference index (set out in the table below) that is expected to reasonably approximate the standard deviation of the ETF. Once an ETF has 10 years of performance history, the methodology will calculate the standard deviation of the ETF using only the return history of the ETF rather than that of the ETF and the reference index. In each case, the ETFs are assigned an investment risk rating in one of the following categories: low, low to medium, medium, medium to high or high risk. The investment risk rating of each ETF is disclosed in its ETF Facts document. The risk ratings set forth in each ETF Facts document do not necessarily correspond to an investor's risk tolerance assessment. Investors are advised to consult their financial advisor for advice regarding an individual investor's personal circumstances.

The following chart sets out the reference index used for each ETF for the portion of the 10-year calculation period during which an ETF did not exist:

ETF	Reference Index
Horizons HXT	S&P/TSX 60™ INDEX (TOTAL RETURN)
Horizons HXS	S&P 500® INDEX (TOTAL RETURN)
Horizons HXE	S&P/TSX CAPPED ENERGY INDEX (TOTAL RETURN)

Horizons HXF	S&P/TSX CAPPED FINANCIALS INDEX (TOTAL RETURN)
Horizons HBB	SOLACTIVE CANADIAN SELECT UNIVERSE BOND INDEX (TOTAL RETURN)
Horizons HTB	SOLACTIVE US 7-10 YEAR TREASURY BOND INDEX (TOTAL RETURN)
Horizons HXQ	NASDAQ-100® INDEX (TOTAL RETURN)
Horizons HXX	SOLACTIVE EUROPE 50 ROLLING FUTURES INDEX (TOTAL RETURN)
Horizons HXH	SOLACTIVE CANADIAN HIGH DIVIDEND YIELD INDEX (TOTAL RETURN)
Horizons HSH	S&P 500® CAD HEDGED INDEX (TOTAL RETURN)
Horizons HXDM	HORIZONS EAFE FUTURES ROLL INDEX (TOTAL RETURN) INDEX
Horizons HCRE	SOLACTIVE EQUAL WEIGHT CANADA REIT INDEX (TOTAL RETURN) AND DOW JONES CANADA SELECT EQUAL WEIGHT REIT TOTAL RETURN INDEX CAD*
Horizons HLPR	SOLACTIVE LADDERED CANADIAN PREFERRED SHARE INDEX (TOTAL RETURN) AND S&P/TSX PREFERRED TOTAL RETURN INDEX*
Horizons HEWB	SOLACTIVE EQUAL WEIGHT CANADA BANKS INDEX (TOTAL RETURN)
Horizons HULC	SOLACTIVE US LARGE CAP INDEX (CA NTR)
Horizons HXCN	S&P/TSX CAPPED COMPOSITE INDEX (TOTAL RETURN)
Horizons CARB	HORIZONS CARBON CREDITS ROLLING FUTURES INDEX (EXCESS RETURN)
Horizons HARB	SOLACTIVE CANADIAN SELECT UNIVERSE BOND INDEX (TOTAL RETURN)
Horizons HSAV	BANK OF CANADA TREASURY BILLS ONE MONTH INDEX
Horizons HSUV.U	U.S. 1 MONTH TREASURY BILL
Horizons HARC	DEUTSCHE BANK CURRENCY RETURN INDEX
Horizons HXEM	HORIZONS EMERGING MARKETS FUTURES ROLL INDEX (TOTAL RETURN)
Horizons HRAA	(34%) HFR RISK PARITY VOL 10 INDEX (66%) HFRI MACRO: SYSTEMATIC DIVERSIFIED INDEX

*A second reference index is employed where the first-mentioned reference index did not have 10 years of history.

In certain instances, the methodology described above may produce an investment risk level for an ETF which the Manager believes may be too low and not indicative of the ETF's future volatility. As a result, in addition to using the standardized risk classification methodology described above, the Manager may increase an ETF's investment risk level if it determines that to be reasonable in the circumstances by taking into account other qualitative factors including, but not limited to, economic climate, portfolio management styles, sector concentration and types of investments made by the ETF.

Shareholders should know that other types of risks, both measurable and non-measurable, exist. Also, just as historical performance may not be indicative of future returns, historical volatility may not be indicative of future volatility. The risk ratings of the ETFs set out below are reviewed annually and any time it is no longer reasonable in the circumstances. A more detailed explanation of the risk classification methodology used to identify the risk ratings of the ETFs is available on request, at no cost, by calling toll-free 1-866-641-5739 or by writing to the Manager at 55 University Avenue, Suite 800, Toronto, Ontario, M5J 2H7.

DIVIDEND POLICY

The Company does not currently intend to pay regular dividends or returns of capital on the ETF Shares (except in respect of the Dividend Series Shares of Horizons HARB).

With respect to the Dividend Series Shares of Horizons HARB, while such ETF Shares will not pay dividends or returns of capital (together, “distributions”) at a fixed rate, the current distribution rate on the Dividend Series Shares is currently targeted to be 5.0% per annum. It is anticipated that Horizons HARB will pay a distribution (which may consist of dividends and/or returns of capital) on the Dividend Series Shares on a monthly basis.

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 Board of Directors and will depend on, among other things, the Company’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 Board of Directors may deem relevant.

If, in any taxation year, the Company would otherwise be liable for tax on net realized capital gains, the Company intends to pay, to the extent possible, by the last day of that year, a special Capital Gains Dividend to ensure that the Company 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 the Company, the Manager does not currently expect the Company to pay a material amount of special Capital Gains Dividends.

PURCHASES OF ETF SHARES

Issuance of ETF Shares

ETF Shares of the ETFs are being issued and sold on a continuous basis and there is no maximum number of ETF Shares that may be issued. In compliance with NI 81-102, the ETFs did not issue ETF Shares to the public until subscriptions aggregating not less than \$500,000 were received and accepted by the relevant ETF from investors other than persons or companies related to the Manager or its affiliates.

To Designated Brokers and Dealers

All orders to purchase ETF Shares directly from the ETFs must be placed by a Designated Broker or Dealer in the applicable currency. To the extent Canadian dollar and U.S. dollar denominated ETF Shares of a Dual Currency ETF are listed for trading on the TSX, subscriptions for US\$ Shares of a Dual Currency ETF can be made in either U.S. or Canadian dollars. At the discretion of the Manager, direct subscriptions for Cdn\$ Shares or US\$ Shares of Horizons HXX may, in the future, be permitted to be made in Euros. Each ETF reserves the absolute right to reject any subscription order placed by the Designated Broker and/or a Dealer for ETF Shares of an ETF, including, without limitation, if (a) the order is not in proper form; (b) the acceptance of the order would otherwise, in the sole discretion of the Manager, have an adverse effect on the ETF or the rights of beneficial owners of ETF Shares; (c) the acceptance or receipt of the order would, in the opinion of counsel to the ETF, be unlawful; or (d) circumstances outside the control of the Manager, the Custodian, and/or the Transfer Agent and Registrar exist which make processing of the subscription order for all practical purposes not feasible. No fees will be payable by an ETF to the Designated Broker or a Dealer in connection with the issuance of ETF Shares of the ETF.

The Manager will publish the PNS for each ETF in each applicable currency following the close of business on each Trading Day on its website, www.HorizonsETFs.com. The Manager may, at its sole discretion, increase or decrease the PNS of an ETF from time to time.

ETFs other than Horizons HXX, Horizons HRAA, Horizons HARC, Horizons CARB and Horizons HARB

On any Trading Day, the Designated Broker or a Dealer may place a subscription order for the PNS or multiple PNS of an ETF in the applicable currency. In respect of the Equity ETFs other than Horizons HXX, a subscription order may be a Cash Subscription or, at the sole discretion of the Manager, a Securities Subscription. In respect of a Bond ETF, a subscription order may be a Securities Subscription or, at the sole discretion of the Manager, a Cash Subscription. In respect of Horizons HSAV and Horizons HSUV.U, a subscription order may only be a Cash Subscription.

The Manager will, for each Trading Day, make available to the Designated Broker and the Dealers throughout the Trading Day information as to which securities will be accepted in respect of a Securities Subscription. The Manager may change the securities which will be accepted in respect of a Securities Subscription at any time throughout a Trading Day, in its sole discretion. The Manager may also, in its sole discretion, refuse or reject a subscription for or limit the number of PNSs of a Bond ETF which may be subscribed for pursuant to a subscription order. See also “Risk of Suspended Subscriptions – Horizons HSAV, Horizons HSUV.U and Horizons CARB”.

If a Cash Subscription or a Securities Subscription is received by an ETF in the applicable currency by the applicable Subscription Deadline on a Trading Day when the principal exchange or market for the securities to which an ETF is exposed does not close early, and is accepted by the ETF, that ETF will issue to the Designated Broker or Dealer the number of ETF Shares of such ETF subscribed for generally by the second Trading Day after the date on which the subscription order is accepted. The Manager may, at its sole discretion, accept a subscription order after the applicable Subscription Deadline on a Trading Day. The number of ETF Shares issued will be based on the net asset value per ETF Share of the applicable ETF, in the applicable currency, at the close of the Trading Day on which the subscription is accepted by the Manager, provided that payment in full for such ETF Shares has been received. On days when the principal exchange or market for the securities to which an ETF is exposed closes early, a revised deadline for subscription orders in respect of such ETF will be communicated to the Designated Broker and the Dealers.

Notwithstanding the foregoing, an ETF will issue to the Designated Broker or Dealer the number of ETF Shares of the applicable ETF in the appropriate currency for which the Designated Broker or Dealer subscribed, by no later than the second Trading Day after the date on which the subscription order was accepted, provided that payment in full for such ETF Shares has been received.

Horizons HXX

All orders to purchase ETF Shares directly from Horizons HXX must be placed by a Designated Broker and/or the Dealers. Horizons HXX reserves the absolute right to reject any subscription order placed by a Designated Broker and/or a Dealer. No fees are payable by Horizons HXX to a Designated Broker or a Dealer in connection with the issuance of ETF Shares of Horizons HXX.

On any Trading Day (“**T-1**”), a Designated Broker or a Dealer may place a Cash Subscription order for a PNS or multiple PNS of Horizons HXX. The purchase price in the applicable currency for the ETF Shares to be issued is based on the closing net asset value per ETF Share of Horizons HXX on the first Trading Day after T-1 on which the subscription is accepted by the Manager (the “**Trade Date**” or “**T**”). If a subscription order is received by Horizons HXX by the Subscription Deadline on T-1, Horizons HXX will issue to the Designated Broker or Dealer the number of ETF Shares of Horizons HXX subscribed for generally on the first Trading Day (“**T+1**”) after the Trade Date, and no later than the second Trading Day after the Trade Date, provided that payment for such ETF Shares has been received. The Manager may, at its sole discretion, accept a subscription order after the Subscription Deadline on T-1.

In issuing ETF Shares of Horizons HXX to a Designated Broker or Dealer, the Designated Broker or Dealer must deliver cash in the applicable currency in exchange for the ETF Shares in an amount equal to the net asset value of such ETF Shares next determined following the receipt of the subscription order.

Horizons HRAA

For Horizons HRAA, on any Trading Day a Designated Broker or a Dealer may place a subscription order for a PNS or multiple PNS in the applicable currency of Horizons HRAA. The purchase price for the ETF Shares to be issued is based on the closing net asset value per ETF Share of Horizons HRAA on the Trading Day on which the subscription

is accepted by the Manager (the “**Trade Date**” or “**T**”). If a subscription order is received by the ETF by the Subscription Deadline on the Trade Date, Horizons HRAA will issue in the appropriate currency to the Designated Broker or Dealer the number of ETF Shares of the ETF subscribed for generally on the second Trading Day (“**T+2**”) after the Trade Date, provided that payment for such ETF Shares has been received. The Manager may, at its sole discretion, accept a subscription order after the Subscription Deadline on the Trade Date.

Horizons HARC

For Horizons HARC, on any Trading Day, the Designated Broker or a Dealer may place a subscription order for a PNS (or a whole multiple thereof) of an ETF. If a subscription order is received by an ETF at or before the Subscription Deadline on a Trading Day and is accepted by the Manager, such ETF will generally issue the PNS (or a whole multiple thereof) to the Designated Broker or Dealer within one (1) Trading Day from the Trading Day of the subscription, but in any case not more than two (2) Trading Days from the Trading Day of the subscription. The Manager may, at its sole discretion, accept a subscription order after the Subscription Deadline on a Trading Day. An ETF must receive payment for the ETF Shares subscribed for generally within one (1) Trading Day from the Trading Day of the subscription order.

Horizons CARB

For Horizons CARB, on any Trading Day, the Designated Broker or a Dealer may place a subscription order for the PNS or multiple PNS of the ETF. If a Cash Subscription is received by the ETF by the Subscription Deadline, on a Trading Day when the principal exchange or market for the financial instruments to which the ETF is exposed, if any, does not close early, and is accepted by the ETF, the ETF will issue to the Designated Broker or Dealer the number of ETF Shares subscribed for generally by the first Trading Day after the date on which the subscription order is accepted. The number of ETF Shares issued will be based on the net asset value per ETF Share at the close of the Trading Day on which the subscription is accepted by the Manager, provided that payment in full for such ETF Shares has been received. On days when the principal exchange or market for the financial instruments to which the ETF is exposed, if any, closes early, a revised deadline for subscription orders in respect of such ETF will be communicated to the Designated Broker and the Dealers. Notwithstanding the foregoing, the ETF will issue to the Designated Broker or Dealer the number of ETF Shares for which the Designated Broker or Dealer subscribed, by no later than the second Trading Day after the date on which the subscription order was accepted, provided that payment in full for such ETF Shares has been received.

Horizons HARB

On any Trading Day when the principal exchange or market for the securities to which the ETF is exposed does not close early, a Designated Broker or a Dealer may place a subscription order for a PNS or multiple PNS. The purchase price for the ETF Shares to be issued is based on the closing net asset value per ETF Share on the Trading Day on which the subscription is accepted by the Manager (the “**Trade Date**” or “**T**”). If a subscription order is received by the ETF by the Subscription Deadline on the Trade Date, the ETF will issue in the appropriate currency to the Designated Broker or Dealer the number of ETF Shares subscribed for generally on the second Trading Day (“**T+2**”) after the Trade Date, provided that payment for such ETF Shares has been received. On days when the principal exchange or market for the securities to which the ETF is exposed closes early, the earlier deadline for subscription orders in respect of the ETF will be made available to the Designated Broker and the Dealers. Subscription order deadlines are subject to change, and Dealers should refer to the Manager’s website to confirm the current deadline.

All ETFs except Horizons HXX

Unless the Manager shall otherwise agree, as payment for a PNS of an ETF a Dealer or Designated Broker must deliver a Cash Subscription or a Securities Subscription, as applicable, in the appropriate currency in an amount sufficient so that the cash and/or securities delivered is equal to the net asset value of the PNS of the ETF in that currency next determined following the receipt of the subscription order. To the extent Canadian dollar and U.S. dollar denominated ETF Shares of a Dual Currency ETF are listed for trading on the TSX, subscriptions for US\$ Shares of a Dual Currency ETF can be made in either U.S. or Canadian dollars. The value of a Securities Subscription accepted by the Manager will be determined as at the close of business on the date the applicable subscription order is accepted.

To Shareholders as Reinvested Distributions or Distributions Paid in ETF Shares

ETF Shares may be issued to Shareholders on the automatic reinvestment of distributions or on a distribution paid in ETF Shares, in each case, in accordance with the distribution policy of the ETF. See “Dividend Policy”.

Administrative Charges

As may be agreed between the Manager and a Designated Broker or Dealer, the Manager may charge Shareholders of an 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. 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 ETFs in connection with selling ETF Shares on the TSX.

Subscription Transaction Fees – Bond ETFs

The Manager may, at its sole discretion, charge Shareholders of a Bond ETF a subscription charge on their subscription amount in a Bond ETF in respect of a Cash Subscription. The applicable subscription charge will be specified from time to time at the discretion of the Manager. The Manager will publish the current subscription charges for each Bond ETF on its website, www.HorizonsETFs.com.

Buying and Selling ETF Shares

The ETF Shares are currently listed and trade on the TSX. Investors can buy or sell ETF Shares on the TSX through registered brokers and dealers in the province or territory where the investor resides. Investors may incur customary brokerage commissions when buying or selling such ETF Shares.

Special Considerations for Shareholders

ETF Shares of each of the Index ETFs are, in the opinion of the Manager, index participation units within the meaning of NI 81-102. A mutual fund wishing to invest in ETF Shares of an Index ETF should make its own assessment of its ability to do so after careful consideration of the relevant provisions of NI 81-102, including but not limited to whether the ETF Shares of the ETF should be considered index participation units, as well as the control, concentration and certain of the “fund-of-funds” restrictions of NI 81-102. No purchase of ETF Shares of an Index ETF should be made solely in reliance on the above statements.

The ETFs, as mutual funds subject to NI 81-102, are exempt from the so-called “early warning” requirements set out in Canadian securities legislation in connection with the acquisition of ETF Shares of an ETF. In addition, the ETFs have obtained exemptive relief from the Securities Regulatory Authorities to permit a Shareholder to acquire more than 20% of the ETF Shares of an ETF through purchases on the TSX without regard to the takeover bid requirements of applicable Canadian securities legislation.

Although Horizons HSAV and Horizons HSUV.U primarily invest in bank deposit accounts, neither Horizons HSAV nor Horizons HSUV.U is covered by the Canada Deposit Insurance Corporation, the Federal Deposit Insurance Corporation or any other government deposit insurer.

