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

Initial Public Offering and Continuous Offering June 22, 2020

Horizons Morningstar Hedge Fund Index ETF ("**HHF**")
Horizons Absolute Return Global Currency ETF ("**HARC**")
Horizons USD Cash Maximizer ETF ("**HSUV.U**")
Horizons Emerging Markets Equity Index ETF ("**HXEM**")

(the "**ETF**s" and each individually, 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 currently consists of a single series of exchange traded fund shares ("**ETF Shares**") of the applicable Corporate Class.

The ETFs are exchange traded mutual funds established under the laws of Ontario. Each of HHF and HARC (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 ETF, other than HSUV.U, are being offered for sale on a continuous basis in Canadian dollars ("**Cdn$ Shares**"). ETF Shares of HSUV.U are being offered for sale on a continuous basis in, and the ETF Shares of HXEM (a "**Dual Currency ETF**") may also in the future be offered for sale on a continuous basis in, U.S. dollars ("**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.

<u>HHF</u>

HHF does not invest, directly or indirectly, in the constituent hedge funds comprising the Morningstar Broad Hedge Fund Index. The returns of the Nexus Hedge Fund Index Replication Strategy may substantially deviate from the performance of the Morningstar Broad Hedge Fund Index.

<u>HSUV.U</u>

If 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, decide to suspend subscriptions for new ETF Shares if considered necessary or desirable in order to manage potential tax implications and/or to permit HSUV.U to achieve, or continue to achieve, its investment objectives. During a period of suspended subscriptions, if any, investors should note that ETF Shares of HSUV.U are expected to trade at a premium or substantial premium to the NAV per ETF Share of HSUV.U. During such periods, investors are strongly discouraged from purchasing ETF Shares of HSUV.U on a stock exchange. Any suspension of subscriptions or resumption

of subscriptions will be announced by press release and announced on the Manager's website. The 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 the NAV per ETF Share. See "Risk of Suspended Subscriptions – HSUV.U".

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 engaging the services of CIBC Asset Management Inc. ("**CIBC Asset**") to act as sub-advisor (the "**Sub-Advisor**") to HARC.

HHF

HHF seeks investment results, before fees, expenses, distributions, brokerage commissions and other transaction costs, that replicate the performance of the Morningstar Broad Hedge Fund Index (the "**Hedge Fund Index**"), hedged to the Canadian dollar. HHF uses an index replication strategy that provides exposure to futures contracts, exchange traded funds, money market instruments and cash. HHF does not invest, directly or indirectly, in the constituent hedge funds comprising the Hedge Fund Index.

HHF seeks to achieve its investment objective through direct investment. The performance of the Hedge Fund Index is tracked by using the Nexus Hedge Fund Index Replication Strategy (the "**Replication Strategy**"). The Replication Strategy is a factor-based index replication method which uses statistical models to estimate the net exposure of the Hedge Fund Index's components to its main return-generating factors, which usually correspond to the main asset classes available on financial markets. National Bank of Canada ("**NBC**") owns rights to use the Replication Strategy which is implemented by Horizons in its capacity as investment manager of HHF. HHF is currently exposed to derivatives, including futures contracts and forwards. HHF is primarily exposed to a basket of liquid futures contracts, money market instruments, cash, and, from time to time, exchange traded funds. HHF may employ exposure to derivatives, including futures contracts and forwards, for hedging purposes. HHF does not invest, directly or indirectly, in the constituent hedge funds comprising the Hedge Fund Index.

When it is difficult, uneconomic, or impossible for a fund or investor to invest in the securities that make up an index, many index providers rely on replication indexes that refer to an alternative basket comprised of investible securities that are believed to be highly correlated to the otherwise un-investible index. The Hedge Fund Index is considered to be an un-investible index.

See "Investment Strategies – Specific Investment Strategies of the ETFs – HHF".

HHF may also enter into other new forward agreements or utilize other derivative strategies. HHF will remain fully invested in or exposed to the markets at all times. HHF may also invest in futures contracts and forward agreements in order to provide exposure for other cash held by the ETF and may also hold money market instruments, securities of money market funds or cash to meet its current obligations.

HARC

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

HSUV.U

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, HSUV.U is not currently expected to make any regular distributions.

HXEM

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.

See “Investment Objectives”.

The ETF Shares have been conditionally approved for listing on the Toronto Stock Exchange (“**TSX**”). Subject to satisfying the TSX’s original listing requirements or substitutional listing requirements, as applicable, the ETF Shares will be listed on the TSX. Investors will be able to buy or sell ETF Shares on the TSX through registered brokers and dealers in the province or territory where the investor resides.

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 National Instrument 81-102 *Investment Funds* (“**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 HXEM 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 HXEM without regard to the control, concentration or “fund of funds” restrictions of NI 81-102. No purchase of ETF Shares of HXEM should be made solely in reliance on the above statements.

Although HSUV.U primarily invests in bank deposit accounts, HSUV.U is not covered by the Canada Deposit Insurance Corporation, the Federal Deposit Insurance Corporation or any other government deposit insurer.

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; 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 the Dual Currency ETF may request that their redemption proceeds be paid in U.S. or Canadian 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 Dealer or Designated Broker redeems or exchanges a PNS. See “Purchases of ETF Shares” and “Redemption and Switching of ETF Shares”.

The ETFs will issue ETF Shares directly to the Designated Broker and to Dealers. 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 hereafter 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.

THESE BRIEF STATEMENTS DO NOT DISCLOSE ALL OF THE RISKS AND OTHER SIGNIFICANT ASPECTS OF INVESTING IN AN ETF. AN INVESTOR SHOULD CAREFULLY READ THIS PROSPECTUS, INCLUDING THE DESCRIPTION OF THE PRINCIPAL RISK FACTORS OF THE ETFs BEFORE INVESTING IN AN ETF. SEE "RISK FACTORS".

Provided that the Company qualifies as a "mutual fund corporation" within the meaning of the Tax Act, or the ETF Shares are listed on a "designated stock exchange" within the meaning of the Tax Act (which currently includes the TSX), the ETF Shares of an ETF, 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 or TFSA (each as defined below).

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 (the System for Electronic Document Analysis and Retrieval) at www.sedar.com. For further details, see "Documents Incorporated by Reference".

Horizons ETFs Management (Canada) Inc.
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GLOSSARY

The following terms have the following meaning:

"**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, HHF and HARC; and "**Alternative ETF**" means any one of them;

"**Broad Markets**" means major North American equity markets;

"**business day**" means a day upon which sessions of the TSX and applicable Reference Markets, as appliable, 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";

"**Cash Redemption**" has the meaning ascribed to such term under the heading "Redemption and Switching of Shares – Redemption – Redemption of ETF Shares for Cash and/or Securities";

"**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 Depositary 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;

"**Commodity Participation Unit**" means a security that is issued by an issuer, the only purpose of which is to hold:

(a) a physical commodity as defined in NI 81-102 (a "**Physical Commodity**") or more than one Physical Commodity;

(b) commodity futures that are widely quoted or used as the benchmark for pricing the future price of a Physical Commodity or more than one Physical Commodity; or

(c) specified derivatives that replicate the performance of a Physical Commodity or more than one Physical Commodity, or commodity futures, referred to in subparagraphs (a) and (b);

"**Company**" means Horizons ETF Corp.;

“**Constituent Issuers**” means the issuers included in an Underlying Index or portfolio of an ETF from time to time, 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 ETF from time to time, 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, 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, in its capacity as custodian of the ETFs pursuant to the Custodian Agreement;

“**Custodian Agreement**” means the Custodian Agreement dated June 4, 2012, as amended from time to time, between the Manager, CIBC Mellon Global, CIBC, the Bank of New York Mellon, the Custodian, and each of the ETFs;

“**currency pair**” has the meaning ascribed to that term under the heading “Investment Strategies – HHF – Currency Markets”;

“**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;

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

“**Dual Currency ETF**” means HXEM (to the extent Canadian dollar and U.S. dollar denominated ETF Shares of such ETFs are listed for trading on the TSX);

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

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

“**ETFs**” 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.sedar.com 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 ETFs are permitted, as determined by the Manager;

"**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;

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

"**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;

"**HARC**" means Horizons Absolute Return Global Currency ETF;

"**Hedge Fund Index**" means the Morningstar Broad Hedge Fund Index;

"**HHF**" means Horizons Morningstar Hedge Fund Index ETF;

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

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

"**HSUV.U**" means Horizons USD Cash Maximizer ETF;

"**HXEM**" means Horizons Emerging Markets Equity Index ETF;

"**IFRS**" means the International Financial Reporting Standards;

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

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

"**Index Provider**" with respect to a particular 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 ETF;

"**Index Securities**" means, with respect to an 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;

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

"**License Agreement**", with respect to a particular 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 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.;

"**Morningstar**" means Morningstar, Inc.;

"**Morningstar Group**" means Morningstar and any of its affiliates;

"**NAV**" or "**net asset value**" means the applicable net asset value calculated at the Valuation Time on each Valuation Date;

"**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*, as it may be amended from time to time;

"**NI 81-106**" means National Instrument 81-106 *Investment Fund Continuous Disclosure,* as it may be amended from time to time;

"**NI 81-107**" means National Instrument 81-107 *Independent Review Committee for Investment Funds*, as it may be amended from time to time;

"**Non-Portfolio Earnings**" has the meaning ascribed to that term under the heading "Income Tax Considerations – Taxation of the Company";

"**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;

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

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

"**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;

"**Replication Index**" means the Morningstar Nexus Hedge Fund Replication Index;

"**Replication Strategy**" means the Nexus Hedge Fund Index Replication Strategy, which is a factor-based index replication method that uses statistical models to estimate the net exposure of the Hedge Fund Index's components to its main return-generating factors, which usually correspond to the main asset classes available on financial markets. NBC owns rights to use the Replication Strategy;

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

"**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;

"**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 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, 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;

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

"**Swap**" has the meaning ascribed to such term under the heading "Investment Strategies – Swap Agreements - HXEM";

"**Switch**" means a switch of ETF Shares of one ETF to ETF Shares of another ETF;

"**Switch NAV Price**" means the NAV per ETF Share of the relevant series of ETF Shares of the relevant ETF 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";

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

"**Sub-Advisory Agreement**" means the portfolio sub-advisory agreement made between CIBC Asset and the Manager, as supplemented, amended, or amended and restated from time to time;

"**T-Bills**" means short-term 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;

"**Trading Day**" means (i) in respect of HHF, a day on which a session of the TSX is held; (ii) in respect of HARC, a day on which a session of the TSX and New York Stock Exchange is held; (iii) in respect of HSUV.U, a day on which (a) a session of the TSX is held; (b) the principal markets for the investments to which HSUV.U is exposed are open for trading; and (c) is a day that deposit taking banks in Canada are open for business; and (iv) in respect of HXEM, a day on which (a) a session of the TSX is held; (b) the principal exchange for the securities to which HXEM is exposed is open for trading; and (c) an Index Provider calculates and publishes data relating to the applicable Underlying Index;

"**Transfer Agen**t **and Registrar**" means TSX Trust Company;

"**TSX**" means the Toronto Stock Exchange;

"**Underlying Index**" means, in respect of HHF, the Hedge Fund Index and the Replication Index, as applicable, and in respect of HXEM, the Horizons Emerging Markets Futures Roll Index (Total Return), 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 ETF in relation to that ETF's investment objective, 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 Date**" for an ETF means 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 Date or such other time determined appropriate by Manager; and

"**weak side currency**" has the meaning ascribed to that term under the heading "Investment Strategies – 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 Morningstar Hedge Fund Index ETF ("**HHF**")
Horizons Absolute Return Global Currency ETF ("**HARC**")
Horizons USD Cash Maximizer ETF ("**HSUV.U**")
Horizons Emerging Markets Equity Index ETF ("**HXEM**")

Each of HHF and HARC (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 currently consists of a single series of exchange traded fund shares ("**ETF Shares**") of the applicable Corporate Class.

