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PROSPECTUS

Continuous Offering

February 9, 2023

Horizons Carbon Credits ETF (“CARB” or the “ETF”)

Horizons ETF Corp. (the “**Company**”) is a mutual fund corporation established under the federal laws of Canada. The authorized capital of the Company includes an unlimited number of non-cumulative, redeemable, non-voting classes of shares (each, a “**Corporate Class**”), issuable in an unlimited number of series, and one class of voting shares designated as “**Class J Shares**”. Each Corporate Class is a separate investment fund having specific investment objectives and is specifically referable to a separate portfolio of investments. The ETF is a separate Corporate Class. The ETF currently consists of a single series of exchange traded fund shares (“**ETF Shares**”).

The ETF is an exchange traded mutual fund established under the laws of Ontario. The ETF is an “alternative mutual fund” as defined in National Instrument 81-102 *Investment Funds* (“**NI 81-102**”). An unlimited number of ETF Shares are being offered for sale on a continuous basis in Canadian dollars (“**Cdn\$ Shares**”) and may also be offered for sale on a continuous basis in U.S. dollars (“**US\$ Shares**”). The ETF Shares are offered for sale at a price equal to the net asset value of such ETF Shares in the applicable currency next determined following the receipt of a subscription order. To the extent Cdn\$ Shares and US\$ Shares are listed for trading on the TSX, subscriptions for US\$ Shares of the ETF can be made in either U.S. or Canadian dollars.

Horizons ETFs Management (Canada) Inc. (the “**Manager**” or “**Horizons**”), a corporation existing under the federal laws of Canada, is the manager and investment manager of the ETF. The Manager is responsible for providing or arranging for the provision of administrative services required by the ETF. The Manager also provides investment advisory and investment management services to the ETF.

Investment Objective

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

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

See “Investment Objective”.

Listing of ETF Shares

ETF Shares are currently listed and trading on the Toronto Stock Exchange (“**TSX**”). Investors are able to buy or sell ETF Shares on the TSX through registered brokers and dealers in the province or territory where the investor resides.

Additional Considerations

The ETF is an alternative mutual fund within the meaning of National Instrument 81-102 Investment Funds (“**NI 81-102**”), and is permitted to use strategies generally prohibited by conventional mutual funds, such as the ability to invest more than 10% of their net asset value in securities of a single issuer or the ability to borrow cash. While these strategies will only be used in accordance with the ETF’s investment objectives and strategies, during certain market conditions they may accelerate the risk that an investment in the ETF Shares decreases in value. The ETF will comply with all requirements of NI 81-102, as such requirements may be modified by exemptive relief obtained on behalf of the ETF.

The Company also offers other Corporate Classes pursuant to other prospectuses or prospectus exemptions, each of which is a separate investment fund having specific investment objectives and are specifically referable to a separate portfolio of investments.

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

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

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

Provided that the Company continues to qualify as a “mutual fund corporation” within the meaning of the Tax Act (as defined below), or the ETF Shares are listed on a “designated stock exchange” within the meaning of the Tax Act (which currently includes the TSX), the ETF Shares, if issued on the date hereof, would be on such date qualified investments under the Tax Act for a trust governed by a RRSP, RRIF, RDSP, DPSP, RESP or TFSA (each as defined below). Based on the current provisions of the Tax Act, the ETF Shares will be qualified investments under the Tax Act for a trust governed by an FHSA (as defined below) provided that one of the conditions discussed above in relation to the above-noted Registered Plans (as defined below) is satisfied.

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

Additional information about the ETF is or will be available in its most recently filed annual and interim financial statements, its most recently filed annual and interim management report of fund performance and its most recently filed ETF Facts (as defined below). These documents are or will be incorporated by reference into this prospectus,

which means that they legally form part of this prospectus. You can get a copy of these documents at your request, and at no cost, by calling the Manager at 416-933-5745 or 1-866-641-5739 (toll-free), by e-mail at info@HorizonsETFs.com or from your dealer. These documents are or will also be available on the Manager's website at www.HorizonsETFs.com. These documents and other information about the ETF are or will also be available on the website of SEDAR (the System for Electronic Document Analysis and Retrieval) at www.sedar.com. For further details, see "Documents Incorporated by Reference".

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GLOSSARY

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

“**Acceptable Counterparty**” means a Canadian chartered bank that has a designated rating (within the meaning of NI 81-102), or an affiliate of a Canadian chartered bank whose obligations are guaranteed by a Canadian chartered bank that has a designated rating and “**Acceptable Counterparties**” means more than one of them;

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

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

“**Business Day**” means any day on which the TSX or other designated exchange on which the ETF is listed is open for trading;

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

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

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

“**Carbon Credit Futures**” has the meaning ascribed to that term under the heading “Investment Objective – The Underlying Index”;

“**Cash Redemption**” has the meaning ascribed to that term under the heading “Redemption and Switching of ETF Shares – Redemption – Redemption of ETF Shares”;

“**Cash Subscription**” means a subscription order for ETF Shares that is paid in full;

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

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

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

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

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

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

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

“**Counterparty**” means a party with which the ETF may enter into Swaps or Forward Documents, including Acceptable Counterparties, and “**Counterparties**” means more than one of them;

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

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

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

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

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

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

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

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

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

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

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

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

“**ETF**” or “**CARB**” has the meaning ascribed to such term on the face page hereof;

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

“**ETF Manager**” has the meaning ascribed to such term under the heading “Organization and Management Details of the ETF – Conflicts of Interest”;

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

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

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

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

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

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

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

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

“**Horizons**” means Horizons ETFs Management (Canada) Inc.;

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

“**Index Provider**” means Horizons, in its capacity as the index provider of the Underlying Index;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“**Solactive**” means Solactive AG;

“**Swaps**” has the meaning ascribed to that term under the heading “Investment Strategies”;

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

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

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

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

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

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

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

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

“**Trading Day**” for the ETF means a day on which (i) a session of the TSX is held; (ii) the principal exchanges for the securities held by the ETF are open for trading; and (iii) it is not a Bank Holiday;

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

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

“**Underlying Index**” means an index that replicates the returns generated over time through exposure to investments in cap-and-trade carbon allowances which is used by the ETF in relation to the ETF’s investment objective. The current Underlying Index of the ETF is the Horizons Carbon Credits Rolling Futures Index (Excess Return);

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

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

“**Valuation Day**” means a day upon which a session of the TSX is held and such other date determined appropriate by the Manager; and

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

PROSPECTUS SUMMARY

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

The ETF	Horizons Carbon Credits ETF (“ CARB ” or the “ ETF ”)
Offering	<p>Horizons ETF Corp. (the “Company”) is a mutual fund corporation established under the federal laws of Canada. The authorized capital of the Company includes an unlimited number of non-cumulative, redeemable, non-voting classes of shares (each, a “Corporate Class”), issuable in an unlimited number of series, and one class of voting shares designated as “Class J Shares”. Each Corporate Class is a separate investment fund having specific investment objectives and is specifically referable to a separate portfolio of investments. The ETF is a separate Corporate Class. The ETF currently consists of a single series of exchange traded fund shares (“ETF Shares”).</p> <p>An unlimited number of ETF Shares are being offered for sale on a continuous basis in Canadian dollars (“Cdn\$ Shares”) and may also be offered for sale on a continuous basis in U.S. dollars (“US\$ Shares”). The ETF Shares are offered for sale at a price equal to the net asset value of such ETF Shares in the applicable currency next determined following the receipt of a subscription order. Subscriptions for US\$ Shares of the ETF (if offered) can be made in Canadian dollars or U.S. dollars.</p> <p>ETF Shares are currently listed and trading on the Toronto Stock Exchange (“TSX”). Investors are able to buy or sell ETF Shares on the TSX through registered brokers and dealers in the province or territory where the investor resides. Investors may incur customary brokerage commissions in buying and/or selling the ETF Shares.</p>
Investment Objective	<p>The ETF seeks to replicate, to the extent possible and net of expenses, the performance of an index that seeks to provide exposure to investments in cap-and-trade carbon allowances. Currently, the ETF seeks to replicate the performance of the Horizons Carbon Credits Rolling Futures Index (Excess Return), net of expenses.</p> <p>The ETF seeks to hedge any non-Canadian dollar portfolio exposure back to the Canadian dollar at all times. As a result, the returns of the ETF may differ from those of its Underlying Index, which does not include currency hedging.</p>
The Underlying Index	<p>The ETF currently employs the Horizons Carbon Credits Rolling Futures Index (Excess Return) as its Underlying Index. The Underlying Index is a proprietary index provided by the Manager and is designed to measure the performance of liquid carbon credit futures contracts listed on globally recognized developed market exchanges (the “Carbon Credit Futures”).</p> <p>The Underlying Index will hold a notional position of Carbon Credit Futures. The Underlying Index is initially comprised of, and calculated based on, the daily returns of the settlement price of European Union Allowance (“EUA”) emission futures contracts, as determined by the Manager. The settlement prices are generally determined at 11:15 am (EST).</p> <p>The Index Provider has the discretion to change the roll period of futures contracts of the Underlying Index, including, but not limited to, adjustments made from time to time because of various events affecting the replication of carbon</p>

allowances. These adjustments may require adjusting the number of days in the roll period or the term of the contract expirations in which the roll is made. If such adjustments to the Underlying Index were to occur, the ETF may alter its investment exposure to Carbon Credit Futures such that its exposure will match, as closely as commercially possible, the exposure of the Underlying Index, as adjusted.

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

Roll Methodology for the Underlying Index

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

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

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

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

Change of Underlying Index

The Manager may, subject to any required Shareholder approval, change the Underlying Index to an alternative index in order to provide investors with substantially the same exposure to which the ETF is currently exposed. If the Manager changes the Underlying Index, or any index replacing such Underlying

Index, the Manager will issue a press release identifying and describing the new index and specifying the reasons for the change in index.

Termination of the Underlying Index

The Index Provider determines and maintains the Underlying Index. If the calculation agent ceases to calculate the Underlying Index, or the Index Provider terminates the Underlying Index: the Manager may choose to terminate the ETF; change the ETF's investment objectives or to seek to replicate an alternative index (subject to any Shareholder approval required by the constating documents of the ETF or required by applicable law); or make such other arrangements as the Manager considers appropriate and in the best interests of applicable Shareholders in the circumstances.

Use of the Underlying Index

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

Investment Strategies

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

The ETF does not invest directly in physical carbon allowances/carbon credits.

Use of Derivatives

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

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

Futures Contracts

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

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

Swap Agreements

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

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

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

Forward Documents

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

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

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

A Counterparty or its guarantor is generally required, pursuant to the terms of the Forward Documents, to have a designated rating within the meaning of NI 81-102. The ETF has the ability to replace a Counterparty or engage additional Counterparties at any time. The reference asset of each Forward Document is a notional amount of positive exposure that substantially corresponds to the daily performance of the Underlying Index. A Counterparty or an affiliate thereof may, from time to time, reimburse the Manager for certain expenses incurred by the Manager in the normal course of its business.

Investments in Underlying Funds

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

Use of Leverage

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

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

the total underlying value of the financial derivative positions as a ratio of the total assets held by that ETF.

Special Considerations for Purchasers

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

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

Dividend Policy

The Company does not currently intend to pay regular dividends or returns of capital on the ETF Shares. Notwithstanding the foregoing, any decision to pay dividends or returns of capital on the ETF Shares in the future will be at the discretion of the Manager and will depend on, among other things, the Company’s and the ETF’s results of operations, current and anticipated cash requirements and surplus, financial condition, any future contractual restrictions, solvency tests imposed by corporate law and other factors that the Manager may deem relevant. See “Dividend Policy”.

If, in any taxation year, the Company would otherwise be liable for tax on net realized capital gains, the Company intends to pay, to the extent possible, by the last day of that year, a special Capital Gains Dividend to ensure that the Company will not be liable for income tax on such amounts under the Tax Act (after taking into account all available deductions, credits and refunds). Such distributions may be paid in the form of ETF Shares and/or cash which is automatically reinvested in ETF Shares. Any such distributions payable in ETF Shares or reinvested in ETF Shares will increase the aggregate adjusted cost base of a Shareholder’s ETF Shares. Immediately following payment of such a special distribution in ETF Shares or reinvestment in ETF Shares, the number of ETF Shares outstanding will be automatically consolidated such that the number of ETF Shares outstanding after such distribution will be equal to the number of ETF Shares outstanding immediately prior to such distribution, except where there are non-resident Shareholders to the extent tax is required to be withheld in respect of the distribution.

Given the expected investment and operating policies of the Company, the Manager does not currently expect to pay a material amount of special Capital Gains Dividends.

See “Income Tax Considerations”

Purchase Options

All orders to purchase ETF Shares directly from the ETF must be placed by a Designated Broker or Dealer. Subscriptions for US\$ Shares of the ETF (if offered) can be made in either U.S. or Canadian dollars. The ETF reserves the absolute right to reject any subscription order placed by a Designated Broker or Dealer. No fees will be payable by the ETF to a Designated Broker or Dealer in connection with the issuance of ETF Shares of such ETF.

On any Trading Day, a Designated Broker or Dealer may place a subscription order for the PNS or multiple PNS of the ETF. A subscription order must be a Cash Subscription.

See “Purchases of ETF Shares”.

Switches

A Shareholder may switch ETF Shares for shares of another Corporate Class of the Company (a “**Switch**”) through the facilities of CDS by contacting their financial advisor or broker. ETF Shares may be switched on any date designated by the Manager as a switch date (“**ETF Switch Date**”) by delivering written notice to the Transfer Agent and Registrar and surrendering such ETF Shares through the facilities of CDS by 4:00 p.m. (Toronto time) at least one Business Day prior to the ETF Switch Date. Written notice must contain the name of the Corporate Class, the TSX ticker symbol of the ETF Shares and the number of ETF Shares to be switched, and the name of the ETF and the TSX ticker symbol of the shares of the Corporate Class to which the Shareholder wishes to Switch. The Manager may, in its discretion, change the frequency with which ETF Shares may be switched at any time upon 30 days’ notice by way of press release. See “Redemption and Switching of ETF Shares”.

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

Redemptions

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

Shareholders may redeem ETF Shares for cash at a redemption price per ETF Share equal to 95% of the closing price for such ETF Share on the TSX on the effective day of the redemption, subject to a maximum redemption price per ETF Share equal to the net asset value per ETF Share on the effective day of redemption. Holders of US\$ Shares of the ETF (if any) may request that their redemption proceeds be paid in U.S. or Canadian dollars.

