

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



PROSPECTUS

Initial Public Offering and Continuous Offering

May 9, 2022

**Horizons Copper Producers Index ETF (“COPP”)
Horizons Canadian Utility Services High Dividend Index ETF (“UTIL”)**

(the “ETFs” and each, individually, an “ETF”)

The ETFs are exchange traded mutual fund trusts established under the laws of Ontario. Class A units (“Units”) of each ETF are offered for sale on a continuous basis by this prospectus and there is no minimum number of Units of an ETF that may be issued. Units of the ETFs are offered for sale on a continuous basis in Canadian dollars by this prospectus. The Units of each ETF are offered for sale at a price equal to the net asset value of such Units next determined following the receipt of a subscription order.

The manager, investment manager and trustee of the ETFs is Horizons ETFs Management (Canada) Inc. (“Horizons”, the “Manager” or the “Trustee”). See “Organization and Management Details of the ETF”.

Investment Objectives

COPP

COPP seeks to replicate, to the extent possible and net of expenses, the performance of an index that is designed to provide exposure to the performance of companies active in copper ore mining that are listed on select North American stock exchanges. Currently, COPP seeks to replicate the performance of the Solactive North American Listed Copper Producers Index, net of expenses. COPP seeks to hedge any U.S. dollar portfolio exposure back to the Canadian dollar at all times.

UTIL

UTIL seeks to replicate, to the extent possible, the performance of an index that seeks to provide exposure to the performance of TSX-listed high dividend paying utility services companies. Currently, UTIL seeks to replicate the performance of the Solactive Canadian Utility Services High Dividend Index, net of expenses.

See “Investment Objectives”.

Units of the ETFs have been conditionally approved for listing on the Toronto Stock Exchange (“TSX”). Subject to satisfying the TSX’s original listing requirements on or before April 29, 2023, Units of the ETFs will be listed on the TSX. Investors can buy or sell Units of an ETF on the TSX through registered brokers and dealers in the province or territory where the investor resides. Investors will incur customary brokerage commissions in buying or selling Units.

The Manager, on behalf of each ETF, has entered into and may enter into agreements with registered dealers (each a “Designated Broker” or “Dealer”) which, amongst other things, enables a Designated Broker or Dealer to purchase and redeem Units directly from the ETFs. No Designated Broker or Dealer has been involved in the preparation of this prospectus nor has any Designated Broker or Dealer performed any review of the contents of this prospectus. The securities regulatory authorities have provided the ETFs with a decision exempting the ETFs from the requirement to

include a certificate of an underwriter in the prospectus. The Designated Broker and the Dealers of the ETFs are not underwriters of the ETFs in connection with the distribution by the ETFs of their Units under this prospectus.

Holders of Units of an ETF (the “**Unitholders**”) will be able to redeem Units in any number for cash at a redemption price per Unit of 95% of the closing price for the Unit on the TSX on the effective day of redemption. Unitholders are advised to consult their brokers or investment advisers before redeeming Units for cash. Each ETF will also offer additional redemption or exchange options which are available where a Dealer, Designated Broker or Unitholder redeems or exchanges a prescribed number of Units (a “**PNU**”). See “Exchange and Redemption of Units”.

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

Registrations and transfers of Units 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.

Although the ETFs are mutual funds under Canadian securities legislation and each ETF is considered to be a separate mutual fund under such legislation, certain provisions of such legislation and the policies of the Canadian Securities Administrators applicable to conventional mutual funds and designed to protect investors who purchase securities of mutual funds, do not apply. Each ETF has also been granted exemptive relief from certain provisions of Canadian securities legislation applicable to conventional mutual funds.

Additional information about each ETF is or will be available in its most recently filed annual financial statements together with the accompanying independent auditors’ report, any interim financial statements of that ETF filed after the respective financial statements, its most recently filed annual and interim management reports of fund performance, and 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 prospectus. For further details, see “Documents Incorporated by Reference”.

You can get a copy of these documents at your request, and at no cost, by calling the Manager toll-free at 1-866-641-5739 or from your dealer. These documents will also be available on the Manager’s website at www.HorizonsETFs.com, or by contacting the Manager by e-mail at info@HorizonsETFs.com. These documents and other information about the ETFs are also available on the website of SEDAR (the System for Electronic Document Analysis and Retrieval) at www.sedar.com.

**Horizons ETFs Management (Canada) Inc.
55 University Avenue, Suite 800
Toronto, Ontario M5J 2H7**

**Tel: 416-933-5745
Fax: 416-777-5181
Toll Free: 1-866-641-5739**

Table of Contents

PROSPECTUS SUMMARY	1	Early Closing Risk.....	25
GLOSSARY	9	Market Disruptions Risk.....	25
OVERVIEW OF THE LEGAL		Cyber Security Risk.....	25
STRUCTURE OF THE ETFS	13	Tax Related Risks.....	26
INVESTMENT OBJECTIVES	13	Risks Relating to Tax Changes.....	27
The Underlying Indexes	13	Liability of Unitholders	27
Change of an Underlying Index.....	14	Reliance on Key Personnel.....	28
Termination of an Underlying Index	15	Limited Operating History and Absence of	
Use of the Underlying Indexes	15	an Active Market.....	28
INVESTMENT STRATEGIES	15	Risk Ratings of the ETFs.....	28
Stratified Sampling.....	15	DISTRIBUTION POLICY	28
Investments in Underlying Funds.....	15	PURCHASES OF UNITS	29
Use of Derivatives.....	15	Initial Investment in the ETFs	29
Reverse Repurchase Transactions	16	Issuance of Units of the ETFs.....	29
Securities Lending	16	Buying and Selling Units of an ETF	29
OVERVIEW OF THE SECTORS THAT		Non-Resident Unitholders.....	29
THE ETFS INVEST IN	16	Special Considerations for Unitholders.....	30
INVESTMENT RESTRICTIONS	16	EXCHANGE AND REDEMPTION OF	
FEES AND EXPENSES	17	UNITS	30
Management Fees.....	17	Exchange of Units at Net Asset Value per	
Operating Expenses.....	18	Unit for Baskets of Securities and/or	
Expenses of the Issue.....	18	Cash.....	30
Fees and Expenses Payable Directly by the		Suspension of Redemptions	31
Unitholders.....	18	Allocations of Income and Capital Gains to	
RISK FACTORS	18	Redeeming Unitholders.....	31
No Assurance of Meeting Investment		Book-Entry Only System	32
Objectives.....	18	Short-Term Trading.....	32
Stock Market Risk	18	PRIOR SALES	32
Specific Issuer Risk	18	Trading Price and Volume.....	32
Sector Concentration	19	INCOME TAX CONSIDERATIONS	33
Risks related to Copper Mining Industry		Status of the ETFs	34
(COPP).....	19	Taxation of the ETFs	34
Commodity Price Relationship Risk		Taxation of Holders.....	36
(COPP).....	20	Taxation of Registered Plans.....	38
Emerging Markets Risk (COPP)	20	Tax Implications of an ETF's Distribution	
Foreign Securities Risk (COPP).....	20	Policy.....	38
Foreign Stock Exchange Risk (COPP).....	20	ORGANIZATION AND MANAGEMENT	
Risks Relating to Use of Derivatives.....	21	DETAILS OF THE ETFS	39
Securities Lending, Repurchase and Reverse		Manager of the ETFs	39
Repurchase Transaction Risk	21	Officers and Directors of the Manager	39
Geographic Risk	22	Ownership of Securities of the Manager	40
Hedging Risk (COPP)	22	Duties and Services to be Provided by the	
Small and Mid-Capitalization Risk	22	Manager.....	40
Income Trust Investment Risk.....	22	Designated Brokers	41
Underlying Index Risk	23	Conflicts of Interest	42
Passive Index Risk.....	23	Independent Review Committee	43
Index Replication Risk	23	The Trustee.....	43
Regulatory Risk.....	24	Custodian.....	44
Reliance on Historical Data Risk.....	24	Valuation Agent	44
Liquidity Risk.....	24	Auditors	44
Risk that Units Will Trade at Prices Other		Registrar and Transfer Agent	44
than the Net Asset Value per Unit.....	24	Promoter	44
Corresponding Net Asset Value Risk	24	Securities Lending Agents.....	45
Designated Broker/Dealer Risk.....	25	CALCULATION OF NET ASSET VALUE	45
Cease Trading of Securities Risk.....	25	Valuation Policies and Procedures of the	
Exchange Risk.....	25	ETFs	45

Table of Contents (continued)

Reporting of Net Asset Value.....	47
ATTRIBUTES OF THE SECURITIES	47
Description of the Securities Distributed.....	47
Redemptions of Units for Cash	47
Stock Exchange Sponsored Net Asset Value	
Execution Program.....	48
Modification of Terms.....	48
UNITHOLDER MATTERS	48
Meetings of Unitholders	48
Matters Requiring Unitholder Approval.....	48
Amendments to the Trust Declaration.....	49
Reporting to Unitholders	50
Exchange of Tax Information.....	50
TERMINATION OF THE ETFS.....	51
Procedure on Termination	51
PLAN OF DISTRIBUTION	51
RELATIONSHIP BETWEEN THE ETFS	
 AND DEALERS	51
PRINCIPAL HOLDERS OF UNITS OF	
 THE ETFS	52
PROXY VOTING DISCLOSURE FOR	
 PORTFOLIO UNITS HELD	52
MATERIAL CONTRACTS	53
LEGAL AND ADMINISTRATIVE	
 PROCEEDINGS	53
EXPERTS.....	53
EXEMPTIONS AND APPROVALS	53
OTHER MATERIAL FACTS.....	53
PURCHASERS' STATUTORY RIGHTS OF	
 WITHDRAWAL AND RESCISSION.....	53
DOCUMENTS INCORPORATED BY	
 REFERENCE	54
INDEPENDENT AUDITORS' REPORT	F-1
CERTIFICATE OF THE ETFS, THE	
 MANAGER AND PROMOTER.....	C-1

PROSPECTUS SUMMARY

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

The ETFs The ETFs are exchange traded mutual fund trusts established under the laws of Ontario. See “Overview of the Legal Structure of the ETFs”.

Investment Objectives *COPP*

COPP seeks to replicate, to the extent possible and net of expenses, the performance of an index that is designed to provide exposure to the performance of companies active in copper ore mining that are listed on select North American stock exchanges. Currently, COPP seeks to replicate the performance of the Solactive North American Listed Copper Producers Index, net of expenses. COPP seeks to hedge any U.S. dollar portfolio exposure back to the Canadian dollar at all times.

UTIL

UTIL seeks to replicate, to the extent possible, the performance of an index that seeks to provide exposure to the performance of TSX-listed high dividend paying utility services companies. Currently, UTIL seeks to replicate the performance of the Solactive Canadian Utility Services High Dividend Index, net of expenses.

See “Investment Objectives”.

The Underlying Indexes *Solactive North American Listed Copper Producers Index (COPP)*

The Solactive North American Listed Copper Producers Index, the Underlying Index of COPP, is designed to provide exposure to the performance of companies active in copper ore mining that are listed on the New York Stock Exchange, the Nasdaq, the NYSE American, the TSX and the TSX Venture Exchange.

In order to be eligible for inclusion in the Underlying Index, a company must be classified as “Pure Play” or “Diversified,” as each term is defined by the Index Provider in the index guideline of the Underlying Index.

Constituent Issuers will be drawn from North American, publicly listed companies, and may include small, mid, and large-capitalization companies. The Underlying Index may include securities of companies with North American listings but which are not headquartered in North America, including ADRs and GDRs. In addition, a company must meet minimum trading, liquidity and market capitalization requirements to be considered for inclusion in the Underlying Index.

The Underlying Index is a modified market capitalization-weighted index. Constituent Issuers with the largest market capitalizations will receive higher index weights in proportion to other constituents in the index. The Underlying Index will implement weighting caps at the time of selection. “Pure Play” Constituent Issuers will have higher weighting caps than “Diversified” Constituent Issuers.

The Underlying Index is ordinarily rebalanced on a semi-annual basis at the close of trading on each Rebalancing Date.

The value of the Underlying Index is, or will be, published by Bloomberg L.P.

under the Bloomberg ticker symbol **SOLNACP**N. The value of the Underlying Index will be published in U.S. dollars. The Index Provider is not affiliated with COPP or the Manager. The index guideline for the Underlying Index is, or will be, available on the Index Provider's website at www.solactive.com.

Solactive Canadian Utility Services High Dividend Index (UTIL)

The Solactive Canadian Utility Services High Dividend Index, the Underlying Index of UTIL, is designed to provide exposure to TSX- listed high dividend paying utility services companies. Constituent Issuers will be drawn from publicly listed companies headquartered in Canada, and may include small, mid, and large-capitalization companies. In addition, a company must meet minimum trading, liquidity and market capitalization requirements to be considered for inclusion in the Underlying Index.

In order to be eligible for inclusion in the Underlying Index, a company will be classified as primarily operating in one of the following index categories: "Utilities," "Pipelines," or "Telecommunications" (the "**UTIL Index Categories**"), as each term is defined by the Index Provider in the index guideline of the Underlying Index. Companies must also meet a minimum yield requirement to be eligible for inclusion, as determined by the Index Provider.

At each rebalance, Constituent Issuers will be ranked according to market capitalization within each UTIL Index Category. The Underlying Index is required to have a defined number of Constituent Issuers per UTIL Index Category. The largest eligible Constituent Issuers in each category will be included in the Underlying Index, subject to certain buffer rules for existing Constituent Issuers.

On each Rebalancing Date, each Constituent Issuer will be weighted equally. The Underlying Index is ordinarily rebalanced on a semi-annual basis at the close of trading on each Rebalancing Date.

The value of the Underlying Index is, or will be, published by Bloomberg L.P. under the Bloomberg ticker symbol **SOLCUHDT**. The value of the Underlying Index will be published in Canadian dollars. The Index Provider is not affiliated with UTIL or the Manager. The index guideline for the Underlying Index is, or will be, available on the Index Provider's website at www.solactive.com.

See "Investment Objective – The Underlying Indexes".

Investment Strategies

To achieve an ETF's investment objective, an ETF generally invests and holds, directly or indirectly, equity securities of the Constituent Issuers in substantially the same proportion as its Underlying Index. An ETF may also invest in ADRs or GDRs representing equity securities of Constituent Issuers of its Underlying Index. To the extent permitted, each ETF will generally be fully invested in or exposed to its respective Underlying Index at all times.

As each ETF is seeking to replicate the performance of its respective Underlying Index, the Manager does not invest the assets of the ETFs on a discretionary basis or select securities based on the Manager's view of the investment merit of a particular security or company, except to the extent it may select securities of issuers in the course of employing a stratified sampling strategy to seek to closely match the investment characteristics of an ETF's portfolio with its Underlying Index.

Stratified Sampling

Each ETF may, in certain circumstances, employ a “stratified sampling” strategy. Under this stratified sampling strategy, an ETF may not hold all of the Constituent Issuers of its Underlying Index, but instead will hold a portfolio of securities, which may include securities of investment funds, that closely matches the aggregate investment characteristics of the securities included in its Underlying Index. Examples of when an ETF may employ stratified sampling include, but are not limited to, tax optimization strategies, liquidation strategies, inability to trade a Constituent Issuer due to a pending corporate action or jurisdictional limitations, cease trade order, other event affecting a constituent security or compliance with applicable law, including NI 81-102.

Investments in Underlying Funds

In accordance with applicable securities legislation, including NI 81-102 or an exemption therefrom, as an alternative to or in conjunction with investing in securities of Constituent Issuers directly, an ETF may also invest in one or more other investment funds, including other investment funds that issue index participation units managed by the Manager or an affiliate of the manager, provided that no management fees or incentive fees are payable by the ETF that, to a reasonable person, would duplicate a fee payable by the underlying fund for the same service. The Manager’s allocation to investments in other investment funds, if any, will vary from time to time depending on the relative size and liquidity of the investment fund, and the ability of the Manager to identify appropriate investment funds that are consistent with the ETF’s investment objectives and strategies.

Use of Derivatives

An ETF may use derivative instruments for various purposes, including hedging, to generate additional income, reduce transaction costs and increase the liquidity and efficiency of trading. Any use of derivative instruments, including futures contracts and forward contracts, will be consistent with the ETF’s investment objectives and strategies, and will be in accordance with NI 81-102.

Reverse Repurchase Transactions

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

Securities Lending

An ETF may lend securities to brokers, dealers and other financial institutions and other borrowers desiring to borrow securities provided that such securities lending qualifies as a “securities lending arrangement” for the purposes of the Tax Act. Securities lending will allow an ETF to earn additional income to offset its costs. In carrying out securities lending, an ETF will engage a lending agent with experience and expertise in completing such transactions.

See “Investment Strategies”.

Offering

Each ETF offers class A units (the “**Units**”). Units of each ETF are offered for sale on a continuous basis by this prospectus, and there is no minimum number of Units of an ETF that may be issued. Units of the ETFs are offered for sale on a continuous basis in Canadian dollars by this prospectus. The base currency of each ETF is Canadian dollars. The Units of each ETF are offered for sale at a price equal to the

net asset value of such Units next determined following the receipt of a subscription order.

Units of the ETFs have been conditionally approved for listing on the TSX. Subject to satisfying the TSX's original listing requirements, Units of the ETFs will be listed on the TSX. Investors can buy or sell Units of an ETF on the TSX through registered brokers and dealers in the province or territory where the investor resides. Investors will incur customary brokerage commissions in buying or selling Units.

See "Plan of Distribution".

Special Considerations for Purchasers

Units of the ETFs are, in the opinion of the Manager, index participation units within the meaning of NI 81-102. Accordingly, in the opinion of the Manager, mutual funds may purchase Units of an ETF without regard to the control, concentration or "fund of funds" restrictions of NI 81-102. No purchase of Units of an ETF should be made solely in reliance on the above statements.