An unlimited number of ETF Shares of each ETF, other than HSUV.U, are being offered for sale on a continuous basis in Canadian dollars ("**Cdn$ Shares**"). ETF Shares of HSUV.U are being offered for sale on a continuous basis in, and the ETF Shares of HXEM (a "**Dual Currency ETF**") may also in the future be offered for sale on a continuous basis in, U.S. dollars ("**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 the Dual Currency ETF can be made in Canadian dollars or U.S. dollars.

The ETF Shares have been conditionally approved for listing on the TSX. Subject to satisfying the TSX's original listing requirements or substitutional listing requirements, as applicable, the ETF Shares will be listed on the TSX. Investors will be able to buy or sell ETF Shares on the TSX through registered brokers and dealers in the province or territory where the investor resides.

Investment Objectives

HHF

HHF seeks investment results, before fees, expenses, distributions, brokerage commissions and other transaction costs, that replicate the performance of the Morningstar Broad Hedge Fund Index (the "**Hedge Fund Index**"), hedged to the Canadian dollar. HHF uses an index replication strategy that provides exposure to futures contracts, exchange traded funds, money market instruments and cash. **HHF does not invest, directly or indirectly, in the constituent hedge funds comprising the Hedge Fund Index.**

HARC

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

HSUV.U

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, HSUV.U is not currently expected to make any regular distributions.

HXEM

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.

See "Investment Objectives".

Investment Strategies

HHF

The Morningstar Broad Hedge Fund Index

The Hedge Fund Index is a rules-based, asset-weighted index based on the largest and broadest hedge fund database in the hedge fund industry. The Hedge Fund Index is designed to capture the performance and behaviour of the most liquid hedge funds offering exposure to a wide spectrum of core and category hedge fund strategies. The Hedge Fund Index is a non-investible hedge fund index containing over 500 U.S. based hedge funds from a universe of more than 4,500 single-strategy and fund-of-fund hedge funds.

HHF seeks to achieve its investment objective through direct investment. HHF seeks to track the performance of the Hedge Fund Index by using the Replication Strategy. The Replication Strategy is a factor-based index replication method which uses statistical models to estimate the net exposure of the Hedge Fund Index's components to its main return-generating factors, which usually correspond to the main asset classes available on financial markets. NBC owns rights to use the Replication Strategy which is implemented by Horizons in its capacity as investment manager of HHF. HHF is currently exposed to derivatives, including futures contracts and forwards. HHF is primarily exposed to a basket of liquid futures contracts, money market instruments, cash, and, from time to time, exchange traded funds. HHF may employ exposure to derivatives, including futures contracts and forwards, for hedging purposes. HHF does not invest, directly or indirectly, in the constituent hedge funds comprising the Hedge Fund Index.

When it is difficult, uneconomic, or impossible for a fund or investor to invest in the securities that make up an index, many index providers rely on replication indexes that refer to an alternative basket comprised of investible securities that are believed to be highly correlated to the otherwise un-investible index. The Hedge Fund Index is considered to be an un-investible index.

HARC

In order to achieve its investment objective, HARC's Sub-Advisor will select currencies that are expected to strengthen or weaken on a relative basis using the Sub-Advisor's proprietary active investment process that tracks more than thirty global currencies. The Sub-Advisor's investment process employs both fundamental analysis and a factor based ranking model. 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 Sub-Advisor to outperform the currency of the other country (the "weak side currency"). 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 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 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 Sub-Advisor also conducts fundamental economic analysis of the currencies being considered for inclusion in HARC's portfolio, taking into account macro-economic variables and events that it judges to be important to a particular country.

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

HSUV.U

HSUV.U invests substantially all of its assets in high interest U.S. dollar deposit accounts with one or more Canadian chartered banks. 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.

HXEM

In order to achieve its investment objectives and obtain direct or indirect exposure to securities of their Underlying Index's Constituent Issuers, HXEM 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 other derivatives, including but not limited to swap agreements, futures contracts, options on futures contracts, forward contracts, options on securities and indices, reverse repurchase agreements or a combination of the foregoing, that are based on HXEM's 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 HXEM. HXEM may also invest in futures contracts and forward agreements in order to provide exposure for other cash held by HXEM and may also hold money market instruments, securities of money market funds or cash to meet their current obligations. It is anticipated that HXEM will remain fully invested in, or exposed to, the markets at all times.

While it is currently anticipated that HXEM will enter into a Swap (as described below), HXEM may also in the future choose to obtain direct exposure to its Underlying Index's Constituent Issuers at any time, or from time to time.

Swaps

Currently, it is anticipated that HXEM will enter into a Swap (as defined below) with a Counterparty or Counterparties pursuant to which HXEM seeks to gain exposure to the performance of its Underlying Index. A 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 HXEM 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 HXEM an equity amount based upon any positive return of the value of the reference assets. HXEM also intends to invest the net proceeds of its ETF Share subscriptions in cash and/or short-term debt obligations to earn prevailing short-term market interest rates.

HXEM 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.

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.

<u>HHF</u>

The aggregate market exposure of all instruments held directly or indirectly by HHF to gain exposure to the Hedge Fund Index, calculated daily on a mark-to-market basis, can exceed HHF'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 HHF. Under normal market conditions, the maximum amount of leverage used, directly or indirectly, by HHF, will generally not exceed 300% of net asset value.

	HARC The aggregate market exposure of all instruments held directly or indirectly by HARC, calculated daily on a mark-to-market basis, can exceed 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 HARC. Under normal market conditions, the maximum amount of leverage used, directly or indirectly, by HARC will generally not exceed 300% of net asset value. See "Investment Strategies".
Dividend Policy	**The Company does not currently intend to pay regular dividends or returns of capital on the ETF Shares.** Notwithstanding the foregoing, any decision to pay dividends or returns of capital on the ETF Shares of an ETF in the future will be at the discretion of the Manager and will depend on, among other things, 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 Manager 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 to pay a material amount of special Capital Gains Dividends. See "Income Tax Considerations".
Special Considerations for Purchasers	ETF Shares of HXEM 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 HXEM 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 HXEM 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 HXEM 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 HSUV.U primarily invests in bank deposit accounts, HSUV.U is not covered by the Canada Deposit Insurance Corporation, the Federal Deposit Insurance Corporation or any other government deposit insurer.

See "Attributes of the Securities - Description of the Securities Distributed" and "Exemptions and Approvals".

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. 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. 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 HXEM, a subscription order may be a Cash Subscription or, at the sole discretion of the Manager, a Securities Subscription. In respect of HSUV.U, a subscription order may only be a Cash Subscription. See "Purchases of ETF Shares".

Switches

A Shareholder may switch ETF Shares of one ETF of the Company for ETF Shares of another ETF 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 ETF and the TSX ticker symbol of the ETF Shares of the ETF 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.

Under the Tax Act, a Switch of ETF Shares from one ETF of the Company ("**Switched Shares**") to ETF Shares of a different ETF 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

Shareholders of an ETF 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 HXEM 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.

Shareholders of any ETF 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.

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 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 to pay a material amount of dividends (including 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 qualifies as a "mutual fund corporation" within the meaning of the Tax Act, or the ETF Shares are listed on a "designated stock exchange" within the meaning of the Tax Act (which currently includes the TSX), the ETF Shares, 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 or TFSA. 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.sedar.com. 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

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.

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".

Sub-Advisor (HARC Only)

CIBC Asset, a corporation incorporated under the laws of Canada, is the Sub-Advisor of HARC. The principal office of CIBC Asset is located in Toronto, Ontario.

See "Organization and Management Details of the ETFs – The Sub-Advisor".

Custodian

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".

Valuation Agent

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".

Auditors

KPMG LLP is responsible for auditing the annual financial statements of the ETFs. The auditors are independent of the Manager. The head office of the auditors is located in Toronto, Ontario. See "Organization and Management Details of the ETFs – Auditors".

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 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.

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.

See "Organization and Management Details of the ETFs – Securities Lending Agents".

Summary of Fees and Expenses

The following 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
HHF	0.95%
HARC	0.85%
HSUV.U	0.18%
HXEM	0.25%

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.

Operating Expenses	*HSUV.U and HXEM* 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. *HHF and HARC* Each ETF will, unless otherwise waived or reimbursed by the Manager, pay all of its operating expenses, including but not limited to: audit fees; custodial expenses; valuation, accounting and record keeping costs; legal expenses; permitted prospectus preparation and filing expenses; costs associated with delivering documents to Shareholders; listing and annual stock exchange fees; index licensing fees, if applicable; CDS fees; bank related fees and interest charges; extraordinary expenses; Shareholder reports and servicing costs; registrar and transfer agent fees; costs of the IRC; income taxes; Sales Tax; brokerage expenses and commissions; and withholding taxes. Costs and expenses payable by the Manager, or an affiliate of the Manager include fees of a general administrative nature. See "Fees and Expenses".
Underlying Exchange Traded Fund Fees **(HHF Only)**	HHF may from time to time invest in exchange traded funds which may be managed by the Manager, its affiliates or other independent fund managers. There are fees and expenses payable by these underlying exchange traded funds in addition to the fees and expenses payable by HHF. With respect to such investments, no management fees or incentive fees are payable by HHF, to a reasonable person, would duplicate a fee payable by such underlying exchange traded funds for the same service. Further, no sales fees or redemption fees are payable by HHF in relation to its purchases or redemptions of the securities of the underlying exchange traded funds in which it invests if those underlying exchange traded 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 of the ETFs shall be borne by the Manager. See "Fees and Expenses".
Swap Costs	Under the Swaps, HXEM may pay to the Counterparty, monthly in arrears, a net amount equal to no more than 0.30% per annum of the notional value of the Swap calculated and applied daily in arrears. HXEM's Swap or Swaps may be amended, replaced or terminated at any time, and the expenses incurred by HXEM in respect of a Swap may increase, decrease, or in the case of the termination of HXEM's Swap or Swaps, be eliminated.

Fees and Expenses Payable Directly by Shareholders

Type of Fee	**Amount and Description**

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 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.

HSUV.U and HXEM are each an open-end mutual fund under Canadians securities legislation.

Each of HHF and HARC (the "**Alternative ETFs**") is an open-end alternative mutual fund under Canadian securities legislation.