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

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

Income Tax Considerations

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

A holder of ETF Shares who is resident in Canada for purposes of the Tax Act will be required to include in his or her income the amount of any dividends paid

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

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

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

Eligibility for Investment

Provided that the Company continues to qualify as a "mutual fund corporation" within the meaning of the Tax Act, or the ETF Shares are listed on a "designated stock exchange" within the meaning of the Tax Act (which currently includes the TSX), the ETF Shares, if issued on the date hereof, would be on such date qualified investments under the Tax Act for a trust governed by a RRSP, RRIF, RDSP, DPSP, RESP or TFSA. Based on the current provisions of the Tax Act, the ETF Shares will be qualified investments under the Tax Act for a trust governed by an FHSA provided that one of the conditions discussed above in relation to the above-noted Registered Plans is satisfied. See "Income Tax Considerations" and "Eligibility for Investment".

Documents Incorporated by Reference

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

Risk Factors

The ETF is very different from most other exchange-traded funds. The ETF is an alternative mutual fund within the meaning of NI 81-102, and is permitted to use strategies generally prohibited by conventional mutual funds, including with respect to the use of specified derivatives, and the ability to employ leverage and borrow cash. While these strategies will only be used in accordance with the investment objectives and strategies of the ETF, during certain market conditions they may accelerate the risk that an investment in ETF Shares decreases in value.

There are certain risk factors inherent to an investment in the ETF.

See "Risk Factors".

Organization and Management of the ETF

The Manager	<p>Horizons ETFs Management (Canada) Inc., a corporation existing under the federal laws of Canada, is the manager and investment manager of the ETF. The Manager is responsible for providing or arranging for the provision of administrative services required by the ETF. The Manager also provides investment advisory and investment management services to the ETF. The principal office of Horizons is 55 University Avenue, Suite 800, Toronto, Ontario, M5J 2H7.</p> <p>Horizons is a financial services organization distributing the Horizons family of leveraged, inverse leveraged, inverse, index and actively managed exchange traded funds. Horizons is a subsidiary of Mirae Asset Global Investments Co., Ltd. (“Mirae Asset”).</p> <p>Mirae Asset is the Korea-based asset management entity of Mirae Asset Financial Group, one of the world’s largest investment managers in emerging market equities. See “Organization and Management Details of the ETF – Manager of the ETF”.</p>
Custodian	<p>CIBC Mellon Trust Company is the custodian of the ETF and is independent of the Manager. CIBC Mellon Trust Company will provide custodial services to the ETF and is located in Toronto, Ontario. See “Organization and Management Details of the ETF – Custodian”.</p>
Valuation Agent	<p>CIBC Mellon Global Securities Services Company (“CIBC Mellon Global”) has been retained to provide accounting valuation services to the ETF. CIBC Mellon Global is located in Toronto, Ontario. See “Organization and Management Details of the ETF – Valuation Agent”.</p>
Auditors	<p>KPMG LLP is responsible for auditing the annual financial statements of the ETF. The auditors are independent of the Manager. The office of the auditors is located in Toronto, Ontario. See “Organization and Management Details of the ETF – Auditors”.</p>
Promoter	<p>Horizons is also the promoter of the ETF. Horizons took the initiative in founding and organizing the ETF and is, accordingly, the promoter of the ETF within the meaning of securities legislation of certain provinces and territories of Canada. See “Organization and Management Details of the ETF – Promoter”.</p>
Transfer Agent and Registrar	<p>TSX Trust Company is the transfer agent and registrar for the ETF Shares of the ETF. TSX Trust Company is independent of the Manager. TSX Trust Company is located in Toronto, Ontario. See “Organization and Management Details of the ETF – Transfer Agent and Registrar”.</p>

Summary of Fees and Expenses

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

Fees and Expenses Payable by the ETF

Type of Fee	Amount and Description
Management Fees	The ETF pays an annual management fee (the “ Management Fees ”) to the Manager equal to 0.75% of the net asset value of the ETF Shares of the ETF, plus

applicable Sales Tax. The Management Fee is calculated and accrued daily and payable monthly in arrears.

Management Fee Rebates

To achieve an effective and competitive Management Fee, the Manager may reduce the fee borne by certain Shareholders who have signed an agreement with the Manager. The Manager will pay out the amount of the reduction in the form of a management fee rebate (“**Management Fee Rebate**”) directly to the eligible Shareholder. Management Fee Rebates are reinvested in ETF Shares, unless otherwise requested. The decision to pay Management Fee Rebates will be in the Manager’s discretion and will be dependent on a number of factors, including the size of the investment and a negotiated fee agreement between the Manager and the Shareholder.

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

Operating Expenses

The ETF will, unless otherwise waived or reimbursed by the Manager, pay all of its operating expenses, including but not limited to: Management Fees; audit fees; custodial expenses; valuation, accounting and record keeping costs; legal expenses; permitted prospectus preparation and filing expenses; costs associated with delivering documents to Shareholders; costs associated with meetings of Shareholders; listing and annual stock exchange fees; index licensing fees, if applicable; CDS fees; bank related fees and interest charges; extraordinary expenses; Shareholder reports and servicing costs; transfer agent and registrar fees; costs of the independent review committee; income taxes; Sales Tax; brokerage expenses and commissions; withholding taxes and fees payable to service providers in connection with regulatory compliance and tax matters in foreign jurisdictions.

See “Fees and Expenses”.

Underlying Fund Fees

The ETF may, in accordance with its investment strategy and applicable Canadian securities legislation, invest in exchange traded funds, mutual funds or other public investment funds which may be managed by the Manager, its affiliates or independent fund managers. There are fees and expenses payable by these underlying funds in addition to the fees and expenses payable by the ETF.

With respect to such investments, no management fees or incentive fees are payable by the ETF that, to a reasonable person, would duplicate a fee payable by such underlying fund for the same service. Further, no sales fees or redemption fees are payable by the ETF in relation to purchases or redemptions of the securities of the underlying funds in which it invests if these funds are managed by the Manager or an affiliate or associate of the Manager.

See “Fees and Expenses”.

Expenses of the Issue

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

Swap Costs, Forward Document Expenses and Hedging Costs (if any)

To the extent applicable, if the ETF enters into a Swap agreement, it is currently anticipated that the ETF may pay to the Counterparty, monthly in arrears, a net amount equal to 0.25% of the notional value of the Swap calculated and applied daily in arrears. Any Swap entered into by the ETF may be amended, replaced or terminated at any time, and the expenses incurred by the ETF in respect of a Swap may increase, decrease, or in the case of the termination of the ETF’s Swap or Swaps, be eliminated.

To the extent applicable, expenses payable by the ETF under its Forward Documents, if any, are incurred by way of a reduction in the forward price payable to the ETF by a Counterparty. The forward expenses charged to the ETF, if any, may change at any time, without notice to investors. Currently, it is anticipated

that the value of the forward price payable to the ETF under its Forward Documents, if any, will be reduced by an amount equal to 0.25% per annum of the notional exposure of the ETF's Forward Documents, calculated and applied daily in arrears, plus hedging costs (if any) incurred by each applicable Counterparty.

Hedging costs incurred by a Counterparty and charged to the ETF are similar in nature to portfolio transaction costs that are incurred by an investment fund that holds portfolio holdings directly. The Manager currently anticipates that, based on current market conditions, there would be no hedging costs for the ETF based on the notional exposure of the ETF's Forward Documents and/or Swap. The above is based on the Manager's estimate only, and actual hedging costs, if any, may be lower or higher than this amount if a Forward Document is executed. The hedging costs that may be incurred by a Counterparty and charged to the ETF may, depending on market conditions, be greater than described above and can change at any time, without notice to investors.

Fees and Expenses Payable Directly by Shareholders

Type of Fee

Amount and Description

Administrative Charges

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

Switch Fees

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

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

OVERVIEW OF THE LEGAL STRUCTURE OF THE ETF

Horizons ETF Corp. (the “**Company**”) is a mutual fund corporation established under the federal laws of Canada. The authorized capital of the Company includes an unlimited number of non-cumulative, redeemable, non-voting classes of shares (each, a “**Corporate Class**”), issuable in an unlimited number of series, and one class of voting shares designated as “**Class J Shares**”. Each Corporate Class is a separate investment fund having specific investment objectives and is specifically referable to a separate portfolio of investments. The ETF is a separate Corporate Class. The ETF currently consists of a single series of exchange traded fund shares of the Corporate Class, which are being offered for sale on a continuous basis by this prospectus (“**ETF Shares**”).

The ETF is an exchange traded mutual fund established under the laws of Ontario. The ETF is an “alternative mutual fund” as defined in National Instrument 81-102 *Investment Funds* (“**NI 81-102**”). An unlimited number of ETF Shares are being offered for sale on a continuous basis in Canadian dollars (“**Cdn\$ Shares**”) and may also be offered for sale on a continuous basis in U.S. dollars (“**US\$ Shares**”). The ETF Shares are offered for sale at a price equal to the net asset value of such ETF Shares in the applicable currency next determined following the receipt of a subscription order. To the extent Cdn\$ Shares and US\$ Shares are listed for trading on the TSX, subscriptions for US\$ Shares of the ETF can be made in either U.S. or Canadian dollars.

Horizons ETFs Management (Canada) Inc. (the “**Manager**” or “**Horizons**”), a corporation existing under the federal laws of Canada, is the manager and investment manager of the ETF. The Manager is responsible for providing or arranging for the provision of administrative services required by the ETF. The Manager also provides investment advisory and investment management services to the ETF. The head office of the Manager and the ETF is 55 University Avenue, Suite 800, Toronto, Ontario, M5J 2H7. The fiscal year end of the Company is December 31.

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

Name of ETF	Currency	TSX Ticker Symbol
Horizons Carbon Credits ETF	Cdn\$ Shares	CARB
	US\$ Shares	CARB.U*

*As of the date of this prospectus, US\$ Shares of the ETF are not offered.

The Company also offers other Corporate Class exchange traded funds pursuant to other prospectuses or prospectus exemptions, each of which is a separate investment fund having specific investment objectives and are specifically referable to a separate portfolio of investments.

INVESTMENT OBJECTIVE

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

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

The Underlying Index

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

The Underlying Index will hold a notional position of Carbon Credit Futures. The Underlying Index will hold a notional position of Carbon Credit Futures. The Underlying Index is initially comprised of, and calculated based on,

the daily returns of the settlement price of European Union Allowance (“EUA”) emission futures contracts, as determined by the Manager. The settlement prices are generally determined at 11:15 am (EST).

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

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

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

Roll Methodology for the Underlying Index

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

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

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

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

Change of Underlying Index

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

Termination of the Underlying Index

The Index Provider determines and maintains the Underlying Index. If the calculation agent ceases to calculate the Underlying Index, or the Index Provider terminates the Underlying Index, the Manager may choose to terminate the

ETF; change the ETF's investment objectives or to seek to replicate an alternative index (subject to any Shareholder approval required by the constating documents of the ETF or required by applicable law); or make such other arrangements as the Manager considers appropriate and in the best interests of applicable Shareholders in the circumstances.

Use of the Underlying Index

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

INVESTMENT STRATEGIES

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

The ETF does not invest directly in physical carbon allowances/carbon credits.

Use of Leverage

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

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

Use of Derivatives

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

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

Futures Contracts

In compliance with NI 81-102 or an exemption therefrom, the ETF may invest in and/or be exposed to futures contracts, including Carbon Credit Futures. Futures contracts are standardized contracts entered into on domestic or foreign exchanges which call for the future delivery of specified quantities of various agricultural commodities, industrial commodities, currencies, financial instruments, energy products or metals at a specified time and place. The

terms and conditions of futures contracts of a particular commodity are standardized and, as such, are not subject to any negotiation between the buyer and the seller. Subject to the limits and qualification requirements set out in NI 81-102 and in accordance with its policies, the ETF may deliver portfolio assets to its futures dealers that are members of relevant futures exchanges to secure its obligations under futures contracts.

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

Swap Agreements

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

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

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

Forward Documents

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

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

The amount payable by a Counterparty under the Forward Documents will be based upon the performance of the Underlying Index. The daily marked-to-market value of a Forward Document is based upon the performance of a notional investment in the Underlying Index. The ETF is entitled to increase or decrease its notional exposure to the Underlying Index, including to pre-settle the Forward Documents in whole or in part, from time to time as needed to fund ETF Share purchases and reinvestment of distributions, to fund redemptions and market repurchases of ETF

Shares, pay administrative expenses, meet other liquidity needs and such other purposes as the ETF may determine. The ETF has the option of electing to cash settle its obligations under the Forward Documents.

A Counterparty or its guarantor is generally required, pursuant to the terms of the Forward Documents, to have a designated rating within the meaning of NI 81-102. The ETF has the ability to replace a Counterparty or engage additional Counterparties at any time. The reference asset of each Forward Document is a notional amount of positive exposure that substantially corresponds to the daily performance of the Underlying Index. A Counterparty or an affiliate thereof may, from time to time, reimburse the Manager for certain expenses incurred by the Manager in the normal course of its business.

Investments in Underlying Funds

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

OVERVIEW OF THE SECTOR THAT THE ETF INVESTS IN

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

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

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

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

Key Regional Carbon Credit Allowances

European Union Allowance (EUA)

The largest and most liquid carbon credit system is in Europe, referred to as the European Union Allowance or EUA. Initially, the ETF will provide exposure only to EUAs, through Carbon Credit-Exposed Instruments. In Europe, carbon credits are administered under the European Union's Emissions Trading System ("EU ETS") the world's first cap-and-trade marketplace. It is also currently the world's largest domestic carbon market. The EU ETS operates in all EU countries, as well as Iceland, Liechtenstein and Norway.

The EU ETS oversees emissions from power stations, industrial plants and flights inside the European Economic Area. Within its scope, the EU ETS regulates 40% of EU emissions. Since its launch in 2005, the EU ETS has successfully helped reduce European emissions from power generation and energy-intensive industries by 42.8%. The

European Carbon Credit market was estimated to be in excess of US\$765 billion (Refinitiv Research, January 2022), before the price of these credits ascended from finishing 2021 at €80.22 a tonne (t) of carbon dioxide, the benchmark EUA, to peaking in intraday trading at €97.92/t on August 19, 2022. The depth of this market has allowed a fairly active futures market to evolve to track these credits allowing more investment globally into the space.

Californian Carbon Allowance (CCA)

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

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

The Regional Greenhouse Gas Initiative (RGGI)

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

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

Please see "Investment Objective" and "Investment Strategies" for additional information on the sectors applicable to the ETF.

