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PROSPECTUS

Initial Public Offering

March 30, 2011

HORIZONS ETFs

Horizons U.S. Dollar Currency ETF (“Horizons DLR”) Horizons Australian Dollar Currency ETF (“Horizons ASD”) (together, the “ETFs”)

The Horizons ETFs are exchange traded mutual funds and consist in total of 66 open end mutual fund trusts established under the laws of Ontario, two of which are offered pursuant to this prospectus. Class A units (“Units”) of the ETFs are being offered for sale on a continuous basis by this prospectus and there is no minimum number of Units of an ETF that may be issued. The Units of each ETF shall be offered for sale at a price equal to the net asset value of such Units next determined following the receipt of a subscription order.

The Toronto Stock Exchange (the “TSX”) has conditionally approved the listing of the Units, subject to each ETF, respectively, fulfilling all of the requirements of the TSX before the listing date. The Manager (as defined below) expects that the first issuance, listing and trading of Units of the ETFs will occur on the TSX on or after April 7, 2011, as the Manager may determine in its discretion.

The manager and trustee of the ETFs is BetaPro Management Inc. (“BetaPro”, the “Manager” or the “Trustee”). The Manager has retained JovInvestment Management Inc. (the “Investment Manager”) to act as investment manager of the ETFs. See “Organization and Management Details of the ETFs” at page 20.

Horizons DLR seeks to reflect the price in Canadian dollars of the U.S. dollar, net of expenses by investing primarily in cash and Cash Equivalents (as defined below) that are denominated in the U.S. dollar.

Horizons ASD seeks to reflect the price in Canadian dollars of the Australian dollar, net of expenses by investing primarily in cash and Cash Equivalents that are denominated in the Australian dollar.

An ETF may also use a currency forward agreement in order to achieve its investment objectives and the use of a currency forward agreement, if any, shall be in compliance with National Instrument 81-102 *Mutual Funds* (“NI 81-102”) and shall be consistent with the investment objective of the ETF. See “Investment Objectives” and “Investment Strategies” at page 4.

Each of the ETFs will comply with all requirements of NI 81-102.

The ETFs are subject to certain investment restrictions. See “Investment Restrictions” at page 8.

Once Units of the ETFs are listed on the TSX, investors will be able to buy or sell Units of the ETFs on the TSX through registered brokers and dealers in the province or territory where the investor resides. Investors will incur customary brokerage commissions in buying and/or selling Units of an ETF.

The Manager, on behalf of the ETFs, may enter into agreements with registered dealers (each, a “**Designated Broker**” or “**Dealer**”) which, amongst other things, will enable such Dealers and Designated Brokers to purchase and redeem Units directly from such ETF. Holders of Units of an ETF (the “**Unitholders**”) will be able to dispose of their Units in three ways: (i) by selling their Units on the TSX at the full market price, less any customary brokerage commissions and expenses; (ii) by redeeming a prescribed number of Units (a “**PNU**”) for cash or the applicable foreign currency; or (iii) by redeeming Units for cash at a redemption price of 95% of the closing price for the applicable Units on the effective day of redemption. Unitholders are advised to consult their brokers or investment advisers before redeeming Units for cash. Each ETF will also offer additional redemption options which are available where a Dealer, Designated Broker or Unitholder redeems or exchanges a PNU. See “Purchases of Units” at page 14 and “Exchange and Redemption of Units” at page 15.

A market price for a Unit of an ETF is not currently available as the ETFs are newly formed and not yet listed on the TSX.

No Dealer has been involved in the preparation of this prospectus or has performed any review of the contents of this prospectus. The Designated Brokers and Dealers are not underwriters of the ETFs in connection with the distribution by the ETFs of their respective Units under this prospectus.

For a discussion of the risks associated with an investment in Units of an ETF, see “Risk Factors” at page 9.

In the opinion of Fasken Martineau DuMoulin LLP, counsel to the ETFs, provided that an ETF qualifies as a “mutual fund trust” within the meaning of the *Income Tax Act* (Canada) (the “**Tax Act**”), or the Units of an ETF are listed on a “designated stock exchange” within the meaning of the Tax Act, then Units of that ETF will be qualified investments under the Tax Act for a trust governed by a registered retirement savings plan, a registered retirement income fund, a deferred profit sharing plan, a registered disability savings plan, a registered education savings plan or a tax-free savings account.

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

Additional information about the ETFs will be available in the most recently filed annual financial statements together with the accompanying auditors’ report, any filed interim financial statements filed after these annual financial statements, and annual and interim management reports of fund performance, of each ETF. These documents will be incorporated by reference into this prospectus which means that they legally form part of this prospectus. For further details, see “Documents Incorporated by Reference” on page 40.

You can get a copy of these documents at your request, and at no cost, by calling the Manager at 416-933-5745 or toll-free at 1-866-641-5739, or from your dealer. These documents are also available on the Manager’s website at www.HBPETFs.com, or by contacting the Manager by e-mail at info@hbpets.com. These documents and other information about the ETFs will also be available on the website of SEDAR (the System for Electronic Document Analysis and Retrieval) at www.sedar.com.

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PROSPECTUS SUMMARY

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

The ETFs

The Horizons ETFs are exchange traded mutual funds and consist in total of 66 open end mutual fund trusts established under the laws of Ontario, two of which are offered pursuant to this prospectus. See “Overview of the Legal Structure of the ETF” at page 4.

Investment Objectives

Horizons DLR

Horizons DLR seeks to reflect the price in Canadian dollars of the U.S. dollar, net of expenses by investing primarily in cash and Cash Equivalents that are denominated in the U.S. dollar.

Horizons ASD

Horizons ASD seeks to reflect the price in Canadian dollars of the Australian dollar, net of expenses by investing primarily in cash and Cash Equivalents that are denominated in the Australian dollar.

See “Overview of the Sectors that the ETFs Invest In” at page 6.

Investment Strategies

Horizons DLR

In order to achieve its investment objective the Horizons DLR will invest in cash and Cash Equivalents that are denominated in the U.S. dollar.

Horizons ASD

In order to achieve its investment objective the Horizons ASD will invest in cash and Cash Equivalents that are denominated in the Australian dollar.

General

An ETF may also use a currency forward agreement in order to achieve its investment objectives and the use of a currency forward agreement, if any, shall be in compliance with NI 81-102 and shall be consistent with the investment objectives of the ETF.

See “Investment Strategies” at page 4.

The ETFs are subject to certain investment restrictions. See “Investment Restrictions” at page 8.

Offering

Units of each ETF will be offered for sale on a continuous basis by this prospectus and there is no minimum number of Units of an ETF that may be issued. Units of an ETF shall be offered for sale at a price equal to the net asset value of the Units of the ETF next determined following the receipt of a subscription order. See “Plan of Distribution” at page 35.

Upon satisfaction of the TSX’s original listing requirements, including distribution of a minimum number of Units, the Units of the ETFs will be listed on the TSX. The Manager expects that the first issuance, listing and trading of the Units of the ETFs on the TSX will occur on or after April 7, 2011, as the Manager may determine in its discretion.

Investors will be able to purchase or sell Units of each ETF on the TSX through a registered broker or dealer in the province or territory where the investor resides. Accordingly, investors may trade Units of an ETF in the same way as other securities listed on the TSX, including by using market orders and limit orders. Investors will incur customary brokerage commissions when buying or selling Units on the TSX. Dealers may purchase a PNU from an ETF at the net asset value per Unit of such ETF.

See “Attributes of the Securities” at page 31.

Special Considerations for Purchasers

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

Market participants are permitted to sell Units of an ETF short and at any price without regard to the restrictions of the Universal Market Integrity Rules that generally prohibit selling securities short on the TSX unless the price is at or above the last sale price.

See “Purchases of Units – Buying and Selling Units of the ETFs” at page 14, “Attributes of the Securities - Description of the Securities Distributed” at page 31; and “Exemptions and Approvals” at page 39.

Conflicts of Interest

The ETFs are subject to certain conflicts of interest. The Manager and the Investment Manager are affiliated and Units of an ETF may be sold by dealers that are related to the Manager. See “Organization and Management Details of the ETFs - Conflicts of Interest” at page 26 and see “Relationship between the ETFs and Dealers” on page 35.

Distribution Policy

It is anticipated that the ETFs will each make distributions to their Unitholders of any income earned on cash and Cash Equivalents, net of fees and expenses, on a monthly basis. To the extent required, each ETF will also distribute, on an annual basis prior to the end of each year, sufficient net income (including net capital gains) that has not previously been distributed so that each ETF will not be liable for ordinary income tax in any given year. In either case, such distributions will be paid in cash unless a Unitholder is participating in the Reinvestment Plan.

Under the Reinvestment Plan, the amount actually distributed by the ETF will be paid as a “reinvested distribution”. Reinvested distributions on Units of an ETF will be reinvested automatically in additional Units of the ETF at a price equal to the net asset value per Unit of the ETF on such day and the Units of the ETF will be immediately consolidated such that the number of outstanding Units of the ETF held by each Unitholder on such day following the distribution will equal the number of Units of the ETF held by the Unitholder prior to the distribution.

See “Distribution Policy” at page 11; and “Tax Implications of the Fund’s Distribution Policy” on page 20.

Distribution Reinvestment

At any time, a Unitholder of an ETF may elect to participate in the Reinvestment Plan by contacting the CDS Participant through which the Unitholder holds its Units. Under the Reinvestment Plan, cash distributions will be used to acquire additional Units in the market and will be credited to the account of the Unitholder through CDS.

See “Distribution Policy – Distribution Reinvestment Plan” at page 12.

Redemptions of Units

On any Trading Day, Unitholders, Dealers and Designated Brokers may redeem: (i) Units for cash at a redemption price per Unit equal to 95% of the closing price for the applicable Units on the effective day of redemption, where the Units being redeemed are not equal to a PNU or a multiple PNU or (ii) less any applicable redemption charges, a PNU or a multiple PNU of an ETF for cash equal to the net asset value of that number of Units. As Unitholders will generally be able to sell (rather than redeem) Units at the applicable full market price on the TSX through a registered broker or dealer subject only to customary brokerage commissions, unless they are redeeming a PNU, Unitholders are advised to consult their brokers, dealers or investment advisors before redeeming such Units for cash. No fees or expenses are paid by a Unitholder of an ETF to BetaPro or the respective ETF in connection with selling Units of the ETF on the TSX. Each ETF will also offer additional redemption options which are available where a Dealer, Designated Broker or Unitholder redeems a PNU. “Exchange and Redemption of Units” at page 15.

Termination

The ETFs do not have a fixed termination date but an ETF may be terminated by BetaPro on not less than 60 days notice to Unitholders of such ETF.

See “Termination of the ETFs” at page 34.

Eligibility for Investment

Provided that Units of an ETF are listed on a “designated stock exchange” or an ETF qualifies, effective from the date of its establishment, as a “mutual fund trust” under the Tax Act, then Units of such ETF will be qualified investments under the Tax Act for Registered Plans.

See “Income Tax Considerations – Status of the ETFs” at page 17.

Documents Incorporated by Reference

Additional information about the ETFs will be available in the most recently filed annual and interim financial statements of the ETFs and the most recently filed annual and interim management report of fund performance of each ETF. These documents will be incorporated by reference into this prospectus. Documents incorporated by reference into this prospectus legally form part of this prospectus just as if they were printed as part of this prospectus. These documents will be publicly available on the website of the ETFs at www.HBPETFs.com and may be obtained upon request, at no cost, by calling toll-free 1-866-641-5739 or by contacting your dealer. These documents and other information about the ETFs are also publicly available at www.sedar.com. See “Documents Incorporated by Reference” at page 40.

Risk Factors

There are certain risk factors inherent to an investment in the ETFs. These risks relate to the following factors:

- price fluctuations of foreign currency;
- foreign exchange rate risk;
- concentration risk;
- substantial sales of foreign currency;
- risk that Units will trade at prices other than net asset value per Unit;
- liquidity risk;
- borrowing risk;
- tax related risks;
- risks relating to tax changes; and
- securities lending.

See “Risk Factors” at page 9.

Organization and Management of the ETFs

The Manager and Trustee

BetaPro Management Inc., a corporation incorporated under the laws of Canada, is the manager and trustee of the ETFs. The Manager will be responsible for providing or arranging for the provision of administrative services required by the ETFs. The principal office of BetaPro is 26 Wellington Street East, Suite 700, Toronto, Ontario, M5E 1S2. BetaPro was primarily organized for the purpose of managing investment products, including the ETFs. See “Organization and Management Details of the ETFs – Manager of the ETFs” on page 20.

Investment Manager	JovInvestment Management Inc., a corporation incorporated under the laws of Ontario, is the investment manager of the ETFs. Investment advisory and portfolio management services will be provided to the ETFs by the Investment Manager. The Investment Manager is a wholly-owned subsidiary of Jovian, a management and holding company with interests in a variety of financial service firms specializing in wealth and asset management and is an affiliate of BetaPro. The principal office of the Investment Manager is at 26 Wellington Street East, Suite 608, Toronto, Ontario M5E 1S2. See “Organization and Management Details of the ETFs – Investment Manager” on page 24.
Custodian	SSTCC is the custodian of the ETFs and is independent of the Manager. SSTCC will provide custodial services to the ETFs and is located in Toronto, Ontario. See “Organization and Management Details of the ETFs – Custodian” on page 29.
Valuation Agent	SSTCC has also been retained to provide accounting valuation services to the ETFs. SSTCC is located in Toronto, Ontario. See “Organization and Management Details of the ETFs – Valuation Agent” on page 29.
Auditors	KPMG LLP is responsible for auditing the annual financial statements of the ETFs. The auditors are independent of the Manager. The head office of the auditors is located in Toronto, Ontario. See “Organization and Management Details of the ETFs – Auditors” on page 29.
Promoter	BetaPro is also the promoter of the ETFs. BetaPro took the initiative in founding and organizing the ETFs and is, accordingly, the promoter of the ETFs within the meaning of securities legislation of certain provinces and territories of Canada. See “Organization and Management Details of the ETFs – Promoter” on page 29.
Transfer Agent and Registrar	CIBC Mellon has been retained to act as the registrar and transfer agent for the ETFs pursuant to a registrar and transfer agency agreement. CIBC Mellon is located in Toronto, Ontario and is independent of the Manager. See “Organization and Management Details of the ETFs – Transfer Agent and Registrar” on page 29.