An unlimited number of ETF Shares of each ETF, other than HSUV.U, are being offered for sale on a continuous basis in Canadian dollars ("**Cdn$ Shares**"). ETF Shares of HSUV.U are being offered for sale on a continuous basis in, and the ETF Shares of HXEM (a "**Dual Currency ETF**") may also in the future be offered for sale on a continuous basis in, U.S. dollars ("**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 Manager is also responsible for engaging the services of CIBC Asset to act as Sub-Advisor to HARC. 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 following chart sets out the full legal name as well as the TSX ticker symbol(s) for each of the ETFs:

Name of ETF	Share Currency	TSX Ticker Symbol
Horizons Morningstar Hedge Fund Index ETF	Canadian dollar	HHF
Horizons Absolute Return Global Currency ETF	Canadian dollar	HARC
Horizons Emerging Markets Equity Index ETF	Canadian dollar	HXEM
	U.S. dollar	HXEM.U
Horizons USD Cash Maximizer ETF	U.S. dollar	HSUV.U

The Manager will issue a news release announcing the listing of the US$ Shares of HXEM (HXEM.U) 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. See "Overview of the Legal Structure of the ETFs".

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.

HHF

HHF seeks investment results, before fees, expenses, distributions, brokerage commissions and other transaction costs, that replicate the performance of the Hedge Fund Index, hedged to the Canadian dollar. HHF uses an index replication strategy that provides exposure to futures contracts, exchange traded funds, money market instruments and cash. **HHF does not invest, directly or indirectly, in the constituent hedge funds comprising the Hedge Fund Index.**

The Morningstar Broad Hedge Fund Index

The Hedge Fund Index is a rules-based, asset-weighted index based on the largest and broadest hedge fund database in the hedge fund industry. The Hedge Fund Index is designed to capture the performance and behaviour of the most liquid hedge funds offering exposure to a wide spectrum of core and category hedge fund strategies. The Hedge Fund Index is a non-investible hedge fund index containing over 500 U.S. based hedge funds from a universe of more than 4,500 single-strategy and fund-of-fund hedge funds. Many hedge funds have high initial investment requirements and long hold periods, both of which make it difficult for any investor to purchase and maintain a portfolio that holds all of the hedge funds listed in the Hedge Fund Index. As a result, the Hedge Fund Index is considered to be an un-investible index.

HHF seeks to achieve its investment objective through direct investment. The performance of the Hedge Fund Index is tracked by using the Replication Strategy. The Replication Strategy is a factor-based index replication method which uses statistical models to estimate the net exposure of the Hedge Fund Index's components to its main return-generating factors, which usually correspond to the main asset classes available on financial markets. NBC owns rights to use the Replication Strategy which is implemented by Horizons in its capacity as investment manager of HHF. HHF is currently exposed to derivatives, including futures contracts and forwards. HHF is primarily exposed to a basket of liquid futures contracts, money market instruments, cash, and, from time to time, exchange traded funds. HHF may employ exposure to derivatives, including futures contracts and forwards, for hedging purposes. HHF does not invest, directly or indirectly, in the constituent hedge funds comprising the Hedge Fund Index.

HARC

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

HSUV.U

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, HSUV.U is not currently expected to make any regular distributions.

HXEM

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.

Underlying Indexes

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, HXEM may implement these changes such that the direct or indirect exposure of such 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 HXEM 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 HXEM 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 HXEM; change HXEM'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 HXEM 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

HXEM is permitted by the applicable Index Provider to use its Underlying Index and to use certain trademarks in connection with its operation. HXEM does not accept responsibility for or guarantee the accuracy or completeness of the Underlying Indexes or any data included in the Underlying Indexes.

INVESTMENT STRATEGIES

Specific Investment Strategies of the ETFs

HHF

HHF primarily uses a basket of liquid futures contracts, money market instruments, cash, as well as, from time to time, investments in exchange traded funds, to replicate, to the best of its ability, the performance and risk-return profile of the Hedge Fund Index. The Manager implements the Replication Strategy which uses statistical models to estimate the net exposure of the Hedge Fund Index's components to the constituents' main return-generating factors, which usually correspond to the main asset classes available on financial markets. HHF may use derivatives, including futures contracts and forwards, for hedging purposes.

The returns of HHF are expected to closely track the returns of the Replication Index, which replicates, as closely as possible, the returns of the Hedge Fund Index by using alternative assets such as futures contracts, money market instruments, exchange traded funds and cash.

Use of Leverage

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

Replication Index

The Replication Index measures the performance of an investible factor-based replication strategy that aims to replicate as closely as possible the performance of the Hedge Fund Index, a broad-based index representative of the universe of U.S. based hedge funds. When it is difficult, uneconomic, or impossible for a fund or investor to invest in the securities that make up an index, many index providers rely on replication indexes that refer to an alternative basket comprised of investible securities that are believed to be highly correlated to the otherwise un-investible index. The Hedge Fund Index is considered to be an un-investible index.

NBC and its affiliates were instrumental in creating the Replication Strategy and methodology used by Morningstar for the Replication Index. Key employees of NBC responsible for refining the Replication Strategy and working with Morningstar for the Replication Index are Sandrine Théroux and Félix Gendron.

Sandrine Théroux joined the Equity Derivative Group of NBC in 2012 as a Senior Analyst in their R&D Department. She obtained her Associate Director title in 2013 and has been a Director since 2017. Prior to that, from 2008 to 2011, Sandrine worked for Innocap Investment Management Inc. as a senior analyst in the Investment Solutions group. Sandrine completed her bachelor's degree in actuarial sciences at the Université du Québec à Montréal. She has been a Fellow of the Society of Actuaries (FSA) since 2008. Sandrine also holds a Master's degree in Financial Mathematics from the Université du Québec à Montréal which was completed in 2008.

Félix Gendron joined the Equity Derivative Group of NBC in January 2018 as an intern in the R&D Department. He obtained his Associate title in June 2018. Prior to that, in 2017, Félix worked as an intern for PricewaterhouseCoopers as an artificial intelligence consultant. He also worked as a pension plan consultant for the Ministry of Foreign Affairs in 2015. Félix completed his bachelor's degree in actuarial sciences at Université Laval in 2015. Félix holds a Master's degree in Financial and Computational Mathematics from Université de Montréal which was completed in 2017.

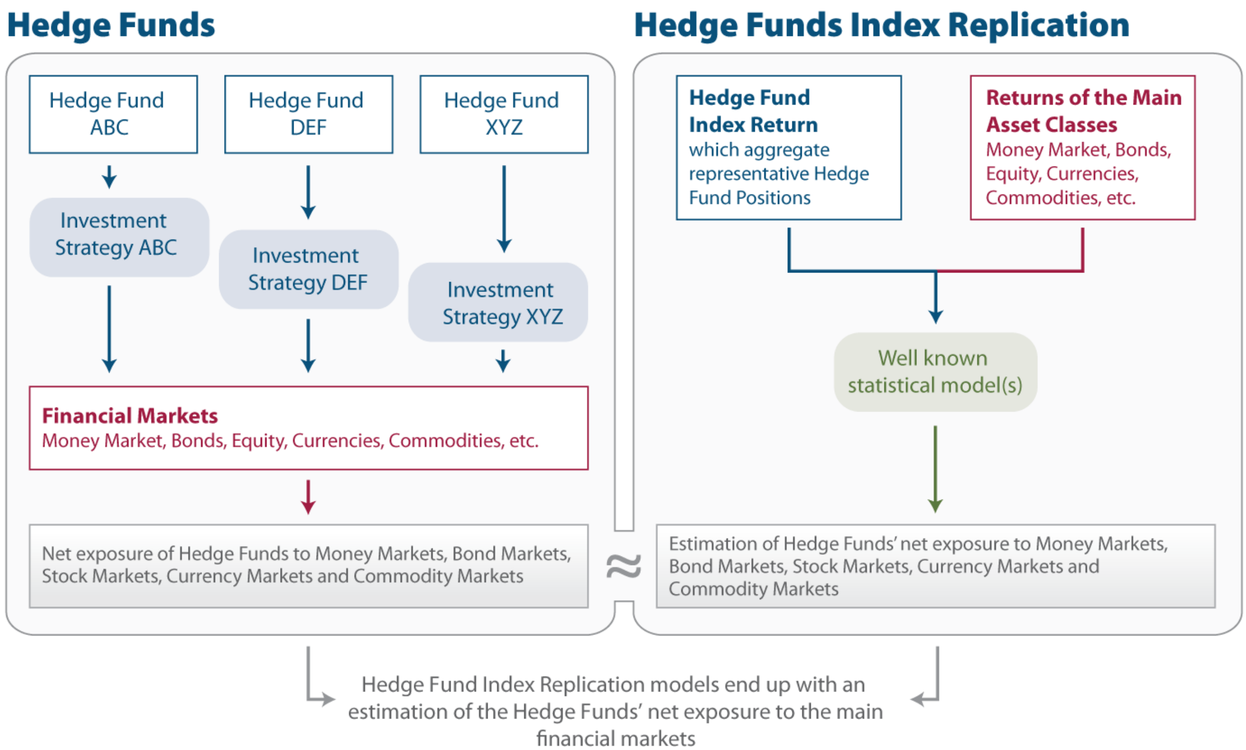
The Replication Strategy

The assets of HHF are invested based on the Replication Strategy, which NBC owns rights to use. The investible versions of such strategies consist in dynamically allocating capital to a basket of liquid futures contracts, money market instruments, exchange traded funds and cash in order to replicate as closely as possible the risk-return profile of the Hedge Fund Index.

Hedge fund index replication strategies are often referred to as alternative beta strategies. Such strategies are generally more liquid and have lower fees than traditional hedge fund investments. They also avoid the necessity of having to invest directly in hedge funds. Hedge fund index replication strategies have been studied for more than 10 years by academic and institutional research, and have been available to institutional and high net worth investors since the end of 2006.

The Replication Strategy implemented by Horizons to replicate the performance of the Hedge Fund Index is very competitive as it (1) is based on information supplied by Morningstar, (2) uses a sophisticated and robust replication model and (3) uses a comprehensive set of return-generating factor proxies (by means of a basket of liquid futures contracts, money market instruments, exchange traded funds and cash).

The Replication Strategy implemented by Horizons is based on a very intuitive principle. Hedge funds invest in several financial markets. Their net exposure to each of these markets (which varies over time) can be estimated by a replication model – in this case by a factor-based hedge fund index replication strategy that is the best known, most documented and widely used replication model in practice today. It can be illustrated as follows:



The investible versions of such hedge fund index replication strategies use financial instruments as proxies of the return-generating factors. HHF invests in a basket of liquid futures contracts (which may include equity index futures, currency futures, fixed income futures and commodity futures), money market instruments, exchange traded funds and cash. The following table lists the futures contracts that primarily are used by HHF. This list is subject to change without notice, as determined by the Manager or following events that prevent proper trading of the contracts listed below.