The provisions of the so-called "early warning" requirements set out in Canadian securities legislation do not apply in connection with the acquisition of Units of an ETF. In addition, each ETF is entitled to rely on exemptive relief from the securities regulatory authorities to permit a Unitholder of that ETF to acquire more than 20% of the Units of that ETF through purchases on the TSX without regard to the takeover bid requirements of applicable Canadian securities legislation.

See "Attributes of the Securities - Description of the Securities Distributed".

Distribution Policy

Distributions, if any, to Unitholders of COPP will be made annually, at the discretion of the Manager. It is anticipated that UTIL will make distributions to its Unitholders on a monthly basis.

Such distributions, if any, to Unitholders the ETFs will be paid in Canadian dollars, and will be paid in cash. Distributions are not fixed or guaranteed.

To the extent required, each ETF will also make payable after December 15 but on or before December 31 of that calendar year (in the case of a taxation year that ends on December 15), or prior to the end of each taxation year (in any other case), sufficient net income (including net capital gains) that has not previously been paid or made payable so that each ETF will not be liable for ordinary income tax in any given year and such distributions will be automatically reinvested in Units of the applicable ETF or paid in Units of the applicable ETF, in each case which will then be immediately consolidated such that the number of outstanding Units of the applicable ETF held by each Unitholder on such day following the distribution will equal the number of Units of the applicable ETF held by the Unitholder prior to that distribution.

See "Distribution Policy" and "Income Tax Considerations – Tax Implications of an ETF's Distribution Policy"

Redemptions

In addition to the ability to sell Units of the ETFs on the TSX, Unitholders of the ETFs may redeem Units for cash at a redemption price per Unit equal to 95% of the closing price for the Units on the TSX on the effective day of the redemption, where the Units being redeemed are not equal to a PNU or a multiple PNU.

Because Unitholders will generally be able to sell Units at the market price on the TSX through a registered broker or dealer, subject only to customary brokerage commissions, Unitholders are advised to consult their brokers, dealers or investment advisors before redeeming their Units for cash.

The ETFs will also offer additional redemption or exchange options which are available where a Dealer, Designated Broker or Unitholder redeems or exchanges a PNU or a multiple PNU.

See “Exchange and Redemption of Units”.

Income Tax Considerations

A Unitholder of an ETF who is resident in Canada will generally be required to include, in computing income for a taxation year, the amount of income (including any taxable capital gains) that is or is deemed to be paid or payable to the Unitholder by that ETF in that year (including such income that is paid in Units or reinvested in additional Units of the ETF).

A Unitholder of an ETF who disposes of a Unit of that ETF that is held as capital property, including on a redemption or otherwise, will generally realize a capital gain (or capital loss) to the extent that the proceeds of disposition (other than any amount payable by the ETF which represents income or capital gains allocated and designated to the redeeming Unitholder), net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the Unit disposed of.

Pursuant to the Trust Declaration, an ETF may distribute, allocate and designate any income or capital gains realized by the ETF as a result of any disposition of property of the ETF undertaken to permit or facilitate the redemption of Units to a Unitholder whose Units are being redeemed. In addition, each ETF has the authority to distribute, allocate and designate any income or capital gains of the ETF to a Unitholder who has redeemed Units of the ETF during a year in an amount equal to the Unitholder’s share, at the time of redemption, of the ETF’s income and capital gains for the year or such other amount that is determined by the ETF to be reasonable. Any such allocations and designations will reduce the redemption price otherwise payable to the redeeming Unitholder, but, for greater certainty, will not reduce the amount of cash or the value of the property that the Unitholder will receive in respect of the redemption.

Recent amendments to the Tax Act, applicable to an ETF that is a “mutual fund trust” for purposes of the Tax Act throughout its taxation year, prohibit such ETF from claiming a deduction in respect of income allocated to redeeming Unitholders, and limit the ability of such ETF to deduct taxable capital gains allocated to redeeming Unitholders. However, provided that certain Tax Amendments (together with the above noted amendments, the “**ATR Rule**”) are enacted as proposed, amounts of taxable capital gain so allocated and designated to redeeming Unitholders of such ETF will be deductible to the ETF to the extent of the redeeming Unitholders’ pro rata share (as determined under the ATR Rule) of the net taxable capital gains of the ETF for the year. Any such income or taxable capital gains that would not be deductible by the ETF if allocated to the redeeming Unitholders may be made payable to the non-redeeming Unitholders at the end of the year so that the ETF will not be liable for non-refundable income tax thereon. Accordingly, the amounts and taxable component of distributions to non-redeeming Unitholders may be greater than they would have been in the absence of such ATR Rule.

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

See “Income Tax Considerations”.

Eligibility for Investment

Provided that an ETF qualifies as a “mutual fund trust” within the meaning of the Tax Act, Units of that ETF, if issued on the date hereof, would be on such date qualified investments under the Tax Act for a trust governed by a registered retirement savings plan, a registered retirement income fund, a registered disability savings plan, a deferred profit sharing plan, a registered education savings plan or a tax-free savings account. Alternatively, provided the Units of the ETF are listed on a “designated stock exchange” within the meaning of the Tax Act (which includes the TSX), such Units will be qualified investments under the Tax Act for

a trust governed by a registered retirement savings plan, a registered retirement income fund, a registered disability savings plan, a deferred profit sharing plan, a registered education savings plan or a tax-free savings account. See “Income Tax Considerations – Taxation of Registered Plans”.

Documents Incorporated by Reference

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

Risk Factors

There are certain risk factors that are common to an investment in the ETFs. See “Risk Factors”.

Organization and Management of the ETFs

The Manager, Trustee and Investment Manager

Horizons, a corporation incorporated under the laws of Canada, is the manager, investment manager and trustee of the ETFs. The Manager is responsible for providing or arranging for the provision of administrative services, investment advisory and portfolio management services required by the ETFs. The principal office of Horizons is 55 University Avenue, Suite 800, Toronto, Ontario, M5J 2H7.

Horizons is an innovative financial services organization distributing the Horizons family of leveraged, inverse leveraged, inverse, index and actively managed exchange traded funds. Horizons is a subsidiary of Mirae Asset Global Investments Co., Ltd. (“**Mirae Asset**”). Mirae Asset is the Korea-based asset management entity of Mirae Asset Financial Group, one of the world’s largest investment managers in emerging market equities.

Custodian

CIBC Mellon Trust is the custodian of the ETFs and is independent of the Manager. CIBC Mellon Trust provides custodial services to the ETFs and is located in Toronto, Ontario.

Valuation Agent

CIBC Mellon Global has been retained to provide accounting services in respect of the ETFs. CIBC Mellon Global is located in Toronto, Ontario.

Auditors

KPMG LLP is responsible for auditing the annual financial statements of the ETFs. The auditors are independent of the Manager. The principal head office of KPMG LLP is located in Toronto, Ontario.

Registrar and Transfer Agent

TSX Trust Company, at its principal offices in Toronto, Ontario is the registrar and transfer agent for Units of the ETFs pursuant to registrar and transfer agency agreements. TSX Trust Company is independent of the Manager.

Promoter

The Manager is also the promoter of the ETFs. The Manager took the initiative in founding and organizing the ETFs and is, accordingly, the promoter of the ETFs within the meaning of securities legislation of certain provinces and territories of Canada.

Securities Lending Agents

Canadian Imperial Bank of Commerce (“**CIBC**”) or CIBC Mellon Trust may act as securities lending agents for the ETFs. CIBC and CIBC Mellon Trust are located in Toronto, Ontario. CIBC and CIBC Mellon Trust are independent of the Manager.

National Bank Financial (“**NBF**”) may also act as a securities lending agent for the ETFs. NBF is located in Toronto, Ontario.

See “Organization and Management Details of the ETFs”.

Summary of Fees and Expenses

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

Fees and Expenses Payable by the ETFs

Type of Charge

Description

Management Fees

Each ETF pays annual management fees (the “**Management Fees**”) to the Manager equal to an annual percentage of the net asset value of the Units of that ETF, together with applicable Sales Tax. The Management Fees of each ETF are as follows:

ETF	Management Fees
COPP	0.65% of the net asset value of the Units of COPP
UTIL	0.50% of the net asset value of the Units of UTIL

See “Fees and Expenses”.

Underlying Fund Fees

An 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 an ETF. With respect to such investments, no management fees or incentive fees are payable by an 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 an 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”.

Operating Expenses

Unless otherwise waived or reimbursed by the Manager, each ETF pays all of its operating expenses, including but not limited to: audit fees; trustee and custodial expenses; valuation, accounting and record keeping costs; legal expenses; permitted prospectus preparation and filing expenses; costs associated with delivering documents to Unitholders; costs associated with meetings of Unitholders; listing and annual stock exchange fees; index licensing fees, if applicable; CDS fees; bank related fees and interest charges; extraordinary expenses; Unitholder reports and servicing costs; registrar and transfer agent fees; costs of the IRC; 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.

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

See “Fees and Expenses”.

Expenses of the Issue

Apart from the initial organizational cost of the ETFs, all expenses related to the issuance of Units shall be borne by the ETFs unless otherwise waived or reimbursed by the Manager.

See “Fees and Expenses”.

Fees and Expenses Payable Directly by Unitholders

Administration Charges

As may be agreed between the Manager and a Designated Broker or Dealer, the Manager may charge the Designated Broker and Dealers of an ETF, at its discretion, an issue, exchange or redemption charge to offset certain transaction costs associated with the issuance, exchange or redemption of Units. Administration charges are variable, and the Manager will publish the current administration charges, if any, on its website, www.HorizonsETFs.com. These administrative charges do not apply to Unitholders who buy and sell their Units on a stock exchange.

See “Fees and Expenses – Fees and Expenses Payable Directly by the Unitholders”.

GLOSSARY

The following terms have the following meaning:

“**ADRs**” means American depositary receipts;

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

“**Basket of Securities**” means, in relation to an ETF, if applicable, a group of securities and/or assets determined by the Manager from time to time, which represent a portion or all of the securities and/or assets held by the ETF, based on each security’s sale price and/or asset’s value at the Valuation Time on the applicable Valuation Day;

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

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

“**CDS Participant**” means a participant in CDS that holds security entitlements in Units of an ETF on behalf of beneficial owners of those Units;

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

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

“**CIBC SLA**” has the meaning ascribed to that term under the heading “Organization and Management Details of the ETF – Securities Lending Agents”;

“**Constituent Issuers**” means the issuers that from time to time are included in an Underlying Index as determined by the Index Provider and “**Constituent Issuer**” means any one of them;

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

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

“**CRS Rules**” has the meaning ascribed to that term under the heading “Unitholder Matters – Exchange of Tax Information”;

“**Custodian**” means CIBC Mellon Trust, in its capacity as custodian of the ETFs pursuant to the Custodian Agreement;

“**Custodian Agreement**” means the second amended and restated master custodial services agreement dated September 1, 2013, as amended from time to time, between the Manager, in its capacity as manager and trustee of the ETFs, CIBC Mellon Trust, The Bank of New York Mellon, Canadian Imperial Bank of Commerce and CIBC Mellon Global;

“**Cyber Security Incidents**” has the meaning ascribed to that term under the heading “Risk Factors – Cyber Security Risk”;

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

“**Dealer Agreement**” means an agreement between the Manager, on behalf of the ETFs, and a Dealer;

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

“**Designated Broker Agreement**” means an agreement between the Manager, on behalf of the ETFs, and a Designated Broker;

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

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

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

“**ETFs**” means the exchange-traded mutual funds offered under this prospectus, and “**ETF**” means any one of them;

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

“**GDR**” means Global Depositary Receipt;

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

“**Horizons**” means Horizons ETFs Management (Canada) Inc., the manager, investment manager, trustee and promoter of the ETFs;

“**IGA**” has the meaning ascribed to that term under the heading “Unitholder Matters – Exchange of Tax Information”;

“**Index Provider**” means Solactive;

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

“**LRE**” has the meaning ascribed to that term under the heading “Risk Factors – Tax Related Risks”;

“**Management Fee**” means the annual management fee paid by an ETF to the Manager, equal to a percentage of the net asset value of that ETF, calculated and accrued daily and payable monthly;

“**Management Fee Distribution**” means an amount equal to the difference between the Management Fees otherwise chargeable by the Manager and a reduced fee determined by the Manager, at its discretion, from time to time, and that is distributed by an ETF quarterly in cash to Unitholders of the ETF who hold large investments in that ETF;

“**Manager**” means Horizons, in its capacity as manager of the ETFs, pursuant to the Trust Declaration;

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

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

“**net asset value**” means the net asset value of an ETF as calculated on each Valuation Day in accordance with the Trust Declaration and “**NAV**” shall have the same meaning;

“**NI 81-102**” means National Instrument 81-102 *Investment Funds*, as it may be amended from time to time;

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

“**PNU**” in relation to Units of an ETF, means the prescribed number of Units of that ETF determined by the Manager from time to time, whereby a dealer or a Unitholder may subscribe for, and/or redeem Units of the ETF or for such other purposes as the Manager may determine;

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

“**Rebalancing Date**” means the first Wednesday of June and the first Wednesday of December;

“**Registered Plans**” means trusts governed by RDSPs, RESPs, RRIFs, RRSPs, DPSPs and TFSAs;

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

“**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, use, 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;

“**SIFT Rules**” means the provisions of the Tax Act providing for a tax on certain income earned by a “SIFT trust” or “SIFT partnership”, as those are defined in the Tax Act;

“**Solactive**” means Solactive AG;

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

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

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

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

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

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

“**Trading Day**” means, as applicable, a day: (i) on which a session of the TSX is held; (ii) on which the principal exchange for the securities to which the ETF is exposed (if any) is open for trading; and (iii) on which the Index Provider calculates and publishes data relating to the Underlying Index;

“**Trust Declaration**” means the amended and restated declaration of trust establishing the ETFs, as supplemented, amended or amended and restated from time to time;

“**Trustee**” means Horizons, in its capacity as trustee of the ETFs pursuant to the Trust Declaration;

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

“**Underlying Index**” means the index tracked by an ETF as stated in its investment objectives, or a replacement or alternative benchmark or index that applies substantially similar criteria to those currently used by the Index Provider for the benchmark or index, or a successor index that is substantially comprised of or would be substantially comprised of the same Constituent Issuers or similar contracts or instruments, which is used by the ETF in relation to that ETF’s investment objective, and “**Underlying Indexes**” means more than one of them;

“**Unitholder**” means a holder of Units of an ETF;

“**Units**” means the Class A units of an ETF, and “**Unit**” means one of them;

“**UTIL Index Categories**” has the meaning ascribed to that term under the heading “Investment Objectives – The Underlying Indexes – Solactive Canadian Utility Services High Dividend Index”;

“**Valuation Agent**” means CIBC Mellon Global;

“**Valuation Day**” for the ETFs means a day upon which a session of the TSX is held; and

“**Valuation Time**” means 4:00 p.m. (EST) on a Valuation Day or such other time as may be deemed appropriate by Horizons, as trustee of an ETF.

OVERVIEW OF THE LEGAL STRUCTURE OF THE ETFs

The Horizons ETFs are open-end mutual fund trusts established under the laws of Ontario. The manager, investment manager and trustee of the ETFs is Horizons ETFs Management (Canada) Inc. (“**Horizons**”, the “**Manager**” or the “**Trustee**”).

The Units of the ETFs that are offered pursuant to this prospectus, and their applicable ticker symbols, are:

Name of ETF	Ticker Symbol
Horizons Copper Producers Index ETF	COPP
Horizons Canadian Utility Services High Dividend Index ETF	UTIL

The ETFs were created pursuant to the Trust Declaration. The head office of the Manager and the ETFs is 55 University Avenue, Suite 800, Toronto, Ontario, M5J 2H7. While each ETF is or will be a mutual fund under the securities legislation of certain provinces and territories of Canada, each ETF is entitled to rely on exemptive relief from certain provisions of Canadian securities legislation applicable to conventional mutual funds.

Units of the ETFs are offered for sale on a continuous basis in Canadian dollars by this prospectus. The base currency of each ETF is Canadian dollars. The Units of each ETF are offered for sale at a price equal to the net asset value of such Units next determined following the receipt of a subscription order.

INVESTMENT OBJECTIVES

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

COPP

COPP seeks to replicate, to the extent possible and net of expenses, the performance of an index that is designed to provide exposure to the performance of companies active in copper ore mining that are listed on select North American stock exchanges. Currently, COPP seeks to replicate the performance of the Solactive North American Listed Copper Producers Index, net of expenses. COPP seeks to hedge any U.S. dollar portfolio exposure back to the Canadian dollar at all times.

UTIL

UTIL seeks to replicate, to the extent possible, the performance of an index that seeks to provide exposure to the performance of TSX-listed high dividend paying utility services companies. Currently, UTIL seeks to replicate the performance of the Solactive Canadian Utility Services High Dividend Index, net of expenses.

The Underlying Indexes

Solactive North American Listed Copper Producers Index (COPP)

The Solactive North American Listed Copper Producers Index, the Underlying Index of COPP, is designed to provide exposure to the performance of companies active in copper ore mining that are listed on the New York Stock Exchange, the Nasdaq, the NYSE American, the TSX and the TSX Venture Exchange.

In order to be eligible for inclusion in the Underlying Index, a company must be classified as “Pure Play” or “Diversified,” as each term is defined by the Index Provider in the index guideline of the Underlying Index.

Constituent Issuers will be drawn from North American, publicly listed companies, and may include small, mid, and large-capitalization companies. The Underlying Index may include securities of companies with North American listings but which are not headquartered in North America, including ADRs and GDRs. In addition, a company must meet minimum trading, liquidity and market capitalization requirements to be considered for inclusion in the Underlying Index.

The Underlying Index is a modified market capitalization-weighted index. Constituent Issuers with the largest market capitalizations will receive higher index weights in proportion to other constituents in the index. The Underlying Index will implement weighting caps at the time of selection. “Pure Play” Constituent Issuers will have higher weighting caps than “Diversified” Constituent Issuers.

