



Horizons US Large Cap Index ETF
(HULC, HULC.U:TSX)



HORIZONS ETFs
by Mirae Asset

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A Message from the CEO

After 2020's challenges and uncertainty, we have seen continued success in the global fight against the COVID-19 pandemic throughout 2021.

Despite the emergence of the new Omicron COVID-19 variant in the later part of 2021, across the world, vaccination rollouts are continuing, and there is growing optimism that a 'return to normal' is on the horizon. While we mourn the COVID-19 pandemic's toll at Horizons ETFs and reflect on its lessons, we continue to work diligently to best serve our investors and clients.

While the pandemic has impacted many businesses and sectors, Canada's ETF industry and the marketplace have shown few signs of slowing down. In 2021, Canada's ETF industry has seen more than \$52 billion of inflows – a new annual record.

Horizons ETFs is proud to continue our longstanding commitment to bringing innovative ETFs to market. In 2021, that commitment resulted in eighteen new ETF launches – another new record for Horizons ETFs. Ranging from first-in-the-world ETFs to expansions of our most popular mandates, we are proud of the innovation and access we've delivered to our investors in 2021.

In January, Horizons ETFs launched the Horizons Psychedelic Stock Index ETF ("**PSYK**"). PSYK is the world's first psychedelics ETF; an emerging industry that has the potential to disrupt the pharmaceutical sector and revolutionize the treatment of numerous mental health conditions.

Another global first: in April, we launched our inverse Bitcoin ETF, the BetaPro Inverse Bitcoin ETF ("**BITI**"), offering investors a unique opportunity to potentially profit from volatility in what has become 2021's most-watched asset class.

In June, we launched the Horizons S&P Green Bond Index ETF ("**HGGB**"), Canada's first global green bond ETF. We also continued to expand our footprint within the growing renewable energy space by launching the Horizons Global Hydrogen Index ETF ("**HYDR**") and the Horizons Global Lithium Producers Index ETF ("**HLIT**"); respectively, Canada's first hydrogen and lithium ETFs – two crucial alternative energy sources that are helping to fuel our future.

Also launched in June was the Horizons Global Semiconductor Index ETF ("**CHPS**"). CHPS offers direct exposure to companies involved in the production and development of semiconductors. Despite semiconductor supply being interrupted by COVID-19, we are bullish on the potential of this sector as semiconductors are at the core of all technology.

In the final weeks of 2021, we also launched three ETFs designed to provide investors with exposure to emerging and essential future-forward technological themes: the Horizons Global Metaverse Index ETF ("**MTAV**"), the Horizons GX Cybersecurity Index ETF ("**HBUG**"), and the Horizons GX Telemedicine and Digital Health Index ETF ("**HDOC**").

In addition to this noteworthy growth in the size our ETF suite, now totaling 104 ETFs, we saw significant growth in our assets under management, from approximately \$16.5 billion at the start of the year to more than \$20.7 billion by its end. We continue to entrench our position as one of Canada's top ETF providers.

I am also proud to announce that we hosted the 10th edition of our Biggest Winner Trading Competition, which offers investors the chance to educate themselves about trading by managing a virtual ETF portfolio while competing for cash prizes in a risk-free environment. After more than a decade of the Biggest Winner, this event has become near and dear to my heart, as I believe it has for the thousands of participants, many of whom return each year to compete to become the Biggest Winner.

At Horizons ETFs, "Innovation is Our Capital" has long been our motto and it is what has driven us to remain nimble and to adapt quickly to what Canadian investors are looking for. With one of the largest and most diversified suites of ETFs in Canada, I believe that our ETFs empower investors to do the same: be nimble and adaptable, no matter the market conditions. While the road ahead is still uncertain, we remain confident in our ability to respond to your investment needs and believe there are brighter days on the horizon.

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

Sincerely,



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

MANAGEMENT REPORT OF FUND PERFORMANCE

This annual management report of fund performance for Horizons US Large Cap Index ETF (“HULC” or the “ETF”), a corporate class of shares (a “Corporate Class”) of Horizons ETF Corp. (the “Company”), contains financial highlights and is included with the audited annual consolidated financial statements (“financial statements” or “annual financial statements”) for the investment fund. You may request a copy of the investment fund’s unaudited interim or audited annual financial statements, interim or annual management report of fund performance, current proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosures, at no cost, by calling (toll free) 1-866-641-5739, or (416) 933-5745, by writing to Horizons ETFs Management (Canada) Inc. (“Horizons Management” or the “Manager”), at 55 University Avenue, Suite 800, Toronto, Ontario, M5J 2H7, by visiting our website at www.horizonsetfs.com or through SEDAR at www.sedar.com.

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

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

Management Discussion of Fund Performance

Investment Objective and Strategy

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

In order to achieve its investment objective and obtain direct or indirect exposure to securities of the Underlying Index’s constituent issuers, the ETF may invest in and hold the securities of constituent issuers in substantially the same proportion as they are reflected in the Underlying Index, or may invest in and hold index participation units of exchange traded funds or other derivatives, including but not limited to swap agreements, futures contracts, options on futures contracts, forward contracts, options on securities and indices, reverse repurchase agreements or a combination of the foregoing, that are based on the Underlying Index, provided that the use of such derivative instruments is in compliance with National Instrument 81-102 (“NI 81-102”) and is consistent with the investment objective of the ETF.

The ETF may also employ a “stratified sampling” strategy. Under this stratified sampling strategy, the ETF may not hold all of the securities that are included in its Underlying Index, but instead will hold a portfolio of securities and/or derivatives that closely matches the aggregate investment characteristics of the securities included in the Underlying

Management Discussion of Fund Performance (continued)

Index. The sampling process typically involves selecting a representative sample of securities in the Underlying Index, principally to enhance liquidity and reduce transaction costs while seeking to maintain a high correlation with, and similar aggregate characteristics to, the Underlying Index.

The Investment Manager does not invest the assets of the ETF on a discretionary basis or select securities based on the Investment Manager's view of the investment merit of a particular security or company, nor does it conduct conventional stock research or analysis, or forecast stock market movement or trends in managing the assets of the ETF.

About the Underlying Index

The Solactive US Large Cap Index (CA NTR) aims to track the price movements of the 500 largest companies in the United States stock market based on free float market capitalization. The Underlying Index is rebalanced semi-annually at the close of trading on the first Wednesday in May and November. The Underlying Index is a net total return index, thus dividend income is adjusted for withholding tax rates that are applicable to a Canadian investor. The Underlying Index is published in U.S. dollars and HULC does not hedge any U.S. dollar currency exposure.

Risk

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

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

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

The risks to which an investment in the ETF is subject are listed below and have not changed from the list of risks found in the ETF's most recent prospectus. A full description of each risk listed below may also be found in the most recent prospectus. The most recent prospectus is available at www.horizonsetfs.com or from www.sedar.com, or by calling Horizons ETFs Management (Canada) Inc. at (toll free) 1-866-641-5739, or at (416) 933-5745.

Management Discussion of Fund Performance (continued)

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| <ul style="list-style-type: none"> • Market disruptions risk • Derivative investments • Risk that ETF shares will trade at prices other than net asset value per ETF shares • Issuer concentration risk • Foreign exchange rate risk • Counterparty risk • Liquidity risk • Borrowing risk • Tax-related risks • Exchange risk • Inability to achieve investment objective • Cyber security risk • Reliance on key personnel • Distribution risk • Significant redemptions • Price limit risk • Conflicts of interest • Business and regulatory risks of alternative investment strategies • Political, economic and social risk • Securities lending risk | <ul style="list-style-type: none"> • No ownership interest • Restrictions on certain shareholders • Redemption price • Fund corporation and multi-class/series structure risk • Fluctuations in NAV and market price of the ETF shares risk • Absence of an active market for the ETF shares and lack of operating historical risk • No guaranteed return • General risks of investments • General risks of investing in an index fund and passive investment risk • Risks relating to index replication strategies • Calculation of index level and termination of the Underlying Index • Currency price fluctuations - dual currency ETF • Substantial sales of the U.S. dollar • Foreign exchange and market risk • Index adjustments • Cease trading of securities risk • General risks of equity investments • Voting of index securities risk • Income trust investments risks |
|--|---|

Results of Operations

For the year ended December 31, 2021, the US\$ Shares of the ETF returned 26.86%. By comparison, the Underlying Index returned 26.94% for the same period in U.S. dollar terms. Differences in performance between the ETF and the Underlying Index may arise due to expenses payable by the ETF, which include management fees plus applicable sales taxes; as well as the potential for tracking error arising from the physical index replication risk detailed in the ETF's prospectus.

The U.S. economy started 2021 was growing at a faster rate than expected, helping to support the stock market. Most risk assets pushed higher at the beginning of the year as vaccinations and re-openings, especially in the U.S., drove risk assets even higher throughout the second quarter. Meanwhile, bond markets reversed direction and sold off significantly after the U.S. approved a massive \$1.9 trillion U.S. dollar fiscal package, forcing fixed-income investors to quickly adjust their expectations higher for both growth and inflation. The yield curve began by steepening, as central banks were in no hurry to take their foot off the gas pedal, but short-term rates later increased significantly, and the long end rallied causing the curve to flatten.

In the U.S., jobs gains have been strong and the unemployment rate has declined substantially. Inflation is well above target levels of central banks and although we expect it to decline as economies re-open and supply chain issues correct, underlying demand still requires higher rates to keep inflation expectations anchored. Inflation has proved to not be transitory, forcing central banks to reassess their initial inflation stances. That led the U.S. Federal Reserve (the "Fed") to announce the beginning of tapering and possibly rate hikes in 2022, likely beginning in the second quarter.

Management Discussion of Fund Performance (continued)

The Solactive US Large Cap Index aims to track the price movements of the 500 largest companies in the United States stock market based on free float market capitalization. For the year ended December 31, 2021, the top performers in the Underlying Index were AMC Entertainment Holdings Inc., Upstart Holdings Inc., and Devon Energy Corp., gaining 1,183.02%, 271.29%, and 196.09%, respectively. The worst performers in the Underlying Index for the year were Peloton Interactive Inc., Teladoc Health Inc., and Coupa Software Inc., returning -76.43%, -54.08%, and -53.37%, respectively.

Horizons Management does not endeavour to predict market direction, changes that may occur in global fiscal and monetary policies, the effect of additional geopolitical concerns or other unforeseen crises. Horizons Management and the ETF are agnostic as to their impact on global equity, fixed income, currency, and commodity markets generally, and the broad U.S. equity market specifically. They are only of concern to the ETF in so much as there is some minimal risk that could affect its ability to meet its investment objective. Please refer to the risk factors section in the ETF's prospectus for more detailed information.