Set of Reference Financial Instruments

Reference Financial Instrument	Currency	Bloomberg Ticker	Reference Market*
E-mini S&P500® Index Futures	USD	ES1 Index	CME
E-mini MSCI Emerging Futures	USD	MES1 Index	NYF
US 2YR Note Futures	USD	TU1 Comdty	CBT
US 10YR Note Futures	USD	TY1 Comdty	CBT
AU 3YR Bond Futures	AUD	YM1 Comdty	SFE
AU 10YR Bond Futures	AUD	XM1 Comdty	SFE
CAN 10YR Bond Futures	CAD	CN1 Comdty	MSE
JPY 10YR Bond Futures	JPY	BJ1 Comdty	SGX
GERMANY Bund Futures	EUR	RX1 Comdty	EUX
USD/AUD	USD	AD1 Curncy	CME
USD/CAD	USD	CD1 Curncy	CME
USD/GBP	USD	BP1 Curncy	CME
USD/JPY	USD	JY1 Curncy	CME

Reference Financial Instrument	Currency	Bloomberg Ticker	Reference Market*
Gold Futures	USD	GC1 Comdty	CMX
Silver Futures	USD	SI1 Comdty	CMX
Crude Oil Futures	USD	CL1 Comdty	NYM
Natural Gas Futures	USD	NG1 Comdty	NYM
Heating Oil Futures	USD	HO1 Comdty	NYM
Wheat Futures	USD	W 1 Comdty	CBT
Soybean Futures	USD	S 1 Comdty	CBT
Copper Futures	USD	HG1 Comdty	CMX

* Reference Markets abbreviations: CME = Chicago Mercantile Exchange; CBT = Chicago Board of Trade; SFE = Sydney Futures Exchange; MSE = Montreal Stock Exchange; SGX = Singapore Exchange; EUX = Eurex Deutschland; CMX = Commodity Exchange, Inc.; NYM = New York Mercantile Exchange; NYF=ICE Futures US.

Despite all of the above described features of the Replication Strategy, investors in HHF should note that the Replication Strategy may substantially deviate from the performance of the Hedge Fund Index.

The Morningstar Broad Hedge Fund Index

The Hedge Fund Index is a rules-based, asset-weighted index based on the largest and broadest hedge fund database in the hedge fund industry. It is designed to capture the performance and behaviour of the most liquid hedge funds offering exposure to a wide spectrum of core and category hedge fund strategies. The Hedge Fund Index is a non-investible hedge fund index containing over 500 U.S. based hedge funds from a universe of more than 4,500 single-strategy and fund-of-fund hedge funds.

HHF does not invest directly in the constituent hedge funds comprising the Hedge Fund Index. The assets of HHF are invested based on the Replication Strategy, and will be generally exposed to the same (or similar) major asset classes that the constituent hedge funds of the Hedge Fund Index are invested in. The Replication Strategy aims to replicate as closely as possible the performance of the Hedge Fund Index.

The Hedge Fund Index was constructed by Morningstar with several key principles in mind – that a hedge fund index should be rules-based, transparent and accurate.

- *Rules-based criteria*

  The criteria by which hedge funds are selected for the Hedge Fund Index should be defined by a clear set of rules and calculations and overseen by a well-qualified investment committee.

- *Transparent process*

  The methods by which Morningstar constructs and maintains the Hedge Fund Index will be fully disclosed to the public and accredited users of the Hedge Fund Index.

- *Accurate and timely data*

  The integrity of the Hedge Fund Index depends on accurate and timely reporting of returns, assets under management and other key data points. Morningstar eliminates noncompliant hedge funds from the Hedge Fund Index and, although returns are not audited, Morningstar's team of analysts performs rigorous quality analysis on the monthly returns reported by the hedge funds.

The constituents of the Hedge Fund Index are selected by Morningstar based on the following criteria, which are designed to identify highly investible hedge funds with a strong performance reporting record to the Morningstar database of over 4,500 single-strategy and fund-of-fund hedge funds:

- 12 months of performance tracking record;
- assets under management at master level is over U.S. $100 million;
- Constituent Issuers denominated in U.S. dollars;
- Constituent Issuers are active and open to investors;
- lock-up period is no more than 13 months;
- minimum initial investment amount in a Constituent Issuer is no more than U.S. $500,000;
- minimum subsequent investment amount in a Constituent Issuer is no more than U.S. $500,000;
- redemption frequency of the constituent issuer is less than or equal to quarterly;
- subsequent investment frequency in a Constituent Issuer is less than or equal to quarterly; and
- advance notice time to invest or redeem out of a Constituent Issuer is no more than 75 days.

These criteria for selecting the constituents of the Hedge Fund Index are subject to change by Morningstar at any time.

The Hedge Fund Index is an asset-weighted index in that the assets under management of a hedge fund at the master fund level are used to calculate how much of the Hedge Fund Index that hedge fund should represent. If a hedge fund consists of additional subclasses denominated in other currencies, the assets under management of such subclasses contribute to the hedge fund's master fund assets under management.

On a cut-off date, Morningstar calculates a final value for the Hedge Fund Index based on the hedge funds that have reported. If a hedge fund consists of several underlying funds, the master fund monthly return is the simple average of the returns reported by such underlying funds before the cut-off date. The monthly return of the Hedge Fund Index is the simple average of each constituent hedge fund's monthly returns.

The Hedge Fund Index was created by Morningstar on December 31, 2002 with a base market value of 1,000. The Hedge Fund Index is reconstituted by Morningstar on the first business day of the month in January, April, July and October. The Hedge Fund Index is also rebalanced monthly to account for any funds that have been removed from Morningstar's database. The Hedge Fund Index is then rebalanced using the remaining Constituent Issuer's most recent month end assets under management.

Morningstar begins collecting hedge fund returns for a given month on the first business day of the subsequent month. The value of the hedge funds in the Hedge Fund Index for the previous month are calculated internally daily at the close of business, based on hedge fund returns submitted to that point in time. Morningstar will accept revised or confirmed returns reported by a hedge fund up to the last day of the subsequent month, at which time the value of the Hedge Fund Index is finalized.

A preliminary Hedge Fund Index value is available publicly around the tenth business day of each month. A final Hedge Fund Index value is available publicly on the last business day of each month. The published Hedge Fund Index value is calculated to two decimal points. Internally, Morningstar will maintain the value of the Hedge Fund Index to the maximum level of precision.

Survivorship bias and backfill bias are recognized obstacles in the construction of an index. Morningstar works to eliminate survivorship bias in the Hedge Fund Index. Returns of funds that become obsolete or are otherwise dropped from the Hedge Fund Index will remain part of historical index returns that it publishes. However, returns that include periods prior to March 2004 may contain incidences of survivorship bias, owing to Morningstar's purchase of a former database and the data migration that took place at that time.

Morningstar also tries to avoid practices that lead to backfill bias. When a new hedge fund is added to the Hedge Fund Index, the fund's past returns are not be included in calculations of the Hedge Fund Index's historical performance. The value of the Hedge Fund Index for a given month is final once it is published, and will not be adjusted by Morningstar later on.

HARC

In order to achieve its investment objective, HARC's Sub-Advisor selects currencies that are expected to strengthen or weaken on a relative basis using the Sub-Advisor's proprietary active investment process that tracks more than thirty global currencies. The Sub-Advisor's investment process employs both fundamental analysis and a factor based ranking model. 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 Sub-Advisor to outperform the currency of the other country (the "**weak side currency**"). 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 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 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 Sub-Advisor also conducts fundamental economic analysis of the currencies being considered for inclusion in 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 HARC may be exposed include, but are not limited to, the currencies of the following countries or monetary unions:

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

HARC may use other instruments and derivatives including spot currency transactions, currency ETFs, currency options and currency futures contracts. At times 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 HARC, calculated daily on a mark-to-market basis, can exceed 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 HARC. Under normal market conditions, the maximum amount of leverage used, directly or indirectly, by HARC, will generally not exceed 300% of net asset value.

HSUV.U

HSUV.U invests substantially all of its assets in high interest U.S. dollar deposit accounts with one or more Canadian chartered banks. 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.

HXEM

In order to achieve its investment objective, HXEM seeks to obtain direct or indirect exposure to securities of its Underlying Index. Accordingly, HXEM may invest in equity securities directly and/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, provided that the use of such derivative instruments is in compliance with NI 81-102 and is consistent with the investment objective and strategy of HXEM. While it is currently anticipated that HXEM will enter into a Swap (as described below), HXEM may also in the future choose to obtain direct exposure to its Underlying Index's Constituent Issuers at any time, or from time to time.

The Horizons Emerging Markets Futures Roll Index (Total Return)

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 26 emerging markets. The Underlying Index covers approximately 85% of the free float-adjusted market capitalization in each country. As noted above, 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>.

Swap Agreements – HXEM

Currently, it is anticipated that HXEM will enter into a swap with a Counterparty or Counterparties pursuant to which HXEM 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 HXEM 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 HXEM seeks to gain exposure pursuant to the Swap (the "**reference assets**"). In return, the Counterparty or Counterparties will pay HXEM 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 HXEM 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 HXEM has entered or will enter into, HXEM may replace a Counterparty or engage additional Counterparties at any time.

HXEM 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 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 HXEM under the current Swaps. The terms of the Swaps require or will require HXEM to pledge its cash in U.S. dollars and short-term debt obligations to the Counterparty to secure the payment of HXEM's payment obligations under the Swap.

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, HXEM 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 HXEM or HXEM'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, HXEM or the Shareholders of HXEM; (ix) failure of HXEM 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 HXEM 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, HXEM 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 HXEM will be able to replace its Swap if the Swap is terminated.

HXEM is subject to the terms and conditions of the Swap, entitled to increase or decrease the notional exposure of the Swap from time to time as needed to manage 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

HXEM 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 HXEM 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. HXEM will remain fully invested in or exposed to the markets at all times. HXEM may also invest in futures contracts and forward agreements in order to provide market exposure for other cash held by HXEM and may also hold money market instruments, securities of money market funds or cash to meet their current obligations.

Sampling

HXEM may also employ a "stratified sampling" strategy. Under this stratified sampling strategy, HXEM 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, HXEM 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 HXEM will still achieve its stated investment objective, HXEM 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 HXEM's Underlying Index.

General Investment Strategies of the ETFs

Investments in Underlying Funds

In accordance with applicable securities legislation, including NI 81-102, an ETF 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 by the ETF 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 on behalf of an ETF, 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 that ETF's investment objectives and strategies.

Currency Hedging

The Underlying Exposure of Cdn$ Shares and US$ Shares of HXEM is the same. Other than HHF, any exposure that the portfolio of the ETFs may have to foreign currencies will not be hedged back to the currency in which the applicable class of ETF Shares is denominated. HHF seeks investment results that replicate the performance of the Hedge Fund Index, hedged to the Canadian dollar.

Use of Derivatives

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

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.

Reverse Repurchase Transactions

An ETF may enter into reverse repurchase transactions. The Manager has adopted policies and practice guidelines applicable to each ETF to manage the risks associated with entering into reverse repurchase transactions. Such policies and practice guidelines require that:

- the reverse repurchase transactions be consistent with an ETF's investment objective and policies;
- the risks associated with reverse repurchase transactions be adequately described in the prospectus of the ETFs;
- authorized officers or directors of the Manager approve the parameters, including transaction limits, under which reverse repurchase transactions are permitted for an ETF and that such parameters comply with applicable securities legislation;
- 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 an ETF;
- 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
- 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.

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.

HARC will be exposed to various global currencies.

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 its 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".

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
HHF	0.95%
HARC	0.85%
HSUV.U	0.18%
HXEM	0.25%

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.