The Underlying Index is ordinarily rebalanced on a semi-annual basis at the close of trading on each Rebalancing Date.

The value of the Underlying Index is, or will be, published by Bloomberg L.P. under the Bloomberg ticker symbol SOLNACPN. The value of the Underlying Index will be published in U.S. dollars. The Index Provider is not affiliated with COPP or the Manager. The index guideline for the Underlying Index is, or will be, available on the Index Provider’s website at www.solactive.com.

Solactive Canadian Utility Services High Dividend Index (UTIL)

The Solactive Canadian Utility Services High Dividend Index, the Underlying Index of UTIL, is designed to provide exposure to TSX- listed high dividend paying utility services companies. Constituent Issuers will be drawn from publicly listed companies headquartered in Canada, and may include small, mid, and large-capitalization companies. In addition, a company must meet minimum trading, liquidity and market capitalization requirements to be considered for inclusion in the Underlying Index.

In order to be eligible for inclusion in the Underlying Index, a company will be classified as primarily operating in one of the following index categories: “Utilities,” “Pipelines,” or “Telecommunications” (the “UTIL Index Categories”), as each term is defined by the Index Provider in the index guideline of the Underlying Index. Companies must also meet a minimum yield requirement to be eligible for inclusion, as determined by the Index Provider.

At each rebalance, Constituent Issuers will be ranked according to market capitalization within each UTIL Index Category. The Underlying Index is required to have a defined number of Constituent Issuers per UTIL Index Category. The largest eligible Constituent Issuers in each category will be included in the Underlying Index, subject to certain buffer rules for existing Constituent Issuers.

On each Rebalancing Date, each Constituent Issuer will be weighted equally. The Underlying Index is ordinarily rebalanced on a semi-annual basis at the close of trading on each Rebalancing Date.

The value of the Underlying Index is, or will be, published by Bloomberg L.P. under the Bloomberg ticker symbol SOLCUHDT. The value of the Underlying Index will be published in Canadian dollars. The Index Provider is not affiliated with UTIL or the Manager. The index guideline for the Underlying Index is, or will be, available on the Index Provider’s website at www.solactive.com.

Change of an Underlying Index

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

Termination of an Underlying Index

The Index Provider calculates, determines and maintains each Underlying Index. If the Index Provider ceases to calculate the Underlying Index, or a license agreement is terminated, the Manager may terminate the applicable ETF on 60 days' notice, change its investment objective (subject to any necessary approvals), seek to replicate an alternative index, or make such other arrangements as the Manager considers appropriate and in the best interests of Unitholders of the ETF in the circumstances.

Use of the Underlying Indexes

The Manager and the ETFs are permitted to use the Underlying Indexes pursuant to a license agreement. The Manager and the ETFs do not accept responsibility for, or guarantee the accuracy and/or completeness of, the applicable Underlying Indexes or any data included in an Underlying Index.

INVESTMENT STRATEGIES

To achieve an ETF's investment objective, an ETF generally invests and holds, directly or indirectly, equity securities of the Constituent Issuers in substantially the same proportion as its Underlying Index. An ETF may also invest in ADRs or GDRs representing equity securities of Constituent Issuers of its Underlying Index. To the extent permitted, each ETF will generally be fully invested in or exposed to its respective Underlying Index at all times.

As each ETF is seeking to replicate the performance of its respective Underlying Index, the Manager does not invest the assets of the ETFs on a discretionary basis or select securities based on the Manager's view of the investment merit of a particular security or company, except to the extent it may select securities of issuers in the course of employing a stratified sampling strategy to seek to closely match the investment characteristics of an ETF's portfolio with its Underlying Index.

Stratified Sampling

Each ETF may, in certain circumstances, employ a "stratified sampling" strategy. Under this stratified sampling strategy, an ETF may not hold all of the Constituent Issuers of its Underlying Index, but instead will hold a portfolio of securities, which may include securities of investment funds, that closely matches the aggregate investment characteristics of the securities included in its Underlying Index. Examples of when an ETF may employ stratified sampling include, but are not limited to, tax optimization strategies, liquidation strategies, inability to trade a Constituent Issuer due to a pending corporate action or jurisdictional limitations, cease trade order, other event affecting a constituent security or compliance with applicable law, including NI 81-102.

Investments in Underlying Funds

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

Use of Derivatives

An ETF may use derivative instruments for various purposes, including hedging, to generate additional income, reduce transaction costs and increase the liquidity and efficiency of trading. Any use of derivative instruments, including

futures contracts and forward contracts, will be consistent with the ETF's investment objectives and strategies, and will be in accordance with NI 81-102.

Reverse Repurchase Transactions

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

- the reverse repurchase transactions be consistent with an ETF's investment objective and policies;
- the risks associated with reverse repurchase transactions be adequately described in the prospectus of the ETFs;
- authorized officers or directors of the Manager approve the parameters, including transaction limits, under which reverse repurchase transactions are permitted for an ETF and that such parameters comply with applicable securities legislation;
- the operational, monitoring and reporting procedures in place ensure that all reverse repurchase transactions are completely and accurately recorded, in accordance with their approved use, and within the limits and regulatory restrictions prescribed for an ETF;
- the counterparties to reverse repurchase transactions must meet the Manager's quantitative and qualitative criteria regarding market making and credit worthiness, and be in good standing with all applicable regulators; and
- the Manager must review at least annually all reverse repurchase transactions to ensure that they are being conducted in accordance with applicable securities legislation.

All reverse repurchase transactions must be completed within 30 days.

Securities Lending

An ETF may lend securities to brokers, dealers and other financial institutions and other borrowers desiring to borrow securities provided that such securities lending qualifies as a "securities lending arrangement" for the purposes of the Tax Act. Securities lending will allow an ETF to earn additional income to offset its costs. In carrying out securities lending, an ETF will engage a lending agent with experience and expertise in completing such transactions.

Under applicable securities legislation, the collateral from securities lending is required to have an aggregate value of not less than 102% of the value of the loaned securities. Any cash collateral acquired by an ETF is permitted to be invested only in securities permitted under NI 81-102 and that have a remaining term to maturity of no longer than 90 days.

OVERVIEW OF THE SECTORS THAT THE ETFS INVEST IN

See "Investment Objectives – The Underlying Indexes".

INVESTMENT RESTRICTIONS

The ETFs are subject to certain restrictions and practices contained in securities legislation, including NI 81-102 and NI 81-107. The ETFs are also subject to certain restrictions contained in the Trust Declaration. The ETFs will be managed in accordance with these restrictions and practices, except as otherwise permitted by exemptions provided by the Canadian Securities Regulatory Authorities or as permitted by NI 81-107. See "Exemptions and Approvals".

No ETF will make an investment that would result in that ETF failing to qualify as a “unit trust” or “mutual fund trust” within the meaning of the Tax Act or that would result in that ETF becoming subject to the tax for “SIFT trusts” within the meaning of the Tax Act. In addition, no ETF will 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 that ETF’s property consisted of such property.

FEES AND EXPENSES

Management Fees

Each ETF pays an annual management fee to the Manager equal to a percentage of the ETF’s net asset value, plus applicable Sales Tax, as follows:

ETF	Management Fees
COPP	0.65% of the net asset value of the Units of COPP
UTIL	0.50% of the net asset value of the Units of UTIL

Each Management Fee is calculated and accrued daily and is payable monthly in arrears.

The Management Fees are paid to the Manager in consideration for the services the Manager provides to the ETFs. Such services include, but are not limited to: negotiating contracts with certain third-party service providers, including, but not limited to, investment managers, counterparties, custodians, registrars, transfer agents, valuation agents, Designated Brokers, Dealers, auditors and printers; authorizing the payment of operating expenses incurred on behalf of the ETFs; ensuring the maintenance of accounting records for the ETFs; preparing the reports to Unitholders of the ETFs and to the applicable Securities Regulatory Authorities; calculating the amount and determining the frequency of distributions by the ETFs; preparing financial statements, income tax returns and financial and accounting information as required by the ETFs; ensuring that Unitholders of each ETF are provided with financial statements and other reports as are required from time to time by applicable law; ensuring that each ETF complies with all other regulatory requirements including the continuous disclosure obligations of such ETF under applicable securities laws; administering purchases, redemptions and other transactions in Units of each ETF; arranging for any payments required upon termination of an ETF; and dealing and communicating with Unitholders of the ETFs. The Manager will provide office facilities and personnel to carry out these services, if not otherwise furnished by any other service provider to the ETFs. The Manager will also monitor the investment strategy of each ETF to ensure that each ETF complies with its investment objective, investment strategies and investment restrictions and practices.

To encourage very large investments in an ETF and to ensure Management Fees are competitive for these investments, the Manager may at its discretion agree to charge a reduced fee as compared to the fee it otherwise would be entitled to receive from an ETF with respect to investments in such ETF by Unitholders that hold, on average during any period specified by the Manager from time to time (currently a quarter), Units of the ETF having a specified aggregate value. Such a reduction will be dependent upon a number of factors, including the amount invested, the total assets of such ETF under administration and the expected amount of account activity. An amount equal to the difference between the fee otherwise chargeable and the reduced fee of the ETF will be distributed quarterly in cash by the ETF to the Unitholders of that ETF as Management Fee Distributions.

The availability and amount of Management Fee Distributions with respect to Units of an ETF will be determined by the Manager. Management Fee Distributions for an ETF will generally be calculated and applied based on a Unitholder’s average holdings of Units of such ETF over each applicable period as specified by the Manager from time to time. Management Fee Distributions will be available only to beneficial owners of Units of an ETF and not to the holdings of Units of the ETF by dealers, brokers or other CDS Participants that hold Units of such ETF on behalf of beneficial owners. In order to receive a Management Fee Distribution for any applicable period, a beneficial owner of Units of an ETF must submit a claim for a Management Fee Distribution that is verified by a CDS Participant on

the beneficial owner's behalf and provide the Manager with such further information as the Manager may require in accordance with the terms and procedures established by the Manager from time to time.

The Manager reserves the right to discontinue or change Management Fee Distributions at any time. The tax consequences of Management Fee Distributions made by an ETF generally will be borne by the Unitholders of such ETF receiving these distributions from the Manager.

Operating Expenses

Unless otherwise waived or reimbursed by the Manager, each ETF pays all of its operating expenses, including but not limited to: audit fees; trustee and custodial expenses; valuation, accounting and record keeping costs; legal expenses; permitted prospectus preparation and filing expenses; costs associated with delivering documents to Unitholders; costs associated with meetings of Unitholders; listing and annual stock exchange fees; index licensing fees, if applicable; CDS fees; bank related fees and interest charges; extraordinary expenses; Unitholder reports and servicing costs; registrar and transfer agent fees; costs of the IRC; 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.

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

Expenses of the Issue

Apart from the initial organizational costs of the ETFs, all expenses related to the issuance of the Units shall be borne by the ETFs.

Fees and Expenses Payable Directly by the Unitholders

Administration Charge

As may be agreed between the Manager and a Designated Broker or Dealer, the Manager may charge the Designated Broker and Dealers of an ETF, at its discretion, an issue, exchange or redemption charge to offset certain transaction costs associated with the issuance, exchange or redemption of Units. Administration charges are variable, and the Manager will publish the current administration charges, if any, on its website, www.HorizonsETFs.com. These administrative charges do not apply to Unitholders who buy and sell their Units on a stock exchange.

RISK FACTORS

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

No Assurance of Meeting Investment Objectives

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

Stock Market Risk

The value of most securities, in particular equity securities, change with stock market conditions. These conditions are affected by general economic and market conditions.

Specific Issuer Risk

The value of all securities will vary positively or negatively with developments within the specific companies that issue such securities.

Sector Concentration

An ETF may, in following its investment objective of seeking to replicate the performance of its Underlying Index, have more of its net assets invested in one or more issuers than is permitted for many investment funds. To the extent that an ETF's investments are concentrated in a small number of issuers, the ETF may be susceptible to loss due to adverse occurrences affecting those issuers.

Each ETF may also be concentrated to a significant degree in securities of issuers or underlying funds focused in a single industry or sector. If an ETF concentrates its investments in an industry or sector, the ETF faces more risks than if it were diversified broadly over numerous industries or sectors, with the result that the NAV of the ETF may be more volatile and may fluctuate more over short periods of time than the NAV of a more broadly diversified investment fund. In addition, this may increase the liquidity risk of these ETFs which may, in turn, have an effect on the ETFs' ability to satisfy redemption requests. Industry-based risks, any of which may adversely affect the issuers in which the ETF invests, may include, but are not limited to, the following: general economic conditions or cyclical market patterns that could negatively affect supply and demand in a particular industry; competition for resources, adverse labour relations, political, economic or world events; obsolescence of technologies; and increased competition or new product introductions that may affect the profitability or viability of companies in an industry. In addition, at times, such industry or sector may be out of favor and underperform other industries or the market as a whole.

General Risks of Equity Investments

Holders of equity securities of any given issuer incur more risk than holders of debt obligations of such issuer because shareholders, as owners of such issuer, generally have inferior rights to receive payments from such issuer in comparison with the rights of creditors of, or holders of debt obligations issued by, such issuer. Further, unlike debt securities, which typically have a stated principal amount payable at maturity (whose value, however, will be subject to market fluctuations prior thereto), equity securities have neither a fixed principal amount nor a maturity. In the case of an ETF, distributions on the Units of an ETF, if any, depend upon the declaration of dividends or distributions on the applicable Constituent Issuers. The declaration of such dividends or distributions generally depends upon various factors, including the financial condition of the applicable Constituent Issuers and general economic conditions. There can be no assurance that the Constituent Issuers will pay dividends or distributions.

Commodity Price Volatility Risk

It can be expected that factors affecting the price of commodities will affect the net asset value of the ETFs. The price of commodities may be affected at any time by various unpredictable international, economic, monetary and political considerations including: (a) global supply and demand, which is influenced by such factors as: forward selling by commodity producers, purchases made by commodity producers to unwind hedge positions, central bank purchases and sales, the investment and trading activities of hedge funds and commodity funds, and production and cost levels in major commodity-producing countries; (b) investors' expectations with respect to future inflation rates; (c) interest rate volatility; and (d) unexpected global, or regional, political or economic events, including banking crises and international conflicts. Changing tax, royalty and land and mineral, crude oil and natural gas rights ownership and leasing regulations under different political regimes can also impact market functions and expectations for future commodity supply.

Risks related to Copper Mining Industry (COPP)

COPP provides exposure to companies which are expected to be subject to the effects of the price of copper and competitive pressures in the copper mining industry. The price of copper may be affected by changes in inflation rates, demand for copper, copper supply, interest rates, monetary policy, economic conditions, and political stability. Commodity prices, including the price of copper, may fluctuate substantially over short periods of time, which may adversely affect the performance of COPP and also heighten the volatility of COPP.

The companies to which COPP is exposed may also be significantly affected by many factors, including, but not limited to: import controls, worldwide competition, liability for environmental damage, depletion of resources, and mandated expenditures for safety and pollution control devices. Metals and mining companies may have significant operations in areas at risk for social and political unrest, security concerns and environmental damage. These

companies may also be at risk for increased government regulation and intervention. These risks may adversely affect the companies to which COPP has exposure.

Further, the companies to which COPP is exposed may be involved in the exploration and development of mineral deposits which can involve significant financial risks over a significant period of time. Few properties which are explored are ultimately developed into producing mines. Major expenditures may be required to establish reserves by drilling, to complete a feasibility study and to construct mining and processing facilities at a site. In addition, mineral exploration companies typically operate at a loss and are dependent on securing equity and/or debt financing, which might be more difficult to secure for an exploration company than for a more established counterpart.

Commodity Price Relationship Risk (COPP)

The Underlying Index of COPP measures the performance of companies involved in the copper mining industry and not the performance of the price of copper itself. The securities of companies involved in the copper mining industry may under- or over-perform the price of copper over the short-term or the long-term.

Emerging Markets Risk (COPP)

The risks of foreign investments are typically greater in less developed countries, which are sometimes referred to as emerging markets. For example, political and economic structures in these countries may be changing rapidly, which can cause instability and greater risk of loss. These countries are also more likely to experience higher levels of inflation, deflation or currency devaluation, which could hurt their economies and securities markets. For these and other reasons, investments in emerging markets are often considered speculative.

Foreign Securities Risk (COPP)

Investments in foreign securities involve certain risks that may not be present with investments in Canadian securities. For example, investments in foreign securities may be subject to risk of loss due to foreign currency fluctuations or to expropriation, nationalization or adverse political or economic developments. Foreign securities may have relatively low market liquidity and decreased publicly available information about issuers. Investments in foreign securities also may be subject to withholding or other taxes and may be subject to additional trading, settlement, custodial, and operational risks. Foreign issuers may also be subject to inconsistent and potentially less stringent accounting, auditing, financial reporting and investor protection standards than Canadian issuers. These and other factors can make investments in an ETF that invests in foreign securities more volatile and potentially less liquid than other types of investments.

Foreign Stock Exchange Risk (COPP)

Investments in foreign securities may involve risks not typically associated with investing in Canada. Foreign exchanges may be open on days when an ETF does not price the Units and, therefore, the value of the securities in the portfolios of the ETF may change on days when investors will not be able to purchase or sell Units. Also, some foreign securities markets may be volatile, lack liquidity, or have higher transaction and custody costs than those of the TSX. Securities of issuers held by an ETF may be traded on days when the foreign exchange is open and the TSX is not. In those circumstances, changes in the value of the securities making up an ETF's portfolio will not be reflected in the value of an ETF and the spread or difference between the value of the securities in the ETF's portfolio and the market price of a Unit of an ETF on the TSX may increase. 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 securities in an ETF's portfolio and the market price of a Unit of that ETF on the TSX may increase. Under certain circumstances, the Manager may need to "fair value" foreign securities that an ETF holds at other than their official closing prices. While the Manager will, in such circumstances, use all the reasonably available resources to determine the fair value of the foreign securities, an ETF's fair valuation of those securities may be incorrect.