INVESTMENT RESTRICTIONS

The ETF is subject to certain investment restrictions and practices contained in Canadian securities legislation, including NI 81-102, applicable to alternative mutual funds. The investment restrictions and practices applicable to the ETF which are contained in securities legislation, including NI 81-102, may not be deviated from without the prior consent of the Securities Regulatory Authorities having jurisdiction over the ETF.

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

Subject to the following, and the exemptive relief that has been obtained or will be obtained, the ETF is managed in accordance with the investment restrictions and practices set out in the applicable Canadian securities legislation, including NI 81-102. See "Use of Leverage" and "Exemptions and Approvals".

Tax Related Investment Restrictions

The Company will not make an investment or conduct any activity that would result in the Company failing to qualify as a "mutual fund corporation" within the meaning of the Tax Act. In addition, the Company will not make or hold any investment in property that would be "taxable Canadian property" (if the definition of such term in the Tax Act

were read without reference to paragraph (b) thereof) if more than 10% of the Company's property consisted of such property.

FEES AND EXPENSES

Fees and Expenses Payable by the ETF

Management Fee

The ETF pays an annual management fee (the "**Management Fees**") to the Manager equal to 0.75% of the net asset value of the ETF Shares of the ETF, plus applicable Sales Tax. The Management Fee is calculated and accrued daily and payable monthly in arrears.

Management Fee Rebates

To achieve an effective and competitive Management Fee, the Manager may reduce the fee borne by certain Shareholders who have signed an agreement with the Manager. The Manager will pay out the amount of the reduction in the form of a management fee rebate directly to the eligible Shareholder (the "**Management Fee Rebate**"). Management Fee Rebates are reinvested in ETF Shares, unless otherwise requested. The decision to pay Management Fee Rebates will be in the Manager's discretion and will be dependent on a number of factors, including the size of the investment and a negotiated fee agreement between the Manager and the Shareholder.

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

Operating Expenses

The ETF will, unless otherwise waived or reimbursed by the Manager, pay all of its operating expenses, including but not limited to: Management Fees; audit fees; custodial expenses; valuation, accounting and record keeping costs; legal expenses; permitted prospectus preparation and filing expenses; costs associated with delivering documents to Shareholders; costs associated with meetings of Shareholders; listing and annual stock exchange fees; index licensing fees, if applicable; CDS fees; bank related fees and interest charges; extraordinary expenses; Shareholder reports and servicing costs; transfer agent and registrar fees; costs of the independent review committee; income taxes; Sales Tax; brokerage expenses and commissions; withholding taxes and fees payable to service providers in connection with regulatory compliance and tax matters in foreign jurisdictions.

Underlying Fund Fees

The ETF may, in accordance with its investment strategy and applicable Canadian securities legislation, invest in exchange traded funds, mutual funds or other public investment funds which may be managed by the Manager, its affiliates or independent fund managers. There are fees and expenses payable by these underlying funds in addition to the fees and expenses payable by the ETF. With respect to such investments, no management fees or incentive fees are payable by the ETF that, to a reasonable person, would duplicate a fee payable by such underlying fund for the same service. Further, no sales fees or redemption fees are payable by the ETF in relation to purchases or redemptions of the securities of the underlying funds in which it invests if these funds are managed by the Manager or an affiliate or associate of the Manager.

Expenses of the Issue

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

Swap Costs, Forward Document Expenses and Hedging Costs (if any)

To the extent applicable, if the ETF enters into a Swap agreement, it is currently anticipated that the ETF may pay to the Counterparty, monthly in arrears, a net amount equal to 0.25% of the notional value of the Swap calculated and applied daily in arrears. Any Swap entered into by the ETF may be amended, replaced or terminated at any time, and the expenses incurred by the ETF in respect of a Swap may increase, decrease, or in the case of the termination of the

ETF's Swap or Swaps, be eliminated.

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

Hedging costs incurred by a Counterparty and charged to the ETF are similar in nature to portfolio transaction costs that are incurred by an investment fund that holds portfolio holdings directly. The Manager currently anticipates that, based on current market conditions, there would be no hedging costs for the ETF based on the notional exposure of the ETF's Forward Documents and/or Swap. The above is based on the Manager's estimate only, and actual hedging costs, if any, may be lower or higher than this amount if a Forward Document is executed. The hedging costs that may be incurred by a Counterparty and charged to the ETF may, depending on market conditions, be greater than described above and can change at any time, without notice to investors.

Administrative Charges for Issuance, Exchange and Redemption Costs

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

Switch Fees

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

RISK FACTORS

The ETF is very different from most other exchange-traded funds. The ETF is an alternative mutual fund within the meaning of NI 81-102, and is permitted to use strategies generally prohibited by conventional mutual funds, including with respect to the use of specified derivatives, the ability to employ leverage and borrow cash. While these strategies will only be used in accordance with the investment objectives and strategies of the ETF, during certain market conditions they may accelerate the risk that an investment in ETF Shares decreases in value.

The ETF is not a conventional investment, is highly speculative and is very different from other Canadian exchange traded funds. The ETF is designed to provide investment results that endeavour to correspond to the performance of the Underlying Index. The Underlying Index tracks Carbon Credit Futures, and may be considered highly volatile at times.

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

Investors should monitor their investment in the ETF at least daily.

An investment in ETF Shares involves certain risks. Investing in ETF Shares can be speculative, can involve a high degree of risk and may only be suitable for persons who are able to assume the risk of losing their entire investment. Prospective investors should consider the following risks, among others, before subscribing for ETF Shares.

No Assurance of Meeting Investment Objective

The success of the ETF depends on a number of conditions that are beyond the control of the ETF. There is a substantial risk that the investment objectives of the ETF will not be met.

Carbon Risk

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

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

Carbon Credit Futures Market is Volatile and Subject to Market Speculation

Carbon Credit Futures prices are highly influenced by policy that determines the availability of the allowances. The EUA market has gone through periods of excess supply, but the general direction of travel from policy makers is to tighten supply to meet environmental goals. Market speculation about the pace of this tightening can influence both price and price volatility. Also recessions which reduce economic activity and by extension carbon-emitting activity can move prices lower and/or contribute to price volatility.

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

Aggressive Investment Technique Risk

The ETF uses investment techniques and financial instruments that may be considered aggressive, including the use of futures contracts, options on futures contracts and indices, forward contracts, Swap agreements and similar instruments. Such techniques, particularly when used to create leverage, may expose the ETF to potentially dramatic changes (losses) in the value of the instruments and imperfect correlation between the value of the instruments and relevant security or index. The ETF’s investment in financial instruments may involve a small investment relative to the amount of risk assumed. Financial instruments are subject to a number of risks described elsewhere in this prospectus, such as liquidity risk, credit risk and counterparty risk. The use of aggressive investment techniques also exposes the ETF to risks different from, or possibly greater than, the risks associated with investing directly in cap-and-trade carbon allowances directly, including: 1) the risk that an instrument is temporarily mispriced; 2) credit, performance or documentation risk on the amount the ETF expects to receive from a counterparty; 3) the risk that prices, interest rates and currency markets will move adversely and the ETF will incur significant losses; 4) imperfect

correlation between the price of the financial instruments and movements in the prices of cap-and-trade carbon allowances; 5) the risk that the cost of holding a financial instrument might exceed its total return; and 6) the possible absence of a liquid secondary market for any particular instrument and possible exchange imposed price fluctuation limits, both of which may make it difficult or impossible to adjust the ETF's position in a particular instrument when desired.

Carbon Credit Futures Risk

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

Risk of Suspended Subscriptions

If the ETF experiences a significant increase in total NAV, the Manager may be required to, or at its sole discretion and if determined to be in the best interests of Shareholders decide to, suspend subscriptions for new ETF Shares, including if considered necessary to comply with applicable margin requirements or contract limits of the Carbon Credit Futures. During a period of suspended subscriptions, if any, investors should note that ETF Shares could trade at a premium to the NAV per ETF Share. During such periods, investors are strongly discouraged from purchasing ETF Shares on a stock exchange. Any suspension of subscriptions or resumption of subscriptions will be announced by press release and announced on the Manager's website.

Contango or Backwardation Risk

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

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

Market Price vs. Futures Risk

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

The risk of investing in a futures contract is that it can be speculative in nature and based on future expectations of value. A futures contract is a standardized financial contract where the parties agree to exchange currencies, financial

instruments or other physical commodities at a future date at a future price. As a result, a futures market is not a ready market, does not involve primary activity and is speculative in nature as deals are struck at future prices where the holder is purchasing an obligation to buy or sell an underlying asset, which may not be the best price at the time the contract is completed, depending on what happens in the markets during the intervening period.

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

Trading in Derivatives is Highly Leveraged

The low margin deposits normally required in trading derivatives (typically between 2% and 15% of the value of the derivatives purchased) permit an extremely high degree of leverage. Accordingly, at the time of buying a derivative, a percentage of the price of the derivative is deposited as margin and a decrease in the price of the contract equal to such percentage will result in a total loss of the margin deposit. A decrease of more than the percentage deposited will result in a loss of more than the total margin deposit. Thus, like other leveraged investments, the use of derivatives may often result in losses in excess of the amount invested.

Counterparty Risk

The ETF is subject to credit risk with respect to the amount the ETF expects to receive from counterparties to financial instruments entered into by the ETF or held by special purpose or structured vehicles. If a counterparty becomes bankrupt or otherwise fails to perform its obligations due to financial difficulties, the value of an investor’s investment in ETF Shares may decline. The ETF may experience significant delays in obtaining any recovery in a bankruptcy or other reorganization proceeding. The ETF may obtain only limited recovery or may obtain no recovery in such circumstances.

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

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

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

Price Volatility Risk

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

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

Exchange Rate Risk

Changes in foreign currency exchange rates may affect the value of the ETF's investments. Generally, when the Canadian dollar appreciates in value relative to a foreign currency, an investment in that country loses value because that currency is worth fewer Canadian dollars. Devaluation of a currency by a country's government or banking authority will also have a significant impact on the value of any investments denominated in that currency. Currency markets generally are not as regulated as securities markets.

Changes in the value of the Canadian dollar relative to foreign currencies may also affect the value of an investor's ETF Shares.

Rebalancing of the ETF's currency hedge (if applicable) may cause the ETF's returns to deviate from the performance of the Underlying Index or the futures contracts, securities, and other financial instruments to which the ETF is exposed. The effect of these daily deviations will compound over periods longer than one day. The negative effect of compounding and daily currency hedge rebalancing (if applicable) will be more pronounced during periods of volatile currency exchange rates.

Currency Price Fluctuation Risk

A Shareholder buying or selling Cdn\$ Shares of the ETF on the TSX may experience foreign currency gains or losses, to the extent such foreign currency exposure remains unhedged. A Shareholder buying or selling U.S.\$ Shares of the ETF on the TSX may also experience currency gains or losses due to differences in the exchange rates used in determining the NAV in Canadian dollars.

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

No Rights in Respect of Carbon Credit Futures included in the Underlying Index

Shareholders do not have rights that investors in the Carbon Credit Futures included in the Underlying Index may have. Shareholders will not have the right to receive: delivery of any assets; or payment or delivery of amounts in respect of the Carbon Credit Futures contracts included in the Underlying Index.

Limited History of Underlying Index

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

The Underlying Index was created on February 3, 2022, and there is no published information about how the Underlying Index would have performed had it been calculated in the past. Because the Underlying Index and the Carbon Credit Futures contracts that underlie it have very limited historical performance, an investment in the ETF

may involve a greater risk than investing in alternate securities linked to one or more indices with an established record of performance.

Corresponding Net Asset Value Risk

The net asset value per ETF Share will be based on the market value of the ETF's holdings. However, the trading price (including the closing trading price) of an ETF Share on the TSX may be different from the actual net asset value of an ETF Share. As a result, Dealers may be able to acquire a PNS of the ETF and Shareholders may be able to redeem a PNS of the ETF at a discount or a premium to the closing trading price per ETF Share.

Such difference between the trading price of the ETF and its net asset value may be due, in large part, to supply and demand factors in the secondary trading market for ETF Shares being similar, but not identical, to the same forces influencing the price of the underlying constituents of the ETF at any point in time.

Because Shareholders may acquire or redeem a PNS, the Manager expects that large discounts or premiums to the net asset value per ETF Share should not be sustainable.

Underlying Index Correlation Risk

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

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

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

Tracking Error Risk

The difference between the performance of the ETF on a given day and the performance of the applicable Underlying Index on a given day is generally called "tracking error". The performance of the ETF on a given day may not replicate the intended multiple of the applicable Underlying Index on that given day. Tracking error may occur due to Management Fees, operating costs, forward expenses, hedging, index adjustments including rebalances, valuation timing variances, or due to other extraordinary circumstances.

Liquidity Risk

In certain circumstances, such as the disruption of the orderly markets for financial instruments in which the ETF invests, the ETF may not be able to dispose of certain holdings quickly or at prices that represent fair market value. Certain derivative instruments that are held by the ETF may also be illiquid, which may prevent the ETF from being able to limit its losses, to realize gains or from achieving a high (or inverse, depending on the ETF) correlation with its Underlying Index.

Market Risk

The ETF is subject to market risks that will affect the value of its investments, including general economic and market conditions. The ETF will normally lose value on days when the futures contracts comprising the Underlying Index declines (i.e., an adverse market condition for the ETF). This volatility may cause the value of an investment in the ETF to decrease. The ETF intends to remain fully invested regardless of market conditions.

Market Disruptions Risk

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

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

Regulatory Risk

Legal and regulatory changes may occur which may adversely affect the ETF that could make it more difficult, if not impossible, for the ETF to operate or to achieve its investment objectives. To the extent possible, the Manager attempts to monitor such changes to determine the impact such changes may have on the ETF and what can be done, if anything, to try and limit such impact.

For example, the regulation of futures transactions is a rapidly changing area of law and is subject to modification by government and judicial action. The effect of any future regulatory changes on the ETF is impossible to predict, but could be substantial and adverse. To the extent possible, the Manager attempts to monitor such changes to determine the impact such changes may have on the ETF and what can be done, if anything, to try and limit such impact.

Draft legislation has also been introduced, and legislation has been enacted, which will change or has changed how over-the-counter derivatives transactions are regulated in the United States. This legislation may have an impact on the ETF and its counterparties.

Borrowing Risk

From time to time, the ETF may borrow cash as a temporary measure. There is a risk that the ETF will not be able to repay the borrowed amount. Under these circumstances, the ETF would be required to repay the borrowed amount by disposing of portfolio assets.