Operating Expenses – HSUV.U and HXEM

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 - HHF and HARC

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

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

Underlying Exchange Traded Fund Fees – HHF

HHF may from time to time invest in exchange traded funds which may be managed by the Manager, its affiliates or other independent fund managers. There are fees and expenses payable by these underlying exchange traded funds in addition to the fees and expenses payable by HHF. With respect to such investments, no management fees or incentive fees are payable by HHF, to a reasonable person, would duplicate a fee payable by such underlying exchange traded funds for the same service. Further, no sales fees or redemption fees are payable by HHF in relation to its purchases or redemptions of the securities of the underlying exchange traded funds in which it invests if those underlying exchange traded 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 of the ETFs shall be borne by the Manager.

Swap Costs

Under the Swaps, HXEM may pay to the Counterparty, monthly in arrears, a net amount equal to no more than 0.30% per annum of the notional value of the Swap calculated and applied daily in arrears.

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

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.

Inability to Achieve Investment Objective

There is no assurance that an ETF will be able to achieve its investment objective. In respect of HHF, there is also no assurance that the Replication Strategy will be able to successfully mimic the returns of the Hedge Fund Index, which will affect the returns realized by HHF.

Risks Relating to HHF's Replication Strategy (HHF)

HHF is exposed to the following risks related to the implementation of the Replication Strategy:

(a) There is a risk that the return of HHF will not match the performance of the Hedge Fund Index because of fees, costs and expenses borne by HHF and the Hedge Fund Index and due to the manner in which the Replication Strategy is implemented.

(b) There is a risk that the that the return of HHF will not match the return of the Hedge Fund Index because the Replication Strategy is a hedge fund index replication strategy that applies statistical models to financial instruments (futures contracts, money market instruments, exchange traded funds and cash) that are not exactly those used by the hedge funds that actually compose the Hedge Fund Index and because the Hedge Fund Index cannot be replicated by investing in its constituents. Even if the application of such statistical models to a good set of return-generating factors is usually considered to be appropriate, their results cannot be guaranteed. Accordingly, it is possible that the return of HHF will not accurately track the performance of the Hedge Fund Index.

Accordingly, the return of HHF may be different from the return of the Hedge Fund Index.

Risks Relating to Index Replication Strategies (HXEM)

An investment in HXEM should be made with an understanding that HXEM will not replicate exactly the performance of its Underlying Index. The total return generated by the securities held directly or indirectly by HXEM 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.

Although the Manager deems it unlikely, it is also possible that HXEM may not fully replicate the performance of its Underlying Index due to extraordinary circumstances and whenever HXEM 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 HXEM will not fully replicate the performance of its Underlying Index where HXEM's expenses exceed income received from the applicable underlying securities.

Whenever HXEM 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). HXEM 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.

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.

Liquidity Risk

In certain circumstances, such as the disruption of the orderly markets for equity securities, currencies, commodities, derivatives and/or financial instruments in which an ETF invests, the ETF may not be able to dispose of certain holdings quickly or at prices that represent true market value. Certain derivative instruments that are held by an ETF may also be illiquid, which may prevent the ETF from being able to limit its losses or to 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.

General Risks of Investing in HHF

Investments in HHF should be made with an understanding that the returns of HHF will generally vary as the Replication Index varies.

HHF seeks investment results, before fees, expenses, distributions, brokerage commissions and other transaction costs, that replicate the performance of the Hedge Fund Index, hedged to the Canadian dollar. HHF uses an index replication strategy that provides exposure to futures contracts, exchange traded funds, money market instruments and cash. As such, HHF is not actively managed by traditional methods, and the Manager will not attempt to take defensive positions in declining markets.

General Risks of Investing in HXEM

An investment in HXEM 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 (HXEM)

Investments in HXEM 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 HXEM is to replicate the performance of its Underlying Index, HXEM is 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 HXEM unless the relevant Constituent Issuer is removed from the applicable Underlying Index.

Exchange Traded Products Risk

An ETF may invest in Exchange Traded Products that issue index participation units and Commodity Participation Units and may also invest in Leveraged ETFs. Exchange Traded Products seek to provide returns similar to the performance of a Broad Market or Sector Market and may not achieve the same return as the underlying Broad Market or Sector Market due to differences in the actual weightings of issuers held directly or indirectly by the Exchange Traded Product versus the weightings in the Broad Market or Sector Market indexes and due to the operating and administrative expenses of the Exchange Traded Product.

Risks Relating to Use of Derivatives

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.

HHF is exposed to a basket of liquid futures contracts, money market instruments and cash, as well as, from time to time, investments in exchange traded funds, to seek to replicate the performance of the Replication Index and HHF is also exposed to derivative instruments used for hedging all or a portion of the value of HHF's non-Canadian currency exposure back to the Canadian dollar.

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.

Changes to an Underlying Index (HHF, HXEM)

The Underlying Indexes are administered by third party index providers. Trading in ETF Shares of an ETF may be suspended for a period of time if, for whatever reason, the calculation of an Underlying Index 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.

Deposit Risk and Credit Risk (HSUV.U)

Although HSUV.U primarily invests in chartered bank deposit accounts, HSUV.U's assets are not protected by the Canada Deposit Insurance Corporation, the Federal Deposit Insurance Corporation or any other government deposit insurer. HSUV.U is therefore subject to the credit risk of the chartered banks in which it makes deposits.

Risk of Suspended Subscriptions (HSUV.U)

If 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, decide to suspend subscriptions for new ETF Shares if considered necessary or desirable in order to manage potential tax implications and/or to permit HSUV.U to achieve, or continue to achieve, its investment objectives. During a period of suspended subscriptions, if any, investors should note that ETF Shares of HSUV.U are expected to trade at a premium or substantial premium to the NAV per ETF Share of HSUV.U. During such periods, investors are strongly discouraged from purchasing ETF Shares of HSUV.U on a stock exchange. Any suspension of subscriptions or resumption of subscriptions will be announced by press release and announced on the Manager's website. The 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 the NAV per ETF Share.

Designated Broker/Dealer Risk

As each ETF only issues ETF Shares directly to its Designated Broker and Dealers, in the event that a purchasing Designated Broker or Dealer is unable to meet its settlement obligations, the resulting costs and losses incurred are borne by the applicable ETF.

Counterparty Risk (HHF, HARC and HXEM)

Each of HHF, HARC and HXEM will be subject to credit risk with respect to the amount such 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.

Reliance on Key Personnel

Shareholders of HHF will be dependent on the abilities of: (i) the Manager to effectively manage HHF in a manner consistent with the investment objective, investment strategy and investment restrictions of HHF, as described herein; and (ii) in implementing the Replication Strategy. Implementation of HHF's investment strategy 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 HHF will continue to be employed by the Manager.

Shareholders of HARC will be dependent on the abilities of: (i) the Manager and the Sub-Advisor in providing recommendations and advice in respect of HARC; and (ii) the Manager to effectively manage HARC in a manner consistent with their investment objectives, investment strategies and investment restrictions. Implementation of 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 HARC will continue to be employed by the Manager.

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

Shareholders of HSUV.U and HXEM 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.

Issuer Concentration Risk

An 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 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.

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

Purpose of the Underlying Indexes and Replication Strategy (HHF, HXEM)

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.

The Replication Strategy was not created for the benefit of HHF. Morningstar has been licensed rights in the Replication Strategy by NBC or a member of its group in order to create and monitor the Replication Index. The Manager has been licensed rights in the Replication Strategy in order to manage HHF. NBC has the right to cease maintaining the Replication Strategy at any time without regard to the particular interests of Morningstar, HHF, the Manager, the Shareholders of HHF or the Designated Broker and Dealers.

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 under a forward or futures contract or swap (or other derivative) when it is realized upon partial settlement or termination. This may result in significant gains being realized by the Company at such times and such gains would be taxed as ordinary income. To the extent income is not offset by any available expenses or other deductions of the Company, such income 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 shares of the relevant Corporate Class or in cash that is automatically reinvested in such shares (in which case the Shareholder may need to fund any tax liability from other sources, or sell sufficient shares to fund the tax). 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.

Foreign Security Risk (HHF, HARC, 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.

Currency Price Fluctuations

The portfolios of the ETFs may include a significant proportion of securities valued in U.S. dollars or other foreign currencies. Accordingly, the net asset values per ETF Share of the ETFs, 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. Any exposure that the portfolio of the ETFs may have to foreign currencies will not be hedged back to the currency in which the applicable class of ETF Shares is denominated.

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 to decline as well.

In respect of HARC, see also "Currency Fund Risk (HARC)" below.

Commodity Market Risk (HHF)

In the United States the CFTC has approved its final rule on speculative position limits for futures contracts in certain commodities, including futures contracts for crude oil, natural gas, silver and gold. Based on the current size of the ETF and commodity markets, these speculative limits are not currently expected to affect the ETF. If the ETF reaches a speculative position limit, the ETF's ability to seek additional exposure to that commodity position through futures contracts as a result of new subscriptions could be impaired and the ETF's ability to achieve its investment objective could be affected.

Commodity Risk (HHF)

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.

General Risks of Equity Investments (HHF, HXEM)

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. See "Dividend Policy."

Voting of Index Securities Risk (HHF, HXEM)

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

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.

Credit Risk (HHF)

An ETF may gain exposure to fixed income securities directly or through the use of futures and other derivative contracts. 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. 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. In addition, 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 the ETF may be exposed.

Risk Relating to the Failure of Futures Commission Merchant (HHF)

There is a risk that assets of an ETF deposited on margin with a futures commission merchant may, in certain circumstances, be used to satisfy losses of other clients of the futures commission merchant which cannot be satisfied by such other clients or by the futures commission merchant. Under the terms of industry investor protection fund coverage in Canada and the United States (such as the Canadian Investor Protection Fund in Canada), assets of an insolvent futures commission investment are divided up, on a pro rata basis, among its clients. The Manager is a Canadian Investor Protection Fund participant (for the purposes of such coverage, the ETF will be considered as one single client).

Interest Rate Risk

The market value of fixed-income securities is 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 will go down while the interest payments (also referred to as "coupon payments") remain fixed, all else equal. If the general level of interest rates decreases, the market value of fixed-income securities will go up while the coupon payments remain fixed, 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 relative value of foreign currencies. In respect of HARC, see also "Currency Fund Risk" immediately below.

Currency Fund Risk (HARC)

Each of 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. HARC's exposure to currency exchange rates could result in losses to HARC if the two currencies that are the subject of the investment do not move in relation to each other as HARC's 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 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 (HARC)

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

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.

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 coronavirus disease (COVID-19) has caused volatility in the global financial markets and a slowdown in the global economy. Coronavirus disease 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 portfolio 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.

Non-Currency Hedging Risk (HHF)

The use of hedges involves special risks, including the possible default by the other party to the transaction, illiquidity and, to the extent the assessment of certain market movements is incorrect, the risk that the use of hedges could result in losses greater than if the hedging had not been used. The hedging arrangements may have the effect of limiting or reducing the total returns to the ETF if the expectations of Horizons concerning future events or market conditions prove to be incorrect. In addition, the costs associated with the hedging program may outweigh the benefits of the arrangements in such circumstances.

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.

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.