Utilities Companies Risk (UTIL)

General risks of utility companies in which UTIL invests include, but are not limited to, the general state of the economy, competition, consolidation, domestic and international politics, and excess capacity. In addition, utilities

companies may also be significantly affected by overall capital spending levels, economic cycles, technical obsolescence, delays in modernization, labor relations, interest rates and government regulations. The customers and/or suppliers of utilities companies may be concentrated in a particular country, region or industry. Any adverse event affecting one of these countries, regions or industries could have a negative impact on utilities companies. Through its portfolio companies' customers and suppliers, UTIL is specifically exposed to the risks inherent in the Canadian economy.

Oil and Gas Risk (UTIL)

Some of the Constituent Issuers of UTIL's Underlying Index may be impacted by changes in the price of oil and related commodities and/or changes in the prices of equity securities of companies in the oil and broader energy sector. Oil prices, energy prices and the prices of related commodities can change quickly. Because the energy industry is sensitive to changes in the global economy and because the economy is cyclical, the demand for energy industry products also moves in cycles which will affect the share price of issuers in this sector. Oil and Gas pipeline projects may be impacted by competition, price changes, government regulation, accidents and other factors.

Telecommunications Sector Risk.

Companies in the telecommunications sector may be affected by industry competition, substantial capital requirements, government regulation, government prohibition of the purchase of telecommunications equipment from certain equipment providers, and obsolescence of telecommunications products and services due to technological advancement.

Risks Relating to Use of Derivatives

An ETF may use derivative instruments to achieve its investment objectives. The use of derivative instruments involves risks different from, and possibly greater than, the risks associated with investing in conventional securities. Derivatives are subject to a number of risks, such as liquidity risk, interest rate risk, market risk, credit risk, leverage risk and counterparty risk. They also involve the risk of mispricing or improper valuation and the risk that changes in the value of a derivative may not correlate perfectly with the underlying asset, rate or index. An ETF or another party to a derivatives transaction may not be able to obtain or close out a derivative contract when the Manager believes it is desirable to do so, which may prevent an ETF from making a gain or limiting a loss. The low margin deposits normally required in trading derivatives (typically between 2% and 15% of the value of the derivatives purchased) can permit a degree of leverage. Accordingly, at the time of buying a derivative, a percentage of the price of the derivative is deposited as margin and a decrease in the price of the contract equal to such percentage will result in a total loss of the margin deposit. A decrease of more than the percentage deposited will result in a loss of more than the total margin deposit. An ETF is subject to credit risk with respect to the amounts expected to be received from counterparties to derivatives instruments entered into by an ETF. If a counterparty becomes bankrupt or otherwise fails to perform its obligations under a derivative instrument, the net asset value per unit of an ETF may decline.

Securities Lending, Repurchase and Reverse Repurchase Transaction Risk

Each ETF is authorized to enter into securities lending, repurchase and reverse repurchase transactions in accordance with NI 81-102. In a securities lending transaction, an ETF lends its portfolio securities through an authorized agent to another party (often called a "counterparty") in exchange for a fee and a form of acceptable collateral. In a repurchase transaction, an ETF sells its portfolio securities for cash through an authorized agent while at the same time assuming an obligation to repurchase the same securities for cash (usually at a higher price) at a later date. In a reverse repurchase transaction, an ETF buys portfolio securities for cash while at the same time agreeing to resell the same securities for cash (usually at a higher price) at a later date. The following are some examples of the risks associated with securities lending, repurchase and reverse repurchase transactions:

- when entering into securities lending, repurchase and reverse repurchase transactions, an ETF is subject to the credit risk that the counterparty may default under the agreement and the ETF would be forced to make a claim in order to recover its investment;

- when recovering its investment on default, an ETF could incur a loss if the value of the portfolio securities loaned (in a securities lending transaction) or sold (in a repurchase transaction) has increased in value relative to the value of the collateral held by the ETF; and
- similarly, an ETF could incur a loss if the value of the portfolio securities it has purchased (in a reverse repurchase transaction) decreases below the amount of cash paid by the ETF to the counterparty.

ETFs may also engage in securities lending. When engaging in securities lending, an ETF will receive collateral in excess of the value of the securities loaned and, although such collateral is marked-to-market, the ETF may be exposed to the risk of loss should a borrower default on its obligations to return the borrowed securities and the collateral is insufficient to reconstitute the portfolio of loaned securities.

Geographic Risk

Investment funds, such as the ETFs, that are less diversified across countries or geographic regions are generally riskier than more geographically diversified funds. For example, a fund that focuses on a single country (e.g., Canada) is more exposed to that country's or region's economic cycles, currency exchange rates, stock market valuations and political risks compared with a more geographically diversified fund. A natural or other disaster could occur in a geographic region in which the ETF invests, which could affect the economy or particular business operations of companies in the specific geographic region, causing an adverse impact on investments made in the affected region.

Hedging Risk (COPP)

COPP will seek to hedge any U.S. dollar portfolio exposure back to the Canadian dollar at all times. Although there is no assurance that this currency hedging strategy will be effective, the Manager expects the currency hedging to be substantially effective. However, some deviations from the returns of the applicable Underlying Index will occur as a result of this currency hedging strategy.

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

Small and Mid-Capitalization Risk

The small- and mid-capitalization companies in which an ETF invests may be more vulnerable to adverse business or economic events than larger, more established companies, and may underperform other segments of the market or the equity market as a whole. Securities of small- and mid-capitalization companies generally trade in lower volumes, are often more vulnerable to market volatility, and are subject to greater and more unpredictable price changes than larger capitalization stocks or the stock market as a whole.

Income Trust Investment Risk

Real estate, royalty, income and other investment trusts are investment vehicles in the form of trusts, rather than corporations. To the extent that claims, whether in contract, in tort, or as a result of tax or statutory liability, against an investment trust are not satisfied by a trust, investors in an investment trust could be held liable for such obligations. Investment trusts generally seek to make this risk remote in the case of contract by including provisions in their agreements that the obligations of the investment trust will not be binding on investors personally. However, investment trusts could still have exposure to damage claims such as personal injury and environmental claims. Certain jurisdictions have enacted legislation to protect investors in investment trusts from the possibility of such liability.

Underlying Index Risk

Adjustments may be made to the Underlying Index, or the Underlying Index may cease to be calculated without regard to an ETF or its Unitholders. In the event the Underlying Index is changed or ceases to be calculated, subject to all necessary approvals, including that of Unitholders, 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 Unitholders in the circumstances.

Each Underlying Index is maintained and calculated by the applicable Index Provider.

Trading in Units of the ETF may be suspended for a period of time if, for whatever reason, the calculation of its Underlying Index is delayed. In the event the Underlying Index ceases to be calculated or is discontinued, the Manager may choose to: (i) terminate the ETF; (ii) change the ETF's investment objective to invest primarily in underlying securities or to seek to replicate an alternative index (subject, where applicable, to Unitholder and any other required approvals in accordance with the Trust Declaration); (iii) or make such other arrangements as the Manager considers appropriate and in the best interests of Unitholders of the ETF in the circumstances.

The Index Provider has reserved the right to make adjustments to the applicable Underlying Index, or to cease calculating (or causing to be calculated) the Underlying Index, without regard to the particular interests of an ETF, the Unitholders of an ETF, Designated Brokers or Dealers, but rather solely with a view to the original purpose of the applicable Underlying Index.

Passive Index Risk

Investments in an ETF should be made with an understanding that its Underlying Index may fluctuate in accordance with the financial condition of the Constituent Issuers, the value of the securities generally and other factors.

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

Stratified Sampling Risk

An ETF may employ a sampling methodology or may hold an exchange traded fund that employs a sampling methodology. A sampling methodology involves seeking to replicate the performance of the Underlying Index by holding a subset of the Constituent Securities or a portfolio of some or all of the Constituent Securities and other securities, including derivatives, securities of other exchange traded funds, mutual funds, other public investment funds, ADRs or GDRs, selected by the Manager such that the aggregate investment characteristics of the portfolio are reflective of the aggregate investment characteristics of, or a representative sample of, the Underlying Index. It is possible that the use of a sampling methodology may result in a greater deviation in performance relative to the Underlying Index than a replication strategy in which only the Constituent Securities are held in the portfolio in approximately the same proportions as they are represented in the Underlying Index. In certain circumstances, exposure to one or more securities may be obtained through the use of derivatives.

Index Replication Risk

An investment in an ETF should be made with an understanding that the ETF will not replicate exactly the performance of its Underlying Index. The total return generated by the securities held directly or indirectly by an ETF will be reduced by any costs and expenses borne by the ETF, whereas costs and expenses are not included in the calculation of the returns of the applicable Underlying Index.

It is also possible that an ETF may not fully replicate the performance of its Underlying Index due to extraordinary circumstances, the temporary unavailability of certain securities or instruments in the secondary market, or otherwise.

It is also possible that an ETF will not fully replicate the performance of its Underlying Index where the ETF's expenses exceed income received from the applicable underlying securities.

A deviation could also occur in the tracking of an ETF with its Underlying Index due to timing differences with respect to corporate actions (such as mergers and spin-offs), index adjustments, and other timing variances (for example, where the ETF tenders under a successful takeover bid for less than all securities of a Constituent Issuer where the applicable Constituent Issuer is not taken out of the Underlying Index and the ETF buys replacement securities of the Constituent Issuers for more than the takeover bid proceeds). An ETF may not replicate exactly the composition of its Underlying Index, which may also lead to differences between the performance of the ETF and the performance of its Underlying Index. In addition, an ETF's use of stratified sampling may cause the ETF to not be as well correlated with the return of its Underlying Index as would be the case if the ETF purchased all of the securities in its Underlying Index in the proportions in which they are represented in its Underlying Index.

Regulatory Risk

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

Reliance on Historical Data Risk

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

Liquidity Risk

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

Risk that Units Will Trade at Prices Other than the Net Asset Value per Unit

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

If a Unitholder purchases Units at a time when the market price of such Units is at a premium to the net asset value per Unit or sells Units at a time when the market price of such Units is at a discount to the net asset value per Unit, the Unitholder may sustain a loss.

Corresponding Net Asset Value Risk

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

Such a difference between the trading price of an ETF and its net asset value may be due, in large part, to supply and demand factors in the secondary trading market for Units of an ETF 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 Unitholders may acquire or redeem a PNU, the Manager expects that large discounts or premiums to the net asset value per Unit of the ETFs should not be sustainable.

Designated Broker/Dealer Risk

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

Cease Trading of Securities Risk

If the securities of a Constituent Issuer of an ETF are cease-traded by order of the relevant securities regulatory authority or are halted from trading by the relevant stock exchange, the ETF may halt trading in its securities. Accordingly, Units of an ETF bear the risk of cease-trading orders against all of its Constituent Issuers, not just one. If securities of an ETF are cease-traded by order of a securities regulatory authority, if normal trading is suspended on the relevant exchange, or if for any reason it is likely there will be no closing bid price for securities, the ETF may suspend the right to redeem Units for cash, subject to any required prior regulatory approval. If the right to redeem Units for cash is suspended, an ETF may return redemption requests to Unitholders who have submitted them. If securities are cease-traded, they may not be delivered on an exchange of a PNU for securities until such time as the cease trade order is lifted.

Exchange Risk

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

Early Closing Risk

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

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 ETFs. The effects of future terrorist acts (or threats thereof), military action or similar unexpected disruptive events on the economies and securities markets of countries cannot be predicted. These events could also have an acute effect on individual issuers or related groups of issuers. These risks could also adversely affect securities markets, inflation and other factors relating to value of the portfolio of the ETFs.

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

Cyber Security Risk

Cyber security risk is the risk of harm, loss and liability resulting from a failure or breach of information technology systems. Failures or breaches of information technology systems (“**Cyber Security Incidents**”) can result from deliberate attacks or unintentional events and may arise from external or internal sources. Deliberate cyber-attacks include, but are not limited to, gaining unauthorized access to digital systems (e.g., through “hacking” or malicious

software coding) for purposes of misappropriating assets or sensitive information, corrupting data, equipment or systems, or causing operational disruption. Deliberate cyber-attacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users). The primary risks from the occurrence of a Cyber Security Incident include disruption in an ETF's operations, disclosure of confidential ETF information, reputational damage to the Manager, the incurrence of regulatory penalties by the Manager, additional compliance costs associated with corrective measures, and/or financial loss. Cyber Security Incidents of an ETF's third-party service providers (e.g., valuation agents, transfer agents or custodians) or issuers that an ETF invests in can also subject an ETF to many of the same risks associated with direct Cyber Security Incidents. The Manager cannot control the cyber security plans and systems put in place by its service providers or any other third party whose operations may affect an ETF or its Unitholders. An ETF and its Unitholders could be negatively impacted as a result.

Tax Related Risks

Each of the ETFs currently meets, or is expected to meet within its first taxation year, all the requirements to qualify as a "mutual fund trust" for the purposes of the Tax Act and (where available) will elect to be deemed to be a "mutual fund trust" from inception.

In the event an ETF were not to qualify as a "mutual fund trust" under the Tax Act at all times, the income tax considerations described under the heading "Income Tax Considerations" would be materially and adversely different in certain respects and the after-tax returns to Unitholders of that ETF may be reduced. For an ETF to qualify as a "mutual fund trust," it must comply on a continuous basis with certain requirements relating to the qualification of its Units for distribution to the public, the number of Unitholders of the ETF and the dispersal of ownership of its Units. A trust will be deemed not to be a mutual fund trust 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" (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 trust status if this requirement is not met.

In determining its income for tax purposes, each ETF intends to treat gains or losses on the disposition of securities in its portfolio as capital gains and losses. If these dispositions are determined not to be on capital account, the net income of the relevant ETF for tax purposes and the taxable component of distributions to Unitholders could increase. Any such redetermination by the CRA may result in the ETF being liable for unremitted withholding taxes on prior distributions made to Unitholders who were not resident in Canada for the purposes of the Tax Act at the time of the distribution. Such potential liability may reduce the net asset value of, or trading prices of, the Units.

Pursuant to the Trust Declaration, each ETF may allocate and designate any income or capital gains realized by the ETF as a result of any disposition of property of the ETF undertaken to permit or facilitate the redemption of Units to a Unitholder whose Units are being redeemed. In addition, each ETF has the authority to distribute, allocate and designate any income or capital gains of the ETF to a Unitholder who has redeemed Units of the ETF during a year in an amount equal to the Unitholder's share, at the time of redemption, of the ETF's income and capital gains for the year or such other amount that is determined by the ETF to be reasonable. Any such allocations and designations will reduce the redemption price otherwise payable to the redeeming Unitholder, but, for greater certainty, will not reduce the amount of cash or the value of the property that the Unitholder will receive in respect of the redemption.

Recent amendments to the Tax Act, applicable to an ETF that is a "mutual fund trust" for purposes of the Tax Act throughout its taxation year, prohibit such ETF from claiming a deduction in respect of income allocated to redeeming Unitholders, and limit the ability of such ETF to deduct taxable capital gains allocated to redeeming Unitholders. However, under the ATR Rule (including the Tax Amendments included therein, provided they are enacted as proposed), amounts of taxable capital gain so allocated and designated to redeeming Unitholders of such ETF will be deductible to the ETF to the extent of the redeeming Unitholders' pro rata share (as determined under the ATR Rule) of the net taxable capital gains of the ETF for the year. Any such income or taxable capital gains that would not be deductible by the ETF if allocated to the redeeming Unitholders may be made payable to the non-redeeming Unitholders at the end of the year so that the ETF will not be liable for non-refundable income tax thereon. Accordingly, the amounts and taxable component of distributions to non-redeeming Unitholders may be greater than they would have been in the absence of such ATR Rule.

The payment of expenses in a foreign currency and the conversion of a foreign currency to Canadian dollars, if required to pay expenses of an ETF, fund redemptions of Units or otherwise, are taxable events to the ETF. If an ETF realizes income for purposes of the Tax Act from such activities in a year, the ETF will allocate such income to its Unitholders without any corresponding cash distribution.

The Tax Act contains rules concerning the taxation of publicly traded Canadian trusts and partnerships that own certain types of property defined as “non-portfolio property”. A trust that is subject to these rules is subject to trust level taxation, at rates comparable to those that apply to corporations, on the trust’s income earned from “non-portfolio property” to the extent that such income is distributed to its unitholders. These rules should not impose any tax on the ETFs as long as the ETFs adhere to their investment restriction in this regard. If these rules apply to an ETF, the after-tax return to Unitholders of the ETF could be reduced, particularly in the case of a Unitholder who is exempt from tax under the Tax Act or is a non-resident of Canada.

Pursuant to rules in the Tax Act, an ETF that experiences a “loss restriction event” (“LRE”) (i) will be deemed to have a year-end for tax purposes (which would result in an unscheduled distribution of the ETF’s net income and net realized capital gains, if any, at such time to Unitholders so that the ETF is not liable for income tax on such amounts under Part I of the Tax Act), and (ii) will become subject to the LRE rules generally applicable to a corporation that experiences an acquisition of control, including a deemed realization of any unrealized capital losses and restrictions on its ability to carry forward losses. Generally, an ETF will be subject to an LRE if a Unitholder of the ETF alone or together with affiliated persons or partnerships (or group of persons) acquires (or becomes a holder of) more than 50% of the fair market value of all the interests in the income or capital, as the case may be, of the ETF. Please see “Income Tax Considerations – Taxation of Unitholders” for the tax consequences of an unscheduled or other distribution to Unitholders. Trusts that qualify as “investment funds” as defined in the rules in the Tax Act relating to LREs are generally excepted from the application of such rules. An “investment fund” for this purpose includes a trust that meets certain conditions, including satisfying certain of the conditions necessary to qualify as a “mutual fund trust” for purposes of the Tax Act, not holding any property that it uses in the course of carrying on a business and complying with certain asset diversification requirements. If an ETF were not to qualify as an “investment fund”, it could potentially have an LRE and thereby become subject to the related tax consequences described above.