Summary of Fees and Expenses

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

Type of Charge	Description
Management Fees	The Horizons DLR will pay an annual management fee to the Manager equal to 0.45% of the net asset value of the Horizons DLR, together with Sales Tax. The Horizons ASD will pay an annual management fee to the Manager equal to 0.45% of the net asset value of the Horizons ASD, together with Sales Tax. The Management Fees will be calculated and accrued daily and payable monthly in arrears.

Management Fee Distributions

The Manager may, at its discretion, agree to charge a reduced fee as compared to the fee it would otherwise be entitled to receive from an ETF with respect to large investments in the ETF by Unitholders. Such a reduction will be dependent upon a number of factors, including the amount invested, the total assets of the ETF under administration and the expected amount of account activity. In such cases, an amount equal to the difference between the fee otherwise chargeable and the reduced fee will be distributed to the applicable Unitholders as Management Fee Distributions.

See “Fees and Expenses” at page 8.

Operating Expenses

Except as set out below, the Manager is responsible for all costs and expenses of the ETFs except the Management Fee, brokerage expenses and commissions, income taxes, Sales Tax, costs associated with the independent review committee of the ETFs, filing fees, audit fees, fees payable to CDS, stock exchange fees, index licensing fees, if applicable, withholding taxes and Extraordinary Expenses. Costs and expenses payable by the Manager include the fees payable to the Investment Manager, the Custodian, the Registrar and Transfer Agent, and fees payable to other service providers retained by the Manager.

See “Fees and Expenses” at page 8.

Harmonized Sales Tax

Each ETF is generally required to pay GST/HST on any management fees that it has to pay. As a result of the harmonization of Ontario’s and British Columbia’s respective provincial sales taxes with the GST/HST, effective July 1, 2010, investment funds such as the ETF may incur greater GST/HST expenses than would have been incurred prior to July 1, 2010, which accordingly may increase costs borne by an ETF and the Unitholders of the ETF.

Expenses of the Issue

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

See “Fees and Expenses” at page 8.

Fees and Expenses Payable Directly by Unitholders

Redemption Charge

The Manager may charge Unitholders of an ETF, at its discretion, a redemption charge of up to 0.25% of the redemption proceeds of the ETF. The Manager will publish the current redemption charge on its website, www.HBPETFs.com.

See “Fees and Expenses - Fees and Expenses Payable Directly by the Unitholders - Redemption Charge” at page 9.

Annual Returns

As the ETFs are newly formed and have not yet completed a financial year, information related to annual returns and management expense ratios of the ETFs does not yet exist.

GLOSSARY

The following terms have the following meaning:

“**AlphaPro**” means AlphaPro Management Inc.;

“**Basket Subscription**” means a subscription consisting of cash or cash and Cash Equivalents, determined to be acceptable to the Investment Manager from time to time for the purpose of subscription orders;

“**BetaPro**” means BetaPro Management Inc., the manager, trustee and promoter of the ETFs;

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

“**Cash Equivalents**” means an evidence of indebtedness that has a remaining term of maturity of 365 days or less and that is issued, or fully and unconditionally guaranteed as to principal and interest, by (a) the government of Canada or the government of a province or territory of Canada, (b) the government of the United States of America, the government of one of the states of the United States of America, the government of another sovereign state or a permitted supranational agency, if, in each case, the evidence of indebtedness has an approved credit rating, or (c) a Canadian financial institution, or a financial institution that is not incorporated or organized under the laws of Canada or of a jurisdiction if, in either case, evidences of indebtedness of that issuer or guarantor that are rated as short term debt by an approved credit rating organization have an approved credit rating;

“**Cash Subscription**” means a subscription order for Units of an ETF that is paid in full in Canadian currency;

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

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

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

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

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

“**Custodian Agreement**” means the custody agreement made as of the 27th day of February 2009, as amended December 9, 2010, February 2, 2011, February 14, 2011 and March 30, 2011, between the Manager, in its capacity as trustee and manager of each ETF, and the Custodian;

“**Dealer**” means a registered dealer (that may or may not be a Designated Broker) that has entered into a Dealer Agreement with the Manager, on behalf of the ETFs, pursuant to which the Dealer may subscribe for Units of an ETF as described under “Purchases of Units” at page 14;

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

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

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

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

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

“**ETFs**” means, together, Horizons DLR and Horizons ASD; and “**ETF**” means either one of them;

“**Extraordinary Expenses**” means any unknown or unanticipated expenses that did not exist at the time the ETF was first created but later came to apply to the ETF as a result of regulatory or legislative changes;

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

“**Horizons ASD**” means the Horizons Australian Dollar Currency ETF;

“**Horizons DLR**” means the Horizons U.S. Dollar Currency ETF;

“**Indemnified Persons**” means the Investment Manager and its directors, officers and employees;

“**Investment Management Agreement**” means the investment management agreement made January 3, 2007, as amended on June 7, 2007, January 11, 2008, June 13, 2008, February 27, 2009, January 28, 2010, April 7, 2010, June 16, 2010, August 31, 2010, November 24, 2010, December 9, 2010, February 2, 2011, February 14, 2011 and March 30, 2011 among the ETFs, the Manager and the Investment Manager;

“**Investment Manager**” means JovInvestment Management Inc., in its capacity as investment manager of the ETFs pursuant to the Investment Management Agreement;

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

“**Jovian**” means Jovian Capital Corporation;

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

“**Management Fee Distribution**” is as described under “Fees and Expenses” on page 8 and means an amount equal to the difference between the Management Fee otherwise chargeable by the Manager and a reduced fee determined by the Manager, at its discretion, from time to time, and that is distributed quarterly in cash to Unitholders of an ETF who hold large investments in that ETF;

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

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

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

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

“**Payment Date**” has the meaning ascribed to such term under the heading “Distribution Policy – Distribution Reinvestment Plan”;

“**Plan Agent**” means Computershare Trust Company of Canada, plan agent for the Reinvestment Plan;

“**Plan Participant**” has the meaning ascribed to such term under the heading “Distribution Policy – Distribution Reinvestment Plan”;

“**Plan Units**” has the meaning ascribed to such term under the heading “Distribution Policy – Distribution Reinvestment Plan”;

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

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

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

“**Registrar and Transfer Agent**” means CIBC Mellon;

“**Reinvestment Plan**” means the distribution reinvestment plan for the ETFs, as described under the heading “Distribution Policy – Distribution Reinvestment Plan”;

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

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

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

“**Sales Tax**” means applicable sales, use and value-added taxes, including GST/HST;

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

“**SSTCC**” means State Street Trust Company Canada;

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

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

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

“**Trading Day**” means a day on which a session of the TSX is held;

“**Trust Declaration**” means the amended and restated master declaration of trust made as of August 31, 2010, as amended November 24, 2010, December 9, 2010, February 2, 2011, February 14, 2011 and March 30, 2011 by the Trustee;

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

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

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

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

“**Valuation Agent**” means SSTCC, whom the Manager has also retained to provide accounting and valuation services in respect of the ETFs;

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

“**Valuation Time**” means 4:15 p.m. (EST) on a Valuation Day.

OVERVIEW OF THE LEGAL STRUCTURE OF THE ETF

The ETFs are two of 66 open-end exchange traded mutual fund trusts established under the laws of Ontario by BetaPro Management Inc. and its affiliate. Only the ETFs are offered pursuant to this prospectus. The manager and trustee of the ETFs is BetaPro. The Manager has retained JovInvestment Management Inc. to act as investment manager of the ETFs.

The ETFs that are offered pursuant to this prospectus are:

Name of ETF	Abbreviated Name	Ticker Symbol
Horizons U.S. Dollar Currency ETF	Horizons DLR	DLR
Horizons Australian Dollar Currency ETF	Horizons ASD	ASD

The ETFs were created pursuant to the Trust Declaration. The head office of the Manager and the ETFs is 26 Wellington Street East, Suite 700, Toronto, Ontario, M5E 1S2. While each ETF will be a mutual fund under the securities legislation of certain provinces and territories of Canada, each ETF is entitled to rely on exemptive relief from certain provisions of Canadian securities legislation applicable to conventional mutual funds.

The TSX has conditionally approved the listing of the Units, subject to each ETF, respectively, fulfilling all of the requirements of the TSX before the listing date. The Manager expects that the first issuance, listing and trading of Units of the ETFs will occur on the TSX on or after April 7, 2011, as the Manager may determine in its discretion.

INVESTMENT OBJECTIVES

The fundamental investment objective of each ETF is set out below. The fundamental investment objective of an ETF may not be changed except with the approval of Unitholders of that ETF. See “Unitholder Matters” at page 32 for additional descriptions of the process for calling a meeting of Unitholders and requirements of Unitholder approval.

Horizons DLR

Horizons DLR seeks to reflect the price in Canadian dollars of the U.S. dollar, net of expenses by investing primarily in cash and Cash Equivalents that are denominated in the U.S. dollar.

Horizons ASD

Horizons ASD seeks to reflect the price in Canadian dollars of the Australian dollar, net of expenses by investing primarily in cash and Cash Equivalents that are denominated in the Australian dollar.

See “Overview of the Sectors that the ETFs Invest In” at page 6.

INVESTMENT STRATEGIES

Overview of the Investment Structure

In order to achieve its investment objective the Horizons DLR will invest in cash and Cash Equivalents that are denominated in the U.S. dollar.

In order to achieve its investment objective the Horizons ASD will invest in cash and Cash Equivalents that are denominated in the Australian dollar.

Each ETF may also use a currency forward agreement in order to achieve its investment objectives, and the use of a currency forward agreement, if any, shall be in compliance with NI 81-102 and shall be consistent with the investment objectives of the ETF.

Derivatives are instruments that derive their value from the market price, value or level of an underlying security, commodity, economic indicator, index or financial instrument and which enable investors to speculate or hedge against future changes in the price or value of the underlying interest of the derivative. The underlying interest of derivatives may include a wide variety of assets or financial instruments, including various foreign currencies. If the ETFs use derivatives in order to achieve their investment objectives, they will only use a currency forward (as described below). The currency forward is a forward contract, which is a type of derivative instrument.

In order to achieve their investment objectives, the ETFs may use currency forwards to expose the ETFs to the returns of the applicable currency. A currency forward is a forward contract in the foreign exchange market that locks in the price at which an entity can buy or sell a currency on a future date. Under a currency forward, the ETFs may buy or sell the applicable foreign currency at a specified price, and at a specified quantity, on a specified future date.

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

Additional Investment Strategies

Reverse Repurchase Transactions

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

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

All reverse repurchase transactions must be completed within 30 days.

Securities Lending

An ETF may lend securities to brokers, dealers and other financial institutions and other borrowers desiring to borrow securities provided that such securities lending qualifies as a “securities lending arrangement” for the purposes of the Tax Act. Securities lending will allow an ETF to earn additional income to offset its costs and help ensure the investment results of the ETF more closely correspond to the returns of the applicable currency. All additional income earned by an ETF through securities lending will accrue to the ETF. In carrying out securities lending, an ETF will engage a lending agent with experience and expertise in completing such transactions. The ETFs have received exemptive relief from the limitations in NI 81-102 so that each ETF may engage affiliates of the National Bank of Canada as a lending agent of the ETF.

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

OVERVIEW OF THE SECTORS THAT THE ETFs INVEST IN

Investment Rationale

As the value of the Units is tied to the value of a foreign currency, it is important in understanding the investment attributes of the Units to first understand the investment attributes of the foreign currency.

Reasons for Investing in Foreign Currency

All forms of investment carry some degree of risk. Although the Units have certain unique risks described in “Risk Factors,” generally these are the same risks as investing directly in the foreign currency. Moreover, investment in the Units may help to balance a portfolio or protect against currency swings, thereby reducing overall risk.

Investors may wish to invest in foreign currency in order to take advantage of short-term tactical or long-term strategic opportunities. From a tactical perspective, an investor that believes that the Canadian dollar is weakening relative to the applicable foreign currency may choose to buy Units in order to capitalize on the potential movement. An investor that believes that the particular foreign currency is overvalued relative to the Canadian dollar may choose to sell Units. Sales may also include short sales that are permitted under applicable securities legislation and exchange regulations.

From a strategic standpoint, since currency movements can affect returns on cross-border investments and businesses, both individual investors and businesses may choose to hedge their currency risk through the purchase or sale of a foreign currency. For example, in the case where a Canadian investor has a portfolio consisting of equity and fixed income securities of a foreign country, the investor may decide to hedge the currency exposure that exists within the foreign country portfolio by selling an appropriate amount of Units. Again, such sales may include short sales in accordance with applicable securities regulations. In doing this, the Canadian investor may be able to mitigate the impact that changes in exchange rates have on the returns associated with a foreign country’s equity and fixed income components of the portfolio.

Similarly, a business that has currency exposure because it manufactures or sells its products abroad is exposed to exchange rate risk. Buying or selling Units in appropriate amounts can reduce the business’s exchange rate risk.

More generally, investors that wish to diversify their investment portfolios with a wider range of non-correlative investments may desire to invest in foreign currencies. Non-correlative asset classes, such as foreign currencies, are often used to enhance investment portfolios by making them more consistent and less volatile. Less volatility means lower risk and closer proximity to an expected return.

Cost-Efficient Participation in the Market for Foreign Currency

The Units are intended to offer investors a cost efficient opportunity to participate in the market for foreign currency through an investment in securities. Historically, the logistics and expense of investing in a foreign currency have been a barrier to entry for many investors. This offering is aimed at overcoming these barriers to entry. A prospective purchaser of Units should not encounter any tasks or costs beyond those associated with purchasing any other publicly-traded equity security. The Units are intended to provide institutional and retail investors with a simple, cost-effective means of gaining investment benefits similar to those of holding the foreign currency. The Units are an investment that are:

Easily Accessible. Investors are able to access the market for the applicable foreign currency through a traditional brokerage account. The Units are bought and sold on TSX like any other exchange-listed security.