Other Operating Items and Changes in Net Assets Attributable to Holders of ETF Shares

For the year ended December 31, 2021, the ETF generated gross comprehensive income (loss) from investments and derivatives (which includes changes in the fair value of the ETF's portfolio) of \$22,832,414. This compares to \$5,447,189 for the period from when the ETF effectively began operations on February 5, 2020 to December 31, 2020. The ETF incurred management, and transaction expenses of \$276,780 (2020 – \$82,126) of which \$4,980 (2020 – \$1,243) was either paid or absorbed by the Manager on behalf of the ETF. The waiving and/or absorption of such fees and/or expenses by the Manager may be terminated at any time, or continued indefinitely, at the discretion of the Manager. The ETF did not make any distributions to shareholders during the years ended December 31, 2021 and 2020.

Recent Developments

Other than indicated below, there have been no recent market developments of particular note, aside from the normal fluctuations of the markets, that are expected to have an undue influence on the portfolio of the ETF when compared to its benchmark.

Impact of COVID-19

The COVID-19 virus is an ongoing but fading risk to the global recovery and as such it continues to have an impact and is a risk in the markets in which the ETF operates. COVID variants are still causing economic uncertainty, and may impact estimates and/or judgements the Manager makes for the purposes of preparing the ETF's financial statements related to matters that are inherently uncertain. However, the Manager maintains detailed policies and internal controls that are intended to ensure that these estimates and judgements are well controlled, and that they are consistently applied from period to period. It is the Manager's opinion that any estimates and/or judgements used in the preparation of these financial statements are appropriate as at December 31, 2021 and 2020, and for the year ended December 31, 2021 and for the period ended December 31, 2020.

Share Split Transaction

The shares of the ETF were split on a two-for-one basis effective July 5, 2021. All relevant share and per share historical data prior to July 5, 2021, has been adjusted to reflect the split.

Management Discussion of Fund Performance (continued)**Presentation**

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

Related Party Transactions

There were no related party portfolio transactions during the current reporting period. Certain services have been provided to the ETF by related parties, and those relationships are described below.

Manager and Investment Manager

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

Any management fees paid to the Manager (described in detail on page 12) are related party transactions, as the Manager is considered to be a related party to the ETF. The management fees are disclosed in the statements of comprehensive income in the attached financial statements of the ETF. The management fees payable by the ETF as at December 31, 2021 and 2020, are disclosed in the statements of financial position.

Financial Highlights

The following tables show selected key financial information about the ETF and are intended to help you understand the ETF's financial performance since it effectively began operations on February 5, 2020. This information is derived from the ETF's audited annual financial statements and the current audited annual financial statements. Please see the front page for information on how you may obtain the ETF's annual or interim financial statements.

The ETF's Net Assets per Share

Year/Period ⁽¹⁾	2021	2020
Net assets, beginning of year/period	\$ 55.98	50.00
Increase from operations:		
Total revenue	0.92	0.84
Total expenses	(0.18)	(0.16)
Realized gains (losses) for the year/period	2.15	(0.05)
Unrealized gains for the year/period	12.39	10.26
Total increase from operations ⁽²⁾	15.28	10.89
Total annual distributions ⁽³⁾	–	–
Net assets, end of year/period (Cdn\$ Shares) ⁽⁴⁾	\$ 70.57	55.98
Net assets, end of year/period (US\$ Shares) ⁽⁴⁾	\$ 55.79	43.98

1. This information is derived from the ETF's audited annual financial statements.
2. Net assets per share and distributions are based on the actual number of shares outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of shares outstanding over the financial period.
3. Distributions, if any, were paid in cash, reinvested in additional shares of the ETF, or both.
4. The Financial Highlights are not intended to act as a continuity of the opening and closing net assets per share.

Financial Highlights (continued)

Ratios and Supplemental Data

Year/Period ⁽¹⁾	2021	2020
Total net asset value (000's)	\$ 143,461	55,981
Number of shares outstanding (000's)	2,033	1,000
Management expense ratio ⁽²⁾⁽⁴⁾	0.09%	0.08%
Management expense ratio excluding proportion of expenses from underlying investment funds	0.08%	0.08%
Management expense ratio before waivers and absorptions ⁽²⁾	0.09%	0.09%
Trading expense ratio ⁽³⁾⁽⁴⁾	0.00%	0.00%
Trading expense ratio excluding proportion of costs from underlying investment funds	0.00%	0.00%
Portfolio turnover rate ⁽⁵⁾	113.96%	54.39%
Net asset value per share, end of year/period (Cdn\$ Shares)	\$ 70.57	55.98
Closing market price (Cdn\$ Shares)	\$ 70.64	55.67
Net asset value per share, end of year/period (US\$ Shares)	\$ 55.79	43.98
Closing market price (US\$ Shares)	\$ 55.83	44.00

1. This information is provided as at December 31 of the year/period shown.
2. Management expense ratio is based on total expenses, including sales tax, (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the year/period. The constating documents of the ETF require that the Manager pay all the expenses of the ETF other than the management fee and any sales taxes on the management fee. The Manager, at its discretion, may waive and/or absorb a portion of the fees and/or expenses otherwise payable by the ETF. The waiving and/or absorption of such fees and/or expenses by the Manager may be terminated at any time, or continued indefinitely, at the discretion of the Manager.
3. The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the year/period.
4. The ETF's management expense ratio (MER) and trading expense ratio (TER) include and estimated proportion of the MER and TER for any underlying investment funds held in the ETF's portfolio during the year/period.
5. The ETF's portfolio turnover rate indicates how actively the ETF trades its portfolio investments. A portfolio turnover rate of 100% is equivalent to the ETF buying and selling all of the securities in its portfolio once in the course of a year. The higher an ETF's portfolio turnover rate in a year, the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of an ETF.

Financial Highlights (continued)**Management Fees**

In consideration for management services and investment advice provided to the ETF, the Manager is entitled to a management fee. The management fee, inclusive of sales tax, is applied on a daily basis to the net asset value of the ETF. The management fees, exclusive of sales tax, are charged at the annual rate of 0.08%. Approximately 100% of management fees were used for management, investment management, operating costs of the ETF, other general administration and profit.

From the management fee, the Manager has paid substantially all of the costs and expenses relating to the operation of the business and affairs of the ETF including investment management, administration, legal, accounting, custody, audit, registrar and transfer agency fees, and taxes as well as expenses associated with advertising, marketing, sponsoring and promoting the sale of shares of the ETF.

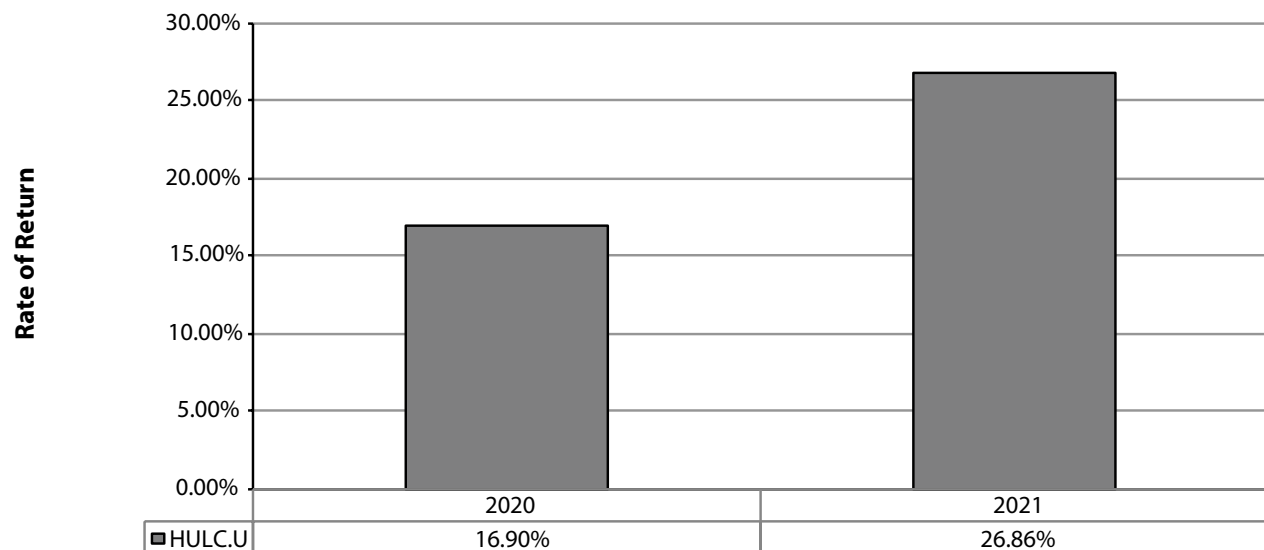
The constating documents of the ETF require that the Manager pay all the expenses of the ETF other than the management fee and any sales taxes on the management fee as may be applicable. As a result, the ETF does not have any other expenses.

Past Performance

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

Year-by-Year Returns

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



The ETF effectively began operations on February 5, 2020. Only the performance of the US\$ Shares is displayed above, as the US\$ Shares seek to achieve the primary investment objective of the ETF. The returns to shareholders holding Cdn\$ Shares would have been substantially similar to those of the shareholders holding US\$ Shares when adjusted for the daily Canadian/U.S. dollar exchange rate.

Past Performance (continued)

Annual Compound Returns

The following table presents the ETF's annual compound total return since inception and for the period ended December 31, 2021, along with the ETF's applicable benchmark. The table is used only to illustrate the effects of the compound growth rate and is not intended to reflect future values of the ETF or future returns on investments in the ETF.

	1 Year	Since Inception
Horizons US Large Cap Index ETF	26.86%	23.01%
Solactive US Large Cap Index (CA NTR)	26.94%	22.89%

The ETF effectively began operations on February 5, 2020. Only the performance of the US\$ Shares is displayed above, as the US\$ Shares seek to achieve the primary investment objective of the ETF. The returns to shareholders holding Cdn\$ Shares would have been substantially similar to those of the shareholders holding US\$ Shares when adjusted for the daily Canadian/U.S. dollar exchange rate.