Tax Risk

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

respects. The Company will be deemed not to be a mutual fund corporation if it is established or maintained primarily for the benefit of non-residents of Canada unless, at that time, all or substantially all of its property is property other than property that would be “taxable Canadian property” as defined in the Tax Act (if the definition of such term in the Tax Act were read without reference to paragraph (b) thereof). The current law does not provide any means of rectifying a loss of mutual fund corporation status if this requirement is not met.

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

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

The ETF is also generally required to pay GST/HST on any Management Fees and most of the other fees and expenses that it may pay, if any. There may be changes to the way that the GST/HST and provincial Sales Taxes apply to fees and expenses incurred by mutual fund corporations such as the Company and there may be changes in the rates of such taxes, which, accordingly, may affect the costs borne by the ETF and its Shareholders.

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

Share Consolidation and Share Split Risk

The Manager may, from time to time, split or consolidate ETF Shares when the trading price of the ETF Shares reaches certain thresholds. A consolidation is a reduction in the number of ETF Shares, and a corresponding increase in the net asset value per ETF Share and in the investor’s average cost per ETF Share. A split is an increase in the number of ETF Shares, and a corresponding decrease in the net asset value per ETF Share and in the investor’s average cost per ETF Share. A split or consolidation has no effect on the net asset value or the adjusted cost base of an investor’s overall position. Splits and consolidations are announced publicly, in advance, by a press release that is posted on SEDAR and on the Manager’s website.

While the Manager works closely with major brokerage firms in respect of splits and consolidations of ETF Shares, and provides these firms with complete and timely information regarding such splits and consolidations, it can take up to 3-5 Business Days for an investor's holdings to be properly updated in their brokerage account.

Under such circumstances, with certain brokers or custodians, splits and consolidations can disrupt an investor's ability to engage in the normal trading of ETF Shares on the TSX. It is advisable to take extra care and contact your broker prior to trading ETF Shares during the first 3-5 Business Days following a split or consolidation of ETF Shares.

Conflicts of Interest

The ETF is subject to certain conflicts of interest. See "Organization and Management Details of the ETF - Conflicts of Interest".

Price Limit Risk

Some futures exchanges have regulations that limit the amount of fluctuation that may occur in futures contract prices during a single business day. The maximum or minimum price on a contract on any given day as a result of these limits is referred to as a "limit price". Once the limit price is reached on a contract, no trades may be made at a price beyond the limit. The limit price may preclude trading or force liquidation of a particular contract at potentially disadvantageous prices or times. Such circumstances could adversely affect the value of the Underlying Index, the net asset value of the ETF, and could also disrupt subscription and redemption requests.

Reliance on the Manager

Shareholders of the ETF are relying on the ability of the Manager. Past performance is not necessarily indicative of future results. No assurance can be given that the trading systems and strategies utilized by the Manager, including, without limitation, its investment strategies, will prove successful under all or any market conditions.

Designated Broker/Dealer Risk

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

Exchange Risk

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

ETF Shares May Trade at Prices Other Than Net Asset Value

ETF Shares may trade at a level other than their net asset value per ETF Share. The net asset value per ETF Share will fluctuate based on the changes in the market value of the ETF's holdings. The trading prices of the ETF Shares will fluctuate in accordance with changes in the ETF's net asset value per ETF Share, as well as market supply and demand on the TSX. As Shareholders may redeem a PNS, the Manager expects that large discounts or premiums to the net asset value per ETF Share should not be sustained.

Changes to the Underlying Index

Adjustments may be made to an Underlying Index or an Underlying Index may cease to be calculated without regard to the ETF or its Shareholders. In the event an Underlying Index is changed or ceases to be calculated, subject to any necessary approvals of Shareholders, the Manager may change the investment objective of the ETF, seek a new Underlying Index, or make such other arrangements as the Manager considers appropriate and in the best interest of Shareholders in the circumstances. Subject to any necessary approvals of Shareholders, the Manager may also change

the investment objective of the ETF, seek a new underlying index, or make such other arrangements as the Manager considers appropriate and in the best interest of Shareholders in the circumstances.

Foreign Exchange Risk

Investments in futures contracts on foreign exchanges may involve risks not typically associated with investing in Canada. Foreign exchanges may be open on days when the ETF does not price ETF Shares and, therefore, the value of the futures contracts in the portfolios of the ETF may change on days when investors will not be able to purchase or sell ETF Shares. Also, some foreign markets may be volatile, lack liquidity or have higher transaction and custody costs than those of the TSX.

Also, in the event that the TSX is open on a day that a foreign exchange is closed, the spread or difference between the value of the futures contracts on foreign exchanges in the ETF's portfolio and the market price of an ETF Share on the TSX may increase.

Fund Corporation and Multi-Class/Series Structure Risk

The ETF is a separate share class of the Company and each class may be available in more than one series. Each class and series has its own fees and expenses which are tracked separately. Those fees and expenses will be deducted in calculating the net asset value of that class or series, thereby reducing the net asset value of the relevant class or series. If one class or series is unable to pay its expenses or liabilities, the Company is legally responsible to pay those expenses and as a result, the net asset value of the other classes or series may also be reduced.

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

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

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

Cybersecurity Risk

The Manager uses information technology and the internet to streamline business operations and to improve client and advisor experience. However, with the use of information technology and the internet, the Manager and the ETF

are exposed to information technology events, through cybersecurity breaches, which could potentially have an adverse impact on their business. In general, a cybersecurity breach can result from either a deliberate attack or an unintentional event, and may arise from external or internal sources. Cybersecurity breaches include, but are not limited to, unauthorized access the Manager's or the ETF's digital information systems (ex. through "hacking" or other malicious software code) for the purpose of misappropriating assets or sensitive information (ex. personal information), corrupting data, equipment, or systems, or causing operational disruption. Cyber incidents affecting the ETF's service providers (including, but not limited to, the portfolio manager, consultant(s), transfer agent, and custodian) have the ability to interfere with the ETF's ability to calculate its NAV, and impede trading, the ability of Shareholders to transact business with the ETF, and the ETF's ability to process transactions including redemptions. Cybersecurity breaches could cause the ETF to be in violation of applicable privacy and other laws, and incur regulatory penalties, reputational damage, additional compliance costs associated with corrective measures or reimbursement, and/or financial loss.

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

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

INVESTMENT RISK CLASSIFICATION METHODOLOGY

Risk Rating of the ETF

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

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

ETF	Reference Index
CARB	Horizons Carbon Credits Rolling Futures Index (Excess Return)

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

Shareholders should know that other types of risks, both measurable and non-measurable, exist. Also, just as historical performance may not be indicative of future returns, historical volatility may not be indicative of future volatility. The risk rating of the ETF set out above is reviewed annually and any time it is no longer reasonable in the circumstances. A more detailed explanation of the risk classification methodology used to identify the risk rating of the ETF is

available on request, at no cost, by calling toll-free 1-866-641-5739 or by writing to the Manager at 55 University Avenue, Suite 800, Toronto, Ontario, M5J 2H7.

DIVIDEND POLICY

The Company does not currently intend to pay regular dividends or returns of capital on the ETF Shares. Notwithstanding the foregoing, any decision to pay dividends or returns of capital on the ETF Shares in the future will be at the discretion of the Manager and will depend on, among other things, the Company's and the ETF's results of operations, current and anticipated cash requirements and surplus, financial condition, any future contractual restrictions, solvency tests imposed by corporate law and other factors that the Manager may deem relevant. See "Dividend Policy".

If, in any taxation year, the Company would otherwise be liable for tax on net realized capital gains, the Company intends to pay, to the extent possible, by the last day of that year, a special Capital Gains Dividend to ensure that the Company will not be liable for income tax on such amounts under the Tax Act (after taking into account all available deductions, credits and refunds). Such distributions may be paid in the form of ETF Shares and/or cash which is automatically reinvested in ETF Shares. Any such distributions payable in ETF Shares or reinvested in ETF Shares will increase the aggregate adjusted cost base of a Shareholder's ETF Shares. Immediately following payment of such a special distribution in ETF Shares or reinvestment in ETF Shares, the number of ETF Shares outstanding will be automatically consolidated such that the number of ETF Shares outstanding after such distribution will be equal to the number of ETF Shares outstanding immediately prior to such distribution, except where there are non-resident Shareholders to the extent tax is required to be withheld in respect of the distribution.

Given the expected investment and operating policies of the Company, the Manager does not currently expect to pay a material amount of special Capital Gains Dividends.

See "Income Tax Considerations".

PURCHASES OF ETF SHARES

Issuance of ETF Shares

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

To Designated Brokers and Dealers

All orders to purchase ETF Shares directly from the ETF must be placed by a Designated Broker or Dealer. Subscriptions for US\$ Shares of the ETF (if offered) can be made in either U.S. or Canadian dollars. The ETF reserves the absolute right to reject any subscription order placed by the Designated Broker and/or a Dealer for ETF Shares, including, without limitation, if (a) the order is not in proper form; (b) the acceptance of the order would otherwise, in the sole discretion of the Manager, have an adverse effect on the ETF or the rights of beneficial owners of ETF Shares; (c) the acceptance or receipt of the order would, in the opinion of counsel to the ETF, be unlawful; or (d) circumstances outside the control of the Manager, the Custodian, and/or the Transfer Agent and Registrar exist which make processing of the subscription order for all practical purposes not feasible. No fees will be payable by the ETF to the Designated Broker or a Dealer in connection with the issuance of ETF Shares. The Manager will publish the PNS for the ETF following the close of business on each Trading Day on its website, www.HorizonsETFs.com. The Manager may, at its sole discretion, increase or decrease the PNS of the ETF from time to time.

On any Trading Day, the Designated Broker or a Dealer may place a subscription order for the PNS or multiple PNS of the ETF.

If a Cash Subscription is received by the ETF by 9:00 a.m. (Toronto time), or such other time as may be determined by the Manager from time to time in the sole discretion of the Manager, on a Trading Day when the principal exchange or market for the financial instruments to which the ETF is exposed, if any, does not close early, and is accepted by

the ETF, the ETF will issue to the Designated Broker or Dealer the number of ETF Shares subscribed for generally by the first Trading Day after the date on which the subscription order is accepted. The number of ETF Shares issued will be based on the net asset value per ETF Share at the close of the Trading Day on which the subscription is accepted by the Manager, provided that payment in full for such ETF Shares has been received. On days when the principal exchange or market for the financial instruments to which the ETF is exposed, if any, closes early, a revised deadline for subscription orders in respect of such ETF will be communicated to the Designated Broker and the Dealers. Notwithstanding the foregoing, the ETF will issue to the Designated Broker or Dealer the number of ETF Shares for which the Designated Broker or Dealer subscribed, by no later than the second Trading Day after the date on which the subscription order was accepted, provided that payment in full for such ETF Shares has been received.

Unless the Manager shall otherwise agree, as payment for a PNS of the ETF a Dealer or Designated Broker must deliver a Cash Subscription in an amount sufficient so that the cash delivered is equal to the net asset value of the PNS of the ETF in that currency next determined following the receipt of the subscription order. Subscriptions for US\$ Shares of the ETF (if offered) can be made in either U.S. or Canadian dollars.

Administrative Charges

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

Special Considerations for Shareholders

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

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

REDEMPTION AND SWITCHING OF ETF SHARES

Redemption

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

Redemption of ETF Shares

On any Trading Day (“T-1”), Shareholders of the ETF may request to redeem: (i) ETF Shares for cash at a redemption price per ETF Share equal to 95% of the closing price for ETF Shares of the ETF on the TSX on the effective day of the redemption, subject to a maximum redemption price per ETF Share equal to the net asset value per ETF Share on the effective day of redemption, which will be the next Trading Day after T-1 (the “**Redemption Date**” or “**T**”); or (ii) a PNS or a multiple PNS of the ETF for cash equal to the net asset value of that number of ETF Shares on the Redemption Date. Holders of US\$ Shares of the ETF (if any) may request that the Cash Redemption proceeds be paid

in U.S. or Canadian dollars. Because Shareholders of the ETF are generally able to sell their ETF Shares at the market price on the TSX through a registered broker or dealer subject only to customary brokerage commissions, Shareholders are advised to consult their brokers, dealers or investment advisors before redeeming such ETF Shares for cash unless they are redeeming a PNS.

A Cash Redemption request, in the form prescribed by the Manager from time to time, must be delivered to the Manager with respect to the ETF at its head office by 4:00 p.m. (Toronto time) on a Trading Day, or such other time as may be determined by the Manager from time to time in the sole discretion of the Manager. The effective day of the redemption for a Cash Redemption request will be the Redemption Date, and the redemption price will be determined using the closing price for ETF Shares of the ETF on the Redemption Date or the net asset value of ETF Shares of the ETF on the Redemption Date, as applicable. Payment of the redemption price will generally be made on the second Trading Day after the Redemption Date.

All requests to redeem US\$ Shares of the ETF, if any are outstanding, will, if necessary, be converted at the end of the day on which the redemption request is effective into Canadian dollars using an exchange rate determined by the Manager for such time.

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

Suspension of Redemptions

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

Switches

A Shareholder may switch ETF Shares for shares of another Corporate Class of the Company (a “**Switch**”) through the facilities of CDS by contacting their financial advisor or broker. ETF Shares may be switched on any date designated by the Manager as a switch date (“**ETF Switch Date**”) by delivering written notice to the Transfer Agent and Registrar and surrendering such ETF Shares through the facilities of CDS by 4:00 p.m. (Toronto time) at least one Business Day prior to the ETF Switch Date. Written notice must contain the name of the ETF, the TSX ticker symbol of the ETF Shares of the ETF and the number of ETF Shares to be switched, and the name of the Corporate Class and the TSX ticker symbol of the shares of the Corporate Class to which the Shareholder wishes to Switch. The Manager may, in its discretion, change the frequency with which ETF Shares may be switched at any time upon 30 days’ notice by way of press release.

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

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

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

Costs Associated with Switches

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

Suspension and Restrictions on Switches

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

Book-Entry Only System

Registration of interests in, and transfers of, ETF Shares will be made only through the book-entry only system of CDS. ETF Shares must be purchased, transferred and surrendered for redemption only through a CDS Participant. All rights of an owner of ETF Shares must be exercised through, and all payments or other property to which such owner is entitled will be made or delivered by, CDS or the CDS Participant through which the owner holds such ETF Shares. Upon buying ETF Shares, the owner will receive only the customary confirmation. References in this prospectus to a holder of ETF Shares means, unless the context otherwise requires, the owner of the beneficial interest of such ETF Shares. Neither the ETF nor the Manager will have any liability for: (i) records maintained by CDS relating to the beneficial interests in ETF Shares or the book entry accounts maintained by CDS; (ii) maintaining, supervising or reviewing any records relating to such beneficial ownership interests; or (iii) any advice or representation made or given by CDS and made or given with respect to the rules and regulations of CDS or any action taken by CDS or at the direction of the CDS Participants.