Cost-Effective. Investors and businesses wishing to buy or sell currencies in modest size can pay as much as a 3% commission to implement their transactions. Because Units are traded as securities, transaction costs are substantially reduced.

Exchange-Traded. Because they are traded on TSX, the Units provide investors with an efficient means of implementing investment tactics and strategies that involve a foreign currency. TSX-listed securities are eligible for margin accounts. Accordingly, investors are able to purchase and hold Units with borrowed money to the extent permitted by law.

Transparent. The Units are backed by the assets of each ETF. The value of the holdings of the ETF are reported on the ETF's website, www.HBPETFs.com, every business day.

The U.S. Dollar

The U.S. dollar is the national currency of the United States of America and the currency of the accounts of the U.S. Federal Reserve, the central bank of the United States of America. The official currency code for the U.S. dollar is "USD". In 1971, President Richard Nixon terminated the U.S. dollar's convertibility to gold and it became the U.S. Federal Reserve's responsibility to maintain the value of the U.S. currency in a floating market. Today the value of the U.S. dollar is determined by international currency markets and influenced by the monetary policy of the U.S. Reserve Bank, the monetary policies of America's trading partners, and prevailing market conditions.

The U.S. dollar is used as the standard unit of currency in international gold and petroleum commodity markets and non-American businesses often market their products in U.S. dollars. The U.S. dollar is the currency most used in international transactions and globally, more central banks use the U.S. dollar as their reserve currency than any single other currency. Several countries, including Ecuador and the British Virgin Islands, use the U.S. dollar instead of their own currency and other countries' currencies (like Panama's balboa), are dollarized. U.S. dollarized currencies are officially traded or used at fixed parity to the U.S. dollar.

The Australian Dollar

The Australian dollar is the national currency of Australia and the currency of the accounts of the Reserve Bank of Australia, the Australia central bank. The official currency code for the Australian dollar is "AUD". As with Canadian currency, 100 Australian cents are equal to one Australian dollar. In Australia, unlike most other countries, cash transactions are rounded to the nearest five cents. The commonly used symbol used to represent the Australian dollar is "A\$". In 1913, the Commonwealth Bank of Australia issued the first Australian currency notes. In 1915, the Commonwealth Bank of Australia became the exclusive issuer of currency in Australia. From 1930 through the 1960's, the Australian banking system underwent substantial transformation. In 1960, the Reserve Bank of Australia was established. In 1966, a new decimalized currency was introduced. At various times throughout the 1900's, the value of Australian currency was based on a fixed quantity of gold; at other times, the Australian dollar was pegged to foreign currencies. Beginning in 1983, the Australian dollar's value was allowed to float, with the result that its value now depends almost entirely on market forces.

INVESTMENT RESTRICTIONS

The ETFs are subject to certain restrictions and practices contained in securities legislation, including NI 81-102 and NI 81-107. The ETFs will be managed in accordance with these restrictions and practices, except as otherwise permitted by exemptions provided by Canadian Securities Regulatory Authorities or as permitted by NI 81-107. See “Exemptions and Approvals” at page 39. An ETF will not, at any time, hold more than 10% of its net assets in other mutual funds.

A change to the investment objective of an ETF would require the approval of Unitholders of that ETF. See “Unitholder Matters – Matters Requiring Unitholder Approval” at page 32.

No ETF will make an investment that would result in that ETF failing to qualify as a “unit trust” or “mutual fund trust” within the meaning of the Tax Act or become a “SIFT trust” within the meaning of the Tax Act.

No ETF shall hold property that consists of certain types of property specified in the Tax Act (the “**Specified Property**”) that would impact the ability of (i) non-residents of Canada or (ii) partnerships that are not Canadian partnerships to beneficially own units of an ETF.

FEES AND EXPENSES

Management Fees

The Horizons DLR will pay an annual management fee to the Manager equal to 0.45% of the net asset value of the Horizons DLR, together with Sales Tax.

The Horizons ASD will pay an annual management fee to the Manager equal to 0.45% of the net asset value of the Horizons ASD, together with Sales Tax.

The Management Fees will be calculated and accrued daily and payable monthly in arrears.

Management Fee Distributions

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

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

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

Operating Expenses

Except as set out below, the Manager is responsible for all costs and expenses of the ETFs except the Management Fee, brokerage expenses and commissions, income taxes, Sales Tax, costs associated with the independent review committee of the ETFs, filing fees, audit fees, fees payable to CDS, stock exchange fees, index licensing fees, if applicable, withholding taxes and Extraordinary Expenses. Costs and expenses payable by the Manager include the fees payable to the Investment Manager, the Custodian, the Registrar and Transfer Agent, and fees payable to other service providers retained by the Manager.

Expenses of the Issue

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

Harmonized Sales Tax

Each ETF is generally required to pay GST/HST on any management fees that it has to pay. As a result of the harmonization of Ontario's and British Columbia's respective provincial sales taxes with the GST/HST, effective July 1, 2010, investment funds such as the ETFs will incur greater GST/HST expenses than would have been incurred prior to July 1, 2010.

Fees and Expenses Payable Directly by the Unitholders

Redemption Charge

The Manager may charge Unitholders of an ETF, at its discretion, a redemption charge of up to 0.25% of the redemption proceeds of the ETF. The Manager will publish the current redemption charge, if any, on its website, www.HBPETFs.com.

ANNUAL RETURNS

As the ETFs are newly formed and have not yet completed a financial year, information related to their annual returns and management expense ratios does not yet exist.

RISK FACTORS

There are certain risk factors inherent to an investment in an ETF. These risks relate to the following factors:

Price Fluctuations of the Foreign Currency

The Units of the ETFs are designed to reflect the price in Canadian dollars of the U.S. or Australian dollars, as applicable, plus accumulated interest, if any, less the expenses of each ETF. Several factors may affect the price of a foreign currency, including the debt level and trade deficit of a country; inflation and interest rates of Canada, U.S. or Australia, as applicable, and investors' expectations concerning inflation and interest rates and global or regional political, economic or financial events and situations. In addition, the currency in U.S. or Australia, as applicable, may not maintain its long-term value in terms of purchasing power in the future. When the price of a foreign currency declines, the Manager expects the price of the Units to decline as well.

Foreign Exchange Rate Risk

Foreign exchange rates are influenced by the factors identified immediately above and may also be influenced by: changing supply and demand for a particular currency; monetary policies of governments (including exchange control programs, restrictions on local exchanges or markets and limitations on foreign investment in a country or on investment by residents of a country in other countries); changes in balances of payments and trade; trade restrictions; and currency devaluation and revaluations. Also, governments from time to time intervene in the

currency markets, directly and by regulation, in order to influence prices directly. These events and actions are unpredictable and could materially and adversely affect the performance of the Units.

Concentration Risk

Each ETF's holdings will not be diversified and will be concentrated in cash and Cash Equivalents that are tied to one currency; the U.S. dollar in the case of the Horizons DLR and the Australian dollar in the case of the Horizons ASD. The net asset value of each ETF may also be more volatile than the value of a more broadly diversified portfolio and may fluctuate on a regular basis.

Substantial Sales of Foreign Currency

The official sector of the U.S. or Australia consists of central banks, other governmental agencies and multi-lateral institutions that buy, sell and hold currency in U.S. or Australia, as applicable, as part of their reserve assets. Each official sector holds a significant amount of its country's currency that can be mobilized in the open market. In the event that future economic, political or social conditions or pressures require members of the applicable official sector to sell the currency it holds simultaneously or in an uncoordinated manner, the demand for that country's currency might not be sufficient to accommodate the sudden increase in the supply of that country's currency to the market. Consequently, the price of the currency in U.S. or Australia, as applicable, could decline, which would adversely affect an investment in Units.

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

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

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

Liquidity Risk

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

Borrowing Risk

From time to time, an ETF may borrow cash as a temporary measure to fund the portion of any distributions payable to its Unitholders that represent amounts that have not yet been received by the ETF. An ETF is limited to borrowing up to the amount of the unpaid distribution and, in any event, not more than five percent of the net assets of such ETF. There is a risk that an ETF will not be able to repay the borrowed amount because it is unable to collect the distribution from the applicable issuer. Under these circumstances, an ETF would be required to repay the borrowed amount by disposing of portfolio assets.

Tax Related Risks

It is anticipated that each ETF will qualify at all times as a "mutual fund trust" within the meaning of the Tax Act. In the event an ETF were not to qualify as a "mutual fund trust" under the Tax Act at all times, the after-tax returns to Unitholders may be reduced.

In determining its income for tax purposes, an ETF will treat gains or losses on the disposition of securities in its portfolio as capital gains and losses. If these dispositions are not on capital account, the net income of the ETFs for tax purposes and the taxable component of distributions to Unitholders could increase.

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

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

On October 31, 2003, the Department of Finance announced a Tax Amendment relating to the deductibility of losses under the Tax Act. Under this Tax Amendment, a taxpayer will be considered to have a loss from a business or property for a taxation year only if, in that year, it is reasonable to assume that the taxpayer will realize a cumulative profit from the business or property during the time that the taxpayer has carried on, or can reasonably be expected to carry on, the business or has held, or can reasonably be expected to hold, the property. Profit, for this purpose, does not include capital gains or capital losses. On February 23, 2005, the Minister of Finance (Canada) announced that a more modest legislative initiative to replace the Tax Amendment of October 31, 2003 would be released. No such legislative proposal has publicly been released to date. If such legislative proposal were to apply to deny deductions that would otherwise reduce the ETF’s taxable income, after-tax returns to Unitholders would be reduced as a result.

Risks Relating to Tax Changes

There can be no assurance that changes will not be made to the tax rules affecting the taxation of an ETF or an ETF’s investments, or in the administration of such tax rules.

Securities Lending

Each ETF may engage in securities lending. Although an ETF will receive collateral in excess of the value of the securities on loan in connection with all loans of securities, and such collateral is marked to market, an ETF would be exposed to the risk of loss should a borrower default on its obligation to return the borrowed securities and the collateral is insufficient to reconstitute the portfolio of loaned securities. In addition, an ETF will bear the risk of loss of any investment of cash collateral.

DISTRIBUTION POLICY

It is anticipated that the ETFs will each make distributions to their Unitholders of any income earned on cash and Cash Equivalents, net of fees and expenses, on a monthly basis. To the extent required, each ETF will also distribute, on an annual basis prior to the end of each year, sufficient net income (including net capital gains) that has not previously been distributed so that each ETF will not be liable for ordinary income tax in any given year. In either case, such distributions will be paid in cash unless a Unitholder is participating in the Reinvestment Plan.

Under the Reinvestment Plan, the amount actually distributed by the ETF will be paid as a “reinvested distribution”. Reinvested distributions on Units of an ETF will be reinvested automatically in additional Units of the ETF at a price equal to the net asset value per Unit of the ETF on such day and the Units of the ETF will be immediately consolidated such that the number of outstanding Units of the ETF held by each Unitholder on such day following the distribution will equal the number of Units of the ETF held by the Unitholder prior to the distribution.

The Manager reserves the right to make additional distributions for any ETF in any year if determined to be appropriate. The tax treatment to Unitholders of the ETF of reinvested distributions is discussed under the heading "Income Tax Considerations" on page 17.

An ETF may earn income such as interest on Australian or U.S. dollar cash deposits, as applicable, held in the ETF. The ETF may also realize foreign currency gains or losses on the disposal of Australian or U.S. dollars, as applicable, held in the ETF. In the event that the income earned by an ETF exceeds the sum of the ETF's fees and expenses, the net income will be converted into Canadian dollars at the prevailing market exchange rate and the ETF will distribute the income to Unitholders as noted above. Although there may be reasonable expectation that any income generated by an ETF will be greater than the ETF's fees and expenses, there is no guarantee that an ETF will distribute any income to its Unitholders. As noted above, any net income generated will be distributed on a monthly basis in cash (unless the Unitholder participates in the Reinvestment Plan).

Distribution Reinvestment Plan

At any time, Unitholders of the ETFs may elect to participate in the Manager's distribution reinvestment plan (the "**Reinvestment Plan**") by contacting the CDS Participant through which the Unitholder holds its Units. Under the Reinvestment Plan, cash distributions will be used to acquire additional Units of the ETFs (the "**Plan Units**") in the market and will be credited to the account of the Unitholder (the "**Plan Participant**") through CDS.

Eligible Unitholders may elect to participate in, or withdraw from, the Reinvestment Plan by notifying CDS via the applicable CDS Participant(s) through which such Unitholder holds its Units of the Unitholder's intention to participate, or no longer participate, in the Reinvestment Plan. The CDS Participant must, on behalf of such Unitholder, provide a notice to CDS that the Unitholder wishes, or does not wish, to participate in the Reinvestment Plan by no later than 4:00 p.m. (Toronto time) at least 2 business days immediately prior to the applicable Distribution Record Date in respect of the next expected distribution in which the Unitholder would be entitled to receive a distribution (reinvested or in cash, as the case may be). CDS shall, in turn, notify the Plan Agent no later than 5:00 p.m. (Toronto time) on the applicable Distribution Record Date that such Unitholder does, or does not, wish to participate in the Reinvestment Plan.

Pre-Authorized Cash Contribution

Plan Participants may also make pre-authorized cash contributions under the Reinvestment Plan on a monthly or calendar quarterly basis, by notifying their CDS Participants sufficiently in advance of the last business day of a month, calendar quarter or calendar year (a "**Payment Date**") to allow such CDS Participant to notify the Plan Agent by 5:00 p.m. (Toronto time) at least 10 business days prior to the applicable Payment Date. A Plan Participant may invest a minimum of \$100 and a maximum of \$10,000 per pre-authorized cash contribution no more frequently than monthly. It is recommended that the frequency of the payment be consistent with the frequency of the distributions by the ETFs.

Distributions due to Plan Participants, along with any pre-authorized cash contributions, will be applied, on behalf of Plan Participants, to purchase Plan Units in the market. Plan Units will be allocated pro rata based on the number of Units held by Plan Participants. Plan Units will be credited for the benefit of Plan Participants to the account of the CDS Participant through whom that Plan Participant holds Units. Plan Units being purchased by pre-authorized cash contributions may only be purchased simultaneously with a distribution by the ETFs, which is being reinvested on behalf of a Plan Participant.

