Interim Report | June 30, 2018

Horizons Active US Floating Rate Bond (USD) ETF (HUF.U, HUF:TSX)

HORIZONS
EXCHANGE TRADED FUNDS
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HORIZONS
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Contents

Letter from the President and Co-CEO

The first half of 2018 has been remarkable for both the Canadian ETF industry and Horizons ETFs Management (Canada) Inc. (“Horizons ETFs”). The industry reached new heights, surpassing $156 billion in assets under management (“AUM”), as at June 30, 2018. Horizons ETFs reached a new pinnacle as well, surpassing more than $10 billion in AUM as at the same date. In addition, we have added two new, innovative ETFs so far this year, giving us a total of 80 different investment tools available for our clients.

In February, we brought to market our second marijuana-focused ETF – the Horizons Emerging Marijuana Growers Index ETF (“HMJR”). HMJR is the first ETF in Canada to give investors direct exposure to blossoming small-cap marijuana cultivation and distribution companies. HMJR provides direct, often referred to as ‘pure-play’, global exposure to the sector, by focusing on the smaller, emerging producers. Our first marijuana ETF – the Horizons Marijuana Life Sciences Index ETF (“HMMJ”) – gives investors broad diversified exposure to the North American marijuana sector.

Speaking of HMMJ, futures on units of this ETF began trading on the Montreal Exchange in June. We view this listing as recognition by the Canadian investor marketplace that HMMJ is a key benchmark for marijuana investing in Canada.

In June, we launched yet another highly innovative ETF – the Horizons Blockchain Technology & Hardware Index ETF (“BKCH”). BKCH provides investors with diversified exposure to companies involved in the new, disruptive technology frontier: blockchain – a shareable digital ledger that logs and tracks valuable information such as transactions or assets, offering virtually endless applications. BKCH provides a diversified way to invest in the blockchain ecosystem and infrastructure without taking on a lot of the risks of buying unknown, early stage technology companies.

Regardless of market conditions, our extensive suite of ETFs gives investors the tools they need to help meet their financial objectives. For more information on all our strategies, please visit **www.HorizonsETFs.com** where we offer a range of resources designed to inform and educate ETF investors.

Thank you for your continued support.

Sincerely,

Steven J. Hawkins, President & Co-CEO
Horizons ETFs Management (Canada) Inc.

P.S. On a personal note, I would like to extend my sincere appreciation to the fantastic team of professionals I work with at Horizons ETFs. They played a vital role in helping me win ‘CEO of the Year’ at the 2018 Wealth Professional Awards.

MANAGEMENT REPORT OF FUND PERFORMANCE

This interim management report of fund performance for Horizons Active US Floating Rate Bond (USD) ETF ("HUF.U" or the "ETF") contains financial highlights and is included with the unaudited interim financial statements for the investment fund. You may request a copy of the ETF's unaudited interim or audited annual financial statements, interim or annual management report of fund performance, current proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosures, at no cost, from the ETF's manager, Horizons ETFs Management (Canada) Inc. ("Horizons Management" or the "Manager"), by calling toll free 1-866-641-5739, or locally (416) 933-5745, by writing to us at: 55 University Avenue, Suite 800, Toronto ON, M5J 2H7, or by visiting our website at www.horizonsetfs.com or SEDAR at www.sedar.com.

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

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

Management Discussion of Fund Performance

Investment Objective and Strategies

The investment objective of HUF.U is to generate income that is consistent with prevailing U.S. short-term corporate bond yields while stabilizing the market value of the ETF from the effects of U.S. interest rate fluctuations. HUF.U invests primarily in a portfolio of U.S. corporate debt securities and hedges the portfolio's U.S. interest rate risk to generally maintain a portfolio duration of less than two years. HUF.U may also invest in U.S. government debt securities and debt securities of non-U.S. companies. HUF.U may also invest in debt securities directly, or through investments in securities of other investment funds, including exchange traded funds. HUF.U uses derivatives, including interest rate swaps, to deliver a floating rate of income. As HUF.U is denominated in U.S. dollars, HUF.U generally seeks to hedge its Canadian dollar currency exposure to the U.S. dollar and does not seek to hedge its U.S. dollar currency exposure to the Canadian dollar.

To achieve HUF.U's investment objectives, the ETF's sub-advisor, Fiera Capital Corporation ("Fiera" or the "Sub-Advisor"), uses fundamental credit research to select companies that, based on the Sub-Advisor's view on the company's industry and growth prospects, are believed to offer attractive risk adjusted returns.

The Sub-Advisor seeks diversification by industry sector and geographic region and relies on its: in-depth fundamental credit research, view of market trends, analysis of the company's competitive position, and review of the return relative to the company's risk and general market conditions, to select securities for HUF.U.

Management Discussion of Fund Performance (continued)

HUF.U has entered into one or more interest rate swaps pursuant to which the ETF pays a counterparty a fixed return based on a portfolio of fixed-income securities in exchange for a floating rate of income. HUF.U maintains a portfolio duration that is generally not more than two years.

The Sub-Advisor may, from time to time, invest in U.S., Canadian and foreign government debt, exchange traded funds, cash and cash equivalents which generally in aggregate will not exceed 40% of the ETF's net assets. No less than 95%, by value, of the debt securities held by HUF.U must be rated at or above investment grade (BBB- by S&P, BBB low by DBRS or Baa3 by Moody's). The Sub-Advisor may, from time to time, invest in non-investment grade debt securities rated at least BB by S&P, BB by DBRS or Ba2 by Moody's. Such non-investment grade debt securities will not exceed 5%, by value, of the debt securities held by HUF.U. The Sub-Advisor may sell short debt securities it believes will underperform on a relative basis or to otherwise assist the ETF in meeting its investment objectives.

The Sub-Advisor of HUF.U may rely on exemptions from the securities regulatory authorities allowing it to purchase securities of a related issuer of the Sub-Advisor which are not exchange traded if certain conditions are met. In particular, the investment must be consistent with, or necessary to meet, the investment objective of HUF.U. The investment must also be approved by the ETF's Independent Review Committee ("IRC") and is subject to certain other provisions of National Instrument 81-107 ("NI 81-107").

In lieu of specific security selections, from time to time the Sub-Advisor may purchase fixed-income related exchange traded funds including those managed by the Manager and its affiliates. HUF.U may also use both long and short derivative instruments, including future contracts and credit default swaps, to manage duration, credit exposure, portfolio yield and market risk.

Please refer to the ETF's most recent prospectus for a complete description of HUF.U's investment restrictions.

Risk

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

Risk ratings are determined based on the historical volatility of the ETF as measured by the standard deviation of its performance against its mean. The risk categorization of the ETF may change over time and historical volatility is not indicative of future volatility. Generally, a risk rating is assigned to the ETF based on a blend of the historical rolling 3-year and 5-year standard deviations of its return (or, generally, commencing with prospectus renewals after September 1, 2017, a rolling 10-year standard deviation), the return of an underlying index, or of an applicable proxy index. In cases where the Manager believes that this methodology produces a result that is not indicative of the ETF's future volatility, the risk rating may be determined by the ETF's category. Risk ratings are not intended for use as a substitute for undertaking a proper and complete suitability or financial assessment by an investment advisor.

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

The risks to which an investment in the ETF is subject are listed below and have not changed from the list of risks found in the ETF's most recent prospectus. A full description of each risk listed below may also be found in the most recent prospectus. The most recent prospectus is available at www.horizonsetfs.com or from www.sedar.com, or by contacting Horizons ETFs Management (Canada) Inc. directly via the contact information on the back page of this document.

Management Discussion of Fund Performance (continued)

- Stock market risk
- Specific issuer risk
- Legal and regulatory risk
- Exchange traded funds risk
- Reliance on historical data risk
- Corresponding net asset value risk
- Designated broker/dealer risk
- Cease trading of securities risk
- Exchange risk
- Early closing risk
- No assurance of meeting investment objective
- Tax risk
- Securities lending, repurchase and reverse repurchase transaction risk
- Loss of limited liability
- Reliance on key personnel
- Distributions risk
- Conflicts of interest
- No ownership interest
- Market for units
- Redemption price
- Net asset value fluctuation
- Restrictions on certain unitholders
- Highly volatile markets
- Multi-class risk (up to April 28, 2017)
- No guaranteed return
- Derivatives and counterparty risk
- Interest rate risk
- Foreign currency risk
- Credit risk
- Foreign stock exchange risk
- Short selling risk
- Foreign currency denomination risk
- Currency price fluctuation – dual currency ETF
- Call risk
- Liquidity risk

Results of Operations

For the six-month period ended June 30, 2018, the U.S. dollar ("US$ units") units of the ETF returned 0.41%, when including distributions paid to unitholders. This compares to a return of 1.01% for the London Interbank Offered Rate ("LIBOR"), for the same period.

C$ units are not a separate class of units of the ETF, but rather, represent the Canadian dollar value of the US$ units at the current day's Canada/U.S. exchange rate. The returns to unitholders holding C$ Units would have been substantially similar to those of the unitholders holding US$ Units when adjusted for the daily Canadian/U.S. dollar exchange rate.

LIBOR is a benchmark rate that some of the world's leading banks charge each other for short-term loans. It serves as the first step to calculating interest rates on various loans throughout the world.

General Market Review

After hiking rates in December 2017 then holding steady in January, the U.S. Federal Reserve (the "Fed") moved for the first time in 2018, hiking rates by 25 basis points ("bps") at its March 21 meeting, a move that was widely anticipated by the market. Despite the unanimous decision to raise rates, there were some mixed messages from the Fed. While they acknowledged the moderation in economic activity in the first quarter of 2018, after a strong fourth quarter in 2017, they balanced this out with a new statement, saying "Economic outlook has strengthened in recent months". The Fed also raised its growth forecasts for 2018/19 and had a more aggressive outlook for rate hikes beyond 2018. The infamous dot plot was unchanged in 2018 – showing 2 more rate hikes – but also predicted a steeper path in 2019/2020.

In April, treasury yields were up across the board thanks to strong economic data, while with rising crude oil prices bolstering inflation expectations, 10-year U.S. Treasury bond yields began to flirt with the psychologically important

Management Discussion of Fund Performance (continued)

3.00% handle, eventually hitting it a high of 3.11% on May 17 before retracing to 2.86% by the end of May. In June, the Fed raised its benchmark interest rate for the second time this year and even signaled that robust economic growth and higher inflation might warrant more rate hikes than previously forecasted.

Overall, for the first half of the year, U.S. benchmark yields were well higher than where they started the year, and more so in the short/mid part of the yield curve, leading to a slightly flatter curve by the end of the period. Two-year U.S. Treasury bond yields closed the first half of the year at 2.53%, up 65 bps from the beginning of the year, while 10-year yields closed at 2.86%, up 45 bps, and 30-year yields closed up 25bps.

High yield issues gained just 6bps during the first half of the year, while investment grade corporate bonds and treasuries lost 3.1% and 1.1%, respectively. Among high yield issues, food and drug retailers gained the most during the first half, up 5.3%, while health care, telecommunication services and aerospace names also did well. The auto sector suffered losses, as did banks and homebuilders.

Portfolio Review

The ETF's performance stemmed largely from the interest rate hedges in the portfolio, as treasury yields and corporate spreads increased over the first six months of the year.