REDEMPTION AND SWITCHING OF ETF SHARES

Redemption

As described below under the heading “Book-Entry Only System”, registration of interests in, and transfers of, ETF Shares of an ETF in the applicable currency will be made only through the book-entry only system of CDS. The redemption rights described below must be exercised through the CDS Participant through which the owner holds ETF Shares of an ETF. Beneficial owners of ETF Shares of an ETF should ensure that they provide redemption instructions to the CDS Participant through which they hold such ETF Shares in the applicable currency sufficiently in advance of the cut-off times described below to allow such CDS Participant to notify CDS and for CDS to notify the Manager prior to the relevant cut-off time.

Exchange of ETF Shares at Net Asset Value per ETF Share for Baskets of Securities and/or Cash – Horizons HARC, Horizons HRAA and Horizons HARB

Shareholders of an ETF may exchange the applicable PNS (or a whole multiple thereof) of an ETF on any Trading Day for a basket of securities and/or cash, subject to the requirement that a minimum PNS be exchanged. The Manager may, in its complete discretion, pay exchange proceeds consisting of cash only in an amount equal to the net asset value of the applicable PNS of the ETF next determined following the receipt of the exchange request. The Manager will, upon receipt of the exchange request, advise the Shareholder submitting the request as to whether cash and/or a basket of securities will be delivered to satisfy the request.

To effect an exchange of ETF Shares of the ETF, a Shareholder of the ETF must submit an exchange request in the form prescribed by the ETF from time to time to the Manager at its office by the Exchange/Redemption Deadline on a Trading Day. The exchange price will be equal to the net asset value of each PNS of the ETF tendered for exchange on the effective day of the exchange request, payable by delivery of a basket of securities (constituted as most recently published prior to the receipt of the exchange request) and/or cash. The ETF Shares will be redeemed in the exchange. The Manager will also make available to Dealers and the Designated Broker the applicable PNS to redeem ETF Shares of the ETF on each Trading Day.

If an exchange request is not received by the Exchange/Redemption Deadline on a Trading Day, the exchange order will be effective only on the next Trading Day. The Manager may, at its sole discretion, accept an exchange request after the Exchange/Redemption Deadline on a Trading Day. Settlement of exchanges for Baskets of Securities and/or cash will generally be made on the second Trading Day after the effective day of the exchange request.

If securities of any Exchange Traded Product, Leveraged ETF or other issuer in which the ETF has invested are cease-traded at any time by order of a securities regulatory authority, 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.

Redemption of ETF Shares for Cash for ETFs other than Horizons HXX and Horizons CARB

On any Trading Day, Shareholders may redeem: (i) ETF Shares for cash at a redemption price per ETF Share equal to 95% of the closing price for the applicable ETF Shares in the applicable currency on the TSX on the effective day of the redemption, subject to a maximum redemption price per ETF Share equal to the net asset value per ETF Share on the effective day of redemption, (ii) for an Equity ETF and Horizons HARB, and at the sole discretion of the Manager, a PNS or a whole multiple PNS for cash in the applicable currency equal to the net asset value of that number of ETF Shares in such currency next determined following the receipt of the redemption request (a “**Cash Redemption**”), provided that a Cash Redemption in respect of a Bond ETF may be subject to redemption charges at the sole discretion of the Manager, or (iii) for an Equity ETF, a Bond ETF or Horizons HARB, and at the sole discretion of the Manager, a PNS or a whole multiple PNS in exchange for securities and cash in the applicable currency equal to the net asset value of that number of ETF Shares in such currency following the receipt of the redemption request (a “**Securities Redemption**”), provided that a Securities Redemption may be subject to redemption charges at the sole discretion of the Manager. Holders of US\$ Shares of a Dual Currency ETF may request that the cash portion of their redemption proceeds be paid in U.S. or Canadian dollars. Holders of USD Unhedged Total Return Series Shares of Horizons HARB will receive their redemption proceeds in U.S. dollars. Because Shareholders will generally be able to sell (rather than redeem) ETF Shares at the applicable full market price in the applicable currency on the TSX through a registered broker or dealer subject only to customary brokerage commissions, unless they are redeeming a PNS, Shareholders are advised to consult their brokers, dealers or investment advisors before redeeming such ETF Shares for cash.

In order for a redemption in the applicable currency, whether it is a Cash Redemption or a Securities Redemption, to be effective on a Trading Day when the principal exchange or market for the securities to which an ETF is exposed does not close early, a redemption request in the form prescribed by the Manager from time to time must be delivered to an ETF at its head office by the Exchange/Redemption Deadline on that day. If a redemption request is not received by the applicable time of day, or such other time as may be determined by the Manager from time to time, on a Trading Day, the redemption order will be effective only on the next Trading Day. Payment of the redemption price in the applicable currency will generally be made on the third Valuation Day after the effective day of the redemption. The

redemption request forms may be obtained from any registered broker or dealer. On days when the principal exchange or market for the securities to which an ETF is exposed closes early, the earlier deadline for redemption requests in respect of such ETF will be made available to the Designated Broker and the Dealers.

All requests to redeem US\$ Shares of Horizons HXT and Horizons HULC in U.S. dollars will, if necessary, be converted at the end of the day on which the redemption request is effective into U.S. dollars using an exchange rate determined by the Manager for such time.

All requests to redeem Cdn\$ Shares of Horizons HTB, Horizons HXS, Horizons HXDM or Horizons HXEM in Canadian dollars will, if necessary, be converted at the end of the day on which the redemption request is effective into Canadian dollars using an exchange rate determined by the Manager for such time.

Shareholders that have delivered a redemption request prior to the Distribution Record Date for any distribution will not be entitled to receive that distribution.

The Manager will, for each Trading Day, make available to the Designated Broker and the Dealers throughout the Trading Day information as to which securities will be delivered in respect of a Securities Redemption. The Manager may change the securities which will be delivered in respect of a Securities Redemption at any time throughout a Trading Day, in its sole discretion.

Redemption of ETF Shares for Cash for Horizons HXX and Horizons CARB

On any Trading Day (“**T-1**”), Shareholders of Horizons HXX or Horizons CARB may request to redeem: (i) ETF Shares of Horizons HXX or Horizons CARB for cash at a redemption price per ETF Share equal to 95% of the closing price for ETF Shares of Horizons HXX or Horizons CARB, as applicable, on the TSX on the effective day of the redemption, subject to a maximum redemption price per ETF Share equal to the net asset value per ETF Share on the effective day of redemption, which will be the next Trading Day after T-1 (the “**Redemption Date**” or “**T**”); or (ii) a PNS or a multiple PNS of Horizons HXX or Horizons CARB for cash equal to the net asset value of that number of ETF Shares on the Redemption Date. Because Shareholders of Horizons HXX and Horizons CARB are generally able to sell their ETF Shares of Horizons HXX and Horizons CARB at the market price on the TSX through a registered broker or dealer subject only to customary brokerage commissions, Shareholders of Horizons HXX and Horizons CARB are advised to consult their brokers, dealers or investment advisors before redeeming such ETF Shares for cash unless they are redeeming a PNS of Horizons HXX or Horizons CARB.

A Cash Redemption request, in the form prescribed by the Manager from time to time, must be delivered to the Manager with respect to Horizons HXX at its head office by the Exchange/Redemption Deadline. The effective day of the redemption for a Cash Redemption request will be the Redemption Date, and the redemption price will be determined using the closing price for ETF Shares of Horizons HXX or Horizons CARB, as applicable, on the Redemption Date or the net asset value of ETF Shares of Horizons HXX or Horizons CARB, as applicable, on the Redemption Date, as applicable. Payment of the redemption price will generally be made on the second Trading Day (“**T+2**”) after the Redemption Date.

Investors that redeem their ETF Shares of Horizons HXX or Horizons CARB prior to the Distribution Record Date for any distribution will not be entitled to receive that distribution.

Redemption Transaction Fees – Bond ETFs

The Manager may, at its sole discretion, charge Shareholders of a Bond ETF a redemption charge on their redemption amount of a Bond ETF in respect of a Cash Redemption or a Securities Redemption. The applicable redemption charge will be specified from time to time at the discretion of the Manager. The Manager will publish the current redemption charges for each Bond ETF on its website, www.HorizonsETFs.com. Additionally, the proceeds of a Cash Redemption for ETF Shares of a Bond ETF may be further adjusted based on the actual costs incurred by the applicable ETF in disposing of the partial or full exposure to its Underlying Index that could have otherwise been delivered as part of a Securities Redemption (the “**Redemption Non-Standard Adjustment**”). Depending on the prices at which a Bond ETF is able to execute such transactions, relative to its NAV valuation, the Redemption Non-Standard Adjustment applicable to such a Cash Redemption may be positive or negative. That is, it may represent a debit or a credit to the settlement amount due to the redeeming Shareholder.

Suspension of Redemptions

The Manager may suspend the redemption of ETF Shares of an ETF or payment of redemption proceeds of an ETF: (i) during any period when normal trading is suspended on a stock exchange or other market on which securities owned by such ETF are listed and traded, if these securities represent more than 50% by value or underlying market exposure of the total assets of the ETF, without allowance for liabilities, and if these securities are not traded on any other exchange that represents a reasonably practical alternative for such ETF; or (ii) during any period when normal trading is suspended on exchanges or over-the-counter markets on which the components of an ETF are traded; (iii) during any period over which one or more of the components of the portfolio of an ETF cease existing or if their respective market value is considered not representative of reality; or (iv) with the prior permission of the Securities Regulatory Authorities where required, for any period not exceeding 30 days during which the Manager determines that conditions exist which render impractical the sale of assets of the ETF or which impair the ability of the Valuation Agent to determine the value of the assets of such ETF. The suspension may apply to all requests for redemptions received prior to the suspension but as to which payment has not been made, as well as to all requests received while the suspension is in effect. All Shareholders making such requests shall be advised by the Manager of the suspension and that the redemption in the applicable currency will be effected at a price determined on the first Valuation Day following the termination of the suspension. All such Shareholders shall have and shall be advised that they have the right to withdraw their requests for redemption. The suspension shall terminate in any event on the first day on which the condition giving rise to the suspension has ceased to exist, provided that no other condition under which a suspension is authorized then exists. To the extent not inconsistent with official rules and regulations promulgated by any government body having jurisdiction over the ETF, any declaration of suspension made by the Manager shall be conclusive.

Switches

A Shareholder may switch ETF Shares of one ETF of the Company for shares of another Corporate Class of the Company (a “**Switch**”) through the facilities of CDS by contacting their financial advisor or broker. ETF Shares may be switched on any date designated by the Manager as a switch date (“**ETF Switch Date**”) by delivering written notice to the Transfer Agent and Registrar and surrendering such ETF Shares through the facilities of CDS by 4:00 p.m. (Toronto time) at least one business day prior to the ETF Switch Date. Written notice must contain the name of the ETF, the TSX ticker symbol of the ETF Shares of the ETF and the number of ETF Shares to be switched, and the name of the Corporate Class and the TSX ticker symbol of the shares of the Corporate Class to which the Shareholder wishes to Switch. The Manager may, in its discretion, change the frequency with which ETF Shares may be switched at any time upon 30 days’ notice by way of press release. Switching between Total Return Series Shares, Dividend Series Shares and USD Unhedged Total Return Series Shares of Horizons HARB is not permitted.

A Shareholder will receive from the Company that whole number of shares of the Corporate Class into which they have switched equal to the Switch NAV Price per ETF Share switched from, divided by the Switch NAV Price per share of the Corporate Class switched to. As no fraction of a share will be issued upon any Switch, any remaining fractional ETF Share of the ETF out of which a Shareholder has switched will be redeemed in cash at the Switch NAV Price of such ETF Share. The Company will, following the ETF Switch Date forward a cash payment to CDS equal to such amount. Generally, 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.

Under the Tax Act, a Switch of ETF Shares held as capital property for purposes of the Tax Act (“**Switched Shares**”) to shares of a different Corporate Class of the Company will constitute a disposition of such Switched Shares at fair market value for the purposes of the Tax Act. See “Income Tax Considerations”.

Costs Associated with Switches

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.

Suspension and Restrictions on Switches

The Manager has the right to decline any Switch request. Switches will only be transacted if the following conditions are met: (i) the minimum size of any Switch is equal to or greater than 2,500 ETF Shares; (ii) the ETF Switch Date does not occur between the ex-date and the record date of a dividend payable by the ETF on the ETF Shares; and (iii) the Switch will not result in the ETF failing to meet the TSX minimum listing requirements.

Book-Entry Only System

Registration of interests in, and transfers of, ETF Shares of an ETF will be made only through the book-entry only system of CDS. ETF Shares of an ETF must be purchased, transferred and surrendered for redemption only through a CDS Participant. All rights of an owner of ETF Shares must be exercised through, and all payments or other property to which such owner is entitled will be made or delivered by, CDS or the CDS Participant through which the owner holds such ETF Shares. Upon buying ETF Shares of an ETF, the owner will receive only the customary confirmation. References in this prospectus to a holder of ETF Shares means, unless the context otherwise requires, the owner of the beneficial interest of such ETF Shares.

Neither an ETF nor the Manager will have any liability for: (i) records maintained by CDS relating to the beneficial interests in ETF Shares or the book entry accounts maintained by CDS; (ii) maintaining, supervising or reviewing any records relating to such beneficial ownership interests; or (iii) any advice or representation made or given by CDS and made or given with respect to the rules and regulations of CDS or any action taken by CDS or at the direction of the CDS Participants.

The ability of a beneficial owner of ETF Shares to pledge such ETF Shares or otherwise take action with respect to such owner's interest in such ETF Shares (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

An ETF has the option to terminate registration of ETF Shares through the book-entry only system in which case certificates for ETF Shares in fully registered form will be issued to beneficial owners of such ETF Shares or to their nominees.

Short Term Trading

The Manager does not believe that it is necessary to impose any short-term trading restrictions on the ETFs at this time as: (i) the ETFs are exchange traded funds that are primarily traded in the secondary market; and (ii) the few transactions involving ETF Shares of an ETF that do not occur on the secondary market involve the Designated Broker and the Dealers, who can only purchase or redeem ETF Shares in a PNS, and on whom the Manager may impose a redemption fee in respect of a Bond ETF.

PRIOR SALES

Trading Price and Volume

The following charts provide the price ranges and volume of ETF Shares traded on the TSX for each of the ETFs from the date of inception of each ETF.

Horizons HXT

<u>Month</u>	<u>Share Price Range (\$)</u>	<u>Volume of Shares Traded</u>
August 2022	46.99 - 49.49	7,600,657
September 2022	44.79 - 48.875	18,613,623
October 2022	43.75 - 47.93	11,470,532
November 2022	46.96 - 50.44	8,550,999
December 2022	47.15 - 50.83	9,096,408
January 2023	47.73 - 51.22	7,469,469
February 2023	49.33 - 51.36	7,123,064
March 2023	47.29 - 50.85	12,320,953
April 2023	49.80 - 51.50	5,469,577
May 2023	48.565 - 51.68	6,168,019
June 2023	48.40 - 50.465	3,558,891
July 2023	49.32 - 51.58	2,922,974

Horizons HXS

<u>Month</u>	<u>Share Price Range (\$)</u>	<u>Volume of Shares Traded</u>
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August 2022	51.86 - 55.40	423,060
September 2022	49.50 - 53.31	1,173,542
October 2022	48.87 - 53.10	580,644
November 2022	50.22 - 54.95	482,075
December 2022	51.58 - 55.67	494,417
January 2023	51.78 - 54.64	353,537
February 2023	54.09 - 56.19	345,235
March 2023	52.78 - 55.87	442,927
April 2023	55.21 - 56.89	282,787
May 2023	55.31 - 58.30	366,454
June 2023	56.95 - 59.59	447,629
July 2023	58.93 - 61.39	358,367

Horizons HSH

<u>Month</u>	<u>Share Price Range (\$)</u>	<u>Volume of Shares Traded</u>
August 2022	48.41 - 52.77	144,381
September 2022	43.88 - 50.33	120,625
October 2022	42.79 - 47.79	223,306
November 2022	45.27 - 50.00	125,746
December 2022	46.13 - 50.09	93,158
January 2023	46.48 - 50.06	65,608
February 2023	48.28 - 51.07	102,933
March 2023	46.63 - 52.00	66,638
April 2023	49.62 - 50.96	274,397
May 2023	49.77 - 51.84	44,142
June 2023	51.65 - 54.44	51,043
July 2023	53.45 - 56.17	34,306

Horizons HXE

<u>Month</u>	<u>Share Price Range (\$)</u>	<u>Volume of Shares Traded</u>
August 2022	25.95 - 30.80	66,680
September 2022	24.68 - 30.10	53,133
October 2022	27.36 - 32.40	78,244
November 2022	30.65 - 34.02	89,281
December 2022	28.72 - 32.19	47,432
January 2023	27.77 - 31.80	39,163
February 2023	28.88 - 31.26	84,254
March 2023	26.10 - 31.52	82,910
April 2023	28.88 - 30.68	51,286
May 2023	27.36 - 30.00	38,038
June 2023	27.16 - 29.14	72,392
July 2023	28.09 - 31.54	57,526

Horizons HXF

<u>Month</u>	<u>Share Price Range (\$)</u>	<u>Volume of Shares Traded</u>
August 2022	57.05 - 61.04	23,011
September 2022	55.27 - 59.59	4,551
October 2022	53.68 - 57.82	8,767
November 2022	56.65 - 61.03	2,584
December 2022	56.42 - 60.81	6,702
January 2023	57.65 - 62.19	6,575