Systematic Withdrawal Plan

Under the Reinvestment Plan, Unitholders will also be able to elect to systematically withdraw Units by selling a specific dollar amount of Units (in minimum amounts of \$100 and maximum amounts of \$10,000) owned by such Unitholder in respect of each subsequent Payment Date. A Unitholder may elect to sell Units by notifying the Plan Agent via the applicable CDS Participant through which such Unitholder holds its Units of the Unitholder's intention to sell Units.

The CDS Participant must, on behalf of such Unitholder, (i) provide a systematic withdrawal notice directly to the Plan Agent that the Unitholder wishes to sell Units in this manner until the ETF, is otherwise notified no later than 5:00 p.m. (Toronto time) on the applicable Payment Date for which the Unitholder no longer wishes to sell Units or there remain no further Units to be sold on behalf of such Unitholder, whichever comes first and (ii) specify the specified dollar amount of Units to be sold in respect of each subsequent Payment Date.

A Unitholder who makes pre-authorized cash contributions may not deliver a systematic withdrawal notice under the Reinvestment Plan.

Fractional Units

No fractional Plan Units will be issued under the Reinvestment Plan. Payment in cash for any remaining uninvested funds will be made in lieu of fractional Plan Units by the Plan Agent to CDS or CDS Participant, on a monthly or quarterly basis, as the case may be. Where applicable, CDS will, in turn, credit the Plan Participant via the applicable CDS Participant.

Amendments, Suspension or Termination of the Reinvestment Plan

As indicated above, Plan Participants will be able to terminate their participation in the Reinvestment Plan as of a particular Distribution Record Date by notifying their CDS Participant sufficiently in advance of that Distribution Record Date to allow such CDS Participant to notify CDS and for CDS to notify the Plan Agent by 4:00 p.m. (Toronto time) at least 2 business days immediately prior to that Distribution Record Date. Beginning on the first distribution payment date after such notice is delivered, distributions to such Unitholders will be in cash. The form of termination notice will be available from CDS Participants and any expenses associated with the preparation and delivery of such termination notice will be for the account of the Plan Participant exercising its rights to terminate participation in the Reinvestment Plan.

The Manager will be able to terminate the Reinvestment Plan, in its sole discretion, upon not less than 30 days' notice to the Plan Participants and the Plan Agent, subject to any required regulatory approval. The Manager will also be able to amend, modify or suspend the Reinvestment Plan at any time in its sole discretion, provided that it complies with certain requirements, gives notice of that amendment, modification or suspension to the Plan Participants and the Plan Agent, subject to any required regulatory approval, which notice may be given by issuing a press release containing a summary description of the amendment or in any other manner the Manager determines to be appropriate.

The Manager may from time to time adopt rules and regulations to facilitate the administration of the Reinvestment Plan. The Manager reserves the right to regulate and interpret the Reinvestment Plan as it deems necessary or desirable to ensure the efficient and equitable operation of the Reinvestment Plan.

Other Provisions

Participation in the Reinvestment Plan is restricted to Unitholders who are residents of Canada for the purposes of the Tax Act. Partnerships (other than "Canadian partnerships" as defined in the Tax Act) are not eligible to participate in the Reinvestment Plan. Upon becoming a non-resident of Canada or a partnership (other than a Canadian partnership), a Plan Participant shall notify its CDS Participant and terminate participation in the Reinvestment Plan immediately.

The automatic reinvestment of the distributions under the Reinvestment Plan will not relieve Plan Participants of any income tax applicable to such distributions. Each Plan Participant will be mailed annually the information necessary to enable such Unitholder to complete an income tax return with respect to amounts paid or payable by the ETFs, to the Unitholder in the preceding taxation year

PURCHASES OF UNITS

Issuance of Units of the ETFs

To Designated Brokers and Dealers

All orders to purchase Units directly from an ETF must be placed by Designated Brokers or Dealers. Each ETF reserves the absolute right to reject any subscription order placed by a Designated Broker or Dealer. No fees will be payable by an ETF to a Designated Broker or Dealer in connection with the issuance of Units of such ETF.

On any Trading Day, a Designated Broker or Dealer may place a Cash Subscription order or Basket Subscription order, in Canadian currency, or if determined to be acceptable by the Investment Manager, the applicable foreign currency, for the PNU or multiple PNU of an ETF. If a subscription order is received by an ETF by 9:30 a.m. (Toronto time) on a Trading Day, the ETF will issue to the Designated Broker or Dealer the number of Units of the ETF subscribed for generally on the first Trading Day after the date on which the subscription order is accepted. The number of Units issued will be based on the net asset value per Unit of the ETF on the Trading Day on which the subscription is accepted by the Manager. Notwithstanding the foregoing, the ETF will issue to the Designated Broker or Dealer the number of Units of the ETF subscribed no later than the third Trading Day after the date on which the subscription order was accepted, provided that payment for such Units has been received.

To Unitholders of an ETF as Reinvested Distributions

Units of an ETF will be issued to Unitholders of the ETF on the automatic reinvestment of certain distributions in accordance with the distribution policy of such ETF. See "Distribution Policy" at page 11.

Buying and Selling Units of an ETF

Upon satisfaction of the TSX's original listing requirements, including distribution of a minimum number of Units by its listing date, Units of an ETF will be listed on the TSX. Investors will thereafter trade Units of an ETF in the same way as other securities traded on the TSX, including by using market orders and limit orders. An investor may buy or sell Units of an ETF on the TSX only through a registered broker or dealer in the province or territory where the investor resides. Investors will incur customary brokerage commissions when buying or selling Units of an ETF.

The Manager expects that the first issuance, listing and trading of Units of the ETFs on the TSX will occur on or after April 7, 2011, as the Manager may determine in its discretion.

Special Considerations for Unitholders

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

Market participants are permitted to sell Units of an ETF short and at any price without regard to the restrictions of the Universal Market Integrity Rules adopted by Canadian Securities Regulatory Authorities that generally prohibit selling securities short unless the price is at or above the last sale price.

EXCHANGE AND REDEMPTION OF UNITS

Exchange of Units at Net Asset Value per Unit for Foreign Currency

Unitholders of an ETF may exchange the applicable PNU (or a whole number multiple thereof) of the ETF on any Trading Day, at the sole discretion of the Manager, for the applicable foreign currency. To effect an exchange of Units of an ETF, a Unitholder must submit an exchange request in the form prescribed by the ETF from time to time to the Manager at its office by 9:30 a.m. on a Trading Day. The exchange price will be the net asset value of each PNU tendered for exchange on the effective day of the exchange request, payable by delivery of the equivalent amount in the applicable foreign currency. The Units will be redeemed in the exchange. The Manager will also make available to Dealers and Designated Brokers the size of the applicable PNU of an ETF on each Trading Day.

If an exchange request is not received by 9:30 a.m. on a Trading Day, the exchange order will be effective only on the next Trading Day. Settlement of exchanges for foreign currency will generally be made on the first Trading Day after the effective day of the exchange request. Notwithstanding the foregoing, the ETF will settle the exchange no later than the third Trading Day after the date on which the exchange request was accepted.

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

Redemption of Units of an ETF for Cash

On any Trading Day, Unitholders, Dealers and Designated Brokers may redeem: (i) Units for cash at a redemption price per Unit equal to 95% of the closing price for the applicable Units on the effective day of redemption, where the Units being redeemed are not equal to a PNU or a multiple PNU or (ii) less any applicable redemption charge determined by the Manager in its sole discretion from time to time, a PNU or a multiple PNU of an ETF for cash equal to the net asset value of that number of Units. As Unitholders will generally be able to sell (rather than redeem) Units at the applicable full market price on the TSX through a registered broker or dealer subject only to customary brokerage commissions, unless they are redeeming a PNU, Unitholders are advised to consult their brokers, dealers or investment advisors before redeeming such Units for cash.

In order for a cash redemption to be effective on a Trading Day, a cash redemption request in the form prescribed by the Manager from time to time must be delivered to an ETF at its head office by 9:30 a.m. (Toronto time) on that day. If a cash redemption request is not received by 9:30 a.m. (Toronto time) on a Trading Day, the cash redemption order will be effective only on the next Trading Day. Payment of the redemption price will generally be made on the first Trading Day after the effective day of the redemption. Notwithstanding the foregoing, the ETF will pay the redemption price no later than the third Trading Day after the date on which the cash redemption request was accepted, provided that the Units being redeemed have been tendered. The cash redemption request forms may be obtained from any registered broker or dealer.

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

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

Suspension of Redemptions

The Manager may suspend the redemption of Units of an ETF or payment of redemption proceeds of an ETF: (i) during any period when normal trading is suspended on a stock exchange or other market on which securities owned by such ETF are listed and traded, if these securities represent more than 50% by value or underlying market

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

Allocations of Income and Capital Gains to Redeeming Unitholders

Pursuant to the Trust Declaration, each ETF may allocate and designate any income or capital gains realized by such ETF as a result of any disposition of property of the ETF undertaken to permit or facilitate the redemption of Units of the ETF to a Unitholder of such ETF whose Units are being redeemed. In addition, each ETF has the authority to distribute, allocate and designate any income or capital gains of such ETF to a Unitholder of such ETF who has redeemed Units of the ETF during a year in an amount equal to the Unitholder's share, at the time of redemption, of the ETF's income and capital gains for the year or such other amount that is determined by the ETF to be reasonable. Any such allocations will reduce the redeeming Unitholder's proceeds of disposition.

Book-Entry Only System

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

Neither the ETFs nor the Manager will have any liability for: (i) records maintained by CDS relating to the beneficial interests in Units of an ETF or the book entry accounts maintained by CDS; (ii) maintaining, supervising or reviewing any records relating to such beneficial ownership interests; or (iii) any advice or representation made or given by CDS and made or given with respect to the rules and regulations of CDS or any action taken by CDS or at the direction of the CDS Participants.

The ability of a beneficial owner of Units of an ETF to pledge such Units or otherwise take action with respect to such owner's interest in such Units (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

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

Short-Term Trading

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

PRIOR SALES

Trading Price and Volume

As the ETFs are newly organized, information relating to prior trading price and volume is not yet available.

INCOME TAX CONSIDERATIONS

In the opinion of Fasken Martineau DuMoulin LLP, counsel to the ETFs, the following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations under the Tax Act generally applicable to the acquisition, holding and disposition of Units of an ETF by a Unitholder of an ETF who acquires Units of the ETF pursuant to this prospectus. This summary only applies to a prospective Unitholder of an ETF who is an individual (other than a trust) resident in Canada for purposes of the Tax Act, who deals at arm's length with the ETF within the meaning of the Tax Act and who holds Units of an ETF as capital property (a "**Holder**").

Generally, Units of an ETF will be considered to be capital property to a Holder provided that the Holder does not hold such Units in the course of carrying on a business of buying and selling securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Assuming that an ETF is a "mutual fund trust" for purposes of the Tax Act, certain Holders who might not otherwise be considered to hold Units, as capital property may, in certain circumstances, be entitled to have such Units and all other "Canadian securities" owned or subsequently acquired by them treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act.

This summary is based on the assumption that each ETF will qualify at all times as a "unit trust" and a "mutual fund trust" within the meaning of the Tax Act. For an ETF to qualify as a "mutual fund trust", it must comply on a continuous basis with certain requirements relating to the qualification of its Units for distribution to the public, the number of Unitholders of the ETF and the dispersal of ownership of its Units. The Manager has advised counsel that each ETF intends to make, an election in its first tax return so that it will qualify under the Tax Act as a "mutual fund trust" from the commencement of its first taxation year. In the event an ETF were not to qualify as a "mutual fund trust" under the Tax Act at all times, the income tax consequences described below would, in some respects, be materially different.

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

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Units of an ETF. This summary does not address the deductibility of interest on any funds borrowed by a Unitholder to purchase Units of an ETF. This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any holder of Units of an ETF. Prospective investors should consult their own tax advisors with respect to the income tax consequences to them of an acquisition of Units of an ETF based on their particular circumstances.

Status of the ETFs

As noted above, this summary assumes that each ETF qualifies at all times as a "mutual fund trust" for purposes of the Tax Act.

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

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

For certain tax consequences of holding Units in a Registered Plan, see “Income Tax Considerations – Taxation of Registered Plans”, on page 20.

Taxation of the ETFs

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

Each ETF is required to include in its income for each taxation year all interest that accrues to it to the end of the year, or becomes receivable or is received by it before the end of the year, except to the extent that such interest was included in computing its income for a preceding taxation year.

The Manager has advised counsel that each ETF will only hold cash and Cash Equivalents denominated in foreign currencies. The ETF will be required to compute all amounts in Canadian dollars for purposes of the Tax Act and accordingly may realize gains or losses by virtue of the fluctuation in the value of the foreign currencies relative to Canadian dollars. In general, an ETF will realize a capital gain (or capital loss) upon a conversion of foreign currency to Canadian dollars and on the disposition of cash and Cash Equivalents to the extent the proceeds of disposition received on such conversion or disposition net of any reasonable costs of conversion or disposition exceed (or are less than) the adjusted cost base of such property (all computed in Canadian dollars at the relevant time using the relevant exchange rate) unless the ETF were considered to be trading or dealing in securities or otherwise carrying on a business of buying and selling securities or the ETF has acquired the security in a transaction or transactions considered to be an adventure or concern in the nature of trade. The Manager has advised counsel that each ETF is acquiring and holding cash and Cash Equivalents for the purpose of earning interest income and that such properties will only be disposed of, to the extent necessary, to pay expenses of the ETF or to fund redemptions of Units which cannot be satisfied out of the income earned by the cash and Cash Equivalents. On this basis, the Manager has advised counsel that each ETF will take the position that gains and losses realized on the disposition of its properties are capital gains and capital losses.