Certain ETFs may invest in global equity or debt securities. Many foreign countries preserve their right under domestic tax laws and applicable tax conventions with respect to taxes on income and on capital (“**Tax Treaties**”) to impose tax on interest, dividends and distributions paid or credited to persons who are not resident in such countries. While the ETFs intend to make investments in such a manner as to minimize the amount of foreign taxes incurred under foreign tax laws and subject to any applicable Tax Treaties, investments in global equity or debt securities may subject the ETFs to foreign taxes on interest, dividends and distributions paid or credited to them or any gains realized on the disposition of such securities. Any foreign taxes incurred by an ETF will generally reduce the value of its portfolio.

Each ETF is generally required to pay GST/HST on any management fees and most of the other fees and expenses that it has to pay. There may be changes to the way that the GST/HST and provincial sales taxes apply to fees and expenses incurred by mutual funds such as the ETFs and there may be changes in the rates of such taxes, which, accordingly, may affect the costs borne by the ETFs and their Unitholders.

Risks Relating to Tax Changes

There can be no assurance that changes will not be made to the tax rules, including the administrative policies and assessing practices of the CRA, affecting the taxation of the ETFs or the ETFs’ investments, or in the administration of such tax rules.

Liability of Unitholders

The Trust Declaration provides that no Unitholder of an ETF will be subject to any personal liability whatsoever for any wilful or negligent acts or omissions or otherwise to any party in connection with the assets of the ETF or the affairs of the ETF. The Trust Declaration also provides that an ETF must indemnify and hold each Unitholder of the ETF harmless from and against any and all claims and liabilities to which such Unitholder may become subject by reason of being, or having been, a Unitholder of the ETF and must reimburse such Unitholder for all legal and other expenses reasonably incurred in connection with any such claim or liability. Despite the foregoing, there can be no

absolute certainty, outside of Ontario, that a claim will not be made against a Unitholder of an ETF for liabilities which cannot be satisfied out of the assets of the ETF.

Reliance on Key Personnel

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

Limited Operating History and Absence of an Active Market

The ETFs are newly organized investment trusts with no previous operating history. Although the ETFs may be listed on the TSX, there is no assurance that an active public market for the Units of the ETFs will develop or be sustained.

Risk Ratings of the ETFs

The investment risk level of each ETF is required to be determined in accordance with a standardized risk classification methodology that is based on the historical volatility of the ETF, as measured by the 10-year standard deviation of the returns of the ETF. As the ETFs are fewer than 10 years old, the Manager calculates the investment risk level of each ETF using a reference index that is expected to reasonably approximate the standard deviation of the ETF. Once an ETF has 10 years of performance history, the methodology will calculate the standard deviation of the ETF using the return history of the ETF rather than that of the reference index. In each case, the ETFs are assigned an investment risk rating in one of the following categories: low, low to medium, medium, medium to high or high risk.

The following chart sets out a description of the reference index used for each ETF

ETF	Reference Index
COPP	Solactive North American Listed Copper Producers Index
UTIL	Solactive Canadian Utility Services High Dividend Index, net of expenses

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

DISTRIBUTION POLICY

Distributions, if any, to Unitholders of COPP will be made annually, at the discretion of the Manager. It is anticipated that UTIL will make distributions to its Unitholders on a monthly basis.

Such distributions, if any, to Unitholders the ETFs will be paid in Canadian dollars, and will be paid in cash. Distributions are not fixed or guaranteed.

To the extent required, each ETF will also make payable after December 15 but on or before December 31 of that calendar year (in the case of a taxation year that ends on December 15), or prior to the end of each taxation year (in any other case), sufficient net income (including net capital gains) that has not previously been paid or made payable so that each ETF will not be liable for non-refundable income tax in any given year and such distributions, net of any required withholding tax, will be automatically reinvested in Units of the applicable ETF or paid in Units of the applicable ETF, in each case which will then be immediately consolidated such that the number of outstanding Units of the applicable ETF held by each Unitholder on such day following the distribution will equal the number of Units of the applicable ETF held by the Unitholder prior to that distribution. In the case of a non-resident Unitholder, if tax

has to be withheld in respect of a distribution, the Unitholder's dealer is expected to invoice or debit the Unitholder's account directly.

The Manager reserves the right to make additional distributions for any ETF in any year if determined to be appropriate. The tax treatment to Unitholders of the ETF of reinvested distributions or a distribution paid in Units is discussed under the heading "Income Tax Considerations".

Although there may be reasonable expectation that any income generated by an ETF will be greater than the ETF's fees and expenses, there is no guarantee that an ETF will distribute any income to its Unitholders.

PURCHASES OF UNITS

Initial Investment in the ETFs

In compliance with NI 81-102, no Units of an ETF will be issued to the public unless subscriptions aggregating not less than \$500,000 have been received and accepted by the ETF from investors other than persons or companies related to the Manager or its affiliates.

Issuance of Units of the ETFs

To Designated Brokers and Dealers

All orders to purchase Units directly from an ETF must be placed by a Designated Broker and/or Dealers. The ETFs reserve the absolute right to reject any subscription order placed by a Designated Broker and/or a Dealer. No fees will be payable by an ETF to a Designated Broker or a Dealer in connection with the issuance of Units of the ETF. On the issuance of Units, the Manager may, at its discretion, charge an administrative fee to a Designated Broker or a Dealer to offset any expenses incurred in issuing the Units. The Manager reserves the absolute right to alter the subscription process described below at any time.

On any Trading Day, a Designated Broker or a Dealer may place a subscription order for at least a PNU of an ETF. If a subscription order is received by the Manager on a Trading Day at or before the Subscription Deadline, and accepted by the Manager, the ETF will generally issue the number of Units of the ETF subscribed for to the Designated Broker or Dealer within two Trading Days from the Trading Day of the subscription. An ETF must receive payment for the Units subscribed for generally within two Trading Days from the Trading Day of the subscription order.

To Unitholders of an ETF as Reinvested Distributions or Distributions Paid in Units

Units of an ETF will be issued to Unitholders of the ETF on the automatic reinvestment of distributions or on a distribution paid in Units in accordance with the distribution policy of such ETF. See "Distribution Policy".

Buying and Selling Units of an ETF

Units of the ETFs have been conditionally approved for listing on the TSX. Subject to satisfying the TSX's original listing requirements, Units of the ETFs will be listed on the TSX. Investors can buy or sell Units of an ETF on the TSX through registered brokers and dealers in the province or territory where the investor resides.

Investors may incur customary brokerage commissions when buying or selling Units of an ETF.

Non-Resident Unitholders

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 Units of an ETF (on either a number of Units or fair market value basis) at any time during which more than 10% of the property of such ETF consists of 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. None of the initial properties of an ETF should be considered such property. If the Manager expects or believes that more than 10% of an ETF's property

may consist of such property, the ETF and the Manager may inform the Registrar and Transfer Agent of such ETF of the restriction on who may be a beneficial owner of a majority of its Units.

If the Manager believes that more than 10% of an ETF'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 Units of such ETF (on either a number of Units 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 Units of such ETF in the applicable currency or a portion thereof within a specified period of not less than 30 days. If the Unitholders receiving such notice have not sold the specified number of Units 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 Unitholders sell such Units and, in the interim, shall suspend the voting and distribution rights attached to such Units. Upon such sale, the affected holders shall cease to be beneficial holders of Units of such ETF and their rights shall be limited to receiving the net proceeds of sale of such Units.

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 an ETF as a mutual fund trust for purposes of the Tax Act or, alternatively, may take such other action or actions as may be necessary to maintain the status of such ETF as a mutual fund trust for purposes of the Tax Act. See also "Unitholder Matters – Non-Resident Unitholders".

Special Considerations for Unitholders

The provisions of the so-called "early warning" requirements set out in Canadian securities legislation do not apply in connection with the acquisition of Units of the ETFs. In addition, the ETFs have obtained exemptive relief from the Securities Regulatory Authorities to permit a Unitholder of an ETF to acquire more than 20% of the Units of such ETF through purchases on the TSX without regard to the takeover bid requirements of applicable Canadian securities legislation, provided that such Unitholder, and any person acting jointly or in concert with such Unitholder, undertakes to the Manager not to vote more than 20% of the Units of such ETF at any meeting of Unitholders of that ETF.

EXCHANGE AND REDEMPTION OF UNITS

Exchange of Units at Net Asset Value per Unit for Baskets of Securities and/or Cash

Unitholders of an ETF may exchange the applicable PNU (or a whole multiple thereof) of the ETF on any Trading Day for a Basket of Securities and/or cash, in the sole discretion of the Manager, subject to the requirement that a minimum PNU be exchanged. The Manager will, upon receipt of the exchange request, advise the Unitholder submitting the request as to whether a Basket of Securities and/or cash will be delivered to satisfy the request. The Manager reserves the absolute right to alter the exchange and redemption process described below at any time.

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

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

Redemption of Units for Cash

On any Trading Day, Unitholders of an ETF may redeem:

1. Units of the ETF for cash at a redemption price per Unit equal to 95% of the closing price for Units of the ETF on the TSX on the effective day of the redemption, where the Units being redeemed are not equal to a PNU or a multiple PNU; or
2. a PNU or a multiple PNU of the ETF for cash equal to the net asset value of that number of Units, less any applicable redemption charge as determined by the Manager in its sole discretion from time to time.

As Unitholders will generally be able to sell Units of an ETF the market price on the TSX through a registered broker or dealer subject only to customary brokerage commissions, Unitholders are advised to consult their brokers, dealers or investment advisors before redeeming such Units for cash unless they are redeeming a PNU.

In order for a cash redemption to be effective on a Trading Day, a cash redemption request in the form prescribed by the Manager from time to time must be delivered to the Manager with respect to an ETF at its head office by 9:30 a.m. (Toronto time) on that day. If a cash redemption request is not received by the Exchange/Redemption Deadline on a Trading Day, the cash redemption request will be effective only on the next Trading Day. Payment of the redemption price will generally be made on the first Trading Day after the effective day of the redemption. Notwithstanding the foregoing, an ETF will make payment of the redemption price no later than the second Valuation Day after the effective day of the redemption. The cash redemption request forms may be obtained from any registered broker or dealer.

As may be agreed between the Manager and a Designated Broker or Dealer, the Manager may charge the Designated Broker and Dealers of an ETF, at its discretion, an issue, exchange or redemption charge to offset certain transaction costs associated with the issuance, exchange or redemption of Units. Administration charges are variable, and the Manager will publish the current administration charges, if any, on its website, www.HorizonsETFs.com. These administrative charges do not apply to Unitholders who buy and sell their Units on a stock exchange.

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

In connection with the redemption of Units, an ETF will generally dispose of securities or other financial instruments.

Suspension of Redemptions

The Manager may suspend the redemption of any Class of Units of an ETF or may postpone the date of payment upon redemption: (i) during any period when normal trading is suspended on a stock exchange or other market on which securities owned by the ETF are listed and traded, if these securities represent more than 50% by value or underlying market exposure of the total assets of the ETF, without allowance for liabilities, and if these securities are not traded on any other exchange that represents a reasonably practical alternative for the ETF; (ii) with the consent of the securities regulatory authorities; or (iii) when required or permitted to do so under any exemptive relief granted by the Securities Regulatory Authorities from applicable Canadian securities legislation. 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 Unitholders 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 Unitholders 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 ETFs, any declaration of suspension made by the Manager shall be conclusive.

Allocations of Income and Capital Gains to Redeeming Unitholders

Pursuant to the Trust Declaration, an ETF may distribute, allocate and designate any income or capital gains realized by such ETF as a result of any disposition of property of the ETF undertaken to permit or facilitate the redemption of Units of the ETF to a Unitholder of such ETF whose Units are being redeemed. In addition, an ETF has the authority

to distribute, allocate and designate any income or capital gains of such ETF to a Unitholder of such ETF who has redeemed Units of the ETF during a year in an amount equal to the Unitholder's share, at the time of redemption, of the ETF's income and capital gains for the year or such other amount that is determined by the ETF to be reasonable. Any such allocations and designations will reduce the redemption price otherwise payable to the redeeming Unitholder, but, for greater certainty, will not reduce the amount of cash or the value of the property that the Unitholder will receive in respect of the redemption.

Recent amendments to the Tax Act, applicable to an ETF that is a "mutual fund trust" for purposes of the Tax Act throughout its taxation year, prohibit such ETF from claiming a deduction in respect of income allocated to redeeming Unitholders, and limit the ability of such ETF to deduct taxable capital gains allocated to redeeming Unitholders. However, under the ATR Rule (including the Tax Amendments included therein, provided they are enacted as proposed), amounts of taxable capital gain so allocated and designated to redeeming Unitholders of such ETF will be deductible to the ETF to the extent of the redeeming Unitholders' pro rata share (as determined under the ATR Rule) of the net taxable capital gains of the ETF for the year. Any such income or taxable capital gains that would not be deductible by the ETF if allocated to the redeeming Unitholders may be made payable to the non-redeeming Unitholders at the end of the year so that the ETF will not be liable for non-refundable income tax thereon. Accordingly, the amounts and taxable component of distributions to non-redeeming Unitholders may be greater than they would have been in the absence of such ATR Rule.

Book-Entry Only System

Registration of interests in, and transfers of, Units of an ETF will be made only through the book-entry only system of CDS. Units of an ETF must be purchased, transferred and surrendered for redemption only through a CDS Participant. All rights of an owner of Units of an ETF 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 Units of the ETF. Upon buying Units of an ETF, the owner will receive only the customary confirmation. References in this prospectus to a holder of Units of an ETF means, unless the context otherwise requires, the owner of the beneficial interest of such Units.

Neither the ETFs nor the Manager will have any liability for: (i) records maintained by CDS relating to the beneficial interests in Units of an ETF 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 Units of an ETF to pledge such Units or otherwise take action with respect to such owner's interest in such Units (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

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

Short-Term Trading

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

PRIOR SALES

Trading Price and Volume

As the ETFs are new, trading price and volume information is not yet available.

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

Generally, Units of an ETF will be considered to be capital property to a Holder provided that the Holder does not hold such Units 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. Assuming that an ETF is a "mutual fund trust" for purposes of the Tax Act, certain Holders who might not otherwise be considered to hold Units as capital property may, in certain circumstances, be entitled to have such Units and all other "Canadian securities" owned or subsequently acquired by them treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. This summary does not apply to a Holder who has entered or will enter into a "derivative forward agreement" within the meaning of the Tax Act with respect to Units.

This summary is based on the assumption that each ETF will qualify at all times as a "unit trust" within the meaning of the Tax Act, that each ETF will qualify or be deemed to qualify at all times as a "mutual fund trust" within the meaning of the Tax Act and that each ETF will not be subject to the tax for "SIFT trusts" under the Tax Act. For an ETF to qualify as a "mutual fund trust", it must comply on a continuous basis with certain requirements relating to the qualification of its Units for distribution to the public, the number of Unitholders of the ETF and the dispersal of ownership of its Units. Each of the ETFs offered pursuant to this prospectus has made or is expected to make an election in its first tax return so that it qualified or will qualify under the Tax Act as a mutual fund trust from the commencement of its first taxation year. In the event an ETF were not to qualify as a "mutual fund trust" under the Tax Act at all times, the income tax consequences described below would, in some respects, be materially different than would be the case if it were a mutual fund trust.

This summary is also based on the assumptions that (i) none of the issuers of the securities in the portfolio of an ETF will be or be deemed to be foreign affiliates of the ETF or of any Unitholder, or "SIFT trusts" or "SIFT partnerships" within the meaning of the Tax Act, (ii) none of the securities in the portfolio of an ETF will be a "tax shelter investment" within the meaning of section 143.2 of the Tax Act, (iii) none of the securities in the portfolio of an ETF will be an 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) none of the ETFs will enter into any arrangement (including the acquisition of securities for an ETF's portfolio) where the result is a "dividend rental arrangement" for purposes of the Tax Act. This summary further assumes that each ETF will comply with its investment restrictions, and that no ETF will earn any "designated income" as defined for the purpose of Part XII.2 of the Tax Act.

This summary is based on the current provisions of the Tax Act and an understanding of the current published administrative policies and assessing practices of the CRA made publicly available 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 whether by legislative, governmental or judicial 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 in this prospectus. There can be no assurance that the Tax Amendments will be enacted in the form publicly announced, or at all.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Units of an ETF. This summary does not address the deductibility of interest on any funds borrowed by a Unitholder to purchase Units of an ETF. The income and other tax consequences of investing in Units will vary depending on an investor's particular circumstances. 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 Units of an ETF. Prospective investors should consult their own tax advisors with respect to the income tax

consequences to them of an acquisition of Units of an ETF based on their particular circumstances and review the risk factors related to tax set out above. Please see “Risk Factors – Tax Risk”.

Status of the ETFs

As noted above, this summary assumes that each ETF is a “unit trust” and qualifies or will be deemed to qualify at all times as a “mutual fund trust” for purposes of the Tax Act.

Provided an ETF qualifies as a “mutual fund trust” within the meaning of the Tax Act, Units of such ETF will be qualified investments under the Tax Act for Registered Plans. Alternatively, if Units of an ETF are listed on a “designated stock exchange” (within the meaning of the Tax Act, which includes the TSX), such Units will be qualified investments under the Tax Act for Registered Plans.

Units of an ETF are generally not prohibited investments for a “registered pension plan” under subsection 8514(1) of the regulations under the Tax Act unless such ETF is (a) an employer who participates in the plan; (b) a person connected with such an employer for purposes of those rules; (c) a person or partnership that controls, directly or indirectly, in any manner whatsoever, such an employer or connected person; or (d) a person or partnership that does not deal at arm’s length with a member of the plan or with any person or partnership described in (a), (b) or (c) above.