Cease Trading of Securities Risk

If securities held by an ETF are cease-traded by order of the relevant securities regulatory authority or are halted from trading by the relevant stock exchange, the ETF may halt trading in its ETF Shares. Accordingly, ETF Shares of an ETF bear the risk of cease-trading orders against all the securities held by the ETF, not just one. If securities 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 securities, the ETF may suspend the right to redeem ETF Shares for cash, subject to any required prior regulatory approval. If the right to redeem ETF Shares for cash is suspended, the ETF may return redemption requests to Shareholders who have submitted them. If securities are cease-traded, they may not be delivered on an exchange of a PNS for a basket of securities until such time as the cease-trade order is lifted.

Early Closing Risk

Unanticipated early closings of a stock exchange on which securities held by an ETF are listed may result in the ETF being unable to sell or buy securities on that day. If that stock exchange closes early on a day when an ETF needs to execute a high volume of securities trades late in the trading day, the ETF may incur substantial trading losses.

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.

Change in Legislation

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

No Ownership Interest

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

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 Market Equities Risk (HHF, HXEM)

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.

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 other income including income realized in respect of derivative transactions that are not otherwise treated as capital property, interest, trust income and foreign income, including 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 or deduct 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.

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.

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

The ETFs have no operating history as exchange traded classes of shares of the Company. Although the ETF Shares of an ETF may be 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.

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
HHF	Morningstar Broad Hedge Fund Index
HARC	Deutsche Bank Currency Return Index
HSUV.U	U.S. 1 Month Treasury Bill
HXEM	Horizons Emerging Markets Futures Roll Index (Total Return)

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. Notwithstanding the foregoing, any decision to pay dividends or returns of capital on the ETF Shares of an ETF in the future will be at the discretion of the Manager and will depend on, among other things, 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 Manager 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 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. The ETFs will not issue ETF Shares to the public until subscriptions aggregating not less than $500,000 have been 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 can be made in either U.S. or Canadian dollars 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.

HHF

For HHF, on any Trading Day (such Trading Day, "**T-1**"), a Designated Broker or a Dealer may place a subscription order for a PNS or multiple PNS of HHF. The purchase price for the ETF Shares to be issued is based on the closing net asset value per ETF Share of HHF 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 the ETF by 3:30 p.m. (Toronto time) on T-1, HHF will issue to the Designated Broker or Dealer the number of ETF Shares of the ETF 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.

HARC

For 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 9:30 a.m. (Toronto time) 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. 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.

HSUV.U and HXEM

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 HXEM, a subscription order may be a Cash Subscription or, at the sole discretion of the Manager, a Securities Subscription. In respect of 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 a subscription for HSUV.U or limit the number of PNSs of HSUV.U which may be subscribed for pursuant to a subscription order. See "Risk of Suspended Subscriptions – HSUV.U".

If a Cash Subscription or a Securities Subscription is received by an ETF in the applicable currency by 12:00 p.m. (Toronto time) in respect of HXEM and HSUV.U, 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 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.

All ETFs

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.

In any case in which a subscription order from a Dealer or Designated Broker is received by the ETF on or after the date of declaration of a distribution by the ETF payable in cash and on or before the ex-dividend date for that distribution (generally, the Valuation Date prior to the record date or such other date where the purchaser becomes entitled to rights connected to the Units subscribed), an additional amount equal to the amount of cash per ETF Share of that distribution must be delivered in cash to the ETF in respect of each issued ETF Share.

To Shareholders as Reinvested Distributions or Distributions Paid in ETF Shares

ETF Shares of an ETF may be issued to Shareholders of an ETF 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 ETFs. 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.

Buying and Selling ETF Shares

The ETF Shares have been conditionally approved for listing on the TSX. Subject to satisfying the TSX's original listing requirements or substitutional listing requirements, as applicable, the ETF Shares will be listed on the TSX. Investors will be able to buy or sell ETF Shares on the TSX through registered brokers and dealers in the province or territory where the investor resides.

Special Considerations for Shareholders

ETF Shares of HXEM 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 HXEM 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 HXEM 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 HXEM 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 HSUV.U primarily invests in bank deposit accounts, HSUV.U is not 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

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 9:30 a.m. 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 9:30 a.m. on a Trading Day, the exchange order will be effective only on the next 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 and/or Securities

HARC, HSUV.U and HXEM

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, or (ii) for an ETF, 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**") or (iii) for a Dual Currency ETF, 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. As Shareholders of an ETF will generally be able to sell their ETF Shares of the ETF at the 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 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 12:00 p.m. (Toronto time) on that day. If a redemption request is not received by 12:00 p.m. (Toronto 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 Date 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 Cdn$ Shares of 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.

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; (iv) during any period over which the Replication Strategy experiences problems such that the estimated weights of the portfolio of HHF's components are deemed problematic by the calculation agent of the Hedge Fund Index; or (v) 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 Date 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 ETF Shares of another ETF 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 ETF and the TSX ticker symbol of the ETF Shares of the ETF 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.

A Shareholder will receive from the Company that whole number of ETF Shares of the ETF into which they have switched equal to the Switch NAV Price per ETF Share of the ETF switched from, divided by the Switch NAV Price per ETF Share of the ETF switched to. As no fraction of an ETF 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 from one ETF of the Company ("**Switched Shares**") to ETF Shares of a different ETF of the Company will constitute a disposition of such Switched Shares at fair market value for the purposes of the Tax Act.

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.

PRIOR SALES

Trading Price and Volume

Each Alternative ETF will enter into a merger transaction with a predecessor exchange traded fund with the same name and investment objective as the Alternative ETF (the "**Predecessor Fund**") pursuant to which the Predecessor Fund, currently structured as a trust, will merge into the ETF as a Corporate Class of ETF Shares of the Company.

Although information on trading price and volume of the ETF Shares is not yet available because the ETFs are new, the following historical trading price and volume information is based on the units of the applicable merging Predecessor Fund for the 12 months preceding the date of this prospectus, as applicable:

Trading price and volume information of the units of the Predecessor Fund to HHF

Month	Unit Price Range ($)	Volume of Units Traded
June 2019	13.64 - 14.17	74,977
July 2019	14.16 - 14.42	126,524
August 2019	14.01 - 14.38	96,084
September 2019	14.15 - 14.34	31,502
October 2019	14.16 - 14.33	19,295
November 2019	14.32 - 14.67	10,719
December 2019	14.45 - 14.63	4,797
January 2020	14.59 - 14.95	19,239
February 2020	14.15 - 15.01	21,219
March 2020	12.25 - 14.43	61,438
April 2020	12.75 - 13.95	65,958
May 2020	13.33 - 14.15	16,595

Trading price and volume information of the units of the Predecessor Fund to HARC

Month	Unit Price Range ($)	Volume of Units Traded
June 2019	21.07 - 21.35	21,666
July 2019	21.30 - 21.72	16,651
August 2019	21.50 - 21.75	57,900
September 2019	21.41 - 21.75	13,524
October 2019	21.54 - 21.79	17,311
November 2019	21.35 - 21.69	94,888
December 2019	21.37 - 21.71	18,396
January 2020	21.59 - 21.92	39,664
February 2020	20.92 - 21.91	12,290
March 2020	18.95 - 21.01	152,702
April 2020	19.08 - 20.01	8,108
May 2020	20.18 - 20.49	11,574

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 to include significant amounts in the ETF'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) that 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 decisions 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, 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 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 will 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 and swaps) 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. The Company intends to take the position that gains and losses it realizes from derivative transactions attributable to the portfolios of the ETFs will be on income account, and will be recognized for tax purposes at the time they are realized by the Company. 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.

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 for the account of a particular Corporate Class on a tax-deferred basis 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. In particular, any such capital gains are not intended to be allocated to HSUV.U or HXEM.

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 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 forwards, swaps 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 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 rateably 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 and acquires the same property or an identical property during the period that begins 30 days before and ends 30 days after the disposition of property and holds it at the end of that period (for greater certainty, even if the disposition and acquisition are made by different Corporate Classes).

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 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 ETF 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, the switch by a Holder of ETF Shares of an ETF into shares of another Corporate Class, 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 such ETF 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 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 or RDSP) 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 NAV 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 to pay a material amount of Capital Gains Dividends or Ordinary Dividends to Holders.

ELIGIBILITY FOR INVESTMENT

Based on the current provisions of the Tax Act, provided the Company qualifies as a "mutual fund corporation" under the Tax Act or the ETF Shares are listed on a "designated stock exchange" for purposes of the Tax Act (which currently includes the TSX), ETF Shares of an ETF, 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 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, 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 a such a Registered Plan unless the holder of the TFSA or RDSP, the annuitant under the RRSP or RRIF or the subscriber of an RESP, as applicable, does not deal at arm's length with 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, RDSP or RESP. Holders, annuitants and subscribers should consult their own tax advisors 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:

Name and Municipality of Residence	*Date Individual became a Director*	*Position with the Company*	*Principal Occupation*
Steven J. Hawkins, Toronto, Ontario	October 10, 2019	Chief Executive Officer and Director	Chief Executive Officer and President, Horizons (since 2009); Director, Horizons (since 2016).
Kevin S. Beatson, Oakville, Ontario	October 10, 2019	Chief Operating Officer and Director	Chief Operating Officer and Chief Compliance Officer, Horizons (since 2009).
Julie Stajan, Oakville, Ontario	October 10, 2019	Chief Financial Officer and Director	Chief Financial Officer, Horizons (since 2015);
Warren Law, Toronto, Ontario	November 15, 2019	Director	Senior Vice President, Compliance and Regulatory & Stakeholder Relations, ICICI Bank Canada (since 2008).
Geoff Salmon	November 15, 2019	Director	Managing Director, Independent Review Inc. (since 2008).
McGregor Sainsbury, Toronto, Ontario	November 15, 2019	Secretary and Director	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 12,700 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$398 billion in assets globally as of December 31, 2019.

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 the Manager***	***Principal Occupation***
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); Executive Managing Director, Mirae Asset MAPS Global Investments (since 2008); Associate, Goldman Sachs International (2006, 2007-2008); Senior Consultant, KPMG Consulting (Bearing Point) (2001-2005).
Wan Youn Cho, Toronto, Ontario	February 20, 2020	Director	Managing Director, Mirae Asset Global Investments (Hong Kong) Ltd. (since 2009).
Jooyoung Yun, Tokyo, Japan	February 20, 2020	Director	Head of ETF Management Division, Mirae Asset (since 2011).
Steven J. Hawkins, Toronto, Ontario	February 8, 2016	Director, Chief Executive Officer, President and Ultimate Designated Person	Chief Executive Officer and President, Horizons (since 2009); Director, Horizons (since 2016).
Kevin S. Beatson, Oakville, Ontario	N/A	Chief Operating Officer and Chief Compliance Officer	Chief Operating Officer and Chief Compliance Officer, Horizons (since 2009).

Name and Municipality of Residence	*Date Individual became a Director*	*Position with the Manager*	*Principal Occupation*
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).
Jaime P.D. Purvis, Toronto, Ontario	N/A	Executive Vice President	Executive Vice President, Horizons (since 2006).
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).

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/she may be re-elected.