Summary of Investment Portfolio

As at December 31, 2021

Asset Mix	Net Asset Value	% of ETF's Net Asset Value
U.S. Equities	\$ 139,591,618	97.30%
Global Equities	3,594,491	2.51%
Cash and Cash Equivalents	188,160	0.13%
Other Assets less Liabilities	86,910	0.06%
	\$ 143,461,179	100.00%

Sector Mix	Net Asset Value	% of ETF's Net Asset Value
Information Technology	\$ 44,266,952	30.85%
Health Care	19,374,313	13.51%
Financials	18,140,673	12.65%
Consumer Discretionary	18,008,901	12.55%
Communication Services	14,661,443	10.22%
Industrials	10,316,330	7.19%
Consumer Staples	8,361,001	5.83%
Energy	3,839,327	2.68%
Utilities	3,401,211	2.37%
Materials	2,815,958	1.96%
Cash and Cash Equivalents	188,160	0.13%
Other Assets less Liabilities	86,910	0.06%
	\$ 143,461,179	100.00%

Summary of Investment Portfolio (continued)

As at December 31, 2021

Top 25 Holdings	% of ETF's Net Asset Value
Apple Inc.	6.76%
Microsoft Corp.	6.15%
Alphabet Inc.	4.03%
Amazon.com Inc.	3.53%
Tesla Inc.	2.10%
Meta Platforms Inc.	1.94%
NVIDIA Corp.	1.72%
UnitedHealth Group Inc.	1.15%
JPMorgan Chase & Co.	1.14%
Johnson & Johnson	1.10%
Home Depot Inc. (The)	1.07%
Procter & Gamble Co. (The)	0.96%
Berkshire Hathaway Inc.	0.93%
Visa Inc.	0.88%
Pfizer Inc.	0.81%
Bank of America Corp.	0.78%
MasterCard Inc.	0.76%
Walt Disney Co. (The)	0.68%
Accenture PLC	0.67%
Adobe Inc.	0.65%
Broadcom Inc.	0.64%
Netflix Inc.	0.64%
Thermo Fisher Scientific Inc.	0.64%
Exxon Mobil Corp.	0.63%
Costco Wholesale Corp.	0.61%

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

MANAGER'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying audited annual consolidated financial statements ("financial statements") of Horizons US Large Cap Index ETF (the "ETF") are the responsibility of the manager to the ETF, Horizons ETFs Management (Canada) Inc. (the "Manager"). They have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board using information available and include certain amounts that are based on the Manager's best estimates and judgements.

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

These financial statements have been approved by the Board of Directors of the Manager and by the Board of Directors of Horizons ETF Corp., and have been audited by KPMG LLP, Chartered Professional Accountants, Licensed Public Accountants, on behalf of shareholders. The independent auditors' report outlines the scope of their audit and their opinion on the financial statements.



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



Thomas Park
Director
Horizons ETFs Management (Canada) Inc.

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Horizons US Large Cap Index ETF (the "ETF")

Opinion

We have audited the consolidated financial statements of the ETF, which comprise the consolidated statements of financial position as at December 31, 2021 and 2020, the consolidated statements of comprehensive income, changes in financial position and cash flows for the year ended December 31, 2021 and for the period from inception on January 24, 2020, to December 31, 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies (hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the ETF as at December 31, 2021 and 2020, and its financial performance and its cash flows for the year ended December 31, 2021 and for the period from inception on January 24, 2020, to December 31, 2020, in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit 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 ETF in accordance with the ethical requirements that are relevant to our audit 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 is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in the Management Report of Fund Performance filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in the Management Report of Fund Performance filed with the relevant Canadian Securities Commissions as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

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) as issued by the International Accounting Standards Board, 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 ETF's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the ETF or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit 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 ETF's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 the 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 audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



Chartered Professional Accountants, Licensed Public Accountants
The engagement partner on the audit resulting in this auditors' report is Ziad Said.
Toronto, Canada
March 11, 2022

Consolidated Statements of Financial Position

As at December 31,

	2021	2020
Assets		
Cash and cash equivalents	\$ 188,160	\$ 152,325
Investments	143,186,109	55,800,551
Amounts receivable relating to accrued income	96,964	31,706
Total assets	143,471,233	55,984,582
Liabilities		
Accrued management fees	10,054	3,530
Total liabilities	10,054	3,530
Total net assets (note 2)	\$ 143,461,179	\$ 55,981,052
Number of redeemable shares outstanding (note 8)	2,032,800	1,000,000
Total net assets per share (Cdn\$ Shares) (note 1)	\$ 70.57	\$ 55.98
Total net assets per share (US\$ Shares) (note 1)	\$ 55.79	\$ 43.98

(See accompanying notes to financial statements)

Approved on behalf of the Board of Directors of Horizons ETF Corp.:



 Steven J. Hawkins
 Director



 Kevin S. Beatson
 Director

Consolidated Statements of Comprehensive Income

For the Year Ended December 31, 2021 and

For the Period from Inception on January 24, 2020 to December 31, 2020

	2021	2020
Income		
Dividend income	\$ 1,360,249	\$ 410,438
Securities lending income (note 7)	1,747	–
Net realized gain (loss) on sale of investments and derivatives	3,179,727	(12,402)
Net realized loss on foreign exchange	(1,619)	(10,549)
Net change in unrealized appreciation of investments and derivatives	18,293,008	5,060,674
Net change in unrealized depreciation of foreign exchange	(698)	(972)
	22,832,414	5,447,189
Expenses (note 9)		
Management fees	84,228	20,278
Transaction costs	569	326
Withholding taxes	191,983	61,522
	276,780	82,126
Amounts that were payable by the investment fund that were paid or absorbed by the Manager	(4,980)	(1,243)
	271,800	80,883
Increase in net assets for the year/period	\$ 22,560,614	\$ 5,366,306
Increase in net assets per share	\$ 15.28	\$ 10.89

(See accompanying notes to financial statements)

Consolidated Statements of Changes in Financial Position

For the Year Ended December 31, 2021 and

For the Period from Inception on January 24, 2020 to December 31, 2020

	2021		2020	
Total net assets at the beginning of the year/period	\$	55,981,052	\$	–
Increase in net assets		22,560,614		5,366,306
Redeemable share transactions				
Proceeds from the issuance of securities of the investment fund		89,545,724		50,614,746
Aggregate amounts paid on redemption of securities of the investment fund		(24,626,211)		–
Total net assets at the end of the year/period	\$	143,461,179	\$	55,981,052

(See accompanying notes to financial statements)

Consolidated Statements of Cash Flows

For the Year Ended December 31, 2021 and

For the Period from Inception on January 24, 2020 to December 31, 2020

	2021	2020
Cash flows from operating activities:		
Increase in net assets for the year/period	\$ 22,560,614	\$ 5,366,306
Adjustments for:		
Net realized loss (gain) on sale of investments and derivatives	(3,179,727)	12,402
Net realized gain on currency forward contracts	617	–
Net change in unrealized appreciation of investments and derivatives	(18,293,008)	(5,060,674)
Net change in unrealized depreciation (appreciation) of foreign exchange	(359)	788
Purchase of investments	(85,938,471)	(32,850,909)
Proceeds from the sale of investments	83,214,865	14,595,742
Amounts receivable relating to accrued income	(65,258)	(31,706)
Accrued expenses	6,524	3,530
Net cash used in operating activities	(1,694,203)	(17,964,521)
Cash flows from financing activities:		
Amount received from the issuance of shares	2,810,447	18,117,634
Amount paid on redemptions of shares	(1,080,768)	–
Net cash from financing activities	1,729,679	18,117,634
Net increase in cash and cash equivalents during the year/period	35,476	153,113
Effect of exchange rate fluctuations on cash and cash equivalents	359	(788)
Cash and cash equivalents at beginning of year/period	152,325	–
Cash and cash equivalents at end of year/period	\$ 188,160	\$ 152,325
Dividends received, net of withholding taxes	\$ 1,103,008	\$ 317,210

(See accompanying notes to financial statements)

Schedule of Investments

As at December 31, 2021

Security	Shares	Average Cost	Fair Value
U.S. EQUITIES (97.30%)			
Information Technology (29.88%)			
Adobe Inc.	1,310	\$ 845,448	\$ 939,666
Advanced Micro Devices Inc.	3,332	383,643	606,512
Affirm Holdings Inc.	460	89,163	58,514
Akamai Technologies Inc.	441	60,139	65,290
Amphenol Corp., Class 'A'	1,643	136,773	181,769
Analog Devices Inc.	1,479	275,279	328,841
ANSYS Inc.	238	103,087	120,760
Apple Inc.	43,177	6,949,922	9,698,296
Applied Materials Inc.	2,480	339,618	493,650
Arista Networks Inc.	627	65,319	114,012
Autodesk Inc.	606	203,785	215,549
Automatic Data Processing Inc.	1,166	276,289	363,689
Bill.com Holdings Inc.	257	92,986	80,997
Block Inc.	1,098	276,510	224,324
Broadcom Inc.	1,094	612,921	920,831
Broadridge Financial Solutions Inc., ADR	318	61,341	73,540
Cadence Design Systems Inc.	754	123,815	177,735
CDW Corp.	376	74,679	97,398
Ceridian HCM Holding Inc.	368	46,327	48,626
Cisco Systems Inc.	10,738	679,478	860,757
CloudFlare Inc., Class 'A'	644	85,578	107,124
Cognex Corp.	472	46,026	46,427
Cognizant Technology Solutions Corp., Class 'A'	1,448	135,460	162,504
Corning Inc.	2,133	98,862	100,452
CoStar Group Inc.	1,079	111,679	107,867
Coupa Software Inc.	203	65,420	40,585
CrowdStrike Holdings Inc., Class 'A'	555	142,481	143,744
Datadog Inc., Class 'A'	612	87,502	137,884
Dell Technologies Inc., Class 'C'	780	76,387	55,421
DocuSign Inc.	527	145,190	101,534
Electronic Arts Inc.	782	130,785	130,474
Entergris Inc.	372	54,400	65,210
EPAM Systems Inc.	151	83,429	127,679
FactSet Research Systems Inc.	103	56,902	63,322
Fidelity National Information Services Inc.	1,672	287,941	230,852
FleetCor Technologies Inc.	223	74,775	63,142
Fortinet Inc.	384	100,541	174,575
Gartner Inc.	224	59,342	94,729
Hewlett Packard Enterprise Co.	3,606	62,546	71,933

Schedule of Investments (continued)