The ETF's duration at the end of the first half of the year stood at 0.61, which was a decrease from the 0.88 at the end of December 2017. Fiera continues to focus on names with attractive risk-compensation in the short and mid part of the curve, where we think there is still value in the current environment.

Outlook

The U.S. economy is operating near capacity and has been given a nice tailwind from fiscal stimulus. Setting aside the rising tide of protectionism, underlying momentum in the global economy remains healthy. Under these circumstances, Fiera would expect that the general direction of bond yields would be to move higher and for credit sectors to perform relatively well. We do not believe tariffs imposed to date will have a meaningful impact on near-term activity, though continued escalation could threaten our otherwise constructive view on credit.

Other Operating Items and Changes in Net Assets Attributable to Holders of Redeemable Units

For the six-month period ended June 30, 2018, the ETF generated gross comprehensive income (loss) from investments and derivatives (which includes changes in the fair value of the ETF's portfolio) of $343,262. This compares to $568,763 for the six-month period ended June 30, 2017. The ETF incurred management, operating and transaction expenses of $162,764 (2017 – $122,417) of which $37,697 (2017 – $35,470) was either paid or absorbed by the Manager on behalf of the ETF. The waiving and/or absorption of such fees and/or expenses by the Manager may be terminated at any time, or continued indefinitely, at the discretion of the Manager.

The ETF distributed $576,012 to Class E unitholders during the period (2017 – Class E: $275,868, Advisor Class: $2,395).

Management Discussion of Fund Performance (continued)

Presentation

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

Recent Developments

There are no recent industry, management or ETF related developments that are pertinent to the present and future of the ETF.

Related Party Transactions

Certain services have been provided to the ETF by related parties and those relationships are described below.

Manager, Trustee and Investment Manager

The manager, trustee and investment manager of the ETF is Horizons ETFs Management (Canada) Inc., 55 University Avenue, Suite 800, Toronto, Ontario, M5J 2H7, a corporation incorporated under the laws of Ontario. Horizons Management is a member of the Mirae Asset Financial Group based in Seoul, South Korea.

If the ETF invests in other Horizons Management ETFs, Horizons Management may receive management fees in respect of the ETF's assets invested in such Horizons Management ETFs. In addition, any management fees paid to the Manager (described in detail on page 9) are related party transactions, as the Manager is considered to be a related party to the ETF. Fees paid to the Independent Review Committee are also considered to be related party transactions. Both the management fees and fees paid to the Independent Review Committee are disclosed in the statements of comprehensive income in the attached financial statements of the ETF. The management fees payable by the ETF as at June 30, 2018, and December 31, 2017, are disclosed in the statements of financial position.

Other Related Parties

Prior to June 30, 2017, an affiliate of National Bank of Canada ("NBC") and National Bank Financial Inc. ("NBF") held an indirect minority interest in AlphaPro Management Inc. ("AlphaPro"), the former manager of the ETF and, at the time, a subsidiary of Horizons Management. In addition, NBC holds an indirect minority interest in Fiera, the sub-advisor of the ETF.

Effective June 30, 2017, Horizons Management acquired the minority interest of AlphaPro owned by the affiliate of NBC mentioned above and, as a result, became the sole shareholder of AlphaPro. Accordingly, as of June 30, 2017, NBC and NBF, along with Fiera, are no longer considered affiliates or related parties of the Manager.

Effective September 30, 2017, AlphaPro amalgamated with its parent company, Horizons Management, and now the amalgamated companies carry on business as Horizons ETFs Management (Canada) Inc.

For the periods ended June 30, 2018 and 2017, the ETF did not make any payments to related parties in broker commissions on portfolio transactions.

Financial Highlights

The following tables show selected key financial information about the ETF and are intended to help you understand the ETF's financial performance for the current interim period and for the past five fiscal years. This information is derived from the ETF's audited annual financial statements and the current unaudited interim financial statements. Please see the front page for information on how you may obtain the ETF's annual or interim financial statements.

The ETF's Net Assets per Unit

Class E

Period [1]		2018	2017	2016	2015	2014	2013
Net assets, beginning of period	$	10.15	10.03	9.93	10.03	10.05	10.14
Increase from operations:							
Total revenue		0.14	0.22	0.19	0.15	0.17	0.23
Total expenses		(0.02)	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)
Realized gains (losses) for the period		0.02	(0.09)	(0.29)	0.12	0.15	0.18
Unrealized gains (losses) for the period		(0.10)	0.19	0.39	(0.21)	(0.18)	(0.21)
Total increase from operations [2]		0.04	0.27	0.24	0.01	0.09	0.15
Distributions:							
From net investment income (excluding dividends)		(0.11)	(0.17)	(0.15)	(0.11)	(0.13)	(0.18)
From net realized capital gains		–	–	–	(0.20)	(0.01)	–
From return of capital		–	–	–	–	–	(0.05)
Total distributions [3]		(0.11)	(0.17)	(0.15)	(0.31)	(0.14)	(0.23)
Net assets, end of year (US$ units) [4]	$	10.08	10.15	10.03	9.93	10.03	10.05
Net assets, end of year (C$ units) [4]	$	13.25	12.75	13.47	13.74	11.64	10.69

Financial Highlights (continued)

Advisor Class *Period* (1)		2018	2017	2016	2015	2014	2013
Net assets, beginning of period	$	–	10.04	9.93	10.03	10.05	10.14
Increase (decrease) from operations:							
Total revenue		–	0.07	0.19	0.15	0.17	0.23
Total expenses		–	(0.03)	(0.10)	(0.10)	(0.11)	(0.11)
Realized gains (losses) for the period		–	0.06	(0.29)	0.12	0.15	0.18
Unrealized gains (losses) for the period		–	–	0.39	(0.22)	(0.12)	(0.22)
Total increase (decrease) from operations (2)		–	0.10	0.19	(0.05)	0.09	0.08
Distributions:							
From net investment income (excluding dividends)		–	(0.03)	(0.09)	(0.05)	(0.08)	(0.16)
From net realized capital gains		–	–	–	(0.20)	–	–
From return of capital		–	–	–	–	–	(0.02)
Total distributions (3)		–	(0.03)	(0.09)	(0.25)	(0.08)	(0.18)
Net assets, end of period (4)	$	–	10.10	10.04	9.93	10.03	10.05

1. This information is derived from the ETF's unaudited interim financial statements as at June 30, 2018, and the audited annual financial statements as at December 31 of the years shown. Advisor Class information for 2017 is presented as at the termination date of those units on April 28, 2017. The ETF effectively began operations on February 14, 2012. Class E units of the ETF began trading in Canadian dollars on October 2, 2013 under the symbol HUF. Information is presented in accordance with IFRS.
2. Net assets per unit and distributions are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of units outstanding over the financial period.
3. Income, dividend and/or return of capital distributions, if any, are paid in cash, reinvested in additional units of the ETF, or both. Capital gains distributions, if any, may or may not be paid in cash. Non-cash capital gains distributions are reinvested in additional units of the ETF and subsequently consolidated. They are reported as taxable distributions and increase each unitholder's adjusted cost base for their units. Neither the number of units held by the unitholder, nor the net asset per unit of the ETF change as a result of any non-cash capital gains distributions. Distributions classified as return of capital, if any, decrease each unitholder's adjusted cost base for their units. The characteristics of distributions, if any, are determined subsequent to the end of the ETF's tax year. Until such time, distributions are classified as from net investment income (excluding dividends) for reporting purposes.
4. The Financial Highlights are not intended to act as a continuity of the opening and closing net assets per unit.

Financial Highlights (continued)

Ratios and Supplemental Data

Class E

Period (1)		2018	2017	2016	2015	2014	2013
Total net asset value (000's)	$	64,507	41,858	27,341	32,776	40,880	19,856
Number of units outstanding (000's)		6,400	4,125	2,725	3,300	4,075	1,975
Management expense ratio (2)		0.48%	0.46%	0.46%	0.46%	0.46%	0.46%
Management expense ratio before waivers and absorptions (3)		0.62%	0.60%	0.66%	0.63%	0.69%	0.94%
Trading expense ratio (4)		0.01%	0.01%	0.01%	0.01%	0.02%	0.02%
Portfolio turnover rate (5)		2.64%	44.10%	16.28%	14.43%	10.71%	55.57%
Net asset value per unit, end of year (US$ units)	$	10.08	10.15	10.03	9.93	10.03	10.05
Closing market price (US$ units)	$	10.08	10.15	10.04	9.92	10.02	10.07
Net asset value per unit, end of year (C$ units)	$	13.25	12.75	13.47	13.74	11.64	10.69
Closing market price (C$ units)	$	13.25	12.73	13.46	13.75	11.65	10.69

Advisor Class

Period (1)		2018	2017	2016	2015	2014	2013
Total net asset value (000's)	$	–	252	753	745	752	1,508
Number of units outstanding (000's)		–	25	75	75	75	150
Management expense ratio (2)		–	1.03%	1.02%	1.02%	1.03%	1.03%
Management expense ratio before waivers and absorptions (3)		–	1.25%	1.25%	1.18%	1.26%	1.52%
Trading expense ratio (4)		–	0.01%	0.01%	0.01%	0.02%	0.02%
Portfolio turnover rate (5)		–	44.10%	16.28%	14.43%	10.71%	55.57%
Net asset value per unit, end of period	$	–	10.10	10.04	9.93	10.03	10.05
Closing market price	$	–	10.10	10.04	9.94	10.03	10.06

1. The information for Class E units is provided as at June 30, 2018, and December 31 of the other years shown. Advisor Class information is presented as at the termination date of those units on April 28, 2017, and December 31 of the other years shown. Class E units of the ETF began trading in Canadian dollars on October 2, 2013 under the symbol HUF. Information is presented in accordance with IFRS.
2. Management expense ratio is based on total expenses, including sales tax, (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period. Out of its management fees, the Manager pays for such services to the ETF as investment manager compensation, service fees and marketing.
3. The Manager, at its discretion, may waive and/or absorb a portion of the fees and/or expenses otherwise payable by the ETF. The waiving and/or absorption of such fees and/or expenses by the Manager may be terminated at any time, or continued indefinitely, at the discretion of the Manager.
4. The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. Transaction costs related to the purchase and/or sale of fixed income securities are typically imbedded in the price of those transactions and are therefore not included in the trading expense ratio.
5. The ETF's portfolio turnover rate indicates how actively its portfolio investments are traded. A portfolio turnover rate of 100% is equivalent to the ETF buying and selling all of the securities in its portfolio once in the course of the year. Generally, the higher the ETF's portfolio turnover rate in a year, the greater the trading costs payable by the ETF in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the ETF.

Financial Highlights (continued)

Management Fees

The Manager provides, or oversees the provision of, administrative services required by the ETF including, but not limited to: negotiating contracts with certain third-party service providers, such as portfolio managers, custodians, registrars, transfer agents, auditors and printers; authorizing the payment of operating expenses incurred on behalf of the ETF; arranging for the maintenance of accounting records for the ETF; preparing reports to unitholders and to the applicable securities regulatory authorities; calculating the amount and determining the frequency of distributions by the ETF; preparing financial statements, income tax returns and financial and accounting information as required by the ETF; ensuring that unitholders are provided with financial statements and other reports as are required from time to time by applicable law; ensuring that the ETF complies with all other regulatory requirements, including the continuous disclosure obligations of the ETF under applicable securities laws; administering purchases, redemptions and other transactions in units of the ETF; and dealing and communicating with unitholders of the ETF. The Manager provides office facilities and personnel to carry out these services, if not otherwise furnished by any other service provider to the ETF. The Manager also monitors the investment strategies of the ETF to ensure that the ETF complies with its investment objectives, investment strategies and investment restrictions and practices.