The ability of a beneficial owner of ETF Shares to pledge such ETF Shares or otherwise take action with respect to such owner’s interest in such ETF Shares (other than through a CDS Participant) may be limited due to the lack of a physical certificate. The ETF has the option to terminate registration of ETF Shares through the book-entry only system in which case certificates for ETF Shares in fully registered form will be issued to beneficial owners of such ETF Shares or to their nominees.

Short Term Trading

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

PRIOR SALES

The following table provides the price ranges and volume of the ETF Shares on the TSX during the 12 months preceding the date of this prospectus.

Month	Share Price Range (\$)	Volume of Shares Traded
February 2022	9.16 - 10.43	124,967
March 2022	6.72 - 9.13	202,882
April 2022	8.63 - 9.77	148,587
May 2022	8.95 - 10.12	65,365
June 2022	8.91 - 9.92	57,733

July 2022	8.44 - 9.46	51,224
August 2022	8.88 - 10.88	41,168
September 2022	7.31 - 8.92	70,629
October 2022	7.27 - 9.00	58,977
November 2022	8.03 - 9.42	41,262
December 2022	8.88 - 9.94	9,185
January 2023	8.31 - 10.02	19,413

INCOME TAX CONSIDERATIONS

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

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

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

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

For purposes of the Tax Act, all amounts relating to the computation of the income of the ETF, or to the acquisition, holding or disposition of ETF Shares (including, for greater certainty, US\$ Shares), must be expressed in Canadian dollars. Amounts denominated in another currency generally must be converted into Canadian dollars based on the exchange rate quoted by the Bank of Canada on the date such amounts arise or such other rate of exchange as is acceptable to the CRA.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in ETF Shares. This summary does not address the deductibility of interest on any funds borrowed by a Shareholder to purchase ETF Shares. The income and other tax consequences of investing in ETF Shares will vary depending on an investor's particular circumstances including the province or territory in which the investor resides or carries on business. This summary does not deal with provincial, territorial or foreign tax considerations. Accordingly, this summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any holder of ETF Shares. Prospective investors should consult their own tax advisors with respect to the income tax consequences to them of an acquisition of ETF Shares based on their particular circumstances.

Taxation and Status of the Company

Status of the Company

The Company intends at all relevant times to qualify as a “mutual fund corporation” as defined in the Tax Act. To qualify as a mutual fund corporation: (i) the Company must be a “Canadian corporation” that is a “public corporation” for purposes of the Tax Act; (ii) the only undertaking of the Company must be (a) the investing of its funds in property (other than real property or interests in real property or immovables or real rights in immovables), (b) the acquiring, holding, maintaining, improving, leasing or managing of any real property (or interest in real property) or of any immovable (or real right in immovables) that is capital property of the Company, or (c) any combination of the activities described in (a) and (b); and (iii) at least 95% of the fair market value of all of the issued shares of the capital stock of the Company must be redeemable at the demand of the holders of those shares. In addition, the Company must not reasonably at any time be considered to be established or maintained primarily for the benefit of non-resident persons unless, throughout the period that begins on the date of the Company's incorporation and ends at that time, substantially all of its property consists of property other than property that would be “taxable Canadian property” within the meaning of the Tax Act (if the definition of such term were read without reference to paragraph (b) of that definition).

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

Taxation of the Company

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

The Company will establish a policy to determine how it allocates income, capital gains and other amounts in a tax-efficient manner among its Corporate Classes in a way that it believes is fair, consistent and reasonable for all Shareholders, with the general intent that allocations to each of the Corporate Classes track the performance of the corresponding portfolio, but subject to the foregoing paragraph. The amount of dividends, if any, paid to Shareholders will be based on this tax allocation policy.

In general, gains and losses realized by the Company from derivative transactions (including Carbon Credit-Exposed Instruments) will be on income account, except where such derivatives are used to hedge portfolio securities held on capital account provided there is sufficient linkage, subject to the DFA Rules discussed below, and the Company will recognize such gains or losses for tax purposes at the time they are realized. Gains or losses in respect of currency hedges entered into in respect of amounts invested in the portfolio of an ETF will constitute capital gains and capital losses to the ETF if the securities in the ETF's portfolio are capital property to the ETF and there is sufficient linkage.

Payments received by the Company under a Swap will be on income account and the Company will recognize such income when it is realized upon partial settlement, termination or maturity of a Swap. Accordingly, the Company may have a large income inclusion upon partial settlement, termination or maturity of a Swap.

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

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

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

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

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

To the extent that the Company earns net income (other than dividends or deemed dividends from taxable Canadian corporations and certain taxable capital gains and after available deductions), including in respect of derivative transactions that are not on capital account (including in respect of forwards and futures contracts held on income

account), interest and income (other than, in general, taxable capital gains) paid or made payable to it by a trust, the Company will be subject to income tax on such net income and no refund will be made available in respect thereof.

The Company may, at its option, pay special year-end dividends to Holders in the form of a Capital Gains Dividend where the Company has net taxable capital gains upon which it would otherwise be subject to tax, or in order to recover refundable tax not otherwise recoverable upon payment of regular cash distributions.

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

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

In certain situations, where the Company disposes of property and would otherwise realize a capital loss, the loss will be deemed to be a “suspended loss”. This may occur if the Company disposes of and acquires the same property or an identical property during the period that begins 30 days before and ends 30 days after the disposition of property and holds it at the end of that period (for greater certainty, even if the disposition and acquisition are made by different Corporate Classes).

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

Taxation of Holders of ETF Shares

A Holder will be required to include in income the amount of any dividends other than Capital Gains Dividends (“**Ordinary Dividends**”) paid on ETF Shares, whether received in cash, in the form of ETF Shares or as cash which is reinvested in additional ETF Shares. The dividend gross-up and tax credit treatment normally applicable to taxable dividends (including eligible dividends) paid by a taxable Canadian corporation will generally apply to such dividends. The treatment to Holders of Capital Gains Dividends is described below.

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

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

Where an Ordinary Dividend or a Capital Gains Dividend is paid in ETF Shares or in cash which is reinvested in ETF Shares, the cost of such ETF Shares will be equal to the amount of the dividend. The adjusted cost base of each ETF Share to a Holder will generally be the weighted average of the cost of the ETF Shares acquired by the Holder at a

particular time and the aggregate adjusted cost base of any ETF Shares of the same class and series held as capital property immediately before the particular time.

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

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

Upon the actual or deemed disposition of an ETF Share, including the redemption of an ETF Share for cash proceeds or on a Switch by a Holder of ETF Shares for shares of another Corporate Class, a Holder will realize a capital gain (or a capital loss) to the extent that the proceeds of disposition of the ETF Share so disposed of exceed (or are less than) the aggregate of the adjusted cost base to the Holder of such ETF Share and any reasonable costs of disposition. In the case of a redemption for securities, a Holder's proceeds of disposition of the ETF Share would generally be equal to the aggregate of the fair market value of the distributed property and the amount of any cash received. The cost to a Holder of any property received from the Company upon the redemption will generally be equal to the fair market value of such property at the time of the distribution.

In certain situations, where a Holder disposes of ETF Shares and would otherwise realize a capital loss, the loss will be denied. This may occur if the Holder, the Holder's spouse or another person affiliated with the Holder (including a corporation controlled by the Holder) has acquired shares of a Corporate Class which are considered to be "substituted property" within 30 days before or after the Holder disposed of the ETF Shares. For this purpose, ETF Shares are considered to be "substituted property" for other ETF Shares, and under current published administrative policy of the CRA, shares of another Corporate Class of the Company may also be considered to be "substituted property". The amount of the denied capital loss will generally be added in computing the aggregate adjusted cost base to the owner of the shares which are "substituted property".

Capital gains realized and Ordinary Dividends and Capital Gains Dividends received by a Holder may result in such Holder being liable for alternative minimum tax under the Tax Act. Such Holders should consult their own tax advisors in this regard.

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

Taxation of Registered Plans

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

Tax Implications of the ETF's Distribution Policy

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

Given the expected investment and operating policies of the Company, the Manager does not currently expect to pay a material amount of Capital Gains Dividends or Ordinary Dividends to Holders.

ELIGIBILITY FOR INVESTMENT

Based on the current provisions of the Tax Act, provided the Company continues to qualify as a "mutual fund corporation" under the Tax Act, or the ETF Shares are listed on a "designated stock exchange" for purposes of the Tax Act (which currently includes the TSX), ETF Shares, if issued on the date hereof, would be on such date qualified investments under the Tax Act for trusts governed by Registered Plans.

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

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

FHSAs will be subject to the rules described above for Registered Plans and, in particular, the ETF Shares will be a qualified investment for an FHSA provided one of the conditions discussed above in relation to Registered Plans is satisfied. In addition, the rules in respect of a "prohibited investment" are also expected to apply to FHSAs and the holders thereof. The rules in the Tax Act applicable to FHSAs come into force on April 1, 2023.

ORGANIZATION AND MANAGEMENT DETAILS OF THE ETF

Officers and Directors of the Company

As the ETF is a class of shares in the capital of the Company, governance and management decisions are ultimately made by the board of directors of the Company. The board of directors is currently composed of 6 directors. Directors are appointed to serve on the board of directors until such time as they retire or are removed and successors are appointed. The name, municipality of residence, position with the Company and principal occupation of each of the directors and officers of the Company are as follows:

<i>Name and Municipality of Residence</i>	<i>Date Individual became a Director</i>	<i>Position with the Company</i>	<i>Principal Occupation</i>
Jasmit Bhandal, Toronto, Ontario	November 22, 2022	Interim Chief Executive Officer and Director	Interim President and Chief Executive Officer, Horizons (since 2022); Chief Operating Officer, Horizons (since 2020); Vice-President, Head of Canada ETF Product Strategy & Development, Invesco Canada (2017-2020); Vice-President, ETFs, Mackenzie Investments (2015-2016).
Kevin S. Beatson, Oakville, Ontario	October 10, 2019	Director	Chief Operating Officer and Chief Compliance Officer, Horizons (2009 - 2021).
Julie Stajan, Oakville, Ontario	October 10, 2019	Chief Financial Officer and Director	Chief Financial Officer, Horizons (since 2015).
Warren Law, Toronto, Ontario	November 15, 2019	Director	Retired Financial Services Lawyer (current); Senior Vice President, Compliance and Regulatory & Stakeholder Relations, ICICI Bank Canada (2008 - 2020).
Geoff Salmon, Barrie, Ontario	November 15, 2019	Director	Managing Director, Independent Review Inc. (since 2008).
McGregor Sainsbury, Toronto, Ontario	November 15, 2019	Secretary and Director	General Counsel, Secretary and Chief Compliance Officer, Horizons (since 2011).

Where a person has held multiple positions within a company, the above table generally sets out the current or most recently-held position or positions held at that company, while the start date generally refers to the date of the first position held at that company or the first of the listed positions held by the person at that company. Each director will hold his or her position until the next annual meeting of Shareholders of the Company or until his or her successor is elected or appointed.

Manager of the ETF

Horizons ETFs Management (Canada) Inc., a corporation existing under the federal laws of Canada, is the manager, investment manager of the ETF. The Manager is responsible for providing or arranging for the provision of administrative services and management functions required by the ETF. The principal office of Horizons is 55 University Avenue, Suite 800, Toronto, Ontario, M5J 2H7. Horizons was originally incorporated under the federal laws of Canada under the name BetaPro Management Inc. and was primarily organized for the purpose of managing investment products, including the ETF.

Mirae Asset is the asset management entity of the Mirae Asset Financial Group, a global financial group providing comprehensive services to clients worldwide – including asset management, wealth management, investment banking, life insurance and venture capital. With over 12,500 employees, the Mirae Asset Financial Group has a presence in America, Australia, Brazil, Canada, China, Colombia, Hong Kong, India, Indonesia, Japan, Mongolia, Singapore, the United Kingdom and Vietnam. Headquartered in Seoul, South Korea, the Mirae Asset Financial Group is one of the

largest independent financial groups in Asia and manages approximately US\$482 billion in assets globally as of September 30, 2022

Duties and Services to be Provided by the Manager

Pursuant to the Management Agreement, the Manager has full authority and responsibility to manage and direct the business and affairs of the ETF, to make all decisions regarding the business of the ETF and to bind the ETF. The Manager may delegate certain of its powers to third parties where, in the discretion of the Manager, it would be in the best interests of the ETF to do so. The Manager is responsible for execution of the ETF's investment strategy and also provides and arranges for the provision of required administrative services to the ETF including, without limitation: authorizing the payment of operating expenses incurred on behalf of the ETF; preparing or causing to be prepared financial statements, financial and accounting information as required by the ETF; ensuring that the Shareholders are provided with financial statements (including semi-annual and annual financial statements) and other reports as are required by applicable law from time to time; ensuring that the ETF complies with regulatory requirements; preparing or causing to be prepared the reports of the ETF to Shareholders and the Securities Regulatory Authorities; providing each of the Custodian and Valuation Agent with information and reports necessary for them to fulfil their responsibilities; determining the amount of distributions to be made by the ETF; and negotiating contractual agreements with third-party providers of services, including but not limited to investment advisors, custodians, valuation agents, registrars, transfer agents, distribution agents, auditors and printers.

Any directors, officers or employees of the Manager who are also officers of the Company shall be paid by the Manager for serving in such capacity and shall not receive any remuneration directly from the Company.

Details of the Management Agreement

Pursuant to the Management Agreement, the Manager shall exercise the powers and discharge the duties of its office honestly, in good faith and in the best interests of the ETF and, in connection therewith, shall exercise the degree of care, diligence and skill that a reasonably prudent manager would exercise in similar circumstances. The Management Agreement provides that the Manager will not be liable in any way for default, failure or defect in the portfolio of any ETF if it has satisfied the duties and standard of care, diligence and skill set forth above. The Manager is reimbursed by the ETF for all reasonable costs and expenses incurred by the Manager on behalf of the ETF as described above under the heading "Fees and Expenses". In addition, the Manager and each of its directors, officers, employees, shareholders and agents are indemnified by the ETF for all liabilities, costs and expenses incurred in connection with any action, suit or proceeding that is proposed or commenced, or other claim that is made against, the Manager, or any of its directors, officers, employees, shareholders or agents, in the exercise of its duties as Manager, except those resulting from the Manager's wilful misconduct, bad faith, negligence, disregard of the Manager's standard of care or material breach or default by the Manager of its obligations under the Management Agreement.

