

Interim Report | June 30, 2020



Horizons Active Preferred Share ETF (HPR:TSX)

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A Message from the CEO

For many industries and sectors, the first half of 2020 has been a very challenging period. As COVID-19 spread across the world, many countries closed their borders, restricted business operations and issued work-from-home orders for those businesses still operating.

COVID-19 restrictions also impacted the investment fund industry as investor fears of a recession resulted in a mass sell-off in global equities and corporate bonds in March. Governments and global central banks responded with significant stimulus packages to keep businesses afloat and support the growing number of people out of work.

Amid the crisis, Horizons ETFs has managed to rise above the market turbulence. As at June 30, 2020, Horizons ETFs was the second-best selling firm in Canada for 2020 in terms of inflows, with over \$4.0 billion in net sales for the first six months of the year. With more than 90 ETFs listed in Canada, investors looked to our firm for innovative investment solutions to help manage this crisis and seek new investment opportunities.

In February, Horizons ETFs launched three new total return ETFs ("TRI ETFs"): the Horizons US Large Cap Index ETF ("HULC"), the Horizons S&P/TSX Capped Composite Index ETF ("HXCN") and the Horizons Cash Maximizer ETF ("HSAC"). HXCN received the most seed capital in Canadian history at \$1 billion and is the best-selling ETF in Canada for the first half of 2020.

The second-best selling ETF in Canada for the first six months of 2020 is another one of our products: the Horizons Cdn. Select Universe Bond ETF ("HBB"). Our suite of tax-efficient TRI ETFs, which are not expected to pay out distributions, seem to have become a key target for investors using the crisis as an opportunity to rebalance their portfolios.

We have observed several recent positive indicators that have strengthened our optimistic outlook for the rest of 2020. In the broader Canadian ETF industry, there are signs that activity may be picking up; for the month of May, we saw \$2.4 billion of net inflows into Canadian ETFs after a relatively quiet April, with all equity classes contributing, and a further \$4 billion of inflows for the month of June. We've also seen marijuana stocks more than double from their March lows in the U.S., despite COVID-19 restrictions and the fact that marijuana remains illegal federally. Currently, Horizons ETFs provides the only ETF focused on exposure to this sector that can provide diversified exposure across the United States ("HMUS").

At Horizons ETFs, "Innovation is Our Capital," has long been our motto, and we believe that has allowed us to be nimble enough to adapt quickly while anticipating what investors are looking for. While the road ahead is still uncertain, we feel confident in our ability to maintain our momentum.

As always, we thank you for your continued support, and hope you're staying safe and healthy during this time.

Sincerely,



Steven J. Hawkins
President & CEO of Horizons ETFs Management (Canada) Inc.

MANAGEMENT REPORT OF FUND PERFORMANCE

This interim management report of fund performance for Horizons Active Preferred Share ETF ("HPR" or the "ETF") contains financial highlights and is included with the unaudited interim financial statements for the investment fund. You may request a copy of the ETF's unaudited interim or audited annual financial statements, interim or annual management report of fund performance, current proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosures, at no cost, from the ETF's manager, Horizons ETFs Management (Canada) Inc. ("Horizons Management" or the "Manager"), by calling toll free 1-866-641-5739, or locally (416) 933-5745, by writing to us at: 55 University Avenue, Suite 800, Toronto ON, M5J 2H7, or by visiting our website at www.horizonsetfs.com or SEDAR at www.sedar.com.

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

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

Management Discussion of Fund Performance

Investment Objective and Strategies

The investment objective of HPR is to provide dividend income while preserving capital by investing primarily in preferred shares of Canadian companies. HPR may also invest in preferred shares of companies located in the United States, fixed-income securities of Canadian and U.S. issuers, including other income generating securities, as well as Canadian equity securities and exchange traded funds that issue index participation units ("Listed Funds"). HPR, to the best of its ability, seeks to hedge its non-Canadian dollar currency exposure to the Canadian dollar at all times.

To achieve HPR's investment objectives, the ETF's sub-advisor, Fiera Capital Corporation ("Fiera" or the "Sub-Advisor"), uses fundamental research to select companies that, based on the Sub-Advisor's view on the company's industry and growth prospects, should be included in the ETF's investment portfolio. An extensive credit analysis for each security as well as an assessment of each company's risk profile is completed in order to confirm the selection and relative weight of each security held by the ETF. HPR invests primarily in the preferred securities of Canadian issuers whose debt, generally, at a minimum, have an investment grade rating at the time of purchase.

HPR may also invest in preferred shares of companies located in the United States, fixed-income securities of Canadian and U.S. issuers, including other income generating securities, as well as Canadian equity securities and Listed Funds.

Management Discussion of Fund Performance (continued)

HPR may also invest in Canadian equity securities that have attractive dividend yields and Listed Funds that pay dividend income.

In anticipation of, or in response to, adverse conditions or for defensive purposes, HPR may temporarily hold a portion of its assets in cash, money market instruments, bonds or other debt securities generally not to exceed 20% of the ETF's net assets.

In accordance with applicable securities rules, the Sub-Advisor may purchase, for HPR, securities of issuers that are related or connected to the Sub-Advisor. The Sub-Advisor may also rely on exemptions from the securities regulatory authorities allowing it to purchase debt securities of a related issuer of the Sub-Advisor which are not exchange traded if certain conditions are met. In particular, the investment must be consistent with, or necessary to meet, the investment objective of HPR. The investment must also be approved by the ETF's Independent Review Committee ("IRC") and is subject to certain other provisions of National Instrument 81-107 ("NI 81-107"). HPR may also invest in derivatives for currency hedging purposes only.

Please refer to the ETF's most recent prospectus for a complete description of HPR's investment restrictions.

Risk

The Manager performs a review of the ETF's risk rating at least annually, as well as when there is a material change in the ETF's investment objective or investment strategies. The current risk rating for the ETF is: low to medium.

Risk ratings are determined based on the historical volatility of the ETF as measured by the standard deviation of its performance against its mean. The risk categorization of the ETF may change over time and historical volatility is not indicative of future volatility. Generally, a risk rating is assigned to the ETF based on a rolling 10-year standard deviation of its returns, the return of an underlying index, or of an applicable proxy. In cases where the Manager believes that this methodology produces a result that is not indicative of the ETF's future volatility, the risk rating may be determined by the ETF's category. Risk ratings are not intended for use as a substitute for undertaking a proper and complete suitability or financial assessment by an investment advisor.

The Manager, as a summary for existing investors, is providing the list below of the risks to which an investment in the ETF may be subject. **Prospective investors should read the ETF's most recent prospectus and consider the full description of the risks contained therein before purchasing units.**

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

- | | |
|---|---|
| <ul style="list-style-type: none">• Stock market risk• Specific issuer risk• Legal and regulatory risk• Exchange traded funds risk• Reliance on historical data risk• Corresponding net asset value risk• Designated broker/dealer risk | <ul style="list-style-type: none">• Cease trading of securities risk• Exchange risk• Early closing risk• Market disruptions risk• No assurance of meeting investment objective• Tax risk |
|---|---|

Management Discussion of Fund Performance (continued)

- Securities lending, repurchase and reverse repurchase transaction risk
 - Loss of limited liability
 - Reliance on key personnel
 - Distributions risk
 - Conflicts of interest
 - No ownership interest
 - Market for units
 - Redemption price
 - Net asset value fluctuation
 - Restrictions on certain unitholders
 - Highly volatile markets
- No guaranteed return
 - Derivatives and counterparty risk
 - Interest rate risk
 - Foreign currency risk
 - Credit risk
 - Income trust investment risk
 - Foreign stock exchange risk
 - Call risk
 - Risk of difference between quoted and actionable market price
 - Liquidity risk

Results of Operations

For the six-month period ended June 30, 2020, units of the ETF returned -13.80% when including distributions paid to unitholders. This compares to a return of -11.19% for the S&P/TSX Preferred Share Index™ (the “Index”) on a total return basis for the same period.

The Index is designed to track the performance of the Canadian preferred stock market. Preferred stocks pay dividends at a specified rate and receive preference over common stocks in terms of dividend payments and liquidation of assets.

General Market Review

The Canadian preferred shares market was hit hard in an environment of lower government interest rates and wider credit spreads that was prevalent in the first half of 2020. A lack of liquidity at the height of the market panic in March also exacerbated the downside.

Floating rate issues lost over a quarter of their value in the first half of the year, significantly underperforming both fixed-reset and perpetual preferred names, though all had negative returns for the period. Floating rate energy names suffered the most, losing over a third of their value, while floating rate communication services and fixed-reset real estate issues didn’t fare much better. The only structure and sector combinations to generate positive returns in the first half of the year were perpetual preferred utilities and consumer staples names, which gained approximately 1.6% and 1%, respectively.

Portfolio Review

The ETF’s performance during the first half of the year is really a tale of two quarters. The first quarter saw a return of -25.11% amidst the height of the COVID-19 panic. As markets stabilized and began rebounding, the ETF returned 15.11% in the second quarter.

Security selection in the fixed floating space contributed negatively to the performance of the ETF, especially in the energy and utilities sectors. The portfolio’s overweight position in floating rate names also had a detrimental impact on performance. Security selection in perpetual preferred shares was strong relative to the Index, especially in the financial sector.

Management Discussion of Fund Performance (continued)

During the first half of the year, Fiera has continued to reposition the ETF for a “lower-for-longer” interest rate environment by increasing the average reset level of the portfolio’s fixed reset issues and by increasing the allocation to issues with floor features. Exposure to floating rate preferred shares was also reduced.

The Canadian preferred shares market performed much better in the second quarter, but continued to lag other asset classes while remaining attractive compared to equity and fixed income markets. Preferred shares should remain volatile over the coming months and quarters, as headlines on the COVID-19 pandemic and the degree of success reopening the economy should continue to drive market prices.

Outlook

COVID-19 will remain front and centre for financial markets. Governments have and will continue to respond with drastic measures that are necessary to bridge the gap until the economy can fully reopen. Fiera is confident that these decisions will eventually work, but the duration and severity of the impact on economic growth remains uncertain, especially in certain sectors. It is expected that second quarter growth will be extremely weak, but we are expecting activity to resume in the third quarter of 2020, albeit at a subdued pace.

Fiera anticipates that Canadian interest rates will remain low for a long period of time, but volatility will present the ETF with tradeable opportunities. Credit could continue to perform well, especially with government yields anchored; however, we do not expect a straight-line recovery, and volatility will remain above average.