An ETF may be liable to pay foreign income or profits tax to foreign jurisdiction on its income earned from its cash and Cash Equivalents. To the extent that any such foreign tax paid by the ETF exceeds 15% of the amount included in the ETF’s income from such investments, such excess may generally be deducted by the ETF in computing its net income for the purposes of the Tax Act. To the extent that any such foreign tax paid does not exceed 15% of such amount and has not been deducted in computing the ETF’s income, the ETF may designate in respect of a Unitholder a portion of its foreign source income which can reasonably be considered to be part of the ETF’s income distributed to such Unitholder so that such income and a portion of the foreign tax paid by the ETF may be regarded as foreign source income of, and foreign tax paid by, the Unitholder for the purposes of the foreign tax credit provisions of the Tax Act.

Each ETF will be entitled for each taxation year throughout which it is a “mutual fund trust” to reduce (or receive a refund in respect of) its liability, if any, for tax on its net realized capital gains by an amount determined under the Tax Act based on the redemption of its Units during the year (“**capital gains refund**”). In certain circumstances, the

capital gains refund in a particular taxation year may not completely offset the tax liability of an ETF for such taxation year.

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

In computing its income under the Tax Act, an ETF may deduct reasonable administrative and other expenses incurred to earn income from property or a business. An ETF may not deduct interest on borrowed funds that are used to fund redemptions of its Units. Losses incurred by an ETF in a taxation year cannot be allocated to Unitholders of such ETF, but may be deducted by the ETF in future years in accordance with the Tax Act and subject to a Tax Amendment, if enacted as proposed, relating to the deductibility of losses under the Tax Act which was first announced on October 31, 2003 but is still under review by the Minister of Finance (Canada).

If an ETF does not qualify as a “mutual fund trust” under the Tax Act throughout a taxation year, among other things, the ETF may be liable to pay an alternative minimum tax under the Tax Act.

Taxation of Holders

A Holder will generally be required to include in computing income for a particular taxation year of the Holder such portion of the net income of an ETF for that particular taxation year, including the taxable portion of any net realized capital gains, as is paid or becomes payable to the Holder, including any Management Fee Distributions (whether in cash or whether such amount is automatically reinvested in additional Units of the ETF). The non-taxable portion of an ETF’s net realized capital gains that are paid or become payable to a Holder in a taxation year will not be included in computing the Holder’s income for the year. Any other amount in excess of a Holder’s share of the net income of an ETF for a taxation year that is paid or becomes payable to the Holder in the year (i.e., returns of capital) will not generally be included in the Holder’s income for the year, but will reduce the adjusted cost base of the Holder’s Units of an ETF. To the extent that the adjusted cost base of a Unit of an ETF would otherwise be a negative amount, the negative amount will be deemed to be a capital gain and the adjusted cost base of the Unit to the Holder will be increased by the amount of such deemed capital gain.

Provided that appropriate designations are made by an ETF, such portion of the net realized taxable capital gains of the ETF, the foreign source income of the ETF as is paid or becomes payable to a Holder and the amount of foreign taxes paid or deemed to be paid by the ETF, if any, will effectively retain their character and be treated as such in the hands of the Holder for purposes of the Tax Act. A Holder may be entitled to claim a foreign tax credit in respect of foreign taxes designated to such Holder in accordance with the detailed rules in the Tax Act.

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

On the disposition or deemed disposition of a Unit of an ETF, including on a redemption, a Holder will realize a capital gain (or capital loss) to the extent that the Holder’s proceeds of disposition (other than any amount payable by the ETF which represents an amount that is otherwise required to be included in the Holder’s income as described herein), net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the Unit of the ETF. For the purpose of determining the adjusted cost base of a Holder’s Units of an ETF, when additional Units of the ETF are acquired by the Holder, the cost of the newly acquired Units of the ETF will be averaged with the adjusted cost base of all Units of such ETF owned by the Holder as capital property immediately before that time. For this purpose, the cost of Units of an ETF that have been issued on a reinvested distribution will generally be equal to the amount of the net income or capital gain distributed to the Holder of the ETF that has been reinvested in additional Units of the ETF. A consolidation of Units of the ETF following a reinvested distribution will not be regarded as a disposition of Units of an ETF and will not affect the aggregate adjusted cost base to a Holder.

Pursuant to the Trust Declaration, an ETF may allocate and designate any income or capital gains realized by such ETF as a result of any disposition of property of the ETF undertaken to permit or facilitate the redemption of Units to a Unitholder whose Units are being redeemed. In addition, each ETF has the authority to distribute, allocate and designate any income or capital gains of such ETF to a Unitholder of such ETF who has redeemed Units of the ETF during a year in an amount equal to the Unitholder's share, at the time of redemption, of the ETF's income and capital gains for the year or such other amount that is determined by the ETF to be reasonable. Any such allocations will reduce the redeeming Unitholder's proceeds of disposition.

In general, one-half of any capital gain (a "**taxable capital gain**") realized by a Holder on the disposition of Units of an ETF or designated by an ETF in respect of the Holder in a taxation year will be included in computing the Holder's income for that year and one-half of any capital loss realized by the Holder on the disposition of Units of an ETF in a taxation year may be deducted from taxable capital gains realized by the Holder or designated by the ETF in respect of the Holder in accordance with the detailed provisions of the Tax Act.

Amounts designated by an ETF to a Holder of such ETF as taxable capital gains and taxable capital gains realized on the disposition of Units of the ETF may increase the Holder's liability for alternative minimum tax.

Taxation of Registered Plans

Distributions received by Registered Plans on Units of an ETF while the Units are a qualified investment for Registered Plans will be exempt from income tax in the plan, as will capital gains realized by the plan on the disposition of such Units. Withdrawals from such plans (other than a TFSA and certain withdrawals from a RESP or RDSP) are generally subject to tax under the Tax Act.

A Unitholder who is a holder of a TFSA that holds Units will be subject to an additional tax as set out in the Tax Act if the Units are "prohibited investments" for the purposes of a TFSA. A "prohibited investment" includes a unit of a trust which does not deal at arm's length with the holder, or in which the holder has a significant interest, which, in general terms, means the ownership of 10% or more of the fair market value of an ETF's outstanding Units by the holder, either alone or together with persons and partnerships with whom the holder does not deal at arm's length. Unitholders are advised to consult their own tax advisors in this regard.

Tax Implications of the Fund's Distribution Policy

The net asset value per Unit of an ETF will, in part, reflect any income and gains of the ETF that have accrued or been realized, but have not been made payable at the time Units of the ETF were acquired. Accordingly, a Holder of an ETF who acquires Units of the ETF, including on a reinvestment of distributions, may become taxable on the Holder's share of income and gains of the ETF that accrued before Units of the ETF were acquired. In particular, an investor who acquires Units of an ETF shortly before a distribution is paid or made payable will have to pay tax on the entire distribution (to the extent it is a taxable distribution) regardless of the fact that the investor only recently acquired such Units.

ORGANIZATION AND MANAGEMENT DETAILS OF THE ETFs

Manager of the ETFs

BetaPro is the manager and trustee of the ETFs and its principal office is at 26 Wellington Street East, Suite 700, Toronto, Ontario, M5E 1S2. The Manager was incorporated under the laws of Ontario on April 5, 2005. The Manager was primarily organized for the purpose of managing investment products, including the ETFs.

BetaPro is Canada's largest provider of leveraged, inverse leveraged and inverse exchange traded funds. BetaPro and its subsidiary, AlphaPro, managed approximately \$2.3 billion in assets as at January 31, 2011. BetaPro is an indirect subsidiary of Jovian, a publicly-traded company listed on the TSX (TSX symbol – "JOV"). Jovian is a management and holding company with interests in a variety of financial service firms specializing in wealth and asset management. The Jovian group of companies is a national financial services organization with approximately

\$13 billion of client assets as at January 31, 2011 (\$7.5 billion in assets under management and \$5.5 billion in assets under administration).

Officers and Directors of the Manager

The name, municipality of residence, office and principal occupation of the officers and directors of the Manager are listed in the table below. If a person has held more than one position in an organization during the period, only the last position is listed.

Name and Municipality of Residence	Date Individual became a Director	Office	Principal Occupation
Philip Armstrong, Toronto, Ontario	April 5, 2005	Chairman and Director	Chairman and Director, BetaPro (since 2005); Director, AlphaPro (since 2008); Chairman and Director, JovFunds Management Inc. (“ JovFunds ”) (since 2006); Director, Horizons Exchange Traded Funds Inc. (“ Horizons ETFs ”) (since 2002); Director, T.E. Investment Counsel Inc. (“ TEIC ”) (since 2003); Chief Executive Officer and Director, Jovian (since 2003); Director, the Investment Manager (since 2003).
Mark Arthur, Toronto, Ontario	January 25, 2007	Director	Director, BetaPro (since 2007); Director, AlphaPro (since 2008); Director and President of TEIC (since 2003); Director, Chairman and Chief Executive Officer, the Investment Manager (since 2003); Director, Horizons ETFs (since 2004); Director, JovFunds (since 2006); President, Jovian (since 2003); Chief Executive Officer, Vice-Chairman and Director, MGI Securities Inc. (“ MGI ”) (since 2004).
Adam Felesky, Toronto, Ontario	April 5, 2005	Chief Executive Officer and Director	Chief Executive Officer and Director, BetaPro (since 2005); Chairman and Director, AlphaPro (since 2008); Chief Executive Officer, Horizons ETFs (since 2008); Chief Executive Officer and Director, JovFunds (since 2008); Chief Executive Officer and Director Horizons Funds Inc. (since 2008); Vice President, the Investment Manager (since 2005); previously, Partner, Bradbrooke Capital Holdings Inc. (commodity trading firm) (2003-2004); Associate, J.P. Morgan Securities Inc. (2001-2003).
Howard Atkinson, Toronto, Ontario	January 25, 2007	President and Director	President and Director, BetaPro (since 2006); Chief Executive Officer and Director, AlphaPro (since 2008); President, Horizons ETFs (since 2008); Managing Partner and Director, JovFunds (since 2008); previously, Head of Business Development, Exchange Traded Products, Barclays Global Investors Canada Ltd. (2000-2006).

Name and Municipality of Residence	Date Individual became a Director	Office	Principal Occupation
Alex Watters, Queensville, Ontario	N/A	Chief Financial Officer	Chief Financial Officer, BetaPro (since 2008); Senior Vice-President - Finance and Operations, JovFunds (since 2006); previously, Administration and Finance Manager, SNC Lavalin/PAE (2005 – 2006); and Vice-President Finance and Deputy Registrar, Tarion (1999 – 2005).
Steven J. Hawkins, Oakville, Ontario	N/A	Chief Compliance Officer	Chief Compliance Officer, BetaPro (since 2009); Executive Vice-President and Chief Compliance Officer, AlphaPro (since 2009); President, Chief Compliance Officer and Chief Operating Officer, the Investment Manager (since 2007); Managing Partner, Horizons ETFs (since 2007); Managing Partner and Director, JovFunds (since 2005); President and Chief Executive Officer, Canadian Medical Discoveries Fund Inc. (since 2006); previously, Vice-President, Compliance, AMG Canada Inc. and Senior Vice-President, Compliance and Risk Management and Chief Investment Officer, First Asset Investment Management Inc. (2000-2005).
Kevin S. Beatson, Oakville, Ontario	N/A	Chief Operating Officer	Chief Operating Officer, BetaPro (since 2009); Chief Operating Officer, AlphaPro (since 2009); Chief Operating Officer, JovFunds (since 2006); Chief Operating Officer (since 2009), Horizons ETFs; and Executive Vice-President, Operations, the Investment Manager (since 2010).
Michael R. Holder, Oakville, Ontario	N/A	General Counsel	General Counsel, BetaPro (since 2009); General Counsel, AlphaPro (since 2009); General Counsel and Secretary, JovFunds (since 2008); Secretary, the Investment Manager (since 2008); Secretary and General Counsel, Horizons ETFs (since 2007); Associate General Counsel, Jovian (since 2006); Partner, Borden Ladner Gervais LLP (1997-2006).
Duriya Patel, Toronto, Ontario	N/A	Secretary	Secretary, BetaPro (since 2005); Secretary, AlphaPro (since 2008); Secretary, Vice-President and General Counsel, Jovian (since 2003); Director, JovFunds (since 2008); previously, Partner, Meyer, Wassenaar & Banach LLP (law firm).
Lewis Bateman, Toronto, Ontario	N/A	Managing Director – Business Development	Managing Director – Business Development, BetaPro (since 2008); Sr. Account Manager, TSX Group (since 2006); Executive Business Development Manager, Ceridian Canada (2004-2006); Sales Trader & Sales Associate, Merrill Lynch/Midland Walwyn (1998-2003).

Name and Municipality of Residence	Date Individual became a Director	Office	Principal Occupation
Jaime P.D. Purvis, Toronto, Ontario	N/A	Executive Vice-President, National Accounts	Executive Vice-President, National Accounts, BetaPro (since 2009); Executive Vice-President, National Accounts, AlphaPro (since 2009); Executive Vice-President, National Accounts, Horizons ETFs (since 2006).
Martin Fabregas, Toronto, Ontario	N/A	Senior Vice-President, Business Development	Senior Vice-President, Business Development, BetaPro (since 2009); Senior Vice-President, Business Development, AlphaPro (since 2009); Senior Vice-President, Sales Operation, Horizons ETFs (since 2008); Senior Client Relationship Manager, International Financial Data Services (Canada) Ltd. (2004-2008); Vice-President, Operations and Relationship Management, ProFund Advisors LLC (1998-2004).
Brian Johnston, Vancouver, British Columbia	N/A	Senior Vice-President, Western Sales Manager	Senior Vice-President, Western Sales Manager, BetaPro (since 2011); Senior Vice-President, Western Sales Manager, AlphaPro (since 2011); Senior Vice-President, Western Sales Manager, Horizons ETFs (since 2009); Regional Sales Manager, Franklin Templeton (2008); Vice-President, Business Development, JovFunds Inc. (2004-2008).
Guillaume Choinière, St. Etienne, Quebec	N/A	Vice-President, Business Development	Vice President, Business Development, BetaPro (since 2011); Vice President, Business Development, AlphaPro (since 2011); Vice President, Business Development, Horizons ETFs (since 2007); Inside Sales Representative, Opensky Capital (2005-2007).
Kristen Winther, Toronto, Ontario	N/A	Assistant Vice-President, Institutional Sales	Assistant Vice-President – Institutional Sales, BetaPro (since 2006); Assistant Vice-President - Institutional Sales, AlphaPro (since 2009); Customer Service Representative, Bank of Montreal (2005-2006).