February 2023	61.02 - 63.27	11,564
March 2023	56.00 - 62.00	7,113
April 2023	57.95 - 60.15	3,639
May 2023	57.00 - 60.01	9,315
June 2023	56.88 - 59.20	8,615
July 2023	58.51 - 61.56	27,019

Horizons HBB

<u>Month</u>	<u>Share Price Range (\$)</u>	<u>Volume of Shares Traded</u>
August 2022	44.70 - 46.40	236,079
September 2022	44.17 - 45.00	162,058
October 2022	42.50 - 44.71	339,984
November 2022	43.08 - 45.49	502,198
December 2022	44.48 - 46.23	511,495
January 2023	44.66 - 46.40	361,284
February 2023	44.49 - 46.30	232,989
March 2023	44.49 - 46.79	260,545
April 2023	45.48 - 46.54	173,940
May 2023	44.98 - 46.58	166,096
June 2023	44.82 - 45.78	233,036
July 2023	44.66 - 45.46	227,203

Horizons HXQ.U

<u>Month</u>	<u>Share Price Range (\$)</u>	<u>Volume of Shares Traded</u>
August 2022	45.50 - 50.00	478,403
September 2022	42.99 - 46.93	538,898
October 2022	41.39 - 45.15	605,399
November 2022	40.80 - 45.93	684,265
December 2022	41.23 - 46.76	1,085,020
January 2023	41.25 - 46.27	1,277,705
February 2023	45.56 - 48.75	509,989
March 2023	45.85 - 50.65	384,124
April 2023	49.06 - 51.08	163,472
May 2023	49.95 - 56.09	250,093
June 2023	54.43 - 57.30	198,022
July 2023	56.50 - 59.73	234,979

Horizons HXX

<u>Month</u>	<u>Share Price Range (\$)</u>	<u>Volume of Shares Traded</u>
August 2022	30.81 - 33.21	23,022
September 2022	28.92 - 31.91	50,289
October 2022	29.57 - 32.80	54,172
November 2022	32.07 - 37.44	27,648
December 2022	36.58 - 38.82	46,180
January 2023	37.36 - 41.18	23,382
February 2023	40.28 - 41.43	59,573
March 2023	39.61 - 42.69	19,651
April 2023	42.43 - 44.38	66,633
May 2023	41.83 - 43.95	34,888
June 2023	41.85 - 43.70	43,243
July 2023	42.14 - 44.72	27,188

Horizons HXH

<u>Month</u>	<u>Share Price Range (\$)</u>	<u>Volume of Shares Traded</u>
August 2022	43.00 - 45.98	26,160
September 2022	40.94 - 44.51	29,864
October 2022	39.03 - 43.72	28,987
November 2022	43.67 - 45.75	58,387
December 2022	42.77 - 45.40	50,128
January 2023	43.03 - 45.75	77,941
February 2023	44.47 - 46.02	70,248
March 2023	42.13 - 45.49	33,479
April 2023	44.01 - 46.21	34,551
May 2023	43.68 - 46.34	32,132
June 2023	42.18 - 45.69	34,541
July 2023	43.8 - 45.24	21,398

Horizons HTB.U

<u>Month</u>	<u>Share Price Range (\$)</u>	<u>Volume of Shares Traded</u>
August 2022	54.20 - 55.58	25,354
September 2022	53.26 - 54.88	24,791
October 2022	52.62 - 54.89	13,149
November 2022	52.10 - 54.55	11,208
December 2022	53.94 - 56.23	87,511
January 2023	54.52 - 56.14	19,840
February 2023	53.85 - 55.46	28,005
March 2023	53.60 - 57.79	31,984
April 2023	55.09 - 57.15	47,858
May 2023	55.20 - 57.20	27,014
June 2023	53.51 - 55.80	25,167
July 2023	52.92 - 53.92	11,766

Horizons HLPR

<u>Month</u>	<u>Share Price Range (\$)</u>	<u>Volume of Shares Traded</u>
August 2022	23.71 - 24.48	70,644
September 2022	22.42 - 24.28	183,643
October 2022	21.54 - 22.59	82,479
November 2022	21.10 - 22.35	79,834
December 2022	21.29 - 22.34	127,091
January 2023	21.59 - 23.34	51,970
February 2023	22.98 - 23.50	57,692
March 2023	21.42 - 23.005	98,127
April 2023	21.32 - 22.12	129,873
May 2023	20.58 - 21.77	63,904
June 2023	20.90 - 21.91	123,821
July 2023	21.32 - 21.94	94,420

Horizons HXDM

<u>Month</u>	<u>Share Price Range (\$)</u>	<u>Volume of Shares Traded</u>
August 2022	33.54 - 35.53	171,532
September 2022	31.44 - 34.13	215,418
October 2022	31.74 - 33.73	266,780

November 2022	33.18 - 37.32	154,099
December 2022	36.87 - 38.60	209,814
January 2023	37.41 - 39.83	133,593
February 2023	38.88 - 39.88	174,749
March 2023	37.83 - 40.13	150,394
April 2023	39.83 - 41.49	155,508
May 2023	39.48 - 41.37	276,946
June 2023	39.36 - 41.02	147,684
July 2023	39.41 - 41.63	104,719

Horizons HCRE

<u>Month</u>	<u>Share Price Range (\$)</u>	<u>Volume of Shares Traded</u>
August 2022	25.08 - 26.71	153,015
September 2022	22.39 - 25.89	25,076
October 2022	22.11 - 23.78	37,064
November 2022	23.23 - 25.36	26,472
December 2022	24.05 - 25.22	108,466
January 2023	24.78 - 27.08	53,332
February 2023	26.60 - 27.56	23,627
March 2023	24.16 - 26.83	27,748
April 2023	24.50 - 25.11	126,897
May 2023	24.23 - 24.99	101,409
June 2023	22.85 - 24.74	33,264
July 2023	23.94 - 25.29	16,393

Horizons HEWB

<u>Month</u>	<u>Share Price Range (\$)</u>	<u>Volume of Shares Traded</u>
August 2022	28.03 - 30.51	159,782
September 2022	27.39 - 29.36	121,318
October 2022	26.11 - 28.74	98,381
November 2022	28.25 - 30.45	112,642
December 2022	27.61 - 29.92	140,734
January 2023	28.28 - 30.61	157,516
February 2023	30.20 - 31.37	159,044
March 2023	27.46 - 30.74	216,005
April 2023	28.43 - 29.53	200,084
May 2023	27.77 - 29.52	83,595
June 2023	27.67 - 28.89	47,117
July 2023	28.36 - 30.05	102,660

Horizons HULC

<u>Month</u>	<u>Share Price Range (\$)</u>	<u>Volume of Shares Traded</u>
August 2022	60.52 - 64.60	39,805
September 2022	57.87 - 62.22	49,365
October 2022	56.83 - 62.50	81,200
November 2022	58.31 - 62.91	42,610
December 2022	59.85 - 64.93	87,733
January 2023	60.11 - 63.18	45,317
February 2023	62.91 - 65.20	38,350
March 2023	61.68 - 64.76	29,604
April 2023	64.12 - 65.90	59,663

May 2023	64.25 - 68.51	34,020
June 2023	66.40 - 69.12	41,522
July 2023	68.50 - 71.46	22,666

Horizons HXCN

<u>Month</u>	<u>Share Price Range (\$)</u>	<u>Volume of Shares Traded</u>
August 2022	29.63 - 30.92	104,042
September 2022	28.00 - 30.57	127,691
October 2022	27.55 - 29.93	89,590
November 2022	29.38 - 31.48	70,142
December 2022	29.56 - 31.69	142,142
January 2023	30.04 - 32.19	91,597
February 2023	31.00 - 32.25	93,468
March 2023	29.82 - 31.92	84,366
April 2023	31.36 - 32.28	117,632
May 2023	30.55 - 32.32	199,249
June 2023	30.40 - 31.65	130,692
July 2023	31.01 - 32.50	467,433

Horizons CARB

<u>Month</u>	<u>Share Price Range (\$)</u>	<u>Volume of Shares Traded</u>
August 2022	8.90 - 10.84	41,168
September 2022	7.20 - 8.97	70,629
October 2022	7.27 - 9.00	58,977
November 2022	8.02 - 9.44	41,262
December 2022	8.68 - 10.05	9,185
January 2023	8.26 - 10.05	19,413
February 2023	9.71 - 10.74	15,995
March 2023	9.31 - 10.73	18,315
April 2023	9.36 - 10.51	18,192
May 2023	8.76 - 9.71	6,178
June 2023	8.48 - 10.25	47,008
July 2023	9.27 - 9.98	6,941

Horizons HARB - Total Return Series Shares

Month	Share Price Range (\$)	Volume of Shares Traded
August 2022	9.90 - 10.12	39,132
September 2022	9.74 - 9.94	67,419
October 2022	9.45 - 9.88	55,979
November 2022	9.56 - 9.71	68,605
December 2022	9.63 - 9.86	805,501
January 2023	9.63 - 9.94	85,670
February 2023	9.65 - 9.95	116,930
March 2023	9.64 - 10.16	109,748
April 2023	10.06 - 10.26	34,592
May 2023	9.84 - 10.14	39,714
June 2023	9.91 - 10.04	110,161
July 2023	9.86 - 10.00	37,435

Horizons HARB - Dividend Series Shares (Horizons HARB.J)

Month	Share Price Range (\$)	Volume of Shares Traded
August 2022	9.14 - 9.27	213
September 2022	8.99 - 9.14	5,237
October 2022	8.62 - 9.06	3,401
November 2022	8.70 - 8.83	400
December 2022	8.74 - 8.93	401
January 2023	8.77 - 8.99	323
February 2023	8.68 - 8.95	1,502
March 2023	8.62 - 9.02	241
April 2023	8.95 - 9.11	2,255
May 2023	8.76 - 8.99	6,651
June 2023	8.70 - 8.87	1,500
July 2023	8.66 - 8.79	700

Horizons HARB - USD Unhedged Total Return Series Shares

Month	Share Price Range (\$)	Volume of Shares Traded
August 2022	8.00 - 8.18	4,100
September 2022	7.88 - 8.05	3,500
October 2022	7.61 - 7.95	3,700
November 2022	7.64 - 7.84	320,900
December 2022	7.77 - 7.93	3,600
January 2023	7.85 - 8.02	9,100
February 2023	7.81 - 8.05	2,300
March 2023	7.78 - 8.15	19,700
April 2023	8.14 - 8.27	1,734
May 2023	7.96 - 8.18	5,100
June 2023	8.02 - 8.13	#N/A
July 2023	8.00 - 8.13	1,800

Horizons HSAV

<u>Month</u>	<u>Share Price Range (\$)</u>	<u>Volume of Shares Traded</u>
August 2022	102.18 - 102.55	726,830
September 2022	102.45 - 103.22	1,162,930
October 2022	102.98 - 103.75	911,449
November 2022	103.39 - 104.10	1,044,764
December 2022	103.60 - 104.85	1,162,201
January 2023	104.20 - 106.07	828,142
February 2023	105.52 - 107.2	776,704
March 2023	104.71 - 107.09	1,360,436
April 2023	105.38 - 106.02	834,383
May 2023	105.46 - 106.5	745,022
June 2023	105.95 - 106.95	773,535
July 2023	106.48 - 107.49	831,255

Horizons HSUV.U

<u>Month</u>	<u>Share Price Range (\$)</u>	<u>Volume of Shares Traded</u>
August 2022	100.88 - 101.10	154,540
September 2022	101.09 - 101.36	249,963
October 2022	101.35 - 101.61	259,927
November 2022	101.60 - 101.94	518,510
December 2022	101.94 - 102.36	341,862
January 2023	102.34 - 103.27	510,992

February 2023	102.71 - 103.14	455,209
March 2023	103.08 - 103.56	581,671
April 2023	103.52 - 103.96	319,862
May 2023	103.93 - 104.48	348,389
June 2023	104.40 - 104.99	429,219
July 2023	104.90 - 105.58	548,215

Horizons HARC

<u>Month</u>	<u>Share Price Range (\$)</u>	<u>Volume of Shares Traded</u>
August 2022	21.42 - 21.77	0
September 2022	21.84 - 22.43	6
October 2022	22.05 - 22.30	107
November 2022	21.87 - 22.45	7,700
December 2022	21.72 - 22.06	4,824
January 2023	21.89 - 22.38	540
February 2023	22.20 - 22.56	78,602
March 2023	22.28 - 22.77	133,200
April 2023	22.65 - 23.04	124,500
May 2023	22.85 - 23.20	106,800
June 2023	23.02 - 23.38	111,721
July 2023	22.97 - 23.67	171,710

Horizons HXEM

<u>Month</u>	<u>Share Price Range (\$)</u>	<u>Volume of Shares Traded</u>
August 2022	29.81 - 31.13	70,193
September 2022	28.20 - 30.40	60,360
October 2022	27.23 - 29.52	58,261
November 2022	27.89 - 31.38	69,274
December 2022	30.60 - 31.73	80,205
January 2023	31.15 - 33.83	53,271
February 2023	31.10 - 33.28	47,850
March 2023	30.46 - 32.31	40,351
April 2023	31.10 - 32.09	25,683
May 2023	30.83 - 31.77	45,739
June 2023	31.11 - 32.66	65,730
July 2023	31.30 - 33.48	48,698

Horizons HRAA

<u>Month</u>	<u>Share Price Range (\$)</u>	<u>Volume of Shares Traded</u>
August 2022	11.71 - 12.13	241,781
September 2022	11.05 - 11.70	145,717
October 2022	11.20 - 11.48	137,455
November 2022	11.07 - 11.43	177,025
December 2022	10.94 - 11.22	153,015
January 2023	10.78 - 11.13	142,240
February 2023	10.82 - 11.10	153,319
March 2023	10.55 - 11.20	152,848
April 2023	10.79 - 11.04	64,634
May 2023	10.83 - 11.06	110,110
June 2023	10.87 - 11.26	92,125
July 2023	10.87 - 11.09	252,020

INCOME TAX CONSIDERATIONS

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 acquisition, holding and disposition of ETF Shares of an ETF by a Shareholder who acquires ETF Shares of an ETF pursuant to this prospectus. This summary only applies to a prospective Shareholder of an ETF who is an individual (other than a trust) resident in Canada for purposes of the Tax Act, who deals at arm's length with the Company and the Designated Broker or Dealer and is not affiliated with the Company or the Designated Broker or Dealer and who holds ETF Shares as capital property (a "**Holder**").

Generally, ETF Shares of an ETF will be considered to be capital property to a Holder provided that the Holder does not hold such ETF Shares in the course of carrying on a business of buying and selling securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Certain Holders who might not otherwise be considered to hold ETF Shares of the ETF as capital property may, in certain circumstances, be entitled to have such ETF Shares and all other "Canadian securities" owned or subsequently acquired by them treated as capital property by making the irrevocable election contemplated by subsection 39(4) of the Tax Act. Holders who may not otherwise hold their ETF Shares as capital property should consult with their own tax advisors regarding the availability and desirability of making such an election in their particular circumstances. This summary does not apply to a Holder who has entered or will enter into a "derivative forward agreement" as that term is defined in the Tax Act with respect to the ETF Shares or any securities disposed of in exchange for ETF Shares.

This summary is based on the facts disclosed herein, and assumes that at all times the Company will comply with its investment restrictions. This summary is also based on the assumptions that (i) none of the issuers of the securities in the portfolio of an ETF will be foreign affiliates of the ETF or of any Shareholder, or "SIFT trusts" or "SIFT partnerships" within the meaning of the Tax Act, (ii) none of the securities in the portfolio of an ETF will be a "tax shelter investment" within the meaning of section 143.2 of the Tax Act, (iii) none of the securities in the portfolio of an ETF will be an offshore investment fund property (or an interest in a partnership that holds such property) that would require the ETF (or the partnership) to include significant amounts in the ETF's (or the partnership's) income pursuant to section 94.1 of the Tax Act or an interest in a trust (or a partnership which holds such an interest) which would require the ETF (or the partnership) to report significant amounts of income in connection with such interest pursuant to the rules in section 94.2 of the Tax Act, or an interest in a non-resident trust other than an "exempt foreign trust" (or a partnership which holds such interest), (iv) the Company will not enter into any arrangement (including the acquisition of securities in an ETF's portfolio) where the result is a "dividend rental arrangement" for the purposes of the Tax Act, and (v) the Company will not engage in securities lending that does not constitute a "securities lending arrangement" for purposes of the Tax Act.

This summary is based on the current provisions of the Tax Act and an understanding of the current publicly available administrative policies and assessing practices of the CRA published in writing prior to the date hereof. This summary takes into account the Tax Amendments. This description is not exhaustive of all Canadian federal income tax consequences and does not take into account or anticipate changes in the law or in administrative policy or assessing practice, whether by legislative, governmental or judicial decision or action other than the Tax Amendments in their present form, nor does it take into account provincial, territorial or foreign tax considerations, which may differ significantly from those discussed herein. There can be no assurance that the Tax Amendments will be enacted in the form publicly announced, or at all.

