FOR IMMEDIATE RELEASE

Horizons ETFs to Launch First Marijuana ETF

The Horizons Medical Marijuana Life Sciences ETF will begin trading on April 5, 2017

TORONTO – **March 28, 2017** – Horizons ETFs Management (Canada) Inc. ("**Horizons ETFs**") is pleased to announce that it has filed its final prospectus to launch the Horizons Medical Marijuana Life Sciences ETF ("**HMMJ**"). Units of the exchange traded fund ("**ETF**") have been conditionally approved for listing by the Toronto Stock Exchange ("**TSX**") and are slated to begin trading on April 5, 2017, under the ticker symbol HMMJ.

HMMJ will be the first ETF that offers direct exposure to North American-listed stocks that are involved with medical marijuana bioengineering and production. HMMJ is an index (or passively managed) ETF, which seeks to replicate, to the extent possible, the performance of the North American Medical Marijuana Index ("**the Index**"), net of expenses. The Index is designed to provide exposure to the performance of a basket of North American publicly traded companies with significant business activities in the marijuana industry.

"The medical marijuana industry is rapidly growing in North America as legislators allow or consider allowing more legal uses of marijuana and marijuana-related products, particularly medical marijuana usage," said Steve Hawkins, President and Co-CEO of Horizons ETFs. *"HMMJ is a way for investors to directly access the medical marijuana and life sciences industry through a transparent, low-cost ETF that holds a diversified basket of companies."*

The North American Medical Marijuana Index is designed to be a liquid and investable index of equity securities of publicly listed life sciences companies, and other firms, with business activities in the marijuana industry. The Index selects from a current universe of publicly-listed North American companies that have operations that may include one or more of biopharmaceuticals, medical manufacturing, distribution, bioproducts and other ancillary businesses to the marijuana industry.

Only stocks that meet minimum asset and liquidity thresholds are eligible for inclusion in the Index. Stocks in the Index are rebalanced quarterly on a market-capitalization basis, and capped so that no single stock can exceed 10% of the weight of the Index when rebalanced.

"Given the recent high returns generated by medical marijuana companies, investors are clearly attracted to the industry," said Mr. Hawkins. *"We feel that the methodology of the North American Medical Marijuana Index will maximize the risk/reward opportunity for investors by ensuring the companies in the Index meet important liquidity and asset requirements, so that the stocks in the Index are the leaders in the Medical Marijuana industry."*

HMMJ will close the initial offering of units to its designated broker after the close of business on April 4, 2017, prior to its initial listing of units on the TSX on April 5, 2017.

FOR IMMEDIATE RELEASE

About Horizons ETFs Management (Canada) Inc. (www.HorizonsETFs.com)

Horizons ETFs Management (Canada) Inc. and its affiliate AlphaPro Management Inc. are innovative financial services companies offering the Horizons ETFs family of exchange traded funds. The Horizons ETFs family includes a broadly diversified range of investment tools with solutions for investors of all experience levels to meet their investment objectives in a variety of market conditions. Horizons ETFs has more than $7 billion of assets under management. With 76 ETFs listed on the Toronto Stock Exchange, the Horizons ETFs family makes up one of the largest families of ETFs in Canada. Horizons ETFs Management (Canada) Inc. and AlphaPro Management Inc. are members of the Mirae Asset Global Investments Group.

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

PROSPECTUS

Continuous Offering March 27, 2017

Horizons US Dollar Currency ETF ("Horizons DLR")
Horizons Canadian Midstream Oil & Gas Index ETF ("Horizons HOG")
Horizons Cdn Insider Index ETF ("Horizons HII")
Horizons Canadian Dollar Currency ETF ("Horizons CAN")

(**together, the "Existing ETFs" and each an "Existing ETF"**)

Initial Public Offering March 27, 2017

Horizons Medical Marijuana Life Sciences ETF ("Horizons HMMJ")

(together with the "Existing ETFs", the "ETFs" and each individually, an "ETF")

The Horizons ETFs are open-end mutual fund trusts established under the laws of Ontario. Class A units of each ETF are being offered for sale on a continuous basis in Canadian dollars by this prospectus ("**Cdn Units**"). Class A units of Horizons DLR are also being offered in U.S. dollars by this prospectus and such units do not employ a currency hedge ("**US$ Units**", and together with the Cdn Units, the "**Units**"). There is no minimum number of Units that may be issued. The Units of each ETF are offered, or will be offered, for sale at a price equal to the net asset value of such Units in the applicable currency next determined following the receipt of a subscription order. Subscriptions for US$ Units can be made in either U.S. or Canadian currency. Holders of US$ Units may request that their redemption proceeds be paid in either U.S. or Canadian currency.

Units of each Existing ETF are currently listed and trading on the Toronto Stock Exchange (the "**TSX**"). The TSX has conditionally approved the listing of Units of Horizons HMMJ. Listing of the Units of Horizons HMMJ will be subject to Horizons HMMJ fulfilling all of the listing requirements of the TSX on or before March 23, 2018.

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

Investment Objectives

Horizons DLR

Horizons DLR seeks to reflect the reference value in Canadian dollars (in respect of the Cdn Units) and U.S. dollars (in respect of the US$ Units) 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 HOG

Horizons HOG seeks to replicate, to the extent possible, the performance of the Solactive Canadian Midstream Oil & Gas Index, net of expenses. The Solactive Canadian Midstream Oil & Gas Index is designed to provide exposure to equity securities of certain Canadian oil and gas companies in the Midstream Sector (as hereinafter defined).

Horizons HII

Horizons HII seeks to replicate, to the extent possible, the performance of the INK Canadian Insider Index, net of expenses. The INK Canadian Insider Index is designed to provide exposure to the performance of 50 TSX-listed growth and value stocks with significant insider buying and ownership.

Horizons CAN

Horizons CAN seeks to reflect, in Canadian dollars and net of expenses, the performance of the Canadian dollar relative to the U.S. dollar. Horizons CAN will generally hold Canadian dollar denominated cash and will primarily use forward currency agreements and/or futures contracts to seek to deliver the performance of the Canadian dollar relative to the U.S. dollar.

Horizons HMMJ

Horizons HMMJ seeks to replicate, to the extent possible, the performance of the North American Medical Marijuana Index, net of expenses. The North American Medical Marijuana Index is designed to provide exposure to the performance of a basket of North American publicly listed companies with significant business activities in the marijuana industry.

See "Investment Objectives".

The ETFs are subject to certain investment restrictions. See "Investment Restrictions".

Additional Considerations

Horizons DLR is a money market fund within the definition set out in National Instrument 81-102 *Investment Funds* ("**NI 81-102**") and complies with all applicable requirements of NI 81-102.

Investors can buy or sell Units of each ETF on the TSX through registered brokers and dealers in the province or territory where the investor resides. Investors will incur customary brokerage commissions in buying and/or selling Units of an ETF. The Manager, on behalf of each ETF, has entered or will enter into agreements with registered dealers (each, a "**Designated Broker**" or "**Dealer**") which, amongst other things, enables or will enable such Dealers and Designated Brokers to purchase and redeem Units in the applicable currency directly from the ETFs. Holders of Units of an ETF (the "**Unitholders**") may 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 or exchanging a prescribed number of Units (a "**PNU**") for cash; or (iii) by redeeming Units for cash at a redemption price per Unit of 95% of the closing price for the applicable Units on the effective day of redemption. A cash redemption request will be subject to a maximum redemption price payable to a Unitholder of the NAV per Unit of the applicable ETF. Holders of US$ Units of Horizons DLR may request that their redemption proceeds be paid in U.S. or Canadian dollars. Unitholders are advised to consult their brokers or investment advisers before redeeming Units for cash. Each ETF also offers additional redemption options which are available where a Dealer, Designated Broker or Unitholder redeems or exchanges a PNU. See "Purchases of Units" and "Exchange and Redemption of Units".

No Designated Broker or Dealer has been involved in the preparation of this prospectus nor has any Designated Broker or Dealer performed any review of the contents of this prospectus and the Securities Regulatory Authorities (as hereafter defined) have provided the ETFs with a decision exempting the ETFs from the requirement to include a certificate of an underwriter in the prospectus. No Designated Broker or Dealer is an underwriter of the ETFs in connection with the distribution by the ETFs of their Units under this prospectus.

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

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

Additional information about an ETF is or will be available in its most recently filed annual financial statements together with the accompanying independent auditors' report, any interim financial statements of that ETF filed after these annual financial statements, its most recently filed annual and interim management reports of fund performance, and the most recently filed summary documents of that ETF. These documents are or will be incorporated by reference into this prospectus which means that they legally form part of this prospectus. For further details, see "Documents Incorporated by Reference".

You can get a copy of these documents at your request, and at no cost, by calling the Manager toll-free at 1-866-641-5739 or from your dealer. These documents are or will also be available on the Manager's website at www.HorizonsETFs.com, or by contacting the Manager by e-mail at info@horizonsetfs.com. These documents and other information about the ETFs are or 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 open-end mutual fund trusts established under the laws of Ontario. See "Overview of the Legal Structure of the ETFs".
Investment Objectives	*Horizons DLR* Horizons DLR seeks to reflect the reference value in Canadian dollars (in respect of the Cdn Units) and U.S. dollars (in respect of the US$ Units) 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 HOG* Horizons HOG seeks to replicate, to the extent possible, the performance of the Solactive Canadian Midstream Oil & Gas Index, net of expenses. The Solactive Canadian Midstream Oil & Gas Index is designed to provide exposure to equity securities of certain Canadian oil and gas companies in the Midstream Sector. *Horizons HII* Horizons HII seeks to replicate, to the extent possible, the performance of the INK Canadian Insider Index, net of expenses. The INK Canadian Insider Index is designed to provide exposure to the performance of 50 TSX-listed growth and value stocks with significant insider buying and ownership. *Horizons CAN* Horizons CAN seeks to reflect, in Canadian dollars and net of expenses, the performance of the Canadian dollar relative to the U.S. dollar. Horizons CAN will generally hold Canadian dollar denominated cash and will primarily use forward currency agreements and/or futures contracts to seek to deliver the performance of the Canadian dollar relative to the U.S. dollar. *Horizons HMMJ* Horizons HMMJ seeks to replicate, to the extent possible, the performance of the North American Medical Marijuana Index, net of expenses. The North American Medical Marijuana Index is designed to provide exposure to the performance of a basket of North American publicly listed companies with significant business activities in the marijuana industry. See "Investment Objectives".
Investment Strategies	*Horizons DLR* In order to achieve its investment objective Horizons DLR will invest in cash and/or Cash Equivalents that are denominated in the U.S. dollar. When investing in Cash Equivalents, Horizons DLR generally invests in Cash Equivalents with maturities of 90 days or less.

Horizons DLR is a money market fund within the definition set out in NI 81-102 and complies with all applicable requirements of NI 81-102.

In order to achieve its investment objective, Horizons DLR may also, subject to regulatory approval, invest in money market mutual funds, exchange traded funds, or exchange traded notes.

Horizons HOG

To achieve Horizons HOG's investment objectives, Horizons HOG invests and holds the equity securities of the Constituent Issuers in substantially the same proportion as its Underlying Index.

Horizons HOG's Underlying Index is ordinarily rebalanced on a quarterly basis at the close of trading on each Rebalancing Date. The Constituent Issuers of its Underlying Index will be weighted equally on each Rebalancing Date.

Horizons HOG is fully invested in or exposed to its Underlying Index at all times.

Horizons HII

To achieve Horizons HII's investment objectives, Horizons HII invests and holds the equity securities of the Constituent Issuers in substantially the same proportion as its Underlying Index.

Horizons HII's Underlying Index is ordinarily rebalanced on a semi-annual basis at the close of trading on each Rebalancing Date. The Constituent Issuers of its Underlying Index will be weighted equally on each Rebalancing Date.

Horizons HII is fully invested in or exposed to its Underlying Index at all times.

Horizons CAN

In order to achieve its investment objective, Horizons CAN will be invested in Canadian dollar denominated cash and will use derivative instruments such as short-term (less than three months) forward currency agreements and/or futures contracts to gain its long exposure to the Canadian dollar relative to the U.S. dollar.

When the Canadian dollar appreciates relative to the U.S. dollar, the value of Horizons CAN is expected to increase. When the Canadian dollar depreciates relative to the U.S. dollar, the value of Horizons CAN is expected to decrease.

Horizons HMMJ

To achieve Horizons HMMJ's investment objectives, Horizons HMMJ invests and holds the equity securities of the Constituent Issuers in substantially the same proportion as its Underlying Index. These securities, which could include ADRs, will be listed on stock exchanges in North America, and will be equity securities of life sciences companies, and other companies, with significant business activities in the marijuana industry.

Horizons HMMJ's Underlying Index is ordinarily rebalanced on a quarterly basis at the close of trading on each Rebalancing Date. The Constituent Issuers of its Underlying Index will be market capitalization-weighted on each Rebalancing Date, subject to a cap for each Constituent Issuer of a maximum of 10% of the net asset value of Horizons HMMJ on each Rebalancing Date, with the remainder of the Constituent Issuers' weights to be increased proportionately.

Horizons HMMJ will be fully invested in or exposed to its Underlying Index at all times. Horizons HMMJ could have substantial exposure to US-listed securities, and Horizons HMMJ will not hedge any currency exposure from those securities.

See "Investment Strategies". Each ETF is subject to certain investment restrictions. See "Investment Restrictions".

Offering

Units of each ETF are offered for sale on a continuous basis by this prospectus, and there is no minimum number of Units of an ETF that may be issued. Units of an ETF are offered, or will be offered, for sale at a price equal to the net asset value of the Units of the ETF in the applicable currency next determined following the receipt of a subscription order. Cdn Units of the ETFs are denominated and trade in Canadian dollars, and US$ Units of Horizons DLR are denominated and trade in U.S. dollars. As the underlying exposure of the Cdn Units and US$ Units of Horizons DLR is the same, no currency hedging is used with respect to US$ Units of Horizons DLR. Subscriptions for US$ Units of Horizons DLR can be made in either U.S. or Canadian dollars. See "Plan of Distribution".

Units of each Existing ETF are currently listed and trading on the TSX. The TSX has conditionally approved the listing of Units of Horizons HMMJ. Listing of the Units of Horizons HMMJ will be subject to Horizons HMMJ fulfilling all of the listing requirements of the TSX.

Investors are or 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 applicable currency 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 in the applicable currency on the TSX. Dealers may purchase a PNU from an ETF in the applicable currency at the net asset value per Unit of such ETF.

See "Attributes of the Securities".

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 an ETF”, “Attributes of the Securities - Description of the Securities Distributed” and “Exemptions and Approvals”.

Conflicts of Interest

The ETFs are subject to certain conflicts of interest. 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” and “Relationship between the ETFs and Dealers”.