In consideration for the provision of these services, the Manager receives a monthly management fee at the annual rate of 0.40%, plus applicable sales taxes, of the net asset value of the ETF's Class E units, calculated and accrued daily and payable monthly in arrears.

The Sub-Advisor is compensated for its services out of the management fees without any further cost to the ETF. Any expenses of the ETF which are waived or absorbed by the Manager are paid out of the management fees received by the Manager.

Up until the termination of the ETF's Advisor Class units on April 28, 2017, the ETF also received a monthly management fee at the annual rate of 0.90%, plus applicable sales taxes, of the net asset value of the ETF's Advisor Class units, calculated and accrued daily and payable monthly in arrears. In addition, up until the termination of the Advisor Class units, the Manager, and not the ETF, paid to registered dealers a service fee equal to 0.50% per year of the net asset value of Advisor Class units held by clients of the registered dealer. No service fees are paid to registered dealers in respect of Class E units.

The table below details, in percentage terms, the services received by the ETF from the Manager in consideration of the management fees paid during the period.

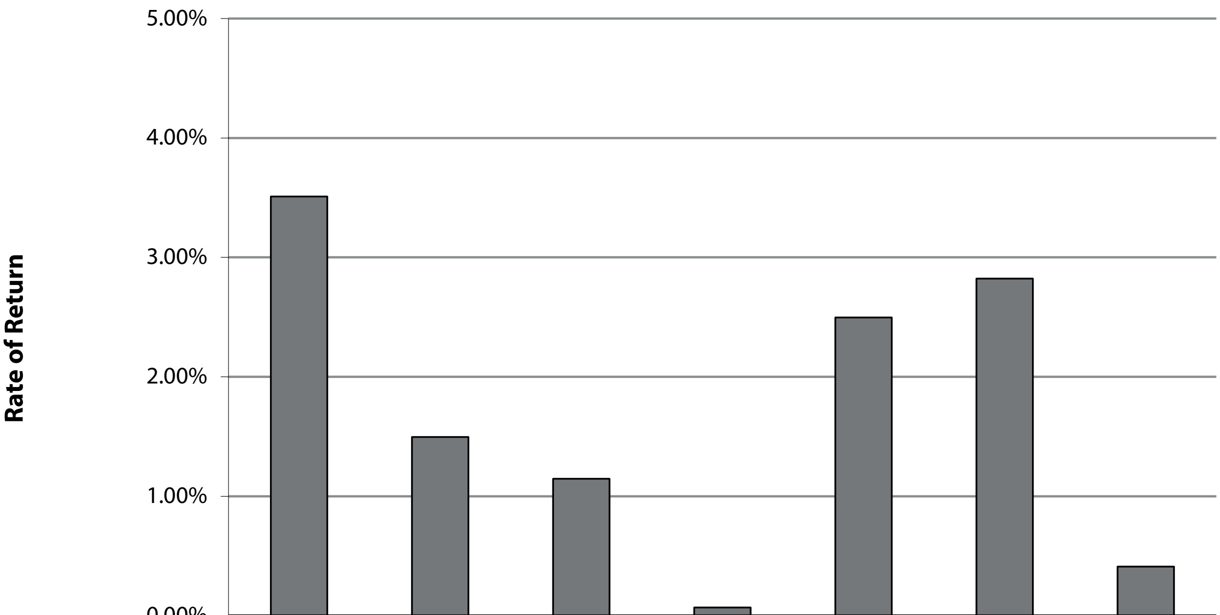
Marketing	Portfolio management fees, general administrative costs and profit	Waived/absorbed expenses of the ETF
6%	60%	34%

Past Performance

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

Year-by-Year Returns

The following chart presents the ETF's performance for its Class E units for the periods shown. In percentage terms, the chart shows how much an investment made on the first day of the financial period would have grown or decreased by the last day of the financial period.



	2012	2013	2014	2015	2016	2017	2018
HUF.U - US$	3.51%	1.50%	1.15%	0.07%	2.50%	2.82%	0.41%

The ETF effectively began operations on February 14, 2012. Former Advisor Class unitholders had their units converted to Class E units of the ETF at the close of business on April 28, 2017. Assuming the former Advisor Class unitholders continue to hold the Class E units they received as part of the conversion, the returns those unitholders would have experienced for the periods disclosed above would have been substantially similar to those of the Class E unitholders, when adjusted for the differences in the expenses of the ETF paid by each class. Only the performance of the US$ units is displayed above, as the US$ units seek to achieve the primary investment objective of the ETF. The returns to unitholders holding C$ units would have been substantially similar to those of the unitholders holding US$ units when adjusted for the daily Canadian/U.S. dollar exchange rate.

Summary of Investment Portfolio

As at June 30, 2018

Asset Mix	Net Asset Value	% of ETF's Net Asset Value
U.S. Bonds–U.S. dollar denominated	$ 40,109,165	62.18%
Canadian Bonds–Canadian dollar denominated	15,041,652	23.32%
Canadian Bonds–U.S. dollar denominated	5,396,632	8.36%
U.S. Bonds–Canadian dollar denominated	1,244,436	1.93%
Global Bonds–U.S. dollar denominated	352,325	0.55%
Global Bonds–Canadian dollar denominated	161,572	0.25%
Interest Rate Swaps*	751,717	1.16%
Currency Forward Hedge*	313,011	0.49%
Cash and Cash Equivalents	626,652	0.97%
Margin Deposits	181,156	0.28%
Other Assets less Liabilities	328,428	0.51%
	$ 64,506,746	**100.00%**

Sector Mix	Net Asset Value	% of ETF's Net Asset Value
Corporate Bonds	$ 62,305,782	96.59%
Interest Rate Swaps*	751,717	1.16%
Currency Forward Hedge*	313,011	0.49%
Cash and Cash Equivalents	626,652	0.97%
Margin Deposits	181,156	0.28%
Other Assets less Liabilities	328,428	0.51%
	$ 64,506,746	**100.00%**

*Positions in forward contracts are disclosed as the gain/(loss) that would be realized if the contracts were closed out on the date of this report.

Summary of Investment Portfolio (continued)

As at June 30, 2018

Top 25 Holdings*	% of ETF's Net Asset Value
Citigroup Inc.	7.29%
JPMorgan Chase & Co.	6.78%
Wells Fargo & Co.	6.76%
Goldman Sachs Group Inc. (The)	6.58%
Bank of America Corp.	6.57%
Morgan Stanley	6.54%
Canadian Imperial Bank of Commerce	3.42%
Bank of Montreal	3.11%
Bank of Nova Scotia (The)	2.57%
General Motors Financial Co. Inc.	2.01%
Royal Bank of Canada	1.88%
Manulife Financial Corp.	1.77%
Walmart Inc.	1.56%
American Express Credit Corp.	1.56%
CVS Health Corp.	1.54%
Capital One Financial Corp.	1.51%
Bank of New York Mellon Corp. (The)	1.51%
Toronto-Dominion Bank (The)	1.42%
Canadian Western Bank	1.11%
Enbridge Inc.	1.07%
Home Depot Inc.	1.07%
Costco Wholesale Corp.	1.05%
Cash and Cash Equivalents	0.97%
Ford Credit Canada Co.	0.95%
Ford Motor Credit Co. LLC	0.92%

* Note all of the Top 25 Holdings, excluding cash and cash equivalents, represent the aggregate debt instruments of that issuer in the ETF's portfolio.

The summary of investment portfolio may change due to the ongoing portfolio transactions of the ETF. The most recent financial statements are available at no cost by calling 1-866-641-5739, by writing to us at 55 University Avenue, Suite 800, Toronto, Ontario, M5J 2H7, by visiting our website at www.horizonsetfs.com or through SEDAR at www.sedar.com.

MANAGER'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited interim financial statements of Horizons Active US Floating Rate Bond (USD) ETF (the "ETF") are the responsibility of the manager and trustee to the ETF, Horizons ETFs Management (Canada) Inc. (the "Manager"). They have been prepared in accordance with International Financial Reporting Standards using information available and include certain amounts that are based on the Manager's best estimates and judgments.

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

These financial statements have been approved by the Board of Directors of the Manager.

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

Taeyong Lee
Director
Horizons ETFs Management (Canada) Inc.

NOTICE TO UNITHOLDERS

The Auditors of the ETF have not reviewed these Financial Statements.

Horizons ETFs Management (Canada) Inc., the Manager of the ETF, appoints an independent auditor to audit the ETF's annual financial statements.

The ETF's independent auditors have not performed a review of these interim financial statements in accordance with Canadian generally accepted auditing standards.

Statements of Financial Position (unaudited)

As at June 30, 2018 and December 31, 2017

	2018	2017
Assets		
Cash and cash equivalents	$ 626,652	$ 1,337,556
Investments	62,305,782	40,132,817
Margin deposits (note 11)	181,156	138,259
Amounts receivable relating to accrued income	480,354	264,801
Derivative assets (note 3)	1,139,546	408,963
Total assets	**64,733,490**	**42,282,396**
Liabilities		
Accrued management fees	22,813	15,232
Accrued operating expenses	4,503	3,152
Distribution payable	124,610	89,391
Derivative liabilities (note 3)	74,818	316,918
Total liabilities	**226,744**	**424,693**
Total net assets (note 2)	**$ 64,506,746**	**$ 41,857,703**
Number of redeemable units outstanding, Class E (note 8)	6,400,079	4,125,079
Total net assets per unit, Class E (US$ units) (note 1)	$ 10.08	$ 10.15
Total net assets per unit, Class E (C$ units) (note 1)	$ 13.25	$ 12.75

(See accompanying notes to financial statements)

Approved on behalf of the Board of Directors of the Manager:

Steven J. Hawkins

Taeyong Lee

Statements of Comprehensive Income (unaudited)

For the Periods Ended June 30,

		2018		2017
Income				
Interest income for distribution purposes	$	735,572	$	352,324
Securities lending income (note 7)		1,448		509
Net realized gain (loss) on sale of investments and derivatives		376,193		(414,218)
Net realized gain (loss) on foreign exchange		(264,562)		242,280
Net change in unrealized appreciation (depreciation) of investments and derivatives		(472,929)		174,074
Net change in unrealized appreciation (depreciation) of foreign exchange		(32,460)		213,794
		343,262		**568,763**
Expenses				
Management fees (note 9)		110,697		77,797
Audit fees		5,975		5,910
Independent Review Committee fees		310		126
Custodial fees		6,975		4,713
Securityholder reporting costs		16,591		15,368
Administration fees		15,765		14,816
Transaction costs		2,458		2,877
Withholding taxes		771		771
Other expenses		3,222		39
		162,764		**122,417**
Amounts that were payable by the investment fund that were paid or absorbed by the Manager		(37,697)		(35,470)
		125,067		**86,947**
Increase in net assets for the period	**$**	**218,195**	**$**	**481,816**
Increase in net assets, Class E	$	218,195	$	474,714
Increase in net assets per unit, Class E		0.04		0.13
Increase in net assets, Advisor Class	$	–	$	7,102
Increase in net assets per unit, Advisor Class		–		0.10