For purposes of the Tax Act, all amounts relating to the computation of the income of the ETFs, or to the acquisition, holding or disposition of ETF Shares (including, for greater certainty, US\$ Shares), 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.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in ETF Shares of an ETF. This summary does not address the deductibility of interest on any funds borrowed by a Shareholder to purchase ETF Shares of an ETF. The income and other tax consequences of investing in ETF Shares will vary depending on an investor's particular circumstances including the province or territory in which the investor resides or carries on business. This summary does not deal with provincial, territorial or foreign tax considerations. Accordingly, this summary is of a general nature only and is not

intended to be, nor should it be construed to be, legal or tax advice to any holder of ETF Shares of an ETF. Prospective investors should consult their own tax advisors with respect to the income tax consequences to them of an acquisition of ETF Shares based on their particular circumstances.

Taxation and Status of the Company

Status of the Company

The Company intends at all relevant times to continue to qualify as a “mutual fund corporation” as defined in the Tax Act. To qualify as a mutual fund corporation: (i) the Company must be a “Canadian corporation” that is a “public corporation” for purposes of the Tax Act; (ii) the only undertaking of the Company 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 the Company, 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 the Company must be redeemable at the demand of the holders of those shares. In addition, the Company 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 the Company’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 the Company 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 Company

Each of the ETFs will be a separate class of shares of the Company. Although the Company 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 the Company’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 the Company and applicable taxes payable by the Company as a whole. For example, expenses, tax deductions and losses arising from the Company’s investments and activities in respect of one Corporate Class (including an ETF) may be deducted or offset against income or gains arising from the Company’s investments and activities in respect of other Corporate Classes (including an ETF), including Corporate Classes not offered pursuant to this Prospectus. As a result of the Company 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 a particular 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 particular ETF.

The Company may establish a policy to determine how it allocates income, capital gains and other amounts in a tax-efficient manner among its Corporate Classes in a way that it believes is fair, consistent and reasonable for all Shareholders, with the general intent that allocations to each of the Corporate Classes 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.

In general, gains and losses realized by the Company 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 the Company 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 an ETF will constitute capital gains and capital losses to the ETF if the securities in the ETF’s portfolio are capital property to the ETF and there is sufficient linkage. Payments received by the Company under a Swap will be on income account and the Company will recognize such income when it is realized upon partial settlement, termination or maturity of a Swap. Accordingly, the Company may have a large income inclusion upon partial settlement, termination or maturity of a Swap.

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 the Company, 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 the Company, gains or losses realized upon dispositions of portfolio securities held by the Company other than certain short sales undertaken on income account will constitute capital gains or capital losses of the Company in the year realized unless the Company is considered to be trading or dealing in securities or otherwise carrying on a business of buying and selling securities or the Company has acquired the securities in a transaction or transactions considered to be an adventure or concern in the nature of trade. In certain cases, the Company may have acquired securities on a tax-deferred basis for the account of a particular Corporate Class such that the Company may, in the future, realize capital gains that accrued on such securities prior to the acquisition of such securities by the Company, but any such capital gains are not intended to be allocated to Corporate Classes other than such particular Corporate Class.

As a mutual fund corporation, the Company 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 ETF Shares (including the switching of ETF Shares for shares of another Corporate Class) (“**Capital Gains Redemption**”). Also, as a mutual fund corporation, the Company 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 ETF Shares” below). In certain circumstances where the Company 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 the Company has realized a net capital loss in a taxation year, such capital loss cannot be allocated to Holders but the Company may carry such capital loss back three years or forward indefinitely to offset capital gains realized by the Company in accordance with the rules of the Tax Act.

With respect to indebtedness, the Company 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 the Company 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 the Company’s income for a preceding year and excluding any interest that accrued prior to the time of the acquisition of the indebtedness by the Company. The amount of such interest will be excluded in computing the Company’s proceeds of disposition of the indebtedness.

On a redemption or repayment of an indebtedness, the Company will be considered to have disposed of the indebtedness for proceeds of disposition equal to the amount received by the Company (other than an amount received or deemed to have been received on account of interest) on such redemption or repayment.

The Company 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.

The Company 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 the Company on “taxable preferred shares” (as defined in the Tax Act).

To the extent the Company holds trust units issued by a trust resident in Canada whose units are held by the Company as capital property for the purposes of the Tax Act, and that 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 Company will be required to include in the calculation of its income the net income, including net taxable capital gains, paid or payable to the Company by such trust in the year, notwithstanding that certain of such amounts may be reinvested in additional units of the trust. The Company will be required to reduce the adjusted cost base of units of such trust by any amount paid or payable by the trust to the Company except to the extent that the amount was included in calculating the income of the Company or was the Company’s share of the non-taxable portion of capital gains of the trust, the taxable portion of

which was designated in respect of the Company. If the adjusted cost base to the Company of such units becomes a negative amount at any time in a taxation year of the Company, that negative amount will be deemed to be a capital gain realized by the Company in that taxation year and the Company's adjusted cost base of such units will be increased by the amount of such deemed capital gain to zero.

To the extent that the Company 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 Swaps, forwards and futures contracts), interest and income (other than, in general, taxable capital gains) paid or made payable to it by a trust resident in Canada, the Company will be subject to income tax on such net income and no refund will be available in respect thereof.

The Company may, at its option, pay special year-end dividends to Holders in the form of a Capital Gains Dividend where the Company has net taxable capital gains upon which it would otherwise be subject to tax, or in order to recover refundable tax not otherwise recoverable upon payment of regular cash distributions.

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

Non-capital losses incurred by the Company in a taxation year cannot be allocated to shareholders of the Company, 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 the Company disposes of property and would otherwise realize a capital loss, the loss will be deemed to be a "suspended loss". This may occur if the Company disposes of property, and the Company, or a person affiliated with the Company, 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 the Company, or a person affiliated with the Company, holds it at the end of that period (for greater certainty, even if the disposition and acquisition are made by different Corporate Classes). If a loss is suspended, the Company cannot deduct the capital loss from the Company's capital gains until the substituted property is sold and not reacquired by the Company, or a person affiliated with the Company, within 30 days before and 30 days after the sale.

Given the expected investment, operating and distribution policies of the Company, and taking into account the deduction of expenses and other deductions (including losses and future loss carryforwards), the Company 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. To the extent that any capital gains are realized by the Company and not distributed to shareholders as a Capital Gains Dividend, such capital gains will be subject to tax within the Company (net of any deductions that may be available to the Company for purposes of computing its income). Any such tax would be attributed to the applicable Corporate Class 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 the Company of sufficient Capital Gains Dividends and/or Capital Gains Redemptions, there can be no assurances in this regard.

Taxation of Holders of ETF Shares

A Holder will be required to include in income the amount of any dividends other than Capital Gains Dividends ("**Ordinary Dividends**") paid on ETF Shares of an ETF, whether received in cash, in the form of ETF Shares or as cash which is reinvested in additional ETF Shares. 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.

If the Company pays a return of capital, such amount will generally not be taxable but will reduce the adjusted cost base of the Holder's ETF Shares of an ETF in respect of which the return of capital was paid. However, where such returns of capital are reinvested in new ETF Shares of the ETF, the Holder's overall adjusted cost base of such ETF Shares will not be reduced. In the circumstance where a reduction to the adjusted cost base of a Holder's ETF Shares of an 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 ETF Shares of the ETF and the adjusted cost base will then be zero.

Capital Gains Dividends will be paid to Holders, at the discretion of the Company's board of directors with respect to the timing, the amount and, if applicable, the ETFs on which the dividends will be paid, in respect of any capital gains realized by the Company, including capital gains realized on the disposition of portfolio assets occurring as a result of Holders redeeming or switching their ETF Shares of an ETF into shares of another Corporate Class, 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 ETF Shares or in cash which is reinvested in ETF Shares of an ETF, the cost of such ETF Shares will be equal to the amount of the dividend. The adjusted cost base of each Share of an ETF to a Holder will generally be the weighted average of the cost of the ETF Shares of the ETF acquired by the Holder at a particular time and the aggregate adjusted cost base of any ETF Shares of the same class and series held as capital property immediately before the particular time.

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, a Switch 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 Corporate Class received pursuant to the Switch. As a result, a Holder of Switched Shares may realize a capital gain or capital loss on such Switched Shares as discussed below. The cost of the shares of the other Corporate Class 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 an ETF Share of an ETF, including on termination or the redemption of an ETF Share of an ETF for cash proceeds and/or securities or on a Switch by a Holder of ETF Shares of one ETF for shares of another Corporate Class, a Holder will realize a capital gain (or a capital loss) to the extent that the proceeds of disposition of the ETF Share so disposed of exceed (or are less than) the aggregate of the adjusted cost base to the Holder of such ETF Share and any reasonable costs of disposition.

In the case of a redemption for securities, a Holder's proceeds of disposition of the ETF Share of an ETF would generally be equal to the aggregate of the fair market value of the distributed property and the amount of any cash received. The cost to a Holder of any property received from the Company upon the redemption will generally be equal to the fair market value of such property at the time of the distribution.

In certain situations where a Holder disposes of ETF Shares of an ETF and would otherwise realize a capital loss, the loss will be denied. 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 a Corporate Class which are considered to be "substituted property" within 30 days before or after the Holder disposed of the ETF Shares of the ETF. For this purpose, ETF Shares of the same ETF 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 Corporate Class of the Company may also be considered to be "substituted property". 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".

Capital gains realized and Ordinary Dividends and Capital Gains Dividends received by a Holder 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.

One-half of any capital gain (a "**taxable capital gain**") realized by a Holder on a disposition (or deemed disposition) of ETF 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 ETF 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.

Taxation of Registered Plans

Dividends and other distributions received by Registered Plans on ETF Shares of an ETF while the ETF 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 ETF Shares. Withdrawals from such plans (other than a TFSA and certain withdrawals from an RESP, RDSP or FHSA) are generally subject to tax under the Tax Act. Shareholders should consult their own advisers regarding the tax implications of establishing, amending, terminating or withdrawing amounts from a Registered Plan.

Tax Implications of the ETFs' Distribution Policy

The net asset value per ETF Share of an ETF will, in part, reflect any income and gains of the ETF that have accrued or been realized, but have not been distributed at the time ETF Shares of the ETF were acquired. Accordingly, a Holder of an ETF who acquires ETF Shares of the ETF, including on a reinvestment of dividends or a dividend paid in ETF Shares, may become taxable on the Holder's share of taxable dividends and capital gains of the ETF. In particular, an investor who acquires ETF Shares of an 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 ETF Shares.

Given the expected investment and operating policies of the Company, the Manager does not currently expect the Company to pay a material amount of Ordinary Dividends (except in respect of the Dividend Series Shares of Horizons HARB) or Capital Gains Dividends to Holders.

ELIGIBILITY FOR INVESTMENT

Based on the current provisions of the Tax Act, provided the Company continues to qualify as a "mutual fund corporation" (and, in particular, a "public corporation") under the Tax Act or the ETF Shares of a particular class are listed on a "designated stock exchange" for purposes of the Tax Act (which currently includes the TSX), ETF Shares of such class, if issued on the date hereof, 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, FHSA 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 ETF Shares of an ETF held by such TFSA, FHSA, RDSP, RRSP, RRIF or RESP, as the case may be, if such ETF Shares are a "prohibited investment" for such Registered Plan for the purposes of the Tax Act. The ETF Shares of an ETF will not be a "prohibited investment" for trusts governed by such a Registered Plan unless the holder of the TFSA, FHSA 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 the Company for purposes of the Tax Act, or has a "significant interest" as defined in the Tax Act in the Company.

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

Securities received on the redemption of ETF Shares of an ETF may not be qualified investments for trusts governed by Registered Plans.

ORGANIZATION AND MANAGEMENT DETAILS OF THE ETFS

Officers and Directors of the Company

As each ETF is a class of shares in the capital of the Company, governance and management decisions are ultimately made by the board of directors of the Company. The board of directors is currently composed of 6 directors. Directors are appointed to serve on the board of directors until such time as they retire or are removed and successors are appointed. The name, municipality of residence, position with the Company and principal occupation of each of the directors and officers of the Company are as follows:

<u><i>Name and Municipality of Residence</i></u>	<u><i>Date Individual became a Director</i></u>	<u><i>Position with the Company</i></u>	<u><i>Principal Occupation</i></u>
Rohit Mehta Toronto, Ontario	May 1, 2023	Chief Executive Officer and Director	Director, President, Chief Executive Officer and Ultimate Designated Person, Horizons (since May, 2023); Senior Vice President, Head of Distribution, Guardian Retail Asset Management, Guardian Capital LP (2020-2023); Executive Vice-President, Head of Marketing, Product and Data Analytics, CI Financial Corp. (2017-2020); President, First Asset Investment Management Inc. (2017-2020).
Jasmit Bhandal Toronto, Ontario	November 22, 2022	Chief Operating Officer and Director	Chief Operating Officer, Horizons (since 2020); Interim President and Chief Executive Officer, Horizons (2022-2023); Vice-President, Head of Canada ETF Product Strategy & Development, Invesco Canada (2017-2020); Vice-President, ETFs, Mackenzie Investments (2015-2016).
Julie Stajan Oakville, Ontario	October 10, 2019	Chief Financial Officer and Director	Chief Financial Officer, Horizons (since 2015); Senior Vice President, Finance and Controller, Horizons (since 2012); Senior Vice President, Finance & Investment Funds, Horizons Investment Management Inc. (2011-2012).
Warren Law Toronto, Ontario	November 15, 2019	Director	Retired Financial Services Lawyer (current); Senior Vice President, Compliance and Regulatory & Stakeholder Relations, ICICI Bank Canada (2008 - 2020).
Geoff Salmon Barrie, Ontario	November 15, 2019	Director	Managing Director, Independent Review Inc. (since 2008).
McGregor Sainsbury, Toronto, Ontario	N/A	Secretary	General Counsel and Secretary, Horizons (since 2011).

Where a person has held multiple positions within a company, the above table generally sets out the current or most recently-held position or positions held at that company, while the start date generally refers to the date of the first position held at that company or the first of the listed positions held by the person at that company. Each director will hold his or her position until the next annual meeting of Shareholders of the Company or until his or her successor is elected or appointed.

Manager of the ETFs

Horizons ETFs Management (Canada) Inc., a corporation existing under the federal laws of Canada, is the manager and investment manager of each ETF. The Manager is responsible for providing or arranging for the provision of administrative services and management functions required by the ETFs. The principal office of Horizons is 55 University Avenue, Suite 800, Toronto, Ontario, M5E 1S2. Horizons was originally incorporated under the federal laws of Canada under the name BetaPro Management Inc. and was primarily organized for the purpose of managing investment products, including the ETFs.

Horizons is a financial services organization distributing the Horizons family of leveraged, inverse leveraged, inverse, index and actively managed exchange traded funds. Horizons is a wholly-owned subsidiary of Mirae Asset.

Mirae Asset is the asset management entity of the Mirae Asset Financial Group, a global financial group providing comprehensive services to clients worldwide – including asset management, wealth management, investment banking, life insurance and venture capital. With over 12,500 employees, the Mirae Asset Financial Group has a presence in America, Australia, Brazil, Canada, China, Colombia, Hong Kong, India, Indonesia, Japan, Mongolia, Singapore, the United Kingdom and Vietnam. Headquartered in Seoul, South Korea, the Mirae Asset Financial Group is one of the largest independent financial groups in Asia and manages approximately US\$548 billion in assets globally as of March 31, 2023.

Duties and Services to be Provided by the Manager

Pursuant to the Management Agreement, the Manager has full authority and responsibility to manage and direct the business and affairs of the ETFs, to make all decisions regarding the business of the ETFs and to bind the ETFs. The Manager may delegate certain of its powers to third parties where, in the discretion of the Manager, it would be in the best interests of the ETFs to do so. The Manager is responsible for execution of each of the ETF's investment strategy and also provides and arranges for the provision of required administrative services to the ETFs including, without limitation: authorizing the payment of operating expenses incurred on behalf of the ETFs; preparing or causing to be prepared financial statements, financial and accounting information as required by the ETFs; ensuring that the Shareholders of the ETFs are provided with financial statements (including semi-annual and annual financial statements) and other reports as are required by applicable law from time to time; ensuring that the ETFs comply with regulatory requirements; preparing or causing to be prepared the reports of the ETFs to Shareholders and the Securities Regulatory Authorities; providing each of the Custodian and Valuation Agent with information and reports necessary for them to fulfil their responsibilities; determining the amount of distributions to be made by the ETFs; and negotiating contractual agreements with third-party providers of services, including but not limited to investment advisors, custodians, valuation agents, registrars, transfer agents, distribution agents, auditors and printers.

Any directors, officers or employees of the Manager who are also officers of the Company shall be paid by the Manager for serving in such capacity and shall not receive any remuneration directly from the Company.

Details of the Management Agreement

Pursuant to the Management Agreement, the Manager shall exercise the powers and discharge the duties of its office honestly, in good faith and in the best interests of the ETFs and, in connection therewith, shall exercise the degree of care, diligence and skill that a reasonably prudent manager would exercise in similar circumstances. The Management Agreement provides that the Manager will not be liable in any way for default, failure or defect in the portfolio of any ETF if it has satisfied the duties and standard of care, diligence and skill set forth above. The Manager is reimbursed by an ETF for all reasonable costs and expenses incurred by the Manager on behalf of the ETF as described above under the heading "Fees and Expenses". In addition, the Manager and each of its directors, officers, employees, shareholders and agents are indemnified by each ETF for all liabilities, costs and expenses incurred in connection with any action, suit or proceeding that is proposed or commenced, or other claim that is made against, the Manager, or any of its directors, officers, employees, shareholders or agents, in the exercise of its duties as Manager, except those resulting from the Manager's wilful misconduct, bad faith, negligence, disregard of the Manager's standard of care or material breach or default by the Manager of its obligations under the Management Agreement.