As at December 31, 2021

Security	Shares	Average Cost	Fair Value
HP Inc.	3,176	106,641	151,339
HubSpot Inc.	123	78,985	102,556
Intel Corp.	11,202	791,737	729,753
International Business Machines Corp.	2,473	417,896	418,118
Intuit Inc.	733	402,767	596,399
Keysight Technologies Inc.	505	90,073	131,919
KLA Corp.	418	151,904	227,420
Kyndryl Holdings Inc.	444	15,646	10,166
Lam Research Corp.	388	251,911	352,959
Leidos Holdings Inc.	387	47,654	43,520
MarketAxess Holdings Inc.	102	58,638	53,064
Marvell Technology Inc.	2,267	145,716	250,890
MasterCard Inc., Class 'A'	2,393	1,042,163	1,087,671
Microchip Technology Inc.	1,484	129,664	163,428
Micron Technology Inc.	3,082	281,545	363,152
Microsoft Corp.	20,726	6,568,131	8,817,420
MongoDB Inc.	170	76,232	113,832
Monolithic Power Systems Inc.	119	58,329	74,261
Moody's Corp.	443	178,066	218,870
Motorola Solutions Inc.	466	118,033	160,158
MSCI Inc.	221	130,164	171,280
NetApp Inc.	616	55,276	71,679
Nuance Communications Inc.	861	57,619	60,250
NVIDIA Corp.	6,622	1,386,210	2,463,612
Okta Inc.	405	117,603	114,843
ON Semiconductor Corp.	1,174	61,825	100,865
Oracle Corp.	4,388	404,604	484,068
Palantir Technologies Inc.	4,496	124,321	103,564
Palo Alto Networks Inc.	262	119,282	184,520
Paychex Inc.	889	111,777	153,500
Paycom Software Inc.	140	67,753	73,527
PayPal Holdings Inc.	3,234	904,432	771,452
PTC Inc.	292	46,633	44,749
Qorvo Inc.	305	60,196	60,337
QUALCOMM Inc.	3,114	521,830	720,335
salesforce.com Inc.	2,614	783,508	840,301
ServiceNow Inc.	546	361,799	448,316
Skyworks Solutions Inc.	455	90,320	89,291
Snowflake Inc., Class 'A'	733	233,057	314,092
Splunk Inc.	443	85,770	64,846
SS&C Technologies Holdings Inc.	617	54,428	63,983

Schedule of Investments (continued)

As at December 31, 2021

Security	Shares	Average Cost	Fair Value
Synopsys Inc.	419	134,446	195,310
Take-Two Interactive Software Inc.	317	66,897	71,264
Teradyne Inc.	454	64,487	93,913
Texas Instruments Inc.	2,547	546,721	607,218
TransUnion	523	66,862	78,449
Twilio Inc.	454	176,553	151,233
Twitter Inc.	2,146	142,930	117,324
Tyler Technologies Inc.	111	60,684	75,533
UiPath Inc., Class 'A'	694	50,910	37,863
Unity Software Inc.	428	59,123	77,415
Upstart Holdings Inc.	139	53,461	26,603
Visa Inc., Class 'A'	4,631	1,251,859	1,269,484
VMware Inc., Class 'A'	344	57,294	50,424
Western Digital Corp.	839	62,044	69,207
Workday Inc., Class 'A'	521	156,426	180,036
Xilinx Inc.	683	118,879	183,186
Zebra Technologies Corp., Class 'A'	147	81,066	110,676
Zendesk Inc.	328	49,232	43,270
Zoom Video Communications Inc.	563	229,251	130,975
ZoomInfo Technologies Inc., Class 'A'	635	54,764	51,568
Zscaler Inc.	221	58,863	89,829
		33,934,658	42,873,299
Health Care (13.05%)			
10X Genomics Inc., Class 'A'	226	49,048	42,585
Abbott Laboratories	4,861	699,483	865,399
AbbVie Inc.	4,818	644,764	825,199
ABIOMED Inc.	122	47,246	55,429
Agilent Technologies Inc.	833	133,158	168,224
Align Technology Inc.	203	129,959	168,754
Alnylam Pharmaceuticals Inc.	327	64,119	70,145
AmerisourceBergen Corp.	416	58,587	69,929
Amgen Inc.	1,566	456,795	445,646
Anthem Inc.	669	293,619	392,271
Avantor Inc.	1,459	59,173	77,772
Baxter International Inc.	1,379	144,419	149,736
Becton, Dickinson and Co.	791	251,073	251,625
Biogen Inc.	403	150,508	122,305
BioMarin Pharmaceutical Inc.	502	53,787	56,103
Bio-Rad Laboratories Inc., Class 'A'	58	46,016	55,434
Bio-Techne Corp.	107	58,088	70,022
Boston Scientific Corp.	3,923	200,124	210,803

Schedule of Investments (continued)

As at December 31, 2021

Security	Shares	Average Cost	Fair Value
Bristol-Myers Squibb Co.	6,061	477,604	478,029
Cardinal Health Inc.	780	52,745	50,803
Catalent Inc.	470	63,332	76,117
Centene Corp.	1,573	132,621	163,957
Cerner Corp.	815	78,223	95,743
Charles River Laboratories International Inc.	137	54,762	65,295
Cigna Corp.	936	252,199	271,880
Cooper Cos. Inc. (The)	135	64,210	71,542
CVS Health Corp.	3,633	355,928	474,078
Danaher Corp.	1,750	542,081	728,317
Dexcom Inc.	265	140,827	179,992
Edwards Lifesciences Corp.	1,708	204,424	279,897
Elanco Animal Health Inc.	1,226	47,470	44,013
Eli Lilly and Co.	2,339	589,549	817,257
Exact Sciences Corp.	472	64,393	46,469
Gilead Sciences Inc.	3,462	297,028	317,978
Ginkgo Bioworks Holdings Inc.	3,391	58,508	35,645
HCA Healthcare Inc.	687	162,266	223,269
Hologic Inc.	692	58,583	67,016
Humana Inc.	350	183,332	205,366
IDEXX Laboratories Inc.	232	147,351	193,237
Illumina Inc.	431	209,360	207,413
Insulet Corp.	190	63,528	63,947
Intuitive Surgical Inc.	978	337,593	444,498
IQVIA Holdings Inc.	517	134,789	184,514
Johnson & Johnson	7,267	1,463,359	1,572,542
Laboratory Corp. of America Holdings	265	80,770	105,327
Masimo Corp.	140	45,426	51,849
McKesson Corp.	427	99,793	134,261
Merck & Co. Inc.	6,964	675,086	675,130
Mettler-Toledo International Inc.	63	96,554	135,254
Moderna Inc.	953	224,848	306,172
Molina Healthcare Inc.	160	49,173	64,377
PerkinElmer Inc.	348	62,776	88,507
Pfizer Inc.	15,482	796,176	1,156,433
Quest Diagnostics Inc.	335	54,764	73,314
Regeneron Pharmaceuticals Inc.	282	194,603	225,273
ResMed Inc.	399	108,031	131,468
Seagen Inc.	368	73,651	71,967
Stryker Corp.	911	277,028	308,167
Teladoc Health Inc.	395	89,842	45,878

Schedule of Investments (continued)

As at December 31, 2021

Security	Shares	Average Cost	Fair Value
Teleflex Inc.	129	61,566	53,601
Thermo Fisher Scientific Inc.	1,085	662,374	915,767
UnitedHealth Group Inc.	2,591	1,220,537	1,645,757
Veeva Systems Inc., Class 'A'	380	128,760	122,804
Vertex Pharmaceuticals Inc.	715	198,424	198,615
Viatis Inc.	3,330	63,425	56,992
Waters Corp.	169	61,487	79,653
West Pharmaceutical Services Inc.	203	81,681	120,435
Zimmer Biomet Holdings Inc.	576	107,965	92,563
Zoetis Inc.	1,308	289,340	403,761
		15,580,111	18,719,520
Consumer Discretionary (12.40%)			
Advance Auto Parts Inc.	173	39,775	52,494
Amazon.com Inc.	1,201	4,743,890	5,065,546
AMC Entertainment Holdings Inc., Class 'A'	1,415	69,865	48,685
AutoZone Inc.	59	104,001	156,458
Bath & Body Works Inc.	692	56,175	61,090
Best Buy Co. Inc.	608	82,630	78,139
Burlington Stores Inc.	183	60,940	67,480
Caesars Entertainment Inc.	564	72,339	66,727
CarMax Inc.	446	65,927	73,472
Carnival Corp.	2,360	74,178	60,064
Carvana Co.	230	76,236	67,437
Chipotle Mexican Grill Inc., Class 'A'	73	130,180	161,436
Copart Inc.	584	89,902	112,006
D.R. Horton Inc.	921	94,970	126,346
Darden Restaurants Inc.	357	57,238	68,027
Dollar Tree Inc.	613	80,644	108,961
Domino's Pizza Inc.	100	52,716	71,385
DraftKings Inc., Class 'A'	862	52,418	29,953
eBay Inc.	1,729	127,863	145,442
Etsy Inc.	347	82,866	96,101
Expedia Group Inc.	399	72,395	91,212
Ford Motor Co.	10,818	167,047	284,221
Fortune Brands Home & Security Inc.	379	45,217	51,250
General Motors Co.	3,651	225,276	270,773
Genuine Parts Co.	387	55,724	68,633
Hilton Worldwide Holdings Inc.	756	112,900	149,174
Home Depot Inc. (The)	2,914	1,117,134	1,529,754
Las Vegas Sands Corp.	1,132	74,101	53,898
Lennar Corp., Class 'A'	738	83,223	108,439

Schedule of Investments (continued)

As at December 31, 2021

Security	Shares	Average Cost	Fair Value
Lowe's Cos. Inc.	1,904	431,768	622,540
Marriott International Inc., Class 'A'	729	125,797	152,376
Masco Corp.	679	49,091	60,312
McDonald's Corp.	2,062	593,597	699,214
MGM Resorts International	1,107	58,480	62,845
Netflix Inc.	1,202	799,046	915,992
Nike Inc., Class 'B'	3,485	605,170	734,740
NVR Inc.	9	51,496	67,270
O'Reilly Automotive Inc.	188	122,942	167,949
Peloton Interactive Inc., Class 'A'	732	96,640	33,112
Pool Corp.	107	57,226	76,608
Ross Stores Inc.	963	137,321	139,210
Royal Caribbean Cruises Ltd.	597	58,180	58,073
Starbucks Corp.	3,251	422,505	481,022
Target Corp.	1,344	328,824	393,469
Tesla Inc.	2,250	1,855,119	3,007,741
TJX Cos. Inc. (The)	3,077	253,644	295,500
Tractor Supply Co.	314	66,227	94,771
Ulta Beauty Inc.	147	58,222	76,674
V.F. Corp.	973	95,542	90,119
Wayfair Inc., Class 'A'	206	71,296	49,502
Whirlpool Corp.	172	46,073	51,055
Yum! Brands Inc.	815	115,446	143,155
		14,667,422	17,797,852
Financials (12.20%)			
Aflac Inc.	1,694	106,455	125,120
Alexandria Real Estate Equities Inc.	417	95,402	117,608
Allstate Corp. (The)	798	117,124	118,759
Ally Financial Inc.	983	63,158	59,201
American Express Co.	1,638	292,110	338,977
American International Group Inc.	2,359	137,602	169,671
American Tower Corp.	1,253	401,866	463,607
Ameriprise Financial Inc.	313	89,163	119,436
Apollo Global Management Inc.	573	55,114	52,498
Arthur J. Gallagher & Co.	565	94,562	121,263
AvalonBay Communities Inc.	384	96,465	122,693
Bank of America Corp.	19,933	912,766	1,121,782
Bank of New York Mellon Corp. (The)	2,061	123,232	151,418
Berkshire Hathaway Inc., Class 'B'	3,528	1,129,357	1,334,360
BlackRock Inc.	389	373,809	450,516
Blackstone Inc.	1,891	211,013	309,504