Distribution Policy	*Horizons DLR* Distributions, if any, to Unitholders of Horizons DLR of income earned on cash and Cash Equivalents, net of fees and expenses, will be made on a monthly basis. Such distributions, if any, to Unitholders of Horizons DLR will be paid in U.S. dollars. *Horizons CAN* Horizons CAN is not expected to make regular cash distributions. Cash distributions, if any, to Unitholders of Horizons CAN of income earned on cash and Cash Equivalents or Horizons CAN's derivatives activity, net of fees and expenses, will be made at the discretion of the Manager. Such distributions, if any, to Unitholders of Horizons CAN will be paid in Canadian dollars. *Horizons HII and Horizons HOG* It is anticipated that each of Horizons HII and Horizons HOG will make distributions to its respective Unitholders on a quarterly basis. Such distributions will be paid in cash, unless a Unitholder is participating in the Reinvestment Plan. *Horizons HMMJ* Horizons HMMJ is not expected to make regular cash distributions. Cash distributions, if any, to Unitholders of Horizons HMMJ, net of fees and expenses, will be made at the discretion of the Manager. Such distributions, if any, to Unitholders of Horizons HMMJ will be paid in Canadian dollars. *All ETFs* To the extent required, each ETF will also make payable, prior to the end of each taxation year, sufficient net income (including net capital gains) that has not previously been paid or made payable so that each ETF will not be liable for ordinary income tax in any given year and such distributions will be automatically reinvested in Units of the applicable ETF or paid in Units of the applicable ETF, in each case which will then be immediately consolidated such that the number of outstanding Units of the applicable ETF held by each Unitholder on such day following the distribution will equal the number of Units of the applicable ETF held by the Unitholder prior to that distribution. See "Distribution Policy" and "Tax Implications of an ETF's Distribution Policy".
Distribution Reinvestment – Horizons HOG and Horizons HII	At any time, a Unitholder of Horizons HOG and Horizons HII may elect to participate in the Reinvestment Plan by contacting the CDS Participant(s) through which the Unitholder holds its Units. Under the Reinvestment Plan, cash distributions will be used to acquire additional Units of the applicable Index ETF held by the Unitholder in the market and will be credited to the account of the Unitholder through CDS. See "Distribution Policy – Distribution Reinvestment Plan".
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. A cash redemption request will be subject to a maximum redemption price payable to a Unitholder of the NAV per Unit of the applicable ETF. Holders of US$ Units of Horizons DLR may request that their redemption proceeds be paid in U.S. or Canadian dollars. 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 Horizons 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.

See "Exchange and Redemption of Units".

Termination

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

See "Termination of the ETFs".

Income Tax Considerations

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

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

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

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

See “Income Tax Considerations”.

Eligibility for Investment

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

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

Documents Incorporated by Reference

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

See “Documents Incorporated by Reference”.

Risk Factors

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

- price fluctuations of the U.S. dollar;
- foreign exchange rate risk;
- concentration risk;
- derivatives risk (Horizons CAN only);
- substantial sales of U.S. dollars; and
- borrowing risk.

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

- stock market risk;
- specific issuer risk;
- sector concentration risk (Horizons HOG and Horizons HMMJ only);
- medical marijuana sector risk (Horizons HMMJ only)
- risks of transacting on smaller exchanges (Horizons HMMJ only);
- income trust investment risk;
- underlying index risk;
- passive index risk; and
- index replication risk.

There are certain risk factors that are common to an investment in each of the ETFs. These risks relate to the following factors:

- regulatory risk;
- reliance on historical data risk;
- liquidity risk;
- corresponding net asset value risk;
- risk that Units will trade at prices other than the net asset value per Unit;
- designated broker/dealer risk;

- cease trading of securities risk;
- exchange risk;
- early closing risk;
- no assurance of meeting investment objectives;
- tax related risk;
- risks related to tax changes;
- securities lending, repurchase and reverse repurchase transaction risk;
- liability of Unitholders; and
- reliance on key personnel.

See “Risk Factors”.

Organization and Management of the ETFs

The Manager, Investment Manager and Trustee

Horizons ETFs Management (Canada) Inc., a corporation existing under the laws of Canada, is the manager, investment manager and trustee of the ETFs. The Manager is responsible for providing or arranging for the provision of administrative services required by the ETFs. The Manager will also provide investment advisory and portfolio management services to the ETFs. The principal office of Horizons is 26 Wellington Street East, Suite 700, Toronto, Ontario, M5E 1S2.

Horizons and its subsidiaries are an innovative financial services organization distributing the Horizons family of leveraged, inverse leveraged, inverse, index and actively managed exchange traded funds. Horizons is a wholly-owned subsidiary of Mirae Asset Global Investments Co., Ltd. (“**Mirae Asset**”).

Mirae Asset is the Korea-based asset management entity of Mirae Asset Financial Group, one of the world’s largest investment managers in emerging market equities. See “Organization and Management Details of the ETFs – Manager of the ETFs”.

Custodian

CIBC Mellon Trust is the custodian of the ETFs and is independent of the Manager. CIBC Mellon Trust provides custodial services to the ETFs and is located in Toronto, Ontario. See “Organization and Management Details of the ETFs – Custodian”.

Valuation Agent

CIBC Mellon Global has been retained to provide accounting valuation services to the ETFs. CIBC Mellon Global is located in Toronto, Ontario. See “Organization and Management Details of the ETFs– Valuation Agent”.

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”.

Promoter

Horizons is also the promoter of the ETFs. Horizons 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”.

Registrar and Transfer Agent	CST Trust Company, at its principal offices in Toronto, Ontario is the registrar and transfer agent for Units of the ETFs pursuant to registrar and transfer agency agreements. CST Trust Company is independent of the Manager. See “Organization and Management Details of the ETFs – Registrar and Transfer Agent”.
Securities Lending Agents	NBCN Inc. (“**NBCN**”) is a securities lending agent for the Index ETFs. NBCN is located in Toronto, Ontario. An affiliate of NBCN holds a minority interest in the Manager. See “Organization and Management Details of the ETFs – Securities Lending Agents”.

Summary of Fees and Expenses

Set out below is a summary of the fees and expenses payable by the ETFs, and the fees and expenses that Unitholders may have to pay if they invest in the ETFs. Unitholders may have to pay some of these fees and expenses directly. Alternatively, each ETF may have to pay some of these fees and expenses, which will therefore reduce the value of an investment in that ETF.

Fees and Expenses Payable by the ETFs

Type of Charge	**Description**
Management Fee	Horizons DLR pays an annual management fee to the Manager equal to 0.45% of the net asset value of Horizons DLR, plus applicable Sales Tax. Horizons HOG pays an annual management fee to the Manager equal to 0.55% of the net asset value of Horizons HOG, plus applicable Sales Tax. Horizons HII pays an annual management fee to the Manager equal to 0.65% of the net asset value of Horizons HII, plus applicable Sales Tax. Horizons CAN pays an annual management fee to the Manager equal to 0.45% of the net asset value of Horizons CAN, plus applicable Sales Tax. Horizons HMMJ pays an annual management fee to the Manager equal to 0.75% of the net asset value of Horizons HMMJ, plus applicable Sales Tax. Each Management Fee is calculated and accrued daily and is payable monthly in arrears. 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 that 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 by that ETF, at the discretion of the Manager, to the applicable Unitholders as Management Fee Distributions. See “Fees and Expenses”.

Operating Expenses

Unless otherwise waived or reimbursed by the Manager, each ETF will pay all of its operating expenses, including but not limited to: Management Fees; audit fees; trustee and custodial expenses; valuation, accounting and record keeping costs; legal expenses; permitted prospectus preparation and filing expenses; costs associated with delivering documents to Unitholders; listing and annual stock exchange fees; index licensing fees, if applicable; CDS fees; bank related fees and interest charges; extraordinary expenses; Unitholder reports and servicing costs; Registrar and Transfer Agent fees; costs associated with the IRC; income taxes; Sales Tax; brokerage expenses and commissions; and withholding taxes.

See “Fees and Expenses”.

Expenses of the Issue

Apart from the initial organizational costs of an ETF, all expenses related to the issuance of Units of the ETF are borne by the ETF.

See “Fees and Expenses”.

Fees and Expenses Payable Directly by Unitholders

Creation Charge – Currency ETFs

In respect of each Currency ETF, cash subscriptions by Dealers or Designated Brokers made in Canadian Dollars, may, at the sole discretion of the Manager, be subject to a creation charge of up to 0.05% of the value of the cash subscription order, payable to the applicable Currency ETF. The Manager will publish the creation charges, if any, on its website, www.HorizonsETFs.com.

See “Fees and Expenses - Fees and Expenses Payable Directly by the Unitholders - Creation Charge”.

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.HorizonsETFs.com.

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

Annual Returns, Management Expense Ratios and Trading Expense Ratios

The following chart provides the annual returns, management expense ratios[1] and trading expense ratios[2] for Cdn Units of Horizons DLR, Horizons HOG, Horizons HII and Horizons CAN and provides the annual returns for US$ Units of Horizons DLR. The management expense ratios and trading expense ratios provided below were calculated on an annualized basis as at December 31 of each year shown below.

As Horizons HMMJ is newly established, information relating to annual returns, management expense ratio and trading expense ratio for Horizons HMMJ is not yet available.

Horizons DLR – Cdn Units	**2016**	**2015**	**2014**	**2013**	**2012**
Annual Returns	-3.06%	18.54%	8.77%	6.34%	-3.08%
Management Expense Ratio	0.55%	0.56%	0.60%	0.60%	0.59%
Trading Expense Ratio	0.00%	0.00%	0.00%	0.00%	0.00%

Horizons DLR – US$ Units[3]	**2016**	**2015**	**2014**	**2013**	**2012**
Annual Returns	-0.17%	-0.41%	-0.56%	-0.56%	-0.52%

Horizons HOG	**2016**	**2015**	**2014**	**2013**	**2012**
Annual Returns	38.99%	-25.14%	2.66%	n/a	n/a
Management Expense Ratio	0.64%	0.63%	0.62%	n/a	n/a
Trading Expense Ratio	0.06%	0.09%	0.02%	n/a	n/a

Horizons HII	**2016**	**2015**	**2014**	**2013**	**2012**
Annual Returns	19.49%	0.78%	n/a	n/a	n/a
Management Expense Ratio	0.74%	0.74%	n/a	n/a	n/a
Trading Expense Ratio	0.15%	0.23%	n/a	n/a	n/a

Horizons CAN	**2016**	**2015**	**2014**	**2013**	**2012**
Annual Returns	-3.70%	n/a	n/a	n/a	n/a
Management Expense Ratio	0.56%	n/a	n/a	n/a	n/a
Trading Expense Ratio	0.00%	n/a	n/a	n/a	n/a

[1] "management expense ratio" means management expense ratio based on total expenses, excluding commissions and other portfolio transaction costs and expressed as an annualized percentage of daily average net asset value, and after waivers and absorptions.

[2] "trading expense ratio" means trading expense ratio representing total commissions and portfolio transaction costs expressed as an annualized percentage of daily average net asset value.

[3] The management expense ratios and trading expense ratios for the US$ Units of Horizons DLR are substantially the same as the management expense ratios and trading expense ratios for the Cdn Units of Horizons DLR.

GLOSSARY

The following terms have the following meaning:

"**ADRs**" means American depositary receipts;

"**AlphaPro**" means AlphaPro Management Inc.;

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

"**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 a designated 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 a designated rating organization or its DRO affiliate (each within the meaning of NI 81-102) have a designated rating;

"**Cash Subscription**" means a subscription order for Units of an ETF that is paid in full in cash;

"**Cdn Units**" means the class A units of an ETF that are denominated in Canadian dollars, and "**Cdn Unit**" means one of them;

"**CDS**" means CDS Clearing and Depository Services Inc.;

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

"**CIBC Mellon Global**" means CIBC Mellon Global Securities Services Company;

"**CIBC Mellon Trust**" means CIBC Mellon Trust Company;

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

"**CRA**" means the Canada Revenue Agency;

"**Currency ETFs**" means together, Horizons DLR and Horizons CAN; and "**Currency ETF**" means either one of them;

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

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

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

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

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

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

“**designated rating**” has the meaning ascribed to that term in NI 81-102;

“**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, collectively, Horizons DLR, Horizons HOG, Horizons HII, Horizons CAN and Horizons HMMJ; and “**ETF**” means any one of them;

“**Existing ETFs**” means, collectively, Horizons DLR, Horizons HOG, Horizons HII and Horizons CAN; and “**Existing ETF**” means any one of them;

“**Floating Rate Evidence of Indebtedness**” means an evidence of indebtedness that has a floating rate of interest determined over the term of the obligation by reference to a commonly used benchmark interest rate and that satisfies any of the following:

(a) if the evidence of indebtedness was issued by a person or company other than a government or a permitted supranational agency, it has a designated rating;

(b) if the evidence of indebtedness was issued by a government or a permitted supranational agency, it has its principal and interest fully and unconditionally guaranteed by any of the following:

(i) the government of Canada or the government of a jurisdiction of Canada;

(ii) 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 a designated rating;

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

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

“**Horizons CAN**” means Horizons Canadian Dollar Currency ETF;

“**Horizons DLR**” means Horizons US Dollar Currency ETF;

“**Horizons HII**” means Horizons Cdn Insider Index ETF;

“**Horizons HMMJ**” means Horizons Medical Marijuana Life Sciences ETF;

"**Horizons HOG**" means Horizons Canadian Midstream Oil & Gas Index ETF;

"**Index ETFs**" means, collectively, Horizons HOG, Horizons HII and Horizons HMMJ; and "**Index ETF**" means any one of them;

"**Index Provider**" means Solactive in respect of Horizons HOG and Horizons HMMJ, and INK in respect of Horizons HII, and "**Index Providers**" means both of them;

"**INK**" means INK Research Corp.;

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

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

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

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

"Midstream Sector" is as described under "Overview of the Sectors That the ETFs Invest In - Overview of the Canadian Oil and Gas Midstream Sector" and includes the securities of companies who are involved in the transportation, storage, and wholesale marketing of crude oil, natural gas and other refined petroleum products;

"**Mirae Asset**" means Mirae Asset Global Investments Co., Ltd.;

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

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

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

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

"**Plan Agent**" means CST Trust Company, 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;

"**Rebalancing Date**" means, in respect of Horizons HOG and Horizons HMMJ, the third Friday in each of March, June, September and December; and in respect of Horizons HII, the third Friday in each of May and November;

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

"**Registrar and Transfer Agent**" means CST Trust Company;

"**Reinvestment Plan**" means the distribution reinvestment plan for Horizons HOG and Horizons HII, 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 all applicable provincial and federal sales, use, value-added or goods and services taxes, including GST/HST;

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

"**Solactive**" means Solactive AG;

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

"**Tax Amendment**" means a proposed amendment to the 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 declaration of trust establishing the ETFs, as supplemented, amended or amended and restated from time to time;

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

"**TSX**" means the Toronto Stock Exchange;

"**Underlying Index**" means the Solactive Canadian Midstream Oil & Gas Index in respect of Horizons HOG, the INK Canadian Insider Index in respect of Horizons HII, and the North American Medical Marijuana Index in respect of Horizons HMMJ, and "**Underlying Indexes**" means all of them;

"**Unitholder**" means a holder of Units of an ETF;

"**Units**" means, together, the Cdn Units of an ETF and the US$ Units of Horizons DLR, and "**Unit**" means one of them;

"**US$ Units**" means Class A units of Horizons DLR that are denominated in U.S. dollars;

"**Valuation Agent**" means CIBC Mellon Global;

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

"**Valuation Time**" means 4:15 p.m. (EST) on a Valuation Day or such other time as may be deemed appropriate by Horizons, as trustee of an ETF.