The Manager may resign as manager of an ETF upon 60 days' notice to the Shareholders of the ETF and the ETF. If the Manager resigns it may appoint its successor but, unless its successor is an affiliate of the Manager, its successor must be approved by the Shareholders of the ETF. If the Manager is in material default of its obligations to an ETF under the Management Agreement and such default has not been cured within 30 days after notice of same has been given to the Manager or upon certain actions relating to the bankruptcy or insolvency of the Manager, the ETF shall give notice thereof to the Shareholders of the ETF and the Shareholders may remove the Manager and appoint a successor manager. The Manager may resign on 20 business days' written notice to an ETF if the ETF is in breach or default of the provisions of the Management Agreement and, if capable of being cured, such breach or default has not been cured by the ETF within 20 business days' notice of such breach or default to the ETF. The Manager is deemed to resign if an order is made or a resolution is passed or other proceeding is taken for the dissolution of the Manager, or upon certain events of insolvency or bankruptcy with respect to the Manager.

In addition, if the Manager purchases or sells portfolio securities or takes any other action with respect to the portfolio of an ETF that through inadvertence violates any investment objective, strategy or restriction applicable to the ETF as described herein set forth and the violation has or will have a material adverse effect on the portfolio of the ETF, then it will not be considered a material breach for purposes of any termination right in the Management Agreement if the Manager takes action that returns the portfolio of the ETF to compliance with such investment objective, strategy or restriction within the cure period described above. In the event that the Manager resigns or is removed as described above, the Company shall promptly appoint a successor manager to carry out the activities of the Manager until a meeting of the Shareholders of the relevant ETF is held to confirm such appointment by extraordinary resolution. The removal or resignation of the Manager will only become effective upon the appointment of a replacement manager. If, within 90 days from the notice of resignation or removal of the Manager, the Company has not appointed a replacement manager, the ETF Shares of the relevant ETF will be redeemed and the ETF will be terminated.

The administration and management services of the Manager under the Management Agreement are not exclusive and nothing in the Management Agreement prevents the Manager from providing similar administrative and management services to other investment funds and other clients (whether or not their investment objectives and policies are similar to those of any of the ETFs) or from engaging in other activities.

Directors and Executive Officers of the Manager

The name, municipality of residence, position and principal occupation of each of the directors and executive officers of the Manager are as follows:

Name and Municipality of Residence	Date Individual became a Director	Position with Manager	Principal Occupation
Rohit Mehta Toronto, Ontario	May 1, 2023	Director, President, Chief Executive Officer and Ultimate Designated Person	Director, President, Chief Executive Officer and Ultimate Designated Person, Horizons (since May, 2023); Senior Vice President, Head of Distribution, Guardian Retail Asset Management, Guardian Capital LP (2020-2023); Executive Vice-President, Head of Marketing, Product and Data Analytics, CI Financial Corp. (2017-2020); President, First Asset Investment Management Inc. (2017-2020).
Thomas Park, New York, New York	November 14, 2011	Director and Chief Corporate Development Officer	Director, Horizons (since 2011); Chief Corporate Development Officer, Horizons (since 2015); President, Mirae Asset Global Investments (USA) (Since 2020); Executive Managing Director, Mirae Asset Global Investments (2008-2020); Associate, Goldman Sachs International (2006, 2007-2008); Senior Consultant, KPMG Consulting (Bearing Point) (2001-2005).

Name and Municipality of Residence	Date Individual became a Director	Position with Manager	Principal Occupation
Young Kim, Seoul, South Korea	December 1, 2021	Director	Director, Horizons (since 2021); Managing Director, Head of Global Business, Mirae Asset Global Investments (since 2017).
Jooyoung Yun, Tokyo, Japan	February 20, 2020	Director	CIO and Head of Investment Solutions Department, Global X Japan (since 2020); Head of ETF Management Division, Mirae Asset Global Investments (2011-2020).
Julie Stajan, Oakville, Ontario	N/A	Chief Financial Officer	Chief Financial Officer, Horizons (since 2015); Senior Vice President, Finance and Controller, Horizons (since 2012); Senior Vice President, Finance & Investment Funds, Horizons Investment Management Inc. (2011-2012).
Jasmit Bhandal Toronto, Ontario	November 22, 2022	Director and Chief Operating Officer	Chief Operating Officer, Horizons (since 2020); Interim President and Chief Executive Officer, Horizons (2022-2023); Vice-President, Head of Canada ETF Product Strategy & Development, Invesco Canada (2017-2020); Vice-President, ETFs, Mackenzie Investments (2015-2016).
Jeff Lucyk, Toronto, Ontario	N/A	Senior Vice President, Head of Retail Sales	Senior Vice President, Head of Retail Sales, Horizons (since 2016); Senior Vice President, Vice President, National Sales Manager, Norrep Capital Management Ltd. (2009-2016).
McGregor Sainsbury, Toronto, Ontario	N/A	General Counsel and Secretary	General Counsel and Secretary, Horizons (since 2011).
Robert Moher, Toronto, Ontario	N/A	Chief Compliance Officer (pending regulatory approval)	Chief Compliance Officer (pending regulatory approval), Horizons (since 2023); Director, Compliance, Aviso Wealth (2020-2023); Director and Privacy Officer, Compliance, IGM Financial (2019-2020); Senior Manager, Legal and Regulatory Compliance Group, BMO Global Asset Management (2017-2019).

Where a person has held multiple positions within a company, the above table generally sets out the current or most recently-held position or positions held at that company, while the start date generally refers to the date of the first position held at that company or the first of the listed positions held by the person at that company. Each director will hold his position until the next annual general meeting of the Manager at which time he may be re-elected. All companies listed above are or were principally engaged in the business of investment fund management.

Ownership of Securities of the Manager

No securities of the Manager are owned of record or beneficially by any of the directors and executive officers of the Manager. For a description of the compensation arrangements of the independent review committee of the ETFs, see “Organization and Management Details of the ETFs – Independent Review Committee”.

Portfolio Management

Certain Officers and Directors of the Manager

The names, titles and lengths of service of the employees of the Manager principally responsible for providing investment advice to the ETFs are as follows:

Name and Municipality of Residence	Position with the Manager	Principal Occupation
Paul Ng Toronto, Ontario	Vice President, Investment Operations & Portfolio Manager	Vice President, Investment Operations & Portfolio Manager, Horizons
Andrew Albrecht Toronto, Ontario	Vice President, Portfolio Manager, Investment Management	Vice President, Portfolio Manager, Investment Management, Horizons

Where a person has held multiple positions within a company, the above table generally sets out only the current or most recently held position or positions held at that company, and the start dates generally refer to the date of the first position held or the first of the listed positions held by the person at that company.

The HARC Sub-Advisor

The Manager has engaged the services of CIBC Asset as a sub-advisor for Horizons HARC.

CIBC Asset

CIBC Asset is a wholly owned subsidiary of CIBC, a widely-held, publicly-traded company. CIBC acquired 55% of T.A.L. Global Asset Management Inc. in 1994 and eventually acquired 100% of the company in 2001. In 2006, CIBC's asset management business was renamed CIBC Global Asset Management Inc., which was later amalgamated with three other legal entities on January 1, 2014 to become CIBC Asset. As at June 30, 2023, CIBC Asset manages \$199 billion in assets. This figure includes \$39 billion in multi-asset and notional currency overlay mandates and \$37 billion in 3rd party sub-advised assets. CIBC Asset's principal office is in Toronto, Ontario.

Key Employees of CIBC Asset

Luc de la Durantaye, CFA, Chief Investment Officer and Chief Investment Strategist, Multi-Asset & Currency Management – Luc de la Durantaye serves as the Chief Investment Officer of the Multi-Asset and Currency team where he oversees the multi-asset investment process and manages CIBC Asset's currency process. Mr. de la Durantaye also chairs the firm's Investment Committee and helps to coordinate the investment views and processes developed by other team leaders within his unit. He is the primary spokesperson for CIBC Asset's investment insights. Mr. de la Durantaye joined CIBC Asset in 2002 and has over three decades of investment experience. In a previous role, he was responsible for tactical asset allocation and currency management at a large Canadian financial institution. He began his career in 1985 as a financial analyst at a sell-side brokerage firm. Mr. de la Durantaye holds a Bachelor of International Finance from École des Hautes Études Commerciales of Montreal. He is also a CFA charterholder and a member of the CFA Society of Montreal.

Michael Sager, Ph.D, Deputy Chief Investment Officer – Multi-Asset & Currency Management – Dr. Sager is Deputy CIO of the Multi-Asset & Currency Management team. He is primarily focused on continuing to enhance the team's investment processes and capabilities, spanning active currency, multi-asset, tactical asset allocation, and global and emerging market fixed income. Dr. Sager also partners with all CIBC distribution channels to deliver targeted thought leadership, education, and investment advice and perspective to clients and consultants. Prior to joining CIBC Asset in 2018, Dr. Sager was an Asset Allocation Consultant at Alignvest Investment Management. Previously, he was a Senior Portfolio Manager at the Canadian Pension Plan Investment Board, a Fixed Income Currency Strategist at Wellington Management, Head of Currency Research at JP Morgan Asset Management and Putnam Investments, and

an economist at the European Central Bank and the Bank of England. Dr. Sager earned a Ph.D. in Economics from the University of Warwick and a Master of Science degree (with distinction) in Economics from the University of London.

Francis Thivierge, M.Sc, CFA, Senior Portfolio Manager, Multi-Asset & Currency Management – Francis Thivierge leads the portfolio management activities for multi-asset strategies. In this role, he determines the strategies across equities, bonds and other asset classes and oversees their implementation in portfolios. Mr. Thivierge is also responsible for the development of investment processes underpinning the asset allocation and multi-asset strategies. Mr. Thivierge joined CIBC Asset's predecessor firm in 1996. Previously, he held various positions on the Asset Allocation team as analyst and portfolio manager, where he developed and managed global equity and tactical asset allocation strategies. Prior to this, Mr. Thivierge was a member of the Derivatives team, where he managed index funds and was responsible for derivatives trading. Mr. Thivierge holds a Master of Finance degree from Université de Sherbrooke and a Bachelor of Actuarial Science degree from Laval University. He is also a CFA charterholder and a member of the CFA Society of Montreal.

Christine Bourgeois, CFA, Executive Director and Senior Portfolio Manager, Global Sovereign & Currency Management – Christine Bourgeois is responsible for the portfolio management oversight of our global sovereign and currency management strategies. She also manages a range of investments, including (in collaboration with their Portfolio Manager) the constrained currency mandates. In addition, Christine (in cooperation with the quantitative and economic research platforms) acts as a resource to the Global Fixed Income team to help evolve and enhance their investment and research processes. Prior to re-joining CIBC Asset in 2023, Christine was Managing Director, Currencies, at Caisse de Dépôt et Placement du Québec, where she was responsible for leading the currency team. This team was responsible for, amongst other things, the currency committee and recommended strategic and dynamic hedging FX strategies on a company-wide basis. Previous to this, Christine was a member of CIBC's Multi-Asset and Currency Management team, where she was Assistant Vice-President covering Latin America. Christine began her career as an Analyst at Caisse de Dépôt et Placement du Québec, where she covered developed- and emerging-market countries. Christine holds a Master's degree in applied finance from Université du Québec of Montreal. She is also a CFA charterholder and a member of the CFA Society of Montreal.

Marco Lettieri, Associate Portfolio Manager, Multi-Asset & Currency Management – Marco Lettieri manages various currency portfolio mandates in collaboration with the Chief Investment Officer. Mr. Lettieri is responsible for monitoring quantitative and fundamental research and ensures that appropriate currency strategies are reflected in the portfolio mandates. He also manages the portfolio currency risk exposures. In his previous position with the Multi-Asset and Currency Management team, Mr. Lettieri was a Senior Analyst covering emerging Asia. Prior to joining CIBC Asset in 2012, Mr. Lettieri held the positions of Economist at National Bank Financial and Research Analyst at Bank Credit Analyst Research. Mr. Lettieri holds a M.A. degree in Economics, a B.A. degree in Economics from Concordia University, and the Canadian Investment Manager (CIM) designation.

Vincent Lépine, Director, Economic and Market Research – Multi-Asset & Currency Management – Vincent Lépine is a member of the Multi-Asset and Currency Management team. He is responsible for fundamental research efforts leading to the preparation of the firm's quarterly economic scenarios on global markets. Mr. Lépine is a key member of a number of management teams, actively participating in the elaboration of global bond and foreign exchange markets strategies. Prior to joining CIBC Asset in 2003, Mr. Lépine was Assistant Chief Economist at National Bank Financial. He was also an Economist at the Ministry of Finance in Ottawa and a professor at the University of Ottawa. Mr. Lépine holds a Master of Economics and Bachelor of Economics degree from Université du Québec à Montréal (UQAM).

Bernard Augustin, Director, Quantitative Research, Multi-asset and currency management – Bernard Augustin leads the Quantitative Research group within the Multi-Asset & Currency Management team. He is responsible for evaluating, enhancing & developing quantitative research procedures and tools. Prior to joining CIBC Asset in 2020, Mr. Augustin was Deputy Chief Investment Officer at Fiera Capital. Previously, he held portfolio management and head of research roles in fixed income (Addenda Capital), equity & derivatives (Ontario Teachers') teams. He served as Head of Public Markets at PSP Investments and National Practice Leader for Financial Risk Consulting at Aon. He started his investment career at BARRA in equity risk modelling and consulting. Mr. Augustin holds Master & Bachelor (Honours) of Economics degrees from Concordia University.

Details of the HARC Sub-Advisory Agreement

Pursuant to the HARC Sub-Advisory Agreement, the HARC Sub-Advisor provides the Manager with advice and recommendations on the selection of securities for Horizons HARC. The services provided by the HARC Sub-Advisor to the Manager are not exclusive and nothing prevents the HARC Sub-Advisor from providing similar services to others (whether or not their investment objectives, strategies or criteria are similar to those of Horizons HARC) or from engaging in other activities.

Under the HARC Sub-Advisory Agreement, the HARC Sub-Advisor is required to act at all times on a basis that is fair and reasonable to an ETF, to act honestly and in good faith with a view to the best interests of an 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 HARC Sub-Advisory Agreement provides that the Sub-Advisor shall not be liable in any way for any default, failure or defect in any of the securities of Horizons HARC, nor will it be liable if it has satisfied the duties and standard of care, diligence and skill set forth above. The Sub-Advisor will, however, incur liability in cases of wilful misconduct, bad faith, negligence or breach of its obligations under the Sub-Advisory Agreement.

The HARC Sub-Advisory Agreement, unless terminated as described below, will continue in effect until Horizons HARC is terminated. The Manager may terminate the HARC Sub-Advisory Agreement upon providing the HARC Sub-Advisor not less than 90 days' prior written notice. The Manager may terminate the HARC Sub-Advisory Agreement in certain additional circumstances, including if the HARC Sub-Advisor is not registered or exempt from registration as an advisor under applicable laws or if the HARC Sub-Advisor has committed certain events of bankruptcy or insolvency or is in material breach or default of the provisions thereof and such breach or default has not been cured within 20 business days after written notice thereof has been given by the Manager to the HARC Sub-Advisor.

The HARC Sub-Advisor may terminate the HARC Sub-Advisory Agreement upon providing the Manager not less than 90 days' prior written notice. The HARC Sub-Advisor may terminate the HARC Sub-Advisory Agreement in certain additional circumstances, including if the Manager has committed certain events of bankruptcy or insolvency or if the Manager is in material breach or default of the provisions thereof and such breach or default has not been cured within 20 business days after written notice thereof has been given to the Manager.

Pursuant to the HARC Sub-Advisory Agreement, the Manager is responsible for the fees of the HARC Sub-Advisor which are paid out of the Manager's fees. There are no additional fees payable by Horizons HARC to the HARC Sub-Advisor. See "Fees and Expenses".

The HRAA Sub-Advisor

The Manager has engaged the services of Resolve Asset Management SEZC (Cayman), to act as the sub-advisor to Horizons HRAA.

Resolve Asset Management SEZC (Cayman)

ReSolve Asset Management SEZC (Cayman) ("**ReSolve Global**"), a corporation organized under the laws of the Cayman Islands, with its head office located in George Town, Grand Cayman, Cayman Islands, is the Sub-Advisor of Horizons HRAA. ReSolve Global is regulated as an adviser by the Cayman Island Monetary Authority and is also regulated as a commodity trading advisor and commodity pool operator with the National Futures Association, and is regulated by the Commodity Futures Trading Commission in the United States. The principals of ReSolve Global have extensive industry experience and are responsible for delivering innovative exchange traded fund managed portfolio solutions to clients through systematic asset allocations across various global asset classes.

Key Employees of ReSolve Asset Management SEZC (Cayman)

Michael Philbrick CIM®, AIFP®. Mr. Philbrick is a Co-Founder, CEO and Portfolio Manager of ReSolve Global. Prior to co-founding ReSolve Global in 2019, Mr. Philbrick was Co-Founder, President and Portfolio Manager of ReSolve Asset Management Inc. ("**ReSolve Canada**") from 2015 to 2019; a Portfolio Manager at Dundee Private

Wealth from 2014 to 2015; Branch Manager and Portfolio Manager at Macquarie Private Wealth (Canada) from 2011 to 2014; Branch Manager and Portfolio Manager at Richardson GMP's flagship Toronto branch from 2005 to 2011; Branch Manager and Investment Advisor at Scotia McLeod from 2002 to 2005; and Investment Advisor at BMO Nesbitt Burns from 1994 to 2001. Mr. Philbrick is a Chartered Investment Manager® and Accredited Investment Fiduciary®.