Lower rates for longer and net selling by retail investors will likely cap the upside of the asset class over the short term. Fiera expects that most of the outperformance of the preferred shares market for the remainder of 2020 should come from the compression of credit spreads, and believes there is important upside on a 12-month time horizon. The primary market should continue to be relatively quiet, as current valuations remain expensive for issuers. Flows into preferred share ETFs will continue to be an important driver of daily volatility. While most of the preferred shares are attractive in this environment, Fiera believes that fixed-reset issues with a mid-reset level are providing the best risk versus reward.

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

For the six-month period ended June 30, 2020, the ETF generated gross comprehensive income (loss) from investments and derivatives (which includes changes in the fair value of the ETF’s portfolio) of (\$186,937,794). This compares to (\$30,182,799) for the six-month period ended June 30, 2019. The ETF incurred management, operating and transaction expenses of \$4,163,731 (2019 – \$5,216,306) of which \$21,220 (2019 – \$4,887) was either paid or absorbed by the Manager on behalf of the ETF. The waiving and/or absorption of such fees and/or expenses by the Manager may be terminated at any time, or continued indefinitely, at the discretion of the Manager.

The ETF distributed \$33,215,067 to unitholders during the period (2019 – \$35,604,402).

Presentation

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

Management Discussion of Fund Performance (continued)

Recent Developments

There are no recent industry, management or ETF related developments that are pertinent to the present and future of the ETF.

Related Party Transactions

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

Manager, Trustee and Investment Manager

The manager, trustee and investment manager of the ETF is Horizons ETFs Management (Canada) Inc., 55 University Avenue, Suite 800, Toronto, Ontario, M5J 2H7, a corporation incorporated under the laws of Ontario.

If the ETF invests in other Horizons Management ETFs, Horizons Management may receive management fees in respect of the ETF's assets invested in such Horizons Management ETFs. In addition, any management fees paid to the Manager (described in detail on page 8) are related party transactions, as the Manager is considered to be a related party to the ETF. Fees paid to the Independent Review Committee are also considered to be related party transactions. Both the management fees and fees paid to the Independent Review Committee are disclosed in the statements of comprehensive income in the attached financial statements of the ETF. The management fees payable by the ETF as at June 30, 2020, and December 31, 2019, are disclosed in the statements of financial position.

Financial Highlights

The following tables show selected key financial information about the ETF and are intended to help you understand the ETF's financial performance for the current interim reporting period and for the past five fiscal years. This information is derived from the ETF's audited annual financial statements and the current unaudited interim financial statements. Please see the front page for information on how you may obtain the ETF's annual or interim financial statements.

The ETF's Net Assets per Unit

Period ⁽¹⁾	2020	2019	2018	2017	2016	2015
Net assets, beginning of period	\$ 8.14	8.36	9.66	8.70	8.38	10.02
Increase (decrease) from operations:						
Total revenue	0.22	0.44	0.43	0.42	0.42	0.45
Total expenses	(0.03)	(0.06)	(0.07)	(0.07)	(0.06)	(0.07)
Realized gains (losses) for the period	(0.46)	(0.37)	0.04	0.08	(0.05)	(0.27)
Unrealized gains (losses) for the period	(0.91)	0.15	(1.37)	0.85	0.64	(1.26)
Total increase (decrease) from operations ⁽²⁾	(1.18)	0.16	(0.97)	1.28	0.95	(1.15)
Distributions:						
From net investment income (excluding dividends)	(0.21)	–	–	–	–	–
From dividends	–	(0.38)	(0.34)	(0.32)	(0.33)	(0.34)
From net realized capital gains	–	–	(0.03)	(0.04)	–	–
From return of capital	–	(0.02)	–	(0.02)	(0.05)	(0.05)
Total distributions ⁽³⁾	(0.21)	(0.40)	(0.37)	(0.38)	(0.38)	(0.39)
Net assets, end of period ⁽⁴⁾	\$ 6.81	8.14	8.36	9.66	8.70	8.38

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

Financial Highlights (continued)

Ratios and Supplemental Data

Period ⁽¹⁾	2020	2019	2018	2017	2016	2015
Total net asset value (000's)	\$ 1,075,194	1,411,437	1,576,544	1,538,245	941,319	532,598
Number of units outstanding (000's)	157,788	173,304	188,582	159,285	108,181	63,583
Management expense ratio ⁽²⁾⁽⁵⁾	0.65%	0.64%	0.63%	0.65%	0.64%	0.64%
Management expense ratio excluding proportion of expenses from underlying investment funds	0.65%	0.64%	0.63%	0.65%	0.64%	0.64%
Management expense ratio before waivers and absorptions ⁽³⁾	0.65%	0.64%	0.65%	0.65%	0.65%	0.65%
Trading expense ratio ⁽⁴⁾⁽⁵⁾	0.08%	0.06%	0.05%	0.07%	0.10%	0.10%
Trading expense ratio excluding proportion of costs from underlying investment funds	0.08%	0.06%	0.05%	0.07%	0.10%	0.10%
Portfolio turnover rate ⁽⁶⁾	51.99%	85.37%	25.78%	23.99%	32.72%	37.22%
Net asset value per unit, end of period	\$ 6.81	8.14	8.36	9.66	8.70	8.38
Closing market price	\$ 6.81	8.15	8.36	9.66	8.71	8.43

1. This information is provided as at June 30, 2020, and December 31 of the other years shown.
2. Management expense ratio is based on total expenses, including sales tax, (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period. Out of its management fees, the Manager pays for such services to the ETF as investment manager compensation and marketing.
3. The Manager, at its discretion, may waive and/or absorb a portion of the fees and/or expenses otherwise payable by the ETF. The waiving and/or absorption of such fees and/or expenses by the Manager may be terminated at any time, or continued indefinitely, at the discretion of the Manager.
4. The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. Transaction costs related to the purchase and/or sale of fixed income securities are typically imbedded in the price of those transactions and are therefore not included in the trading expense ratio.
5. The ETF's management expense ratio (MER) and trading expense ratio (TER) include an estimated proportion of the MER and TER for any underlying investment funds held in the ETF's portfolio during the year.
6. The ETF's portfolio turnover rate indicates how actively its portfolio investments are traded. A portfolio turnover rate of 100% is equivalent to the ETF buying and selling all of the securities in its portfolio once in the course of the year. Generally, the higher the ETF's portfolio turnover rate in a year, the greater the trading costs payable by the ETF in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the ETF.

Financial Highlights (continued)

Management Fees

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

In consideration for the provision of these services, the Manager receives a monthly management fee at the annual rate of 0.55%, plus applicable sales taxes, of the net asset value of the ETF's units, calculated and accrued daily and payable monthly in arrears.

The Sub-Advisor is compensated for its services out of the management fees without any further cost to the ETF. Any expenses of the ETF which are waived or absorbed by the Manager are paid out of the management fees received by the Manager.

The table below details, in percentage terms, the services received by the ETF from the Manager in consideration of the management fees paid during the period.

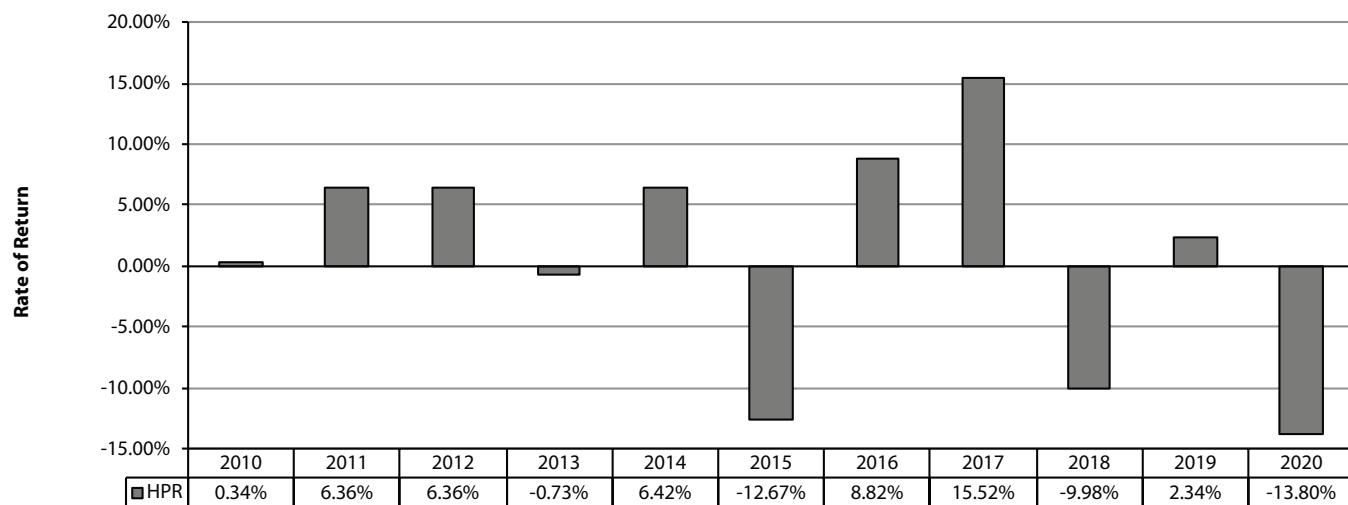
Marketing	Portfolio management fees, general administrative costs and profit	Waived/absorbed expenses of the ETF
3%	96%	1%

Past Performance

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

Year-by-Year Returns

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



The ETF effectively began operations on November 22, 2010.