OVERVIEW OF THE LEGAL STRUCTURE OF THE ETFs

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

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

Name of ETF	Abbreviated Name	Currency	Ticker Symbol
Horizons US Dollar Currency ETF	Horizons DLR	Canadian dollar	DLR
		U.S. dollar	DLR.U
Horizons Canadian Midstream Oil & Gas Index ETF	Horizons HOG	Canadian dollar	HOG
Horizons Cdn Insider Index ETF	Horizons HII	Canadian dollar	HII
Horizons Canadian Dollar Currency ETF	Horizons CAN	Canadian dollar	CAN
Horizons Medical Marijuana Life Sciences ETF	Horizons HMMJ	Canadian dollar	HMMJ

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 is or will be a mutual fund under the securities legislation of certain provinces and territories of Canada, each ETF is entitled to rely on exemptive relief from certain provisions of Canadian securities legislation applicable to conventional mutual funds.

Units of each Existing ETF are currently listed and trading on the TSX. The TSX has conditionally approved the listing of Units of Horizons HMMJ. Listing of the Units of Horizons HMMJ will be subject to Horizons HMMJ fulfilling all of the listing requirements of the TSX.

INVESTMENT OBJECTIVES

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

Horizons DLR

Horizons DLR seeks to reflect the reference value in Canadian dollars (in respect of the Cdn Units) and U.S. dollars (in respect of the US$ Units) 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 HOG

Horizons HOG seeks to replicate, to the extent possible, the performance of the Underlying Index, net of expenses. The Underlying Index is designed to provide exposure to equity securities of certain Canadian oil and gas companies in the Midstream Sector.

Horizons HII

Horizons HII seeks to replicate, to the extent possible, the performance of the INK Canadian Insider Index, net of expenses. The INK Canadian Insider Index is designed to provide exposure to the performance of 50 TSX-listed growth and value stocks with significant insider buying and ownership.

Horizons CAN

Horizons CAN seeks to reflect, in Canadian dollars and net of expenses, the performance of the Canadian dollar relative to the U.S. dollar. Horizons CAN will generally hold Canadian dollar denominated cash and will primarily use forward currency agreements and/or futures contracts to seek to deliver the performance of the Canadian dollar relative to the U.S. dollar.

Horizons HMMJ

Horizons HMMJ seeks to replicate, to the extent possible, the performance of the North American Medical Marijuana Index, net of expenses. The North American Medical Marijuana Index is designed to provide exposure to the performance of a basket of North American publicly listed companies with significant business activities in the marijuana industry.

A change to the fundamental investment objective of an ETF would require the approval of Unitholders of that ETF. See "Unitholder Matters – Matters Requiring Unitholder Approval".

The Underlying Indexes of the Index ETFs

Solactive Canadian Midstream Oil & Gas Index

Horizons HOG uses the Solactive Canadian Midstream Oil & Gas Index as its Underlying Index. This Underlying Index is a rules-based index which is designed to measure the performance of equity securities of certain Canadian oil and gas companies in the Midstream Sector listed on the TSX. The details of the criteria applied in this selection process are provided in the guidelines for this Underlying Index available on the Solactive website at www.solactive.com. The universe of eligible securities is composed of companies listed on the TSX with significant business operations in the Canadian oil and gas services industry. The number of Constituent Issuers is determined by how many securities meet the size and liquidity thresholds. The minimum number of Constituent Issuers is ten. The Constituent Issuers of this Underlying Index are selected by Solactive based on size and liquidity. This Underlying Index is ordinarily rebalanced on a quarterly basis at the close of trading on each Rebalancing Date. The Constituent Issuers of this Underlying Index will be weighted equally on each Rebalancing Date.

INK Canadian Insider Index

Horizons HII uses the INK Canadian Insider Index as its Underlying Index. This Underlying Index is a rules based index which is designed to measure the performance of 50 TSX listed growth and value stocks with significant insider buying and ownership, selected in accordance with the three INK categories described below. The universe of eligible securities for the INK Canadian Insider Index is TSX-listed equities which meet minimum size, liquidity, and insider holding disclosure requirements, which are further described below.

The Constituent Issuer selection process for this Underlying Index is to identify 50 stocks within the universe of eligible securities based on the percentile ranking of each factor within the three INK categories: value, insider commitment and price momentum. In calculating a stock's overall rank, each category is equally weighted. Additionally, the factors used for the ranking within each category are also equally ranked. The factors in each category are as follows:

Value Ranking

- Trailing 12 month price/earnings ratio;
- Trailing 12 month price-to-book ratio;
- Trailing 12 month price-to-sales ratio;
- Trailing 12 month enterprise value to earnings before interest, taxes, depreciation, and amortization ratio;
- Trailing 12 month price-to-cash flow or price-to-cash; and
- Shareholder yield (trailing 12 month buyback yield plus dividend yield).

Insider Commitment Ranking

- Recent net dollar officer and director buying;
- Officer & Director beneficial holdings of equity securities; and
- Insider intensity based on the number of insiders with net buying.

Price Momentum Ranking

- 3 month price return;
- 6 month price return; and
- One year price return.

To be included in this Underlying Index, a stock must have: (i) an outstanding market capitalization of at least $250 million and a floating market capitalization of $100 million at time of inclusion; (ii) an average monthly trading value of more than or at least $2 million over the past year and in the month prior to a rebalance; (iii) a minimum share price of $3.00; and (iv) no more than a maximum of 10 non-trading days in the previous 6 months, excluding days temporarily halted for a valid reason such as the dissemination of news.

Further details of the criteria applied in the selection process are provided in the guidelines for this Underlying Index available on the INK website at index.inkresearch.com and on the Solactive website at www.solactive.com. Constituent Issuers are equally weighted at each rebalancing and this Underlying Index is rebalanced semi-annually at the close of trading on each Rebalance Date.

North American Medical Marijuana Index

The North American Medical Marijuana Index is designed to be a liquid and investable index of equity securities of publicly listed life sciences companies, and other companies, with business activities in the marijuana industry. These securities, which could include ADRs, are listed on North America's public equity markets with business activities that include biopharmaceuticals, medical manufacturing, distribution, bio products and other ancillary businesses to the marijuana industry. Constituents of the index are selected from both North American senior and junior exchanges that support the success of early-stage public companies. While securities may be listed on the TSX, NYSE, or Nasdaq Global Market many of these securities may trade on North American junior exchanges that include but are not limited to: the TSX Venture Exchange, Canadian Securities Exchange and the Nasdaq Capital Market. The North American Medical Marijuana Index is a market capitalization weighted subset of the growing universe of medical marijuana companies being listed on North American exchanges. For a security to be eligible for the Index, the issuer will generally have a market capitalization of greater than CAD $75 million, and the average monthly daily trading volume will generally be greater than 75,000 shares a day, with a trading value generally greater than $250,000. No issuer will represent more than 10% of the Index on each Rebalance Date. As of the date of this prospectus, the North American Medical Marijuana Index includes 16 Constituent Issuers.

The Constituent Issuers of the Underlying Index will be market capitalization-weighted on each Rebalancing Date, subject to a cap for each Constituent Issuer of a maximum of 10% of the net asset value of Horizons HMMJ on each Rebalancing Date, with the remainder of the Constituent Issuers' weights to be increased proportionately.

For companies that are cross listed in Canada and the United States only a company's primary domestic listing is eligible for the Underlying Index.

Further information about the North American Medical Marijuana Index provided by Solactive and its Constituents is available from Solactive on its web site at www.solactive.com.

Change of an Underlying Index

The Manager may, subject to any required Unitholder approval, change an Underlying Index in order to provide investors with substantially the same exposure to which that ETF is currently exposed. If the Manager changes an

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

Termination of an Underlying Index

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

Use of the Underlying Indexes

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

See "Overview of the Sectors that the ETFs Invest In".

INVESTMENT STRATEGIES

Overview of the Investment Strategy of Horizons DLR

In order to achieve its investment objective Horizons DLR will invest in cash and/or Cash Equivalents that are denominated in the U.S. dollar. When investing in Cash Equivalents, Horizons DLR generally invests in Cash Equivalents with maturities of 90 days or less.

As the underlying exposure of the Cdn Units and US$ Units of Horizons DLR is the same, no currency hedging is used with respect to US$ Units of Horizons DLR.

In order to achieve its investment objective, Horizons DLR may also, subject to regulatory approval, invest in money market mutual funds, exchange traded funds, or exchange traded notes.

Horizons does not invest the assets of Horizons DLR on a discretionary basis or select investments based on its 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 Horizons DLR.

Permissible Investments

As a money market fund, Horizons DLR may only invest in: (i) cash, (ii) Cash Equivalents, (iii) an evidence of indebtedness that has a remaining term to maturity of 365 days or less and a designated rating, (iv) a Floating Rate Evidence of Indebtedness if: (A) the Floating Rate Evidence of Indebtedness is reset no later than every 185 days, and (B) the principal amount of the indebtedness will continue to have a market value of approximately par at the time of each change in the rate to be paid to the holders of the evidence of indebtedness, or (v) securities issued by one or more qualifying money market funds.

Horizons DLR has a portfolio of assets, excluding qualifying money market funds, with a dollar-weighted average term to maturity not exceeding: (i) 180 days, and (ii) 90 days when calculated on the basis that the term of a floating rate obligation is the period remaining to the date of the next rate setting. The ETF will not use derivatives or sell securities short.

Overview of the Investment Strategy of Horizons HOG

To achieve Horizons HOG's investment objectives, Horizons HOG invests and holds the equity securities of the Constituent Issuers in substantially the same proportion as its Underlying Index.

Horizons HOG's Underlying Index is ordinarily rebalanced on a quarterly basis at the close of trading on each Rebalancing Date. The Constituent Issuers of this Underlying Index will be weighted equally on each Rebalancing Date.

Horizons HOG is fully invested in or exposed to its Underlying Index at all times.

Overview of the Investment Strategy of Horizons HII

To achieve Horizons HII's investment objectives, Horizons HII invests and holds the equity securities of the Constituent Issuers in substantially the same proportion as its Underlying Index.

Horizons HII's Underlying Index is ordinarily rebalanced on a semi-annual basis at the close of trading on each Rebalancing Date. The Constituent Issuers of its Underlying Index will be weighted equally on each Rebalancing Date.

Horizons HII will be fully invested in or exposed to its Underlying Index at all times.

Overview of the Investment Strategy of Horizons CAN

In order to achieve its investment objective, Horizons CAN will be invested in Canadian dollar denominated cash and will use derivative instruments such as short-term (less than three months) forward currency agreements and/or futures contracts to gain its long exposure to the Canadian dollar relative to the U.S. dollar.

When the Canadian dollar appreciates relative to the U.S. dollar, the value of Horizons CAN is expected to increase. When the Canadian dollar depreciates relative to the U.S. dollar, the value of Horizons CAN is expected to decrease.

Overview of the Investment Strategy of Horizons HMMJ

To achieve Horizons HMMJ's investment objectives, Horizons HMMJ invests and holds the equity securities of the Constituent Issuers in substantially the same proportion as its Underlying Index. These securities, which could include ADRs, will be listed on stock exchanges in North America, and will be equity securities of life sciences companies, and other companies, with significant business activities in the marijuana industry.

Horizons HMMJ's Underlying Index is ordinarily rebalanced on a quarterly basis at the close of trading on each Rebalancing Date. The Constituent Issuers of its Underlying Index will be market capitalization-weighted on each Rebalancing Date, subject to a cap for each Constituent Issuer of a maximum of 10% of the net asset value of Horizons HMMJ on each Rebalancing Date, with the remainder of the Constituent Issuers' weights to be increased proportionately.

Horizons HMMJ will be fully invested in or exposed to its Underlying Index at all times. Horizons HMMJ could have substantial exposure to US-listed securities, and Horizons HMMJ will not hedge any currency exposure from those securities.

Horizons HMMJ does not track marijuana as a commodity, but instead invests in companies involved in the production or sale of marijuana based products.

Horizons HMMJ will not invest in any Constituent Issuers that are focused on serving the non-medical marijuana market in Canada or the United States unless and until such time as the production and sale of non-medical marijuana becomes legal under applicable laws in those respective jurisdictions. Horizons HMMJ will also not invest in any Constituent Issuers that are focused on serving the medical marijuana market in the United States unless and until such time as the production and sale of medical marijuana becomes legal under applicable state and federal laws in the United States. If the Manager becomes aware that a Constituent Issuer of Horizons HMMJ's Underlying Index conducts such activities in violation of applicable laws, including state or federal legislation in the United States, the Manager will not hold securities of that Constituent Issuer, but instead, through the use of a stratified sampling strategy and consistent with its investment objectives, may hold securities of issuers that, in the aggregate, continue to closely match the investment characteristics of the Underlying Index. See "Additional Investment Strategies – Index ETFs."

Additional Investment Strategies – All ETFs

Reverse Repurchase Transactions

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

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

All reverse repurchase transactions must be completed within 30 days.

Securities Lending

An ETF may lend securities to brokers, dealers and other financial institutions and other borrowers desiring to borrow securities provided that such securities lending qualifies as a "securities lending arrangement" for the purposes of the Tax Act. Securities lending will allow an ETF to earn additional income to offset its costs and, in respect of a Currency ETF, may help to ensure that the investment results of a Currency ETF more closely correspond to the applicable investment objective. 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. Each ETF has received exemptive relief from the limitations in NI 81-102 so that an 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.

Additional Investment Strategies – Index ETFs

Stratified Sampling

Notwithstanding the foregoing, an Index ETF may, in certain circumstances, employ a “stratified sampling” strategy. Under this stratified sampling strategy, an Index ETF may not hold all of the Constituent Issuers of its Underlying Index, but instead will hold a portfolio of securities that closely matches the aggregate investment characteristics of the securities included in its Underlying Index. Examples of when an Index ETF may employ stratified sampling include tax optimization strategies, inability to trade a Constituent Issuer due to a pending corporate action, or, in the case of Horizon HMMJ, the business activities of a Constituent Issuer. See “Overview of the Investment Strategy of Horizons HMMJ”.

OVERVIEW OF THE SECTORS THAT THE ETFS INVEST IN

Horizons DLR

Investment Rationale

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

Reasons for Investing in U.S. Dollars

All forms of investment carry some degree of risk. Although an investment in the ETF has certain unique risks, as described in “Risk Factors”, generally these are the same risks as investing directly in U.S. dollars. 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 U.S. dollars 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 U.S. dollar may choose to buy Units in order to capitalize on the potential movement. An investor that believes that the U.S. dollar 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 the United States, the investor may decide to hedge the currency exposure that exists within such U.S. 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 the U.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 U.S. Dollars

The Units are intended to offer investors a cost efficient opportunity to participate in the market for U.S. dollars 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 U.S. dollars. An investment in Units is an investment that is:

Easily Accessible. Investors are able to access the market for U.S. dollars 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 U.S. dollars. 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 the ETF. The value of the holdings of the ETF is reported on the ETF's website, www.HorizonsETFs.com, every Valuation 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. dollar 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. Federal Reserve, 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.

Horizons HOG

Horizons HOG uses the Solactive Canadian Midstream Oil & Gas Index as its Underlying Index. This Underlying Index is a rules-based index which is designed to measure the performance of equity securities of certain Canadian oil and gas companies in the Midstream Sector listed on the TSX. The details of the criteria applied in this selection process are provided in the guidelines for this Underlying Index available on the Solactive website at www.solactive.com. The universe of eligible securities is composed of companies listed on the TSX with significant business operations in the Canadian oil and gas services industry. The number of Constituent Issuers is determined by how many securities meet the size and liquidity thresholds. The minimum number of Constituent Issuers is ten. The Constituent Issuers of this Underlying Index are selected by Solactive based on size and liquidity. This Underlying Index is ordinarily rebalanced on a quarterly basis at the close of trading on each Rebalancing Date. The Constituent Issuers of this Underlying Index will be weighted equally on each Rebalancing Date.