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 ETF are as follows:

Name and Municipality of Residence	**Position with the Manager**	**Principal Occupation**

Name and Municipality of Residence	Position with the Manager	Principal Occupation
Steven J. Hawkins Toronto, Ontario	Director, Chief Executive Officer, President and Ultimate Designated Person	Chief Executive Officer and President, Horizons (since 2009); Director, Horizons (since 2016).
David Kunselman Toronto, Ontario	Senior Vice President, Product Management	Senior Vice President, Product Management, the Manager (since 2015).

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 Sub-Advisor

The Manager has engaged the services of CIBC Asset as a sub-advisor for 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 March 31, 2018, CIBC Asset manages $134 billion in assets. This figure includes $35.0 billion in third party sub-advised assets. In addition, CIBC Asset manages $31 billion in notional currency overlay assets. Of this $31 billion, CIBC Asset manages $12 billion of the underlying physical assets. CIBC Asset's principal office is in Toronto, Ontario.

Key Employees of CIBC Asset

Luc de la Durantaye, CFA, Managing Director, Head of Asset Allocation and Currency Management - Luc de la Durantaye is the leader of the Asset Allocation and Currency Management team. This team is composed of more than 12 portfolio managers and analysts is responsible for strategic and tactical asset allocation, currency management and absolute return strategies. Mr. de la Durantaye is also an active member of CIBC Asset's Investment Committee. Mr. de la Durantaye brings with him over three decades of investment experience. In 1985, he began his career in Montreal as a financial analyst at a sell-side brokerage firm. He quickly moved to the investment management division of a large Canadian financial institution, where he held several positions. This role led him to move to Toronto as the Managing Director of Asset Allocation, where he was responsible for tactical asset allocation and currency management. After close to seven years in Toronto, he returned to Montreal, assuming responsibility for the asset allocation and currency group with CIBC Asset in 2002. A native of Montreal, Mr. de la Durantaye holds a Bachelor's degree in International Finance from École des hautes études commerciales of Montreal. He is also a CFA charterholder.

Vincent Lépine, Vice-President, Global Economic Strategy – Asset Allocation and Currency Management - Vincent Lépine is a member of the Asset Allocation and Currency Management team. He is responsible for 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, equity and foreign exchange markets strategies. Prior to joining CIBC Asset's predecessor firm 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.

Bernard Augustin, Director, Quantitative Research, Multi-asset and currency management - Bernard Augustin leads the Quantitative Research group within the Multi-Asset and Currency Management team. Mr. Augustin is responsible for evaluating and enhancing current quantitative research procedures and developing new quantitative tools to help improve the team's investment processes. He also contributes original ideas and research to portfolio management and acts as the in-house expert in currency and absolute return strategies for clients and consultants. Mr. Augustin joined CIBC Asset Management (CAM) in 2020 with close to three decades of investment management experience. Prior to joining CAM, he held a number of senior roles, including Deputy Chief Investment Officer at Fiera Capital Corporation and Director of Research at Addenda Capital. He also gained portfolio management and research experience at PSP Investments and Ontario Teachers' Pension Plan. Mr. Augustin holds an MA in Financial Economics and a BA (Hons) in Economics and Philosophy from Concordia University.

Details of the Sub-Advisory Agreement

Pursuant to the Sub-Advisory Agreement, the Sub-Advisor provides the Manager with advice and recommendations on the selection of securities for HARC. The services provided by the Sub-Advisor to the Manager are not exclusive and nothing prevents the Sub-Advisor from providing similar services to others (whether or not their investment objectives, strategies or criteria are similar to those of HARC) or from engaging in other activities.

Under the Sub-Advisory Agreement, the 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 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 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 Sub-Advisory Agreement, unless terminated as described below, will continue in effect until HARC is terminated. The Manager may terminate the Sub-Advisory Agreement upon providing the Sub-Advisor not less than 90 days' prior written notice. The Manager may terminate the Sub-Advisory Agreement in certain additional circumstances, including if the 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 Sub-Advisor.

The Sub-Advisor may terminate its Sub-Advisory Agreement upon providing the Manager not less than 90 days' prior written notice. The Sub-Advisor may terminate the 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 Sub-Advisory Agreement, the Manager is responsible for the fees of the Sub-Advisor which are paid out of the Manager's fees. There are no additional fees payable by HARC to its 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.

NBF acts or may act as a Designated Broker, a Dealer and/or a registered trader (market maker). 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, NBF may profit from the sale and trading of ETF Shares of an ETF. NBF, as market maker of the ETFs in the secondary market, may therefore have economic interests which differ from and may be adverse to those of Shareholders of the ETFs.

NBF's potential roles as a Designated Broker and a Dealer of the ETFs will not be as an underwriter of an ETF in connection with the primary distribution of ETF Shares of an 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. NBF in its role as Designated Broker may, from time to time, reimburse the Manager for certain expenses incurred by the Manager in the normal course of its business. NBF or an affiliate thereof may also, from time to time, reimburse the Manager for certain expenses incurred by the Manager in connection with the securities lending activities of an ETF.

NBF and its 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 derivative transactions or providing advisory or agency services. In addition, the relationship between NBF and its 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, Sue Fawcett and Michael Gratch are the current members of the IRC. 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 ETFs;
- 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.

The ETFs compensate the IRC members for their participation on the IRC through member fees and, if applicable, meeting fees. Sue Fawcett and Michael Gratch 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 $21,000 per year for administrative services. An additional fee of $3,000 per meeting is charged by the IRC for each IRC meeting in excess of two per year. The total fees payable in respect of the IRC by a particular ETF is calculated by dividing the total net assets of the particular 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 the 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, other than HSUV.U, is computed in Canadian dollars. The NAV per ETF Share of HSUV.U 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 Date.

The NAV per ETF Share of a Dual Currency ETF will also be calculated in the applicable alternate currency 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 Date.

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 Date:

(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 Date, the price of such securities as determined at the applicable Valuation Time; and

(B) in the case of securities not traded on that Valuation Date, 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 Date, 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 Date;
- 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 Valuation Agent 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 Date.

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.

An unlimited number of ETF Shares of each ETF, other than HSUV.U, are being offered for sale on a continuous basis in Canadian dollars ("**Cdn$ Shares**"). ETF Shares of HSUV.U are being offered for sale on a continuous basis in, and the ETF Shares of HXEM (a "**Dual Currency ETF**") may also in the future be offered for sale on a continuous basis in, U.S. dollars ("**US$ Shares**").

The ETF Shares have been conditionally approved for listing on the TSX. Subject to satisfying the TSX's original listing requirements or substitutional listing requirements, as applicable, the ETF Shares will be listed on the TSX. Investors will be able to 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. 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".

Redemption of PNS(s) for Cash

Shareholders may redeem a PNS (or a whole multiple thereof) of an ETF on any Trading Day for cash, subject to the requirement that a minimum PNS be redeemed. 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 seeks 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 an 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 Date 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 have been conditionally approved for listing on the TSX. Subject to satisfying the TSX's original listing requirements or substitutional listing requirements, as applicable, the ETF Shares will be listed on the TSX. Investors will be able to 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 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 or will be 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) **Sub-Advisory Agreement.** For additional disclosure related to the 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 Sub-Advisory Agreement".

(d) **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".

(e) **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 ETFs are not involved in any legal proceedings, nor is the Manager aware of existing or pending legal or arbitration proceedings involving the ETFs.

EXPERTS

KPMG LLP, the independent auditors of the ETFs, have consented to the use of their reports dated June 22, 2020, 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 HHF and HARC to lend up to 100% of its investment portfolio to qualified borrowers;

(e) permit HHF and HARC to lend securities with a lending agent that is not the Custodian;

(f) relieve the ETFs from certain other requirements of NI 81-102;

(g) to permit HHF to invest in Exchange Traded Products that issue Commodity Participation Units including Exchange Traded Products managed by the Manager or its affiliates; 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 exemptive relief to permit the ETFs 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 approve the financial statements of the ETFs before such financial statements are filed or made available to investors.

The Manager applied for additional exemptive relief (i) to allow the ETFs to use: (I) past performance data in sales communications and reports to securityholders; (II) certain information disclosed in their 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.

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. 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 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.

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

Morningstar Broad Hedge Fund Index

The Hedge Fund Index is a rules-based, asset-weighted index based on the largest and broadest hedge fund database in the hedge fund industry. The Hedge Fund Index is designed to capture the performance and behaviour of the most liquid hedge funds offering exposure to a wide spectrum of core and category hedge fund strategies.

Morningstar Nexus Hedge Fund Replication Index

The Replication Index replicates as closely as possible the risk-return profile of the Hedge Fund Index by using futures contracts, money market instruments, exchange traded funds and cash.

Morningstar Disclaimer:

HHF is not sponsored, endorsed, sold or promoted by Morningstar or any of its affiliates (collectively, the "**Morningstar Group**"). The Morningstar Group makes no representation or warranty, express or implied, to Shareholders or any member of the public regarding the advisability of investing in securities generally or in HHF in particular or the ability of HHF to track general stock market performance. The Morningstar Group's only relationship to the Manager is the licensing of certain service marks and service names of the Morningstar Group and of the Replication Index which is determined, composed and calculated by Morningstar without regard to Horizons or HHF. The Morningstar Group has no obligation to take the needs of the Manager or Shareholders into consideration in determining, composing or calculating the Replication Index. The Morningstar Group is not responsible for and has not participated in the determination of the prices and amount of HHF or the timing of the issuance or sale of ETF Shares of HHF or in the determination or calculation of the equation by which ETF Shares are converted into cash. The Morningstar Group has no obligation or liability in connection with the administration, marketing or trading of HHF.

THE MORNINGSTAR GROUP DOES NOT GUARANTEE THE ACCURACY AND/OR THE COMPLETENESS OF THE HEDGE FUND INDEX, REPLICATION INDEX OR ANY DATA INCLUDED THEREIN AND THE MORNINGSTAR GROUP SHALL HAVE NO LIABILITY FOR ANY ERRORS, OMISSIONS, OR INTERRUPTIONS THEREIN. THE MORNINGSTAR GROUP MAKES NO WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY THE MANAGER, OR SHAREHOLDERS OF HHF, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE HEDGE FUND INDEX, REPLICATION INDEX OR ANY DATA INCLUDED THEREIN. THE MORNINGSTAR GROUP MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE HEDGE FUND INDEX, REPLICATION INDEX OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL THE MORNINGSTAR GROUP HAVE ANY LIABILITY FOR ANY SPECIAL, PUNITIVE, INDIRECT, OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS), EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

NBC Disclaimer:

THE REPLICATION STRATEGY WAS NOT CREATED FOR THE BENEFIT OF HHF. NBC HAS THE RIGHT TO MAKE ADJUSTMENTS TO THE REPLICATION STRATEGY OR TO CEASE MAINTAINING IT AT ANY TIME WITHOUT REGARD TO THE PARTICULAR INTERESTS OF HHF, THE MANAGER, THE SHAREHOLDERS OF HHF OR THE DESIGNATED BROKER AND DEALERS, BUT RATHER SOLELY WITH A VIEW TO THE ORIGINAL PURPOSE OF THE REPLICATION STRATEGY. NBC DOES NOT GUARANTEE THE ACCURACY AND/OR THE COMPLETENESS OF THE REPLICATION STRATEGY OR ANY DATA PROVIDED TO THE MANAGER AND NBC SHALL HAVE NO LIABILITY FOR ANY ERRORS,

OMISSIONS, OR INTERRUPTIONS THEREIN. NBC MAKES NO WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY THE MANAGER, OR SHAREHOLDERS, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE REPLICATION STRATEGY OR ANY DATA INCLUDED THEREIN. NBC HAS NO OBLIGATION OR LIABILITY IN CONNECTION WITH THE ADMINISTRATION, MARKETING OR TRADING OF HHF.