Adam Butler CFA, CAIA, Adam Butler has been CIO of ReSolve Global since 2021, prior to which he was a Co-Founder, Chief Executive Officer, Chief Investment Officer, Ultimate Designated Person, and Portfolio Manager of ReSolve Canada from 2015 to 2020; Portfolio Manager at Dundee Private Wealth from 2014 to 2015; Portfolio Manager at Macquarie Private Wealth (Canada) from 2011 to 2014; Portfolio Manager at Richardson GMP's flagship Toronto branch from 2005 to 2011; and Investment Advisor at BMO Nesbitt Burns from 1994 to 2001. Mr. Butler holds Chartered Financial Analyst® and Chartered Alternative Investment Analyst® charters.

Rodrigo Gordillo CIM®, Mr. Gordillo has been President of ReSolve Global since 2021, prior to which he was a Co-Founder, President, Secretary, and Portfolio Manager of ReSolve Canada from 2015 to 2020; Portfolio Manager at Dundee Private Wealth from 2014 to 2015; Portfolio Manager at Macquarie Private Wealth (Canada) from 2011 to 2014; Investment Advisor at Macquarie Private Wealth (Canada) from 2006 to 2011. Mr. Gordillo is a Chartered Investment Manager®.

Details of the HRAA Sub-Advisory Agreement

Pursuant to the HRAA Sub-Advisory Agreement, the HRAA Sub-Advisor provides the Manager with advice and recommendations on the selection of securities for Horizons HRAA. The services provided by the HRAA Sub-Advisor to the Manager are not exclusive and nothing prevents the HRAA Sub-Advisor from providing similar services to others (whether or not their investment objectives, strategies or criteria are similar to those of Horizons HRAA) or from engaging in other activities.

Under the HRAA Sub-Advisory Agreement, the HRAA Sub-Advisor is required to act at all times on a basis that is fair and reasonable to the ETF, to act honestly and in good faith with a view to the best interests of the 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 HRAA Sub-Advisory Agreement provides that the HRAA Sub-Advisor shall not be liable in any way for any default, failure or defect in any of the securities of the ETF, nor will it be liable if it has satisfied the duties and standard of care, diligence and skill set forth above. The HRAA Sub-Advisor will, however, incur liability in cases of wilful misconduct, bad faith, negligence or breach of its obligations under the HRAA Sub-Advisory Agreement.

The HRAA Sub-Advisory Agreement, unless terminated as described below, will continue in effect until the ETF is terminated. The Manager may terminate the HRAA Sub-Advisory Agreement upon providing the HRAA Sub-Advisor not less than 90 days' prior written notice. The Manager may terminate the HRAA Sub-Advisory Agreement in certain additional circumstances, including if the HRAA Sub-Advisor is not registered or exempt from registration as an advisor under applicable laws or if the HRAA Sub-Advisor has committed certain events of bankruptcy or insolvency or is in material breach or default of the provisions thereof and such breach or default has not been cured within 20 business days after written notice thereof has been given by the Manager to the HRAA Sub-Advisor.

The HRAA Sub-Advisor may terminate its HRAA Sub-Advisory Agreement upon providing the Manager not less than 90 days' prior written notice. The HRAA Sub-Advisor may terminate the HRAA Sub-Advisory Agreement in certain additional circumstances, including if the Manager has committed certain events of bankruptcy or insolvency or if the Manager is in material breach or default of the provisions thereof and such breach or default has not been cured within 20 business days after written notice thereof has been given to the Manager.

Pursuant to the HRAA Sub-Advisory Agreement, the Manager is responsible for the fees of the HRAA Sub-Advisor which are paid out of the Manager's fees. There are no additional fees payable by the ETF to the HRAA Sub-Advisor. See "Fees and Expenses".

The HARB Sub-Advisor

The Manager has engaged the services of DMAT Capital Management Inc., to act as the sub-advisor to Horizons HARB.

DMAT Capital Management Inc., the HARB Sub-Advisor, was incorporated under the Business Corporations Act (Ontario) on September 4, 2019. The principal place of business of the HARB Sub-Advisor is 200 Bay Street - Suite 2350, Toronto, Ontario, M5J 2J2. The HARB Sub-Advisor is, among other registrations, registered as a portfolio manager in Ontario.

Key Employee of the Sub-Advisor

Barry Allan

Barry Allan is the Founder, President, Chief Executive Officer, Chief Investment Officer and Chief Compliance Officer of the HARB Sub-Advisor. Barry's 40 plus years of industry experience runs the full spectrum of the fixed income world, from government bonds, investment grade bonds, high yield bonds and distressed bonds. Barry's focus been and continues to risk adjusted returns, targeting volatilities well below the investment strategy's respective benchmarks. In 2000, Barry founded and built Marret Asset Management, a full-service asset management firm. In 2019, Barry left Marret Asset Management Inc. Prior to founding the HARB Sub-Advisor and Marret Asset Management Inc., Barry held increasingly senior positions with Altamira Management Ltd., where he managed a wide range of global fixed income mandates, and Nesbitt Burns, where he was a proprietary trader, director and head of fixed income derivatives. Barry has an undergraduate degree from the University of British Columbia and an MBA from the University of Arizona.

Details of the HARB Sub-Advisory Agreement

Pursuant to the HARB Sub-Advisory Agreement, the HARB Sub-Advisor provides the Manager with advice and recommendations on the selection of securities for Horizons HARB. The services provided by the HARB Sub-Advisor to the Manager are not exclusive and nothing prevents the HARB Sub-Advisor from providing similar services to others (whether or not their investment objectives, strategies or criteria are similar to those of Horizons HARB) or from engaging in other activities.

Under the HARB Sub-Advisory Agreement, the HARB Sub-Advisor is required to act at all times on a basis that is fair and reasonable to the ETF, to act honestly and in good faith with a view to the best interests of the 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 HARB Sub-Advisory Agreement provides that the HARB Sub-Advisor shall not be liable in any way for any default, failure or defect in any of the securities of the ETF, nor will it be liable if it has satisfied the duties and standard of care, diligence and skill set forth above. The HARB Sub-Advisor will, however, incur liability in cases of wilful misconduct, bad faith, negligence or breach of its obligations under the HARB Sub-Advisory Agreement.

The HARB Sub-Advisory Agreement, unless terminated as described below, will continue in effect until the ETF is terminated. The Manager may terminate the HARB Sub-Advisory Agreement upon providing the HARB Sub-Advisor not less than 90 days' prior written notice. The Manager may terminate the HARB Sub-Advisory Agreement in certain additional circumstances, including if the HARB Sub-Advisor is not registered or exempt from registration as an advisor under applicable laws or if the Sub-Advisor has committed certain events of bankruptcy or insolvency or is in material breach or default of the provisions thereof and such breach or default has not been cured within 20 Business Days after written notice thereof has been given by the Manager to the HARB Sub-Advisor.

The HARB Sub-Advisor may terminate the HARB Sub-Advisory Agreement upon providing the Manager not less than 90 days' prior written notice. The HARB Sub-Advisor may terminate the HARB Sub-Advisory Agreement in certain additional circumstances, including if the Manager has committed certain events of bankruptcy or insolvency or if the Manager is in material breach or default of the provisions thereof and such breach or default has not been cured within 20 Business Days after written notice thereof has been given to the Manager.

Pursuant to the HARB Sub-Advisory Agreement, the Manager is responsible for the fees of the HARB Sub-Advisor which are paid out of the Manager's fees. There are no additional fees payable by the ETF to the HARB Sub-Advisor. See "Fees and Expenses".

Designated Brokers

The Manager, on behalf of the ETFs, has entered, or will enter, into a Designated Broker Agreement with a Designated Broker pursuant to which the Designated Broker agrees to perform certain duties relating to the ETFs including, without limitation: (i) to subscribe for a sufficient number of ETF Shares of an ETF to satisfy the TSX's original listing requirements; (ii) to subscribe for ETF Shares of an ETF on an ongoing basis, and (iii) to post a liquid two way market for the trading of ETF Shares of an ETF on the TSX. Payment for ETF Shares of an ETF must be made by the Designated Broker, and ETF Shares of an ETF will be issued, by no later than the second Trading Day after the subscription notice has been delivered.

A Designated Broker may terminate a Designated Broker Agreement at any time by giving Horizons at least six months' prior written notice of such termination. Horizons may terminate a Designated Broker Agreement at any time, without prior notice, by sending a written notice of termination to the Designated Broker.

ETF Shares of an ETF do not represent an interest or an obligation of any Designated Broker or Dealer or any affiliate thereof and a Shareholder of an ETF will not have any recourse against any such parties in respect of amounts payable by the ETF to such Designated Broker or Dealers.

A Designated Broker may, from time to time, reimburse the Manager for certain expenses incurred by the Manager in the normal course of its business.

Conflicts of Interest

The Manager and its principals and affiliates (each, an "ETF Manager") do not devote their time exclusively to the management of the ETFs. The ETF Managers perform similar or different services for others and may sponsor or establish other investment funds (public and private) during the same period that they act on behalf of the ETFs. The ETF Managers therefore will have conflicts of interest in allocating management time, services and functions to the ETFs and the other persons for which they provide similar services.

The ETF Managers may trade and make investments for their own accounts, and such persons currently trade and manage and will continue to trade and manage accounts other than the accounts of the ETFs utilizing trading and investment strategies which are the same as or different from the ones to be utilized in making investment decisions for the ETFs. In addition, in proprietary trading and investment, the ETF Managers may take positions the same as, different than or opposite to those of the ETFs. Furthermore, all of the positions held by accounts owned, managed or controlled by the Manager will be aggregated for purposes of applying certain exchange position limits. As a result, an ETF may not be able to enter into or maintain certain positions if such positions, when added to the positions already held by the ETF and such other accounts, would exceed applicable limits. All of such trading and investment activities may also increase the level of competition experienced with respect to priorities of order entry and allocations of executed trades. See "Risk Factors".

The ETF Managers may at times have interests that differ from the interests of the Shareholders of an ETF.

In evaluating these conflicts of interest, potential investors should be aware that the ETF Managers have a responsibility to the Shareholders to exercise good faith and fairness in all dealings affecting the ETFs. In the event that a Shareholder believes that one of the ETF Managers has violated its duty to such Shareholder, the Shareholder may seek relief for itself or on behalf of an ETF to recover damages from or to require an accounting by such ETF Manager. Shareholders should be aware that the performance by each ETF Manager of its responsibilities to an ETF will be measured in accordance with (i) the provisions of the agreement by which such ETF Manager has been appointed to its position with such ETF; and (ii) applicable laws.

The Manager is a wholly-owned subsidiary of Mirae Asset. Affiliates of the Manager may earn fees and spreads, directly and indirectly, in connection with various services provided to, or transactions with, the ETFs or their service providers, including in connection with brokerage transactions, prime brokerage services and securities lending transactions, subject always to approval by the IRC of the ETFs and compliance with applicable law (or exemptive relief therefrom), and applicable internal policies and procedures. In effecting ETF portfolio transactions, the Manager places brokerage business with various broker-dealers on the basis of best execution, which includes a number of considerations such as price, speed, certainty of execution and total transaction cost. The Manager uses the same criteria in selecting all of its broker-dealers, regardless of whether the broker-dealer is an affiliate of the Manager. Subject to compliance with NI 81-102 and in accordance with the terms of the standing instructions of the IRC, to the extent that an affiliate of the Manager provides advisory services to a securities lending agent of the ETFs, the Manager may receive a portion of the affiliate's revenue that it receives for those services. In addition, the Manager may directly or indirectly earn licensing or sublicensing fees from third parties, including designated brokers and dealers or affiliates thereof, in respect of the licensing or sub-licensing of an Underlying Index by the Manager or the Index Provider.

An affiliate of the Designated Broker and/or Dealer of an ETF may from time to time act as a Counterparty and/or a calculation agent for an Underlying Index. These relationships may create actual or perceived conflicts of interest which investors should consider in relation to an investment in an ETF. In particular, by virtue of these relationships, the Designated Broker or Dealer may profit from the sale and trading of ETF Shares of an ETF. The Designated Broker or Dealer may act as market maker of the applicable ETF(s) in the secondary market, and may therefore have economic interests which differ from and may be adverse to those of Shareholders of the ETFs.

Designated Brokers and Dealers of the applicable ETF(s) will not be acting as an underwriter of any ETF in connection with the primary distribution of ETF Shares under this prospectus. No Designated Broker or Dealer has been involved in the preparation of this prospectus nor has it performed any review of the contents of this prospectus. The Designated Broker of an ETF may, from time to time, reimburse the Manager for certain expenses incurred by the Manager in the normal course of its business.

Any Designated Broker or Dealer and their respective affiliates may, at present or in the future, engage in business with an ETF, the issuers of securities making up the investment portfolio of an ETF, or with the Manager or any funds sponsored by the Manager or its affiliates, including by making loans, entering into licensing arrangements (including index licensing arrangements), entering into derivative transactions or providing advisory or agency services. In addition, the relationship between a Designated Broker or Dealer and their respective affiliates, and the Manager and its affiliates, may extend to other activities, such as being part of a distribution syndicate for other funds sponsored by the Manager or its affiliates.

Independent Review Committee

NI 81-107 requires that all publicly offered investment funds, such as the ETFs, establish an IRC and that the Manager must refer all conflict of interest matters in respect of the ETFs for review or approval by the IRC. NI 81-107 also requires the Manager to establish written policies and procedures for dealing with conflict of interest matters, to maintain records in respect of these matters and to provide the IRC with guidance and assistance in carrying out its functions and duties. According to NI 81-107, the IRC must be comprised of a minimum of three (3) independent members and is subject to requirements to conduct regular assessments of its members and provide reports, at least annually, to an ETF and to its Shareholders in respect of those functions. The most recent report prepared by the IRC is available on the Manager's website (www.horizonsetfs.com), or at a Shareholder's request at no cost, by contacting the ETF at 55 University Avenue, Suite 800, Toronto, Ontario, M5J 2H7; telephone: 416-933-5745; toll free: 1-866-641-5739; fax: 416-777-5181.

Warren Law, Ed Akkawi and Gregory Chrispin are the current members of the IRC. Ed Akkawi has resigned from the IRC, pending the appointment of a replacement. The IRC:

- reviews and provides input on the Manager’s written policies and procedures that deal with conflict of interest matters;
- reviews conflict of interest matters referred to it by the Manager and makes recommendations to the Manager regarding whether the Manager’s proposed actions in connection with the conflict of interest matter achieves a fair and reasonable result for the applicable ETF;
- considers and, if deemed appropriate, approves the Manager’s decision on a conflict of interest matter that the Manager refers to the IRC for approval; and
- performs such other duties as may be required of the IRC under applicable securities laws.

Each ETF compensates the IRC members for their participation on the IRC through member fees and, if applicable, meeting fees. Ed Akkawi and Gregory Chrispin each receive \$12,500 per year in member fees, while Warren Law, as chairperson of the IRC, receives \$15,000 per year. The IRC’s secretariat receives \$26,000 per year for administrative services. An additional fee of \$750 per meeting is charged by the IRC for each IRC meeting in excess of two per year, and each IRC member receives \$750 for each IRC meeting in excess of four per year. The total fees payable in respect of the IRC by each ETF is calculated by dividing the total net assets of each ETF by the total net assets of all of the mutual funds for which the IRC is responsible and then multiplying the resulting value by the total dollar value due to the IRC member by each ETF for that particular period.

Custodian

CIBC Mellon Trust Company is the Custodian of the assets of the ETFs pursuant to the Custodian Agreement. The Custodian is located in Toronto, Ontario and is independent of the Manager. Pursuant to the Custodian Agreement, the Custodian is required to exercise its duties with the degree of care, diligence and skill that a reasonably prudent person would exercise in the same circumstances, or, if higher, the degree of care, diligence and skill that each Custodian uses in respect of its own property of a similar nature in its custody (the “**Standard of Care**”).

Under the Custodian Agreement, an ETF pays fees to the Custodian at such rate as determined by the parties from time to time and the Custodian is reimbursed for all reasonable expenses incurred in the performance of its duties under the Custodian Agreement. Each ETF will also indemnify and hold harmless the Custodian, CIBC Mellon Global, Canadian Imperial Bank of Commerce, and the Bank of New York Mellon from any direct loss, damage or expense, including reasonable counsel fees and expenses, arising in connection with the Custodian Agreement, except to the extent such direct loss, damage or expense, including reasonable counsel fees and expenses is caused by a breach of the Standard of Care by the Custodian, CIBC Mellon Global, Canadian Imperial Bank of Commerce, and the Bank of New York Mellon, or a permitted agent or assignee of the foregoing.

The parties to the Custodian Agreement may terminate the Custodian Agreement without any penalty upon at least ninety (90) days’ written notice to the other parties, or immediately, if any party becomes insolvent, or makes an assignment for the benefit of creditors, or a petition in bankruptcy is filed by or against that party and is not discharged within thirty (30) days, or proceedings for the appointment of a receiver for that party are commenced and not discontinued within thirty (30) days. The Manager may terminate the Custodian Agreement immediately upon written notice to the other parties and without penalty if the Custodian no longer satisfies the requirements to act as a custodian of the ETFs, as such requirements are set out in NI 81-102 and National Instrument 41-101 *General Prospectus Requirements*.

Valuation Agent

The Manager has retained CIBC Mellon Global to provide accounting and valuation services in respect of the ETFs pursuant to the Fund Administration Agreement.