Summary of Investment Portfolio

As at June 30, 2020

Asset Mix	Net Asset Value	% of ETF's Net Asset Value
Canadian Preferred Securities	\$ 1,054,728,449	98.10%
Canadian Fixed Income Securities	18,470,676	1.72%
Currency Forward Hedge*	10,504	0.00%
Cash and Cash Equivalents	9,804,318	0.91%
Other Assets less Liabilities	(7,819,727)	-0.73%
	\$ 1,075,194,220	100.00%

Sector Mix	Net Asset Value	% of ETF's Net Asset Value
Financials	\$ 619,714,978	57.64%
Energy	214,765,276	19.97%
Utilities	137,022,841	12.75%
Communication Services	49,366,435	4.59%
Corporate Bonds	18,470,676	1.72%
Canadian Broad Equity	16,990,401	1.58%
Consumer Staples	10,342,612	0.96%
Industrials	5,037,771	0.47%
Consumer Discretionary	1,488,135	0.14%
Currency Forward Hedge*	10,504	0.00%
Cash and Cash Equivalents	9,804,318	0.91%
Other Assets less Liabilities	(7,819,727)	-0.73%
	\$ 1,075,194,220	100.00%

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

Summary of Investment Portfolio (continued)

As at June 30, 2020

Top 25 Holdings*	% of ETF's Net Asset Value
Enbridge Inc.	8.29%
Toronto-Dominion Bank (The)	6.54%
Royal Bank of Canada	5.89%
Manulife Financial Corp.	5.88%
Great-West Lifeco Inc.	5.59%
Canadian Imperial Bank of Commerce	5.21%
National Bank of Canada	4.61%
BCE Inc.	4.59%
Sun Life Financial Inc.	4.37%
TC Energy Corp.	4.23%
Pembina Pipeline Corp.	3.79%
Power Financial Corp.	3.68%
Brookfield Asset Management Inc.	3.61%
Bank of Montreal	3.52%
Bank of Nova Scotia (The)	3.17%
Canadian Utilities Ltd.	3.13%
AltaGas Ltd.	2.64%
Brookfield Renewable Power Preferred Equity Inc.	2.60%
Fortis Inc.	1.97%
Brookfield Office Properties Inc.	1.38%
Husky Energy Inc.	1.36%
Brookfield Renewable Partners L.P.	1.20%
Horizons Laddered Canadian Preferred Share Index ETF	1.19%
Intact Financial Corp.	1.12%
Brookfield Infrastructure Partners L.P.	0.97%

* Note all of the Top 25 Holdings represent the aggregate preferred securities of that issuer in the ETF's portfolio.

The summary of investment portfolio may change due to the ongoing portfolio transactions of the ETF. The most recent financial statements are available at no cost by calling 1-866-641-5739, or (416) 933-5745, by writing to us at 55 University Avenue, Suite 800, Toronto, Ontario, M5J 2H7, by visiting our website at www.horizonsetfs.com or through SEDAR at www.sedar.com.

MANAGER'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited interim financial statements of Horizons Active Preferred Share ETF (the "ETF") are the responsibility of the manager and trustee to the ETF, Horizons ETFs Management (Canada) Inc. (the "Manager"). They have been prepared in accordance with International Financial Reporting Standards using information available and include certain amounts that are based on the Manager's best estimates and judgements.

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

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



Steven J. Hawkins
Director
Horizons ETFs Management (Canada) Inc.



Thomas Park
Director
Horizons ETFs Management (Canada) Inc.

NOTICE TO UNITHOLDERS

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

Horizons ETFs Management (Canada) Inc., the Manager of the ETF, appoints an independent auditor to audit the ETF's annual financial statements.

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

Statements of Financial Position (unaudited)

As at June 30, 2020 and December 31, 2019

	2020	2019
Assets		
Cash and cash equivalents	\$ 9,804,318	\$ 5,836,866
Investments	1,073,199,125	1,413,148,987
Amounts receivable relating to accrued income	2,104,742	2,770,975
Amounts receivable relating to portfolio assets sold	2,469,415	1,394,992
Amounts receivable relating to securities issued	4,361,417	1,216,199
Derivative assets (note 3)	10,504	517,481
Total assets	1,091,949,521	1,424,885,500
Liabilities		
Accrued management fees	583,529	735,414
Accrued operating expenses	90,070	111,300
Amounts payable relating to securities redeemed	1,356,664	3,665,464
Amounts payable for portfolio assets purchased	9,055,904	3,111,205
Distribution payable	5,669,134	5,772,326
Derivative liabilities (note 3)	–	53,017
Total liabilities	16,755,301	13,448,726
Total net assets (note 2)	\$ 1,075,194,220	\$ 1,411,436,774
Number of redeemable units outstanding (note 8)	157,787,667	173,303,797
Total net assets per unit	\$ 6.81	\$ 8.14

(See accompanying notes to financial statements)

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



Steven J. Hawkins
Director



Thomas Park
Director

Statements of Comprehensive Income (unaudited)

For the Periods Ended June 30,

	2020	2019
Income		
Dividend income	\$ 35,439,028	\$ 38,684,717
Interest income for distribution purposes	677,569	751,284
Securities lending income (note 7)	8,387	19,244
Net realized loss on sale of investments and derivatives	(74,121,600)	(27,442,595)
Net realized gain (loss) on foreign exchange	100,466	(43,758)
Net change in unrealized depreciation of investments and derivatives	(149,044,143)	(42,137,351)
Net change in unrealized appreciation (depreciation) of foreign exchange	2,499	(14,340)
	(186,937,794)	(30,182,799)
Expenses (note 9)		
Management fees	3,504,251	4,528,387
Audit fees	11,371	9,273
Independent Review Committee fees	376	371
Custodial and fund valuation fees	110,517	164,152
Legal fees	24,635	1,415
Securityholder reporting costs	49,994	45,128
Administration fees	15,218	18,383
Transaction costs	445,998	419,374
Withholding taxes	-	29,692
Other expenses	1,371	131
	4,163,731	5,216,306
Amounts that were payable by the investment fund that were paid or absorbed by the Manager	(21,220)	(4,887)
	4,142,511	5,211,419
Decrease in net assets for the period	\$ (191,080,305)	\$ (35,394,218)
Decrease in net assets per unit	\$ (1.18)	\$ (0.20)

(See accompanying notes to financial statements)

Statements of Changes in Financial Position (unaudited)

For the Periods Ended June 30,

	2020	2019
Total net assets at the beginning of the period	\$ 1,411,436,774	\$ 1,576,543,581
Decrease in net assets	(191,080,305)	(35,394,218)
Redeemable unit transactions		
Proceeds from the issuance of securities of the investment fund	143,273,061	157,166,296
Aggregate amounts paid on redemption of securities of the investment fund	(255,575,337)	(248,825,278)
Securities issued on reinvestment of distributions	355,094	329,333
Distributions:		
From net investment income	(33,215,067)	(35,604,402)
Total net assets at the end of the period	\$ 1,075,194,220	\$ 1,414,215,312

(See accompanying notes to financial statements)

Statements of Cash Flows (unaudited)

For the Periods Ended June 30,

	2020	2019
Cash flows from operating activities:		
Decrease in net assets for the period	\$ (191,080,305)	\$ (35,394,218)
Adjustments for:		
Net realized loss on sale of investments and derivatives	74,121,600	27,442,595
Net realized loss on currency forward contracts	(157,221)	(465,303)
Net change in unrealized depreciation of investments and derivatives	149,044,143	42,137,351
Net change in unrealized appreciation of foreign exchange	(6)	(1)
Purchase of investments	(461,730,430)	(161,532,532)
Proceeds from the sale of investments	486,620,868	126,050,554
Amounts receivable relating to accrued income	666,233	(419,004)
Accrued expenses	(173,115)	(147,648)
Net cash from (used in) operating activities	57,311,767	(2,328,206)
Cash flows from financing activities:		
Amount received from the issuance of units	2,046,411	51,913,287
Amount paid on redemptions of units	(22,427,567)	(26,880,145)
Distributions paid to unitholders	(32,963,165)	(35,266,482)
Net cash used in financing activities	(53,344,321)	(10,233,340)
Net increase (decrease) in cash and cash equivalents during the period	3,967,446	(12,561,546)
Effect of exchange rate fluctuations on cash and cash equivalents	6	1
Cash and cash equivalents at beginning of period	5,836,866	23,676,517
Cash and cash equivalents at end of period	\$ 9,804,318	\$ 11,114,972

Interest received, net of withholding taxes	\$ 825,823	\$ 719,893
Dividends received, net of withholding taxes	\$ 35,957,007	\$ 38,267,412

(See accompanying notes to financial statements)

Schedule of Investments (unaudited)

As at June 30, 2020

Security	Shares/ Par Value/Contracts	Average Cost	Fair Value
CANADIAN PREFERRED SECURITIES (97.73%)			
Financials (57.64%)			
Artis REIT, Preferred, Series 'A', Variable Rate, Perpetual	73,298	\$ 1,600,620	\$ 1,154,444
Artis REIT, Preferred, Series 'E', Variable Rate, Perpetual	129,803	2,543,463	1,826,328
Artis REIT, Preferred, Series 'I', Variable Rate, Perpetual	110,026	2,520,177	2,184,016
Bank of Montreal, Preferred, Class 'B', Series '27', Variable Rate, Convertible, Perpetual	379,757	7,453,069	5,722,938
Bank of Montreal, Preferred, Class 'B', Series '29', Variable Rate, Perpetual	472,317	9,471,300	6,909,998
Bank of Montreal, Preferred, Class 'B', Series '31', Variable Rate, Perpetual	157,004	3,298,990	2,355,060
Bank of Montreal, Preferred, Class 'B', Series '33', Variable Rate, Perpetual	131,207	3,019,998	2,050,765
Bank of Montreal, Preferred, Class 'B', Series '38', Variable Rate, Perpetual	412,061	10,408,985	9,452,679
Bank of Montreal, Preferred, Class 'B', Series '40', Variable Rate, Perpetual	361,074	8,105,714	6,965,118
Bank of Montreal, Preferred, Class 'B', Series '42', Variable Rate, Perpetual	236,854	5,365,409	4,367,588
Bank of Nova Scotia (The), Preferred, Series '32', Variable Rate, Convertible, Perpetual	173,194	3,932,054	4,265,768
Bank of Nova Scotia (The), Preferred, Series '33', Variable Rate, Perpetual	293,879	6,816,157	7,197,097
Bank of Nova Scotia (The), Preferred, Series '34', Variable Rate, Perpetual	118,841	2,918,267	2,887,836
Bank of Nova Scotia (The), Preferred, Series '36', Variable Rate, Perpetual	123,722	3,187,076	3,105,422
Bank of Nova Scotia (The), Preferred, Series '38', Variable Rate, Perpetual	577,627	14,634,102	13,516,472
Brookfield Asset Management Inc., Preferred, Class 'A', Series '4', Variable Rate, Perpetual	53,591	703,989	406,220
Brookfield Asset Management Inc., Preferred, Class 'A', Series '8', Variable Rate, Perpetual	33,307	577,996	353,054
Brookfield Asset Management Inc., Preferred, Class 'A', Series '9', Variable Rate, Perpetual	112,814	1,960,024	1,131,524
Brookfield Asset Management Inc., Preferred, Class 'A', Series '17', 4.75%, Perpetual	56,213	1,173,581	1,183,284
Brookfield Asset Management Inc., Preferred, Class 'A', Series '18', 4.75%, Convertible, Perpetual	64,886	1,346,466	1,362,606
Brookfield Asset Management Inc., Preferred, Class 'A', Series '24', Variable Rate, Perpetual	186,834	3,537,598	2,111,224
Brookfield Asset Management Inc., Preferred, Class 'A', Series '25', Variable Rate, Perpetual	22,792	446,532	249,800
Brookfield Asset Management Inc., Preferred, Class 'A', Series '26', Variable Rate, Convertible, Perpetual	250,001	4,581,983	2,862,511
Brookfield Asset Management Inc., Preferred, Class 'A', Series '30', Variable Rate, Convertible, Perpetual	203,383	4,164,205	3,067,016
Brookfield Asset Management Inc., Preferred, Class 'A', Series '32', Variable Rate, Convertible, Perpetual	273,112	6,157,560	4,304,245
Brookfield Asset Management Inc., Preferred, Class 'A', Series '34', Variable Rate, Perpetual	205,191	4,322,706	2,932,179
Brookfield Asset Management Inc., Preferred, Class 'A', Series '36', 4.85%, Perpetual	91,978	1,943,776	1,967,409
Brookfield Asset Management Inc., Preferred, Class 'A', Series '37', 4.90%, Perpetual	143,283	3,102,632	3,125,002
Brookfield Asset Management Inc., Preferred, Class 'A', Series '38', 4.40%, Perpetual	207,106	4,195,327	2,721,373
Brookfield Asset Management Inc., Preferred, Class 'A', Series '40', Variable Rate, Perpetual	388,782	7,666,007	5,680,105