Each director will hold his/her position until the next annual general meeting of the Manager at which time he/she may be re-elected.

Duties and Services to be Provided by the Manager

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

The Manager’s duties will include negotiating contracts with certain third-party service providers, including, but not limited to, investment managers, counterparties, custodians, registrars, transfer agents, valuation agents, Designated Brokers, Dealers, auditors and printers; authorizing the payment of operating expenses; preparing the reports to Unitholders of the ETFs and to the applicable Securities Regulatory Authorities; calculating the amount and

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

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

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

The Manager may resign upon 90 days' prior written notice to the Trustee or upon such lesser notice period as the Trustee may accept. The Manager may also be removed by the Trustee on at least 90 days' written notice to the Manager. The Trustee shall make every effort to select and appoint a successor manager prior to the effective date of the Manager's resignation. As compensation for the management services it provides to the ETFs, the Manager is entitled to receive a Management Fee from the ETFs. See "Fees and Expenses" at page 8.

Investment Manager

The Investment Manager has been appointed investment manager to the ETFs pursuant to the Investment Management Agreement. Based in Ontario, the Investment Manager operates as a portfolio manager under the *Securities Act* (Ontario) and commodity trading manager under the *Commodity Futures Act* (Ontario). The principal office of the Investment Manager is at 26 Wellington Street East, Suite 608, Toronto, Ontario M5E 1S2. The Investment Manager was incorporated under the *Business Corporations Act* (Ontario) on July 10, 1997. The Investment Manager provides investment advisory services to a broad range of clients, including public mutual funds. The Investment Advisor will provide investment advisory and portfolio management services to the ETFs. Pursuant to the Investment Management Agreement, the Investment Manager has the authority to engage a sub-advisor for the purposes of assisting the Investment Manager in performing its duties as the Investment Manager and may, to the extent it deems appropriate, delegate any of its powers and duties as the Investment Manager to such sub-advisor. The Investment Manager is a wholly-owned subsidiary of Jovian, a management and holding company with interests in a variety of financial service firms specializing in wealth and asset management that administer or manage approximately \$3.8 billion in client assets as of January 31, 2011. The Investment Manager is an affiliate of the Manager.

Officers and Directors of the Investment Manager

The name, municipalities of residence, position, and principal occupation over the past five (5) years of the senior officers and directors of the Investment Manager principally responsible for providing advice to the ETFs are as follows:

Name and Municipality of Residence	Position with the Investment Manager	Principal Occupation
Mark L. Arthur, CFA, Toronto, Ontario	Chief Executive Officer, Chairman and Director	Director, BetaPro (since 2007); Director, AlphaPro (since 2008); Director and President of TEIC (since 2003); Director, Chairman and Chief Executive Officer, the Investment Manager (since 2003); Director, Horizons ETFs (since 2004); Director, JovFunds (since 2006); President, Jovian (since 2003); Chief Executive Officer, Vice-Chairman and Director, MGI (since 2004).
Steven J. Hawkins, Oakville, Ontario	President, Chief Operating Officer and Chief Compliance Officer	Chief Compliance Officer, BetaPro (since 2009); Executive Vice-President and Chief Compliance Officer, AlphaPro (since 2009); President, Chief Compliance Officer and Chief Operating Officer, the Investment Manager (since 2007); Managing Partner, Horizons ETFs (since 2007); Managing Partner and Director, JovFunds (since 2005); President and Chief Executive Officer, Canadian Medical Discoveries Fund Inc. (since 2006); previously, Vice-President, Compliance, AMG Canada Inc. and Senior Vice-President, Compliance and Risk Management and Chief Investment Officer, First Asset Investment Management Inc. (2000-2005).
Adam Felesky, Toronto, Ontario	Vice-President	Chief Executive Officer and Director, BetaPro (since 2005); Chairman and Director, AlphaPro (since 2008); Chief Executive Officer, Horizons ETFs (since 2008); Chief Executive Officer and Director, JovFunds (since 2008); Chief Executive Officer and Director Horizons Funds Inc. (since 2008); Vice President, the Investment Manager (since 2005); previously, Partner, Bradbrooke Capital Holdings Inc. (commodity trading firm) (2003-2004); Associate, J.P. Morgan Securities Inc. (2001-2003).

Details of the Investment Management Agreement

The Investment Management Agreement will continue until the termination of the ETFs unless terminated as described below. The Manager may terminate the Investment Management Agreement: (i) upon 10 days' prior written notice to the Investment Manager; (ii) in the event that the Investment Manager is in breach or default of the Investment Management Agreement and, if capable of being cured, the breach or default has not been cured within 20 business days' written notice of such breach or default being given by the Manager to the Investment Manager; (iii) if there is a dissolution or the commencement of the winding-up of the Investment Manager; (iv) if the Investment Manager becomes bankrupt or insolvent or makes a general assignment for the benefit of its creditors or a receiver is appointed in respect of the Investment Manager or a substantial portion of its assets; (v) if the assets of the Investment Manager become subject to seizure or confiscation by any public or governmental organization; or

(vi) if the Investment Manager is no longer registered or has failed to obtain any registration, license or other authorization required by it to perform the services delegated to it hereunder.

The Investment Manager may terminate the Investment Management Agreement upon 30 days' prior written notice to the Manager. The Investment Manager may also terminate the Investment Management Agreement immediately in respect of an ETF: (i) if the ETF is terminated; (ii) if the Manager or any of its respective affiliates is no longer the manager of the ETFs; (iii) if there is a dissolution or the commencement of the winding-up of the Manager; (iv) if the Manager becomes bankrupt or insolvent or makes a general assignment for the benefit of its creditors or a receiver is appointed in respect of the Manager or a substantial portion of its assets; (v) if the assets of the Manager become subject to seizure or confiscation by any public or governmental organization; or (vi) in the event that the Manager is in breach of the Investment Management Agreement and, if capable of being cured, the breach or default has not been cured within 20 business days' written notice of such breach or default being given by the Investment Manager to the Manager.

Pursuant to the terms of the Investment Management Agreement, the Investment Manager has covenanted to act at all times on a basis which is fair and reasonable to the ETFs, to act honestly and in good faith with a view to the best interests of the ETFs and, in connection therewith, to exercise the degree of care, diligence and skill that a reasonably prudent investment counsellor would exercise in comparable circumstances. The Investment Management Agreement provides that the Investment Manager will not be liable in any way for any default, failure or defect in any of the securities comprising an investment portfolio of the ETFs if it has satisfied the duties and the standard of care, diligence and skill set forth above. The Investment Management Agreement also requires the Manager to indemnify the Indemnified Persons, against all losses, damages, costs and expenses incurred by any of them in connection with the Manager's administration of the ETFs, unless an Indemnified Person is finally adjudicated to have committed an act or omission involving wilful misconduct, bad faith or negligence.

In the event that the Investment Management Agreement is terminated as provided above, the Manager shall promptly appoint a successor investment manager to carry out the activities of the Investment Manager.

The Manager is responsible for the payment of all fees owing to the Investment Manager.

Designated Brokers

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

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

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

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

Conflicts Of Interest

The Manager, the Investment Manager, and their respective principals and affiliates (each, an "ETF Manager") do not devote their time exclusively to the management of the ETFs. The ETF Managers perform similar or different

services for others and may sponsor or establish other investment funds (public and private) during the same period that they act on behalf of the ETFs. The ETF Managers therefore will have conflicts of interest in allocating management time, services and functions to the ETFs and the other persons for which they provide similar services.

The ETF Managers may trade and make investments for their own accounts, and such persons currently trade and manage and will continue to trade and manage accounts other than the accounts of the ETFs utilizing trading and investment strategies which are the same as or different from the ones to be utilized in making investment decisions for the ETFs. In addition, in proprietary trading and investment, the ETF Managers may take positions the same as, different than or opposite to those of the ETFs. Furthermore, all of the positions held by accounts owned, managed or controlled by the Investment Manager will be aggregated for purposes of applying certain exchange position limits. As a result, an ETF may not be able to enter into or maintain certain positions if such positions, when added to the positions already held by the ETF and such other accounts, would exceed applicable limits. All of such trading and investment activities may also increase the level of competition experienced with respect to priorities of order entry and allocations of executed trades. See “Risk Factors” at page 9.

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

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

MGI Securities Inc., a dealer through whom Units of the ETFs may be purchased, is related to the Manager as it is controlled by Jovian. As a consequence of this relationship, MGI Securities Inc. may at times have interests that differ from the interests of the Unitholders of the ETFs. MGI Securities Inc. may act as a Dealer of an ETF from time to time.

National Bank Financial Inc. (“NBF”) acts or may act as a Designated Broker, a Dealer and/or a registered trader (market maker). An affiliate of NBF holds an indirect minority interest in AlphaPro, which is a subsidiary of the Manager. These relationships may create actual or perceived conflicts of interest which investors should consider in relation to an investment in an ETF. In particular, by virtue of these relationships, NBF may profit from the sale and trading of Units of an ETF. NBF, as market maker of the ETFs in the secondary market, may therefore have economic interests which differ from and may be adverse to those of Unitholders of the ETFs.

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

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

Independent Review Committee

NI 81-107 requires all publicly offered investment funds, such as the ETFs, to establish an independent review committee. The Manager must refer all conflict of interest matters for review or approval to the IRC. NI 81-107 also requires the Manager to establish written policies and procedures for dealing with conflict of interest matters, to maintain records in respect of these matters and to provide the IRC with guidance and assistance in carrying out its

functions and duties. According to NI 81-107, the IRC must be comprised of a minimum of three (3) independent members, and is subject to requirements to conduct regular assessments of its members and provide reports, at least annually, to each ETF and to the Unitholders of each ETF in respect of those functions. The report prepared by the IRC will be available on the Manager's website (www.HBPETFs.com), or at a Unitholder's request at no cost, by contacting an ETF at 26 Wellington Street East, Suite 700, Toronto, Ontario M5E 1S2; telephone: 416-933-5745; toll free: 1-866-641-5739; fax: 416-777 5181.

Karen Fisher, Julia Dublin and Harvey Naglie have been appointed to the IRC. The IRC became operational pursuant to the requirements of NI 81-107 on November 1, 2007.

The IRC:

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

The ETFs will compensate the IRC members for their participation on the IRC through member fees and meeting fees that are paid on a quarterly basis. Karen Fisher and Harvey Naglie receive \$15,000 per year in member fees, while Julia Dublin as chairperson of the IRC receives \$20,000 per year. In addition to the member fees, each IRC member receives \$500 per meeting for each IRC meeting attended. The total quarterly fees payable to an IRC member by a particular ETF will be calculated by dividing the total net assets of the particular ETF by the total net assets of all of the Jovian funds for which the IRC is responsible and then multiplying the resulting value by the total dollar value due to the IRC member by the ETF for that particular quarter. The Manager has agreed to reimburse each ETF for all fees and expenses of the IRC that such ETF is otherwise responsible for.

The Trustee

BetaPro is also the trustee of the ETFs pursuant to the Trust Declaration. The Trustee may resign and be discharged from all further duties under the Trust Declaration upon 90 days' prior written notice to the Manager or upon such lesser notice as the Manager may accept. The Manager shall make every effort to select and appoint a successor trustee prior to the effective date of the Trustee's resignation. If the Manager fails to appoint a successor trustee within 90 days after notice is given or a vacancy occurs, the Manager shall call a meeting of Unitholders of each of the ETFs within 60 days thereafter for the purpose of appointing a successor trustee. If there is no manager, five Unitholders of an ETF may call a meeting of Unitholders of such ETF within 31 days after notice is given or a vacancy occurs for the purpose of appointing a successor trustee. In each case, if, upon the expiry of a further 30 days, neither the Manager nor the Unitholders of an ETF have appointed a successor trustee, the ETF shall be terminated and the property of the ETF shall be distributed in accordance with the terms of the Trust Declaration.

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

The Trustee will not receive any fees from the ETFs.

Custodian

SSTCC will be the custodian of the assets of the ETFs pursuant to the Custodian Agreement. The Custodian is located in Toronto, Ontario and is independent of the Manager. Pursuant to the Custodian Agreement, the Custodian is required to exercise its duties with the degree of care, diligence and skill that a reasonably prudent person would exercise in the same circumstances, or, if higher, the degree of care, diligence and skill that the Custodian uses in respect of its own property of a similar nature in its custody (the “**Custodial Standard of Care**”). Under the Custodian Agreement, the Manager shall pay the Custodian’s fees at such rate as determined by the parties from time to time and shall reimburse the Custodian for all reasonable expenses and disbursements incurred in the performance of its duties under the Custodian Agreement. The Custodian may have recourse against the assets of an ETF if the Manager fails to pay such fees and expenses. An ETF shall indemnify the Custodian for any loss, damage, or expense it incurs in connection with the Custodian Agreement, except to the extent caused by a breach of the Custodial Standard of Care. A party may terminate the Custodian Agreement on at least 90 days’ written notice or immediately in the event of certain bankruptcy events in respect of another party.

Valuation Agent

The Manager has also retained SSTCC, to provide accounting and valuation services to the ETFs.

Auditors

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

Transfer Agent and Registrar

CIBC Mellon has also been retained to act as the registrar and transfer agent for the ETFs pursuant to a registrar and transfer agency agreement entered into as of the date of the initial issuance of Units of each ETF.

Promoter

The Manager took the initiative in founding and organizing the ETFs and is, accordingly, the promoter of the ETFs within the meaning of securities legislation of certain provinces and territories of Canada. The Manager, in its capacity as manager of the ETFs, receives compensation from the ETFs. See “Fees and Expenses” at page 8.