Overview of the Canadian Oil and Gas Midstream Sector

The Canadian oil and gas midstream sector includes the securities of companies who are involved in the transportation, storage, and wholesale marketing of crude oil, natural gas and other refined petroleum products (collectively, the "**Midstream Sector**"). Pipelines and other transportation systems can be used to move these petroleum products from production sites from the upstream exploration and production companies to the downstream refineries and various refined product distributors. Specific service company types in the Midstream Sector include but are not limited to: pipeline transportation companies; barge companies; railroad companies;

trucking and hauling companies; logistics and technology companies; transloading companies and terminal developers and operators.

Horizons HII

Horizons HII uses the INK Canadian Insider Index as its Underlying Index. This Underlying Index is a rules based index which is designed to measure the performance of 50 TSX listed growth and value stocks with significant insider buying and ownership, selected in accordance with the three INK categories described below. The universe of eligible securities for the INK Canadian Insider Index is TSX-listed equities which meet minimum size, liquidity, and insider holding disclosure requirements, which are further described below.

The Constituent Issuer selection process for this Underlying Index is to identify 50 stocks within the universe of eligible securities based on the percentile ranking of each factor within the three INK categories: value, insider commitment and price momentum. In calculating a stock's overall rank, each category is equally weighted. Additionally, the factors used for the ranking within each category are also equally ranked. The factors in each category are as follows:

Value Ranking

- Trailing 12 month price/earnings ratio;
- Trailing 12 month price-to-book ratio;
- Trailing 12 month price-to-sales ratio;
- Trailing 12 month enterprise value to earnings before interest, taxes, depreciation, and amortization ratio;
- Trailing 12 month price-to-cash flow or price-to-cash; and
- Shareholder yield (trailing 12 month buyback yield plus dividend yield).

Insider Commitment Ranking

- Recent net dollar officer and director buying;
- Officer & Director beneficial holdings of equity securities; and
- Insider intensity based on the number of insiders with net buying.

Price Momentum Ranking

- 3 month price return;
- 6 month price return; and
- One year price return.

To be included in this Underlying Index, a stock must have: (i) an outstanding market capitalization of at least $250 million and a floating market capitalization of $100 million at time of inclusion; (ii) an average monthly trading value of more than or at least $2 million over the past year and in the month prior to a rebalance; (iii) a minimum share price of $3.00; and (iv) no more than a maximum of 10 non-trading days in the previous 6 months, excluding days temporarily halted for a valid reason such as the dissemination of news.

Further details of the criteria applied in the selection process are provided in the guidelines for this Underlying Index available on the INK website at index.inkresearch.com and on the Solactive website at www.solactive.com. Constituent Issuers are equally weighted at each rebalancing and this Underlying Index is rebalanced semi-annually at the close of trading on each Rebalance Date.

Horizons CAN

Investment Rationale

As the value of the Units is tied to the value of the Canadian dollar relative to a foreign currency, the U.S. Dollar, it is important in understanding the investment attributes of the Units to first understand the investment attributes of such currencies.

Reasons for Investing in Canadian Dollars

All forms of investment carry some degree of risk.

Investors may wish to invest in the performance of Canadian dollars relative to U.S. dollars 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 strengthening relative to the U.S. dollar may choose to buy Units in order to capitalize on the potential movement. An investor that believes that the U.S. dollar is undervalued 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.

Cost-Efficient Participation

The Units are intended to offer investors a cost efficient opportunity to seek to obtain performance of Canadian dollars relative to U.S. dollars through an investment in securities. Historically, the logistics and expense of investing in currencies 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. An investment in Units is an investment that is:

> *Easily Accessible*. Investors are able to seek to obtain performance of Canadian dollars relative to U.S. dollars 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 the performance of Canadian dollars relative to U.S. dollars. 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 the ETF. The value of the holdings of the ETF is reported on the ETF’s website, www.HorizonsETFs.com, every Valuation Day.

Horizons HMMJ

Horizons HMMJ uses the North American Medical Marijuana Index as its Underlying Index. The North American Medical Marijuana Index is designed to be a liquid and investable index of equity securities of publicly listed life sciences companies, and other companies, with business activities in the marijuana industry. These securities are listed on North America’s public equity markets with business activities that include biopharmaceuticals, medical manufacturing, distribution, bio products and other ancillary businesses to the marijuana industry. Constituents of the index are selected from both North American senior and junior exchanges that support the success of early-stage public companies. While securities may be listed on the TSX, NYSE, or Nasdaq Global Market many of these securities may trade on North American junior exchanges that include but are not limited to: the TSX Venture Exchange, Canadian Securities Exchange and the Nasdaq Capital Market. The North American Medical Marijuana Index is a market capitalization weighted subset of the growing universe of medical marijuana companies being listed on North American exchanges. For a security to be eligible for the Index, the issuer will generally have a market capitalization of greater than CAD $75 million, and the average monthly daily trading volume will generally be greater than 75,000 shares a day, with a trading value generally greater than $250,000. No issuer will represent more than 10% of the Index on each Rebalance Date. As of the date of this prospectus, the North American Medical Marijuana Index includes 16 Constituent Issuers.

The Constituent Issuers of the Underlying Index will be market capitalization-weighted on each Rebalancing Date, subject to a cap for each Constituent Issuer of a maximum of 10% of the net asset value of Horizons HMMJ on each Rebalancing Date, with the remainder of the Constituent Issuers' weights to be increased proportionately.

For companies that are cross listed in Canada and the United States only a company's primary domestic listing is eligible for the Underlying Index.

Further information about the North American Medical Marijuana Index provided by Solactive and its Constituents is available from Solactive on its web site at www.solactive.com.

INVESTMENT RESTRICTIONS

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

No ETF will make an investment that would result in that ETF failing to qualify as a "unit trust" or "mutual fund trust" within the meaning of the Tax Act or that would result in that ETF becoming subject to the tax for "SIFT trusts" within the meaning of the Tax Act. In addition, no ETF will make or hold any investment in property that would be "taxable Canadian property" (if the definition of such term in the Tax Act were read without reference to paragraph (b) thereof) if more than 10% of that ETF's property consisted of such property.

Horizons DLR is a money market fund and will not use derivatives or sell securities short. Not less than 95% of the cash, Cash Equivalents, debt, Floating Rate Evidence of Indebtedness, and money market funds held by Horizons DLR are denominated in a currency that the NAV of the mutual fund is calculated. Not less than 5% of Horizons DLR's assets are invested in cash or are readily convertible into cash within one day, and not less than 15% of Horizons DLR's assets are invested in cash or are readily convertible into cash within one week.

FEES AND EXPENSES

Management Fees

Horizons DLR pays an annual management fee to the Manager equal to 0.45% of the net asset value of Horizons DLR, plus applicable Sales Tax.

Horizons HOG pays an annual management fee to the Manager equal to 0.55% of the net asset value of Horizons HOG, plus applicable Sales Tax.

Horizons HII pays an annual management fee to the Manager equal to 0.65% of the net asset value of Horizons HII, plus applicable Sales Tax.

Horizons CAN pays an annual management fee to the Manager equal to 0.45% of the net asset value of Horizons CAN, plus applicable Sales Tax.

Horizons HMMJ pays an annual management fee to the Manager equal to 0.75% of the net asset value of Horizons HMMJ, plus applicable Sales Tax.

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

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

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

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

Operating Expenses

Unless otherwise waived or reimbursed by the Manager, each ETF will pay all of its operating expenses, including but not limited to: Management Fees, audit fees; trustee and custodial expenses; valuation, accounting and record keeping costs; legal expenses; permitted prospectus preparation and filing expenses; costs associated with delivering documents to Unitholders; listing and annual stock exchange fees; index licensing fees, if applicable; CDS fees; bank related fees and interest charges; extraordinary expenses; Unitholder reports and servicing costs; Registrar and Transfer Agent fees; costs associated with the IRC; income taxes; Sales Tax; brokerage expenses and commissions; and withholding taxes.

Expenses of the Issue

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

Fees and Expenses Payable Directly by the Unitholders

Creation Charge – Currency ETFs

In respect of each Currency ETF, cash subscriptions by Dealers or Designated Brokers made in Canadian Dollars, may, at the sole discretion of the Manager, be subject to a creation charge of up to 0.05% of the value of the cash subscription order, payable to the applicable Currency ETF. The Manager will publish the creation charges, if any, on its website, www.HorizonsETFs.com.

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.HorizonsETFs.com.

ANNUAL RETURNS, MANAGEMENT EXPENSE RATIOS AND TRADING EXPENSE RATIOS

The following chart provides the annual returns, management expense ratios[1] and trading expense ratios[2] for Cdn Units of Horizons DLR, Horizons HOG, Horizons HII and Horizons CAN and provides the annual returns for US$ Units of Horizons DLR. The management expense ratios and trading expense ratios provided below were calculated on an annualized basis as at December 31 of each year shown below.

As Horizons HMMJ is newly established, information relating to annual returns, management expense ratio and trading expense ratio for Horizons HMMJ is not yet available.

Horizons DLR – Cdn Units	**2016**	**2015**	**2014**	**2013**	**2012**
Annual Returns	-3.06%	18.54%	8.77%	6.34%	-3.08%
Management Expense Ratio	0.55%	0.56%	0.60%	0.60%	0.59%
Trading Expense Ratio	0.00%	0.00%	0.00%	0.00%	0.00%

Horizons DLR – US$ Units[3]	**2016**	**2015**	**2014**	**2013**	**2012**
Annual Returns	-0.17%	-0.41%	-0.56%	-0.56%	-0.52%

Horizons HOG	**2016**	**2015**	**2014**	**2013**	**2012**
Annual Returns	38.99%	-25.14%	2.66%	n/a	n/a
Management Expense Ratio	0.64%	0.63%	0.62%	n/a	n/a
Trading Expense Ratio	0.06%	0.09%	0.02%	n/a	n/a

Horizons HII	**2016**	**2015**	**2014**	**2013**	**2012**
Annual Returns	19.49%	0.78%	n/a	n/a	n/a
Management Expense Ratio	0.74%	0.74%	n/a	n/a	n/a
Trading Expense Ratio	0.15%	0.23%	n/a	n/a	n/a

Horizons CAN	**2016**	**2015**	**2014**	**2013**	**2012**
Annual Returns	-3.70%	n/a	n/a	n/a	n/a
Management Expense Ratio	0.56%	n/a	n/a	n/a	n/a
Trading Expense Ratio	0.00%	n/a	n/a	n/a	n/a

[1] "management expense ratio" means management expense ratio based on total expenses, excluding commissions and other portfolio transaction costs and expressed as an annualized percentage of daily average net asset value, and after waivers and absorptions.

[2] "trading expense ratio" means trading expense ratio representing total commissions and portfolio transaction costs expressed as an annualized percentage of daily average net asset value.

[3] The management expense ratios and trading expense ratios for the US$ Units of Horizons DLR are substantially the same as the management expense ratios and trading expense ratios for the Cdn Units of Horizons DLR.

RISK FACTORS

Currency ETFs

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

Price Fluctuations of the U.S. Dollar

The Cdn Units of Horizons DLR are designed to reflect the price in Canadian dollars of the U.S. dollar, plus accumulated interest, if any, less the expenses of Horizons DLR. Units of Horizons CAN are designed to reflect the performance of the Canadian dollar relative to the U.S. dollar, less the expenses of Horizons CAN. 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 or the U.S., 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. may not maintain its long-term value in terms of purchasing power in the future. When the price of the U.S. dollar declines, the Manager expects the price of the Cdn Units of Horizons DLR to decline as well. When the price of the U.S. dollar increases, the Manager expects the price of the Units of Horizons CAN to decline.

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 of a Currency ETF.

Concentration Risk

Horizons DLR's holdings will not be diversified and will be concentrated in cash and Cash Equivalents that are tied to the U.S. dollar. Horizons CAN's holdings will not be diversified and will be concentrated in forward currency agreements and futures contracts. The net asset value of each Currency ETF may be more volatile than the value of a more broadly diversified portfolio and may fluctuate on a regular basis.

Derivatives Risk – Horizons CAN

Horizons CAN will invest in derivatives as part of its investment strategy.

Any use of derivatives will be in accordance with the investment restrictions and practices of NI 81-102. The use of derivatives does not guarantee that there will not be a loss or that there will be a gain. The following are some examples of the risks associated with the use of derivatives by an ETF:

- in the case of over-the-counter options and forward contracts, there is no guarantee that a market will exist for these investments when the ETF wants to close out its position; in the case of exchange traded options and futures contracts, there may be a risk of a lack of liquidity when the ETF wants to close out its position;

- futures exchanges may impose daily trading limits on certain derivatives, which could prevent the ETF from closing out its position;

- if the other party to the derivative, in the case of over-the-counter transactions, is unable to fulfil its obligations, the ETF could experience a loss or fail to realize a gain; and

- if the ETF has an open position in an options, futures or forward contract with a dealer who goes bankrupt, the ETF could experience a loss and, for an open futures contract, a loss of margin deposits with that dealer.

- There is no assurance that Horizons CAN's use of derivatives will be effective. There may be an imperfect historical correlation between the behaviour of the derivative instrument and the underlying investment. Any historical correlation may not continue for the period during which the derivative instrument is used.

Substantial Sales or Purchases of U.S. Dollars

The official sector of the U.S. consists of a central bank, other governmental agencies and multi-lateral institutions that buy, sell and hold currency in the U.S., as part of its reserve assets. The 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 official sector to sell the currency it holds simultaneously or in an uncoordinated manner, the demand for the 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 the U.S. could decline, which would adversely affect an investment in Units of Horizons DLR. In the event that future economic, political or social conditions or pressures require members of the official sector to purchase a significant amount of its country's currency, the price of U.S. dollars could increase relative to the Canadian dollar, which would adversely affect an investment in Units of Horizons CAN.

Borrowing Risk

From time to time a Currency 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 a Currency ETF. Each Currency ETF is limited to borrowing up to the amount of the unpaid distribution and, in any event, not more than five percent of its net assets. There is a risk that a Currency ETF would not be able to repay the borrowed amount because it is unable to collect the distribution from the applicable issuer. Under these circumstances, the applicable Currency ETF would be required to repay the borrowed amount by disposing of portfolio assets.

Index ETFs

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

Stock Market Risk

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

Specific Issuer Risk

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

Sector Concentration Risk – Horizons HOG and Horizons HMMJ

As Horizons HOG and Horizons HMMJ are each invested in a certain economic sector, the values of Horizons HOG and Horizons HMMJ are expected to be more volatile than those of an investment fund with a more broadly diversified portfolio. This concentration of assets in a single sector also makes Horizons HOG and Horizons HMMJ subject to the risk that economic, political or other conditions that have a negative effect on that sector will negatively impact Horizons HOG or Horizons HMMJ, as applicable, to a greater extent than if the assets of Horizons HOG or Horizons HMMJ were invested in a wider variety of sectors.

The value of Units of Horizons HOG is expected to vary with changes in the price of oil and related commodities and/or changes in the prices of equity securities of companies in the oil and broader energy sector. Oil prices, energy prices and the prices of related commodities can change quickly. Because the energy industry is sensitive to changes in the global economy and because the economy is cyclical, the demand for energy industry products also moves in cycles which will affect the share price of issuers in this sector.