Schedule of Investments (unaudited) (continued)

As at June 30, 2020

Security	Shares/ Par Value/Contracts	Average Cost	Fair Value
Brookfield Asset Management Inc., Preferred, Class 'A', Series '42', Variable Rate, Perpetual	392,793	7,933,870	5,302,706
Brookfield Office Properties Inc., Preferred, Class 'AAA', Series 'N', Variable Rate, Perpetual	488,850	8,305,287	4,692,960
Brookfield Office Properties Inc., Preferred, Class 'AAA', Series 'P', Variable Rate, Convertible, Perpetual	236,676	4,433,476	2,359,660
Brookfield Office Properties Inc., Preferred, Class 'AAA', Series 'R', Variable Rate, Perpetual	454,767	8,220,703	4,975,151
Brookfield Office Properties Inc., Preferred, Class 'AAA', Series 'S', Floating Rate, Perpetual	42,763	910,232	513,584
Brookfield Office Properties Inc., Preferred, Class 'AAA', Series 'T', 4.60%, Perpetual	38	747	479
Brookfield Office Properties Inc., Preferred, Class 'AAA', Series 'AA', Variable Rate, Perpetual	152,300	3,059,333	1,835,215
Brookfield Office Properties Inc., Preferred, Class 'AAA', Series 'EE', Variable Rate, Perpetual	27,280	403,158	417,384
Brookfield Office Properties Inc., Preferred, Class 'AAA', Series 'GG', Variable Rate, Perpetual	1,600	22,897	24,000
Canadian Imperial Bank of Commerce, Preferred, Class 'A', Series '39', Variable Rate, Perpetual	561,704	10,858,244	7,875,090
Canadian Imperial Bank of Commerce, Preferred, Class 'A', Series '41', Variable Rate, Perpetual	297,943	6,016,222	4,400,618
Canadian Imperial Bank of Commerce, Preferred, Class 'A', Series '43', Variable Rate, Perpetual	903,485	18,911,640	13,597,449
Canadian Imperial Bank of Commerce, Preferred, Class 'A', Series '45', Variable Rate, Perpetual	1,578,880	36,694,856	28,877,715
Canadian Imperial Bank of Commerce, Preferred, Class 'A', Series '47', Variable Rate, Perpetual	84,503	1,608,722	1,308,952
Canadian Western Bank, Preferred, Series '5', Variable Rate, Perpetual	5,572	99,585	71,322
Canadian Western Bank, Preferred, Series '7', Variable Rate, Perpetual	90,918	2,350,834	1,986,558
E-L Financial Corp. Ltd., Preferred, Series '3', 5.50%, Perpetual	4,500	113,265	106,200
Empire Life Insurance Co. (The), Preferred, Series '1', Variable Rate, Perpetual	1,076	27,481	25,905
Fairfax Financial Holdings Ltd., Preferred, Series 'C', Variable Rate, Convertible	18,544	374,889	266,106
Fairfax Financial Holdings Ltd., Preferred, Series 'E', Variable Rate, Perpetual	24,496	420,752	259,903
Fairfax Financial Holdings Ltd., Preferred, Series 'G', Variable Rate, Perpetual	29,648	485,553	314,862
Fairfax Financial Holdings Ltd., Preferred, Series 'H', Variable Rate, Convertible, Perpetual	3,300	53,955	36,267
Fairfax Financial Holdings Ltd., Preferred, Series 'I', Variable Rate, Convertible, Perpetual	238,537	4,094,341	2,898,225
Fairfax Financial Holdings Ltd., Preferred, Series 'J', Variable Rate, Perpetual	46,711	855,694	557,729
Fairfax Financial Holdings Ltd., Preferred, Series 'K', 5.00%, Perpetual	128,185	2,500,851	1,947,130
Fairfax Financial Holdings Ltd., Preferred, Series 'M', Variable Rate, Perpetual	172,111	3,738,372	3,013,664
Great-West Lifeco Inc., Preferred, Series 'F', 5.90%, Perpetual	39,229	990,654	986,217
Great-West Lifeco Inc., Preferred, Series 'G', 5.20%, Perpetual	598,758	13,687,052	13,711,558

Schedule of Investments (unaudited) (continued)

As at June 30, 2020

Security	Shares/ Par Value/Contracts	Average Cost	Fair Value
Great-West Lifeco Inc., Preferred, Series 'H', 4.85%, Perpetual	367,127	8,357,377	7,900,573
Great-West Lifeco Inc., Preferred, Series 'I', 4.50%, Perpetual	49,553	1,082,007	993,042
Great-West Lifeco Inc., Preferred, Series 'L', 5.65%, Perpetual	280,837	6,855,289	6,799,064
Great-West Lifeco Inc., Preferred, Series 'M', 5.80%, Perpetual	231,441	5,813,645	5,781,396
Great-West Lifeco Inc., Preferred, Series 'O', Floating Rate, Perpetual	10,195	179,238	88,391
Great-West Lifeco Inc., Preferred, Series 'P', 5.40%, Perpetual	351,885	8,739,027	8,322,080
Great-West Lifeco Inc., Preferred, Series 'Q', 5.15%, Perpetual	376,687	8,957,764	8,580,930
Great-West Lifeco Inc., Preferred, Series 'R', 4.80%, Perpetual	44,483	1,021,315	954,605
Great-West Lifeco Inc., Preferred, Series 'S', 5.25%, Perpetual	182,819	4,342,382	4,245,057
Great-West Lifeco Inc., Preferred, Series 'T', 5.15%, Perpetual	81,500	1,845,310	1,872,870
Industrial Alliance Insurance and Financial Services Inc., Preferred, Class 'A', Series 'G', Variable Rate, Convertible, Perpetual	473,939	9,997,629	7,583,024
Industrial Alliance Insurance and Financial Services Inc., Preferred, Class 'A', Series 'I', Variable Rate, Perpetual	36,982	780,569	631,283
Intact Financial Corp., Preferred, Class 'A', Series '3', Variable Rate, Convertible, Perpetual	456,217	8,922,109	6,496,530
Intact Financial Corp., Preferred, Class 'A', Series '5', 5.20%, Perpetual	76,543	1,865,813	1,768,143
Intact Financial Corp., Preferred, Class 'A', Series '6', 5.30%, Perpetual	110,039	2,645,218	2,558,407
Intact Financial Corp., Preferred, Class 'A', Series '7', Variable Rate, Convertible, Perpetual	73,454	1,729,710	1,137,803
Intact Financial Corp., Preferred, Class 'A', Series '9', 5.40%, Perpetual	3,800	95,788	90,706
Laurentian Bank of Canada, Preferred, Class 'A', Series '15', Variable Rate, Perpetual	103,108	2,435,590	1,897,187
Manulife Financial Corp., Preferred, Class 'A', Series '2', 4.65%, Perpetual	293,496	6,457,990	6,500,936
Manulife Financial Corp., Preferred, Class 'A', Series '3', 4.50%, Perpetual	244,783	5,218,743	5,218,774
Manulife Financial Corp., Preferred, Class '1', Series '4', Floating Rate, Convertible, Perpetual	4,500	75,600	41,625
Manulife Financial Corp., Preferred, Class '1', Series '5', Variable Rate, Convertible, Perpetual	371,793	7,375,950	5,911,509
Manulife Financial Corp., Preferred, Class '1', Series '7', Variable Rate, Perpetual	410,063	8,160,071	7,073,587
Manulife Financial Corp., Preferred, Class '1', Series '9', Variable Rate, Convertible, Perpetual	361,962	7,612,644	5,852,926
Manulife Financial Corp., Preferred, Class '1', Series '11', Variable Rate, Perpetual	232,288	4,739,592	3,605,110
Manulife Financial Corp., Preferred, Class '1', Series '15', Variable Rate, Perpetual	272,364	5,228,344	3,636,059
Manulife Financial Corp., Preferred, Class '1', Series '17', Variable Rate, Perpetual	340,905	6,881,195	4,891,987
Manulife Financial Corp., Preferred, Class '1', Series '19', Variable Rate, Perpetual	279,790	5,620,903	3,987,008
Manulife Financial Corp., Preferred, Class '1', Series '21', Variable Rate, Perpetual	142,785	3,655,984	3,532,501
Manulife Financial Corp., Preferred, Class '1', Series '23', Variable Rate, Perpetual	571,268	13,300,393	11,996,628
Manulife Financial Corp., Preferred, Class '1', Series '25', Variable Rate, Perpetual	56,380	1,249,739	890,804
National Bank of Canada, Preferred, Series '30', Variable Rate, Perpetual	376,486	7,075,307	5,824,238