Schedule of Investments (continued)

As at December 31, 2021

Security	Shares	Average Cost	Fair Value
Boston Properties Inc.	393	54,432	57,259
Camden Property Trust	275	56,255	62,156
Capital One Financial Corp.	1,219	192,319	223,725
CBRE Group Inc., Class 'A'	892	86,548	122,436
Charles Schwab Corp. (The)	4,160	325,678	442,550
Cincinnati Financial Corp.	427	56,290	61,537
Citigroup Inc.	5,468	451,514	417,702
Citizens Financial Group Inc.	1,170	60,611	69,930
CME Group Inc.	972	246,526	280,899
Coinbase Global Inc., Class 'A'	356	115,308	113,648
Crown Castle International Corp.	1,189	262,223	313,950
Digital Realty Trust Inc.	800	151,248	178,985
Discover Financial Services	802	98,045	117,234
Duke Realty Corp.	1,044	59,877	86,685
Equity Residential	1,001	93,116	114,592
Essex Property Trust Inc.	179	65,131	79,754
Extra Space Storage Inc.	363	66,961	104,109
Fifth Third Bancorp	1,891	81,716	104,173
First Republic Bank	490	103,257	128,000
Fiserv Inc.	1,656	230,756	217,415
Global Payments Inc.	804	182,949	137,481
Goldman Sachs Group Inc. (The)	927	368,642	448,581
Hartford Financial Services Group Inc. (The)	955	69,717	83,402
Healthpeak Properties Inc.	1,485	60,337	67,793
Huntington Bancshares Inc.	4,012	71,634	78,256
Intercontinental Exchange Inc.	1,540	219,926	266,431
Invitation Homes Inc.	1,637	70,981	93,887
JPMorgan Chase & Co.	8,178	1,466,571	1,638,093
KeyCorp	2,629	64,127	76,920
KKR & Co. Inc.	1,544	100,134	145,505
M&T Bank Corp.	351	63,529	68,189
Markel Corp.	37	53,944	57,755
Marsh & McLennan Cos. Inc.	1,385	232,512	304,525
MetLife Inc.	1,820	125,678	143,865
Mid-America Apartment Communities Inc.	319	63,768	92,583
Morgan Stanley	3,959	386,865	491,579
Nasdaq Inc.	323	64,787	85,806
Northern Trust Corp.	550	73,036	83,215
Orion Office REIT Inc.	96	2,657	2,267
PNC Financial Services Group Inc.	1,168	248,818	296,261
Principal Financial Group Inc.	737	54,203	67,431

Schedule of Investments (continued)

As at December 31, 2021

Security	Shares	Average Cost	Fair Value
Progressive Corp. (The)	1,611	190,697	209,184
Prologis Inc.	2,036	297,435	433,601
Prudential Financial Inc.	1,065	123,061	145,818
Public Storage Inc.	418	143,030	198,048
Raymond James Financial Inc.	509	50,093	64,644
Realty Income Corp.	1,074	90,508	97,259
Regions Financial Corp.	2,622	61,933	72,304
S&P Global Inc.	664	314,067	396,387
SBA Communications Corp.	300	116,551	147,627
Signature Bank	164	66,277	67,104
Simon Property Group Inc.	903	132,893	182,497
State Street Corp.	950	97,197	111,758
Sun Communities Inc.	314	66,662	83,399
SVB Financial Group	155	94,932	132,981
Synchrony Financial	1,505	75,035	88,315
T. Rowe Price Group Inc.	615	133,659	152,975
Travelers Cos. Inc. (The)	677	122,904	133,962
Truist Financial Corp.	3,654	247,724	270,626
U.S. Bancorp	3,665	243,904	260,407
UDR Inc.	814	47,745	61,770
Ventas Inc.	1,081	69,833	69,902
VICI Properties Inc.	1,734	62,006	66,044
Wells Fargo & Co.	11,025	558,433	669,133
Welltower Inc.	1,165	107,627	126,396
WP Carey Inc.	518	48,843	53,763
		14,764,873	17,498,881
Communication Services (10.22%)			
Activision Blizzard Inc.	2,128	216,072	179,086
Airbnb Inc., Class 'A'	881	189,249	185,540
Alphabet Inc., Class 'A'	821	2,239,838	3,008,645
Alphabet Inc., Class 'C'	757	2,066,507	2,770,807
AT&T Inc.	19,701	734,725	613,051
Booking Holdings Inc.	113	307,552	342,944
Charter Communications Inc., Class 'A'	332	269,607	273,804
Comcast Corp., Class 'A'	12,573	814,350	800,459
DoorDash Inc., Class 'A'	534	133,745	100,580
Equinix Inc.	247	231,294	264,277
Liberty Broadband Corp., Class 'C'	398	77,656	81,106
Lumen Technologies Inc.	3,027	47,362	48,054
Lyft Inc., Class 'A'	747	48,000	40,376
Match Group Inc.	734	125,791	122,791

Schedule of Investments (continued)

As at December 31, 2021

Security	Shares	Average Cost	Fair Value
Meta Platforms Inc., Class 'A'	6,556	2,428,403	2,789,355
Omnicom Group Inc.	582	52,138	53,942
Pinterest Inc., Class 'A'	1,522	119,065	69,983
RingCentral Inc.	221	76,418	52,374
Roblox Corp., Class 'A'	742	71,502	96,825
Roku Inc.	321	116,244	92,660
Snap Inc., Class 'A'	3,288	208,274	195,605
T-Mobile US Inc.	1,621	249,949	237,815
Trade Desk Inc. (The)	1,188	103,524	137,713
Uber Technologies Inc.	4,019	229,523	213,165
VeriSign Inc.	270	73,673	86,689
Verizon Communications Inc.	10,995	791,889	722,666
ViacomCBS Inc, Class 'B'	1,579	75,887	60,280
Walt Disney Co. (The)	5,017	1,024,942	982,971
Zillow Group Inc., Class 'C'	469	61,024	37,880
		13,184,203	14,661,443
Industrials (6.77%)			
3M Co.	1,596	362,705	358,610
Ametek Inc.	636	97,647	118,295
Boeing Co. (The)	1,618	454,528	412,039
Carrier Global Corp.	2,391	122,893	164,049
Caterpillar Inc.	1,510	363,924	394,889
Cintas Corp.	240	107,598	134,541
CSX Corp.	6,214	239,325	295,551
Cummins Inc.	395	112,172	108,995
Deere & Co.	773	291,973	335,280
Delta Air Lines Inc.	1,760	92,803	87,004
Dover Corp.	396	69,576	90,967
Emerson Electric Co.	1,639	175,465	192,750
Equifax Inc.	335	89,249	124,072
Expeditors International of Washington Inc.	467	62,082	79,329
Fastenal Co.	1,584	99,911	128,356
FedEx Corp.	678	211,778	221,819
Fortive Corp.	963	86,946	92,932
Generac Holdings Inc.	171	68,156	76,123
General Dynamics Corp.	673	150,703	177,473
General Electric Co.	2,991	351,614	357,424
Honeywell International Inc.	1,901	485,017	501,398
Ilex Corp.	209	53,781	62,477
Illinois Tool Works Inc.	771	207,172	240,698
Ingersoll Rand Inc.	1,156	68,665	90,471

Schedule of Investments (continued)

As at December 31, 2021

Security	Shares	Average Cost	Fair Value
J.B. Hunt Transport Services Inc.	231	45,315	59,726
Jacobs Engineering Group Inc.	357	54,510	62,875
L3Harris Technologies Inc.	553	145,297	149,165
Lockheed Martin Corp.	650	306,665	292,224
Norfolk Southern Corp.	681	212,565	256,457
Northrop Grumman Corp.	397	174,749	194,381
Old Dominion Freight Line Inc.	287	86,316	130,107
Otis Worldwide Corp.	1,178	111,083	129,744
PACCAR Inc.	942	103,237	105,169
Parker Hannifin Corp.	353	120,594	142,049
Plug Power Inc.	1,573	77,161	56,171
Quanta Services Inc.	380	54,972	55,115
Raytheon Technologies Corp.	4,159	419,208	452,755
Republic Services Inc.	577	78,348	101,781
Rockwell Automation Inc.	320	107,906	141,209
Roper Technologies Inc.	290	158,410	180,432
Southwest Airlines Co.	1,627	102,064	88,168
Stanley Black & Decker Inc.	449	102,732	107,129
Teledyne Technologies Inc.	127	65,247	70,186
Textron Inc.	616	58,975	60,155
TransDigm Group Inc.	144	106,859	115,900
Trimble Inc.	692	61,097	76,321
Union Pacific Corp.	1,797	474,793	572,666
United Airlines Holdings Inc.	892	56,729	49,399
United Parcel Service Inc., Class 'B'	2,011	447,707	545,241
United Rentals Inc.	199	68,284	83,646
Verisk Analytics Inc.	441	104,713	127,595
W.W. Grainger Inc.	120	61,929	78,666
Wabtec Corp.	494	49,151	57,558
Waste Management Inc.	1,162	196,264	245,322
Xylem Inc.	495	66,622	75,088
		8,705,185	9,707,942
Consumer Staples (5.83%)			
Altria Group Inc.	5,088	293,677	305,005
Archer-Daniels-Midland Co.	1,538	110,221	131,496
Brown-Forman Corp., Class 'B'	834	76,991	76,865
Church & Dwight Co. Inc.	677	73,933	87,778
Clorox Co. (The)	337	79,882	74,328
Coca-Cola Co. (The)	10,686	727,899	800,357
Colgate-Palmolive Co.	2,321	232,873	250,554
Conagra Brands Inc.	1,296	57,840	55,985