For certain tax consequences of holding Units in a Registered Plan, see “Income Tax Considerations – Taxation of Registered Plans”.

Taxation of the ETFs

Each ETF will elect to have a taxation year that ends on December 15 of each calendar year.

Each ETF must pay tax on its net income (including net realized taxable capital gains) for a taxation year, less the portion thereof that it deducts in respect of the amount paid or payable (or deemed to be paid or payable) to its Unitholders, in the year. An amount will be considered to be payable to a Unitholder of an ETF in a taxation year if it is paid to the Unitholder in that year by the ETF or if the Unitholder is entitled in that year to enforce payment of the amount. The Trust Declaration for the ETFs requires that sufficient amounts be paid or made payable each taxation year so that no ETF is liable for any non-refundable income tax under Part I of the Tax Act.

With respect to indebtedness, each ETF is required to include in its income for each taxation year all interest that accrues (or is deemed to accrue) to it to the end of the year (or until the disposition of the indebtedness in the year), or becomes receivable or is received by it before the end of the year, except to the extent that such interest was included in computing its income for a preceding taxation year and excluding any interest that accrued prior to the time of the acquisition of the indebtedness by the ETF.

An ETF will also be required to include in its income for each taxation year any dividends received (or deemed to be received) by it in such year on a security held in its portfolio.

In general, gains and losses realized by an ETF from derivative transactions 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 certain rules in the Tax Act (the “**DFA Rules**” discussed below), and will be recognized for tax purposes at the time they are realized by the ETF in accordance with the CRA’s published administrative practice. 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 provided there is sufficient linkage. The Tax Act includes rules which clarify that the DFA Rules generally should not apply to such foreign currency hedges.

The DFA Rules 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 an ETF, returns realized in respect

of the property underlying such derivatives would be treated as ordinary income or losses rather than capital gains and capital losses.

Each ETF is required to compute all amounts in Canadian dollars for purposes of the Tax Act in accordance with the detailed rules in the Tax Act in that regard and accordingly may realize gains or losses by virtue of the fluctuation in the value of the foreign currencies relative to Canadian dollars on a disposition of property that is not denominated in Canadian dollars.

To the extent an ETF holds trust units issued by a trust resident in Canada that is not at any time in the relevant taxation year a “SIFT trust” and held as capital property for purposes of the Tax Act, the ETF will be required to include in the calculation of its income the net income, including net taxable capital gains, paid or payable to the ETF by such trust in the year, notwithstanding that certain of such amounts may be reinvested in additional units of the trust. Provided that appropriate designations are made by such trust, generally net taxable capital gains realized by the trust, foreign source income of the trust and taxable dividends from taxable Canadian corporations received by the trust that are paid or payable by the trust to the ETF will effectively retain their character in the hands of the ETF. The ETF 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 ETF except to the extent that the amount was included in calculating the income of the ETF or was the ETF’s share of the non-taxable portion of capital gains of the trust, the taxable portion of which was designated in respect of the ETF. If the adjusted cost base to the ETF of such units becomes a negative amount at any time in a taxation year of the ETF, that negative amount will be deemed to be a capital gain realized by the ETF in that taxation year and the ETF’s adjusted cost base of such units will be increased by the amount of such deemed capital gain to zero.

With respect to an issuer structured as a trust that is not resident in Canada, an ETF will be required to include in the calculation of its income for a taxation year the net income for Canadian federal income tax purposes, including net taxable capital gains, paid or payable to the ETF by the issuer in the year, notwithstanding that certain of such amounts may be reinvested in additional units of the issuer. Provided the units of the issuer are held by the ETF as capital property for purposes of the Tax Act, the ETF will be required to reduce the adjusted cost base of units of the issuer by an amount paid or payable by the issuer to the ETF, except to the extent that the amount was included in calculating the income of the ETF. If the adjusted cost base to the ETF of such units becomes a negative amount at any time in a taxation year of the ETF, that negative amount will be deemed to be a capital gain realized by the ETF in that taxation year and the ETF’s adjusted cost base of such units will be reset to zero.

With respect to an issuer that is a limited partnership the securities of which are included in an ETF’s portfolio and held 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 SIFT trusts and SIFT partnerships, the ETF is required to include or, subject to certain restrictions, is entitled to deduct, in computing its income, its share of the net income or loss for tax purposes of the issuer allocated to the ETF for the fiscal period of the issuer ending in the ETF’s taxation year, whether or not a distribution is received. In general, the adjusted cost base of such securities is the cost of such securities to the ETF plus the share of the income and capital gains of the issuer allocated to the ETF for fiscal years of the issuer ending before the particular time less the share of losses and capital losses of the issuer allocated to the ETF for fiscal years of the issuer ending before the particular time, and less the ETF’s share of any distributions received from the issuer before the particular time. If the adjusted cost base to the ETF of the securities of such an issuer would otherwise be less than zero at the end of the fiscal year of the limited partnership, the negative amount is deemed to be a capital gain realized by the ETF and the ETF’s adjusted cost base of such securities will be reset to zero.

In general, an ETF will realize a capital gain (or capital loss) upon an actual or deemed disposition of its property to the extent the proceeds of disposition received on such disposition net of any amounts included as interest on the disposition of the property and any reasonable costs of disposition exceed (or are less than) the adjusted cost base of such property (all computed in Canadian dollars at the relevant time using the relevant exchange rate for purposes of the Tax Act) unless the ETF were considered to be trading or dealing in securities or otherwise carrying on a business of buying and selling securities or the ETF has acquired the property in a transaction or transactions considered to be an adventure or concern in the nature of trade. Each ETF intends to acquire and hold its property for the purpose of earning income and such properties will only be disposed of, to the extent necessary, to pay expenses of the ETF, to fund redemptions of Units which cannot be satisfied out of the income earned by its property, and to rebalance its portfolio to align it with the Underlying Index. In addition, each ETF that holds “Canadian securities” (as defined in the Tax Act) will make an election in accordance with subsection 39(4) of the Tax Act to have each of its Canadian

securities treated as capital property. On the foregoing basis, each ETF intends to take the position that gains and losses realized on the disposition of its properties are capital gains and capital losses.

An ETF may derive income or gains from investments in countries other than Canada, and as a result, may be liable to pay foreign income or profits tax to such countries. To the extent that any such foreign tax paid by an ETF exceeds 15% of the amount included in such ETF's income from such investments, such excess may generally be deducted by the ETF in computing its net income for the purposes of the Tax Act. To the extent that any such foreign tax paid does not exceed 15% of the amount included in an ETF's income from such investments and has not been deducted in computing such ETF's income, the ETF may designate in respect of a Holder a portion of its foreign source income which can reasonably be considered to be part of the ETF's income distributed to such Holder so that such income and a portion of the foreign tax paid by the ETF may be regarded as foreign source income of, and foreign tax paid by, the Holder for the purposes of the foreign tax credit provisions of the Tax Act.

Each ETF will be entitled for each taxation year throughout which it is a "mutual fund trust" to reduce (or receive a refund in respect of) its liability, if any, for tax on its net realized capital gains by an amount determined under the Tax Act based on the redemption of its Units during the year ("**Capital Gains Refund**"). In certain circumstances, the Capital Gains Refund in a particular taxation year may not completely offset the tax liability of an ETF for such taxation year.

An ETF is entitled to deduct an amount equal to the reasonable expenses that it incurs in the course of issuing Units of the ETF that is not reimbursed. Such issue expenses will be deductible by the ETF ratably over a five-year period subject to reduction in any taxation year which is less than three hundred and sixty-five (365) days. In computing its income under the Tax Act, an ETF may deduct reasonable administrative and other expenses incurred to earn income from property or a business in accordance with the detailed rules in the Tax Act. An ETF may not deduct interest on borrowed funds that are used to fund redemptions of its Units. Losses incurred by an ETF in a taxation year cannot be allocated to Unitholders of such ETF, but may be deducted by the ETF in future years in accordance with the detailed rules in the Tax Act.

In certain situations, if an ETF disposes of property and would otherwise realize a capital loss, the loss will be deemed to be a "suspended loss" as such term is defined in the Tax Act. This may occur if the ETF disposes of and acquires property (a "substituted property") that is the same as, or identical to the property disposed of, during the period that begins 30 days before and ends 30 days after the disposition of the original property and holds the substituted property at the end of that period. If a loss is suspended, the ETF cannot deduct the capital loss from the ETF's capital gains until the substituted property is sold and not reacquired by the ETF or affiliated person within 30 days before and 30 days after the sale.

Taxation of Holders

A Holder will generally be required to include in computing income for a particular taxation year of the Holder such portion of the net income of an ETF, including the taxable portion of any net realized capital gains, as is paid or becomes payable to the Holder in that year, including any Management Fee Distributions (whether paid in cash, in Units or automatically reinvested in additional Units of the ETF). In the case of an ETF that validly elects to have a December 15 taxation year end, amounts paid or payable by the ETF to a Holder after December 15 and before the end of the calendar year are deemed to have been paid or become payable to the Holder on December 15.

The non-taxable portion of an ETF's net realized capital gains, the taxable portion of which was designated in respect of a Holder for a taxation year, that is paid or becomes payable to the Holder in that taxation year will not be included in computing the Holder's income for the year. Any other amount in excess of a Holder's share of the net income of an ETF for a taxation year that is paid or becomes payable to the Holder in the year (i.e., returns of capital) will not generally be included in the Holder's income for the year, but will reduce the adjusted cost base of the Holder's Units of an ETF. To the extent that the adjusted cost base of a Unit of an ETF would otherwise become a negative amount, the negative amount will be deemed to be a capital gain and the adjusted cost base of the Unit to the Holder will be reset to zero.

Provided that appropriate designations are made by an ETF, such portion of the net realized taxable capital gains of the ETF, taxable dividends received or deemed to be received by the ETF on shares of taxable Canadian corporations,

the foreign source income of the ETF as is paid or becomes payable to a Holder and the relevant portion of foreign taxes paid or deemed to be paid by the ETF, if any, will effectively retain their character and be treated as such in the hands of the Holder for purposes of the Tax Act. A Holder may be entitled to claim a foreign tax credit in respect of foreign taxes designated to such Holder in accordance with the detailed rules in the Tax Act. To the extent that amounts are designated as taxable dividends from taxable Canadian corporations, the gross-up and dividend tax credit rules under the Tax Act will apply (including the rules in respect of “eligible dividends”).

Any loss of an ETF for purposes of the Tax Act cannot be allocated to, and cannot be treated as a loss of, a Holder.

Under the Tax Act, an ETF is permitted to deduct, in computing its income for a taxation year, an amount that is less than the amount of its distributions of income and net taxable capital gains for the year to the extent necessary to enable the ETF to use, in the taxation year, losses from prior years without affecting the ability of the ETF to distribute its income and net taxable capital gains annually. In such circumstances, the amount distributed to a Holder of an ETF, but not deducted by the ETF, will not be included in the Holder’s income. However, the adjusted cost base of a Holder’s Units in the ETF will be reduced by such amount.

On the disposition or deemed disposition of a Unit of an ETF, including on a redemption, a Holder will realize a capital gain (or capital loss) to the extent that the Holder’s proceeds of disposition (other than any amount payable by the ETF on a redemption which represents income or capital gains allocated and designated to the redeeming Holder), net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the Unit of the ETF. For the purpose of determining the adjusted cost base of a Holder’s Units of a particular class of an ETF, when additional Units of that class of the ETF are acquired by the Holder (whether on the reinvestment of distributions in additional Units, the payment of distributions in Units, or otherwise), the cost of the newly acquired Units of the ETF will be averaged with the adjusted cost base of all Units of such ETF of the same class owned by the Holder as capital property immediately before that time. For this purpose, the cost of Units of an ETF that have been issued on a reinvested distribution or on a distribution paid in Units will generally be equal to the amount of the distribution. A consolidation of Units of the ETF as described under “Distribution Policy” following a reinvested distribution or a distribution paid in Units will not be regarded as a disposition of Units of an ETF and will not affect the aggregate adjusted cost base to a Holder. Any additional Units acquired by a Holder on the reinvestment of distributions will generally have a cost equal to the amount reinvested.

In the case of an exchange of Units for a Basket of Securities, a Holder’s proceeds of disposition of such Units 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 applicable ETF upon the exchange will generally be equal to the fair market value of such property at the time of the distribution.

Pursuant to the Trust Declaration, an ETF may allocate and designate any income or capital gains realized by such ETF as a result of any disposition of property of the ETF undertaken to permit or facilitate the redemption of Units to a Unitholder whose Units are being redeemed. In addition, each ETF has the authority to distribute, allocate and designate any income or capital gains of such ETF to a Unitholder of such ETF who has redeemed Units of the ETF during a year in an amount equal to the Unitholder’s share, at the time of redemption, of the ETF’s income and capital gains for the year or such other amount that is determined by the ETF to be reasonable. Any such allocations and designations will reduce the redemption price otherwise payable to the redeeming Unitholder, but, for greater certainty, will not reduce the amount of cash that the Unitholder will receive in respect of the redemption.

Recent amendments to the Tax Act, applicable to an ETF that is a “mutual fund trust” for purposes of the Tax Act throughout its taxation year, prohibit such ETF from claiming a deduction in respect of income allocated to redeeming Unitholders, and limit the ability of such ETF to deduct taxable capital gains allocated to redeeming Unitholders. However, under the ATR Rule (including the Tax Amendments included therein, provided they are enacted as proposed), amounts of taxable capital gain so allocated and designated to redeeming Unitholders of such ETF will be deductible to the ETF to the extent of the redeeming Unitholders’ pro rata share (as determined under the ATR Rule) of the net taxable capital gains of the ETF for the year. Any such income or taxable capital gains that would not be deductible by the ETF if allocated to the redeeming Unitholders may be made payable to the non-redeeming Unitholders at the end of the year so that the ETF will not be liable for non-refundable income tax thereon. Accordingly, the amounts and taxable component of distributions to non-redeeming Unitholders may be greater than they would have been in the absence of such ATR Rule.

In general, one-half of any capital gain (a “**taxable capital gain**”) realized by a Holder on the disposition of Units of an ETF or designated by an ETF in respect of the Holder in a taxation year will be included in computing the Holder’s income for that year and one-half of any capital loss (an “**allowable capital loss**”) realized by the Holder on the disposition of Units of an ETF in a taxation year generally must be deducted from taxable capital gains realized by the Holder or designated by the ETF in respect of the Holder in accordance with the detailed provisions of the Tax Act. Allowable capital losses for a taxation year in excess of taxable capital gains for that taxation year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against taxable capital gains in accordance with the provisions of the Tax Act.

Amounts designated by an ETF to a Holder of such ETF as taxable capital gains or dividends from taxable Canadian corporations and taxable capital gains realized on the disposition of Units of the ETF may increase the Holder’s liability, if any, for alternative minimum tax.

Taxation of Registered Plans

Distributions received by Registered Plans on Units of an ETF and capital gains realized by Registered Plans on the disposition of such Units while the Units are a qualified investment for Registered Plans will generally be exempt from income tax in the Registered Plan. Withdrawals from such Registered Plans (other than a TFSA and certain withdrawals from a RESP or RDSP) are generally subject to tax under the Tax Act. Holders should consult their own advisors regarding the tax implications of establishing, amending, terminating or withdrawing amounts from a Registered Plan.

A Unitholder who is a holder of a TFSA or RDSP, or an annuitant of a RRSP or RRIF, or a subscriber of an RESP that holds Units will be subject to an additional tax as set out in the Tax Act if the Units are “prohibited investments” for such TFSA, RRSP, RRIF, RESP or RDSP. A “prohibited investment” includes a unit of a trust which does not deal at arm’s length with the holder, subscriber or annuitant, or in which the holder, subscriber or annuitant has a significant interest, which, in general terms, means the ownership of 10% or more of the fair market value of an ETF’s outstanding Units by the holder, subscriber or annuitant, either alone or together with persons and partnerships with whom the holder, subscriber or annuitant does not deal at arm’s length. In addition, the Units of an ETF will not be a prohibited investment if such Units are “excluded property” as defined in the Tax Act for a trust governed by a TFSA, RRSP, RRIF, RESP or RDSP. Holders are advised to consult their own tax advisors regarding the application of these rules.

In the case of an exchange of Units of an ETF for a Basket of Securities, the investor may receive securities that may or may not be qualified investments under the Tax Act for Registered Plans or registered pension plans. If such securities are not qualified investments for Registered Plans, such Registered Plans (and, in the case of certain Registered Plans, the annuitants, beneficiaries or subscribers thereunder or holders thereof) may be subject to adverse tax consequences. Investors should consult their own tax counsel for advice on whether or not such securities would be qualified investments for Registered Plans or registered pension plans.

Tax Implications of an ETF’s Distribution Policy

The net asset value per Unit of an ETF will, in part, reflect any income and gains of the ETF that have accrued or have been realized, but have not been made payable at the time the Units of the ETF were acquired. Accordingly, a Holder who acquires Units of the ETF, including on a reinvestment of distributions or a distribution paid in Units, may become taxable on the Holder’s share of such income and gains of the ETF, notwithstanding that such amounts will have been reflected in the price paid by the Holder for the Units. In particular, an investor who acquires Units of an ETF shortly before a distribution is paid or made payable will have to pay tax on the entire distribution (to the extent it is a taxable distribution) regardless of the fact that the investor only recently acquired such Units. Further, in the case of an ETF that validly elects to have a December 15 taxation year end, where a Holder acquires Units in a calendar year after December 15 of such year, such Holder may become taxable on income earned or capital gains realized in the taxation year ending on December 15 of such calendar year but that had not been made payable before the Units were acquired.