Schedule of Investments (unaudited) (continued)

As at June 30, 2020

Security	Shares/ Par Value/Contracts	Average Cost	Fair Value
National Bank of Canada, Preferred, Series '32', Variable Rate, Perpetual	225,418	4,195,332	3,381,270
National Bank of Canada, Preferred, Series '34', Variable Rate, Perpetual	147,860	3,741,552	3,661,014
National Bank of Canada, Preferred, Series '36', Variable Rate, Perpetual	831,785	21,045,391	20,328,825
National Bank of Canada, Preferred, Series '38', Variable Rate, Perpetual	614,133	13,977,632	12,141,409
National Bank of Canada, Preferred, Series '40', Variable Rate, Perpetual	210,425	4,033,091	3,520,410
National Bank of Canada, Preferred, Series '42', Variable Rate, Perpetual	43,794	867,706	778,657
Power Corp. of Canada, Preferred, Series 'A', 5.60%, Perpetual	67,437	1,668,008	1,635,347
Power Corp. of Canada, Preferred, Series 'B', 5.35%, Perpetual	180,358	4,278,419	4,141,020
Power Corp. of Canada, Preferred, Series 'C', 5.80%, Perpetual	23,571	587,087	577,254
Power Corp. of Canada, Preferred, Series 'G', 5.60%, Perpetual	125,016	3,139,037	2,992,883
Power Financial Corp., Preferred, Series 'D', 5.50%, Perpetual	68,714	1,689,906	1,605,846
Power Financial Corp., Preferred, Series 'E', 5.25%, Perpetual	115,693	2,781,654	2,635,487
Power Financial Corp., Preferred, Series 'F', 5.90%, Perpetual	95,584	2,343,462	2,370,483
Power Financial Corp., Preferred, Series 'H', 5.75%, Perpetual	140,365	3,326,386	3,399,640
Power Financial Corp., Preferred, Series 'I', 6.00%, Perpetual	7,006	180,019	175,150
Power Financial Corp., Preferred, Series 'K', 4.95%, Perpetual	306,881	6,867,221	6,551,909
Power Financial Corp., Preferred, Series 'L', 5.10%, Perpetual	135,104	3,183,392	2,979,043
Power Financial Corp., Preferred, Series 'O', 5.80%, Perpetual	195,057	4,983,487	4,788,649
Power Financial Corp., Preferred, Series 'P', Variable Rate, Perpetual	206,489	3,476,122	1,999,846
Power Financial Corp., Preferred, Series 'Q', Variable Rate, Convertible, Perpetual	51,976	720,179	519,500
Power Financial Corp., Preferred, Series 'R', 5.50%, Perpetual	271,612	6,759,652	6,410,043
Power Financial Corp., Preferred, Series 'S', 4.80%, Perpetual	180,521	3,741,676	3,790,941
Power Financial Corp., Preferred, Series 'T', Variable Rate, Perpetual	60,609	1,408,825	901,862
Power Financial Corp., Preferred, Series 'V', 5.15%, Perpetual	54,062	1,226,132	1,215,854
Royal Bank of Canada, Preferred, Series 'AA', 4.45%, Perpetual	343,427	8,630,604	8,661,229
Royal Bank of Canada, Preferred, Series 'AC', 4.60%, Perpetual	252,301	6,380,008	6,378,169
Royal Bank of Canada, Preferred, Series 'AE', 4.50%, Perpetual	260,073	6,542,378	6,572,045
Royal Bank of Canada, Preferred, Series 'AF', 4.45%, Perpetual	174,794	4,399,127	4,415,296
Royal Bank of Canada, Preferred, Series 'AG', 4.50%, Perpetual	128,564	3,236,247	3,262,954
Royal Bank of Canada, Preferred, Series 'BD', Variable Rate, Perpetual	1,009,122	21,857,133	16,388,141
Royal Bank of Canada, Preferred, Series 'BF', Variable Rate, Perpetual	520,435	10,915,114	8,280,121
Royal Bank of Canada, Preferred, Series 'BK', Variable Rate, Perpetual	298,182	7,620,793	7,260,732
Royal Bank of Canada, Preferred, Series 'BM', Variable Rate, Perpetual	86,314	2,238,962	2,171,660
Sun Life Financial Inc., Preferred, Class 'A', Series '1', 4.75%, Perpetual	641,880	14,310,306	14,390,950
Sun Life Financial Inc., Preferred, Class 'A', Series '2', 4.80%, Perpetual	648,165	14,608,879	14,907,795
Sun Life Financial Inc., Preferred, Class 'A', Series '3', 4.45%, Perpetual	31,638	670,121	671,991
Sun Life Financial Inc., Preferred, Class 'A', Series '4', 4.45%, Perpetual	137,907	3,025,057	2,949,831
Sun Life Financial Inc., Preferred, Class 'A', Series '5', 4.50%, Perpetual	147,950	3,171,551	3,157,253
Sun Life Financial Inc., Preferred, Class 'A', Series '9QR', Variable Rate, Convertible, Perpetual	28,575	479,606	252,317
Sun Life Financial Inc., Preferred, Class 'A', Series '10R', Variable Rate, Perpetual	187,340	3,472,553	2,206,865
Sun Life Financial Inc., Preferred, Class 'A', Series '11QR', Floating Rate, Perpetual	5,700	113,735	69,255
Sun Life Financial Inc., Preferred, Class 'A', Series '12R', Variable Rate, Perpetual	546,463	10,945,695	8,410,066
Toronto-Dominion Bank (The), Preferred, Series '1', Variable Rate, Convertible, Perpetual	217,101	4,537,638	3,330,329

Schedule of Investments (unaudited) (continued)

As at June 30, 2020

Security	Shares/ Par Value/Contracts	Average Cost	Fair Value
Toronto-Dominion Bank (The), Preferred, Series '3', Variable Rate, Perpetual	555,535	11,439,951	8,510,796
Toronto-Dominion Bank (The), Preferred, Series '5', Variable Rate, Perpetual	673,915	13,659,345	10,452,422
Toronto-Dominion Bank (The), Preferred, Series '7', Variable Rate, Perpetual	968,167	21,452,592	16,178,071
Toronto-Dominion Bank (The), Preferred, Series '9', Variable Rate, Perpetual	474,522	10,515,232	7,981,460
Toronto-Dominion Bank (The), Preferred, Series '12', Variable Rate, Perpetual	2,776	63,119	69,567
Toronto-Dominion Bank (The), Preferred, Series '14', Variable Rate, Perpetual	800,605	20,042,815	18,590,048
Toronto-Dominion Bank (The), Preferred, Series '16', Variable Rate, Perpetual	40,299	821,272	745,129
Toronto-Dominion Bank (The), Preferred, Series '22', Variable Rate, Perpetual	61,100	1,286,155	1,289,821
Toronto-Dominion Bank (The), Preferred, Series '24', Variable Rate, Perpetual	145,070	3,549,819	3,211,850
		736,853,838	619,714,978

Energy (19.97%)

AltaGas Ltd., Preferred, Series 'A', Variable Rate, Convertible, Perpetual	283,745	4,758,108	3,058,771
AltaGas Ltd., Preferred, Series 'B', Floating Rate, Convertible, Perpetual	363,962	6,366,420	3,901,673
AltaGas Ltd., Preferred, Series 'C', 4.40%, Convertible, Perpetual	234,318	6,501,680	4,644,408
AltaGas Ltd., Preferred, Series 'G', Variable Rate, Perpetual	476,373	9,700,233	6,173,794
AltaGas Ltd., Preferred, Series 'I', Variable Rate, Perpetual	160,121	3,919,446	3,322,511
AltaGas Ltd., Preferred, Series 'K', Variable Rate, Perpetual	371,674	8,806,586	7,444,630
Enbridge Inc., Preferred, Series 'A', 5.50%, Perpetual	91,030	2,158,237	2,099,152
Enbridge Inc., Preferred, Series 'B', Variable Rate, Perpetual	577,553	8,671,087	6,254,899
Enbridge Inc., Preferred, Series 'C', Floating Rate, Perpetual	7,172	108,809	75,306
Enbridge Inc., Preferred, Series 'D', Variable Rate, Perpetual	310,394	5,652,366	3,659,545
Enbridge Inc., Preferred, Series 'F', Variable Rate, Perpetual	445,275	8,388,272	5,561,485
Enbridge Inc., Preferred, Series 'H', 4.00%, Perpetual	176,862	3,107,272	2,009,152
Enbridge Inc., Preferred, Series 'L', Variable Rate, Perpetual	145,179	3,665,822	3,074,682
Enbridge Inc., Preferred, Series 'N', Variable Rate, Perpetual	333,471	6,392,909	4,441,834
Enbridge Inc., Preferred, Series 'P', Variable Rate, Perpetual	732,423	12,960,263	9,118,666
Enbridge Inc., Preferred, Series 'R', Variable Rate, Perpetual	839,833	14,799,919	10,170,378
Enbridge Inc., Preferred, Series '3', Variable Rate, Perpetual	1,517,261	26,250,381	17,736,781
Enbridge Inc., Preferred, Series '7', Variable Rate, Perpetual	104,699	1,938,648	1,300,362
Enbridge Inc., Preferred, Series '9', Variable Rate, Perpetual	247,940	4,421,711	3,188,508
Enbridge Inc., Preferred, Series '11', Variable Rate, Perpetual	663,306	12,090,035	8,364,289
Enbridge Inc., Preferred, Series '13', Variable Rate, Perpetual	428,060	7,152,850	5,256,577
Enbridge Inc., Preferred, Series '15', Variable Rate, Perpetual	237,278	4,096,916	2,799,880
Enbridge Inc., Preferred, Series '17', Variable Rate, Perpetual	8,772	175,368	200,177
Husky Energy Inc., Preferred, Series '1', Variable Rate, Perpetual	221,941	3,320,675	1,342,743
Husky Energy Inc., Preferred, Series '2', Variable Rate, Perpetual	43,005	617,548	278,672
Husky Energy Inc., Preferred, Series '3', Variable Rate, Perpetual	539,047	11,164,462	5,821,708
Husky Energy Inc., Preferred, Series '5', Variable Rate, Perpetual	383,974	7,906,867	4,365,784
Husky Energy Inc., Preferred, Series '7', Variable Rate, Perpetual	273,004	5,516,191	2,809,211