(See accompanying notes to financial statements)

Statements of Changes in Financial Position (unaudited)

For the Periods Ended June 30,

	2018	2017
Total net assets at the beginning of the period	$ 41,857,703	$ 28,094,083
Increase in net assets	218,195	481,816
Redeemable unit transactions		
Proceeds from the issuance of securities of the investment fund	32,617,228	28,254,295
Aggregate amounts paid on redemption of securities of the investment fund	(9,610,390)	(5,042,045)
Securities issued on reinvestment of distributions	22	184
Distributions:		
From net investment income	(576,012)	(278,263)
Total net assets at the end of the period	**$ 64,506,746**	**$ 51,510,070**

	2018	2017
Total net assets at the beginning of the period, Class E	$ 41,857,703	$ 27,341,425
Increase in net assets, Class E	218,195	474,714
Redeemable unit transactions		
Proceeds from the issuance of securities of the investment fund	32,617,228	28,254,295
Aggregate amounts paid on redemption of securities of the investment fund	(9,610,390)	(4,284,680)
Securities issued on reinvestment of distributions	22	184
Distributions:		
From net investment income	(576,012)	(275,868)
Total net assets at the end of the period, Class E	**$ 64,506,746**	**$ 51,510,070**

	2018	2017
Total net assets at the beginning of the period, Advisor Class	$ –	$ 752,658
Increase in net assets, Advisor Class	–	7,102
Redeemable unit transactions		
Aggregate amounts paid on redemption of securities of the investment fund	–	(757,365)
Distributions:		
From net investment income	–	(2,395)
Total net assets at the end of the period, Advisor Class	**$ –**	**$ –**

(See accompanying notes to financial statements)

Statements of Cash Flows (unaudited)

For the Periods Ended June 30,

		2018		2017
Cash flows from operating activities:				
Increase in net assets for the period	$	218,195	$	481,816
Adjustments for:				
Net realized loss (gain) on sale of investments and derivatives		(376,193)		414,218
Net realized gain (loss) on currency forward contracts		398,200		(226,414)
Net change in unrealized depreciation (appreciation) of investments and derivatives		472,929		(174,074)
Net change in unrealized depreciation (appreciation) of foreign exchange		6,660		(3,610)
Purchase of investments		(24,946,983)		(17,893,717)
Proceeds from the sale of investments		1,306,399		1,137,512
Margin deposits		(42,897)		20,950
Amounts receivable relating to accrued income		(215,553)		(123,773)
Accrued expenses		8,932		8,261
Net cash used in operating activities		**(23,170,311)**		**(16,358,831)**
Cash flows from financing activities:				
Amount received from the issuance of units		32,617,228		26,992,175
Amount paid on redemptions of units		(9,610,390)		(4,789,585)
Distributions paid to unitholders		(540,771)		(275,695)
Net cash from financing activities		**22,466,067**		**21,926,895**
Net increase (decrease) in cash and cash equivalents during the period		(704,244)		5,568,064
Effect of exchange rate fluctuations on cash and cash equivalents		(6,660)		3,610
Cash and cash equivalents at beginning of period		1,337,556		2,544,423
Cash and cash equivalents at end of period	**$**	**626,652**	**$**	**8,116,097**
Interest received, net of withholding taxes	$	519,248	$	227,780

(See accompanying notes to financial statements)

Schedule of Investments (unaudited)
As at June 30, 2018

Security	Par Value/ Notional/Contracts	Average Cost	Fair Value
U.S. DOLLAR DENOMINATED (71.09%)			
U.S. Bonds (62.18%)			
Amazon.com Inc., 1.90%, 2020/08/21	500,000	$ 490,380	$ 489,878
American Express Credit Corp., Floating Rate, 2.83%, 2019/08/15	1,000,000	1,000,000	1,003,627
American International Group Inc., Callable, 2.30%, 2019/07/16	500,000	498,990	497,101
Apple Inc., Callable, 2.25%, 2021/02/23	500,000	491,860	491,489
AT&T Inc., Callable, 3.00%, 2022/02/15	500,000	493,885	488,606
Bank of America Corp., Floating Rate, 3.18%, 2019/04/01	200,000	200,000	201,174
Bank of America Corp., Series 'L', 2.65%, 2019/04/01	500,000	505,610	499,524
Bank of America Corp., 2.63%, 2021/04/19	500,000	499,885	491,385
Bank of America Corp., Variable Rate, Callable, 2.88%, 2023/04/24	1,000,000	999,350	971,909
Bank of America Corp., Variable Rate, Callable, 3.55%, 2024/03/05	2,100,000	2,089,220	2,079,831
Bank of New York Mellon Corp. (The), Variable Rate, Callable, 2.66%, 2023/05/16	1,000,000	1,010,830	970,939
Brookfield Finance LLC, Callable, 4.00%, 2024/04/01	500,000	498,710	495,287
Capital One Financial Corp., Callable, 2.40%, 2020/10/30	1,000,000	999,080	975,932
Citigroup Inc., 2.70%, 2021/03/30	500,000	499,280	490,580
Citigroup Inc., Callable, 2.75%, 2022/04/25	1,500,000	1,487,025	1,453,220
Citigroup Inc., Callable, 2.70%, 2022/10/27	1,000,000	996,660	961,290
Citigroup Inc., Variable Rate, Callable, 2.88%, 2023/07/24	500,000	484,300	482,598
Citigroup Inc., Variable Rate, Callable, 4.04%, 2024/06/01	1,000,000	1,000,000	1,006,524
Costco Wholesale Corp., Callable, 2.30%, 2022/05/18	700,000	678,804	680,217
CVS Health Corp., Callable, 3.70%, 2023/03/09	1,000,000	991,040	995,990
Duke Energy Corp., Callable, 3.75%, 2024/04/15	500,000	519,535	499,577
Ford Motor Credit Co. LLC, Callable, 4.14%, 2023/02/15	300,000	299,640	300,212
Ford Motor Credit Co. LLC, Callable, 3.81%, 2024/01/09	300,000	297,936	291,562
General Motors Financial Co. Inc., Callable, 3.45%, 2022/01/14	300,000	299,157	295,935
General Motors Financial Co. Inc., Callable, 4.15%, 2023/06/19	1,000,000	998,520	1,000,871
Goldman Sachs Group Inc. (The), Variable Rate, 3.44%, 2018/11/15	100,000	100,477	100,379
Goldman Sachs Group Inc. (The), 2.55%, 2019/10/23	650,000	647,575	646,223
Goldman Sachs Group Inc. (The), Callable, 3.00%, 2022/04/26	1,200,000	1,200,893	1,172,908
Goldman Sachs Group Inc. (The), Callable, 3.20%, 2023/02/23	400,000	399,452	390,193
Goldman Sachs Group Inc. (The), Variable Rate, Callable, 2.91%, 2023/06/05	1,000,000	1,001,480	965,957
Goldman Sachs Group Inc. (The), Variable Rate, Callable, 2.91%, 2023/07/24	1,000,000	966,137	964,080
Great-West Lifeco Finance 2018 L.P., Callable, 4.05%, 2028/05/17	500,000	500,000	504,530
Home Depot Inc., Callable, 2.63%, 2022/06/01	700,000	687,344	686,931
HSBC USA Inc., 2.25%, 2019/06/23	200,000	199,520	198,636
JPMorgan Chase & Co., Callable, 2.97%, 2023/01/15	2,000,000	2,005,900	1,949,147
JPMorgan Chase & Co., Variable Rate, Callable, 2.78%, 2023/04/25	2,500,000	2,453,395	2,424,894
Kinder Morgan Energy Partners L.P., Callable, 4.25%, 2024/09/01	500,000	514,880	501,703
Kroger Co. (The), Callable, 3.30%, 2021/01/15	500,000	503,055	499,491
McDonald's Corp., 2.63%, 2022/01/15	481,000	472,380	471,771
Morgan Stanley, Floating Rate, 3.21%, 2019/01/24	200,000	200,000	200,789
Morgan Stanley, 2.38%, 2019/07/23	900,000	890,853	894,983
Morgan Stanley, 2.80%, 2020/06/16	400,000	401,748	396,959
Morgan Stanley, 2.50%, 2021/04/21	250,000	249,160	244,270
Morgan Stanley, 2.75%, 2022/05/19	1,000,000	999,790	969,279
Morgan Stanley, 3.13%, 2023/01/23	900,000	879,255	879,083

Schedule of Investments (unaudited) (continued)
As at June 30, 2018

Security	Par Value/ Notional/Contracts	Average Cost	Fair Value
Starbucks Corp., Callable, 3.10%, 2023/03/01	500,000	499,120	490,732
UnitedHealth Group Inc., 3.50%, 2023/06/15	500,000	499,750	500,937
Verizon Communications Inc., 4.33%, 2028/09/21	577,000	559,821	573,036
Walmart Inc., Callable, 3.40%, 2023/06/26	1,000,000	999,730	1,008,120
Wells Fargo & Co., 2.55%, 2020/12/07	700,000	697,884	689,185
Wells Fargo & Co., 2.63%, 2022/07/22	1,500,000	1,474,650	1,445,599
Wells Fargo & Co., Callable, 3.07%, 2023/01/24	2,100,000	2,111,392	2,043,404
Wells Fargo & Co., Series 'U', Variable Rate, Perpetual, 5.88%, 2025/06/15	175,000	175,000	180,688
		40,620,338	40,109,165
Canadian Bonds (8.36%)			
Bank of Montreal, 2.35%, 2022/09/11	1,000,000	998,640	957,701
Bank of Montreal, Variable Rate, Callable, 3.80%, 2032/12/15	180,000	180,000	166,961
Bank of Nova Scotia (The), 2.80%, 2021/07/21	1,000,000	997,670	987,088
Bank of Nova Scotia (The), 2.45%, 2022/09/19	700,000	698,726	672,036
Canadian Imperial Bank of Commerce, 2.55%, 2022/06/16	1,000,000	1,002,700	967,723
Husky Energy Inc., Callable, 3.95%, 2022/04/15	500,000	507,500	504,146
Manulife Financial Corp., Variable Rate, Callable, 4.06%, 2032/02/24	1,200,000	1,147,728	1,140,977
		5,532,964	5,396,632
Global Bonds (0.55%)			
HSBC Holdings PLC, Variable Rate, Perpetual, 6.88%, 2021/06/01	340,000	342,375	352,325
TOTAL U.S. DOLLAR DENOMINATED BONDS		**46,495,677**	**45,858,122**
CANADIAN DOLLAR DENOMINATED (25.50%)			
Canadian Bonds (23.32%)			
Alimentation Couche-Tard Inc., Callable, 3.06%, 2024/07/26	300,000	225,639	223,862
Alimentation Couche-Tard Inc., Series '5', Callable, 3.60%, 2025/06/02	325,000	256,840	248,524
AltaGas Ltd., Callable, 3.72%, 2021/09/28	375,000	297,401	290,975
Artis REIT, Series 'B', Floating Rate, 2.81%, 2020/02/07	96,000	77,260	73,295
Bank of Montreal, Variable Rate, Callable, 3.34%, 2025/12/08	400,000	297,022	306,565
Bank of Montreal, Variable Rate, Callable, 3.32%, 2026/06/01	100,000	78,523	76,475
Bank of Montreal, Variable Rate, Callable, 2.57%, 2027/06/01	675,000	503,056	499,730
BRP Finance ULC, Callable, 4.79%, 2022/02/07	300,000	247,499	241,382
Canadian Imperial Bank of Commerce, Variable Rate, Callable, 3.42%, 2026/01/26	600,000	466,317	459,949
Canadian Imperial Bank of Commerce, Variable Rate, Callable, 3.45%, 2028/04/04	1,031,000	790,807	779,133
Canadian Natural Resources Ltd., 2.05%, 2020/06/01	357,000	264,061	268,274
Canadian Western Bank, 2.38%, 2020/01/23	80,000	60,327	60,604
Canadian Western Bank, 2.75%, 2020/06/29	236,000	181,587	179,370
Canadian Western Bank, 2.88%, 2021/03/01	130,000	105,351	98,749
Canadian Western Bank, 2.79%, 2021/09/13	153,000	118,030	115,540
Canadian Western Bank, 2.74%, 2022/06/16	351,000	265,156	263,338
Central 1 Credit Union, Variable Rate, Callable, 2.89%, 2024/04/25	516,000	430,761	393,013
Choice Properties L.P., Series '10', Callable, 3.60%, 2022/09/20	300,000	235,176	231,643