The value of Units of Horizons HMMJ is expected to vary as a result of many factors, including the cost of inputs and the legal and regulatory environments.

Medical Marijuana Sector Risk – Horizons HMMJ

The marijuana industry is subject to various laws, regulations and guidelines relating to the manufacture, management, transportation, storage and disposal of medical marijuana, as well as subject to laws and regulations relating to health and safety, the conduct of operations and the protection of the environment. The regulatory environment governing the medical and cannabis industries in the United States where local laws permit such activities, as well as the medical cannabis industry in Canada are, and will continue to be, subject to evolving regulation by governmental authorities. Accordingly, there are a number of risks associated with investing in such businesses. To date, Canada has legalized medical use of cannabis, but has not legalized the recreational use of cannabis. Horizons HMMJ will not invest in any Constituent Issuers that are focused on serving the non-medical marijuana market in Canada or the United States unless and until such time as the production and sale of non-medical marijuana becomes legal under applicable laws in those respective jurisdictions. Horizons HMMJ will also not invest in any Constituent Issuers that are focused on serving the medical marijuana market in the United States unless and until such time as the production and sale of medical marijuana becomes legal under applicable state and federal laws in the United States. The Canadian Federal Government's Task Force sought input on the design of a new system to legalize, strictly regulate and restrict access to marijuana. The Task Force has completed its review in a report dated November 30, 2016 which outlines their recommendations. Their advice will be considered by the Government of Canada as a new framework for recreational marijuana is developed. It is possible that such developments could significantly adversely affect the business, financial condition and results of businesses involved in the cannabis industry. In addition, unless and until the United States Congress amends the U.S. Controlled Substance Act of 1970 with respect to medical cannabis (and as to the timing or scope of any such potential amendments there can be no assurance), there is a risk that, notwithstanding the investment strategies and limitations of Horizons HMMJ, the application of U.S. federal law may be uncertain or interpreted expansively at any time, and the business of one or more companies in which Horizons HMMJ invests may be deemed to be producing, cultivating, extracting or dispensing cannabis in violation of federal law in the United States.

There can be no assurance that federal, provincial or state laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned, or that governmental authorities will not limit the application of such laws within their respective jurisdictions. If governmental authorities begin to enforce certain laws relating to cannabis in jurisdictions where the sale and use of cannabis is currently legal, or if existing laws are repealed or curtailed, the ETF's investments in such businesses may be materially and adversely affected notwithstanding the fact that the ETF is not directly engaged in the sale or distribution of cannabis. Actions by governmental authorities against any individual or entity engaged in the cannabis industry, or a substantial repeal of cannabis related legislation, could adversely affect the ETF and its investments.

As a result of perceived reputational risk, companies in the medical marijuana sector may in the future have difficulty establishing or maintaining bank accounts, or other business relationships. Failure to establish or maintain business relationships could have a material adverse effect on companies in this sector.

Risks of transacting on Smaller Exchanges – Horizons HMMJ

Certain ETFs may invest in securities of issuers listed on smaller or junior exchanges. Smaller exchanges may have different clearance and settlement procedures and may involve unique risks not typically associated with investing in securities of issuers listed on a major stock exchange. The securities of issuers listed on smaller exchanges may be more volatile or lack liquidity than the types of issuers typically listed on a major exchange, and some exchanges may have higher transaction costs or potential for delay in settlement procedures. Delays in settlement may increase risk to an ETF's portfolio, limit the ability of an ETF to reinvest the proceeds of a sale of securities, hinder the ability of an ETF to lend its portfolio securities, and potentially subject an ETF to penalties for its failure to deliver.

Income Trust Investment Risk

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

Underlying Index Risk

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

Horizons HOG's and Horizons HMMJ's Underlying Indexes are maintained and calculated by Solactive. Horizons HII's Underlying Index is owned by INK, jointly maintained by INK and Solactive, and calculated by Solactive.

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

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

Passive Index Risk

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

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

Index Replication Risk

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

Although the Manager deems it unlikely, it is possible that an Index ETF may not fully replicate the performance of its Underlying Index due to extraordinary circumstances and whenever an Index ETF makes direct investments in applicable Index Securities, the temporary unavailability of certain securities or instruments in the secondary market or otherwise. It is also possible that an Index ETF will not fully replicate the performance of its Underlying Index where that Index ETF's expenses exceed income received from the applicable underlying securities.

A deviation could also occur in the tracking of such Index ETF with its Underlying Index due to timing differences with respect to corporate actions (such as mergers and spin-offs), index adjustments, and other timing variances (for example, where the Index ETF tenders under a successful takeover bid for less than all securities of a Constituent Issuer where the applicable Constituent Issuer is not taken out of the Underlying Index and the Index ETF buys replacement Index Securities for more than the takeover bid proceeds). An ETF may not replicate exactly the composition of its Underlying Index, which may also lead to differences between the performance of such Index ETF and the performance of its Underlying Index.

All ETFs

There are certain risk factors that are common to an investment in each of the ETFs. These risks relate to the following factors:

Regulatory Risk

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

Reliance on Historical Data Risk

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

Liquidity Risk

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

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

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

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

Corresponding Net Asset Value Risk

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

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

Because Unitholders may acquire or redeem a PNU, the Manager expects that large discounts or premiums to the net asset value per Unit of the ETFs should not be sustainable.

Designated Broker/Dealer Risk

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

Cease Trading of Securities Risk

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

Exchange Risk

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

Early Closing Risk

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

No Assurance of Meeting Investment Objectives

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

Tax Related Risks

It is anticipated that each ETF (other than Horizons CAN) will qualify at all times as a "mutual fund trust" within the meaning of the Tax Act. Horizons CAN does not currently qualify as a mutual fund trust. 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 of that ETF may be reduced. For an ETF to qualify as a "mutual fund trust," it must comply on a continuous basis with certain requirements relating to the qualification of its Units for distribution to the public, the number of Unitholders of the ETF and the dispersal of ownership of its Units. A trust will be deemed not to be a mutual fund trust if it is established or maintained primarily for the benefit of non-residents of Canada unless, at that time, all or substantially all of its property is property other than property that would be "taxable Canadian property" (if the definition of such term in the Tax Act were read without reference to paragraph (b) thereof). The current law does not provide any means of rectifying a loss of mutual fund trust status if this requirement is not met.

In determining its income for tax purposes, each ETF (other than Horizons CAN) treats 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 ETF 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 the ETFs as long as the ETFs adhere to their investment restriction in this regard. If these rules apply to an ETF, the after-tax return to Unitholders of the ETF could be reduced, particularly in the case of a Unitholder who is exempt from tax under the Tax Act or is a non-resident of Canada.

Horizons CAN intends to take the position that it will not use the derivative instruments held in its portfolio or any other property in the course of carrying on a business in Canada and will, therefore, not be a "SIFT trust" (as defined for the purposes of the Tax Act). On that basis, it is anticipated that Horizons CAN will make sufficient distributions in each year of any income (including taxable capital gains) realized by Horizons CAN for Canadian tax purposes in the year so as to ensure that it will not be subject to Canadian income tax on such income. However, if Horizons CAN constitutes a SIFT trust in a particular year, any "non-portfolio earnings" (as defined for the purposes of the Tax Act) will generally be subject to tax under Part I of the Tax Act, even if distributed in full to Unitholders of Horizons CAN. No advance income tax ruling has been sought or obtained from the CRA in respect of the status of Horizons CAN and the CRA could seek to assess or re-assess Horizons CAN (and Unitholders of Horizons CAN) on the basis that it was a SIFT trust.

Non-residents of Canada and investors that are exempt from tax under the Tax Act should consult their own tax advisors regarding an investment in Horizons CAN in light of the possible application of Part XII.2 of the Tax Act.

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

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

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

Risks Relating to Tax Changes

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

Securities Lending, Repurchase and Reverse Repurchase Transaction Risk

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

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

- when recovering its investment on default, an ETF could incur a loss if the value of the portfolio securities loaned (in a securities lending transaction) or sold (in a repurchase transaction) has increased in value relative to the value of the collateral held by the ETF; and

- similarly, an ETF could incur a loss if the value of the portfolio securities it has purchased (in a reverse repurchase transaction) decreases below the amount of cash paid by the ETF to the counterparty.

Liability of Unitholders

The Trust Declaration provides that no Unitholder of an ETF will be subject to any personal liability whatsoever for any wilful or negligent acts or omissions or otherwise to any party in connection with the assets of the ETF or the affairs of the ETF. The Trust Declaration also provides that an ETF must indemnify and hold each Unitholder of the ETF harmless from and against any and all claims and liabilities to which such Unitholder may become subject by reason of being, or having been, a Unitholder of the ETF and must reimburse such Unitholder for all legal and other expenses reasonably incurred in connection with any such claim or liability. Despite the foregoing, there can be no absolute certainty, outside of Ontario, that a claim will not be made against a Unitholder of an ETF for liabilities which cannot be satisfied out of the assets of the ETF.

Reliance on Key Personnel

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

DISTRIBUTION POLICY

Horizons DLR

Distributions, if any, to Unitholders of Horizons DLR of income earned on cash and Cash Equivalents, net of fees and expenses, will be made on a monthly basis. Such distributions, if any, to Unitholders of Horizons DLR will be paid in U.S. dollars.

Horizons DLR may earn income such as interest on U.S. dollar cash deposits held by Horizons DLR. Horizons DLR may also realize currency gains or losses. In the event that the income earned by Horizons DLR exceeds the sum of Horizons DLR's fees and expenses, Horizons DLR will distribute the income to Unitholders as noted above.

Horizons CAN

Horizons CAN is not expected to make regular cash distributions. Cash distributions, if any, to Unitholders of Horizons CAN of income earned on cash and Cash Equivalents or Horizons CAN's derivatives activity, net of fees and expenses, will be made at the discretion of the Manager. Such distributions, if any, to Unitholders of Horizons CAN will be paid in Canadian dollars.

Horizons HOG and Horizons HII

It is anticipated that Horizons HOG and Horizons HII will make distributions to its respective Unitholders on a quarterly basis. Such distributions will be paid in cash, unless a Unitholder is participating in the Reinvestment Plan.

Horizons HMMJ

Horizons HMMJ is not expected to make regular cash distributions. Cash distributions, if any, to Unitholders of Horizons HMMJ, net of fees and expenses, will be made at the discretion of the Manager. Such distributions, if any, to Unitholders of Horizons HMMJ will be paid in Canadian dollars.

All ETFs

To the extent required, each ETF will also make payable, prior to the end of each taxation year, sufficient net income (including net capital gains) that has not previously been paid or made payable so that each ETF will not be liable for ordinary income tax in any given year and such distributions will be automatically reinvested in Units of the applicable ETF or paid in Units of the applicable ETF, in each case which will then be immediately consolidated such that the number of outstanding Units of the applicable ETF held by each Unitholder on such day following the distribution will equal the number of Units of the applicable ETF held by the Unitholder prior to that distribution. In the case of a non-resident Unitholder, if tax has to be withheld in respect of a distribution, the Unitholder's dealer will invoice or debit the Unitholder's account directly.

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

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

Distribution Reinvestment Plan – Horizons HOG and Horizons HII

At any time, Unitholders of Horizons HOG and Horizons HII 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 applicable ETF (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 applicable ETF.

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 applicable ETF, 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 applicable 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 applicable ETF, to the Unitholder in the preceding taxation year.

PURCHASES OF UNITS

Initial Investment in Horizons HMMJ

In compliance with NI 81-102, Horizons HMMJ will not issue Units to the public until subscriptions aggregating not less than $500,000 have been received and accepted by it from investors other than certain investors specified in NI 81-102.

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 and/or Dealers. Subscriptions for US$ Units of Horizons DLR can be made in either U.S. or Canadian dollars. Subscriptions for Cdn Units of an ETF can be made in Canadian dollars. However, if determined to be acceptable by the Manager, subscriptions for Cdn Units of Horizons DLR may be made in U.S. dollars. 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 the ETF.

On any Trading Day, a Designated Broker and/or Dealer may place a Cash Subscription order or Basket Subscription order for the PNU or multiple PNU of an ETF, in: (a) Canadian dollars; (b) U.S. dollars in respect of US$ Units of Horizons DLR; or (c) if determined to be acceptable by the Manager, U.S. dollars in respect of Cdn Units of Horizons DLR. 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, provided that payment for such Units has been received. The number of Units issued will be based on the net asset value per Unit of an ETF on the Trading Day on which the subscription is accepted by the Manager. Notwithstanding the foregoing, an 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.

Creation Charge – Currency ETFs

In respect of each Currency ETF, cash subscriptions by Dealers or Designated Brokers made in Canadian Dollars, may, at the sole discretion of the Manager, be subject to a creation charge of up to 0.05% of the value of the cash subscription order, payable to the applicable Currency ETF. The Manager will publish the creation charges, if any, on its website, www.HorizonsETFs.com.

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

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

Buying and Selling Units of an ETF

Units of each Existing ETF are currently listed and trading on the TSX. The TSX has conditionally approved the listing of Units of Horizons HMMJ. Listing of the Units of Horizons HMMJ will be subject to Horizons HMMJ fulfilling all of the listing requirements of the TSX.

Investors are or will be able to trade Units of the ETFs 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 may incur customary brokerage commissions when buying or selling Units of an ETF.

Special Considerations for Unitholders

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

EXCHANGE AND REDEMPTION OF UNITS

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

Unitholders of Horizons DLR may exchange the applicable PNU (or a whole number multiple thereof) of Horizons DLR on any Trading Day, at the sole discretion of the Manager, for U.S. dollars. To effect an exchange of Units of Horizons DLR, a Unitholder must submit an exchange request in the form prescribed by Horizons DLR 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 U.S. dollars. 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, Horizons DLR 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 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. A cash redemption request will be subject to a maximum redemption price payable to a Unitholder of the NAV per Unit of the applicable ETF. Holders of US$ Units of Horizons DLR may request that their redemption proceeds be paid in U.S. or Canadian dollars. 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.

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.HorizonsETFs.com.

In order for a cash redemption to be effective on a Trading Day, a cash redemption request in the form prescribed by the Manager from time to time must be delivered to the Manager with respect to the applicable 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 any Class of Units of an ETF or may postpone the date of payment upon redemption: (i) during any period when normal trading is suspended on a stock exchange or other market on which securities owned by the ETF are listed and traded, if these securities represent more than 50% by value or underlying market exposure of the total assets of the ETF, without allowance for liabilities, and if these securities are not traded on any other exchange that represents a reasonably practical alternative for the ETF; (ii) with the consent of the securities regulatory authorities; or (iii) when required or permitted to do so under any exemptive relief granted by the securities regulatory authorities from Securities Legislation. The suspension may apply to all requests for redemptions received prior to the suspension but as to which payment has not been made, as well as to all requests received while the suspension is in effect. All Unitholders making such requests shall be advised by the Manager of the suspension and that the redemption will be effected at a price determined on the first Valuation Day following the termination of the suspension. All such Unitholders shall have and shall be advised that they have the right to withdraw their requests for redemption. The suspension shall terminate in any event on the first day on which the condition giving rise to the suspension has ceased to exist, provided that no other condition under which a suspension is authorized then exists. To the extent not inconsistent with official rules and regulations promulgated by any government body having jurisdiction over the 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, 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 of the ETF to a Unitholder of such ETF whose Units are being redeemed. In addition, an ETF has the authority to distribute, allocate and designate any income or capital gains of such ETF to a Unitholder of such ETF who has redeemed Units of the ETF during a year in an amount equal to the Unitholder’s share, at the time of redemption, of the ETF’s income and capital gains for the year or such other amount that is determined by the ETF to be reasonable. Any such allocations will reduce the redemption price otherwise payable to the redeeming Unitholder, but, for greater certainty, will not reduce the amount of cash that the Unitholder will receive in respect of the redemption.