Schedule of Investments (unaudited) (continued)

As at June 30, 2020

Security	Shares/ Par Value/Contracts	Average Cost	Fair Value
Pembina Pipeline Corp., Preferred, Class 'A', Series '1', Variable Rate, Perpetual	54,198	1,011,807	698,070
Pembina Pipeline Corp., Preferred, Class 'A', Series '3', Variable Rate, Perpetual	87,929	1,536,352	1,097,354
Pembina Pipeline Corp., Preferred, Class 'A', Series '5', Variable Rate, Perpetual	75,740	905,411	990,679
Pembina Pipeline Corp., Preferred, Class 'A', Series '7', Variable Rate, Perpetual	462,148	9,473,392	6,007,924
Pembina Pipeline Corp., Preferred, Class 'A', Series '9', Variable Rate, Perpetual	761,788	16,565,588	11,579,178
Pembina Pipeline Corp., Preferred, Class 'A', Series '11', Variable Rate, Perpetual	11,507	292,765	268,573
Pembina Pipeline Corp., Preferred, Class 'A', Series '13', Variable Rate, Perpetual	115,777	2,950,009	2,742,757
Pembina Pipeline Corp., Preferred, Class 'A', Series '15', Variable Rate, Perpetual	274,531	4,877,363	3,332,806
Pembina Pipeline Corp., Preferred, Class 'A', Series '17', Variable Rate, Perpetual	219,729	4,092,334	2,920,199
Pembina Pipeline Corp., Preferred, Class 'A', Series '19', Variable Rate, Perpetual	219,612	4,790,990	3,698,266
Pembina Pipeline Corp., Preferred, Class 'A', Series '23', Variable Rate, Perpetual	128,595	3,015,011	2,651,629
Pembina Pipeline Corp., Preferred, Class 'A', Series '25', Variable Rate, Perpetual	241,274	5,593,675	4,907,513
TC Energy Corp., Preferred, Series '1', Variable Rate, Convertible, Perpetual	915,666	16,193,350	10,392,809
TC Energy Corp., Preferred, Series '3', Variable Rate, Convertible, Perpetual	78,280	1,268,242	614,498
TC Energy Corp., Preferred, Series '5', Variable Rate, Convertible, Perpetual	537,026	8,085,553	4,629,164
TC Energy Corp., Preferred, Series '7', Variable Rate, Convertible, Perpetual	350,292	6,906,948	4,508,258
TC Energy Corp., Preferred, Series '9', Variable Rate, Perpetual	483,423	8,874,372	6,105,633
TC Energy Corp., Preferred, Series '11', Variable Rate, Perpetual	559,540	11,172,434	7,945,468
TC Energy Corp., Preferred, Series '13', Variable Rate, Perpetual	134	2,715	3,329
TC Energy Corp., Preferred, Series '15', Variable Rate, Perpetual	479,674	11,934,917	11,195,591
		310,152,309	214,765,276
Utilities (12.75%)			
Algonquin Power & Utilities Corp., Preferred, Series 'A', Variable Rate, Convertible, Perpetual	97,636	2,163,945	1,659,812
Algonquin Power & Utilities Corp., Preferred, Series 'D', Variable Rate, Perpetual	151,866	2,953,870	2,593,112
Brookfield Infrastructure Partners L.P., Preferred, Class 'A', Series '1', Variable Rate, Perpetual	409,075	8,575,699	6,013,403
Brookfield Infrastructure Partners L.P., Preferred, Class 'A', Series '3', Variable Rate, Perpetual	32,572	818,086	780,425
Brookfield Infrastructure Partners L.P., Preferred, Class 'A', Series '5', Variable Rate, Perpetual	87,876	2,171,210	2,029,936
Brookfield Infrastructure Partners L.P., Preferred, Class 'A', Series '9', Variable Rate, Perpetual	1,500	32,611	30,390

Schedule of Investments (unaudited) (continued)

As at June 30, 2020

Security	Shares/ Par Value/Contracts	Average Cost	Fair Value
Brookfield Infrastructure Partners L.P., Preferred, Class 'A', Series '11', Variable Rate, Perpetual	76,889	1,749,337	1,561,616
Brookfield Renewable Partners L.P., Preferred, Class 'A', Series '7', Variable Rate, Perpetual	273,471	6,571,017	6,221,465
Brookfield Renewable Partners L.P., Preferred, Class 'A', Series '9', Variable Rate, Perpetual	179,939	4,272,253	4,320,335
Brookfield Renewable Partners L.P., Preferred, Class 'A', Series '11', Variable Rate, Perpetual	94,230	1,880,239	1,994,849
Brookfield Renewable Partners L.P., Preferred, Class 'A', Series '13', Variable Rate, Perpetual	2	39	42
Brookfield Renewable Partners L.P., Preferred, Class 'A', Series '15', Variable Rate, Perpetual	14,044	280,111	337,196
Brookfield Renewable Power Preferred Equity Inc., Preferred, Class 'A', Series '1', Variable Rate, Convertible, Perpetual	756,490	13,724,224	9,191,354
Brookfield Renewable Power Preferred Equity Inc., Preferred, Class 'A', Series '3', Variable Rate, Convertible, Perpetual	587,004	11,783,056	8,130,005
Brookfield Renewable Power Preferred Equity Inc., Preferred, Class 'A', Series '5', 5.59%, Perpetual	50,067	1,139,597	1,118,997
Brookfield Renewable Power Preferred Equity Inc., Preferred, Class 'A', Series '6', 5.00%, Perpetual	449,396	9,344,335	9,504,725
Canadian Utilities Ltd., Preferred, Series 'Y', Variable Rate, Perpetual	476,624	9,183,673	7,099,314
Canadian Utilities Ltd., Preferred, Series 'AA', 4.90%, Perpetual	327,561	7,554,154	7,602,691
Canadian Utilities Ltd., Preferred, Series 'BB', 4.90%, Perpetual	208,162	4,713,466	4,833,522
Canadian Utilities Ltd., Preferred, Series 'CC', 4.50%, Perpetual	83,373	1,713,966	1,803,775
Canadian Utilities Ltd., Preferred, Series 'DD', 4.50%, Perpetual	410,548	8,630,632	8,921,208
Canadian Utilities Ltd., Preferred, Series 'EE', 5.25%, Perpetual	137,352	3,240,346	3,367,871
Capital Power Corp., Preferred, Series '1', Variable Rate, Convertible, Perpetual	58,560	801,070	527,040
Capital Power Corp., Preferred, Series '3', Variable Rate, Convertible, Perpetual	61,131	1,229,782	887,011
Capital Power Corp., Preferred, Series '5', Variable Rate, Perpetual	67,904	1,224,119	967,632
CU Inc., Preferred, Series '1', 4.60%, Perpetual	218,485	4,736,440	4,634,067
Emera Inc., Preferred, Series 'A', Variable Rate, Convertible, Perpetual	105,398	1,616,239	1,099,301
Emera Inc., Preferred, Series 'B', Variable Rate, Convertible, Perpetual	160,629	2,747,302	1,709,896
Emera Inc., Preferred, Series 'C', Variable Rate, Convertible, Perpetual	219,357	4,439,679	3,494,357
Emera Inc., Preferred, Series 'E', 4.50%, Perpetual	2,200	45,405	46,574
Emera Inc., Preferred, Series 'F', Variable Rate, Perpetual	222,627	4,410,472	3,486,339
Fortis Inc., Preferred, Series 'F', 4.90%, Perpetual	2,967	70,366	69,606
Fortis Inc., Preferred, Series 'G', Variable Rate, Perpetual	370,105	7,479,355	5,181,470
Fortis Inc., Preferred, Series 'H', 4.25%, Perpetual	17,675	281,101	171,447
Fortis Inc., Preferred, Series 'J', 4.75%, Perpetual	128,141	2,828,044	2,870,358
Fortis Inc., Preferred, Series 'K', Variable Rate, Perpetual	178,867	3,454,935	2,361,044
Fortis Inc., Preferred, Series 'M', Variable Rate, Perpetual	696,028	14,092,208	10,475,221
TransAlta Corp., Preferred, Series 'A', Variable Rate, Convertible, Perpetual	42,461	634,655	348,180
TransAlta Corp., Preferred, Series 'C', Variable Rate, Convertible, Perpetual	243,588	3,795,811	2,686,776
TransAlta Corp., Preferred, Series 'E', 5.00%, Perpetual	144,682	2,446,271	1,924,271

Schedule of Investments (unaudited) (continued)