Schedule of Investments (unaudited) (continued)
As at June 30, 2018

Security	Par Value/ Notional/Contracts	Average Cost	Fair Value
Choice Properties REIT, Series 'K', Restricted, Callable, 3.56%, 2024/09/09	500,000	382,930	379,045
Coast Capital Savings Credit Union, Variable Rate, Callable, 5.00%, 2028/05/03	244,000	189,419	187,913
Cominar REIT, Series '7', 3.62%, 2019/06/21	71,000	55,519	54,258
Cominar REIT, Series '4', Callable, 4.94%, 2020/07/27	100,000	96,749	78,037
Cominar REIT, Series '8', 4.25%, 2021/12/08	149,000	131,081	113,677
Cominar REIT, Series '10', 4.25%, 2023/05/23	350,000	270,414	263,178
Dollarama Inc., Series '3', Restricted, Floating Rate, 2.01%, 2021/02/01	200,000	161,734	151,707
Empire Life Insurance Co. (The), Variable Rate, Callable, 3.66%, 2028/03/15	404,000	331,691	309,679
Enbridge Inc., Callable, 4.53%, 2020/03/09	250,000	206,191	195,915
Enbridge Inc., 3.19%, 2022/12/05	650,000	504,501	495,512
Enbridge Income Fund (The), Callable, 4.10%, 2019/02/22	300,000	302,736	230,672
First Capital Realty Inc., Series 'S', Callable, 4.32%, 2025/07/31	101,000	81,414	79,323
Ford Credit Canada Co., 2.58%, 2021/05/10	115,000	90,462	86,048
Ford Credit Canada Co., 3.28%, 2021/07/02	197,000	184,250	150,060
Ford Credit Canada Co., 3.35%, 2022/09/19	500,000	403,462	378,384
Genworth MI Canada Inc., Callable, 5.68%, 2020/06/15	300,000	240,883	238,781
Gibson Energy Inc., Callable, 5.25%, 2024/07/15	100,000	80,415	76,066
Granite REIT Holdings L.P., Series '3', Callable, 3.87%, 2023/11/30	400,000	308,912	305,871
H&R REIT, Series 'O', Callable, 3.42%, 2023/01/23	60,000	48,313	45,479
H&R REIT, Callable, 3.37%, 2024/01/30	394,000	296,234	294,752
Home Trust Co. (The), 3.40%, 2018/12/10	85,000	64,609	64,871
Inter Pipeline Ltd., Callable, 3.45%, 2020/07/20	100,000	96,413	77,173
Inter Pipeline Ltd., Callable, 2.73%, 2024/04/18	625,000	467,636	458,612
Kruger Products L.P., Callable, 6.00%, 2025/04/24	68,000	54,179	52,319
Laurentian Bank of Canada, Floating Rate, 2.55%, 2019/06/27	500,000	375,418	381,318
Laurentian Bank of Canada, Variable Rate, Callable, 4.25%, 2027/06/22	270,000	203,359	205,210
Leisureworld Senior Care L.P., Series 'B', Callable, 3.47%, 2021/02/03	300,000	279,469	232,615
Loblaw Cos. Ltd., Callable, 4.86%, 2023/09/12	300,000	248,137	245,415
Metro Inc., Restricted, Callable, 2.68%, 2022/12/05	111,000	86,320	83,077
Pembina Pipeline Corp., Callable, 2.99%, 2024/01/22	500,000	379,536	373,759
Real Estate Asset Liquidity Trust, Class 'A1', Series '2017', Callable, 2.87%, 2022/06/12	31,323	24,698	23,734
Real Estate Asset Liquidity Trust, Class 'A2', Series '2017', Callable, 3.64%, 2027/06/12	58,000	45,732	44,144
Reliance L.P., 4.08%, 2021/08/02	122,000	112,796	94,942
RioCan REIT, Series 'R', 3.72%, 2021/12/13	350,000	268,899	271,957
Royal Bank of Canada, Variable Rate, Callable, 3.31%, 2026/01/20	585,000	407,612	447,883
Royal Bank of Canada, Variable Rate, Callable, 3.45%, 2026/09/29	1,000,000	788,655	766,992
SmartCentres REIT, 3.73%, 2022/07/22	200,000	186,394	154,451
SmartCentres REIT, Series '0', Callable, 2.99%, 2024/08/28	200,000	147,436	146,117
Sobeys Inc., 3.52%, 2018/08/08	240,000	232,383	182,880
Sun Life Financial Inc., Variable Rate, Callable, 3.10%, 2026/02/19	200,000	160,306	153,041
Sun Life Financial Inc., Variable Rate, Callable, 2.75%, 2027/11/23	160,000	125,094	120,013
Superior Plus L.P., Callable, 5.25%, 2024/02/27	114,000	92,809	84,348
TELUS Corp., Series 'CJ', Callable, 3.35%, 2023/03/15	300,000	225,796	230,878
Teranet Holdings L.P., Callable, 3.65%, 2022/11/18	300,000	235,814	228,021

Schedule of Investments (unaudited) (continued)

As at June 30, 2018

Security	Par Value/ Notional/Contracts	Average Cost	Fair Value
Toronto-Dominion Bank (The), Variable Rate, Callable, 2.98%, 2025/09/30	1,200,000	871,729	914,203
TransAlta Corp., 5.00%, 2020/11/25	100,000	95,231	78,901
		15,544,583	15,041,652
U.S. Bonds (1.93%)			
Citigroup Inc., 4.09%, 2025/06/09	400,000	330,501	310,197
Metropolitan Life Global Funding I, 3.11%, 2021/04/16	116,000	97,540	89,066
Molson Coors International L.P., Callable, 2.84%, 2023/07/15	285,000	218,492	210,652
Morgan Stanley, 3.00%, 2024/02/07	850,000	639,075	634,521
		1,285,608	1,244,436
Global Bonds (0.25%)			
APT Pipelines Ltd., 4.25%, 2019/07/24	209,000	201,603	161,572
TOTAL CANADIAN DOLLAR DENOMINATED BONDS		**17,031,794**	**16,447,660**
DERIVATIVES (1.65%)			
Interest Rate Swaps (1.16%)			
Receive Floating Interest Rate 2.331%, Pay Fixed Interest Rate 1.810%, 2019/04/08, US$	700,000	–	3,898
Receive Floating Interest Rate 2.355%, Pay Fixed Interest Rate 1.710%, 2019/05/12, US$	500,000	–	3,672
Receive Floating Interest Rate 1.747%, Pay Fixed Interest Rate 1.900%, 2019/07/17, C$	1,500,000	–	1,829
Receive Floating Interest Rate 2.363%, Pay Fixed Interest Rate 1.777%, 2019/11/05, US$	500,000	–	6,041
Receive Floating Interest Rate 1.746%, Pay Fixed Interest Rate 1.915%, 2019/11/20, C$	500,000	–	1,206
Receive Floating Interest Rate 1.723%, Pay Fixed Interest Rate 0.900%, 2021/02/26, C$	700,000	–	19,721
Receive Floating Interest Rate 2.355%, Pay Fixed Interest Rate 1.210%, 2021/04/18, US$	600,000	–	26,298
Receive Floating Interest Rate 2.363%, Pay Fixed Interest Rate 1.236%, 2021/05/05, US$	800,000	–	34,679
Receive Floating Interest Rate 2.329%, Pay Fixed Interest Rate 2.127%, 2021/05/19, US$	700,000	–	13,880
Receive Floating Interest Rate 1.753%, Pay Fixed Interest Rate 1.236%, 2021/06/08, C$	2,000,000	–	48,413
Receive Floating Interest Rate 2.348%, Pay Fixed Interest Rate 2.230%, 2021/07/16, US$	1,000,000	–	17,109
Receive Floating Interest Rate 2.343%, Pay Fixed Interest Rate 2.003%, 2022/02/15, US$	500,000	–	14,858
Receive Floating Interest Rate 2.332%, Pay Fixed Interest Rate 2.102%, 2022/03/22, US$	1,000,000	–	26,891
Receive Floating Interest Rate 2.312%, Pay Fixed Interest Rate 2.065%, 2022/04/04, US$	700,000	–	19,958
Receive Floating Interest Rate 2.321%, Pay Fixed Interest Rate 1.915%, 2022/05/17, US$	3,000,000	–	104,549

Schedule of Investments (unaudited) (continued)