Book-Entry Only System

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

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

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

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

Short-Term Trading

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

PRIOR SALES

Trading Price and Volume

Information regarding the trading price ranges and volume of Units of the Existing ETFs for the 12 months preceding the date of this prospectus, as applicable, is set forth in the table that follows.

Horizons DLR

Month	Unit Price Range ($)	Volume of Units Traded
March 2016	9.95 – 9.96	428,020
April 2016	9.95 – 9.96	504,596
May 2016	9.95 – 9.96	509,763
June 2016	9.95 – 9.96	270,582
July 2016	9.95 – 9.96	246,742
August 2016	9.94 – 9.95	423,313
September 2016	9.94 – 9.96	445,101
October 2016	9.94 – 9.95	302,374
November 2016	9.94 – 9.95	446,559
December 2016	9.94 – 9.95	286,105
January 2017	9.94 – 9.95	194,410
February 2017	9.94 – 9.95	239,335

Horizons HOG

Month	Unit Price Range ($)	Volume of Units Traded
March 2016	7.45 – 7.93	136,313
April 2016	7.45 – 8.12	59,665
May 2016	7.57 – 8.15	42,778
June 2016	7.93 – 8.30	62,141
July 2016	8.08 – 8.24	20,339
August 2016	8.10 – 8.96	36,730
September 2016	8.83 – 9.22	13,238
October 2016	9.15 – 9.58	21,290
November 2016	8.87 – 9.39	22,838
December 2016	9.36 – 9.78	30,359
January 2017	9.50 – 9.80	29,625
February 2017	7.40 – 9.74	118,532

Horizons HII

Month	Unit Price Range ($)	Volume of Units Traded
March 2016	9.84 – 10.09	4,717
April 2016	10.00 – 10.08	2,633
May 2016	10.15 – 10.53	4,480
June 2016	10.37 – 10.75	34,426
July 2016	10.65 – 11.06	15,207
August 2016	11.07 – 11.25	11,724
September 2016	11.03 – 11.39	29,642
October 2016	10.88 – 11.26	13,725
November 2016	11.02 – 11.39	7,835
December 2016	11.31 – 11.63	8,002
January 2017	11.54 – 11.99	10,209
February 2017	11.60 – 12.04	16,865

Horizons CAN

Month	Unit Price Range ($)	Volume of Units Traded
May 2016	9.84 – 10.12	51,800
June 2016	N/A	200
July 2016	9.97 – 10.10	800
August 2016	9.93 – 9.93	304
September 2016	9.90 – 9.90	224
October 2016	9.88 – 9.88	650
November 2016	9.66 – 9.67	2,301
December 2016	9.71 – 9.85	6,701
January 2017	9.78 – 9.78	100
February 2017	N/A	0

INCOME TAX CONSIDERATIONS

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

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

This summary is based on the assumption that each ETF will qualify at all times as a "unit trust" within the meaning of the Tax Act, that each ETF (other than Horizons CAN) will qualify or be deemed to qualify at all times as a "mutual fund trust" within the meaning of the Tax Act and that each ETF will not be subject to the tax for "SIFT Trusts" under the Tax Act. Horizons CAN does not currently qualify as a mutual fund trust. 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. 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.

If an ETF does not qualify as a mutual fund trust under the Tax Act and more than 50% of the fair market value of the Units of the ETF are held by holders that are "financial institutions", as such term is defined in the Tax Act, the ETF will be a "financial institution" within the meaning of the Tax Act and, among other things, will be subject to the "mark-to-market" rules under the Tax Act in respect of its mark-to-market properties (generally, such as securities of the Constituent Issuers in the case of each Index ETF). As of the date hereof, Horizons CAN is a financial institution for purposes of the Tax Act.

This summary is also based on the assumptions that (i) none of the issuers of the securities in the portfolio of an ETF will be foreign affiliates of the ETF or of any Unitholder, (ii) none of the securities in the portfolio of an ETF will be a "tax shelter investment" within the meaning of section 143.2 of the Tax Act, (iii) none of the securities in the portfolio of an ETF will be an offshore investment fund property (or an interest in a partnership that holds such property) that would require the ETF to include significant amounts in the ETF's income pursuant to section 94.1 of the Tax Act or an interest in a trust (or a partnership which holds such an interest) which would require the ETF (or the partnership) to report significant amounts of income in connection with such interest pursuant to the rules in section 94.2 of the Tax Act, or an interest in a non-resident trust other than an "exempt foreign trust" (or a partnership which holds such interest) and (iv) none of the ETFs will enter into any arrangement (including the acquisition of securities for an ETF's portfolio) where the result is a "dividend rental arrangement" for purposes of the Tax Act. This summary further assumes that each ETF will comply with its investment restrictions.

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

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

Status of the ETFs

As noted above, this summary assumes that each ETF (other than Horizons CAN) qualifies at all times as a “mutual fund trust” for purposes of the Tax Act. Each of the Existing ETFs (other than Horizons CAN) has made, and Horizons HMMJ will make, an election in its first return of income under subsection 132(6.1) of the Tax Act so that it qualifies under the Tax Act as a “mutual fund trust” from the commencement of its first taxation year.

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 for purposes of those rules; (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”.

Taxation of the ETFs

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

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

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

Horizons CAN takes the position that gains and losses it realizes from derivative transactions will be on income account, and will be recognized for tax purposes at the time they are realized by Horizons CAN. Pursuant to Tax Amendments released on March 22, 2017, an election to realize gains and losses on “eligible derivatives” (as defined in such Tax Amendments) of Horizons CAN on a mark-to-market basis may be available. The Manager will consider whether such election, if available, would be advisable for Horizons CAN.

The Tax Act provides for a special tax on the “designated income” of certain trusts (other than a trust that was throughout the taxation year a mutual fund trust) that have “designated beneficiaries”, all as defined for purposes of the Tax Act. As Horizons CAN does not currently qualify as a mutual fund trust, if it (i) has any designated beneficiaries, (ii) deducts an amount in respect of an amount payable to any Unitholder and (iii) has any designated income (including income from business carried on in Canada), it generally will be subject to tax under Part XII.2 of the Tax Act. Provided appropriate designations are made by Horizons CAN, where an amount in respect of the income of Horizons CAN for a taxation year is included in computing the income of a Holder who was not at any time in the year a designated beneficiary, such Holder will generally be deemed to have paid as tax under Part I of the Tax Act, and included in the Holder's income, the relevant portion of the Part XII.2 tax paid by Horizons CAN as determined under the rules in the Tax Act. Such tax deemed to be paid by the Holder may be credited against tax under Part I of the Tax Act otherwise payable and may entitle the Holder to claim a refund. Holders of Horizons CAN that are Plans should consult with their own tax advisor in this regard.

Horizons DLR only holds cash and Cash Equivalents denominated in foreign currencies and each Index ETF, invests and holds equity securities of Constituent Issuers which are expected to be primarily denominated in Canadian dollars, except in the case of Horizons HMMJ, which will invest in equity securities of Constituent Issuers that are primarily denominated in Canadian or US dollars. Each ETF is required to compute all amounts in Canadian dollars for purposes of the Tax Act in accordance with the detailed rules in the Tax Act in that regard and accordingly may realize gains or losses by virtue of the fluctuation in the value of the foreign currencies relative to Canadian dollars on a disposition of property that is not denominated in Canadian dollars.

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

Under the SIFT Rules, each issuer in the portfolio of an ETF that is a "SIFT trust" as defined under the SIFT Rules (which generally includes income trusts, other than certain real estate investment trusts, the units of which are listed or traded on a stock exchange or other public market) is subject to a special tax in respect of (i) income from business carried on in Canada, and (ii) certain income and capital gains respecting "non-portfolio properties" (collectively, "**Non-Portfolio Earnings**"). Non-Portfolio Earnings that are distributed by a SIFT trust to its unitholders are taxed at a rate that is equivalent to the federal general corporate tax rate plus a prescribed amount on account of provincial tax. Any Non-Portfolio Earnings that become payable by a SIFT trust are taxed as a taxable dividend from a taxable Canadian corporation and are deemed to be an "eligible dividend" eligible for the enhanced gross-up and tax credit rules under the Tax Act.

In general, an ETF (other than Horizons CAN) will realize a capital gain (or capital loss) upon a disposition of its property (including conversion of foreign currency to Canadian dollars) to the extent the proceeds of disposition received on such disposition net of any amounts included as interest on the disposition of the property and any reasonable costs of disposition exceed (or are less than) the adjusted cost base of such property (all computed in Canadian dollars at the relevant time using the relevant exchange rate for purposes of the Tax Act) unless the ETF were considered to be trading or dealing in securities or otherwise carrying on a business of buying and selling securities or the ETF has acquired the property in a transaction or transactions considered to be an adventure or concern in the nature of trade. Each ETF (other than Horizons CAN) is acquiring and holding its property for the purpose of earning income and such properties will only be disposed of, to the extent necessary, to pay expenses of the ETF, to fund redemptions of Units which cannot be satisfied out of the income earned by its property, and (in the case of an Index ETF) to rebalance its portfolio to align it with the Underlying Index. In addition, each Index ETF has made, or will make, an election in accordance with subsection 39(4) of the Tax Act in its first taxation year to have each of its "Canadian securities" (as defined in the Tax Act) treated as capital property. On the foregoing bases, each ETF (other than Horizons CAN) takes 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 jurisdictions on its income earned from its investments 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 Holder a portion of its foreign source income which can reasonably be considered to be part of the ETF's income distributed to such Holder so that such income and a portion of the foreign tax paid by the ETF may be regarded as foreign source income of, and foreign tax paid by, the Holder for the purposes of the foreign tax credit provisions of the Tax Act.

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

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

In certain situations, if an ETF disposes of property and would otherwise realize a capital loss, the loss will be deemed to be a "suspended loss". This may occur if the ETF disposes of and acquires the same property, or property identical to the property disposed of, during the period that begins 30 days before and ends 30 days after the disposition of property and holds it at the end of that period.

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 in the year, including any Management Fee Distributions (whether in cash or whether such amount is paid in Units or automatically reinvested in additional Units of the ETF). The non-taxable portion of an ETF's net realized capital gains, the taxable portion of which was designated in respect of a Holder for a taxation year, that is paid or becomes payable to the Holder in that taxation year will not be included in computing the Holder's income for the year. Any other amount in excess of a Holder's share of the net income of an ETF for a taxation year that is paid or becomes payable to the Holder in the year (i.e., returns of capital) will not generally be included in the Holder's income for the year, but will reduce the adjusted cost base of the Holder's Units of an ETF. To the extent that the adjusted cost base of a Unit of an ETF would otherwise 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, taxable dividends from taxable Canadian corporations, and the foreign source income of the ETF as is paid or becomes payable to a Holder and the relevant portion of foreign taxes paid or deemed to be paid by the ETF, if any, will effectively retain their character and be treated as such in the hands of the Holder for purposes of the Tax Act. A Holder may be entitled to claim a foreign tax credit in respect of foreign taxes designated to such Holder in accordance with the detailed rules in the Tax Act. To the extent that amounts are designated as taxable dividends from taxable Canadian corporations, the gross-up and dividend tax credit rules under the Tax Act will apply.

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

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

On the disposition or deemed disposition of a Unit of an ETF, including on a redemption, a Holder will realize a capital gain (or capital loss) to the extent that the Holder's proceeds of disposition (other than any amount payable by the ETF which represents income or capital gains allocated and designated to the redeeming Holder), net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the Unit of the ETF. For the purpose of determining the adjusted cost base of a Holder's Units of 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 or on a distribution paid in Units will generally be equal to the amount of the distribution. A consolidation of Units of the ETF as described under "Distribution Policy" following a reinvested distribution or a distribution paid in Units will not be regarded as a disposition of Units of an ETF and will not affect the aggregate adjusted cost base to a Holder.

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

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 generally must be deducted from taxable capital gains realized by the Holder or designated by the ETF in respect of the Holder in accordance with the detailed provisions of the Tax Act. A Holder will be required to compute all amounts, including the adjusted cost base of Units of an ETF and proceeds of disposition, in Canadian dollars for purposes of the Tax Act in accordance with the detailed rules in the Tax Act in that regard and may, as a result, realize foreign exchange gains or losses. For example, if a Holder acquires US$ Units, because the proceeds of disposition would be valued in U.S. dollars, the Holder may realize a foreign exchange gain or loss if the exchange rate between the Canadian and U.S. dollar at the time of purchase of the US$ Units differs from the exchange rate at the time such US$ Units are disposed of.

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

Taxation of Registered Plans

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

A Unitholder who is a holder of a TFSA, or an annuitant of a RRSP or RRIF that holds Units will be subject to an additional tax as set out in the Tax Act if the Units are "prohibited investments" for such TFSA, RRSP or RRIF. A "prohibited investment" includes a unit of a trust which does not deal at arm's length with the holder or annuitant, or in which the holder or annuitant has a significant interest, which, in general terms, means the ownership of 10% or more of the fair market value of an ETF's outstanding Units by the holder or annuitant, either alone or together with persons and partnerships with whom the holder or annuitant does not deal at arm's length. In addition, the Units of an ETF will not be a prohibited investment if such Units are "excluded property" as defined in the Tax Act for a trust governed by a TFSA, RRSP or RRIF. Pursuant to Tax Amendments released on March 22, 2017, the rules in respect of "prohibited investments" are also proposed to apply to (i) RDSPs and the holders thereof and (ii) RESPs and the subscribers thereof. Holders are advised to consult their own tax advisors regarding the application of these rules.

Tax Implications of an ETF's Distribution Policy

The net asset value per Unit of an ETF will, in part, reflect any income and gains of the ETF that have accrued or 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 or a distribution paid in Units, may become taxable on the Holder's share of such income and gains of the ETF. 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

Horizons ETFs Management (Canada) Inc., a corporation existing under the laws of Canada, is the manager, investment manager and trustee of each ETF. The Manager is responsible for providing or arranging for the provision of administrative services and management functions required by the ETFs. The principal office of Horizons is 26 Wellington Street East, Suite 700, Toronto, Ontario, M5E 1S2. Horizons was originally incorporated under the laws of Canada under the name BetaPro Management Inc. and was primarily organized for the purpose of managing investment products, including the ETFs.

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

Mirae Asset is the Korea-based asset management entity of Mirae Asset Financial Group, one of the world's largest investment managers in emerging market equities. With over 650 employees, including more than 150 investment professionals (as of September 30, 2016), Mirae Asset has a presence in Australia, Brazil, Canada, China, Colombia, Hong Kong, India, Korea, Taiwan, the United Kingdom, the United States, and Vietnam. Headquartered in Seoul, South Korea, Mirae Asset manages approximately US$100.5 billion in assets globally as of September 30, 2016.