Schedule of Investments (continued)

As at December 31, 2021

Security	Shares	Average Cost	Fair Value
Constellation Brands Inc., Class 'A'	421	114,009	133,653
Costco Wholesale Corp.	1,218	610,102	874,661
Dollar General Corp.	642	166,401	191,517
Estée Lauder Cos. Inc. (The), Class 'A'	599	211,833	280,502
General Mills Inc.	1,669	127,966	142,253
Hershey Co. (The)	400	82,526	97,892
Kellogg Co.	708	57,735	57,694
Keurig Dr Pepper Inc.	2,173	91,886	101,318
Kimberly-Clark Corp.	927	162,831	167,589
Kraft Heinz Co. (The)	1,820	82,929	82,649
Kroger Co. (The)	1,866	85,985	106,832
McCormick & Co. Inc.	682	76,540	83,345
Mondelez International Inc., Class 'A'	3,821	286,392	320,501
Monster Beverage Corp.	1,034	112,273	125,616
PepsiCo Inc.	3,813	712,448	837,847
Philip Morris International Inc.	4,295	485,074	516,131
Procter & Gamble Co. (The)	6,626	1,152,529	1,371,055
Sysco Corp.	1,332	125,083	132,350
Tyson Foods Inc., Class 'A'	802	74,776	88,423
Walgreens Boots Alliance Inc.	1,975	120,323	130,310
Walmart Inc.	4,024	705,468	736,495
		7,298,425	8,361,001
Energy (2.68%)			
Baker Hughes Co.	2,154	67,429	65,556
Cheniere Energy Inc.	649	62,102	83,261
Chevron Corp.	5,277	668,065	783,328
ConocoPhillips	3,694	254,979	337,277
Coterra Energy Inc.	2,197	59,663	52,803
Devon Energy Corp.	1,854	97,022	103,307
Diamondback Energy Inc.	497	68,885	67,803
Enphase Energy Inc.	338	65,262	78,217
EOG Resources Inc.	1,609	142,470	180,796
Exxon Mobil Corp.	11,659	799,523	902,433
Halliburton Co.	2,283	63,481	66,046
Hess Corp.	789	67,513	73,885
Kinder Morgan Inc.	5,479	114,186	109,920
Marathon Petroleum Corp.	1,749	115,303	141,571
Occidental Petroleum Corp.	2,444	79,722	89,624
ONEOK Inc.	1,223	77,849	90,904
Phillips 66	1,206	116,263	110,540
Pioneer Natural Resources Co.	603	112,248	138,732

Schedule of Investments (continued)

As at December 31, 2021

Security	Shares	Average Cost	Fair Value
Schlumberger Ltd.	3,857	134,058	146,123
Valero Energy Corp.	1,125	98,310	106,887
Williams Cos. Inc. (The)	3,349	100,856	110,314
		3,365,189	3,839,327
Utilities (2.37%)			
AES Corp. (The)	1,793	52,233	55,114
Alliant Energy Corp.	691	48,316	53,730
Ameren Corp.	701	72,843	78,928
American Electric Power Co. Inc.	1,381	152,235	155,421
American Water Works Co. Inc.	500	98,842	119,449
CenterPoint Energy Inc.	1,631	49,034	57,582
CMS Energy Corp.	796	62,820	65,499
Consolidated Edison Inc.	974	96,954	105,120
Dominion Energy Inc.	2,227	219,531	221,307
DTE Energy Co.	470	63,451	71,070
Duke Energy Corp.	2,121	259,827	281,442
Edison International	1,048	81,285	90,477
Entergy Corp.	553	74,299	78,801
Evergy Inc.	612	47,778	53,114
Eversource Energy	940	102,683	108,180
Exelon Corp.	2,667	153,375	194,860
FirstEnergy Corp.	1,500	71,126	78,914
NextEra Energy Inc.	5,406	519,730	638,426
PG&E Corp.	4,150	57,247	63,729
PPL Corp.	2,102	77,517	79,927
Public Services Enterprise Group Inc.	1,393	104,629	117,583
Sempra Energy	870	145,256	145,575
Southern Co. (The)	2,918	231,393	253,137
WEC Energy Group Inc.	870	103,567	106,826
Xcel Energy Inc.	1,483	125,970	127,000
		3,071,941	3,401,211
Materials (1.90%)			
Air Products and Chemicals Inc.	610	214,871	234,773
Albemarle Corp.	322	74,803	95,218
Avery Dennison Corp.	228	51,849	62,461
Ball Corp.	896	98,336	109,112
Celanese Corp.	304	53,217	64,627
Corteva Inc.	2,015	103,080	120,511
Crown Holdings Inc.	356	45,903	49,815
Dow Inc.	2,056	146,545	147,514
DuPont de Nemours Inc.	1,443	123,440	147,449

Schedule of Investments (continued)

As at December 31, 2021

Security	Shares	Average Cost	Fair Value
Eastman Chemical Co.	373	48,205	57,048
Ecolab Inc.	701	189,731	208,018
Freeport-McMoRan Inc., Class 'B'	4,034	150,817	212,940
International Flavors & Fragrances Inc.	702	124,033	133,776
International Paper Co.	1,076	69,380	63,944
Martin Marietta Materials Inc.	171	70,149	95,287
Newmont Corp.	2,204	164,453	172,909
Nucor Corp.	806	78,588	116,382
PPG Industries Inc.	654	122,064	142,656
Sherwin-Williams Co. (The)	663	215,867	295,343
Vulcan Materials Co.	357	73,849	93,740
Weyerhaeuser Co.	2,066	87,263	107,619
		2,306,443	2,731,142
TOTAL U.S. EQUITIES		116,878,450	139,591,618
GLOBAL EQUITIES (2.51%)			
Information Technology (0.97%)			
Accenture PLC, Class 'A'	1,839	658,616	964,344
IHS Markit Ltd.	969	123,377	162,925
Seagate Technology Holdings PLC	573	54,360	81,890
TE Connectivity Ltd.	904	143,397	184,494
		979,750	1,393,653
Health Care (0.46%)			
Horizon Therapeutics PLC	618	70,975	84,240
Medtronic PLC	3,713	547,918	485,880
STERIS PLC	275	68,556	84,673
		687,449	654,793
Financials (0.45%)			
Aon PLC	596	178,497	226,595
Arch Capital Group Ltd.	1,058	51,259	59,488
Chubb Ltd.	1,021	208,135	249,663
Willis Towers Watson PLC	353	101,756	106,046
		539,647	641,792
Industrials (0.42%)			
Eaton Corp. PLC	1,097	185,184	239,814
Johnson Controls International PLC	1,961	142,294	201,695
Trane Technologies PLC	653	131,244	166,879
		458,722	608,388

Schedule of Investments (continued)

As at December 31, 2021

Security	Shares	Average Cost	Fair Value
Consumer Discretionary (0.15%)			
Garmin Ltd.	420	67,729	72,344
Stellantis NV	5,845	135,702	138,705
		203,431	211,049
Materials (0.06%)			
LyondellBasell Industries NV, Class 'A'	727	84,978	84,816
TOTAL GLOBAL EQUITIES		2,953,977	3,594,491
TOTAL INVESTMENT PORTFOLIO (99.81%)		\$ 119,832,427	\$ 143,186,109
Cash and cash equivalents (0.13%)			188,160
Other assets less liabilities (0.06%)			86,910
TOTAL NET ASSETS (100.00%)			\$ 143,461,179

(See accompanying notes to financial statements)

Notes to Consolidated Financial Statements - ETF Specific Information

For the Year Ended December 31, 2021 and

For the Period from Inception on January 24, 2020 to December 31, 2020

A. ETF INFORMATION (NOTE 1)

The following table lists specific information about the ETF, the tickers under which the Cdn\$ Shares and US\$ Shares (if applicable), as described in note 1, trade on the Toronto Stock Exchange (the "TSX"), the functional and presentation currency of the ETF in either Canadian ("CAD") or U.S. ("USD") dollars, and the effective start of operations of the ETF.

ETF Name	TSX Ticker(s)	Reporting Currency	Effective Start of Operations
Horizons US Large Cap Index ETF	HULC, HULC.U	CAD	February 5, 2020

Investment Objective

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

Share Split Transaction

The shares of the ETF were split on a two-for-one basis effective July 5, 2021. All relevant share and per share historical data prior to July 5, 2021, has been adjusted to reflect the split.

B. FINANCIAL INSTRUMENTS RISK (NOTE 5)

(a) Market risks

(i) Currency risk

The following table indicates the foreign currencies to which the ETF had significant exposure as at December 31, 2021 and 2020, in Canadian dollar terms and the potential impact on the ETF's net assets (including the underlying principal amount of future or forward currency contracts, if any), as a result of a 1% change in these currencies relative to the Canadian dollar:

December 31, 2021	Financial Instruments	Currency Forward and/ or Futures Contracts	Total	Impact on Net Asset Value
Currency	(\$000's)	(\$000's)	(\$000's)	(\$000's)
U.S. Dollar	143,346	–	143,346	1,433
Total	143,346	–	143,346	1,433
As % of Net Asset Value	99.9%	–	99.9%	1.0%

Notes to Consolidated Financial Statements - ETF Specific Information (continued)

For the Year Ended December 31, 2021 and

For the Period from Inception on January 24, 2020 to December 31, 2020

December 31, 2020	Financial Instruments	Currency Forward and/ or Futures Contracts	Total	Impact on Net Asset Value
Currency	(\$000's)	(\$000's)	(\$000's)	(\$000's)
U.S. Dollar	55,959	–	55,959	560
Total	55,959	–	55,959	560
As % of Net Asset Value	100.0%	–	100.0%	1.0%

(ii) Interest rate risk

As at December 31, 2021 and 2020, the ETF did not hold any long-term debt instruments and did not have any exposure to interest rate risk.

(iii) Market price risk

For the year ended December 31, 2021, the US\$ Shares of the ETF returned 26.86%. This compares to a return of 26.94% for the Underlying Index for the same period. The above figures are adjusted for distributions, if any.

Generally, the difference in performance between the ETF and the Underlying Index is due to expenses payable by the ETF, which include management fees plus applicable sales taxes. The net asset value of the ETF's Cdn\$ Shares are impacted by the daily Canadian/U.S. dollar exchange rate. Since the securities in the Underlying Index are traded in U.S. dollars and are unhedged, the Cdn\$ Shares of the ETF will be positively or negatively affected by an appreciation or depreciation of the U.S. dollar versus the Canadian dollar.