CALCULATION OF NET ASSET VALUE

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

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

Valuation Policies and Procedures of the ETFs

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

- (i) the value of any cash on hand, on deposit or on call, bills and notes and accounts receivable, prepaid expenses, cash dividends to be received and interest accrued and not yet received, will be deemed to be the face amount thereof, unless the Valuation Agent determines that any such

deposit, call loan, bill, note or account receivable is not worth the face amount thereof, in which event the value thereof will be deemed to be such value as the Valuation Agent determines to be the reasonable value thereof;

- (ii) the value of any security, commodity or interest therein which is listed or dealt in upon a stock exchange will be determined by:
 - (A) in the case of securities which were traded on that Valuation Day, the price of such securities as determined at the applicable Valuation Time; and
 - (B) in the case of securities not traded on that Valuation Day, a price estimated to be the true value thereof by the Valuation Agent, such price being between the closing asked and bid prices for the securities or interest therein as reported by any report in common use or authorized as official by a stock exchange;
- (iii) long positions in clearing corporation options, options on futures, over-the-counter options, debt-like securities and listed warrants will be valued at the current market value thereof. Where a covered clearing corporation option, option on futures or over-the-counter option is written, the premium received shall be reflected as a deferred credit which shall be valued at an amount equal to the current market value of the clearing corporation option, option on futures or over-the-counter option that would have the effect of closing the position. Any difference resulting from any revaluation shall be treated as an unrealized gain or loss on investment. The deferred credit shall be deducted in arriving at the net asset value of such instrument. The securities, if any, which are the subject of a written clearing corporation option or over-the-counter option shall be valued at the current market value. The value of a future contract or a swap or forward contract shall be the gain or loss with respect thereto that will be realized if, on that Valuation Day, the position in the futures contract, or the forward contract, as the case may be, were to be closed out unless "daily limits" are in effect, in which case fair value shall be based on the current market value of the underlying interest. Margin paid or deposited in respect of futures contracts and forward contracts shall be reflected as an account receivable and margin consisting of assets other than cash shall be noted as held as margin;
- (iv) in the case of any security or property for which no price quotations are available as provided above, the value thereof will be determined from time to time by the Valuation Agent, where applicable, in accordance with the principles described in paragraph (ii) above, except that the Valuation Agent may use, for the purpose of determining the sale price or the asked and bid price of such security or interest, any public quotations in common use which may be available, or where such principles are not applicable; and
- (v) the liabilities of an ETF will include:
 - all bills, notes and accounts payable of which the ETF is an obligor;
 - all Management Fees of the ETF;
 - all contractual obligations of the ETF for the payment of money or property, including the amount of any unpaid distribution credited to Unitholders of the ETF on or before that Valuation Day;
 - all allowances of the ETF authorized or approved by the Manager for taxes (if any) or contingencies; and
 - all other liabilities of the ETF of whatsoever kind and nature.

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

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

For the purposes of financial statement reporting, an ETF is required to calculate NAV in accordance with Canadian Generally Accepted Accounting Principles (“GAAP”). On April 1, 2005, the Canadian Institute of Chartered Accountants (“CICA”) issued Section 3855, Financial Instruments – Recognition and Measurement (“Section 3855”) of the CICA Handbook – Accounting, which establishes standards for the fair valuation of investments as well as the accounting treatment of transaction costs. The adoption of Section 3855 results in the use of different valuation techniques for certain investments.

Canadian Securities Regulatory Authorities had previously granted relief to investment funds from the requirement to comply with Section 3855, for the purposes of calculating and reporting of NAV used for investor transactions. Effective September 8, 2008, amendments to National Instrument 81-106 - Investment Fund Continuous Disclosure came into force to address the implications of Section 3855. The amendments permit investment funds to have two different NAVs: (i) one for financial statements, which will be prepared in accordance with Canadian GAAP including Section 3855 (referred to as “net assets”); and (ii) another for all other purposes, including unit pricing for investor transactions (referred to as “net asset value”).

In accordance with the relief granted by the Canadian Securities Regulatory Authorities, disclosure of differences between net assets and net asset value of an investment fund is required for financial reporting purposes. For investments that are traded in an active market where quoted prices are readily and regularly available, Section 3855 requires bid prices (for investments held) and ask prices (for investments sold) to be used in the fair valuation of investments, rather than the use of closing sale prices currently used for the purpose of determining net asset value used for investor transactions. For investments that are not traded in an active market, Section 3855 requires the use of specific valuation techniques rather than the use of valuation techniques by virtue of general practice in the investment funds industry to determine fair value.

Reporting of Net Asset Value

Persons or companies that wish to be provided with the most recent net asset value per Unit of an ETF may call the Manager at 416-933-5745 or at 1-866-641-5739, or check the Manager's website at www.HBPETFs.com.

ATTRIBUTES OF THE SECURITIES

Description of the Securities Distributed

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

Upon satisfaction of the TSX's original listing requirements, including distribution of a minimum number of Units, the Units of the ETFs will be listed on the TSX. The Manager expects that the first issuance, listing and trading of the Units of the ETFs on the TSX will occur on or after April 7, 2011, as the Manager may determine in its discretion.

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

Each Unit of an ETF entitles the owner to one vote at meetings of Unitholders of such ETF. Each Unit of an ETF is entitled to participate equally with all other Units of such ETF with respect to all payments made to Unitholders of the ETF, other than Management Fee Distributions, whether by way of income or capital distributions and, on liquidation, to participate equally in the net assets of the ETF remaining after satisfaction of any outstanding liabilities that are attributable to Units of the ETF. All Units will be fully paid, when issued, in accordance with the terms of the Trust Declaration and will not be transferable except by operation of law. Unitholders of an ETF are entitled to require the ETF to redeem their Units of the ETF as outlined under the heading "Exchange and Redemption of Units" at page 15.

Redemptions of Units for Cash

On any Trading Day, Unitholders, Dealers and Designated Brokers may redeem Units of an ETF for cash at a redemption price per Unit equal to 95% of the closing price for the Units of such ETF on the TSX on the effective day of the redemption. See "Exchange and Redemption of Units" at page 15.

Modification of Terms

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

All other rights attached to the Units of an ETF may only be modified, amended or varied in accordance with the terms of the Trust Declaration. See "Unitholder Matters – Amendments to the Trust Declaration" at page 33.

UNITHOLDER MATTERS

Meetings of Unitholders

Meetings of Unitholders of an ETF will be held if called by the Manager or upon the written request to the Manager of Unitholders of the ETF holding not less than 10% of the then outstanding Units of such ETF.

Matters Requiring Unitholder Approval

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

- (a) the basis of the calculation of a fee or expense that is charged to the ETF or its Unitholders is changed in a way that could result in an increase in charges to the ETF or to its Unitholders, except where:
 - (i) the ETF is at arm's length with the person or company charging the fee; and
 - (ii) the Unitholders have received at least 60 days' notice before the effective date of the change;

- (b) a fee or expense, to be charged to the ETF or directly to its Unitholders by the ETF or the Manager in connection with the holding of Units of the ETF that could result in an increase in charges to the ETF or its Unitholders, is introduced;
- (c) the Manager is changed, unless the new manager of the ETF is an affiliate of the Manager;
- (d) the fundamental investment objective of the ETF is changed;
- (e) the ETF decreases the frequency of the calculation of its net asset value per Unit;
- (f) the ETF undertakes a reorganization with, or transfers its assets to, another mutual fund, if the ETF ceases to continue after the reorganization or transfer of assets and the transaction results in the Unitholders of the ETF becoming securityholders in the other mutual fund, unless:
 - (i) the IRC of the ETF has approved the change in accordance with NI 81-107;
 - (ii) the ETF is being reorganized with, or its assets are being transferred to, another mutual fund to which NI 81-102 and NI 81-107 apply, and that is managed by the Manager, or an affiliate of the Manager;
 - (iii) the Unitholders have received at least 60 days' notice before the effective date of the change; and
 - (iv) the transaction complies with certain other requirements of applicable securities legislation;
- (g) the ETF undertakes a reorganization with, or acquires assets from, another mutual fund, if the ETF continues after the reorganization or acquisition of assets, the transaction results in the securityholders of the other mutual fund becoming Unitholders of the ETF, and the transaction would be a material change to the ETF; or
- (h) any matter which is required by the constitutive documents of the ETF; by the laws applicable to the ETF or by any agreement to be submitted to a vote of the Unitholders of the ETF.

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

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

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

Amendments to the Trust Declaration

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

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

- (a) the securities legislation requires that written notice be given to Unitholders of the ETF before the change takes effect; or

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

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

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

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

Reporting to Unitholders

The Manager, on behalf of each ETF, will in accordance with applicable laws furnish to each Unitholder of an ETF, unaudited semi-annual financial statements and an interim management report of fund performance for such ETF within 60 days of the end of each semi-annual period and audited annual financial statements and an annual management report of fund performance for the ETF within 90 days of the end of each financial year. Both the semi-annual and the annual financial statements of an ETF will contain a statement of net assets, a statement of operations, a statement of changes in net assets, a statement of cashflows and a statement of investment portfolio.

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

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

TERMINATION OF THE ETFS

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

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

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

Procedure on Termination

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

PLAN OF DISTRIBUTION

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

Upon satisfaction of the TSX's original listing requirements, including distribution of a minimum number of Units, the Units of the ETFs will be listed on the TSX. The Manager expects that the first issuance, listing and trading of the Units of the ETFs on the TSX will occur on or after April 7, 2011, as the Manager may determine in its discretion.

RELATIONSHIP BETWEEN THE ETF AND DEALERS

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

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

PRINCIPAL HOLDERS OF UNITS OF THE ETFS

The Manager currently holds all of the issued and outstanding Units of the ETFs.

PROXY VOTING DISCLOSURE FOR PORTFOLIO UNITS HELD

The Manager is responsible for all securities voting in respect of securities held by the ETFs and exercising responsibility with the best economic interests of the ETFs and the Unitholders of the ETFs. The Manager has established proxy voting policies, procedures and guidelines (the "**Proxy Voting Policy**") for securities held by the ETFs to which voting rights are attached. The Proxy Voting Policy is intended to provide for the exercise of such voting rights in accordance with the best interests of the ETFs and the Unitholders of the ETFs.

The Proxy Voting Policy sets out the guidelines and procedures that the Manager will follow to determine whether and how to vote on any matter for which the ETFs receive proxy materials. Issuers' proxies most frequently contain proposals to elect corporate directors, to appoint external auditors and set their compensation, to adopt or amend management compensation plans, and to amend the capitalization of the company.

Pursuant to the Proxy Voting Policy, the Manager will generally cause the ETFs to vote on these matters as follows:

- (i) **Board Of Directors** – The Manager supports establishing a majority of independent directors and independent committee chairs. Boards are required to act in the best interests of all shareholders. This can be achieved by ensuring that the majority of directors are independent. The Manager will not normally vote against a slate of directors because they are not independent. However, it will do so if corporate performance is unsatisfactory over a reasonable period of time.
- (ii) **Contested Director Elections** – In the case of contested board elections, the nominees' qualifications and the performance of the incumbent board will be evaluated, as well as the rationale behind the dissidents' campaign, to determine the outcome that will maximize shareholder value.
- (iii) **Classified Boards** – Proposals to declassify existing boards (whether proposed by management or shareholders) will generally be supported, and efforts by companies to adopt classified board structures, in which only part of the board is elected each year, will be resisted.
- (iv) **Director/Officer Indemnification** – Proposals to indemnify directors and officers will generally be supported to ensure the companies can recruit the most qualified individuals. Individuals may be reluctant to serve as a director or officer if they were to be personally liable for all lawsuits and legal costs.
- (v) **Director Ownership** – Proposals that will require independent directors to hold a minimum amount of company stock as individuals will generally be opposed. Such a requirement raises questions about directors' independence, and qualified candidates may be reluctant to accept directorships in the face of such a requirement.
- (vi) **Director Qualifications** – The Manager supports establishing minimum standards for directors and disclosing the directors' qualifications to shareholders. The Manager supports boards that consist of experienced individuals with the appropriate business and professional credentials. Elected directors should have general business acumen, company specific knowledge, and should make informed and independent judgments. The proxy circular should set out the minimum qualifications and standards for directors and a brief description of the business and professional credentials of each director.
- (vii) **Independent Advisors** – The Manager supports empowering boards, board committees and individual directors to retain (at the subject company's expense) outside legal counsel and other advisors to assist them with their responsibilities.
- (viii) **Separation of Chair and Chief Executive Officer** – The Manager supports, where possible, separating the chair and chief executive officer roles. The board chair should be an independent executive director. Generally, the Manager will not vote against a slate of directors if the board and management roles are not separated. However, the Manager will do so if corporate performance over a reasonable period of time is unsatisfactory or if there are continuing issues relating to corporate governance matters.
- (ix) **Approval of Independent Auditors** – The relationship between a company and its auditors should be limited primarily to the audit, although it may include certain closely related activities that do not, in the aggregate, raise any appearance of impaired independence. Management's recommendation for the ratification of the auditors, except in instances where audit and audit-

related fees make up less than 50% of the total fees paid by the company to the audit firm, will generally be supported. Instances in which the audit firm has a substantial non-audit relationship with the company (regardless of its size relative to the audit fee) will be evaluated on a case-by-case basis to determine whether there is a concern that independence has been compromised.