Officers and Directors of the Manager

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

Name and Municipality of Residence	Date Individual became a Director	Office	Principal Occupation
Thomas Park, Clayton, Missouri	November 14, 2011	Director and Chief Corporate Development Officer	Director, Horizons (Since 2011); Chief Corporate Development Officer, Horizons (Since 2015); Director, AlphaPro (since 2011); Executive Managing Director, Mirae Asset MAPS Global Investments (since 2008); Associate, Goldman Sachs International (2006, 2007-2008); Senior Consultant, KPMG Consulting (Bearing Point) (2001-2005).
Taeyong Lee, Frederick, Maryland	November 14, 2011	Executive Chairman, Co-Chief Executive Officer and Director	Executive Chairman, Co-Chief Executive Officer and Director, Horizons (since 2011); Executive Chairman, Co-Chief Executive Officer and Director, AlphaPro (since 2011); Executive Vice President, Mirae Asset MAPS Global Investments (since 2010).
Steven J. Hawkins, Oakville, Ontario	February 8, 2016	Director, Co-Chief Executive Officer and President	Co-Chief Executive Officer and President, Horizons (since 2009); Co-Chief Executive Officer, AlphaPro (since 2009); Director, Horizons (since 2016); Director, AlphaPro (since 2015).
Kevin S. Beatson, Oakville, Ontario	N/A	Chief Operating Officer and Chief Compliance Officer	Chief Operating Officer and Chief Compliance Officer, Horizons (since 2009); Chief Operating Officer and Chief Compliance Officer, AlphaPro (since 2009); Director, AlphaPro (since 2016).
Julie Stajan, Oakville, Ontario	N/A	Chief Financial Officer	Chief Financial Officer, AlphaPro and Horizons (since 2015); Senior Vice President, Finance and Controller, AlphaPro and Horizons (since 2012); Senior Vice President, Finance & Investment Funds, Horizons Investment Management Inc. (2011-2012).
Jaime P.D. Purvis, Toronto, Ontario	N/A	Executive Vice President	Executive Vice President, Horizons (since 2006); Executive Vice President, AlphaPro (since 2009).
Jeff Lucyk, Toronto, Ontario	N/A	Senior Vice President, Head of Retail Sales	Senior Vice President, Head of Retail Sales, Horizons (Since 2016); Senior Vice President, Head of Retail Sales, AlphaPro (Since 2016); Vice President, National Sales Manager, Norrep Capital Management Ltd. (2009-2016).
McGregor Sainsbury, Toronto, Ontario	N/A	General Counsel and Secretary	General Counsel and Secretary, Horizons (since 2011); General Counsel and Secretary, AlphaPro (since 2011).

Where a person has held multiple positions within a company, the above table generally sets out only the current or most recently held position or positions held at that company, while the start dates generally refer to the date of the first position held at that company or the first of the listed positions held by the person at that company. Each director will hold his or her position until the next annual general meeting of the Manager at which time he/she may be re-elected.

Ownership of Securities of the Manager

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

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

Duties and Services to be Provided by the Manager

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

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

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

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

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

The Manager also serves as the investment manager to the ETFs. The Manager operates as a portfolio manager under the *Securities Act* (Ontario) and in certain other provinces pursuant to applicable legislation. The Manager also operates as a commodity trading manager under the *Commodity Futures Act* (Ontario). The principal office of the Manager is at 26 Wellington Street East, Suite 700, Toronto, Ontario M5E 1S2. The Manager provides investment advisory and portfolio management services to the ETFs in its capacity as investment manager. The senior officers of the Manager principally responsible for providing investment advice to the ETFs are Steven J. Hawkins (whose biographical details are set out in the above table) and David Kunselman. David Kunselman is the Vice President, Product Management of the Manager, and previously served as the Senior Portfolio Manager and Chief Compliance Officer of Excel Investment Counsel Inc. from 2011 to 2015.

Designated Brokers

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

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

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

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

Conflicts of Interest

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

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

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

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

The Manager is a wholly-owned subsidiary of Mirae Asset.

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. The Canadian securities regulators have provided the ETFs with a decision exempting the ETFs from the requirement to include a certificate of an underwriter in the prospectus.

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

Independent Review Committee

NI 81-107 requires that all publicly offered investment funds, such as the ETFs, establish an IRC and that the Manager must refer all conflict of interest matters in respect of the ETFs for review or approval by the IRC. NI 81-107 also requires the Manager to establish written policies and procedures for dealing with conflict of interest matters, to maintain records in respect of these matters and to provide the IRC with guidance and assistance in carrying out its functions and duties. According to NI 81-107, the IRC must be comprised of a minimum of three (3) independent members, and is subject to requirements to conduct regular assessments of its members and provide reports, at least annually, to the ETF and to its Unitholders in respect of those functions. The most recent report prepared by the IRC is available on the Manager's website (www.horizonsetfs.com), or at a Unitholder's request at no cost, by contacting the 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.

Warren Law, Sue Fawcett and Michael Gratch are the current members of the IRC.

The IRC:

- reviews and provides input on the Manager's written policies and procedures that deal with conflict of interest matters;
- reviews conflict of interest matters referred to it by the Manager and makes recommendations to the Manager regarding whether the Manager's proposed actions in connection with the conflict of interest matter achieves a fair and reasonable result for the 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 compensate the IRC members for their participation on the IRC through member fees and, if applicable, meeting fees. Sue Fawcett and Michael Gratch receive $10,000 per year in member fees, while Warren Law, as chairperson of the IRC, receives $12,500 per year. The IRC's secretariat receives $21,000 per year for administrative services. An additional fee of $3,000 per meeting is charged by the IRC for each IRC meeting in excess of two per year. The total fees payable in respect of the IRC by a particular ETF is calculated by dividing the total net assets of the particular ETF by the total net assets of all of the mutual funds for which the IRC is responsible and then multiplying the resulting value by the total dollar value due to the IRC member by the ETF for that particular period.

The Trustee

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

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

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

Custodian

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

Valuation Agent

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

Auditors

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

Registrar and Transfer Agent

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

Promoter

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

Securities Lending Agents

NBCN Inc. ("**NBCN**") is a securities lending agent for the Index ETFs pursuant to a securities lending agency agreement (the "**NBCN SLAA**").

NBCN is located in Toronto, Ontario. An affiliate of NBCN holds a minority interest in the Manager. The NBCN SLAA requires that the collateral delivered in connection with a securities loan have an aggregate value of not less than 102% of the value of the loaned securities (or, if higher, the percentage of the aggregate market value of loaned securities in accordance with prevailing market practice). Subject to certain exceptions, the NBCN SLAA requires NBCN to indemnify each ETF against any loss suffered directly by an Index ETF as a result of a securities loan effected by NBCN. A party to the NBCN SLAA may terminate the NBCN SLAA upon 5 business days' notice.

CALCULATION OF NET ASSET VALUE

Currency ETFs

The NAV per US$ Unit of Horizons DLR will be computed in U.S. dollars by adding up the cash, securities and other assets of Horizons DLR, less the liabilities and dividing the value of the net assets of Horizons DLR 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 Horizons DLR is made. The NAV per Unit of Horizons DLR will be calculated on each Valuation Day.

The NAV per Cdn Unit of Horizons DLR is calculated in Canadian dollars based on prevailing market rates as determined by the Manager. Such market rates may be executable exchange rates provided by one or more Canadian chartered banks, or exchange rates provided by recognized sources such as Bloomberg or Reuters.

The NAV per Unit of Horizons CAN will be computed in Canadian dollars by adding up the cash, securities and other assets of Horizons CAN, less the liabilities and dividing the value of the net assets of Horizons CAN 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 Horizons CAN is made. The NAV per Unit of Horizons CAN will be calculated on each Valuation Day.

Typically, the NAV per Unit of a Currency 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 a Currency ETF closes earlier on that Valuation Day.

Index ETF

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

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

Valuation Policies and Procedures of the ETFs

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

(i) the value of any cash on hand, on deposit or on call, bills and notes and accounts receivable, prepaid expenses, cash dividends to be received and interest accrued and not yet received, will be deemed to be the face amount thereof, unless the Valuation Agent determines that any such deposit, call loan, bill, note or account receivable is not worth the face amount thereof, in which event the value thereof will be deemed to be such value as the Valuation Agent determines to be the reasonable value thereof;

(ii) the value of any security, commodity or interest therein which is listed or dealt in upon a stock exchange will be determined by:

(A) in the case of securities which were traded on that Valuation Day, the price of such securities as determined at the applicable Valuation Time; and

(B) in the case of securities not traded on that Valuation Day, a price estimated to be the true value thereof by the Valuation Agent, such price being between the closing asked and bid prices for the securities or interest therein as reported by any report in common use or authorized as official by a stock exchange;

(iii) long positions in clearing corporation options, options on futures, over-the-counter options, debt-like securities and listed warrants will be valued at the current market value thereof. Where a covered clearing corporation option, option on futures or over-the-counter option is written, the premium received shall be reflected as a deferred credit which shall be valued at an amount equal to the current market value of the clearing corporation option, option on futures or over-the-counter option that would have the effect of closing the position. Any difference resulting from any revaluation shall be treated as an unrealized gain or loss on investment. The deferred credit shall be deducted in arriving at the net asset value of such instrument. The securities, if any, which are the subject of a written clearing corporation option or over-the-counter option shall be valued at the current market value. The value of a future contract or a swap or forward contract shall be the gain or loss with respect thereto that will be realized if, on that Valuation Day, the position in the futures contract, or the forward contract, as the case may be, were to be closed out unless "daily limits" are in effect, in which case fair value shall be based on the current market value of the underlying interest. Margin paid or deposited in respect of futures contracts and forward contracts shall be reflected as an account receivable and margin consisting of assets other than cash shall be noted as held as margin;

(iv) in the case of any security or property for which no price quotations are available as provided above, the value thereof will be determined from time to time by the Valuation Agent, where applicable, in accordance with the principles described in paragraph (ii) above, except that the Valuation Agent may use, for the purpose of determining the sale price or the asked and bid price of such security or interest, any public quotations in common use which may be available, or where such principles are not applicable;

(v) the liabilities of an ETF will include:

- all bills, notes and accounts payable of which the ETF is an obligor;
- all Management Fees of the ETF;
- all contractual obligations of the ETF for the payment of money or property, including the amount of any unpaid distribution credited to Unitholders of the ETF on or before that Valuation Day;
- all allowances of the ETF authorized or approved by the Manager for taxes (if any) or contingencies; and
- all other liabilities of the ETF of whatsoever kind and nature; and

(vi) the exchange rates used by the ETFs will be prevailing market rates as determined by the Manager.

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

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

For the purposes of financial statement reporting, an ETF is required to calculate net asset value in accordance with International Financial Reporting Standards ("**IFRS**") and National Instrument 81-106 *Investment Fund Continuous Disclosure.*

Reporting of Net Asset Value

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

ATTRIBUTES OF THE SECURITIES

Description of the Securities Distributed

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

Units of each Existing ETF are currently listed and trading on the TSX. The TSX has conditionally approved the listing of Units of Horizons HMMJ. Listing of the Units of Horizons HMMJ will be subject to Horizons HMMJ fulfilling all of the listing requirements of the TSX.

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 is a reporting issuer under the *Securities Act* (Ontario), and each ETF is governed by the laws of Ontario by virtue of the provisions of the Trust Declaration.

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

Redemptions of Units for Cash

On any Trading Day, Unitholders, Dealers and Designated Brokers may redeem Units of an ETF for cash at a redemption price per Unit equal to 95% of the closing price for the Units of such ETF on the TSX on the effective day of the redemption. A cash redemption request will be subject to a maximum redemption price payable to a Unitholder of the NAV per Unit of the applicable ETF. Holders of US$ Units of Horizons DLR may request that their redemption proceeds be paid in U.S. or Canadian dollars. See "Exchange and Redemption of Units".

Stock Exchange Sponsored Net Asset Value Execution Program

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

Modification of Terms

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

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

UNITHOLDER MATTERS

Meetings of Unitholders

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

Matters Requiring Unitholder Approval

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

(a) the basis of the calculation of a fee or expense that is charged to the ETF or its Unitholders is changed in a way that could result in an increase in charges to the ETF or to its Unitholders, except where:

- (i) the ETF is at arm's length with the person or company charging the fee; and
- (ii) the Unitholders have received at least 60 days' notice before the effective date of the change;

(b) a fee or expense, to be charged to the ETF or directly to its Unitholders by the ETF or the Manager in connection with the holding of Units of the ETF that could result in an increase in charges to the ETF or its Unitholders, is introduced;

(c) the Manager is changed, unless the new manager of the ETF is an affiliate of the Manager;

(d) the fundamental investment objective of the ETF is changed;

(e) the ETF decreases the frequency of the calculation of its net asset value per Unit;

(f) the ETF undertakes a reorganization with, or transfers its assets to, another mutual fund, if the ETF ceases to continue after the reorganization or transfer of assets and the transaction results in the Unitholders of the ETF becoming securityholders in the other mutual fund, unless:

- (i) the IRC of the ETF has approved the change in accordance with NI 81-107;
- (ii) the ETF is being reorganized with, or its assets are being transferred to, another mutual fund to which NI 81-102 and NI 81-107 apply, and that is managed by the Manager, or an affiliate of the Manager;
- (iii) the Unitholders have received at least 60 days' notice before the effective date of the change; and
- (iv) the transaction complies with certain other requirements of applicable securities legislation;

(g) the ETF undertakes a reorganization with, or acquires assets from, another mutual fund, if the ETF continues after the reorganization or acquisition of assets, the transaction results in the securityholders of the other mutual fund becoming Unitholders of the ETF, and the transaction would be a material change to the ETF;

(h) the ETF implements a restructuring into a non-redeemable investment fund or a restructuring into an issuer that is not an investment fund; or

(i) any matter which is required by the constitutive documents of the ETF; by the laws applicable to the ETF or by any agreement to be submitted to a vote of the Unitholders of the ETF.

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

(A) the IRC of the ETF has approved the change; and

(B) Unitholders have received at least 60 days' notice before the effective date of the change.

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

Amendments to the Trust Declaration

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

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

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

(b) the change would not be prohibited by the securities legislation; and

(c) the Trustee reasonably believes that the proposed amendment has the potential to adversely impact the financial interests or rights of the Unitholders of the ETF, so that it is equitable to give Unitholders of the ETF advance notice of the proposed change.

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

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

(a) ensure compliance with applicable laws, regulations or policies of any governmental authority having jurisdiction over the ETF or the distribution of Units of the ETF;

(b) remove any conflicts or other inconsistencies which may exist between any terms of the Trust Declaration and any provisions of any applicable laws, regulations or policies affecting the ETF, the Trustee or its agents;

(c) make any change or correction in the Trust Declaration which is a typographical correction or is required to cure or correct any ambiguity or defective or inconsistent provision, clerical omission or error contained therein;

(d) facilitate the administration of the ETF as a mutual fund trust or make amendments or adjustments in response to any existing or proposed amendments to the Tax Act or its administration which might otherwise adversely affect the tax status of the ETF or its Unitholders; or

(e) for the purposes of protecting the Unitholders of the ETF.

Reporting to Unitholders

The Manager, on behalf of each ETF, will in accordance with applicable laws furnish to each Unitholder of an ETF, unaudited semi-annual financial statements and an interim management report of fund performance for such ETF within 60 days of the end of each semi-annual period and audited annual financial statements and an annual management report of fund performance for the ETF within 90 days of the end of each financial year. Both the semi-annual and the annual financial statements of an ETF will contain a statement of financial position, statement of comprehensive income, statement of change in financial position, statement of cash flows and schedule of investments.