The table below shows the estimated impact on the ETF of a 1% increase or decrease in the Underlying Index, based on historical correlation, with all other factors remaining constant, as at the dates shown. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Underlying Index	December 31, 2021	December 31, 2020
Solactive US Large Cap Index (CA NTR)	\$1,234,498	\$541,390

(b) Credit risk

As at December 31, 2021 and 2020, due to the nature of its portfolio investments, the ETF did not have any material credit risk exposure.

Notes to Consolidated Financial Statements - ETF Specific Information (continued)

For the Year Ended December 31, 2021 and

For the Period from Inception on January 24, 2020 to December 31, 2020

C. FAIR VALUE MEASUREMENT (NOTE 6)

The following is a summary of the inputs used as at December 31, 2021 and 2020, in valuing the ETF's investments and derivatives carried at fair values:

	December 31, 2021			December 31, 2020		
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)
Financial Assets						
Equities	143,186,109	–	–	55,800,551	–	–
Total Financial Assets	143,186,109	–	–	55,800,551	–	–
Total Financial Liabilities	–	–	–	–	–	–
Net Financial Assets and Liabilities	143,186,109	–	–	55,800,551	–	–

There were no significant transfers made between Levels 1 and 2 as a result of changes in the availability of quoted market prices or observable market inputs during the year or period shown. In addition, there were no investments or transactions classified in Level 3 for the year ended December 31, 2021, and for the period ended December 31, 2020.

D. SECURITIES LENDING (NOTE 7)

The aggregate closing market value of securities loaned and collateral received as at December 31, 2021 and 2020, was as follows:

As at	Securities Loaned	Collateral Received
December 31, 2021	\$2,633,405	\$2,816,858
December 31, 2020	–	–

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

The table below presents a reconciliation of the securities lending income as presented in the statements of comprehensive income for the year ended December 31, 2021, and for the period ended December 31, 2020. It shows the gross amount of securities lending revenues generated from the securities lending transactions of the ETF, less any taxes withheld and amounts earned by parties entitled to receive payments out of the gross amount as part of any securities lending agreements.

Notes to Consolidated Financial Statements - ETF Specific Information (continued)

For the Year Ended December 31, 2021 and

For the Period from Inception on January 24, 2020 to December 31, 2020

For the years ended	December 31, 2021	% of Gross Income	December 31, 2020	% of Gross Income
Gross securities lending income	\$3,031		–	
Withholding taxes	(124)	4.09%	–	–
Lending Agents' fees:				
Canadian Imperial Bank of Commerce	(1,160)	38.27%	–	–
Net securities lending income paid to the ETF	\$1,747	57.64%	–	–

E. REDEEMABLE SHARES (NOTE 8)

For the year ended December 31, 2021, and for the period ended December 31, 2020, the number of ETF Shares issued by subscription, the number of ETF Shares redeemed, the total and average number of ETF Shares outstanding was as follows:

Year/ Period	Beginning Shares Outstanding	Shares Issued	Shares Redeemed	Ending Shares Outstanding	Average Shares Outstanding
2021	1,000,000	1,432,800	(400,000)	2,032,800	1,476,702
2020	–	1,000,000	–	1,000,000	492,900

F. BROKER COMMISSIONS, SOFT DOLLARS AND RELATED PARTY TRANSACTIONS (NOTE 10)

Brokerage commissions paid to dealers in connection with investment portfolio transactions, soft dollar transactions incurred and amounts paid to related parties of the Manager, if any, for the year ended December 31, 2021, and for the period ended December 31, 2020, were as follow:

Year/Period Ended	Brokerage Commissions Paid	Soft Dollar Transactions	Amount Paid to Related Parties
December 31, 2021	\$569	\$nil	\$nil
December 31, 2020	\$326	\$nil	\$nil

G. OFFSETTING OF FINANCIAL INSTRUMENTS (NOTE 13)

As at December 31, 2021 and 2020, the ETF did not have any financial instruments eligible for offsetting.

H. INTERESTS IN SUBSIDIARIES, ASSOCIATES AND UNCONSOLIDATED STRUCTURED ENTITIES (NOTE 14)

As at December 31, 2021 and 2020, the ETF had no exposure to subsidiaries, associates or unconsolidated structured entities.

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2021 and

For the Period from Inception on January 24, 2020 to December 31, 2020

1. REPORTING ENTITY

Horizons ETF Corp. (the “Company”) is a mutual fund corporation established on October 10, 2019, under the federal laws of Canada. The authorized capital of the Company includes an unlimited number of non-cumulative, redeemable, non-voting classes of shares (each, a “Corporate Class” or “ETF”), issuable in an unlimited number of series, and one class of voting shares designated as “Class J Shares”. Each Corporate Class is a separate investment fund having specific investment objectives and is specifically referable to a separate portfolio of investments. These consolidated financial statements (the “financial statements”) as at December 31, 2021 and 2020, and for the year ended December 31, 2021 and for the period ended December 31, 2020, comprise the Company and its wholly-owned entities and are presented on the basis outlined below. ETF-specific information and the investment objectives for each ETF in the Company are disclosed in the ETF-specific notes information to the consolidated financial statements of each ETF. Each ETF is a separate Corporate Class and currently consists of a single series of exchange traded fund shares (“ETF Shares”) of the applicable Corporate Class of the Company.

Each ETF is offered for sale on a continuous basis by the Company’s prospectus in ETF Shares which trade on the Toronto Stock Exchange (“TSX”) in Canadian dollars (“Cdn\$ Shares”) and, where applicable, in U.S. dollars (“US\$ Shares”). Subscriptions for US\$ Shares can be made in either U.S. or Canadian dollars. An investor may buy or sell shares of the ETF on the TSX through a registered broker or dealer in the province or territory where the investor resides. Investors are able to trade shares of the ETF in the same way as other securities traded on the TSX, including by using market orders and limit orders and may incur customary brokerage commissions when buying or selling shares.

Horizons ETFs Management (Canada) Inc. (“Horizons Management” or the “Manager” or the “Investment Manager”) is the manager and investment manager of the Company and of each Corporate Class. The Investment Manager is responsible for implementing each ETF’s investment strategies. The address of the Company’s registered office is: c/o Horizons ETFs Management (Canada) Inc., 55 University Avenue, Suite 800, Toronto, Ontario, M5J 2H7.

Investment Objective

The purpose of each ETF is to invest the net assets attributable to that ETF in accordance with its investment objectives, as defined in the Company’s prospectus. The investment objective for each ETF is set out in note A in the ETF-specific notes information.

2. BASIS OF PREPARATION

(i) *Statement of compliance*

The ETF’s financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board. Any mention of total net assets, net assets, net asset value or increase (decrease) in net assets is referring to net assets or increase (decrease) in net assets attributable to holders of redeemable shares as reported under IFRS.

These financial statements were authorized for issue on March 11, 2022, by the Board of Directors of the Company.

(ii) *Basis of measurement*

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

Notes to Consolidated Financial Statements (continued)

For the Year Ended December 31, 2021 and

For the Period from Inception on January 24, 2020 to December 31, 2020

3. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Financial instruments

(i) Recognition, initial measurement and classification

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

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

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

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

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

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

(ii) Fair value measurement

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

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

Notes to Consolidated Financial Statements (continued)

For the Year Ended December 31, 2021 and

For the Period from Inception on January 24, 2020 to December 31, 2020

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

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

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

(iii) Offsetting

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

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

(iv) Specific instruments

Cash

Cash consists of cash on deposit.

Redeemable shares

The Company has made significant judgments when determining the classification of each ETF's redeemable securities as financial liabilities in accordance with IAS 32 – Financial Instruments – Presentation (“IAS 32”).

Each ETF's redeemable shares are classes in the Company. The classes will not participate pro rata in the residual net assets of the Company in the event of the Company's liquidation and they do not have identical features. Consequently, each ETF's outstanding redeemable shares are classified as financial liabilities in accordance with the requirements of IAS 32.

Derivative agreements

In order to achieve its investment objective, the ETF may enter into derivative agreements (the “Derivative Agreements”) with one or more bank counterparties (each a “Counterparty”). The value of these derivative agreements is the gain or loss that would be realized if, on the Valuation Date, the agreements were to be closed out. That value is recorded as a derivative asset and/or derivative liability in the statements of financial position and included in the net change in unrealized appreciation (depreciation) of investments and derivatives in the statements of comprehensive income.

When these derivative contracts are closed out or mature, realized gains or losses on the derivative agreements are recognized and are included in the statements of comprehensive income in net realized gain (loss) on sale of investments and derivatives.

Notes to Consolidated Financial Statements (continued)

For the Year Ended December 31, 2021 and

For the Period from Inception on January 24, 2020 to December 31, 2020

(b) Investment income

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

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

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

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

(c) Foreign currency

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

(d) Cost basis

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

(e) Increase (decrease) in net assets attributable to holders of redeemable shares per share

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

(f) Shareholder transactions

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

Notes to Consolidated Financial Statements (continued)

For the Year Ended December 31, 2021 and

For the Period from Inception on January 24, 2020 to December 31, 2020

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

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

(h) Net assets attributable to holders of redeemable shares per share

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

(i) Transaction costs

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

The COVID-19 virus is an ongoing but fading risk to the global recovery and as such it continues to have an impact and is a risk in the markets in which the ETF operates. COVID variants are still causing economic uncertainty, and may impact estimates and/or judgements the Manager makes for the purposes of preparing the ETF's financial statements related to matters that are inherently uncertain. However, the Manager maintains detailed policies and internal controls that are intended to ensure that these estimates and judgements are well controlled, and that they are consistently applied from period to period. It is the Manager's opinion that any estimates and/or judgements used in the preparation of these financial statements are appropriate as at December 31, 2021 and 2020, and for the year ended December 31, 2021 and for the period ended December 31, 2020.

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

5. FINANCIAL INSTRUMENTS RISK

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

Notes to Consolidated Financial Statements (continued)

For the Year Ended December 31, 2021 and

For the Period from Inception on January 24, 2020 to December 31, 2020

Please refer to the Company's most recent prospectus for a complete discussion of the risks attributed to an investment in the shares of the ETF. Significant financial instrument risks that are relevant to the ETF are discussed below and an analysis thereof is included in note B of the ETF-specific notes information.