As at June 30, 2018

Security	Par Value/ Notional/Contracts	Average Cost	Fair Value
Receive Floating Interest Rate 2.330%, Pay Fixed Interest Rate 1.865%, 2022/05/23, US$	1,000,000	–	36,838
Receive Floating Interest Rate 2.319%, Pay Fixed Interest Rate 1.819%, 2022/06/07, US$	1,000,000	–	38,933
Receive Floating Interest Rate 2.321%, Pay Fixed Interest Rate 1.785%, 2022/06/08, US$	1,500,000	–	58,778
Receive Floating Interest Rate 2.321%, Pay Fixed Interest Rate 2.360%, 2022/07/05, US$	800,000	–	14,395
Receive Floating Interest Rate 2.362%, Pay Fixed Interest Rate 1.900%, 2022/07/21, US$	500,000	–	18,530
Receive Floating Interest Rate 2.330%, Pay Fixed Interest Rate 1.850%, 2022/08/24, US$	2,500,000	–	99,646
Receive Floating Interest Rate 2.318%, Pay Fixed Interest Rate 1.780%, 2022/09/05, US$	1,000,000	–	42,913
Receive Floating Interest Rate 2.321%, Pay Fixed Interest Rate 2.760%, 2023/03/02, US$	1,000,000	–	14,282
Receive Floating Interest Rate 2.318%, Pay Fixed Interest Rate 2.728%, 2023/03/06, US$	1,500,000	–	9,758
Receive Floating Interest Rate 2.321%, Pay Fixed Interest Rate 2.766%, 2023/03/08, US$	1,000,000	–	4,851
Receive Floating Interest Rate 2.341%, Pay Fixed Interest Rate 2.793%, 2023/03/15, US$	1,000,000	–	3,727
Receive Floating Interest Rate 2.362%, Pay Fixed Interest Rate 2.878%, 2023/04/23, US$	1,200,000	–	107
Receive Floating Interest Rate 2.369%, Pay Fixed Interest Rate 2.921%, 2023/05/09, US$	1,100,000	–	(2,034)
Receive Floating Interest Rate 2.321%, Pay Fixed Interest Rate 3.006%, 2023/05/17, US$	1,000,000	–	(5,769)
Receive Floating Interest Rate 1.745%, Pay Fixed Interest Rate 2.573%, 2023/05/25, C$	2,700,000	–	(12,026)
Receive Floating Interest Rate 2.319%, Pay Fixed Interest Rate 2.900%, 2023/06/07, US$	2,800,000	–	(2,619)
Receive Floating Interest Rate 1.754%, Pay Fixed Interest Rate 2.539%, 2023/06/11, C$	1,000,000	–	(3,288)
Receive Floating Interest Rate 2.327%, Pay Fixed Interest Rate 2.904%, 2023/06/11, US$	1,000,000	–	(21,474)
Receive Floating Interest Rate 2.326%, Pay Fixed Interest Rate 2.917%, 2023/06/12, US$	1,000,000	–	(1,708)
Receive Floating Interest Rate 2.335%, Pay Fixed Interest Rate 2.955%, 2023/06/18, US$	1,500,000	–	(5,178)
Receive Floating Interest Rate 1.756%, Pay Fixed Interest Rate 1.589%, 2023/06/20, C$	1,500,000	–	46,183
Receive Floating Interest Rate 2.332%, Pay Fixed Interest Rate 2.949%, 2023/06/22, US$	1,000,000	–	(3,185)
Receive Floating Interest Rate 2.327%, Pay Fixed Interest Rate 2.350%, 2024/03/10, US$	500,000	–	13,923
Receive Floating Interest Rate 1.744%, Pay Fixed Interest Rate 1.655%, 2024/03/24, C$	1,000,000	–	33,340
Receive Floating Interest Rate 2.355%, Pay Fixed Interest Rate 2.155%, 2024/05/12, US$	1,000,000	–	39,157

Schedule of Investments (unaudited) (continued)

As at June 30, 2018

Security	Par Value/ Notional/Contracts	Average Cost	Fair Value
Receive Floating Interest Rate 1.761%, Pay Fixed Interest Rate 2.459%, 2025/03/14, C$	1,000,000	–	1,594
Receive Floating Interest Rate 2.369%, Pay Fixed Interest Rate 2.979%, 2027/05/09, US$	1,200,000	–	(6,548)
Receive Floating Interest Rate 2.330%, Pay Fixed Interest Rate 3.028%, 2028/05/16, US$	500,000	–	(4,411)
		–	751,717
Currency Forwards (0.49%)			
Currency forward contract to buy US$20,845,153 for C$26,988,429 maturing September 19, 2018		–	288,695
Currency forward contract to buy C$5,073,433 for US$3,840,000 maturing September 19, 2018		–	24,316
		–	313,011
TOTAL DERIVATIVES		**–**	**1,064,728**
TOTAL INVESTMENT PORTFOLIO (98.24%)		**$ 63,527,471**	**$ 63,370,510**
Cash and cash equivalents (0.97%)			626,652
Margin deposits (0.28%)			181,156
Other assets less liabilities (0.51%)			328,428
TOTAL NET ASSETS (100.00%)			**$ 64,506,746**

(See accompanying notes to financial statements)

Notes to Financial Statements (unaudited)

June 30, 2018

1. REPORTING ENTITY

Horizons Active US Floating Rate Bond (USD) ETF ("HUF.U" or the "ETF") is an investment trust established under the laws of the Province of Ontario by Declaration of Trust and effectively began operations on February 14, 2012. The address of the ETF's registered office is: c/o Horizons ETFs Management (Canada) Inc., 55 University Avenue, Suite 800, Toronto, Ontario, M5J 2H7.

The ETF is offered for sale on a continuous basis by its prospectus in class E units ("Class E") which trade on the Toronto Stock Exchange ("TSX") in U.S. dollars ("US$ units") and in Canadian dollars ("C$ units") under the symbols HUF.U and HUF, respectively. C$ units are not a separate class of units of the ETF, but rather, represent the Canadian dollar value of the US$ Class E units at the current day's Canada/U.S. exchange rate. An investor may buy or sell units of the ETF on the TSX only through a registered broker or dealer in the province or territory where the investor resides. Investors are able to trade units of the ETF in the same way as other securities traded on the TSX, including by using market orders and limit orders and may incur customary brokerage commissions when buying or selling units.

Prior to their termination on April 28, 2017 (*see below*), the ETF also offered for sale on a continuous basis, by its prospectus, advisor class units ("Advisor Class") which traded on the TSX under the symbol HUF.V. Advisors were directly compensated with a service fee on a trailing quarterly basis (the "Service Fee"). The only difference between the Advisor Class and Class E units of the ETF was that the Advisor Class charged higher management fees that included the Service Fees paid to the advisor (see note 9).

The investment objective of HUF.U is to generate income that is consistent with prevailing U.S. short-term corporate bond yields while stabilizing the market value of the ETF from the effects of U.S. interest rate fluctuations. HUF.U invests primarily in a portfolio of U.S. corporate debt securities and hedges the portfolio's U.S. interest rate risk to generally maintain a portfolio duration of less than two years. HUF.U may also invest in U.S. government debt securities and debt securities of non-U.S. companies. HUF.U may also invest in debt securities directly, or through investments in securities of other investment funds, including exchange traded funds. HUF.U uses derivatives, including interest rate swaps, to deliver a floating rate of income. As HUF.U is denominated in U.S. dollars, HUF.U generally seeks to hedge its Canadian dollar currency exposure to the U.S. dollar and does not seek to hedge its U.S. dollar currency exposure to the Canadian dollar.

Horizons ETFs Management (Canada) Inc. is the manager, trustee and investment manager of the ETF ("Horizons Management", the "Manager" or the "Investment Manager"). Prior to September 30, 2017, AlphaPro Management Inc. ("AlphaPro"), a wholly owned subsidiary of Horizons Management, acted as the manager and trustee of the ETF.

Effective September 30, 2017, AlphaPro amalgamated with Horizons Management (the "Amalgamation"). Post-Amalgamation, the duties of manager and trustee for the ETF previously performed by AlphaPro were assumed by Horizons Management, in addition to its role as investment manager for the ETF. There was no change to the to the ETF's investment objectives and strategies as result of the Amalgamation, nor to the day-to-day management of the ETF.

The Investment Manager is responsible for implementing the ETF's investment strategies and for engaging the services of Fiera Capital Corporation ("Fiera" or the "Sub-Advisor"), to act as the sub-advisor to the ETF. The Manager is a member of the Mirae Asset Financial Group ("Mirae Asset").

Conversion and Termination of Advisor Class units

The previously announced conversion (the "Conversion") of the ETF's advisor class units ("Advisor Class units") into the ETF's common class units ("Class E units") was completed at the close of business on April 28, 2017 (the "Conversion Date").

Notes to Financial Statements (unaudited) (continued)

June 30, 2018

The remaining unitholders of record of the Advisor Class units as at the Conversion Date received a number of whole Class E units of the ETF with an aggregate net asset value ("NAV") equal to the aggregate NAV of the Advisor Class units converted, based on the respective NAVs of the two classes as at the Conversion Date (the "Conversion Ratio"). The ETF's Conversion Ratio was 1.000202, meaning, that for each Advisor Class unit of the ETF subject to the Conversion, the unit-holder received 1.000202 Class E units of the ETF.

The conversion of Advisor Class units into whole Class E units of the ETF did not give rise to a disposition by unitholders of converting Advisor Class units for tax purposes on any whole units converted. Any remaining fractional Advisor Class units were redeemed for cash and such redemption is considered a disposition for tax purposes.

Immediately following the completion of the Conversion, the Advisor Class units were terminated.

2. BASIS OF PREPARATION

(i) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Any mention of total net assets, net assets, net asset value or increase (decrease) in net assets is referring to net assets or increase (decrease) in net assets attributable to holders of redeemable units as reported under IFRS.

These financial statements were authorized for issue on August 15, 2018, by the Board of Directors of the Manager.

(ii) Basis of measurement

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

(iii) Functional and presentation currency

These financial statements are presented in U.S. dollars, which is the ETF's functional currency.

3. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Financial instruments

(i) Recognition, initial measurement and classification

For fiscal years beginning January 1, 2018, IFRS 9, Financial Instruments ("IFRS 9") has replaced International Accounting Standard 39, Financial Instruments – Recognition and Measurement ("IAS 39"). IFRS 9 introduces new classification and measurement requirements for financial instruments, including impairment on financial assets and hedge accounting.

This new standard requires assets to be classified based on the ETF's business model for managing the financial assets and contractual cash flow characteristics of the financial assets. The standard includes three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income, and fair value

Notes to Financial Statements (unaudited) (continued)

June 30, 2018

through profit and loss ("FVTPL"). It eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale. IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities

There were no changes to the measurement basis of the ETF's financial instruments as a result of adopting IFRS 9, and consequently, there was no impact to net assets.

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

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

- Financial assets mandatorily classified at fair value through profit or loss: debt securities, equity investments and derivative financial instruments
- Financial assets at amortized cost: All other financial assets are classified as loans and receivables
- Financial liabilities mandatorily classified at fair value through profit or loss: derivative financial instruments and securities sold short, if any
- Financial liabilities at amortized cost: all other financial liabilities are classified as other financial liabilities

(ii) Fair value measurement

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

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

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

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

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

Notes to Financial Statements (unaudited) (continued)

June 30, 2018

(iii) Offsetting

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

Income and expenses are presented on a net basis for gains and losses from financial instruments at fair value through profit or loss and foreign exchange gains and losses.

(iv) Specific instruments

Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit and short-term, interest bearing notes with a term to maturity of less than three months from the date of purchase.

Forward foreign exchange contracts

Forward foreign exchange contracts, if any, are valued at the current market value thereof on the Valuation Date. The value of these forward contracts is the gain or loss that would be realized if, on the Valuation Date, the positions were to be closed out and recorded as derivative assets and/or liabilities in the statements of financial position and as a net change in unrealized appreciation (depreciation) of investments and derivatives in the statements of comprehensive income. When the forward contracts are closed out or mature, realized gains or losses on forward contracts are recognized and are included in the statements of comprehensive income in net realized gain (loss) on sale of investments and derivatives. The U.S. dollar value of forward foreign exchange contracts is determined using forward currency exchange rates supplied by an independent service provider.

Interest rate swaps

Interest rate swaps, if any, are valued at the current market value thereof on the Valuation Date. The value of these interest rate swaps is the gain or loss that would be realized if, on the Valuation Date, the positions were to be closed out and recorded as derivative assets and/or liabilities, plus any amounts relating to accrued income, if applicable, in the statements of financial position, and as a net change in unrealized appreciation (depreciation) of investments and derivatives and interest income for distribution purposes, if applicable, in the statements of comprehensive income. When the interest rate swaps are closed out or mature, realized gains or losses on interest rate swaps are recognized and are included in the statements of comprehensive income.

Redeemable units

The redeemable units are measured at the present value of the redemption amounts and are considered a residual amount of the net assets attributable to holders of redeemable units. They are classified as financial liabilities as a result of the ETF's requirement to distribute net income and capital gains to unitholders.