Horizons Emerging Markets Futures Roll Index (Total Return)

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 26 emerging markets.

MSCI Disclaimer:

HXEM IS NOT SPONSORED, ENDORSED, SOLD OR PROMOTED BY MSCI INC. ("**MSCI**"), ANY OF ITS AFFILIATES, ANY OF ITS INFORMATION PROVIDERS OR ANY OTHER THIRD PARTY INVOLVED IN, OR RELATED TO, COMPILING, COMPUTING OR CREATING ANY MSCI INDEX (COLLECTIVELY, THE "**MSCI PARTIES**"). THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES ARE SERVICE MARK(S) OF MSCI OR ITS AFFILIATES AND HAVE BEEN LICENSED FOR USE FOR CERTAIN PURPOSES BY HORIZONS AND HXEM. NONE OF THE MSCI PARTIES MAKES ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, TO THE ISSUER OR OWNERS OF HXEM OR ANY OTHER PERSON OR ENTITY REGARDING THE ADVISABILITY OF INVESTING IN FUNDS GENERALLY OR IN HXEM PARTICULARLY OR THE ABILITY OF ANY MSCI INDEX TO TRACK CORRESPONDING STOCK MARKET PERFORMANCE. MSCI OR ITS AFFILIATES ARE THE LICENSORS OF CERTAIN TRADEMARKS, SERVICE MARKS AND TRADE NAMES AND OF THE MSCI INDEXES WHICH ARE DETERMINED, COMPOSED AND CALCULATED BY MSCI WITHOUT REGARD TO HXEM OR THE ISSUER OR OWNERS OF HXEM OR ANY OTHER PERSON OR ENTITY. NONE OF THE MSCI PARTIES HAS ANY OBLIGATION TO TAKE THE NEEDS OF THE ISSUER OR OWNERS OF HXEM OR ANY OTHER PERSON OR ENTITY INTO CONSIDERATION IN DETERMINING, COMPOSING OR CALCULATING THE MSCI INDEXES. NONE OF THE MSCI PARTIES IS RESPONSIBLE FOR OR HAS PARTICIPATED IN THE DETERMINATION OF THE TIMING OF, PRICES AT, OR QUANTITIES OF HXEM TO BE ISSUED OR IN THE DETERMINATION OR CALCULATION OF THE EQUATION BY OR THE CONSIDERATION INTO WHICH HXEM IS REDEEMABLE. FURTHER, NONE OF THE MSCI PARTIES HAS ANY OBLIGATION OR LIABILITY TO THE ISSUER OR OWNERS OF HXEM OR ANY OTHER PERSON OR ENTITY IN CONNECTION WITH THE ADMINISTRATION, MARKETING OR OFFERING OF HXEM.

ALTHOUGH MSCI SHALL OBTAIN INFORMATION FOR INCLUSION IN OR FOR USE IN THE CALCULATION OF THE MSCI INDEXES FROM SOURCES THAT MSCI CONSIDERS RELIABLE, NONE OF THE MSCI PARTIES WARRANTS OR GUARANTEES THE ORIGINALITY, ACCURACY AND/OR THE COMPLETENESS OF ANY MSCI INDEX OR ANY DATA INCLUDED THEREIN. NONE OF THE MSCI PARTIES MAKES ANY WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY THE ISSUER OF HXEM, OWNERS OF HXEM, OR ANY OTHER PERSON OR ENTITY, FROM THE USE OF ANY MSCI INDEX OR ANY DATA INCLUDED THEREIN. NONE OF THE MSCI PARTIES SHALL HAVE ANY LIABILITY FOR ANY ERRORS, OMISSIONS OR INTERRUPTIONS OF OR IN CONNECTION WITH ANY MSCI INDEX OR ANY DATA INCLUDED THEREIN. FURTHER, NONE OF THE MSCI PARTIES MAKES ANY EXPRESS OR IMPLIED WARRANTIES OF ANY KIND, AND THE MSCI PARTIES HEREBY EXPRESSLY DISCLAIM ALL WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, WITH RESPECT TO EACH MSCI INDEX AND ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL ANY OF THE MSCI PARTIES HAVE ANY LIABILITY FOR ANY DIRECT, INDIRECT, SPECIAL, PUNITIVE, CONSEQUENTIAL OR ANY OTHER DAMAGES (INCLUDING LOST PROFITS) EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

No purchaser, seller or holder of this security, product or fund, or any other person or entity, should use or refer to any MSCI trade name, trademark or service mark to sponsor, endorse, market or promote this security without first contacting MSCI to determine whether MSCI's permission is required. Under no circumstances may any person or entity claim any affiliation with MSCI without the prior written permission of MSCI.

PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase exchange-traded mutual fund securities within 48 hours after receipt of a confirmation of a purchase of such securities. In several of the provinces and territories of Canada, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation, or for non-delivery of the ETF Facts, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory.

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.sedar.com.

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.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Horizons ETFs Management (Canada) Inc.

Re: Horizons Morningstar Hedge Fund Index ETF
Horizons Absolute Return Global Currency ETF
Horizons USD Cash Maximizer ETF
Horizons Emerging Markets Equity Index ETF

(collectively, the "ETFs" and individually, an "ETF")

Opinion

We have audited the financial statements of the ETFs, which comprise:

- the statements of financial position as at June 22, 2020; and
- notes to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the ETFs as at June 22, 2020 in accordance with International Financial Reporting Standards ("IFRS") for such financial statements.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "*Auditors' Responsibilities for the Audit of the Financial Statements*" section of our auditors' report.

We are independent of the ETFs in accordance with the ethical requirements that are relevant to our audits of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the ETFs' ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the ETFs or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the ETFs' financial reporting process.

Auditors' Responsibilities for the Audits of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the ETFs' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ETFs' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the ETFs to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

(Signed) "*KPMG LLP*"

Chartered Professional Accountants, Licensed Public Accountants
Toronto, Canada
June 22, 2020

HORIZONS MORNINGSTAR HEDGE FUND INDEX ETF

Statement of Financial Position

June 22, 2020

Assets	
Cash	$ -
Total Assets	$ -
Net assets attributable to holders of redeemable ETF Shares: Authorized: Unlimited ETF Shares	
Total net assets attributable to holders of redeemable ETF Shares	$ -
Issued and fully paid ETF Shares	-
Net assets attributable to holders of redeemable shares per ETF Share	$ -

See accompanying notes to statement of financial position.

HORIZONS ABSOLUTE RETURN GLOBAL CURRENCY ETF

Statement of Financial Position

June 22, 2020

Assets	
Cash	$ -
Total Assets	$ -
Net assets attributable to holders of redeemable ETF Shares: Authorized: Unlimited ETF Shares	
Total net assets attributable to holders of redeemable ETF Shares	$ -
Issued and fully paid ETF Shares	-
Net assets attributable to holders of redeemable shares per ETF Share	$ -

See accompanying notes to statement of financial position.

HORIZONS USD CASH MAXIMIZER ETF

Statement of Financial Position

June 22, 2020

Assets	
Cash	$ -
Total Assets	$ -
Net assets attributable to holders of redeemable ETF Shares:	
Authorized:	
Unlimited ETF Shares	
Total net assets attributable to holders of redeemable ETF Shares	$ -
Issued and fully paid ETF Shares	-
Net assets attributable to holders of redeemable shares per ETF Share	$ -

See accompanying notes to statement of financial position.

HORIZONS EMERGING MARKETS EQUITY INDEX ETF

Statement of Financial Position

June 22, 2020

Assets	
Cash	$ -
Total Assets	$ -
Net assets attributable to holders of redeemable ETF Shares: Authorized: Unlimited ETF Shares	
Total net assets attributable to holders of redeemable ETF Shares	$ -
Issued and fully paid ETF Shares	-
Net assets attributable to holders of redeemable shares per ETF Share	$ -

See accompanying notes to statement of financial position.

Horizons Morningstar Hedge Fund Index ETF
Horizons Absolute Return Global Currency ETF
Horizons USD Cash Maximizer ETF
Horizons Emerging Markets Equity Index ETF

Notes to the Financial Statements

June 22, 2020

1. Establishment of the ETFs and authorized shares:

The following ETFs were established on June 22, 2020, in accordance with the articles of incorporation of Horizons ETF Corp. (the "**Company**"):

Horizons Morningstar Hedge Fund Index ETF ("HHF")
Horizons Absolute Return Global Currency ETF ("HARC")
Horizons USD Cash Maximizer ETF ("HSUV.U")
Horizons Emerging Markets Equity Index ETF ("HXEM")

(collectively, the "**ETFs**" and individually, an "**ETF**")

The address of the ETFs' registered office is: 55 University Avenue, Suite 800, Toronto, Ontario, M5J 2H7.

(a) Legal structure:

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 currently consists of a single series of exchange traded fund shares ("**ETF Shares**") of the applicable Corporate Class.

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.

(b) Statement of compliance:

The financial statements of the ETFs as at June 22, 2020 have been prepared in accordance with International Financial Reporting Standards for such financial statements.

The financial statements were authorized for issue by the board of directors on June 22, 2020.

(c) Basis of presentation:

The financial statements of the ETFs are expressed in Canadian dollars.

(d) Net assets attributable to holders of redeemable ETF Shares:

ETF Shares of each ETF are redeemable at the option of the holder in accordance with the provisions laid out in its prospectus. If the shareholder holds a prescribed number of ETF Shares of an ETF, and if accepted by the Manager, the ETF Shares of the ETF will be redeemed on the Valuation Date based on the net asset value of the ETF Shares of the ETF on that Valuation Date. In accordance with IAS 32 – Financial Instruments: Presentation, the ETF Shares of an ETF are classified as financial liabilities as there is a requirement to distribute net income and capital gains earned by the ETF.

(e) Issue of ETF Shares:

No ETF Shares have been issued as of the date hereof.

(f) Shareholder transactions:

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

2. Management of the ETF

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

ETF	**Annual Management Fee**
HHF	0.95%
HARC	0.85%
HSUV.U	0.18%
HXEM	0.25%

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.

CERTIFICATE OF HORIZONS ETF CORP. (ON BEHALF OF THE ETFs), THE MANAGER AND PROMOTER

Dated June 22, 2020

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) "*Steven J. Hawkins*"
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) "Kevin S. Beatson"
Director

(Signed) "McGregor Sainsbury"
Director

HORIZONS ETFs MANAGEMENT (CANADA) INC.,
AS MANAGER AND PROMOTER OF THE ETFs

(Signed) "*Steven J. Hawkins*"
Chief Executive Officer

(Signed) "*Julie Stajan*"
Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS
OF HORIZONS ETFs MANAGEMENT (CANADA) INC.

(Signed) "Wanyoun Cho"
Director

(Signed) "Thomas Park"
Director