- (x) **Executive Compensation** – The Manager supports establishing an independent compensation committee to ensure that executive compensation is competitive and fair. Although, management should be competitively compensated, an independent compensation committee should review compensation arrangements and make recommendations to the board of directors. Shareholders should be allowed to vote on all equity based compensation plans (including option plans) because of the potential dilutive effect on their existing ownership.
- (xi) **Stock-Based Compensation Plans** – An independent compensation committee should have significant latitude to deliver varied compensation to motivate the company’s employees. However, all compensation proposals will be evaluated in the context of several factors (a company’s industry, market capitalization, competitors for talent, etc.) to determine whether a particular plan or proposal balances the perspectives of employees and the company’s other shareholders. Each proposal will be evaluated on a case-by-case basis, taking all material facts and circumstances into account.
- (xii) **Bonus Plans** – Bonus plans, which must be periodically submitted for shareholder approval, should have clearly defined performance criteria and maximum awards expressed in dollars. Bonus plans with awards that are excessive in both absolute terms and relative to a comparative group generally will not be supported.
- (xiii) **Employee Stock Purchase Plans** – The use of employee stock purchase plans to increase company stock ownership by employees will generally be supported provided that shares purchased under the plan are acquired for no less than 85% of their market value and that shares reserved under the plan comprise less than 5% of the outstanding shares.
- (xiv) **Executive severance agreements** – While executives’ incentives for continued employment should be more significant than severance benefits, there are instances, particularly in the event of a change in control, in which severance arrangements may be appropriate. The Manager will generally, without submission to shareholders, cause an ETF to vote in favour of approving severance benefits triggered by a change in control that do not exceed three times an executive’s salary and bonus. The Manager will generally not approve, without shareholder approval, any severance arrangement under which the beneficiary receives more than three times salary and bonus or where severance is guaranteed absent a change in control.
- (xv) **Shareholder rights plans** – In evaluating the approval of proposed shareholder rights plans, the following factors will be considered: the length of the plan, whether the plan requires shareholder approval for renewal, whether the plan incorporates review by a committee of independent directors at least every three years, whether the plan includes permitted bid/qualified offer features that mandate a shareholder vote in certain situations, whether the ownership trigger is reasonable and the level of independence of the board that is proposing such plan.
- (xvi) **Crown jewel defence** – The sale of assets to “friendly” companies in an effort to frustrate a takeover will generally be opposed as this action could impair shareholder value.
- (xvii) **Cumulative voting** – Cumulative voting will generally be opposed on the basis that it allows shareholders a voice in director elections that is disproportionate to their economic investment in the corporation.

- (xviii) **Supermajority vote requirements** – Shareholders’ ability to approve or reject matters presented for a vote based on a simple majority will be supported. Accordingly, proposals to remove supermajority requirements will be supported, and proposals to impose them will be opposed.
- (xix) **Right to call meetings and act by written consent** – Shareholders’ rights to call special meetings of the board (for good cause and with ample representation) and to act by written consent will generally be supported. Proposals to grant these rights to shareholders will be supported, and proposals to abridge these rights will be opposed.
- (xx) **Confidential voting** – The integrity of the voting process is enhanced substantially when shareholders (both institutions and individuals) can vote without fear of coercion or retribution based on their votes. As such, proposals to provide confidential voting will be supported.
- (xxi) **Dual classes of stock** – Dual-class capitalization structures that provide disparate voting rights to different groups of shareholders with similar economic investments are objectionable. As such, the creation of separate classes with different voting rights will be opposed, and the dissolution of such classes will be supported.
- (xxii) **Corporate and social policy issues** – Proposals in this category, initiated primarily by shareholders, typically request that the company disclose or amend certain business practices. These are “ordinary business matters” that are primarily the responsibility of management and should be evaluated and approved solely by the corporation’s board of directors. An ETF will typically abstain from voting on these proposals absent a compelling economic impact on shareholder value (e.g., proposals to require expensing of stock options).
- (xxiii) **Increase in authorized shares** – The Manager supports only issuing additional common shares for good business reasons. Additional common shares should be issued only for sound business reasons. A 20% or greater increase in authorized common shares should be avoided unless there is a good reason for doing so.

Other issues, including those business issues specific to the issuer or those raised by shareholders of the issuer, are addressed on a case-by-case basis with a focus on the potential impact of the vote on shareholder value.

The ETFs may limit their voting on foreign holdings in instances where the issues presented are unlikely to have a material impact on shareholder value, since the costs of voting (e.g., custodian fees, vote agency fees) in foreign markets may be substantially higher than for Canadian holdings.

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

The Proxy Voting Policy is available on request, at no cost, by calling the Manager toll-free at 1-866-641-5739 or emailing the Manager at info@hbpets.com.

The proxy voting record of an ETF for the annual period from July 1 to June 30 will be available free of charge to any investor of an ETF upon request at any time after August 31 following the end of that annual period. The proxy voting record of an ETF will also be available on our Internet site at www.HBPETFs.com.

MATERIAL CONTRACTS

The only contracts material to the ETFs are the following:

- (i) **Trust Declaration.** For additional disclosure related to the Trust Declaration, including relevant termination provisions and other key terms of the agreement, see “Organization and Management

Details of the ETFs – The Trustee” on page 28, “Attributes of Securities – Modification of Terms” on page 32, and “Unitholder Matters – Amendments to the Trust Declaration” on page 33;

- (ii) **Investment Management Agreement.** For additional disclosure related to the Investment Management Agreement, including relevant termination provisions and other key terms of the agreement, see “Organization and Management Details of the ETFs – Details of the Investment Management Agreement” on page 25;
- (iii) **Custodian Agreement.** For additional disclosure related to the Custodian Agreement, including relevant termination provisions and other key terms of the agreement, see “Organization and Management Details of the ETFs – Custodian” on page 29; and
- (v) **Designated Broker Agreement.** For additional disclosure related to the Designated Broker Agreement, see “Organization and Management Details of the ETFs – Designated Brokers” on page 26.

Copies of these agreements may be examined at the head office of the ETFs, 26 Wellington Street East, Suite 700, Toronto, Ontario, M5E 1S2, during normal business hours.

LEGAL AND ADMINISTRATIVE PROCEEDINGS

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

EXPERTS

Fasken Martineau DuMoulin LLP, legal counsel to the ETFs, has provided a legal opinion on the principal Canadian federal income tax considerations that apply to an investment in Units of an ETF by an individual resident in Canada. See “Income Tax Considerations” on page 17.

KPMG LLP, the auditors of the ETFs, has consented to the use of their report dated March 30, 2011 on the statement of net assets of the ETFs as at March 30, 2011. KPMG LLP has confirmed that they are independent with respect to the ETFs within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

EXEMPTIONS AND APPROVALS

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

- (a) permit a Unitholder to acquire more than 20% of the Units through purchases on the TSX without regard to the takeover bid requirements of applicable Canadian securities legislation provided the Unitholder, and any person acting jointly or in concert with such Unitholder, undertakes to the Manager not to vote more than 20% of the Units at any meeting of Unitholders. See “Purchases of Units – Buying and Selling Units of an ETF” at page 14;
- (b) enable the purchase and sale of Units on the TSX, which precludes the transmission of purchase or redemption orders to the office of the Manager;
- (c) permit the ETFs to accept a combination of cash and securities as subscription proceeds for Units;
- (d) permit the redemption of less than a PNU at a price equal to 95% of the closing price for such Units on the TSX on the effective date of redemption;
- (e) relieve the ETFs from the requirement relating to the record date for the payment of distributions, provided that the ETFs comply with applicable TSX requirements;

- (f) relieve the ETFs from the requirement that a prospectus contain a certificate of the underwriters;
- (g) relieve the ETFs from the dealer registration requirement provided that the Manager complies with Part 15 of NI 81-102; and
- (h) engage an affiliate of National Bank of Canada, that is an investment dealer, as its securities lending agent.

PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase mutual fund securities within two business days after receipt of a prospectus and any amendment or within 48 hours after receipt of a confirmation of a purchase of such securities. If the agreement is to purchase such securities under a contractual plan, the time period during which withdrawal may be made may be longer.

In several of the provinces and territories, securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, but such remedies must be exercised by the purchaser within the time limits prescribed by the securities legislation of the investor's province or territory of residence. The purchaser should refer to the applicable provisions of the securities legislation of the province or territory for the particulars of these rights or should consult with a legal advisor.

DOCUMENTS INCORPORATED BY REFERENCE

Additional information about the ETFs will be available in the following documents:

- (i) the most recently filed comparative annual financial statements of the ETFs, together with the accompanying report of the auditor;
- (ii) any interim financial statements of the ETFs;
- (iii) the most recently filed annual management report of fund performance of the ETFs; and
- (iv) any interim management report of fund performance of the ETFs filed after that most recently filed annual management report of fund performance of the ETFs.

These documents will be incorporated by reference into this prospectus, which means that they will legally form part of this document just as if they were printed as part of this document. You will be able to obtain a copy of these documents, at your request, and at no cost, by calling toll-free: 1-866-641-5739 or by contacting your dealer. These documents will be available on the Internet site of the ETFs at www.HBPETFs.com. These documents and other information about the ETFs will also be available on the Internet at www.sedar.com.

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

AUDITORS' CONSENT

To the Board of Directors of BetaPro Management Inc.

Horizons U.S. Dollar Currency ETF
Horizons Australian Dollar Currency ETF
(together, the "ETFs")

We have read the prospectus of the ETFs dated March 30, 2011 relating to the initial public offering of units of the ETFs (the "Prospectus"). We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the inclusion in the Prospectus of our auditors' report to the Board of Directors of BetaPro Management Inc. on each of the statement of net assets of the ETFs as at March 30, 2011. Our report is dated March 30, 2011.

"KPMG LLP"

Chartered Accountants, Licensed Public Accountants

Toronto, Canada
March 30, 2011

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of BetaPro Management Inc.

Horizons U.S. Dollar Currency ETF
Horizons Australian Dollar Currency ETF
(together, the "ETFs")

We have audited the accompanying financial statements of the ETFs, which comprise the net assets as at March 30, 2011, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian generally accepted accounting principles, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the ETFs' preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the ETFs' internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the ETFs as at March 30, 2011 in accordance with Canadian generally accepted accounting principles.

"KPMG LLP"

Chartered Accountants, Licensed Public Accountants

Toronto, Canada
March 30, 2011

**THE HORIZONS ETFs -
HORIZONS U.S. DOLLAR CURRENCY ETF**
Statement of Net Assets

March 30, 2011

Assets

Cash	\$	150,000
<hr/>		
Total net assets and securityholder's equity	\$	150,000

Represented by:

Securityholder's equity:

Authorized:

Unlimited Class A units
without par value issued and fully paid

Total net assets and securityholder's equity, Class A units	\$	150,000
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Net assets per Class A unit	\$	10.29
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Issued and fully paid Class A units		14,578
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See accompanying notes to statement of net assets.

Approved on behalf of the Board of Directors of
BetaPro Management Inc., as the Manager and
Trustee of the ETF

"Mark Arthur"

Mark Arthur, Director

"Adam Felesky"

Adam Felesky, Chief Executive Officer and
Director

**THE HORIZONS ETFs -
HORIZONS AUSTRALIAN DOLLAR CURRENCY ETF**
Statement of Net Assets

March 30, 2011

Assets

Cash \$ 150,000

Total net assets and securityholder's equity \$ 150,000

Represented by:

Securityholder's equity:

Authorized:

Unlimited Class A units
without par value issued and fully paid

Total net assets and securityholder's equity, Class A units \$ 150,000

Net assets per Class A unit \$ 10.00

Issued and fully paid Class A units 15,000

See accompanying notes to statement of net assets.

Approved on behalf of the Board of Directors of
BetaPro Management Inc., as the Manager and
Trustee of the ETF

"Mark Arthur"

Mark Arthur, Director

"Adam Felesky"

Adam Felesky, Chief Executive Officer and
Director

THE HORIZONS ETFs

Notes to Statement of Net Assets

March 30, 2011

1. Establishment of the ETFs and authorized units:

The following exchange traded funds were established on March 30, 2011 in accordance with the Declaration of Trust:

Horizons U.S. Dollar Currency ETF
("Horizons DLR")

Horizons Australian Dollar Currency ETF
("Horizons ASD" and together with Horizons DLR, the "ETFs").

(a) Legal structure:

BetaPro Management Inc. (the "Manager" or the "Trustee") is the manager and trustee of the ETFs.

The ETFs are unincorporated open-ended mutual fund trusts. The ETFs are established under the laws of the Province of Ontario by a Master Declaration of Trust. The Manager has appointed JovInvestment Management Inc. ("JovInvestment" or the "Investment Manager"), an affiliate of the Manager, to act as the investment manager to the ETFs.

(b) Unitholder's equity:

Units of the ETFs are redeemable at the option of the holder in accordance with the provisions laid out in the prospectus. If accepted by the Manager, the units will be redeemed on the Valuation Day based on the net asset value of the units of the ETF on the applicable Valuation Day.

THE HORIZONS ETFs

Notes to Statement of Net Assets

March 30, 2011

(c) Issue of units:

A total of 14,578 Class A Units of Horizons DLR and 15,000 Class A Units of Horizons ASD were issued for cash on March 30, 2011 to the Manager.

2. Management of the ETF

(a) Investment Management Agreement:

Pursuant to the terms of the Investment Management Agreement, an ETF is required to indemnify the Investment Manager and its directors, officers and employees (collectively, the "Indemnified Persons"), out of the assets of the ETF against all liabilities, losses and expenses incurred by any of them in connection with any matter relating to the ETF, unless an Indemnified Person is finally adjudicated to have committed an act or omission involving wilful misconduct, bad faith, negligence or has breached its obligations, duties or standard of care as set out in the Investment Management Agreement.

(b) Management fees:

Each class of an ETF will pay the Manager an annual management fee (the "Management Fee") equal to a percentage of the net asset value of that class of the ETF as detailed below, calculated and accrued daily and payable monthly. The Manager is responsible for the payment of the fees of the Investment Manager.

An ETF will pay a Management Fee equal to 0.45% of the net asset value of the Class A units of the ETF.

The Manager may reduce the Management Fees that it is entitled to charge to an ETF. Such a reduction or waiver will be dependent upon a number of factors, including the amount invested, the total assets of the ETF under administration and the expected amount of account activity.

CERTIFICATE OF THE HORIZONS U.S. DOLLAR CURRENCY ETF AND THE HORIZONS AUSTRALIAN DOLLAR CURRENCY ETF (TOGETHER, THE “ETFs”), THE MANAGER AND PROMOTER

Dated: March 30, 2011

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

**BETAPRO MANAGEMENT INC.,
AS TRUSTEE, MANAGER AND PROMOTER OF THE ETFs**

“Adam Felesky”

Adam Felesky
Chief Executive Officer

“Alex Watters”

Alex Watters
Chief Financial Officer

**ON BEHALF OF THE BOARD OF DIRECTORS
OF BETAPRO MANAGEMENT INC.**

“Howard Atkinson”

Howard Atkinson
Director

“Philip Armstrong”

Philip Armstrong
Director