Notes to Financial Statements (unaudited) (continued)

June 30, 2018

(b) Investment income

Investment transactions are accounted for as of the trade date. Realized gains and losses from investment transactions are calculated on a weighted average cost basis. The difference between fair value and average cost, as recorded in the financial statements, is included in the statements of comprehensive income as part of the net change in unrealized appreciation (depreciation) of investments and derivatives. Interest income for distribution purposes from investments in bonds and short-term investments represents the coupon interest received by the ETF accounted for on an accrual basis. The ETF does not amortize premiums paid or discounts received on the purchase of fixed income securities. The ETF does not use the effective interest method. Dividend income is recognized on the ex-dividend date. Distribution income from investments in other funds or ETFs is recognized when earned.

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

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

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

(c) Foreign currency

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

(d) Cost basis

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

(e) Increase (decrease) in net assets attributable to holders of redeemable units per unit

The increase (decrease) in net assets per unit by class in the statements of comprehensive income represents the change in net assets attributable to holders of redeemable units from operations attributable to each class divided by the weighted average number of units of that class outstanding during the reporting period. Income, expenses other than management fees, and realized and unrealized capital gains (losses) are distributed amongst the different classes of units in proportion to the amount invested in them. For management fees please refer to note 9.

Notes to Financial Statements (unaudited) (continued)

June 30, 2018

(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 statements of changes in financial position.

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

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

(h) Net assets attributable to holders of redeemable units per unit

Net assets attributable to holders of redeemable units per unit is calculated for each class of units of the ETF by taking the respective class' proportionate share of the ETF's net assets attributable to holders of redeemable units and dividing by the number of units of that class outstanding on the Valuation Date.

(i) Transaction costs

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

5. FINANCIAL INSTRUMENTS RISK

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

Notes to Financial Statements (unaudited) (continued)

June 30, 2018

Please refer to the most recent prospectus for a complete discussion of the risks attributed to an investment in the units of the ETF. Significant financial instrument risks that are relevant to the ETF and an analysis of how they are managed are presented below.

(a) Market risk

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

(i) Currency risk

Currency risk is the risk that financial instruments which are denominated in currencies other than the ETF's reporting currency, the U.S. dollar, will fluctuate due to changes in exchange rates and adversely impact the ETF's income, cash flows or fair values of its investment holdings. The ETF may reduce its foreign currency exposure through the use of derivative arrangements such as foreign exchange forward contracts or futures contracts. As at June 30, 2018, and December 31, 2017, the ETF did not have any material net exposure to foreign currencies due to the ETF's hedging strategies.

(ii) Interest rate risk

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

The following table summarizes the ETF's exposure to interest rate risk, including the ETF's assets categorized by the remaining term to maturity:

	Less than 1 year	1 - 3 years	3 - 5 years	> 5 years	Non-interest bearing	Total
As at	($000's)	($000's)	($000's)	($000's)	($000's)	($000's)
June 30, 2018						
Investments	2,127	9,947	31,518	19,205	–	62,797
Interest Rate Swaps	9	156	502	74	–	741
June 30, 2018						
Investments	1,693	7,224	15,708	17,130	–	41,755
Interest Rate Swaps	29	3	261	73	–	366

The percentage of the ETF's net assets exposed to interest rate risk as at June 30, 2018, was 98.5% (December 31, 2017 – 100.6%). The amount by which the net assets of the ETF would have increased or decreased, as at June 30, 2018, had the prevailing interest rates been lowered or raised by 1%, assuming a parallel shift in the yield curve, with all other variables remaining constant, was $388,920 (December 31, 2017 – $368,649). The ETF's interest rate sensitivity was determined based on portfolio weighted duration. In practice, actual results may differ from this sensitivity analysis.

Notes to Financial Statements (unaudited) (continued)

June 30, 2018

(iii) Other market risk

Other market risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. The Manager has imposed internal risk management controls on the ETF which are intended to limit the loss on its trading activities.

The table below shows the estimated impact on the ETF of a 1% increase or decrease in a broad-based market index, based on historical correlation, with all other factors remaining constant, as at the dates shown. In practice, actual results may differ from this sensitivity analysis and the difference could be material. The historical correlation may not be representative of future correlation.

Comparative Index	June 30, 2018	December 31, 2017
ICE BofA Merrill Lynch Canada Corporate Bond Index	$92,334	$60,642

(b) Credit risk

Credit risk on financial instruments is the risk of a financial loss occurring as a result of the default of a counterparty on its obligation to the ETF. It arises principally from debt securities held, and also from derivative financial assets, cash and cash equivalents, and other receivables. The ETF's maximum credit risk exposure as at the reporting date is represented by the respective carrying amounts of the financial assets in the statements of financial position. The ETF's credit risk policy is to minimise its exposure to counterparties with perceived higher risk of default by dealing only with counterparties that meet the credit standards set out in the ETF's prospectus and by taking collateral.

Analysis of credit quality

The ETF's credit risk exposure by designated rating of the invested portfolio as at June 30, 2018, and December 31, 2017, is listed as follows:

Debt or Derivative Securities by Credit Rating	Percentage of Net Asset Value (%)	
	June 30, 2018	December 31, 2017
AAA	0.1%	3.3%
AA	2.5%	1.0%
A	53.7%	41.7%
BBB	40.7%	52.4%
BB	1.5%	2.0%
B	–	0.2%
Total	**98.5%**	**100.6%**

Designated ratings are obtained by Standard & Poor's, Moody's and/or Dominion Bond Rating Services. Where more than one rating is obtained for a security, the lowest rating has been used. Credit risk is managed by dealing with counterparties the ETF believes to be creditworthy and by regular monitoring of credit exposures. The maximum exposure to any one debt issuer as of June 30, 2018, was 7.3% (December 31, 2017 – 7.2%) of the net assets of the ETF.

Notes to Financial Statements (unaudited) (continued)
June 30, 2018

(c) Liquidity risk

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

6. FAIR VALUE MEASUREMENT

Below is a classification of fair value measurements of the ETF's investments based on a three level fair value hierarchy and a reconciliation of transactions and transfers within that hierarchy. The hierarchy of fair valuation inputs is summarized as follows:

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

Changes in valuation methods may result in transfers into or out of an investment's assigned level. The following is a summary of the inputs used as at June 30, 2018, and December 31, 2017, in valuing the ETF's investments and derivatives carried at fair values:

	June 30, 2018			December 31, 2017		
	Level 1 ($)	**Level 2 ($)**	**Level 3 ($)**	**Level 1 ($)**	**Level 2 ($)**	**Level 3 ($)**
Financial Assets						
Bonds	–	62,305,782	–	–	40,132,817	–
Futures	–	–	–	28,155	–	–
Currency Forward Contracts	–	319,589	–	–	–	–
Interest Rate Swaps	–	819,957	–	–	380,808	–
Total Financial Assets	**–**	**63,445,328**	**–**	**28,155**	**40,513,625**	**–**
Financial Liabilities						
Currency Forward Contracts	–	(6,578)	–	–	(303,144)	–
Interest Rate Swaps	–	(68,240)	–	–	(13,774)	–
Total Financial Liabilities	**–**	**(74,818)**	**–**	**–**	**(316,918)**	**–**
Net Financial Assets and Liabilities	**–**	**63,370,510**	**–**	**28,155**	**40,196,707**	**–**

There were no significant transfers made between Levels 1 and 2 as a result of changes in the availability of quoted market prices or observable market inputs during the period or year shown. In addition, there were no investments or transactions classified in Level 3 for the period ended June 30, 2018, and for the year ended December 31, 2017.

Notes to Financial Statements (unaudited) (continued)

June 30, 2018

7. SECURITIES LENDING

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

The aggregate closing market value of securities loaned and collateral received as at June 30, 2018, and December 31, 2017, was as follows:

As at	Securities Loaned	Collateral Received
June 30, 2018	$1,748,973	$1,839,755
December 31, 2017	$2,568,670	$2,702,380

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

The table below presents a reconciliation of the securities lending income as presented in the statements of comprehensive income for the periods ended June 30, 2018 and 2017. It shows the gross amount of securities lending revenues generated from the securities lending transactions of the ETF, less any taxes withheld and amounts earned by parties entitled to receive payments out of the gross amount as part of any securities lending agreements.

For the periods ended	June 30, 2018	% of Gross Income	June 30, 2017	% of Gross Income
Gross securities lending income	$2,444		$784	
Withholding taxes	(376)	15.38%	(57)	7.27%
Lending Agents’ fees:				
Canadian Imperial Bank of Commerce	(620)	25.37%	(218)	27.81%
Net securities lending income paid to the ETF	**$1,448**	**59.25%**	**$509**	**64.92%**

8. REDEEMABLE UNITS

The ETF is authorized to issue an unlimited number of redeemable, transferable Class E units each of which represents an equal, undivided interest in the net assets of the ETF. Each unit entitles the owner to one vote at meetings of unitholders. Each unit is entitled to participate equally with all other units with respect to all payments made to unitholders, other than management fee distributions, whether by way of income or capital distributions and, on liquidation, to participate equally in the net assets of the ETF remaining after satisfaction of any outstanding liabilities that are attributable to units of that class of the ETF. All units will be fully paid and non-assessable, with no liability for future assessments, when issued and will not be transferable except by operation of law.

Notes to Financial Statements (unaudited) (continued)
June 30, 2018

Prior to the Conversion transaction and subsequent termination of the Advisor Class units described in note 1, the ETF was authorized to issue an unlimited number of redeemable, transferable Advisor Class units each of which had the same rights and privileges as the Class E units.

The redeemable units issued by the ETF provide an investor with the right to require redemption for cash at a value proportionate to the investor's share in the ETF's net assets at each redemption date. They are classified as liabilities as a result of the ETF's requirement to distribute net income and capital gains to unitholders. The ETF's objectives in managing the redeemable units are to meet the ETF's investment objective, and to manage liquidity risk arising from redemptions. The ETF's management of liquidity risk arising from redeemable units is discussed in note 5.

On any trading day, which is defined as the day that a net asset value of the ETF is being struck, unitholders of the ETF may (i) redeem units of the ETF for cash at a redemption price per unit equal to 95% of the closing price for units of the ETF on the TSX on the effective day of the redemption, where the units being redeemed are not equal to a prescribed number of units ("PNU") or a multiple PNU; or (ii) redeem, less any applicable redemption charge as determined by the Manager in its sole discretion from time to time, a PNU or a multiple PNU of the ETF for cash equal to the net asset value of that number of units.

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 Class E units of the 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.

Units of the ETF are issued or redeemed on a daily basis at the net asset value per security that is determined as at 4:00 p.m. (Eastern Time) each business day. Purchase and redemption orders are subject to a 9:30 a.m. (Eastern Time) cut-off time.

The ETF is required to distribute any net income and capital gains that it has earned in the year. Income earned by the ETF is distributed to unitholders at least once per year, if necessary, and these distributions are either paid in cash or reinvested by unitholders into additional units of the ETF. Net realized capital gains, if any, are typically distributed in December of each year to unitholders. The annual capital gains distributions are not paid in cash but rather, are reinvested and reported as taxable distributions and used to increase each unitholder's adjusted cost base for the ETF. Distributions paid to holders of redeemable units are recognized in the statements of changes in financial position.