As at June 30, 2020

Security	Shares/ Par Value/Contracts	Average Cost	Fair Value
TransAlta Corp., Preferred, Series 'G', Variable Rate, Perpetual	22,337	387,842	316,069
Westcoast Energy Inc., Preferred, Series '10', Variable Rate, Perpetual	12,709	260,584	308,193
Westcoast Energy Inc., Preferred, Series '12', Variable Rate, Perpetual	178,314	4,525,278	4,341,946
		164,002,824	137,022,841
Communication Services (4.59%)			
BCE Inc., Preferred, Series 'R', Variable Rate, Perpetual	212,793	3,619,380	2,310,932
BCE Inc., Preferred, Series 'S', Variable Rate, Perpetual	8,272	130,798	88,510
BCE Inc., Preferred, Series 'T', Variable Rate, Perpetual	753,357	12,203,667	8,279,393
BCE Inc., Preferred, Series 'Z', Variable Rate, Perpetual	223,369	3,664,805	2,684,895
BCE Inc., Preferred, Series 'AA', Variable Rate, Perpetual	615,354	10,083,465	7,261,177
BCE Inc., Preferred, Series 'AB', Variable Rate, Perpetual	41,487	747,600	444,741
BCE Inc., Preferred, Series 'AC', Variable Rate, Perpetual	27,331	499,839	379,354
BCE Inc., Preferred, Series 'AD', Variable Rate, Perpetual	124,212	1,428,164	1,329,068
BCE Inc., Preferred, Series 'AE', Variable Rate, Perpetual	24,816	393,391	265,531
BCE Inc., Preferred, Series 'AF', Variable Rate, Perpetual	601,930	10,588,264	7,734,801
BCE Inc., Preferred, Series 'AG', Variable Rate, Perpetual	270,017	4,150,880	2,916,184
BCE Inc., Preferred, Series 'AH', Variable Rate, Perpetual	198,068	3,383,566	2,121,308
BCE Inc., Preferred, Series 'AI', Variable Rate, Perpetual	447,085	6,217,138	4,841,931
BCE Inc., Preferred, Series 'AJ', Variable Rate, Perpetual	112,018	1,867,383	1,204,194
BCE Inc., Preferred, Series 'AK', Variable Rate, Convertible, Perpetual	247,129	3,836,386	2,624,510
BCE Inc., Preferred, Series 'AL', Floating Rate, Perpetual	123,980	2,184,880	1,259,017
BCE Inc., Preferred, Series 'AM', Variable Rate, Perpetual	265,952	4,458,363	3,018,555
BCE Inc., Preferred, Series 'AN', Variable Rate, Convertible, Perpetual	53,876	844,419	602,334
		70,302,388	49,366,435
Canadian Broad Equity (1.58%)			
BMO Laddered Preferred Share Index ETF	506,837	4,027,135	4,171,269
Horizons Laddered Canadian Preferred Share Index ETF	734,200	12,226,562	12,819,132
		16,253,697	16,990,401
Consumer Staples (0.96%)			
George Weston Ltd., Preferred, Series 'I', 5.80%, Perpetual	31,620	794,892	796,824
George Weston Ltd., Preferred, Series 'III', 5.20%, Perpetual	130,879	3,138,374	3,159,419
George Weston Ltd., Preferred, Series 'IV', 5.20%, Perpetual	144,032	3,458,068	3,476,932
Loblaw Cos. Ltd., Preferred, Series 'B', 5.30%, Perpetual	117,316	2,907,941	2,909,437
		10,299,275	10,342,612
Industrials (0.47%)			
Element Fleet Management Corp., Preferred, Series 'E', Variable Rate, Perpetual	246,991	5,997,263	4,939,820
Element Fleet Management Corp., Preferred, Series 'I', Variable Rate, Perpetual	4,575	91,431	97,951
		6,088,694	5,037,771
Consumer Discretionary (0.14%)			
Shaw Communications Inc., Preferred, Class '2', Series 'A', Variable Rate, Perpetual	135,285	2,421,328	1,488,135
TOTAL CANADIAN PREFERRED SECURITIES		1,316,374,353	1,054,728,449

Schedule of Investments (unaudited) (continued)

As at June 30, 2020

Security	Shares/ Par Value/Contracts	Average Cost	Fair Value
CANADIAN FIXED INCOME SECURITIES (1.72%)			
Corporate Bonds (1.72%)			
Bank of Nova Scotia (The), Variable Rate, Perpetual, 4.90%, 2025/06/04	2,200,000	3,030,390	2,987,616
Enbridge Inc., Variable Rate, Callable, 6.00%, 2077/01/15	345,000	366,015	463,035
Enbridge Inc., Series 'C', Variable Rate, Callable, 6.63%, 2078/04/12	3,000,000	3,000,000	3,255,211
Inter Pipeline Ltd., Series '19-A', Variable Rate, Callable, 6.88%, 2079/03/26	6,649,000	6,649,000	6,169,241
Keyera Corp., Floating Rate, Callable, 6.88%, 2079/06/13	5,625,000	5,625,000	5,595,573
	18,670,405		18,470,676
TOTAL CANADIAN FIXED INCOME SECURITIES	18,670,405		18,470,676
DERIVATIVES (0.00%)			
Currency Forwards (0.00%)			
Currency forward contract to buy C\$13,947,466 for US\$10,268,000 maturing September 23, 2020		–	9,902
Currency forward contract to buy US\$97,000 for C\$131,064 maturing September 23, 2020		–	602
	–		10,504
TOTAL DERIVATIVES	–		10,504
Transaction Costs	(299,766)		
TOTAL INVESTMENT PORTFOLIO (99.82%)	\$ 1,334,744,992		\$ 1,073,209,629
Cash and cash equivalents (0.91%)			9,804,318
Other assets less liabilities (-0.73%)			(7,819,727)
TOTAL NET ASSETS (100.00%)			\$ 1,075,194,220

(See accompanying notes to financial statements)

Notes to Financial Statements (unaudited)

June 30, 2020

1. REPORTING ENTITY

Horizons Active Preferred Share ETF ("HPR" or the "ETF") is an investment trust established under the laws of the Province of Ontario by Declaration of Trust and effectively began operations on November 22, 2010. The address of the ETF's registered office is: c/o Horizons ETFs Management (Canada) Inc., 55 University Avenue, Suite 800, Toronto, Ontario, M5J 2H7.

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

The investment objective of HPR is to provide dividend income while preserving capital by investing primarily in preferred shares of Canadian companies. HPR may also invest in preferred shares of companies located in the United States, fixed-income securities of Canadian and U.S. issuers, including other income generating securities, as well as Canadian equity securities and exchange traded funds that issue index participation units ("Listed Funds"). HPR, to the best of its ability, seeks to hedge its non-Canadian dollar currency exposure to the Canadian dollar at all times.

Horizons ETFs Management (Canada) Inc. is the manager, trustee and investment manager of the ETF ("Horizons Management", the "Manager" or the "Investment Manager"). The Investment Manager is responsible for implementing the ETF's investment strategies and for engaging the services of Fiera Capital Corporation ("Fiera" or the "Sub-Advisor"), to act as the sub-advisor to the ETF.

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

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

These financial statements were authorized for issue on August 14, 2020, by the Board of Directors of the Manager.

(ii) Basis of measurement

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

(iii) Functional and presentation currency

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

Notes to Financial Statements (unaudited) (continued)

June 30, 2020

(a) Financial instruments

(i) Recognition, initial measurement and classification

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

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

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

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

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

- Financial assets mandatorily classified at FVTPL: debt securities, equity investments and derivative financial instruments
- Financial assets at amortized cost: All other financial assets
- Financial liabilities classified at FVTPL: derivative financial instruments and securities sold short, if any
- Financial liabilities at amortized cost: all other financial liabilities

(ii) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the ETF has access at that date. The fair value of a liability reflects its non-performance risk.

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

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

Notes to Financial Statements (unaudited) (continued)

June 30, 2020

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

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

(iii) Offsetting

Financial assets and liabilities are offset and the net amount presented in the statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis for gains and losses from financial instruments at FVTPL and foreign exchange gains and losses.

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

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

Forward foreign exchange contracts

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

Redeemable units

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

(b) Investment income

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

Notes to Financial Statements (unaudited) (continued)

June 30, 2020

Dividend income is recognized on the ex-dividend date. Distribution income from investments in other funds or ETFs is recognized when earned.

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

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

If the ETF incurs withholding taxes imposed by certain countries on investment income and capital gains, such income and gains are recorded on a gross basis and the related withholding taxes are shown as a separate expense in the statements of comprehensive income.

(c) Foreign currency

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

(d) Cost basis

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

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

The increase (decrease) in net assets per unit in the statements of comprehensive income represents the change in net assets attributable to holders of redeemable units from operations divided by the weighted average number of units of the ETF outstanding during the reporting period.

(f) Unitholder transactions

The value at which units are issued or redeemed is determined by dividing the net asset value of the ETF by the total number of units outstanding of the ETF on the applicable Valuation Date. Amounts received on the issuance of units and amounts paid on the redemption of units are included in the statements of changes in financial position. Orders for subscriptions or redemptions are only permissible on valid trading days, as defined in the ETF's prospectus.

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

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

Notes to Financial Statements (unaudited) (continued)

June 30, 2020

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

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

(i) Transaction costs

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of an investment, which include fees and commissions paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs are expensed and are included in "Transaction costs" in the statements of comprehensive income.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

5. FINANCIAL INSTRUMENTS RISK

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

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

(a) Market risk

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

Notes to Financial Statements (unaudited) (continued)

June 30, 2020

(i) Currency risk

Currency risk is the risk that financial instruments which are denominated in currencies other than the ETF's reporting currency, the Canadian dollar, will fluctuate due to changes in exchange rates and adversely impact the ETF's income, cash flows or fair values of its investment holdings. The ETF may reduce its foreign currency exposure through the use of derivative arrangements such as foreign exchange forward contracts or futures contracts. As at June 30, 2020, and December 31, 2019, the ETF did not have any material net exposure to foreign currencies due to the ETF's hedging strategies.

(ii) Interest rate risk

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

The majority of the ETF's assets and liabilities are non-interest bearing. However, in general, preferred shares tend to react to changes in the prevailing level of long-term interest rates in a similar manner as bonds. For example, if interest rates fall, preferred share prices tend to rise, and vice versa. As at June 30, 2020, approximately 100.5% (December 31, 2019 - 100.3%) of the ETF's net assets were directly or indirectly exposed to interest rate risk. The amount by which the net assets of the ETF would have increased or decreased, as at June 30, 2020, had the prevailing interest rates been lowered or raised by 1%, assuming a parallel shift in the yield curve, with all other variables remaining constant, was \$61,152,755 (December 31, 2019 - \$59,749,037).

(iii) Other market risk

Other market risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. The Manager has imposed internal risk management controls on the ETF which are intended to limit the loss on its trading activities.

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

Comparative Index	June 30, 2020	December 31, 2019
S&P/TSX Preferred Share Index™	\$10,534,078	\$13,556,078

(b) Credit risk

Credit risk on financial instruments is the risk of a financial loss occurring as a result of the default of a counterparty on its obligation to the ETF. It arises principally from debt securities held, and also from derivative financial assets, cash and cash equivalents, and other receivables. The ETF's maximum credit risk exposure as at the reporting date is represented by the respective carrying amounts of the financial assets in the statements of financial position. The ETF's credit risk policy is to minimise its exposure to counterparties with perceived higher risk of default by dealing only with counterparties that meet the credit standards set out in the ETF's prospectus and by taking collateral.

Notes to Financial Statements (unaudited) (continued)

June 30, 2020

Analysis of credit quality

The ETF's credit risk exposure by designated rating of the invested portfolio as at June 30, 2020, and December 31, 2019, is listed as follows:

Canadian Securities by Credit Rating		Percentage of Net Asset Value (%)	
		June 30, 2020	December 31, 2019
P-1 - Best credit		2.7%	2.4%
P-2 - Second best credit		62.1%	60.6%
P-3 - Third best credit		33.5%	33.5%
Total		98.3%	96.5%

U.S. Securities by Credit Rating		Percentage of Net Asset Value (%)	
		June 30, 2020	December 31, 2019
AAA		0.5%	0.2%
BBB		0.6%	2.5%
BB		1.1%	1.1%
Total		2.2%	3.8%

Designated ratings are obtained by Standard & Poor's, Moody's and/or Dominion Bond Rating Services. Where more than one rating is obtained for a security, the lowest rating has been used. Credit risk is managed by dealing with counterparties the ETF believes to be creditworthy and by regular monitoring of credit exposures. The maximum exposure to any one debt issuer as of June 30, 2020, was 11.7% (December 31, 2019 – 8.8%) of the net assets of the ETF.