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

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

Exchange of Tax Information

Part XVIII of the Tax Act, which was enacted to implement the Canada-United States Enhanced Tax Information Exchange Agreement (the "**IGA**"), imposes due diligence and reporting obligations on "reporting Canadian financial institutions" in respect of their "U.S. reportable accounts". Each ETF is a "reporting Canadian financial institution" but as long as Units continue to be registered in the name of CDS, the ETFs should not have any "U.S. reportable accounts" and, as a result, an ETF should not be required to provide information to the CRA in respect of its Unitholders. However, dealers through which Unitholders hold their Units of an ETF are subject to due diligence and reporting obligations with respect to financial accounts they maintain for their clients. Accordingly, Unitholders may be requested to provide information to their dealer to identify U.S. persons holding Units. If a Unitholder is a U.S. person (including a U.S. citizen) or if a Unitholder does not provide the requested information, Part XVIII of the Tax Act will generally require information about the Unitholder's investments held in the financial account maintained by the dealer to be reported to the CRA, unless the investments are held within a Registered Plan. The CRA is expected to provide that information to the U.S. Internal Revenue Service.

Recent amendments to the Tax Act implement the Organization for Economic Co-operation and Development Common Reporting Standard (the "**CRS Legislation**"). Pursuant to the CRS Legislation, "Canadian financial institutions" (as defined in the CRS Legislation) would be required to have procedures in place to identify accounts held by residents of foreign countries (other than the U.S.) or by certain entities the "controlling persons" of which are resident in a foreign country (other than the U.S.) and to report required information to the CRA. Such information would be exchanged on a reciprocal, bilateral basis with countries that have agreed to a bilateral information exchange with Canada under the Common Reporting Standard in which the account holders or such controlling persons are resident. Under the CRS Legislation, after June 30, 2017, Unitholders will be required to provide certain information regarding their investment in an ETF for the purpose of such information exchange (which information exchange is expected to occur beginning in 2018), unless the investment is held within a Registered Plan.

TERMINATION OF THE ETFS

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

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

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

Procedure on Termination

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

PLAN OF DISTRIBUTION

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

Units of each Existing ETF are currently listed and trading on the TSX. The TSX has conditionally approved the listing of Units of Horizons HMMJ. Listing of the Units of Horizons HMMJ will be subject to Horizons HMMJ fulfilling all of the listing requirements of the TSX.

RELATIONSHIP BETWEEN THE ETFS AND DEALERS

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

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

An affiliate of National Bank of Canada and NBF holds an indirect minority interest in AlphaPro, which is a subsidiary of the Manager. NBF acts or may act as a Designated Broker, a Dealer and/or a registered trader (market maker).

PRINCIPAL HOLDERS OF UNITS OF THE ETFS

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

PROXY VOTING DISCLOSURE FOR PORTFOLIO UNITS HELD

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

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@HorizonsETFs.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.HorizonsETFs.com.

MATERIAL CONTRACTS

The only contracts material to the ETFs are the following:

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

(ii) **Custodian Agreement.** For additional disclosure related to the Custodian Agreement, including relevant termination provisions and other key terms of the agreement, see “Organization and Management Details of the ETFs – Custodian”.

Copies of these agreements may be examined at the head office of the ETFs, 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

KPMG LLP, the auditors of the ETFs, have consented to the use of their reports dated March 15, 2017 to the Unitholders of the Existing ETFs, and their report dated March 27, 2017 to the board of directors of the Manager in respect of Horizons HMMJ. KPMG LLP has confirmed that they are independent within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations.

EXEMPTIONS AND APPROVALS

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

(a) permit a Unitholder to acquire more than 20% of the Units through purchases on the TSX without regard to the takeover bid requirements of applicable Canadian securities legislation 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”;

(b) 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;

(c) relieve the ETFs from the requirement that the prospectus of the ETFs include an underwriter’s certificate and a prescribed statement of purchasers’ statutory rights of withdrawal, and remedies for rescission, damages or revision of the purchase price. As a condition of such relief, the Manager has prepared and made available a summary document in respect of each class of Units of each ETF. The Designated Broker and certain Dealers have also obtained exemptive relief to permit the Designated Broker and such Dealers to send or deliver to purchasers of a class of Units of an ETF the summary document of that class of Units of the ETF instead of the prospectus of the ETF;

(d) relieve the ETFs from the dealer registration requirement provided that the Manager complies with Part 15 of NI 81-102; and

(e) engage an affiliate of National Bank of Canada, that is an investment dealer, as its securities lending agent.

OTHER MATERIAL FACTS

Index Information

Solactive Canadian Midstream Oil & Gas Index

This Underlying Index is a rules-based index which is designed to measure the performance of equity securities of certain Canadian oil and gas companies in the Midstream Sector listed on the TSX. The details of the criteria applied in this selection process are provided in the guidelines for this Underlying Index available on the Solactive website at www.solactive.com. The universe of eligible securities is composed of companies listed on the TSX with significant business operations in the Canadian oil and gas services industry. The number of Constituent Issuers is determined by how many securities meet the size and liquidity thresholds. The minimum number of Constituent Issuers is ten. The Constituent Issuers of this Underlying Index are selected by Solactive based on size and liquidity. This Underlying Index is ordinarily rebalanced on a quarterly basis at the close of trading on each Rebalancing Date. This Constituent Issuers of this Underlying Index will be weighted equally on each Rebalancing Date.

North American Medical Marijuana Index

North American Medical Marijuana Index is designed to be a liquid and investable index of equity securities of publicly listed life sciences companies, and other companies, with business activities in the marijuana industry. These securities, which could include ADRs, are listed on North America's public equity markets with business activities that include biopharmaceuticals, medical manufacturing, distribution, bio products and other ancillary businesses to the marijuana industry. Constituents of the index are selected from both North American senior and junior exchanges that support the success of early-stage public companies. While securities may be listed on the TSX, NYSE, or Nasdaq Global Market many of these securities may trade on North American junior exchanges that include but are not limited to: the TSX Venture Exchange, Canadian Securities Exchange and the Nasdaq Capital Market. The North American Medical Marijuana Index is a market capitalization weighted subset of the growing universe of medical marijuana companies being listed on North American exchanges. For a security to be eligible for the Index, the issuer will generally have a market capitalization of greater than CAD $75 million, and the average monthly daily trading volume will generally be greater than 75,000 shares a day, with a trading value generally greater than $250,000. No issuer will represent more than 10% of the Index on each Rebalance Date. As of the date of this prospectus, the North American Medical Marijuana Index includes 16 Constituent Issuers.

Disclaimer:

Horizons HOG and Horizons HMMJ are not sponsored, promoted, sold or supported in any other manner by Solactive nor does Solactive offer any express or implicit guarantee or assurance either with regard to the results of using the applicable Underlying Index and/or its trade mark or prices at any time or in any other respect. The Underlying Indexes are calculated and published by Solactive. Solactive uses its best efforts to ensure that each Underlying Index is calculated correctly. Irrespective of its obligations towards Horizons HOG and Horizons HMMJ or the Manager, Solactive has no obligation to point out errors in these Underlying Indexes to third parties including but not limited to investors and/or financial intermediaries of Horizons HOG and Horizons HMMJ. Neither publication of the Underlying Indexes by Solactive nor the licensing of the Underlying Indexes or its trade mark for the purpose of use in connection with Horizons HOG and Horizons HMMJ constitutes a recommendation by Solactive to invest capital in Horizons HOG or Horizons HMMJ nor does it in any way represent an assurance or opinion of Solactive with regard to any investment in Horizons HOG or Horizons HMMJ.

INK Canadian Insider Index

Horizons HII uses the INK Canadian Insider Index as its Underlying Index. This Underlying Index is a rules based index which is designed to measure the performance of 50 TSX listed growth and value stocks with significant insider buying and ownership. This Underlying Index selects TSX listed growth and value stocks by using proprietary factors which include insider buying and ownership. The universe of eligible securities for the INK Canadian Insider Index is TSX-listed equities which meet minimum size, liquidity, and insider holding disclosure requirements. The details of the criteria applied in the selection process are provided in the guidelines for this Underlying Index available on the INK website at index.inkresearch.com and on the Solactive website at www.solactive.com. Constituents are equally weighted at each rebalancing and this Underlying Index is rebalanced semi-annually at the close of trading on each Rebalance Date.

Disclaimer:

Horizons HII is not sponsored, promoted, sold or supported in any other manner by INK nor does INK offer any express or implicit guarantee or assurance either with regard to the results of using this Underlying Index and/or its trade mark or prices at any time or in any other respect. This Underlying Index is calculated (or caused to be calculated) and published by INK. INK uses its best efforts to ensure that this Underlying Index is calculated correctly. Irrespective of its obligations towards Horizons HII or the Manager, INK has no obligation to point out errors in this Underlying Index to third parties including but not limited to investors and/or financial intermediaries of Horizons HII. Neither publication of this Underlying Index by INK nor the licensing of this Underlying Index or its trade mark for the purpose of use in connection with Horizons HII constitutes a recommendation by INK to invest capital in Horizons HII nor does it in any way represent an assurance or opinion of Solactive with regard to any investment in Horizons HII.

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 offered in a distribution within two (2) business days after receipt of a prospectus and any amendment. In addition, securities legislation in certain of the provinces of Canada provides purchasers of mutual fund securities with a limited right to rescind the purchase within 48 hours after receipt of a confirmation of such purchase. If the purchase of mutual fund securities is made under a contractual plan, the time period during which the right to rescind is exercisable may be longer. In most of the provinces and territories of Canada, the securities legislation further provides a purchaser with remedies for rescission or damages, or, in Québec, revision of the price, if the prospectus and any amendment is not delivered to the purchaser, provided that the remedies for rescission, damages or revision of the price are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory.

Notwithstanding the foregoing, purchasers of Units of an ETF will not have the right to withdraw from an agreement to purchase the Units after the receipt of a prospectus and any amendment, and will not have remedies for rescission, damages or revision of the price for non-delivery of the prospectus or any amendment, if the dealer receiving the purchase order has obtained an exemption from the prospectus delivery requirement under a decision pursuant to National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions* ("**NP 11-203"**). However, purchasers of Units of an ETF will, in the applicable provinces of Canada, retain their right under securities legislation to rescind their purchase within 48 hours (or, if purchasing under a contractual plan, such longer time period as applicable) after the receipt of a confirmation of purchase.

In several of the provinces and territories of Canada, the securities legislation further provides a purchaser with remedies for rescission or damages if the prospectus, together with any amendment to the prospectus, contains a misrepresentation, provided that such remedies are exercised by the purchaser within the time limits prescribed by the securities legislation of the purchaser's province or territory. Any remedies under securities legislation that a purchaser of Units may have for rescission or damages, if the prospectus and any amendment to the prospectus contains a misrepresentation, remain unaffected by the non-delivery of the prospectus pursuant to reliance by a dealer upon the decision referred to above.

However, the Manager has obtained exemptive relief from the requirement in securities legislation to include an underwriter's certificate in the prospectus under a decision pursuant to NP 11-203. As such, purchasers of Units of an ETF will not be able to rely on the inclusion of an underwriter's certificate in the prospectus or any amendment for the statutory rights and remedies that would otherwise have been available against an underwriter that would have been required to sign an underwriter's certificate.

Purchasers should refer to the applicable provisions of the securities legislation and the decisions referred to above for the particulars of their rights or consult with a legal advisor.

DOCUMENTS INCORPORATED BY REFERENCE

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

(a) the most recently filed comparative annual financial statements of that ETF, together with the accompanying report of the auditor;

(b) any interim financial statements of that ETF filed after the most recently filed annual financial statements of that ETF;

(c) the most recently filed annual management report of fund performance of that ETF;

(d) any interim management report of fund performance of that ETF filed after the most recently filed annual management report of fund performance of that ETF; and

(e) the most recently filed summary documents of that ETF.

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

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

INDEPENDENT AUDITORS' REPORT

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

Re: Horizons Medical Marijuana Life Sciences ETF (the "ETF")

We have audited the accompanying financial statement of the ETF, which comprises the statement of financial position of the ETF as at March 27, 2017, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statement

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

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. 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 the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the ETF's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the ETF's internal control. 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 statement.

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

Opinion

In our opinion, the financial statement presents fairly, in all material respects, the financial position of the ETF as at March 27, 2017 in accordance with International Financial Reporting Standards.

(signed) "KPMG LLP"

Chartered Professional Accountants, Licensed Public Accountants

March 27, 2017
Toronto, Canada

HORIZONS MEDICAL MARIJUANA LIFE SCIENCES ETF

Statement of Financial Position

March 27, 2017

Assets	
Cash	$ 10
Total Assets	$ 10
Net assets attributable to holders of redeemable units: Authorized: Unlimited Class A Units without par value issued and fully paid	
Total net assets attributable to holders of redeemable units, Class A Units	$ 10
Issued and fully paid Class A Units	1
Net assets attributable to holders of redeemable units per Class A Unit	$ 10

See accompanying notes to statement of financial position.

Approved on behalf of the Board of Directors of
Horizons ETFs Management (Canada) Inc., as the Manager and
Trustee of Horizons Medical Marijuana Life Sciences ETF

(signed) "*Steven J. Hawkins*"
Steven J. Hawkins, Director

(signed) "*Taeyong Lee*"
Taeyong Lee, Director

1. Establishment of the ETF and authorized units:

The Horizons Medical Marijuana Life Sciences ETF (the “ETF”) was established on March 27, 2017 in accordance with the ETF’s Trust Declaration:

The address of the ETF’s registered office is:
26 Wellington Street East, Suite 700
Toronto, ON M5E 1S2

(a) Legal structure:

Horizons ETFs Management (Canada) Inc. (the “Manager” or the “Trustee”) is the manager and trustee of the ETF. The ETF is an unincorporated open-ended mutual fund trust. The ETF is established under the laws of the Province of Ontario by a declaration of trust.

(b) Statement of compliance:

The financial statement of the ETF as at March 27, 2017 has been prepared in accordance with International Financial Reporting Standards.

The financial statement was authorized for issue by the board of directors on March 27, 2017.

(c) Basis of presentation:

The financial statement of the ETF is expressed in Canadian dollars.

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

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

(e) Issue of units:

1 Class A Unit of the ETF was issued for cash on March 27, 2017 to the Manager.

(f) Unitholder transactions:

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

2. **Management of the ETF**

The Manager is entitled to an annual management fee (the "Management Fee") equal 0.75% of the net asset value of the ETF, plus applicable sales tax, calculated and accrued daily and payable monthly. The Manager may reduce the Management Fee that it is entitled to charge to the 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.

HORIZONS US DOLLAR CURRENCY ETF
HORIZONS CANADIAN MIDSTREAM OIL & GAS INDEX ETF
HORIZONS CDN INSIDER INDEX ETF
HORIZONS CANADIAN DOLLAR CURRENCY ETF
HORIZONS MEDICAL MARIJUANA LIFE SCIENCES ETF

(the "ETFs")

CERTIFICATE OF THE ETFs, THE MANAGER AND PROMOTER

Dated: March 27, 2017

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

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

(signed) "*Taeyong Lee*" Taeyong Lee Executive Chairman and Co-Chief Executive Officer	(signed) "*Julie Stajan*" Julie Stajan Chief Financial Officer

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

(signed) *"Steven J. Hawkins"* Steven J. Hawkins Director	(signed) *"Thomas Park"* Thomas Park Director

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