ORGANIZATION AND MANAGEMENT DETAILS OF THE ETFs

Manager of the ETFs

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

Horizons and its subsidiaries are an innovative financial services organization distributing the Horizons family of leveraged, inverse leveraged, inverse, index and actively managed exchange traded funds. Horizons is a wholly-owned subsidiary of Mirae Asset.

Mirae Asset is the Korea-based asset management entity of Mirae Asset Financial Group, one of the world's largest investment managers in emerging market equities. With over 12,700 employees, Mirae Asset Financial Group has a presence in Australia, Brazil, Canada, China, Colombia, Hong Kong, India, Korea, the United Kingdom, the United States, and Vietnam. Headquartered in Seoul, South Korea, Mirae Asset Financial Group manages approximately US\$623 billion in assets globally as of June 30, 2021.

Officers and Directors of the Manager

The name, municipality of residence, office and principal occupation of the executive officers and directors 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).
Steven J. Hawkins, Toronto, Ontario	February 8, 2016	Director, Chief Executive Officer, President and Ultimate Designated Person	Chief Executive Officer and President, Horizons (since 2009); Director, Horizons (since 2016).

Name and Municipality of Residence	Date Individual became a Director	Position with Manager	Principal Occupation
Julie Stajan, Oakville, Ontario	N/A	Chief Financial Officer	Chief Financial Officer, Horizons (since 2015); Senior Vice President, Finance and Controller, Horizons (since 2012); Senior Vice President, Finance & Investment Funds, Horizons Investment Management Inc. (2011-2012).
Jaime P.D. Purvis, Toronto, Ontario	N/A	Executive Vice President	Executive Vice President, Horizons (since 2006).
Jasmit Bhandal Toronto, Ontario	N/A	Chief Operating Officer	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).
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 only the current or most recently held position or positions held at that company, while the start dates generally refer 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 general meeting of the Manager at which time he/she may be re-elected.

Ownership of Securities of the Manager

No securities of the Manager are owned of record or beneficially by any of the directors and executive officers of the Manager.

For a description of the compensation arrangements of the independent review committee of the ETFs, see “Organization and Management Details of the ETFs – Independent Review Committee”.

Duties and Services to be Provided by the Manager

Pursuant to the Trust Declaration, the Manager has full authority and responsibility to manage and direct the business and affairs of the ETFs, to make all decisions regarding the business of the ETFs and to bind the ETFs. The Manager may delegate certain of its powers to third parties where, in the discretion of the Manager, it would be in the best interests of the ETFs to do so.

The Manager is entitled to the Management Fee in consideration of the services it provides to an ETF. Such services include, but are not limited to: negotiating contracts with certain third-party service providers, including, but not limited to, investment managers, counterparties, custodians, registrars, transfer agents, valuation agents, Designated Brokers, Dealers, auditors and printers; authorizing the payment of operating expenses incurred on behalf of the ETFs;

ensuring the maintenance of accounting records for the ETFs; preparing the reports to Unitholders of the ETFs and to the applicable Securities Regulatory Authorities; calculating the amount and determining the frequency of distributions by the ETFs; preparing financial statements, income tax returns and financial and accounting information as required by the ETFs; ensuring that Unitholders of each ETF are provided with financial statements and other reports as are required from time to time by applicable law; ensuring that each ETF complies with all other regulatory requirements including the continuous disclosure obligations of such ETF under applicable securities laws; administering purchases, redemptions and other transactions in Units of each ETF; arranging for any payments required upon termination of an ETF; and dealing and communicating with Unitholders of the ETFs. The Manager will provide office facilities and personnel to carry out these services, if not otherwise furnished by any other service provider to the ETFs. The Manager will also monitor the investment strategy of each ETF to ensure that each ETF complies with its investment objective, investment strategies and investment restrictions and practices.

The Manager is required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of the Unitholders of the ETFs, and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Trust Declaration provides that the Manager will not be liable to the ETFs or to any Unitholder of an ETF or any other person for any loss or damage relating to any matter regarding an ETF, including any loss or diminution of value of the assets of such ETF if it has satisfied its standard of care set forth above.

The Manager and each of its directors, officers, employees and agents may be indemnified out of the assets of the ETFs from and against all claims whatsoever, including costs, charges and expenses in connection therewith, brought, commenced or prosecuted against it for or in respect of any act, deed, matter or thing whatsoever made, done or omitted in or in relation to the execution of its duties to the ETFs as long as the person acted honestly and in good faith with a view to the best interests of the ETFs.

The Manager may resign upon 90 days' prior written notice to the Trustee or upon such lesser notice period as the Trustee may accept. The Manager may also be removed by the Trustee on at least 90 days' written notice to the Manager. The Trustee shall make every effort to select and appoint a successor manager prior to the effective date of the Manager's resignation. As compensation for the management services it provides to the ETFs, the Manager is entitled to receive Management Fees from the ETFs.

The Manager also serves as the investment manager to the ETFs. The Manager operates as a portfolio manager under the *Securities Act* (Ontario) and in certain other provinces pursuant to applicable legislation. The Manager also operates as a commodity trading manager under the *Commodity Futures Act* (Ontario). The principal office of the Manager is at 55 University Avenue, Suite 800, Toronto, Ontario, M5J 2H7. The Manager provides investment advisory and portfolio management services to the ETFs in its capacity as investment manager. The senior officers of the Manager principally responsible for providing investment advice to the ETFs are Steven J. Hawkins (whose biographical details are set out in the above table) and David Kunselman. David Kunselman is the Senior Vice President, Product Management of the Manager, and previously served as the Senior Portfolio Manager and Chief Compliance Officer of Excel Investment Counsel Inc. from 2011 to 2015.

Designated Brokers

The Manager, on behalf of the ETFs, has entered into a Designated Broker Agreement with a Designated Broker pursuant to which the Designated Broker has agreed to perform certain duties relating to the ETFs including, without limitation: (i) to subscribe for a sufficient number of Units of an ETF to satisfy the TSX's original listing requirements; (ii) to subscribe for Units of an ETF on an ongoing basis, and (iii) to post a liquid two way market for the trading of Units of an ETF on the TSX. Payment for Units of an ETF must be made by the Designated Broker, and Units of an ETF will be issued, by no later than the second Trading Day after the subscription notice has been delivered.

A Designated Broker may terminate a Designated Broker Agreement at any time by giving Horizons at least six months' prior written notice of such termination. Horizons may terminate a Designated Broker Agreement at any time, without prior notice, by sending a written notice of termination to the Designated Broker.

Units of an ETF do not represent an interest or an obligation of any Designated Broker or Dealer or any affiliate thereof and a Unitholder of an ETF will not have any recourse against any such parties in respect of amounts payable by the ETF to such Designated Brokers or Dealers.

A Designated Broker may, from time to time, reimburse the Manager for certain expenses incurred by the Manager in the normal course of its business.

Conflicts of Interest

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

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

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

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

The Manager is a wholly-owned subsidiary of Mirae Asset. Affiliates of the Manager may earn fees and spreads, directly and indirectly, in connection with various services provided to, or transactions with, an 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 ETFs and compliance with applicable law (or exemptive relief therefrom), and applicable internal policies and procedures. In effecting ETF portfolio transactions, the Manager places brokerage business with various broker-dealers on the basis of best execution, which includes a number of considerations such as price, speed, certainty of execution and total transaction cost. The Manager uses the same criteria in selecting all of its broker-dealers, regardless of whether the broker-dealer is an affiliate of the Manager. Subject to compliance with NI 81-102 and in accordance with the terms of the standing instructions of the IRC, to the extent that an affiliate of the Manager provides advisory services to a securities lending agent of an ETF, the Manager may receive a portion of the affiliate’s revenue that it receives for those services. An affiliate of Mirae Asset may act as a Designated Broker, a Dealer and/or a registered trader (market maker). These relationships could create actual or perceived conflicts of interest which investors should consider in relation to an investment in an ETF. In particular, by virtue of these relationships, such affiliate of Mirae Asset may profit from the sale and trading of Units of an ETF. Such affiliate of Mirae Asset, as a market maker of the ETFs in the secondary market, may therefore have economic interests which differ from and may be adverse to those of Unitholders of the ETFs.

National Bank Financial Inc. (“**NBF**”) acts or may act as a Designated Broker, a Dealer and/or a registered trader (market maker). These relationships may create actual or perceived conflicts of interest which investors should consider in relation to an investment in an ETF. In particular, by virtue of these relationships, NBF may profit from

the sale and trading of Units of an ETF. NBF, as market maker of the ETFs in the secondary market, may therefore have economic interests which differ from and may be adverse to those of Unitholders of the ETFs.

NBF's potential roles as a Designated Broker and a Dealer of the ETFs will not be as an underwriter of an ETF in connection with the primary distribution of Units of an ETF under this prospectus. NBF has not been involved in the preparation of this prospectus nor has it performed any review of the contents of this prospectus. NBF in its role as Designated Broker may, from time to time, reimburse the Manager for certain expenses incurred by the Manager in the normal course of its business.

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

Independent Review Committee

NI 81-107 requires that all publicly offered investment funds, such as the ETFs, establish an IRC. The Manager must refer all conflict of interest matters for review or approval to 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 Unitholders 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 Unitholder's request at no cost, by contacting an 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 an 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 ETFs compensate 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 an 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.

The Trustee

Horizons is also the trustee of the ETFs pursuant to the Trust Declaration. The Trustee may resign and be discharged from all further duties under the Trust Declaration upon 90 days' prior written notice to the Manager or upon such lesser notice as the Manager may accept. The Manager shall make every effort to select and appoint a successor

trustee prior to the effective date of the Trustee's resignation. If the Manager fails to appoint a successor trustee within 90 days after notice is given or a vacancy occurs, the Manager shall call a meeting of Unitholders of each of the ETFs within 60 days thereafter for the purpose of appointing a successor trustee. If there is no manager, five Unitholders of an ETF may call a meeting of Unitholders of such ETF within 31 days after notice is given or a vacancy occurs for the purpose of appointing a successor trustee. In each case, if, upon the expiry of a further 30 days, neither the Manager nor the Unitholders of an ETF have appointed a successor trustee, the ETF shall be terminated and the property of the ETF shall be distributed in accordance with the terms of the Trust Declaration.

The Trustee is required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of the ETFs, and to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Trust Declaration provides that the Trustee will not be liable in carrying out its duties under the Trust Declaration as long as the Trustee has adhered to its standard of care set out above. In addition, the Trust Declaration contains other customary provisions limiting the liability of the Trustee and indemnifying the Trustee in respect of certain liabilities incurred by it in carrying out its duties.

The Trustee will not receive any fees from the ETFs but will be reimbursed for all expenses and liabilities that it properly incurs in carrying out activities on behalf of the ETFs.

Custodian

CIBC Mellon Trust is the custodian of the assets of the ETFs pursuant to the Custodian Agreement. The Custodian is located in Toronto, Ontario and is independent of the Manager. Pursuant to the Custodian Agreement, the Custodian is required to exercise its duties with the degree of care, diligence and skill that a reasonably prudent person would exercise in the same circumstances, or, if higher, the degree of care, diligence and skill that the Custodian uses in respect of its own property of a similar nature in its custody (the "**Custodial Standard of Care**"). Under the Custodian Agreement, the Manager shall pay the Custodian's fees at such rate as determined by the parties from time to time and shall reimburse the Custodian for all reasonable expenses and disbursements incurred in the performance of its duties under the Custodian Agreement. The Custodian may have recourse against the assets of an ETF if the Manager fails to pay such fees and expenses. An ETF shall indemnify the Custodian for any loss, damage, or expense it incurs in connection with the Custodian Agreement, except to the extent caused by a breach of the Custodial Standard of Care. A party may terminate the Custodian Agreement on at least 90 days' written notice or immediately in the event of certain bankruptcy events in respect of another party. The Custodian shall have no responsibility or liability for the actions or inactions of any sub-custodian appointed at the request of the Manager and which is not part of the Custodians' normal network of sub-custodians.

Valuation Agent

The Manager has retained CIBC Mellon Global to provide accounting and valuation services to the ETFs.

Auditors

KPMG LLP is the auditor of the ETFs. The principal office of the auditors is located at 333 Bay Street, Suite 4600, Toronto, Ontario, M5H 2S5.

Registrar and Transfer Agent

TSX Trust Company is the registrar and transfer agent for the Units of the ETFs pursuant to registrar and transfer agency agreements entered into by the ETFs. TSX Trust Company is independent of the Manager. TSX Trust Company is located in Toronto, Ontario.

Promoter

The Manager took the initiative in founding and organizing the ETFs and is, accordingly, the promoter of the ETFs within the meaning of securities legislation of certain provinces and territories of Canada. The Manager, in its capacity as manager of the ETFs, receives compensation from the ETFs. See "Fees and Expenses".

Securities Lending Agents

Canadian Imperial Bank of Commerce (“**CIBC**”) or CIBC Mellon Trust may act as securities lending agents for an ETF pursuant to a securities lending agreement (the “**CIBC SLA**”). CIBC and CIBC Mellon Trust are located in Toronto, Ontario. CIBC and CIBC Mellon Trust are independent of the Manager.

The CIBC SLA requires that the collateral delivered in connection with a securities loan have an aggregate value of not less than 102% of the value of the loaned securities (or, if higher, the percentage of the aggregate market value of loaned securities in accordance with prevailing best market practices). The CIBC SLA requires CIBC and certain CIBC affiliates to indemnify each ETF against, among other things, the failure of CIBC to perform its obligations under the CIBC SLA. A party to the CIBC SLA may terminate the CIBC SLA upon 30 days’ notice.

NBF may also act as a securities lending agent for the ETFs pursuant to a securities lending agency agreement (the “**NBF SLAA**”).

NBF is located in Toronto, Ontario. The NBF SLAA requires that the collateral delivered in connection with a securities loan have an aggregate value of not less than 102% of the value of the loaned securities (or, if higher, the percentage of the aggregate market value of loaned securities in accordance with prevailing market practice). Subject to certain exceptions, the NBF SLAA requires NBF to indemnify each ETF against any loss suffered directly by an ETF as a result of a securities loan effected by NBF. A party to the NBF SLAA may terminate the NBF SLAA upon 5 business days’ notice. NBF or an affiliate thereof may, from time to time, reimburse the Manager for certain expenses incurred by the Manager in connection with the securities lending activities of an ETF.

CALCULATION OF NET ASSET VALUE

The NAV per Unit of an ETF will be computed in Canadian dollars by adding up the cash, securities 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 Units that are outstanding. The NAV per Unit so determined will be adjusted to the nearest cent per Unit and will remain in effect until the time as at which the next determination of the NAV per Unit of the applicable ETF is made. The NAV per Unit of each ETF will be calculated on each Valuation Day.

Typically, the NAV per Unit of an ETF will be calculated at the Valuation Time. The NAV per Unit may be determined at an earlier Valuation Time if the TSX and/or the principal exchange for the securities held by an ETF closes earlier on that Valuation Day.

Valuation Policies and Procedures of the ETFs

The following valuation procedures will be taken into account in determining the “NAV” and “NAV per Unit” of an ETF on each Valuation Day:

- (i) the value of any cash on hand, on deposit or on call, bills and notes and accounts receivable, prepaid expenses, cash dividends to be received and interest accrued and not yet received, will be deemed to be the face amount thereof, unless the Valuation Agent 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 Valuation Agent determines 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 Valuation Agent, 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 Valuation Agent, where applicable, in accordance with the principles described in paragraph (ii) above, except that the Valuation Agent 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;
- (v) the liabilities of an ETF will include:
 - all bills, notes and accounts payable of which the ETF is an obligor;
 - 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 Unitholders 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; and
- (vi) the exchange rates used by the ETFs will be prevailing market rates as determined by the Manager.

In calculating the net asset value of an ETF, the ETF will generally value its investments based on the market value of its investments at the time the net asset value of the ETF 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 effects occurring after the market closes), the Manager, in consultation with the Valuation Agent (when necessary), will value such investments using methods that have generally been adopted by the marketplace. Fair valuing the investments of an ETF may be appropriate if: (i) market quotations do not accurately reflect the fair value of an investment; (ii) an investment's value has been materially affected by events occurring after the close of the exchange or market on which the investment is principally traded; (iii) a trading halt closes an exchange or market early; or (iv) other events result in an exchange or market delaying its normal close. The risk in fair valuing an investment of an ETF is that the value of the investment may be higher or lower than the price that the ETF may be able to realize if the investment had to be sold.

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

For the purposes of financial statement reporting, an ETF is required to calculate net asset value in accordance with International Financial Reporting Standards (“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 Unit of the ETF may call the Manager at 416-933-5745 or at 1-866-641-5739, or check the Manager’s website at www.HorizonsETFs.com.

ATTRIBUTES OF THE SECURITIES

Description of the Securities Distributed

Each ETF is authorized to issue an unlimited number of redeemable, transferable Units pursuant to this prospectus, each of which represents an equal, undivided interest in the net assets of such ETF.

Units of the ETFs have been conditionally approved for listing on the TSX. Subject to satisfying the TSX’s original listing requirements, Units of the ETFs will be listed on the TSX. Investors can buy or sell Units of an ETF on the TSX through registered brokers and dealers in the province or territory where the investor resides. Investors will incur customary brokerage commissions in buying or selling Units.

On December 16, 2004, the *Trust Beneficiaries’ Liability Act, 2004* (Ontario) came into force. This statute provides that holders of units of a trust are not, as beneficiaries, liable for any, default, obligation or liability of the trust if, when the default occurs or the liability arises: (i) the trust is a reporting issuer under the *Securities Act* (Ontario); and (ii) the trust is governed by the laws of Ontario. Each ETF will be a reporting issuer under the *Securities Act* (Ontario), prior to the initial issuance of Units of an ETF, and each ETF is governed by the laws of Ontario by virtue of the provisions of the Trust Declaration.