(c) Liquidity risk

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

Notes to Financial Statements (unaudited) (continued)

June 30, 2020

6. FAIR VALUE MEASUREMENT

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

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

Changes in valuation methods may result in transfers into or out of an investment's assigned level. The following is a summary of the inputs used as at June 30, 2020, and December 31, 2019, in valuing the ETF's investments and derivatives carried at fair values:

	June 30, 2020			December 31, 2019		
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)
Financial Assets						
Short-Term Investments	–	–	–	–	3,067,761	–
Bonds	–	18,470,676	–	–	24,098,130	–
Equities	1,037,738,048	–	–	1,383,613,404	–	–
Exchange Traded Funds	16,990,401	–	–	2,369,692	–	–
Currency Forward Contracts	–	10,504	–	–	517,481	–
Total Financial Assets	1,054,728,449	18,481,180	–	1,385,983,096	27,683,372	–
Financial Liabilities						
Currency Forward Contracts	–	–	–	–	(53,017)	–
Total Financial Liabilities	–	–	–	–	(53,017)	–
Net Financial Assets and Liabilities	1,054,728,449	18,481,180	–	1,385,983,096	27,630,355	–

There were no significant transfers made between Levels 1 and 2 as a result of changes in the availability of quoted market prices or observable market inputs during the period or year shown. In addition, there were no investments or transactions classified in Level 3 for the period ended June 30, 2020, and for the year ended December 31, 2019.

7. SECURITIES LENDING

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

Notes to Financial Statements (unaudited) (continued)

June 30, 2020

collateral is insufficient to reconstitute the portfolio of loaned securities. Revenue, if any, earned on securities lending transactions during the period is disclosed in the ETF's statements of comprehensive income.

The aggregate closing market value of securities loaned and collateral received as at June 30, 2020, and December 31, 2019, was as follows:

As at	Securities Loaned	Collateral Received
June 30, 2020	\$5,704,976	\$5,994,047
December 31, 2019	\$21,530,674	\$22,780,661

Collateral may comprise, but is not limited to, cash and obligations of or guaranteed by the Government of Canada or a province thereof; by the United States government or its agencies; by some sovereign states; by permitted supranational agencies; and short-term debt of Canadian financial institutions, if, in each case, the evidence of indebtedness has a designated rating as defined by NI 81-102.

The table below presents a reconciliation of the securities lending income as presented in the statements of comprehensive income for the periods ended June 30, 2020 and 2019. It shows the gross amount of securities lending revenues generated from the securities lending transactions of the ETF, less any taxes withheld and amounts earned by parties entitled to receive payments out of the gross amount as part of any securities lending agreements.

For the periods ended	June 30, 2020	% of Gross Income	June 30, 2019	% of Gross Income
Gross securities lending income	\$11,968		\$27,465	
Lending Agents' fees:				
Canadian Imperial Bank of Commerce	(3,581)	29.92%	(8,221)	29.93%
Net securities lending income paid to the ETF	\$8,387	70.08%	\$19,244	70.07%

8. REDEEMABLE UNITS

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

The redeemable units issued by the ETF provide an investor with the right to require redemption for cash at a value proportionate to the investor's share in the ETF's net assets at each redemption date. They are classified as liabilities as a result of the ETF's requirement to distribute net income and capital gains to unitholders. The ETF's objectives in managing the redeemable units are to meet the ETF's investment objective, and to manage liquidity risk arising from redemptions. The ETF's management of liquidity risk arising from redeemable units is discussed in note 5.

Notes to Financial Statements (unaudited) (continued)

June 30, 2020

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

Units of the ETF are issued or redeemed on a daily basis at the net asset value per security that is determined as at 4:00 p.m. (Eastern Time) each business day. Purchase and redemption orders are subject to a 9:30 a.m. (Eastern Time) cut-off time.

The ETF is required to distribute any net income and capital gains that it has earned in the year. Income earned by the ETF is distributed to unitholders at least once per year, if necessary, and these distributions are either paid in cash or reinvested by unitholders into additional units of the ETF. Net realized capital gains, if any, are typically distributed in December of each year to unitholders. The annual capital gains distributions are not paid in cash but rather, are reinvested and reported as taxable distributions and used to increase each unitholder's adjusted cost base for the ETF. Distributions paid to holders of redeemable units are recognized in the statements of changes in financial position.

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

For the periods ended June 30, 2020 and 2019, the number of units issued by subscription and/or distribution reinvestment, the number of units redeemed, the total and average number of units outstanding was as follows:

Period	Beginning Units Outstanding	Units Issued	Units Redeemed	Ending Units Outstanding	Average Units Outstanding
2020	173,303,797	21,158,870	(36,675,000)	157,787,667	162,467,520
2019	188,582,316	19,093,234	(30,000,000)	177,675,550	181,052,479

9. EXPENSES

Management fees

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

Notes to Financial Statements (unaudited) (continued)

June 30, 2020

In consideration for the provision of these services, the Manager receives a monthly management fee at the annual rate of 0.55%, plus applicable sales taxes, of the net asset value of the ETF's units, calculated and accrued daily and payable monthly in arrears. The Sub-Advisor is compensated for its services out of the management fees without any further cost to the ETF. Any expenses of the ETF which are waived or absorbed by the Manager are paid out of the management fees received by the Manager.

Other expenses

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

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

10. BROKER COMMISSIONS, SOFT DOLLARS AND RELATED PARTY TRANSACTIONS

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

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

Brokerage commissions paid to dealers in connection with investment portfolio transactions, soft dollar transactions incurred and amounts paid to related parties of the Manager, if any, for the periods ended June 30, 2020 and 2019, were as follow:

Period Ended	Brokerage Commissions Paid	Soft Dollar Transactions	Amount Paid to Related Parties
June 30, 2020	\$269,097	\$29,218	\$nil
June 30, 2019	\$296,910	\$24,801	\$nil

In addition to the information contained in the table above, the management fees paid to the Manager described in note 9 are related party transactions, as the Manager is considered to be a related party to the ETF. Fees paid to the Independent Review Committee are also considered to be related party transactions. Both the management fees and fees paid to the Independent Review Committee are disclosed in the statements of comprehensive income. The management fees payable by the ETF as at June 30, 2020, and December 31, 2019, are disclosed in the statements of financial position.

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

Notes to Financial Statements (unaudited) (continued)

June 30, 2020

11. INCOME TAX

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

12. TAX LOSSES CARRIED FORWARD

Capital losses for income tax purposes may be carried forward indefinitely and applied against capital gains realized in future years. Non-capital losses carried forwards may be applied against future years' taxable income. Non-capital losses that are realized in the current taxation year may be carried forward for 20 years. As at December 31, 2019, the ETF had net capital losses and/or non-capital losses, with the year of expiry of the non-capital losses as follows:

Net Capital Losses	Non-Capital Losses	Year of Expiry of the Non-Capital Losses
\$25,408,838	-	-

13. OFFSETTING OF FINANCIAL INSTRUMENTS

In the normal course of business, the ETF may enter into various master netting arrangements or other similar agreements that do not meet the criteria for offsetting in the statements of financial position but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or termination of the contracts. The following table shows financial instruments that may be eligible for offset, if such conditions were to arise, as at June 30, 2020, and December 31, 2019. The "Net" column displays what the net impact would be on the ETF's statements of financial position if all amounts were set-off.

	Amounts Offset (\$)			Amounts Not Offset (\$)		Net (\$)
Financial Assets and Liabilities as at June 30, 2020	Gross Assets (Liabilities)	Gross Assets (Liabilities) Offset	Net Amounts	Financial Instruments	Cash Collateral Pledged	
Derivative assets	10,504	-	10,504	-	-	10,504
Derivative liabilities	-	-	-	-	-	-

	Amounts Offset (\$)			Amounts Not Offset (\$)		Net (\$)
Financial Assets and Liabilities as at December 31, 2019	Gross Assets (Liabilities)	Gross Assets (Liabilities) Offset	Net Amounts	Financial Instruments	Cash Collateral Pledged	
Derivative assets	517,481	-	517,481	(1,494)	-	515,987
Derivative liabilities	(53,017)	-	(53,017)	1,494	-	(51,523)

Notes to Financial Statements (unaudited) (continued)

June 30, 2020

14. INTERESTS IN SUBSIDIARIES, ASSOCIATES AND UNCONSOLIDATED STRUCTURED ENTITIES

The ETF may invest in units of other ETFs as part of its investment strategies ("Investee ETF(s)"). The nature and purpose of these Investee ETFs generally, is to manage assets on behalf of third party investors in accordance with their investment objectives, and are financed through the issue of units to investors.

In determining whether the ETF has control or significant influence over an Investee ETF, the ETF assesses voting rights, the exposure to variable returns, and its ability to use the voting rights to affect the amount of the returns. In instances where the ETF has control over an Investee ETF, the ETF qualifies as an investment entity under IFRS 10 - *Consolidated Financial Statements*, and therefore accounts for investments it controls at fair value through profit and loss. The ETF's primary purpose is defined by its investment objectives and uses the investment strategies available to it as defined in the ETF's prospectus to meet those objectives. The ETF also measures and evaluates the performance of any Investee ETFs on a fair value basis.

Investee ETFs over which the ETF has control or significant influence are categorized as subsidiaries and associates, respectively. All other Investee ETFs are categorized as unconsolidated structured entities. Investee ETFs may be managed by the Manager, its affiliates, or by third-party managers.

Investments in Investee ETFs are susceptible to market price risk arising from uncertainty about future values of those Investee ETFs. The maximum exposure to loss from interests in Investee ETFs is equal to the total fair value of the investment in those respective Investee ETFs at any given point in time. The fair value of Investee ETFs, if any, are disclosed in investments in the statements of financial position and listed in the schedule of investments. As at June 30, 2020, and December 31, 2019, the ETF had no exposure to subsidiaries, associates or unconsolidated structured entities.

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