Auditors

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

Transfer Agent and Registrar

TSX Trust Company, at its principal offices in Toronto, Ontario, is the Transfer Agent and Registrar for ETF Shares of the ETFs pursuant to registrar and transfer agency agreements. TSX Trust Company is independent of the Manager.

Promoter

The Manager took the initiative in founding and organizing the ETFs and is, accordingly, the promoter of the ETFs within the meaning of securities legislation of certain provinces and territories of Canada. The Manager, in its capacity as manager of the ETFs, receives compensation from the ETFs. The Manager, in its role as promoter, will not receive any benefits, directly or indirectly, from the issuance of securities offered hereunder other than as described under “Fees and Expenses”.

Securities Lending Agents

CIBC is a securities lending agent for the ETFs pursuant to a securities lending agreement (the “**CIBC SLA**”).

CIBC is located in Toronto, Ontario. CIBC is independent of the Manager. The CIBC SLA requires that the collateral delivered in connection with a securities loan have an aggregate value of not less than 102% of the value of the loaned securities (or, if higher, the percentage of the aggregate market value of loaned securities in accordance with prevailing best market practices). The CIBC SLA requires CIBC and certain CIBC affiliates to indemnify the ETF against, among other things, the failure of CIBC to perform its obligations under the CIBC SLA. A party to the CIBC SLA may terminate the CIBC SLA upon 30 days’ notice.

NBF may also act as a securities lending agent for the ETFs pursuant to a securities lending agency agreement (the “**NBF SLAA**”).

NBF is located in Toronto, Ontario. NBF is not an affiliate of the Manager. The NBF SLAA requires that the collateral delivered in connection with a securities loan have an aggregate value of not less than 102% of the value of the loaned securities (or, if higher, the percentage of the aggregate market value of loaned securities in accordance with prevailing market practice). Subject to certain exceptions, the NBF SLAA requires NBF to indemnify the ETF against any loss suffered directly by the ETF as a result of a securities loan effected by NBF. A party to the NBF SLAA may terminate the NBF SLAA upon 5 business days’ notice.

Accounting and Reporting

Each ETF’s fiscal year is the calendar year or such other fiscal period permitted under the Tax Act as that ETF elects. The annual financial statements of an ETF shall be audited by its auditors in accordance with Canadian generally accepted auditing standards. The auditors will be asked to report on the fair presentation of the annual financial statements in accordance with IFRS. The Manager will arrange for an ETF’s compliance with all applicable reporting and administrative requirements.

The Manager will keep, or arrange for the keeping of, adequate books and records reflecting the activities of the Company and each ETF. A Shareholder of an ETF or his or her duly authorized representative will have the right to examine the applicable books and records of the Company or the ETF, as applicable, during normal business hours at the offices of the Manager or such other location as the Manager shall determine. Notwithstanding the foregoing, a Shareholder of an ETF shall not have access to any information that, in the opinion of the Manager, should be kept confidential in the interests of the Company or the ETF, as applicable.

CALCULATION OF NET ASSET VALUE

The NAV per ETF Share of the ETFs (including each series of Horizons HARB) other than Horizons HTB, Horizons HXQ, Horizons HXDM, Horizons HSUV.U and Horizons HXEM is computed in Canadian dollars. The NAV per ETF Share of Horizons HTB, Horizons HXQ, Horizons HXDM, Horizons HSUV.U and Horizons HXEM is computed in U.S. dollars. In each case, the NAV per ETF Share of an ETF will be calculated by adding up the cash, securities and other assets of such ETF, less the liabilities and dividing the value of the net assets of the ETF by the total number of ETF Shares that are outstanding. The NAV per ETF Share so determined will be adjusted to the nearest cent per ETF Share and will remain in effect until the time as at which the next determination of the NAV per ETF Share of such ETF is made. The NAV per ETF Share of an ETF will be calculated on each Valuation Day. Initially, the entire net asset value of an ETF will be derived from the daily mark-to-market value of the applicable Swap, its deposits and other cash on hand.

The NAV per ETF Share of (i) each Dual Currency ETF will also be calculated in the applicable alternate currency based on prevailing market rates as determined by the Manager and (ii) the USD Unhedged Total Return Series Shares of Horizons HARB will also be calculated and published in U.S. dollars based on prevailing market rates as determined by the Manager.

Such market rates may be executable exchange rates provided by one or more Canadian chartered banks, or exchange rates provided by recognized sources such as Bloomberg or Reuters. Typically, the NAV per ETF Share of an ETF will be calculated at the Valuation Time. The NAV per ETF Share may be determined at an earlier Valuation Time if the TSX and/or the principal exchange for the securities held by the ETF closes earlier on that Valuation Day.

Valuation Policies and Procedures of the ETFs

The following valuation procedures will be taken into account in determining the “net asset value” and “net asset value per ETF Share” of an ETF on each Valuation Day:

- (i) 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;
- (ii) 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;
- (iii) 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 value of a future contract or a swap or forward contract

shall be the gain or loss with respect thereto that will be realized if, on that Valuation Day, the position in the futures contract, or the forward contract, as the case may be, were to be closed out unless “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 shall be reflected as an account receivable and margin consisting of assets other than cash shall be noted as held as margin;

- (iv) 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 (ii) 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; and
- (v) the liabilities of an ETF will include:
 - all bills, notes and accounts payable of which the ETF is an obligor;
 - all brokerage expenses of the ETF;
 - all management fees of the ETF;
 - all contractual obligations of the ETF for the payment of money or property, including the amount of any unpaid distribution credited to Shareholders of the ETF on or before that Valuation Day;
 - all allowances of the ETF authorized or approved by the Manager for taxes (if any) or contingencies; and
 - all other liabilities of the ETF of whatsoever kind and nature.

Each transaction of purchase or sale of a portfolio asset effected by the 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 ETF Share of the ETF is calculated. In calculating the NAV of an ETF, the ETF will generally value its investments based on the market value of such investments at the time the NAV is calculated. If no market value is available for an investment of an 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 events occurring after the market closes), the Manager, in consultation with the Valuation Agent (when necessary), 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, ETF Shares subscribed for will be deemed to be outstanding and an asset of such ETF after (and not before) the close of business and the striking of the current day valuation on the day on which the subscription order for such ETF Shares of the ETF is received by and accepted by the Manager. ETF Shares of an ETF that are being redeemed will only be deemed to be outstanding until (and not after) the close of business and the striking of the current day valuation on the day on which the redemption order for such ETF Shares of the ETF is received and accepted by the Manager, and the redemption proceeds thereafter, until paid, will be a liability of such ETF.

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

Reporting of Net Asset Value

Persons or companies that wish to be provided with the most recent net asset value per ETF Share of an ETF may call the Manager at 416-933-5745 or at 1-866-641-5739, or check the Manager's website at www.HorizonsETFs.com. The net asset value per ETF Share of an ETF will be calculated on each Valuation Day.

ATTRIBUTES OF THE SECURITIES

Description of the Securities Distributed

The authorized capital of the Company includes an unlimited number of non-cumulative, redeemable, non-voting Corporate Classes, issuable in an unlimited number of series, including the ETF Shares, and one class of voting shares designated as "Class J Shares". Each Corporate Class is a separate investment fund having specific investment objectives and is specifically referable to a separate portfolio of investments. Each ETF of the Company is a separate Corporate Class.

ETF Shares of each Corporate Class of the Company, other than Horizons HSUV.U and the USD Unhedged Total Return Series Shares of Horizons HARB, are being offered for sale on a continuous basis in Canadian dollars by this prospectus ("Cdn\$ Shares"). ETF Shares of the Dual Currency ETFs, Horizons HSUV.U and the USD Unhedged Total Return Series Shares of Horizons HARB are also being offered for sale on a continuous basis, and ETF Shares of Horizons HXX, Horizons HXEM, Horizons HRAA and Horizons CARB may also be offered for sale on a continuous basis, in U.S. dollars by this prospectus ("US\$ Shares").

The ETF Shares are currently listed and trade on the TSX. Investors can buy or sell ETF Shares on the TSX through registered brokers and dealers in the province or territory where the investor resides.

Each ETF Share entitles the owner to one vote at meetings of shareholders of the applicable Corporate Class to which they are entitled to vote. Each Shareholder is entitled to participate equally with all other shares of the same Corporate Class or series of Corporate Class 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 applicable Corporate Class remaining after satisfaction of any outstanding liabilities that are attributable to ETF Shares of the Corporate Class.

Redemptions of ETF Shares for Cash

On any Trading Day, Shareholders may redeem ETF Shares of an ETF for cash in the applicable currency at a redemption price per ETF Share equal to 95% of the closing price for the ETF Shares of such ETF on the TSX on the effective day of the redemption, subject to a maximum redemption price per ETF Share equal to the net asset value per ETF Share on the effective day of redemption. To the extent Canadian dollar and U.S. dollar denominated ETF Shares of a Dual Currency ETF are listed for trading on the TSX, holders of US\$ Shares of a Dual Currency ETF may request that their redemption proceeds be paid in U.S. or Canadian dollars. Holders of USD Unhedged Total Return Series Shares of Horizons HARB will receive their redemption proceeds in U.S. dollars. Shareholders will generally be able to sell (rather than redeem) ETF Shares at the full market price in the applicable currency on the TSX through a registered broker or dealer subject only to customary brokerage commissions. Therefore, Shareholders are advised to consult their brokers, dealers or investment advisors before redeeming their ETF Shares for cash. No fees or expenses will be paid by a Shareholder to Horizons or an ETF in connection with selling ETF Shares on the TSX. See "Redemption and Switching of ETF Shares".

Switches

A Shareholder may effect a Switch through the facilities of CDS by contacting their financial advisor or broker. ETF Shares may be switched in any week on an ETF Switch Date. See "Redemption and Switching of ETF Shares – Switches".

Stock Exchange Sponsored Net Asset Value Execution Program

Subject to regulatory and other necessary third party approvals, a stock exchange sponsored execution program may become available which would allow investors to purchase and sell ETF Shares of each ETF based on transaction prices calculated as at the end-of-day net asset value, plus any fee payable to the investor's Dealer for the Dealer's facilitation of the purchase or sale. The Manager will issue a news release announcing the details of any such stock exchange sponsored execution program.

Modification of Terms

The rights attached to the ETF Shares of an ETF may only be modified, amended or varied in accordance with the terms of the articles of the Company and applicable law. See "Shareholder Matters – Matters Requiring Shareholder Approval".

Voting Rights in the Portfolio Securities

Holders of ETF Shares of an ETF will not have any voting rights in respect of the securities in the ETF's portfolio.

SHAREHOLDER MATTERS

Meetings of Shareholders

Meetings of Shareholders of an ETF will be held if called by the Manager or upon the written request to the Manager of Shareholders of the ETF holding not less than 25% of the then outstanding ETF Shares of the ETF.

Matters Requiring Shareholder Approval

In addition to certain matters required by corporate law, NI 81-102 requires a meeting of Shareholders of an ETF to be called to approve certain changes described in NI 81-102. In the absence of an exemption, the Manager will seek Shareholder approval for any such change. The Manager will also seek Shareholder approval of any matter which is required by the constitutive documents of an ETF, by the laws applicable to the ETF or by any agreement to be submitted to a vote of the Shareholders.

In addition, the auditors of a ETF may not be changed unless:

- (i) the IRC of the ETF has approved the change; and
- (ii) Shareholders have received at least 60 days' notice before the effective date of the change.

Approval of Shareholders of an ETF will be deemed to have been given if expressed by resolution passed at a meeting of Shareholders, duly called on at least 21-days' notice and held for the purpose of considering the same, by at least a majority of the votes cast.

Permitted Mergers

An ETF may, without Shareholders' approval, enter into a merger or other similar transaction which has the effect of combining the fund or its assets (a "**Permitted Merger**") with any other investment fund or funds that have investment objectives that are similar to the ETF's portfolio, subject to:

- (a) approval of the merger by the ETF's IRC in accordance with NI 81-107;
- (b) the ETF being reorganized with, or its assets being transferred to, another mutual fund to which NI 81-102 and NI 81-107 apply, and that is managed by the Manager, or an affiliate of the Manager;
- (c) compliance with certain other requirements of applicable securities legislation; and
- (d) Shareholders have received at least 60 days' notice which notice may be by way of press release, before the effective date of the Permitted Merger.

In connection with a Permitted Merger, the merging funds will be valued at their respective net asset values for the purpose of such transaction.

Reporting to Shareholders

The Manager, on behalf of an ETF, will in accordance with applicable laws furnish to each Shareholder of the ETF and the Company's board of directors, unaudited semi-annual financial statements and an interim management report of fund performance for the ETF within 60 days' of the end of each semi-annual period and audited annual financial statements and an annual management report of fund performance for the ETF within 90 days of the end of each financial year. Both the semi-annual and the annual financial statements of the ETF will contain a statement of financial position, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows and a statement of investment portfolio.

Any tax information necessary for Shareholders of an ETF to prepare their annual federal income tax returns will also be distributed to them within 90 days after the end of each taxation year of the ETF. Neither the Manager nor the Transfer Agent and Registrar are responsible for tracking the adjusted cost base of a Shareholder's ETF Shares of an ETF. Shareholders should consult with their tax or investment adviser in respect of how to compute the adjusted cost base of their ETF Shares of the ETF and in particular how designations made by the ETF to a Shareholder affect the Shareholder's tax position.

The net asset value per ETF Share of the ETF will be determined by the Manager on each Valuation Day and will usually be published daily in the financial press.

TERMINATION OF THE ETFS

Subject to complying with applicable securities law, an ETF may be terminated (and the ETF Shares of the ETF redeemed by the Company) at the discretion of the Manager on at least 60 days advance written notice to Shareholders of the ETF of the termination and the Manager will issue a press release in advance thereof.

Upon termination of an ETF, each Shareholder of the ETF shall be entitled to receive at the Valuation Time on the termination date out of the assets of the ETF: (i) payment for that Shareholder's ETF Shares of the ETF at the net asset value per ETF Share for those ETF Shares determined at the Valuation Time on the termination date; plus (ii) where applicable, any net income and net realized capital gains that are owing to or otherwise attributable to such Shareholder's ETF Shares of the ETF that have not otherwise been paid to such Shareholder; less (iii) any applicable redemption charges and any taxes that are required to be deducted. Payment shall be made by cheque or other means of payment payable to such Shareholder and drawn on the ETF's bankers and may be mailed by ordinary post to such Shareholder's last address appearing in the register of Shareholders or may be delivered by such other means of delivery acceptable to both the Manager and such Shareholder.

The rights of shareholders to redeem and convert ETF Shares of an ETF described under the heading "Redemption and Switching of ETF Shares" will cease as and from the date of termination of the ETF.

Procedure on Termination

The Manager, on behalf of the Company, shall be entitled to retain out of any assets of an ETF, at the date of termination of the ETF, full provision for all costs, charges, expenses, claims and demands incurred or believed by the Manager to be due or to become due in connection with or arising out of the termination of the ETF and the distribution of its assets to the Shareholders. Out of the moneys so retained, the Manager is entitled to be indemnified and saved harmless against all costs, charges, expenses, claims and demands.

PLAN OF DISTRIBUTION

ETF Shares are being offered for sale on a continuous basis by this prospectus and there is no maximum number of ETF Shares that may be issued. ETF Shares shall be offered for sale at a price equal to the net asset value of the applicable series of ETF Shares determined at the Valuation Time on the effective date of the subscription order.

The ETF Shares are currently listed and trade on the TSX. Investors can buy or sell ETF Shares on the TSX through registered brokers and dealers in the province or territory where the investor resides. The Manager will issue a news

release announcing the listing of the US\$ Shares of Horizons HXX, Horizons HXEM, Horizons HRAA or Horizons CARB, as applicable, on or prior to the applicable listing date.

Investors may incur customary brokerage commissions in buying or selling ETF Shares of an ETF. No fees will be paid by investors to the Manager or an ETF in connection with buying or selling of ETF Shares of the ETF on the TSX.

Non-Resident Shareholders

At no time may (i) non-residents of Canada, (ii) partnerships that are not Canadian partnerships or (iii) a combination of non-residents of Canada and such partnerships (all as defined in the Tax Act) be the beneficial owners of a majority of the shares of the Company (on either a number of shares or fair market value basis) at any time during which more than 10% of the property of the Company consists of property that would be “taxable Canadian property” if the definition of such property were read without reference to paragraph (b) thereof. None of the properties held by the Company should be considered such property. If the Manager expects or believes that more than 10% of the Company’s property may consist of such property at any time, the Company and the Manager may inform the Transfer Agent and Registrar of such ETF of the restriction on who may be a beneficial owner of a majority of its ETF Shares.

If the Manager believes that more than 10% of the Company’s property is 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 and if the Manager determines that more than 40% of the shares of the Company (on either a number of shares or fair market value basis) are beneficially held by non-residents and/or partnerships that are not Canadian partnerships, the Manager may send a notice to such non-residents and/or partnerships as the Manager may consider equitable and practicable, requiring them to sell their shares in the applicable currency or a portion thereof within a specified period of not less than 30 days. If the Shareholders receiving such notice have not sold the specified number of shares or provided the Manager with satisfactory evidence that they are not non-residents or partnerships other than Canadian partnerships within such period, the Manager may on behalf of such Shareholders sell such shares and, in the interim, shall suspend the voting and distribution rights attached to such ETF Shares. Upon such sale, the affected holders shall cease to be beneficial holders of such shares and their rights shall be limited to receiving the net proceeds of sale of such shares.