The Manager may resign as manager of the ETF upon 60 days' notice to the Shareholders of the ETF and the ETF. If the Manager resigns it may appoint its successor but, unless its successor is an affiliate of the Manager, its successor must be approved by the Shareholders of the ETF. If the Manager is in material default of its obligations to the ETF under the Management Agreement and such default has not been cured within 30 days after notice of same has been given to the Manager or upon certain actions relating to the bankruptcy or insolvency of the Manager, the ETF shall give notice thereof to the Shareholders of the ETF and the Shareholders may remove the Manager and appoint a successor manager. The Manager may resign on 20 Business Days' written notice to the ETF if the ETF is in breach or default of the provisions of the Management Agreement and, if capable of being cured, such breach or default has not been cured by the ETF within 20 Business Days' notice of such breach or default to the ETF. The Manager is deemed to resign if an order is made or a resolution is passed or other proceeding is taken for the dissolution of the Manager, or upon certain events of insolvency or bankruptcy with respect to the Manager.

In addition, if the Manager purchases or sells financial instruments or takes any other action with respect to the portfolio of the ETF that through inadvertence violates any investment objective, strategy or restriction applicable to the ETF as described herein set forth and the violation has or will have a material adverse effect on the portfolio of the ETF, then it will not be considered a material breach for purposes of any termination right in the Management Agreement if the Manager takes action that returns the portfolio of the ETF to compliance with such investment objective, strategy or restriction within the cure period described above. In the event that the Manager resigns or is

removed as described above, the Company shall promptly appoint a successor manager to carry out the activities of the Manager until a meeting of the Shareholders is held to confirm such appointment by extraordinary resolution. The removal or resignation of the Manager will only become effective upon the appointment of a replacement manager. If, within 90 days from the notice of resignation or removal of the Manager, the Company has not appointed a replacement manager, the ETF Shares will be redeemed and the ETF will be terminated.

The administration and management services of the Manager under the Management Agreement are not exclusive and nothing in the Management Agreement prevents the Manager from providing similar administrative and management services to other investment funds and other clients (whether or not their investment objectives and policies are similar to those of the ETF) or from engaging in other activities.

Directors and Executive Officers of the Manager

The name, municipality of residence, position and principal occupation of each of the directors and executive officers of the Manager are as follows:

Name and Municipality of Residence	Date Individual became a Director	Position with Manager	Principal Occupation
Thomas Park, New York, New York	November 14, 2011	Director and Chief Corporate Development Officer	Director, Horizons (since 2011); Chief Corporate Development Officer, Horizons (since 2015); President, Mirae Asset Global Investments (USA) (Since 2020); Executive Managing Director, Mirae Asset Global Investments (2008-2020); Associate, Goldman Sachs International (2006, 2007-2008); Senior Consultant, KPMG Consulting (Bearing Point) (2001-2005).
Young Kim, Seoul, South Korea	December 1, 2021	Director	Director, Horizons (since 2021); Managing Director, Head of Global Business, Mirae Asset Global Investments (since 2017).
Jooyoung Yun, Tokyo, Japan	February 20, 2020	Director	CIO and Head of Investment Solutions Department, Global X Japan (since 2020); Head of ETF Management Division, Mirae Asset Global Investments (2011-2020).
Julie Stajan, Oakville, Ontario	N/A	Chief Financial Officer	Chief Financial Officer, Horizons (since 2015); Senior Vice President, Finance and Controller, Horizons (since 2012); Senior Vice President, Finance & Investment Funds, Horizons Investment Management Inc. (2011-2012).
Jaime P.D. Purvis, Toronto, Ontario	N/A	Executive Vice President	Executive Vice President, Horizons (since 2006).
Jasmit Bhandal Toronto, Ontario	November 22, 2022	Director, Interim President and Chief Executive Officer, and Ultimate Designated Person	Interim President and Chief Executive Officer, Horizons (since 2022); Chief Operating Officer, Horizons (since 2020); Vice-President, Head of Canada ETF Product Strategy & Development, Invesco Canada (2017-2020); Vice-President, ETFs, Mackenzie Investments (2015-2016).

Name and Municipality of Residence	Date Individual became a Director	Position with Manager	Principal Occupation
Jeff Lucyk, Toronto, Ontario	N/A	Senior Vice President, Head of Retail Sales	Senior Vice President, Head of Retail Sales, Horizons (since 2016); Senior Vice President, Vice President, National Sales Manager, Norrep Capital Management Ltd. (2009-2016).
McGregor Sainsbury, Toronto, Ontario	N/A	General Counsel, Secretary and Chief Compliance Officer	General Counsel, Secretary and Chief Compliance Officer, Horizons (since 2011).

Where a person has held multiple positions within a company, the above table generally sets out the current or most recently-held position or positions held at that company, while the start date generally refers to the date of the first position held at that company or the first of the listed positions held by the person at that company. Each director will hold his position until the next annual general meeting of the Manager at which time he may be re-elected. All companies listed above are or were principally engaged in the business of investment fund management.

Ownership of Securities of the Manager

No securities of the Manager are owned of record or beneficially by any of the directors and executive officers of the Manager. For a description of the compensation arrangements of the IRC of the ETF, see “Organization and Management Details of the ETF – Independent Review Committee”.

Portfolio Management

Certain Officers and Directors of the Manager

The name, title and length of service of the employee of the Manager principally responsible for providing investment advice to the ETF is as follows:

Name and Municipality of Residence	Position with the Manager	Principal Occupation
Nicolas Piquard	Vice President, Portfolio Manager and Options Strategist	Vice President, Portfolio Manager and Options Strategist, Horizons (since 2013); Senior Trader and Associate Portfolio Manager, Highstreet Asset Management (2012-2013); Director - Equity Derivatives Trading, Scotia Capital (2007-2011).

Where a person has held multiple positions within a company, the above table generally sets out only the current or most recently held position or positions held at that company, and the start dates generally refer to the date of the first position held or the first of the listed positions held by the person at that company.

Designated Brokers

The Manager, on behalf of the ETF, has entered, or will enter, into a Designated Broker Agreement with a Designated Broker pursuant to which the Designated Broker agrees to perform certain duties relating to the ETF including, without limitation: (i) to subscribe for a sufficient number of ETF Shares to satisfy the TSX’s original listing requirements; (ii) to subscribe for ETF Shares on an ongoing basis, and (iii) to post a liquid two way market for the trading of ETF

Shares on the TSX. Payment for ETF Shares must be made by the Designated Broker, and ETF Shares will be issued, by no later than the second Trading Day after the subscription notice has been delivered.

ETF Shares do not represent an interest or an obligation of any Designated Broker or Dealer or any affiliate thereof and a Shareholder will not have any recourse against any such parties in respect of amounts payable by the ETF to such Designated Broker or Dealers. A Designated Broker may, from time to time, reimburse the Manager for certain expenses incurred by the Manager in the normal course of its business.

Conflicts of Interest

The Manager (including in its capacity as Index Provider) and its principals and affiliates (each, an “**ETF Manager**”) do not devote their time exclusively to the management of the ETF (or administration of the Underlying Index). The ETF Managers perform similar or different services for others and may sponsor or establish other investment funds (public and private) during the same period that they act on behalf of the ETF. The ETF Managers therefore will have conflicts of interest in allocating management time, services and functions to the ETF and the other persons for which they provide similar services. The Manager, in addition to acting as portfolio manager of the ETF, also acts in its capacity as Index Provider to the ETF.

The ETF Managers may trade and make investments for their own accounts, and such persons currently trade and manage and will continue to trade and manage accounts other than the account of the ETF utilizing trading and investment strategies which are the same as or different from the ones to be utilized in making investment decisions for the ETF. In addition, in proprietary trading and investment, the ETF Managers may take positions the same as, different than or opposite to that of the ETF. Furthermore, all of the positions held by accounts owned, managed or controlled by the Manager will be aggregated for purposes of applying certain exchange position limits. As a result, the ETF may not be able to enter into or maintain certain positions if such positions, when added to the positions already held by the ETF and such other accounts, would exceed applicable limits. All of such trading and investment activities may also increase the level of competition experienced with respect to priorities of order entry and allocations of executed trades.

The ETF Managers may at times have interests that differ from the interests of the Shareholders of the ETF.

In evaluating these conflicts of interest, potential investors should be aware that the ETF Managers have a responsibility to the Shareholders to exercise good faith and fairness in all dealings affecting the ETF. In the event that a Shareholder believes that one of the ETF Managers has violated its duty to such Shareholder, the Shareholder may seek relief for itself or on behalf of the ETF to recover damages from or to require an accounting by such ETF Manager. Shareholders should be aware that the performance by the ETF Manager of its responsibilities to the ETF will be measured in accordance with (i) the provisions of the agreement by which such ETF Manager has been appointed to its position with the ETF; and (ii) applicable laws.

The Manager is a wholly-owned subsidiary of Mirae Asset. Affiliates of the Manager may earn fees and spreads, directly and indirectly, in connection with various services provided to, or transactions with, the ETF or its service providers, including in connection with brokerage transactions, prime brokerage services and securities lending transactions, subject always to approval by the IRC of the ETF and compliance with applicable law (or exemptive relief therefrom), and applicable internal policies and procedures. In effecting ETF portfolio transactions, the Manager places brokerage business with various broker-dealers on the basis of best execution, which includes a number of considerations such as price, speed, certainty of execution and total transaction cost. The Manager uses the same criteria in selecting all of its broker-dealers, regardless of whether the broker-dealer is an affiliate of the Manager. Subject to compliance with NI 81-102 and in accordance with the terms of the standing instructions of the IRC, to the extent that an affiliate of the Manager provides advisory services to a securities lending agent (if applicable) of the ETF, the Manager may receive a portion of the affiliate’s revenue that it receives for those services.

An affiliate of the Designated Broker and/or Dealer of the ETF may from time to time act as a counterparty. These relationships may create actual or perceived conflicts of interest which investors should consider in relation to an investment in the ETF. In particular, by virtue of these relationships, the Designated Broker or Dealer may profit from the sale and trading of ETF Shares. The Designated Broker or Dealer may act as market maker of the ETF in the secondary market, and may therefore have economic interests which differ from and may be adverse to those of

Shareholders. Designated Brokers and Dealers of the ETF will not be acting as an underwriter of the ETF in connection with the primary distribution of ETF Shares under this prospectus. No Designated Broker or Dealer has been involved in the preparation of this prospectus nor has it performed any review of the contents of this prospectus. The Designated Broker of the ETF may, from time to time, reimburse the Manager for certain expenses incurred by the Manager in the normal course of its business.

Any Designated Broker or Dealer and their respective affiliates may, at present or in the future, engage in business with the ETF, the issuers of securities making up the investment portfolio of the ETF, or with the Manager or any funds sponsored by the Manager or its affiliates, including by making loans, entering into derivative transactions or providing advisory or agency services. In addition, the relationship between a Designated Broker or Dealer and their respective affiliates, and the Manager and its affiliates may extend to other activities, such as being part of a distribution syndicate for other funds sponsored by the Manager or its affiliates.

Independent Review Committee

NI 81-107 requires that all publicly offered investment funds, such as the ETF, establish an IRC and that the Manager must refer all conflict of interest matters in respect of the ETF for review or approval by the IRC. NI 81-107 also requires the Manager to establish written policies and procedures for dealing with conflict of interest matters, to maintain records in respect of these matters and to provide the IRC with guidance and assistance in carrying out its functions and duties. According to NI 81-107, the IRC must be comprised of a minimum of three (3) independent members and is subject to requirements to conduct regular assessments of its members and provide reports, at least annually, to the ETF and to its Shareholders in respect of those functions. The most recent report prepared by the IRC is available on the Manager's website (www.horizonsetfs.com), or at a Shareholder's request at no cost, by contacting the ETF at 55 University Avenue, Suite 800, Toronto, Ontario, M5J 2H7; telephone: 416-933-5745; toll free: 1-866-641-5739; fax: 416-777-5181.

Warren Law, Michael Gratch and Gregory Chrispin are the current members of the IRC. The IRC:

- reviews and provides input on the Manager's written policies and procedures that deal with conflict of interest matters;
- reviews conflict of interest matters referred to it by the Manager and makes recommendations to the Manager regarding whether the Manager's proposed actions in connection with the conflict of interest matter achieves a fair and reasonable result for the ETF;
- considers and, if deemed appropriate, approves the Manager's decision on a conflict of interest matter that the Manager refers to the IRC for approval; and
- performs such other duties as may be required of the IRC under applicable securities laws.

The ETF compensates the IRC members for their participation on the IRC through member fees and, if applicable, meeting fees. Michael Gratch and Gregory Chrispin each receive \$12,500 per year in member fees, while Warren Law, as chairperson of the IRC, receives \$15,000 per year. The IRC's secretariat receives \$21,000 per year for administrative services. An additional fee of \$750 per meeting is charged by the IRC for each IRC meeting in excess of two per year, and each IRC member receives \$750 for each IRC meeting in excess of four per year. The total fees payable in respect of the IRC by the ETF is calculated by dividing the total net assets of the ETF by the total net assets of all of the mutual funds for which the IRC is responsible and then multiplying the resulting value by the total dollar value due to the IRC member by the ETF for that particular period.

Custodian

CIBC Mellon Trust Company, at its principal office in Toronto, Ontario, is the Custodian of the assets of the ETF and holds those assets in safekeeping. The Custodian is entitled to receive fees from the Manager as described under "Operating Expenses" and to be reimbursed for all expenses and liabilities that are properly incurred by the Custodian in connection with the activities of the ETF. Portfolio assets will be delivered by the Custodian to futures dealers who

are members of the relevant futures exchanges to secure the ETF's obligations under the exchange traded futures contracts.

Pursuant to the Custodian Agreement, the Custodian is required to exercise its duties with the degree of care, diligence and skill that a reasonably prudent person would exercise in the same circumstances, or, if higher, the degree of care, diligence and skill that each Custodian uses in respect of its own property of a similar nature in its custody (the "**Standard of Care**"). Under the Custodian Agreement, the ETF pays fees to the Custodian at such rate as determined by the parties from time to time and the Custodian is reimbursed for all reasonable expenses incurred in the performance of its duties under the Custodian Agreement. The ETF will also indemnify and hold harmless the Custodian, CIBC Mellon Global, CIBC, and the Bank of New York Mellon from any direct loss, damage or expense, including reasonable counsel fees and expenses, arising in connection with the Custodian Agreement, except to the extent such direct loss, damage or expense, including reasonable counsel fees and expenses is caused by a breach of the Standard of Care by the Custodian or a permitted agent or assignee of the foregoing.