Each Unit of an ETF entitles the owner to one vote at meetings of Unitholders of such ETF. Each Unit of an ETF is entitled to participate equally with all other Units of such ETF with respect to all payments made to Unitholders of the ETF, other than Management Fee Distributions and income or capital gains allocated and designated as payable to a redeeming Unitholder, whether by way of income or capital gains distributions and, on liquidation, to participate equally in the net assets of the ETF remaining after satisfaction of any outstanding liabilities that are attributable to Units of the ETF. All Units will be fully paid, when issued, in accordance with the terms of the Trust Declaration. Unitholders of an ETF are entitled to require the ETF to redeem their Units of the ETF as outlined under the heading “Exchange and Redemption of Units”.

Redemptions of Units for Cash

On any Trading Day, Unitholders, Dealers and Designated Brokers may redeem Units of an ETF for cash at a redemption price per Unit equal to 95% of the closing price for the Units of such ETF on the TSX on the effective day of the redemption. Unitholders will generally be able to sell (rather than redeem) Units at the full market price on the TSX through a registered broker or dealer subject only to customary brokerage commissions. Therefore, Unitholders are advised to consult their brokers, dealers or investment advisors before redeeming their Units for cash. A cash redemption request will be subject to a maximum redemption price payable to a Unitholder of the NAV per Unit of the applicable ETF. See “Exchange and Redemption of Units”.

Stock Exchange Sponsored Net Asset Value Execution Program

Subject to regulatory and other necessary third party approvals, a stock exchange sponsored execution program may become available which would allow investors to purchase and sell Units of each ETF based on transaction prices calculated as at the end-of-day net asset value, plus any fee payable to the investor's Dealer for the Dealer's facilitation of the purchase or sale. The Manager will issue a news release announcing the details of any such stock exchange sponsored execution program.

Modification of Terms

Any amendment to the Trust Declaration that creates a new class of Units of an ETF will not require notice to existing Unitholders of such ETF unless such amendment in some way affects the existing Unitholders' rights or the value of their investment. An amendment such as the re-designation of a class of an ETF, or the termination of a class of an ETF, which has an effect on a Unitholder's holdings will only become effective after 30 days' notice to Unitholders of the applicable classes of such ETF.

All other rights attached to the Units of an ETF may only be modified, amended or varied in accordance with the terms of the Trust Declaration. See "Unitholder Matters – Amendments to the Trust Declaration".

UNITHOLDER MATTERS

Meetings of Unitholders

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

Matters Requiring Unitholder Approval

NI 81-102 requires a meeting of Unitholders of an ETF to be called to approve certain changes as follows:

- (a) the basis of the calculation of a fee or expense that is charged to the ETF or its Unitholders is changed in a way that could result in an increase in charges to the ETF or to its Unitholders, except where:
 - (i) the ETF is at arm's length with the person or company charging the fee; and
 - (ii) the Unitholders have received at least 60 days' notice before the effective date of the change;
- (b) a fee or expense, to be charged to the ETF or directly to its Unitholders by the ETF or the Manager in connection with the holding of Units of the ETF that could result in an increase in charges to the ETF or its Unitholders, is introduced;
- (c) the Manager is changed, unless the new manager of the ETF is an affiliate of the Manager;
- (d) the fundamental investment objective of the ETF is changed;
- (e) the ETF decreases the frequency of the calculation of its net asset value per Unit;
- (f) the ETF undertakes a reorganization with, or transfers its assets to, another mutual fund, if the ETF ceases to continue after the reorganization or transfer of assets and the transaction results in the Unitholders of the ETF becoming securityholders in the other mutual fund, unless:
 - (i) the IRC of the ETF has approved the change in accordance with NI 81-107;

- (ii) the ETF is being reorganized with, or its assets are 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;
- (iii) the Unitholders have received at least 60 days' notice before the effective date of the change; and
- (iv) the transaction complies with certain other requirements of applicable securities legislation;
- (g) the ETF undertakes a reorganization with, or acquires assets from, another mutual fund, if the ETF continues after the reorganization or acquisition of assets, the transaction results in the securityholders of the other mutual fund becoming Unitholders of the ETF, and the transaction would be a material change to the ETF;
- (h) the ETF implements a restructuring into a non-redeemable investment fund or a restructuring into an issuer that is not an investment fund; or
- (i) 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 Unitholders of the ETF.

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

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

Approval of Unitholders of an ETF will be deemed to have been given if expressed by resolution passed at a meeting of Unitholders of such ETF, 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.

Amendments to the Trust Declaration

If a Unitholder meeting is required to amend a provision of the Trust Declaration, no change proposed at a meeting of Unitholders of an ETF shall take effect until the Manager has obtained the prior approval of not less than a majority of the votes cast at a meeting of Unitholders of such ETF or, if separate class meetings are required, at meetings of each class of Unitholders of the ETF.

Subject to any longer notice requirements imposed under applicable securities legislation, the Trustee is entitled to amend the Trust Declaration by giving not less than 30 days' notice to Unitholders of the ETF affected by the proposed amendment in circumstances where:

- (a) the securities legislation requires that written notice be given to Unitholders of the ETF before the change takes effect; or
- (b) the change would not be prohibited by the securities legislation; and
- (c) the Trustee reasonably believes that the proposed amendment has the potential to adversely impact the financial interests or rights of the Unitholders of the ETF, so that it is equitable to give Unitholders of the ETF advance notice of the proposed change.

All Unitholders of an ETF shall be bound by an amendment affecting such ETF from the effective date of the amendment.

The Trustee may amend the Trust Declaration, without the approval of or prior notice to any Unitholders of an ETF, if the Trustee reasonably believes that the proposed amendment does not have the potential to adversely impact the financial interests or rights of Unitholders of such ETF or that the proposed amendment is necessary to:

- (a) ensure compliance with applicable laws, regulations or policies of any governmental authority having jurisdiction over the ETF or the distribution of Units of the ETF;
- (b) remove any conflicts or other inconsistencies which may exist between any terms of the Trust Declaration and any provisions of any applicable laws, regulations or policies affecting the ETF, the Trustee or its agents;
- (c) make any change or correction in the Trust Declaration which is a typographical correction or is required to cure or correct any ambiguity or defective or inconsistent provision, clerical omission or error contained therein;
- (d) facilitate the administration of the ETF as a mutual fund trust or make amendments or adjustments in response to any existing or proposed amendments to the Tax Act or its administration which might otherwise adversely affect the tax status of the ETF or its Unitholders; or
- (e) for the purposes of protecting the Unitholders of the ETF.

Reporting to Unitholders

The Manager, on behalf of each ETF, will in accordance with applicable laws furnish to each Unitholder of an ETF, unaudited semi-annual financial statements and an interim management report of fund performance for such 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 an ETF will contain a statement of financial position, statement of comprehensive income, statement of change in financial position, statement of cash flows and schedule of investments.

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

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

Exchange of Tax Information

Part XVIII of the Tax Act, which was enacted to implement the Canada-United States Enhanced Tax Information Exchange Agreement (the "IGA"), imposes due diligence and reporting obligations on "reporting Canadian financial institutions" in respect of their "U.S. reportable accounts". Each ETF is a "reporting Canadian financial institution" but as long as Units are regularly traded on an established securities market, which currently includes the TSX, or continue to be registered in the name of CDS, the ETFs should not have any "U.S. reportable accounts" and, as a result, an ETF should not be required to provide information to the CRA in respect of its Unitholders. However, dealers through which Unitholders hold their Units of an ETF are subject to due diligence and reporting obligations with respect to financial accounts they maintain for their clients. Accordingly, Unitholders may be requested to provide information to their dealer to identify U.S. persons holding Units or otherwise identify U.S. reportable accounts. If a Unitholder is a U.S. person (including a U.S. citizen), Units are otherwise U.S. reportable accounts or if a Unitholder does not provide the requested information, Part XVIII of the Tax Act will generally require information about the Unitholder'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 Organisation for Economic Cooperation and Development Common Reporting Standard (the "CRS Rules"). Pursuant to the CRS Rules, Canadian financial

institutions will be 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 will be 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, Unitholders will be required to provide such information regarding their investment in an ETF to their dealer for the purpose of such information exchange, unless the investment is held within a Registered Plan.

TERMINATION OF THE ETFs

Subject to complying with applicable securities law, the Manager may terminate an ETF at its discretion. In accordance with the terms of the Trust Declaration and applicable securities law, Unitholders will be provided 60 days advance written notice of the termination.

If an ETF is terminated, the Trustee is empowered to take all steps necessary to effect the termination of such ETF. Prior to terminating an ETF, the Trustee may discharge all of the liabilities of such ETF and distribute the net assets of the ETF to the Unitholders.

Upon termination of an ETF, each Unitholder shall be entitled to receive at the Valuation Time on the termination date out of the assets of such ETF: (i) payment for that Unitholder’s Units at the NAV per Unit for that class of Units 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 Unitholder’s Units that have not otherwise been paid to such Unitholder; less (iii) any taxes that are required to be deducted. Payment shall be made by cheque or other means of payment payable to such Unitholder and drawn on the ETF’s bankers and may be mailed by ordinary post to such Unitholder’s last address appearing in the registers of Unitholders or may be delivered by such other means of delivery acceptable to both the Manager and such Unitholder.

Procedure on Termination

The Trustee shall be entitled to retain out of any assets of an ETF, at the date of termination of such ETF, full provision for all costs, charges, expenses, claims and demands incurred or believed by the Trustee 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 Unitholders of the ETF. Out of the moneys so retained, the Trustee is entitled to be indemnified and saved harmless against all costs, charges, expenses, claims and demands.

PLAN OF DISTRIBUTION

Units of each ETF are being offered for sale on a continuous basis by this prospectus and there is no minimum number of Units of an ETF that may be issued. The Units of each ETF shall be offered for sale at a price equal to the net asset value of such Units in the applicable currency next determined following the receipt of a subscription order.

Units of the ETFs have been conditionally approved for listing on the TSX. Subject to satisfying the TSX’s original listing requirements, Units of the ETFs will be listed on the TSX. Investors can buy or sell Units of an ETF on the TSX through registered brokers and dealers in the province or territory where the investor resides. Investors will incur customary brokerage commissions in buying or selling Units.

RELATIONSHIP BETWEEN THE ETFs AND DEALERS

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

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 Units of an ETF and such subscription has been accepted by Horizons.

NBF acts or may act as a Designated Broker, a Dealer and/or a registered trader (market maker). See “Organization and Management Details of the ETFs – Conflicts of Interest”.

PRINCIPAL HOLDERS OF UNITS OF THE ETFs

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

PROXY VOTING DISCLOSURE FOR PORTFOLIO UNITS HELD

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

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

The Proxy Voting Policy sets out the guidelines and procedures that the Manager will follow to determine whether and how to vote on any matter for which the 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 ETFs and the Unitholders of the ETFs.

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

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

MATERIAL CONTRACTS

The only contracts material to the ETFs are the following:

- (i) **Trust Declaration.** For additional disclosure related to the Trust Declaration, including relevant termination provisions and other key terms of the agreement, see “Organization and Management Details of the ETFs – The Trustee”, “Attributes of the Securities – Modification of Terms” and “Unitholder Matters – Amendments to the Trust Declaration”;
- (ii) **Custodian Agreement.** For additional disclosure related to the Custodian Agreement, including relevant termination provisions and other key terms of the agreement, see “Organization and Management Details of the ETFs – Custodian”.

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

LEGAL AND ADMINISTRATIVE PROCEEDINGS

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

EXPERTS

KPMG LLP, the auditors of the ETFs, have consented to the use of their report dated May 9, 2022 to the board of directors of the Manager on the statements of financial position of the ETFs. KPMG LLP has confirmed that they are independent within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations.

EXEMPTIONS AND APPROVALS

The ETFs are entitled to rely on exemptive relief from the Canadian Securities Regulatory Authorities to:

- (a) permit a Unitholder to acquire more than 20% of the Units through purchases on the TSX without regard to the takeover bid requirements of applicable Canadian securities legislation; and
- (b) relieve the ETFs from the requirement that the prospectus of the ETFs include an underwriter’s certificate.

OTHER MATERIAL FACTS

The ETFs are 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 Indexes and/or its trade mark or prices at any time or in any other respect. The Underlying Indexes are calculated and published by Solactive. Solactive uses its best efforts to ensure that the Underlying Indexes are calculated correctly. Irrespective of its obligations towards the ETFs or the Manager, Solactive has no obligation to point out errors in an Underlying Index to third parties including but not limited to investors and/or financial intermediaries of the ETFs. Neither publication of the Underlying Indexes by Solactive nor the licensing of the Underlying Indexes or its trade mark for the purpose of use in connection with the ETFs constitutes a recommendation by Solactive to invest capital an ETF nor does it in any way represent an assurance or opinion of Solactive with regard to any investment in an ETF.

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 ETF securities within 48 hours after the receipt of a confirmation of a purchase of such securities. In several of the provinces and territories, 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 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 ETF is or will be available in the following documents, as applicable:

- (a) the most recently filed annual financial statements of that ETF, or statement of financial position of that ETF, as applicable, together with the accompanying independent auditor's report;
- (b) any interim financial statements of that ETF filed after the most recently filed annual financial statements of that ETF;
- (c) the most recently filed annual management report of fund performance of that ETF;
- (d) any interim management report of fund performance of that ETF filed after the most recently filed annual management report of fund performance of that ETF; and
- (e) the most recently filed ETF Facts of that ETF.

These documents are or will be incorporated by reference into this prospectus, which means that they will 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 toll-free: 1-866-641-5739 or by contacting your dealer. These documents are available on the Internet site of the ETFs at www.HorizonsETFs.com. These documents and other information about the ETFs will also be available on the Internet at www.sedar.com.

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

INDEPENDENT AUDITORS' REPORT

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

Re: Horizons Copper Producers Index ETF
Horizons Canadian Utility Services High Dividend Index ETF
(each, an “ETF” and together, the “ETFs”)

Opinion

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

- the opening statements of financial position as at May 9, 2022
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying opening statements of financial position present fairly, in all material respects, the financial position of the ETFs as at May 9, 2022 in accordance with International Financial Reporting Standards (IFRS) for such financial statements.

Basis for Opinion

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

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

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

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

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

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

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

Auditors’ Responsibilities for the Audits of the Financial Statements

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

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

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

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

(Signed) "KPMG LLP"

Chartered Professional Accountants, Licensed Public Accountants
Toronto, Canada

May 9, 2022

HORIZONS COPPER PRODUCERS INDEX ETF

Statement of Financial Position

May 9, 2022

Assets	
Cash	\$ 25
Total Assets	\$ 25
Net assets attributable to holders of redeemable units:	
Authorized:	
Unlimited Class A Units	
without par value issued and fully paid	
Total net assets attributable to holders of redeemable units, Class A Units	\$ 25
Issued and fully paid Class A Units	1
Net assets attributable to holders of redeemable units per Class A Unit	\$ 25

See accompanying notes to statement of financial position.

HORIZONS CANADIAN UTILITY SERVICES HIGH DIVIDEND INDEX ETF

Statement of Financial Position

May 9, 2022

Assets	
Cash	\$ 25
Total Assets	\$ 25
Net assets attributable to holders of redeemable units:	
Authorized:	
Unlimited Class A Units	
without par value issued and fully paid	
Total net assets attributable to holders of redeemable units, Class A Units	\$ 25
Issued and fully paid Class A Units	1
Net assets attributable to holders of redeemable units per Class A Unit	\$ 25

See accompanying notes to statement of financial position.

HORIZONS COPPER PRODUCERS INDEX ETF
HORIZONS CANADIAN UTILITY SERVICES HIGH DIVIDEND INDEX ETF

Notes to the Financial Statements

May 9, 2022

1. Establishment of the ETFs and authorized units:

The following ETFs were established on May 9, 2022 in accordance with the ETFs' Trust Declaration:

Horizons Copper Producers Index ETF
Horizons Canadian Utility Services High Dividend Index ETF
(together, the "ETFs")

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

(a) Legal structure:

Horizons ETFs Management (Canada) Inc. (the "Manager" or the "Trustee") is the manager and trustee of the ETFs. The ETFs are unincorporated open-ended mutual fund trusts. The ETFs are established under the laws of the Province of Ontario by the Trust Declaration dated May 9, 2022.

(b) Statement of compliance:

The financial statements of the ETFs as at May 9, 2022 have been prepared in accordance with International Financial Reporting Standards for such financial statements.

The financial statements were authorized for issue by the board of directors of the Manager on May 9, 2022.

(c) Basis of presentation:

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

(d) Net assets attributable to holders of redeemable units:

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

(e) Issue of units:

1 Class A Unit of each ETF was issued for cash on May 9, 2022 to the Manager.

HORIZONS COPPER PRODUCERS INDEX ETF
HORIZONS CANADIAN UTILITY SERVICES HIGH DIVIDEND INDEX ETF

Notes to the Financial Statements

May 9, 2022

(f) Unitholder transactions:

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

2. Management of the ETF

Each ETF pays an annual management fee to the Manager equal to a percentage of the ETF's net asset value, plus applicable Sales Tax, as follows:

ETF	Management Fees
Horizons Copper Producers Index ETF	0.65% of the net asset value of the Units of the ETF
Horizons Canadian Utility Services High Dividend Index ETF	0.50% of the net asset value of the Units of the ETF

Each Management Fee is calculated and accrued daily and is payable monthly in arrears.

**HORIZONS COPPER PRODUCERS INDEX ETF
HORIZONS CANADIAN UTILITY SERVICES HIGH DIVIDEND INDEX ETF**

(the “ETFs”)

CERTIFICATE OF THE ETFs, THE MANAGER AND PROMOTER

Dated May 9, 2022

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

(signed) “Steven J. Hawkins”

Steven J. Hawkins
Chief Executive Officer

(signed) “Julie Stajan”

Julie Stajan
Chief Financial Officer

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

(signed) “Young Kim”

Young Kim
Director

(signed) “Thomas Park”

Thomas Park
Director