Notwithstanding the foregoing, the Manager may determine not to take any of the actions described above if the Manager has been advised by legal counsel that the failure to take any of such actions would not adversely impact the status of the Company as a mutual fund corporation for purposes of the Tax Act or, alternatively, may take such other action or actions as may be necessary to maintain the status of such ETF as a mutual fund corporation for purposes of the Tax Act.

RELATIONSHIP BETWEEN THE ETFS AND THE DEALERS

The Manager, on behalf of the ETFs, and the Company may enter into various Dealer Agreements with registered dealers (that may or may not be Designated Brokers) pursuant to which the Dealers may subscribe for ETF Shares of an ETF as described under the heading “Purchases of ETF Shares”.

A Dealer Agreement may be terminated by the registered dealer at any time by notice to Horizons, provided that, except in certain conditions, no such termination will be permitted after the registered dealer has subscribed for ETF Shares of an ETF and such subscription has been accepted by Horizons.

NBF acts or may act as a Designated Broker, a Dealer and/or a registered trader (market maker). NBF’s potential role as a Dealer of an ETF will not be as an underwriter of the ETF in connection with the distribution of ETF Shares of the ETF under this prospectus. NBF has not been involved in the preparation of this prospectus nor has it performed any review of the contents of this prospectus. See “Organization and Management Details of the ETFs – Conflicts of Interest”.

PRINCIPAL HOLDERS OF ETF SHARES

CDS & Co., the nominee of CDS, is the registered owner of the ETF Shares of the ETFs, which it holds for various brokers and other persons on behalf of their clients and others. From time to time, a Designated Broker, an ETF or

another investment fund managed by the Manager or an affiliate thereof, may beneficially own, directly or indirectly, more than 10% of the ETF Shares of an ETF.

PROXY VOTING DISCLOSURE FOR PORTFOLIO SECURITIES HELD

The Manager is responsible for all securities voting in respect of securities held by the ETFs and exercising responsibility in accordance with the best economic interests of the ETFs and the Shareholders of the ETFs. The Manager has established proxy voting policies, procedures and guidelines (the “**Proxy Voting Policy**”) for securities held by the ETFs to which voting rights are attached. The Proxy Voting Policy is intended to provide for the exercise of such voting rights in accordance with the best interests of the ETFs and the Shareholders of the ETFs, while intending to defend, reflect and promote decisions or actions which meet generally accepted standards of Environmental, Social, and Governance (“**ESG**”) criteria established by the Manager, or are expected to move a company closer to these goals.

The Manager believes in taking an active role in the corporate governance of the underlying investments of the ETFs, through the corporate proxy and voting processes of those underlying investments. When voting the proxies relating to the companies that are the underlying investments of the ETFs, Horizons will, among other things, be focused on supporting and promoting the options that, in the Manager’s view, reflect the Manager’s pre-determined ESG standards and also achieve the best result for the ETFs and the Shareholders of the ETFs. ESG refers to the three central factors in measuring the sustainability and ethical impact of a company or business. As a general matter, the Proxy Voting Policies of the Manager promote companies that (i) engage in activities or changes that can result in a decrease in pollution and carbon footprint, sustaining biodiversity, improving waste disposal and forest management and more effective land management, (ii) implement employment practices and policies that promote women in management and on boards of directors, promote equality, inclusion and that protect members of the public regardless of age, sex, marital status, colour, race, ethnicity, sexual orientation, gender or gender identity, religion or disability of any nature, and (iii) practice “good governance”, including through compliance, promotion of fair and impartial rules, consensus oriented management, principles of transparency, accountability, effective risk management and efficient management and processes.

The Proxy Voting Policy sets out the guidelines and procedures that the Manager will follow to determine whether and how to vote on any matter for which the ETFs receive proxy materials. Issuers’ proxies most frequently contain routine proposals to elect directors, to appoint independent auditors, establish independent compensation committees, to approve executive compensation and stock-based compensation plans and to amend the capitalization structure of the issuer. Specific details on the Manager’s consideration of these routine matters are discussed in greater detail in the Proxy Voting Policy, which is available upon request at no cost by calling or emailing the Manager as further described below. Other issues, including those business issues specific to the issuer or those raised by shareholders of the issuer, are assessed by the Manager on a case-by-case basis with a focus on the potential impact of the vote on the Proxy Voting Policy’s ESG objectives and the best interests of the ETFs and the Shareholders of the ETFs.

If the potential for conflict of interest arises in connection with proxy voting and if deemed advisable to maintain impartiality, the Proxy Voting Policy provides that the Manager may choose to seek out and follow the voting recommendation of an independent proxy search and voting service.

The Proxy Voting Policy is available on request, at no cost, by calling the Manager toll-free at 1-866-641-5739 or emailing the Manager at info@HorizonsETFs.com. The proxy voting record of the ETFs for the annual period from July 1 to June 30 will be available free of charge to any investor of the ETFs upon request at any time after August 31 following the end of that annual period. The proxy voting record of the ETFs will also be available on our Internet site at www.HorizonsETFs.com.

MATERIAL CONTRACTS

The only contracts material to the ETFs are the following:

- (a) **The articles of incorporation of the Company.**
- (b) **Management Agreement.** For additional disclosure related to the Management Agreement, including relevant termination provisions and other key terms of the agreement, see “Organization and Management Details of the ETFs – Manager of the ETFs”, “Organization and Management

Details of the ETFs – Duties and Services to be Provided by the Manager”, “Organization and Management Details of the ETFs – Details of the Management Agreement”, “Organization and Management Details of the ETFs – Conflicts of Interest”, and “Other Material Facts – Management of the ETFs”.

- (c) **HARC Sub-Advisory Agreement.** For additional disclosure related to the HARC Sub-Advisory Agreement, including relevant termination provisions and other key terms of the agreement, see “Organization and Management Details of the ETFs – Details of the HARC Sub-Advisory Agreement”.
- (d) **HRAA Sub-Advisory Agreement.** For additional disclosure related to the HRAA Sub-Advisory Agreement, including relevant termination provisions and other key terms of the agreement, see “Organization and Management Details of the ETFs – Details of the HRAA Sub-Advisory Agreement”.
- (e) **HARB Sub-Advisory Agreement.** For additional disclosure related to the HARB Sub-Advisory Agreement, including relevant termination provisions and other key terms of the agreement, see “Organization and Management Details of the ETFs – Details of the HARB Sub-Advisory Agreement”.
- (f) **Custodian Agreement.** For additional disclosure related to the Custodian Agreement, including relevant termination provisions and other key terms of the agreement, see “Organization and Management Details of the ETFs – Custodian”.
- (g) **Swaps.** For additional disclosure related to a Swap, see “Investment Strategies”.

Copies of these agreements may be examined at the head office of the Manager at 55 University Avenue, Suite 800, Toronto, Ontario, M5E 1S2, during normal business hours.

LEGAL AND ADMINISTRATIVE PROCEEDINGS

The Manager and the ETFs are not involved in any ongoing legal or administrative proceedings that are considered by the Manager to be material to the ETFs.

EXPERTS

KPMG LLP, the independent auditors of the ETFs, have consented to the use of their reports dated March 10, 2023 to the board of directors of the Manager in respect of the ETFs. KPMG LLP has confirmed that they are independent within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations.

EXEMPTIONS AND APPROVALS

Each ETF will rely on exemptive relief from the Securities Regulatory Authorities:

- (a) to permit a Shareholder of ETFs to acquire more than 20% of the ETF Shares of the ETF through purchases on the TSX without regard to the takeover bid requirements of applicable Canadian securities legislation;
- (b) to relieve the ETFs from the requirement that a prospectus contain a certificate of the underwriters;
- (c) relieve the ETFs from the dealer registration requirement provided that the Manager complies with Part 15 of NI 81-102;
- (d) permit Horizons HARC and Horizons HRAA to lend up to 100% of its investment portfolio to qualified borrowers;
- (e) permit Horizons HARC, Horizons HRAA and Horizons HARB to lend securities with a lending agent that is not the Custodian;
- (f) permit Horizons HARB to sell a security short or borrow cash if, immediately after the borrowing or short selling transaction, (a) the aggregate market value of all securities sold short by the ETF does not exceed

100% of the ETF's NAV, (b) the aggregate value of all cash borrowing by the ETF does not exceed 100% of the ETF's NAV, (c) the aggregate market value of securities sold short by the ETF combined with the aggregate value of cash borrowing by the ETF does not exceed 100% of the ETF's NAV, and (d) the ETF's aggregate exposure to short selling, cash borrowing and specified derivatives does not exceed 300% of the ETF's NAV.

- (g) relieve the ETFs from certain other requirements of NI 81-102; and
- (h) to permit the Manager to call meetings of the ETFs using the notice-and-access procedure as permitted by the terms of relief.

The Manager has obtained additional exemptive relief (i) to permit Horizons ETF Corp. to dispense with an audit committee, pursuant to subsection 171(2) of the *Canada Business Corporations Act*, for as long as applicable securities legislation does not require the ETFs to have an audit committee and, in accordance with NI 81-106, the board of directors of the Company will approve the financial statements of the ETFs before such financial statements are filed or made available to investors, and (ii) to allow certain ETFs to use: (I) past performance data in sales communications and reports to securityholders; (II) certain information disclosed in the ETF Facts documents; and (III) performance information and information derived from the financial statements in their annual and interim management reports of fund performance, of their respective predecessor exchange traded funds.

The Manager also obtained exemptive relief from the requirements of Part 2 of NI 62-104 *Take-Over Bids and Issuer Bids* in order to permit an ETF represented by a Corporate Class of the Company to acquire ETF Shares of a different Corporate Class of the Company.

OTHER MATERIAL FACTS

Exchange of Tax Information

Part XVIII of the Tax Act, which was enacted to implement the Canada-United States Enhanced Tax Information Exchange Agreement, imposes due diligence and reporting obligations on "reporting Canadian financial institutions" in respect of their "U.S. reportable accounts". The Company is a "reporting Canadian financial institution" but as long as shares of the Corporate Classes continue to be registered in the name of CDS or are "regularly traded" on an "established securities market" (which currently includes the TSX), the Company should not have any "U.S. reportable accounts" and, as a result, the Company should not be required to provide information to the CRA in respect of its shareholders. However, dealers through which Shareholders hold their ETF Shares of an ETF are subject to due diligence and reporting obligations with respect to financial accounts they maintain for their clients. Accordingly, Shareholders may be requested to provide information to their dealer to identify U.S. persons holding ETF Shares or otherwise identify "US reportable accounts". If a Shareholder is a U.S. person (including a U.S. citizen), ETF Shares are otherwise "US reportable accounts" or if a Shareholder does not provide the requested information, Part XVIII of the Tax Act will generally require information about the Shareholder's investments held in the financial account maintained by the dealer to be reported to the CRA, unless the investments are held within a Registered Plan (other than an FHSA). The Tax Act does not address whether FHSAs would be treated in the same way as Registered Plans for these purposes. The CRA is expected to provide that information to the U.S. Internal Revenue Service.

Reporting obligations in the Tax Act have been enacted to implement the Organization for Economic Cooperation and Development Common Reporting Standard (the "CRS Rules"). Pursuant to the CRS Rules, Canadian financial institutions (as defined in the CRS Rules) are required to have procedures in place to identify accounts held by residents of foreign countries (other than the U.S.) or by certain entities any of whose "controlling persons" are resident in a foreign country (other than the U.S.) and to report the required information to the CRA. Such information is exchanged on a reciprocal, bilateral basis with countries that have agreed to a bilateral information exchange with Canada under the Common Reporting Standard and in which the account holders or such controlling persons are resident. Under the CRS Rules, Shareholders are required to provide such information regarding their investment in an ETF to their dealer for the purpose of such information exchange, unless the investment is held within a Registered Plan (other than an FHSA). Under a proposed Tax Amendment, FHSAs would also be exempt from the CRS Rules, although there can be no assurances that this amendment will be enacted.

Management of the ETFs

Horizons may, at any time and without seeking approval of any Shareholder of the ETFs, assign the Management Agreement to an affiliate.

Index Information

S&P/TSX 60™ Index (Total Return)

The S&P/TSX 60™ Index (Total Return) is a measure of large-cap Canadian stock market performance. The index shares underlying the S&P/TSX 60™ Index represent sixty of the largest (by market capitalization) and most liquid stocks listed for trading on the TSX. The S&P/TSX 60™ Index is a market capitalization weighted index.

The Committee is responsible for selecting and determining the index shares, setting policy with respect to the composition, calculation, maintenance and administration of the index generally and for making adjustments to such index. The Committee is composed of seven members, a majority of whom are employees of Standard & Poor's, a division of The McGraw-Hill Companies, Inc. and the remainder of whom are employees of the TSX. The Chief Economist of Standard & Poor's is currently the Chair of the Committee. The Committee usually meets monthly, but may also meet more frequently as required.

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S&P 500® Index (Total Return) and S&P 500® CAD Hedged Index (Total Return)

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S&P/TSX Capped Energy Index (Total Return) and S&P/TSX Capped Financials Index (Total Return)

S&P/TSX Capped Energy Index (Total Return)

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S&P/TSX Capped Financials Index (Total Return)

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Solactive Canadian Select Universe Bond Index (Total Return)

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Solactive US 7-10 Year Treasury Bond Index (Total Return)

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Solactive Canadian High Dividend Yield Index (Total Return)

Horizons HXH uses the Solactive Canadian High Dividend Yield Index as its Underlying Index. This Underlying Index is a rules based index which is designed to measure the performance of approximately 40 TSX-listed high dividend Canadian domiciled companies or REITs with significant anticipated yield.

Solactive Equal Weight Canada REIT Index (Total Return)

Horizons HCRE uses the Solactive Equal Weight Canada REIT Index (Total Return) as its Underlying Index. The Solactive Equal Weight Canada REIT Index (Total Return) includes TSX-listed securities that are classified within the Real Estate Investment Trust industry classification. Constituents are subject to minimum market capitalization and liquidity screens. Constituent Issuers are equally weighted at each rebalancing and this Underlying Index is

rebalanced semi-annually in March and September. Further information about the Solactive Equal Weight Canada REIT Index (Total Return) and its Constituent Issuers is available from Solactive on its website at www.solactive.com.

Solactive Laddered Canadian Preferred Share Index (Total Return)

Horizons HLPR uses the Solactive Laddered Canadian Preferred Share Index (Total Return) as its Underlying Index. The Solactive Laddered Canadian Preferred Share Index (Total Return) includes TSX-listed preferred shares that generally have an adjustable dividend rate and are laddered using equal weights in annual reset term buckets. Securities are market capitalization weighted within the annual term buckets. Constituent Issuers are rebalanced on a monthly basis, and are subject to minimum market capitalization, quality and liquidity screens. Further information about Solactive Laddered Canadian Preferred Share Index (Total Return) and its Constituent Issuers is available from Solactive on its website at www.solactive.com.

Solactive Equal Weight Canada Banks Index (Total Return)

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The purchaser should refer to the applicable provisions of the securities legislation of the province or territory for the particulars of these rights or should consult with a legal adviser.

DOCUMENTS INCORPORATED BY REFERENCE

Additional information about each of the ETFs is, or will be, available in the following documents:

- (a) the most recently filed comparative annual financial statements, together with the accompanying report of the auditor;
- (b) any interim financial statements filed after those annual financial statements;
- (c) the most recently filed annual management report of fund performance;
- (d) any interim management report of fund performance filed after that most recently filed annual management report of fund performance; and

- (e) the most recently filed ETF Facts.

These documents are or will be incorporated by reference into this prospectus, which means that they legally form part of this document just as if they were printed as part of this document. You can obtain a copy of these documents, at your request, and at no cost, by calling 1-866-641-5739 or by contacting your dealer. These documents are or will be available on each ETF's website at www.HorizonsETFs.com. These documents and other information about the ETFs will also be available on the internet at www.sedarplus.ca.

In addition to the documents listed above, any documents of the type described above that are filed on behalf of each ETF after the date of this prospectus and before the termination of the distribution of the ETF are deemed to be incorporated by reference into this prospectus.

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A mutual fund is required to post certain regulatory disclosure documents on a designated website. The designated website of the ETFs this document pertains to can be found at the following location: www.horizonsetfs.com. These documents and other information about the ETFs, such as information circulars and material contracts, are also available at www.sedarplus.ca.

CERTIFICATE OF HORIZONS ETF CORP. (ON BEHALF OF THE ETFs), THE MANAGER AND PROMOTER

Dated: August 25, 2023

This prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of all of the provinces and territories of Canada.

HORIZONS ETF CORP. (ON BEHALF OF THE ETFs)

(Signed) "Rohit Mehta"
Chief Executive Officer

(Signed) "Julie Stajan"
Chief Financial Officer

**ON BEHALF OF THE BOARD OF DIRECTORS
OF HORIZONS ETF CORP. (ON BEHALF OF THE ETFs)**

(Signed) "Jasmit Bhandal"
Director

(Signed) "Geoff Salmon"
Director

**HORIZONS ETFs MANAGEMENT (CANADA) INC.,
AS MANAGER AND PROMOTER OF THE ETFs**

(Signed) "Rohit Mehta"
Chief Executive Officer

(Signed) "Julie Stajan"
Chief Financial Officer

**ON BEHALF OF THE BOARD OF DIRECTORS
OF HORIZONS ETFs MANAGEMENT (CANADA) INC.**

(Signed) "Young Kim"
Director

(Signed) "Thomas Park"
Director