The parties to the Custodian Agreement may terminate the Custodian Agreement without any penalty upon at least ninety (90) days' written notice to the other parties, or immediately, if any party becomes insolvent, or makes an assignment for the benefit of creditors, or a petition in bankruptcy is filed by or against that party and is not discharged within thirty (30) days, or proceedings for the appointment of a receiver for that party are commenced and not discontinued within thirty (30) days. The Manager may terminate the Custodian Agreement immediately upon written notice to the other parties and without penalty if the Custodian no longer satisfies the requirements to act as a custodian of the ETF, as such requirements are set out in NI 81-102 and National Instrument 41-101 *General Prospectus Requirements*.

Valuation Agent

The Manager has retained CIBC Mellon Global to provide accounting and valuation services in respect of the ETF pursuant to the Fund Administration Agreement.

Auditors

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

Transfer Agent and Registrar

TSX Trust Company, at its principal offices in Toronto, Ontario, is the Transfer Agent and Registrar for the ETF Shares pursuant to transfer agency and registrar agreements. TSX Trust Company is independent of the Manager.

Promoter

The Manager took the initiative in founding and organizing the ETF and is, accordingly, the Promoter of the ETF within the meaning of securities legislation of certain provinces and territories of Canada. The Manager, in its capacity as manager of the ETF, receives compensation from the ETF.

Accounting and Reporting

The ETF's fiscal year is the calendar year or such other fiscal period permitted under the Tax Act as the ETF elects. The annual financial statements of the ETF shall be audited by its auditors in accordance with Canadian generally accepted auditing standards. The auditors will be asked to report on the fair presentation of the annual financial statements in accordance with IFRS. The Manager will arrange for the ETF's compliance with all applicable reporting and administrative requirements.

The Manager will keep, or arrange for the keeping of, adequate books and records reflecting the activities of the Company and the ETF. A Shareholder or his or her duly authorized representative will have the right to examine the applicable books and records of the Company or the ETF, as applicable, during normal business hours at the offices of the Manager or such other location as the Manager shall determine. Notwithstanding the foregoing, a Shareholder

shall not have access to any information that, in the opinion of the Manager, should be kept confidential in the interests of the Company or the ETF, as applicable.

CALCULATION OF NET ASSET VALUE

The NAV per ETF Share is computed in Canadian dollars. The NAV per ETF Share will be calculated by adding up the cash and other assets of the ETF, less the liabilities and dividing the value of the net assets of the ETF by the total number of ETF Shares that are outstanding. The NAV per ETF Share so determined will be adjusted to the nearest cent per ETF Share and will remain in effect until the time as at which the next determination of the NAV per ETF Share is made. The NAV per ETF Share will be calculated on each Valuation Day.

The NAV per ETF Share of the ETF may also be calculated in U.S. dollars based on prevailing market rates as determined by the Manager. Such market rates may be executable exchange rates provided by one or more Canadian chartered banks, or exchange rates provided by recognized sources such as Bloomberg or Reuters. Typically, the NAV per ETF Share will be calculated at the Valuation Time. The NAV per ETF Share may be determined at an earlier Valuation Time if the TSX and/or the principal exchange for the financial instruments held by the ETF closes earlier on that Valuation Day.

Valuation Policies and Procedures of the ETF

The following valuation procedures will be taken into account in determining the “net asset value” and “net asset value per ETF Share” of the ETF on each Valuation Day:

- (i) the value of any cash on hand, on deposit or on call, bills and notes and accounts receivable, prepaid expenses, cash dividends to be received and interest accrued and not yet received, will be deemed to be the face amount thereof, unless the Manager determines that any such deposit, call loan, bill, note or account receivable is not worth the face amount thereof, in which event the value thereof will be deemed to be such value as the Manager determines, on such basis and in such manner as may be approved by the board of directors of the Manager to be the reasonable value thereof;
- (ii) the value of any security, commodity or interest therein which is listed or dealt in upon a stock exchange will be determined by:
 - (A) in the case of securities which were traded on that Valuation Day, the price of such securities as determined at the applicable Valuation Time; and
 - (B) in the case of securities not traded on that Valuation Day, a price estimated to be the true value thereof by the Manager on such basis and in such manner as may be approved of by the board of directors of the Manager, such price being between the closing asked and bid prices for the securities or interest therein as reported by any report in common use or authorized as official by a stock exchange;
- (iii) long positions in clearing corporation options, options on futures, over-the-counter options, debt-like securities and listed warrants will be valued at the current market value thereof. Where a covered clearing corporation option, option on futures or over-the-counter option is written, the premium received shall be reflected as a deferred credit which shall be valued at an amount equal to the current market value of the clearing corporation option, option on futures or over-the-counter option that would have the effect of closing the position. Any difference resulting from any revaluation shall be treated as an unrealized gain or loss on investment. The deferred credit shall be deducted in arriving at the net asset value of such instrument. The securities, if any, which are the subject of a written clearing corporation option or over-the-counter option shall be valued at the current market value. The value of a future contract or a Swap or forward contract shall be the gain or loss with respect thereto that will be realized if, on that Valuation Day, the position in the futures contract, or the forward contract, as the case may be, were to be closed out unless “daily limits” are in effect, in which case fair value shall be based on the current market value of the underlying interest. Margin paid or deposited in respect of futures contracts and forward contracts shall be reflected as an account receivable and margin consisting of assets other than cash shall be noted as held as margin;

- (iv) in the case of any security or property for which no price quotations are available as provided above, the value thereof will be determined from time to time by the Manager, where applicable, in accordance with the principles described in paragraph (ii) above, except that the Manager may use, for the purpose of determining the sale price or the asked and bid price of such security or interest, any public quotations in common use which may be available, or where such principles are not applicable, in such manner as may be approved of by the board of directors of the Manager; and
- (v) the liabilities of the ETF will include:
- all bills, notes and accounts payable of which the ETF is an obligor;
 - all brokerage expenses of the ETF;
 - all management fees of the ETF;
 - all contractual obligations of the ETF for the payment of money or property, including the amount of any unpaid distribution credited to shareholders of the ETF on or before that Valuation Day;
 - all allowances of the ETF authorized or approved by the Manager for taxes (if any) or contingencies; and
 - all other liabilities of the ETF of whatsoever kind and nature.

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

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

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

Reporting of Net Asset Value

Persons or companies that wish to be provided with the most recent net asset value per ETF Share may call the Manager at 416-933-5745 or at 1-866-641-5739, or check the Manager's website at www.HorizonsETFs.com. The net asset value per Share will be calculated on each Valuation Day.

Designated Website

The ETF is required to post certain regulatory disclosure documents on a designated website. The ETF's designated website is www.HorizonsETFs.com.

ATTRIBUTES OF THE SECURITIES

Description of the Securities Distributed

The authorized capital of the Company includes an unlimited number of non-cumulative, redeemable, non-voting Corporate Classes, issuable in an unlimited number of series, including the ETF Shares, and one class of voting shares designated as "Class J Shares". Each Corporate Class is a separate investment fund having specific investment objectives and is specifically referable to a separate portfolio of investments. The ETF is a separate Corporate Class.

ETF Shares are currently listed and trading on the TSX. Investors are able to buy or sell ETF Shares on the TSX through registered brokers and dealers in the province or territory where the investor resides. Investors may incur customary brokerage commissions in buying and/or selling the ETF Shares.

Each ETF Share entitles the owner to one vote at meetings of Shareholders of the applicable Corporate Class to which they are entitled to vote. Each Shareholder is entitled to participate equally with all other shares of the same Corporate Class or series of Corporate Class with respect to all payments made to Shareholders, other than Management Fee Rebates, including dividends and distributions and, on liquidation, to participate equally in the net assets of the applicable Corporate Class remaining after satisfaction of any outstanding liabilities that are attributable to ETF Shares of the Corporate Class.

Redemptions of ETF Shares for Cash

On any Trading Day, Shareholders may redeem ETF Shares for cash at a redemption price per ETF Share equal to 95% of the closing price for the ETF Shares on the TSX on the effective day of the redemption, subject to a maximum redemption price per ETF Share equal to the net asset value per ETF Share on the effective day of redemption. Holders of US\$ Shares of the ETF (if any) may request that their redemption proceeds be paid in U.S. or Canadian dollars. Shareholders will generally be able to sell (rather than redeem) ETF Shares at the full market price on the TSX through a registered broker or dealer subject only to customary brokerage commissions. Therefore, Shareholders are advised to consult their brokers, dealers or investment advisors before redeeming their ETF Shares for cash. No fees or expenses will be paid by a Shareholder to Horizons or the ETF in connection with selling ETF Shares on the TSX. See "Redemption and Switching of ETF Shares".

Switches

A Shareholder may affect a Switch through the facilities of CDS by contacting their financial advisor, investment advisor or broker. ETF Shares may be switched in any week on an ETF Switch Date. See "Redemption and Switching of ETF Shares – Switches".

Modification of Terms

The rights attached to the ETF Shares may only be modified, amended or varied in accordance with the terms of the articles of the Company and applicable law. See "Shareholder Matters – Matters Requiring Shareholder Approval".

Voting Rights

Holders of ETF Shares will not have any voting rights in respect of the financial instruments in the ETF's portfolio.

SHAREHOLDER MATTERS

Meetings of Shareholders

Meetings of Shareholders of the ETF will be held if called by the Manager or upon the written request to the Manager of Shareholders of the ETF holding not less than 25% of the then outstanding ETF Shares.

Matters Requiring Shareholder Approval

In addition to certain matters required by corporate law, NI 81-102 requires a meeting of Shareholders of the ETF to be called to approve certain changes described in NI 81-102. In the absence of an exemption, the Manager will seek Shareholder approval for any such change. The Manager will also seek Shareholder approval of any matter which is required by the constitutive documents of the ETF, by the laws applicable to the ETF or by any agreement to be submitted to a vote of the Shareholders.

In addition, the auditors of the ETF may not be changed unless:

- (i) the IRC of the ETF has approved the change; and
- (ii) Shareholders have received at least 60 days' notice before the effective date of the change.

Approval of Shareholders of the ETF will be deemed to have been given if expressed by resolution passed at a meeting of Shareholders, duly called on at least 21-days' notice and held for the purpose of considering the same, by at least a majority of the votes cast.

Permitted Mergers

The ETF may, without Shareholders' approval, enter into a merger or other similar transaction which has the effect of combining the fund or its assets (a "**Permitted Merger**") with any other investment fund or funds that have investment objectives that are similar to the ETF's portfolio, subject to:

- (a) approval of the merger by the ETF's IRC in accordance with NI 81-107;
- (b) the ETF being reorganized with, or its assets being transferred to, another mutual fund to which NI 81-102 and NI 81-107 apply, and that is managed by the Manager, or an affiliate of the Manager;
- (c) compliance with certain other requirements of applicable securities legislation; and
- (d) Shareholders have received at least 60 days' notice which notice may be by way of press release, before the effective date of the Permitted Merger.

In connection with a Permitted Merger, the merging funds will be valued at their respective net asset values for the purpose of such transaction.

Reporting to Shareholders

The Manager, on behalf of the ETF, will in accordance with applicable laws furnish to each Shareholder and the Company's board of directors, unaudited semi-annual financial statements and an interim management report of fund performance for the ETF within 60 days of the end of each semi-annual period and audited annual financial statements and an annual management report of fund performance for the ETF within 90 days of the end of each financial year. Both the semi-annual and the annual financial statements of the ETF will contain a statement of financial position, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows and a statement of investment portfolio.

Any tax information necessary for Shareholders to prepare their annual federal income tax returns will also be distributed to them within 90 days after the end of each taxation year of the ETF. Neither the Manager nor the Transfer Agent and Registrar are responsible for tracking the adjusted cost base of a Shareholder's ETF Shares. Shareholders should consult with their tax or investment adviser in respect of how to compute the adjusted cost base of their ETF Shares and in particular how designations made by the ETF to a Shareholder affect the Shareholder's tax position.

The net asset value per ETF Share will be determined by the Manager on each Valuation Day and will usually be published daily in the financial press.

TERMINATION OF THE ETF

Subject to complying with applicable securities law, the ETF may be terminated (and the ETF Shares redeemed by the Company) at the discretion of the Manager on at least 60 days' advance written notice to Shareholders of the ETF of the termination and the Manager will issue a press release in advance thereof.

Upon termination of the ETF, each Shareholder of the ETF shall be entitled to receive at the Valuation Time on the termination date out of the assets of the ETF: (i) payment for that Shareholder's ETF Shares at the net asset value per ETF Share for those ETF Shares determined at the Valuation Time on the termination date; plus (ii) where applicable, any net income and net realized capital gains that are owing to or otherwise attributable to such Shareholder's ETF Shares that have not otherwise been paid to such Shareholder; less (iii) any applicable redemption charges and any taxes that are required to be deducted. Payment shall be made by cheque or other means of payment payable to such Shareholder and drawn on the ETF's bankers and may be mailed by ordinary post to such Shareholder's last address appearing in the register of Shareholders or may be delivered by such other means of delivery acceptable to both the Manager and such Shareholder.

The rights of Shareholders to redeem and convert ETF Shares described under the heading "Redemption and Switching of ETF Shares" will cease as and from the date of termination of the ETF.

Procedure on Termination

The Manager, on behalf of the Company, shall be entitled to retain out of any assets of the ETF, at the date of termination of the ETF, full provision for all costs, charges, expenses, claims and demands incurred or believed by the Manager to be due or to become due in connection with or arising out of the termination of the ETF and the distribution of its assets to the Shareholders. Out of the moneys so retained, the Manager is entitled to be indemnified and saved harmless against all costs, charges, expenses, claims and demands.

PLAN OF DISTRIBUTION

ETF Shares are being offered for sale on a continuous basis by this prospectus and there is no maximum number of ETF Shares that may be issued. ETF Shares shall be offered for sale at a price equal to the net asset value of the series of ETF Shares determined at the Valuation Time on the effective date of the subscription order.

ETF Shares are currently listed and trading on the TSX. Investors are able to buy or sell ETF Shares on the TSX through registered brokers and dealers in the province or territory where the investor resides. Investors may incur customary brokerage commissions in buying and/or selling the ETF Shares.

Non-Resident Shareholders

At no time may (i) non-residents of Canada, (ii) partnerships that are not Canadian partnerships or (iii) a combination of non-residents of Canada and such partnerships (all as defined in the Tax Act) be the beneficial owners of a majority of the shares of the Company (on either a number of shares or fair market value basis) at any time during which more than 10% of the property of the Company consists of property that would be "taxable Canadian property" if the definition of such property were read without reference to paragraph (b) thereof. None of the properties held by the Company should be considered such property. If the Manager expects or believes that more than 10% of the Company's property may consist of such property at any time, the Company and the Manager may inform the Transfer Agent and Registrar of the ETF of the restriction on who may be a beneficial owner of a majority of its ETF Shares.