Please consult the ETF's most recent prospectus for a full description of the subscription, exchange and redemption features of the ETF's units.

For the periods ended June 30, 2018 and 2017, the number of units issued by subscription and/or distribution reinvestment, the number of units redeemed, the total and average number of units outstanding was as follows:

Class of Units	Period	Beginning Units Outstanding	Units Issued	Units Redeemed	Ending Units Outstanding	Average Units Outstanding
Class E	2018	4,125,079	3,225,000	(950,000)	6,400,079	5,104,085
	2017	2,725,056	2,800,019	(425,000)	5,100,075	3,525,480
Advisor Class	2017	75,000	–	(75,000)	–	73,729

Notes to Financial Statements (unaudited) (continued)

June 30, 2018

The Class E units issued and Advisor Class units redeemed for the period ended June 30, 2017, include the units converted as part of any monthly conversion privileges as well as any converted as part of the Conversion transaction described in note 1. These non-cash conversion transactions were equal to $252,460 and have not been included in the statements of cash flows. Advisor Class units were terminated on April 28, 2017.

9. EXPENSES

Management fees

The Manager provides, or oversees the provision of, administrative services required by the ETF including, but not limited to: negotiating contracts with certain third-party service providers, such as portfolio managers, custodians, registrars, transfer agents, auditors and printers; authorizing the payment of operating expenses incurred on behalf of the ETF; arranging for the maintenance of accounting records for the ETF; preparing reports to unitholders and to the applicable securities regulatory authorities; calculating the amount and determining the frequency of distributions by the ETF; preparing financial statements, income tax returns and financial and accounting information as required by the ETF; ensuring that unitholders are provided with financial statements and other reports as are required from time to time by applicable law; ensuring that the ETF complies with all other regulatory requirements, including the continuous disclosure obligations of the ETF under applicable securities laws; administering purchases, redemptions and other transactions in units of the ETF; and dealing and communicating with unitholders of the ETF. The Manager provides office facilities and personnel to carry out these services, if not otherwise furnished by any other service provider to the ETF. The Manager also monitors the investment strategies of the ETF to ensure that the ETF complies with its investment objectives, investment strategies and investment restrictions and practices.

In consideration for the provision of these services, the Manager receives a monthly management fee at the annual rate of 0.40%, plus applicable sales taxes, of the net asset value of the ETF's Class E units, calculated and accrued daily and payable monthly in arrears. The Sub-Advisor is compensated for its services out of the management fees without any further cost to the ETF. Any expenses of the ETF which are waived or absorbed by the Manager are paid out of the management fees received by the Manager.

Up until the termination of the ETF's Advisor Class units on April 28, 2017, as described in note 1, the ETF also received a monthly management fee at the annual rate of 0.90%, plus applicable sales taxes, of the net asset value of the ETF's Advisor Class units, calculated and accrued daily and payable monthly in arrears. In addition, up until the termination of the Advisor Class units, the Manager, and not the ETF, paid to registered dealers a service fee equal to 0.50% per year of the net asset value of Advisor Class units held by clients of the registered dealer. No service fees are paid to registered dealers in respect of Class E units.

Other expenses

Unless otherwise waived or reimbursed by the Manager, the ETF pays all of its operating expenses, including but not limited to: audit fees; trustee and custodial expenses; valuation, accounting and record keeping costs; legal expenses; permitted prospectus preparation and filing expenses; costs associated with delivering documents to unitholders; listing and annual stock exchange fees; index licensing fees, if applicable; fees payable to CDS Clearing and Depository Services Inc.; bank related fees and interest charges; extraordinary expenses; unitholder reports and servicing costs; registrar and transfer agent fees; costs of the Independent Review Committee; income taxes; sales taxes; brokerage expenses and commissions; and withholding taxes.

The Manager, at its discretion, may waive and/or absorb a portion of the fees and/or expenses otherwise payable by the ETF. The waiving and/or absorption of such fees and/or expenses by the Manager may be terminated at any time, or continued indefinitely, at the discretion of the Manager.

Notes to Financial Statements (unaudited) (continued)

June 30, 2018

10. BROKER COMMISSIONS, SOFT DOLLARS AND RELATED PARTY TRANSACTIONS

Prior to June 30, 2017, an affiliate of National Bank of Canada ("NBC") and National Bank Financial Inc. ("NBF") held an indirect minority interest in AlphaPro. NBF acted as a designated broker, an underwriter and/or a registered trader (market maker). NBC, NBF and its affiliates may, at present or in the future, engage in business with the ETF, the issuers of securities making up the investment portfolio of the ETF, or with the Manager or any funds sponsored by the Manager or its affiliates, including by making loans, executing brokerage transactions, entering into derivative transactions or providing advisory or agency services.

Effective June 30, 2017, Horizons Management acquired the minority interest of AlphaPro owned by an affiliate of NBC and as a result, became the sole shareholder of AlphaPro. Accordingly, NBC and NBF,along with Fiera, are no longer considered affiliates or related parties of Horizons Management and, prior to the Amalgamation, AlphaPro.

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

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

Total brokerage commissions paid to dealers in connection with investment portfolio transactions, soft dollar transactions incurred and amounts paid to related parties of the Manager for the periods ended June 30, 2018 and 2017, were as follows:

Period Ended	Brokerage Commissions Paid	Soft Dollar Transactions	Amount Paid to Related Parties
June 30, 2018	$242	$nil	$nil
June 30, 2017	$372	$nil	$nil

In addition to the information contained in the table above, the management fees paid to the Manager described in note 9 are related party transactions, as the Manager is considered to be a related party to the ETF. Fees paid to the Independent Review Committee are also considered to be related party transactions. Both the management fees and fees paid to the Independent Review Committee are disclosed in the statements of comprehensive income. The management fees payable by the ETF as at June 30, 2018, and December 31, 2017, are disclosed in the statements of financial position.

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

11. COLLATERAL WITH FUTURES COMMISSION MERCHANTS

The ETF may maintain accounts with Futures Commission Merchants ("FCMs") to conduct futures trading activities. The futures trading activities, where applicable, are typically, but not limited to, fixed income and currency futures for the purposes of hedging. The FCMs require the maintenance of minimum margin deposits. These requirements are met by the collateral from the ETF held at the FCMs. Collateral held with FCMs is included as part of "Margin deposits" in the statements of financial position. The collateral held with FCMs as at June 30, 2018, and December 31, 2017, is as follows:

As at	Collateral held with FCMs
June 30, 2018	$181,156
December 31, 2017	$138,259

Notes to Financial Statements (unaudited) (continued)

June 30, 2018

12. INCOME TAX

The ETF has qualified as a mutual fund trust under the *Income Tax Act* (Canada) (the "Tax Act") and accordingly, is not taxed on the portion of taxable income that is paid or allocated to unitholders. As well, tax refunds (based on redemptions and realized and unrealized gains during the year) may be available that would make it possible to retain some net capital gains in the ETF without incurring any income taxes.

13. TAX LOSSES CARRIED FORWARD

Capital losses for income tax purposes may be carried forward indefinitely and applied against capital gains realized in future years. Non-capital losses carried forwards may be applied against future years' taxable income. Non-capital losses that are realized in the current taxation year may be carried forward for 20 years. As at December 31, 2017, the ETF had net capital losses and/or non-capital losses, with the year of expiry of the non-capital losses as follows:

Net Capital Losses	Non-Capital Losses	Year of Expiry
$888,333	–	–

14. OFFSETTING OF FINANCIAL INSTRUMENTS

In the normal course of business, the ETF may enter into various master netting arrangements or other similar agreements that do not meet the criteria for offsetting in the statements of financial position but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or termination of the contracts. The following table shows financial instruments that may be eligible for offset, if such conditions were to arise, as at June 30, 2018, and December 31, 2017. The "Net" column displays what the net impact would be on the ETF's statements of financial position if all amounts were set-off.

	Amounts Offset ($)			**Amounts Not Offset ($)**		**Net ($)**
Financial Assets and Liabilities as at June 30, 2018	Gross Assets (Liabilities)	Gross Assets (Liabilities) Offset	Net Amounts	Financial Instruments	Cash Collateral Pledged	
Derivative assets - currency forwards	319,589	–	319,589	(6,578)	–	313,011
Derivative assets - interest rate swaps	819,957	–	819,957	(68,240)	–	751,717
Total derivative assets	**1,139,546**	**–**	**1,139,546**	**(74,818)**	**–**	**1,064,728**
Derivative liabilities - currency forwards	(6,578)	–	(6,578)	6,578	–	–
Derivative liabilities - interest rate swaps	(68,240)	–	(68,240)	68,240	–	–
Total derivative liabilities	**(74,818)**	**–**	**(74,818)**	**74,818**	**–**	**–**

Notes to Financial Statements (unaudited) (continued)

June 30, 2018

	Amounts Offset ($)			Amounts Not Offset ($)		Net ($)
Financial Assets and Liabilities as at December 31, 2017	Gross Assets (Liabilities)	Gross Assets (Liabilities) Offset	Net Amounts	Financial Instruments	Cash Collateral Pledged	
Derivative assets - currency forwards	–	–	–	–	–	–
Derivative assets - interest rate swaps	380,808	–	380,808	(13,774)	–	367,034
Total derivative assets	**380,808**	**–**	**380,808**	**(13,774)**	**–**	**367,034**
Derivative liabilities - currency forwards	(303,144)	–	(303,144)	–	–	(303,144)
Derivative liabilities - interest rate swaps	(13,774)	–	(13,774)	13,774	–	–
Total derivative liabilities	**(316,918)**	**–**	**(316,918)**	**13,774**	**–**	**(303,144)**

15. INTERESTS IN SUBSIDIARIES, ASSOCIATES AND UNCONSOLIDATED STRUCTURED ENTITIES

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

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

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

Investments in Investee ETFs are susceptible to market price risk arising from uncertainty about future values of those Investee ETFs. The maximum exposure to loss from interests in Investee ETFs is equal to the total fair value of the investment in those respective Investee ETFs at any given point in time. The fair value of Investee ETFs, if any, are disclosed in investments in the statements of financial position and listed in the schedule of investments. As at June 30, 2018, and December 31, 2017, the ETF had no exposure to subsidiaries, associates or unconsolidated structured entities.

16. COMPARATIVE FINANCIAL STATEMENTS

Certain information in the comparative financial statements and/or notes to the financial statements for 2017 has been reclassified to conform to the financial statement presentation adopted for 2018.

Manager
Horizons ETFs Management (Canada) Inc.
55 University Avenue, Suite 800
Toronto, Ontario
M5J 2H7
Tel: 416-933-5745
Fax: 416-777-5181
Toll Free: 1-866-641-5739
info@horizonsetfs.com
www.horizonsetfs.com

Auditors
KPMG LLP
Bay Adelaide Centre
333 Bay Street, Suite 4600
Toronto, Ontario
M5H 2S5

Custodian
CIBC Mellon Trust Company
1 York Street, Suite 900
Toronto, Ontario
M5J 0B6

Registrar and Transfer Agent
AST Trust Company (Canada)
1 Toronto Street, Suite 1200
Toronto, Ontario
M5C 2V6

Innovation is our capital. Make it yours.

Horizons Exchange Traded Funds | 55 University Avenue, Suite 800 | Toronto, Ontario, M5J 2H7
T 416 933 5745 | **TF** 1 866 641 5739 | **w** horizonsetfs.com

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