(a) Market risks

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

(i) Currency risk

Currency risk is the risk that financial instruments which are denominated in currencies other than the ETF's reporting currency will fluctuate due to changes in exchange rates and adversely impact the ETF's income, cash flows or fair values of its investment holdings.

(ii) Interest rate risk

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

(iii) Market price risk

Other market price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment.

The ETF is subject to other market risks that will affect the value of its investments, including general economic and market conditions, as well as developments that impact specific economic sectors, industries or companies. The ETF will normally lose value on days when the securities comprising the Underlying Index declines. The ETF intends to remain fully invested regardless of market conditions.

(b) Credit risk

Credit risk on financial instruments is the risk of a financial loss occurring as a result of the default of a counterparty on its obligation to the ETF. It arises principally from debt securities held, and also from derivative financial assets, cash and cash equivalents, and other receivables.

The ETF's maximum credit risk exposure as at the reporting date is represented by the respective carrying amounts of the financial assets in the statements of financial position, including any positive mark-to-market of the ETF's Derivative Agreement(s). This amount is included in "Derivative assets" (if any) in the statements of financial position. The credit risk related to any one Derivative Agreement is concentrated in the Counterparty to that particular Derivative Agreement.

Notes to Consolidated Financial Statements (continued)

For the Year Ended December 31, 2021 and

For the Period from Inception on January 24, 2020 to December 31, 2020

Credit risk is managed by dealing with counterparties the Manager believes to be creditworthy and which meet the designated rating requirements of National Instrument 81-102 ("NI 81-102").

(c) Liquidity risk

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

6. FAIR VALUE MEASUREMENT

IFRS 13, Fair Value Measurement ("IFRS 13") requires a classification of fair value measurements of the ETF's investments based on a three level fair value hierarchy and a reconciliation of transactions and transfers within that hierarchy. The hierarchy of fair valuation inputs is summarized as follows:

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

Changes in valuation methods may result in transfers into or out of an investment's assigned level. The fair value hierarchy classification of the ETF's assets and liabilities and additional disclosures relating to transfers between levels is included in note C in the ETF-specific notes information.

7. SECURITIES LENDING

In order to generate additional returns, the ETF is authorized to enter into securities lending agreements with borrowers deemed acceptable in accordance with NI 81-102. Under a securities lending agreement, the borrower must pay the ETF a negotiated securities lending fee, provide compensation to the ETF equal to any distributions received by the borrower on the securities borrowed, and the ETF must receive an acceptable form of collateral in excess of the value of the securities loaned. Although such collateral is marked to market, the ETF may be exposed to the risk of loss should a borrower default on its obligations to return the borrowed securities and the collateral is insufficient to reconstitute the portfolio of loaned securities. Revenue, if any, earned on securities lending transactions during the period is disclosed in the ETF's statements of comprehensive income.

The aggregate closing market value of securities loaned and collateral received, if any, as at December 31, 2021 and 2020, and a reconciliation of the securities lending income for the year ended December 31, 2021 and for the period ended December 31, 2020, if any, as presented in the statements of comprehensive income are presented in note D of the ETF-specific notes information.

Notes to Consolidated Financial Statements (continued)

For the Year Ended December 31, 2021 and

For the Period from Inception on January 24, 2020 to December 31, 2020

8. REDEEMABLE SHARES

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

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

The redeemable shares issued by the ETF provide an investor with the right to require redemption for cash at a value proportionate to the investor’s share in the ETF’s net assets at each redemption date. The ETF’s objectives in managing the redeemable shares are to meet the ETF’s investment objective, and to manage liquidity risk arising from redemptions. The ETF’s liquidity risk arising from redeemable shares is discussed in note 5.

On any valid trading day, as defined in the ETF’s prospectus, shareholders of the ETF may redeem: (i) ETF Shares for cash at a redemption price per ETF Share equal to 95% of the closing price for the ETF Shares in the applicable currency on the TSX on the effective day of the redemption, subject to a maximum redemption price per ETF Share equal to the net asset value per ETF Share on the effective day of redemption; or (ii) at the sole discretion of the Manager, a prescribed number of shares (“PNS”) or a whole multiple PNS for cash in the applicable currency equal to the net asset value of that number of ETF Shares in such currency next determined following the receipt of the redemption request, less any applicable redemption charge as determined by the Manager in its sole discretion; or (iii) at the sole discretion of the Manager, a PNS or a whole multiple PNS in exchange for securities and cash in the applicable currency equal to the net asset value of that number of ETF Shares in such currency following the receipt of the redemption request, provided that a securities redemption may be subject to redemption charges at the sole discretion of the Manager.

Shares of the ETF are issued or redeemed on a daily basis at the net asset value per share that is determined as at 4:00 p.m. (Eastern Time) each business day.

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

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

Notes to Consolidated Financial Statements (continued)

For the Year Ended December 31, 2021 and

For the Period from Inception on January 24, 2020 to December 31, 2020

A summary table of the number of shares issued by subscription, the number of shares redeemed, the total and average number of shares outstanding during the relevant reporting periods is disclosed in note E of the ETF-specific notes information.

9. EXPENSES AND OTHER RELATED PARTY TRANSACTIONS**Management fees**

In consideration for management services and investment advice provided to the ETF, the Manager is entitled to a management fee. The management fee, inclusive of sales tax, is applied on a daily basis to the net asset value of the ETF. The management fees, exclusive of sales tax, are charged at the annual rate of 0.08%. Approximately 100% of management fees were used for management, investment management, operating costs of the ETF, other general administration and profit.

From the management fee, the Manager has paid substantially all of the costs and expenses relating to the operation of the business and affairs of the ETF including investment management, administration, legal, accounting, custody, audit, registrar and transfer agency fees, and applicable sales taxes as well as expenses associated with advertising, marketing, sponsoring and promoting the sale of securities of the ETF.

The ETF's constituting documents require that the Manager pay all the expenses of the ETF other than the management fees and sales tax on the management fee as may be applicable. As a result, the ETF does not have any other expenses.

The management fees paid to the Manager are considered related party transactions, as the Manager is a related party to the ETF. The management fees paid to the Manager are disclosed in the statements of comprehensive income. The management fees payable by the ETF as at December 31, 2021 and 2020, are disclosed in the statements of financial position.

10. BROKER COMMISSIONS, SOFT DOLLARS AND RELATED PARTY TRANSACTIONS

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

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

In addition to the information contained in note F of the ETF-specific notes information, the management fees paid to the Manager described in note 9 are related party transactions, as the Manager is considered to be a related party to the ETF. The management fees payable by the ETF as at December 31, 2021 and 2020, are disclosed in the statements of financial position.

Fees paid to the Independent Review Committee are also considered to be related party transactions. Both the management fees and fees paid to the Independent Review Committee are disclosed in the statements of comprehensive income.

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

Notes to Consolidated Financial Statements (continued)

For the Year Ended December 31, 2021 and

For the Period from Inception on January 24, 2020 to December 31, 2020

11. INCOME TAX

The Company qualifies and intends at all relevant times to qualify as a “mutual fund corporation” as defined in the Tax Act. Although the Company may issue any number of classes, in any number of series, it will be required (like any other mutual fund corporation with a multi-class structure) to compute its income and net capital gains for tax purposes as a single entity. All of the Company’s revenues, deductible expenses, non-capital losses, capital gains and capital losses in connection with all of its investment portfolios, and other items relevant to its tax position (including the tax attributes of all of its assets), will be taken into account in determining the income (and taxable income) or loss of the Company and applicable taxes payable by the Company as a whole.

As a mutual fund corporation, the Company is entitled, in certain circumstances, to a refund of tax paid by it in respect of its net realized capital gains determined on a formula basis that is based in part on the redemption of the ETF Shares. Also, as a mutual fund corporation, the Company will be entitled to maintain a capital gains dividend account in respect of its net realized capital gains and from which it may elect to pay dividends which are treated as capital gains in the hands of shareholders.

To the extent that the Company earns net income (other than dividends from taxable Canadian corporations and certain taxable capital gains and after available deductions), including in respect of derivative transactions, interest and income paid or made payable to it by a trust resident in Canada, the Company will be subject to income tax on such net income and no refund will be available in respect thereof.

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

The Company will establish a policy to determine how it will allocate income and capital gains in a tax-efficient manner among its Corporate Classes in a way that it believes is fair, consistent and reasonable for all shareholders. The amount of dividends, if any, paid to shareholders will be based on this tax allocation policy, which will be approved by the Company’s board of directors.

12. TAX LOSSES CARRIED FORWARD

Where the Company has realized a net capital loss in a taxation year, such capital loss cannot be allocated to shareholders but the Company may carry such capital loss back three years or forward indefinitely to offset capital gains realized by the Company. Non-capital losses incurred by the Company in a taxation year cannot be allocated to shareholders of the Company, but may be carried back three years or carried forward twenty years to offset income (including taxable capital gains).

Notes to Consolidated Financial Statements (continued)

For the Year Ended December 31, 2021 and

For the Period from Inception on January 24, 2020 to December 31, 2020

As at December 31, 2021, the Company and its wholly-owned entities had net capital losses and/or non-capital losses, with the year of expiry of the non-capital losses as follows:

Net Capital Losses	Non-Capital Losses	Year of Expiry of the Non-Capital Losses
\$1,326,394,679	\$126,121	2028
	\$1,961,149	2029
	\$5,668,871	2030
	\$3,237,571	2031
	\$3,138,653	2032
	\$153,021,428	2033
	\$230,454,838	2034
	\$447,405,094	2035
	\$74,326,117	2036
	\$266,066,173	2037
	\$118,767,474	2038
	\$191,271,535	2039
	\$1,903,168,633	2040

13. OFFSETTING OF FINANCIAL INSTRUMENTS

In the normal course of business, the ETF may enter into various master netting arrangements or other similar agreements that do not meet the criteria for offsetting in the statements of financial position but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or termination of the contracts. Amounts eligible for offset, if any, are disclosed in note G of the ETF-specific notes information.

14. INTERESTS IN SUBSIDIARIES, ASSOCIATES AND UNCONSOLIDATED STRUCTURED ENTITIES

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

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

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

Notes to Consolidated Financial Statements (continued)

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For the Period from Inception on January 24, 2020 to December 31, 2020

Investments in Investee ETFs are susceptible to market price risk arising from uncertainty about future values of those Investee ETFs. The maximum exposure to loss from interests in Investee ETFs is equal to the total fair value of the investment in those respective Investee ETFs at any given point in time. The fair value of Investee ETFs, if any, are disclosed in investments in the statements of financial position, listed in the schedule of investments, and further detailed in note H of the ETF-specific notes information.

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