If the Manager believes that more than 10% of the Company's property is property that would be "taxable Canadian property" if the definition of such term in the Tax Act were read without reference to paragraph (b) thereof and if the Manager determines that more than 40% of the shares of the Company (on either a number of shares or fair market value basis) are beneficially held by non-residents and/or partnerships that are not Canadian partnerships, the Manager may send a notice to such non-residents and/or partnerships, chosen in inverse order to the order of acquisition or in such manner as the Manager may consider equitable and practicable, requiring them to sell their shares or a portion thereof within a specified period of not less than 30 days. If the Shareholders receiving such notice have not sold the specified number of shares or provided the Manager with satisfactory evidence that they are not non-residents or partnerships other than Canadian partnerships within such period, the Manager may on behalf of such Shareholders

sell such shares and, in the interim, shall suspend the voting and distribution rights attached to such ETF Shares. Upon such sale, the affected holders shall cease to be beneficial holders of such shares and their rights shall be limited to receiving the net proceeds of sale of such shares.

Notwithstanding the foregoing, the Manager may determine not to take any of the actions described above if the Manager has been advised by legal counsel that the failure to take any of such actions would not adversely impact the status of the Company as a mutual fund corporation for purposes of the Tax Act or, alternatively, may take such other action or actions as may be necessary to maintain the status of the ETF as a mutual fund corporation for purposes of the Tax Act.

RELATIONSHIP BETWEEN THE ETF AND THE DEALERS

The Manager, on behalf of the ETF, and the Company may enter into various Dealer Agreements with registered dealers (that may or may not be Designated Brokers) pursuant to which the Dealers may subscribe for ETF Shares as described under “Purchases of ETF Shares”.

A Dealer Agreement may be terminated by the registered dealer at any time by notice to Horizons, provided that, except in certain conditions, no such termination will be permitted after the registered dealer has subscribed for ETF Shares and such subscription has been accepted by Horizons.

PRINCIPAL HOLDERS OF ETF SHARES

CDS & Co., the nominee of CDS, is the registered owner of the ETF Shares, which it holds for various brokers and other persons on behalf of their clients and others. From time to time, a Designated Broker, the ETF or another investment fund managed by the Manager or an affiliate thereof, may beneficially own, directly or indirectly, more than 10% of the ETF Shares.

PROXY VOTING DISCLOSURE

The Manager is responsible for all securities voting in respect of securities held by the ETF, if any, and exercising responsibility in accordance with the best economic interests of the ETF and the Shareholders of the ETF. The Manager has established proxy voting policies, procedures and guidelines (the “**Proxy Voting Policy**”) for securities held by the ETF to which voting rights are attached. The Proxy Voting Policy is intended to provide for the exercise of such voting rights in accordance with the best interests of the ETF and the Shareholders of the ETF, while intending to defend, reflect and promote decisions or actions which meet generally accepted standards of Environmental, Social, and Governance (“**ESG**”) criteria established by the Manager, or are expected to move a company closer to these goals.

The Manager believes in taking an active role in the corporate governance of the underlying investments of the ETF, through the corporate proxy and voting processes of those underlying investments. When voting the proxies relating to the companies that are the underlying investments of the ETF, Horizons will, among other things, be focused on supporting and promoting the options that, in the Manager’s view, reflect the Manager’s pre-determined ESG standards and also achieve the best result for the ETF and the Shareholders of the ETF. ESG refers to the three central factors in measuring the sustainability and ethical impact of a company or business. As a general matter, the Proxy Voting Policies of the Manager promote companies that (i) engage in activities or changes that can result in a decrease in pollution and carbon footprint, sustaining biodiversity, improving waste disposal and forest management and more effective land management, (ii) implement employment practices and policies that promote women in management and on boards of directors, promote equality, inclusion and that protect members of the public regardless of age, sex, marital status, colour, race, ethnicity, sexual orientation, gender or gender identity, religion or disability of any nature, and (iii) practice “good governance”, including through compliance, promotion of fair and impartial rules, consensus oriented management, principles of transparency, accountability, effective risk management and efficient management and processes.

The Proxy Voting Policy sets out the guidelines and procedures that the Manager will follow to determine whether and how to vote on any matter for which the ETF receives proxy materials. Issuers’ proxies most frequently contain routine proposals to elect directors, to appoint independent auditors, establish independent compensation committees,

to approve executive compensation and stock-based compensation plans and to amend the capitalization structure of the issuer. Specific details on the Manager's consideration of these routine matters are discussed in greater detail in the Proxy Voting Policy, which is available upon request at no cost by calling or emailing the Manager as further described below. Other issues, including those business issues specific to the issuer or those raised by Shareholders of the issuer, are assessed by the Manager on a case-by-case basis with a focus on the potential impact of the vote on the Proxy Voting Policy's ESG objectives and the best interests of the ETF and the Shareholders of the ETF.

If the potential for conflict of interest arises in connection with proxy voting and if deemed advisable to maintain impartiality, the Proxy Voting Policy provides that the Manager may choose to seek out and follow the voting recommendation of an independent proxy search and voting service.

The Proxy Voting Policy is available on request, at no cost, by calling the Manager toll-free at 1-866-641-5739 or emailing the Manager at info@HorizonsETFs.com. The proxy voting record of the ETF for the annual period from July 1 to June 30 will be available free of charge to any investor of the ETF upon request at any time after August 31 following the end of that annual period. The proxy voting record of the ETF will also be available on our Internet site at www.HorizonsETFs.com.

MATERIAL CONTRACTS

The only contracts material to the ETF are the following:

- (a) The articles of incorporation of the Company.
- (b) **Management Agreement.** For additional disclosure related to the Management Agreement, including relevant termination provisions and other key terms of the agreement, see "Organization and Management Details of the ETF – Manager of the ETF", "Organization and Management Details of the ETF – Duties and Services to be Provided by the Manager", "Organization and Management Details of the ETF – Details of the Management Agreement", "Organization and Management Details of the ETF – Conflicts of Interest", and "Other Material Facts – Management of the ETF".
- (c) **Custodian Agreement.** For additional disclosure related to the Custodian Agreement, including relevant termination provisions and other key terms of the agreement, see "Organization and Management Details of the ETF– Custodian".

Copies of these agreements may be examined at the head office of the Manager at 55 University Avenue, Suite 800, Toronto, Ontario, M5J 2H7, during normal business hours.

LEGAL AND ADMINISTRATIVE PROCEEDINGS

The ETF is not involved in any legal proceedings, nor is the Manager aware of existing or pending legal or arbitration proceedings involving the ETF.

EXPERTS

KPMG LLP, the independent auditors of the ETF, has consented to the use of their report dated February 7, 2022 to the board of directors of the Manager in respect of the ETF. KPMG LLP has confirmed that they are independent within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations.

EXEMPTIONS AND APPROVALS

The ETF will rely on exemptive relief from the Canadian Securities Regulatory Authorities:

- (a) to permit a Shareholder to acquire more than 20% of the ETF Shares through purchases on the TSX without regard to the takeover bid requirements of applicable Canadian securities legislation provided the Shareholder;
- (b) to relieve the ETF from the requirement that a prospectus contain a certificate of the underwriters;
- (c) to relieve the ETF from the dealer registration requirement provided that the Manager complies with Part 15 of NI 81-102;
- (d) to permit the Manager to call meetings of the ETF using the notice-and-access procedure as permitted by the terms of relief;

The Manager has obtained additional exemptive relief to permit the ETF to dispense with an audit committee, pursuant to subsection 171(2) of the *Canada Business Corporations Act*, for as long as applicable securities legislation does not require the ETF to have an audit committee and, in accordance with NI 81-106, the board of directors of the Company will approve the financial statements of the ETF before such financial statements are filed or made available to investors.

OTHER MATERIAL FACTS

Exchange of Tax Information

Part XVIII of the Tax Act, which was enacted to implement the Canada-United States Enhanced Tax Information Exchange Agreement, imposes due diligence and reporting obligations on “reporting Canadian financial institutions” in respect of their “U.S. reportable accounts”. The Company is a “reporting Canadian financial institution” but as long as shares of the Corporate Classes continue to be registered in the name of CDS or are “regularly traded” on an “established securities market” (which currently includes the TSX), the Company should not have any “U.S. reportable accounts” and, as a result, the Company should not be required to provide information to the CRA in respect of its shareholders. However, dealers through which Shareholders hold their ETF Shares are subject to due diligence and reporting obligations with respect to financial accounts they maintain for their clients. Accordingly, Shareholders may be requested to provide information to their dealer to identify U.S. persons holding ETF Shares or otherwise identify “US reportable accounts”. If a Shareholder is a U.S. person (including a U.S. citizen), ETF Shares are otherwise “US reportable accounts” or if a Shareholder does not provide the requested information, Part XVIII of the Tax Act will generally require information about the Shareholder’s investments held in the financial account maintained by the dealer to be reported to the CRA, unless the investments are held within a Registered Plan. The CRA is expected to provide that information to the U.S. Internal Revenue Service.

Reporting obligations in the Tax Act have been enacted to implement the Organization for Economic Cooperation and Development Common Reporting Standard (the “**CRS Rules**”). Pursuant to the CRS Rules, Canadian financial institutions (as defined the CRS Rules) are required to have procedures in place to identify accounts held by residents of foreign countries (other than the U.S.) or by certain entities any of whose “controlling persons” are resident in a foreign country (other than the U.S.) and to report the required information to the CRA. Such information is exchanged on a reciprocal, bilateral basis with countries that have agreed to a bilateral information exchange with Canada under the CRS Rules and in which the account holders or such controlling persons are resident. Under the CRS Rules, Shareholders are required to provide such information regarding their investment in the ETF to their dealer for the purpose of such information exchange, unless the investment is held within a Registered Plan.

As currently drafted, the Tax Act does not address whether FHSAs would be treated in the same way as Registered Plans for these purposes; however, the Department of Finance indicated in a “comfort letter” provided to the Investment Funds Institute of Canada in January 2023 that it is prepared to recommend that the Tax Act be amended to exempt FHSAs from the CRS Rules, although no assurances can be given that this recommendation will be accepted.

Management of the ETF

Horizons may, at any time and without seeking approval of any Shareholder, assign the Management Agreement to an affiliate.

Underlying Index Information

See “Investment Objective – The Underlying Index”.

Calculation Agent Disclaimer

The Underlying Index is calculated by an independent calculation agent, Solactive AG. The ETF is not sponsored, promoted, sold or supported in any other manner by Solactive nor does Solactive offer any express or implicit guarantee or assurance either with regard to the results of using the Underlying Index and/or its trade mark or prices at any time or in any other respect. The Underlying Index is calculated and published by Solactive. Solactive uses its best efforts to ensure that the Underlying Index is calculated correctly. Irrespective of its obligations towards the ETF or the Manager, Solactive has no obligation to point out errors in the Underlying Index to third parties including but not limited to investors and/or financial intermediaries of the ETF. The publication of the Underlying Index by Solactive does not constitute a recommendation by Solactive to invest capital in the ETF nor does it in any way represent an assurance or opinion of Solactive with regard to any investment in the ETF.

Horizons Index Disclaimer

Horizons ETFs Management (Canada) Inc., in its capacity as Index Provider, does not offer any express or implicit guarantee or assurance either with regard to the results of using the Underlying Index’s trademarks or the Underlying Index’s prices at any time or in any other respect. Horizons ETFs Management (Canada) Inc., in its capacity as Index Provider, uses commercially reasonable efforts to ensure that the Underlying Index is calculated correctly. Horizons ETFs Management (Canada) Inc., in its capacity as Index Provider, has no obligation to point out errors in the Underlying Index to third parties including but not limited to investors and/or financial intermediaries of the ETF. Neither publication of the Underlying Index by Horizons ETFs Management (Canada) Inc., nor the licensing of the Underlying Index or trademarks for the purpose of use in connection with the ETF constitutes a recommendation by Horizons ETFs Management (Canada) Inc., in its capacity as Index Provider or Manager, to invest capital in the ETF nor does it in any way represent an assurance or opinion of Horizons ETFs Management (Canada) Inc. with regard to any investment in the ETF.

ICE Data, LLP Disclaimer

The Horizons Carbon Credits Rolling Futures Index (Excess Return) is based in whole, or in part, on the EUA Futures owned by ICE Data, LLP and its affiliates, and is used by Horizons with permission under license by ICE Data, LLP. Solactive AG serves as the calculation agent of the Horizons Carbon Credits Rolling Futures Index (Excess Return).

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PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

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

The purchaser should refer to the applicable provisions of the securities legislation of the province or territory for the particulars of these rights or should consult with a legal adviser.

DOCUMENTS INCORPORATED BY REFERENCE

Additional information about each of the ETF is, or will be, available in the following documents:

- (a) the most recently filed comparative annual financial statements, together with the accompanying report of the auditor;
- (b) any interim financial statements filed after those annual financial statements;
- (c) the most recently filed annual management report of fund performance;
- (d) any interim management report of fund performance filed after that most recently filed annual management report of fund performance; and
- (e) the most recently filed ETF Facts.

These documents are or will be incorporated by reference into this prospectus, which means that they legally form part of this document just as if they were printed as part of this document. You can obtain a copy of these documents, at your request, and at no cost, by calling 1-866-641-5739 or by contacting your dealer. These documents are or will be available on the ETF's website at www.HorizonsETFs.com. These documents and other information about the ETF are or will also be available on the internet at www.sedar.com.

In addition to the documents listed above, any documents of the type described above that are filed on behalf of the ETF after the date of this prospectus and before the termination of the distribution of the ETF are deemed to be incorporated by reference into this prospectus.

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

Dated: February 9, 2023

This prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of all of the provinces and territories of Canada.

HORIZONS ETF CORP. (ON BEHALF OF THE ETF)

(Signed) "Jasmit Bhandal"
Chief Executive Officer

(Signed) "Julie Stajan"
Chief Financial Officer

**ON BEHALF OF THE BOARD OF DIRECTORS
OF HORIZONS ETF CORP. (ON BEHALF OF THE ETF)**

(Signed) "Kevin S. Beatson"
Director

(Signed) "McGregor Sainsbury"
Director

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

(Signed) "Jasmit Bhandal"
Chief Executive Officer

(Signed) "Julie Stajan"
Chief Financial Officer

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

(Signed) "Young Kim"
Director

(Signed) "Thomas Park"
Director