



**Horizons Global Sustainability Leaders Index ETF
(ETHI:TSX)**



HORIZONS ETFs
by Mirae Asset

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A Message from the CEO

For many industries and sectors, the first half of 2020 has been a very challenging period. As COVID-19 spread across the world, many countries closed their borders, restricted business operations and issued work-from-home orders for those businesses still operating.

COVID-19 restrictions also impacted the investment fund industry as investor fears of a recession resulted in a mass sell-off in global equities and corporate bonds in March. Governments and global central banks responded with significant stimulus packages to keep businesses afloat and support the growing number of people out of work.

Amid the crisis, Horizons ETFs has managed to rise above the market turbulence. As at June 30, 2020, Horizons ETFs was the second-best selling firm in Canada for 2020 in terms of inflows, with over \$4.0 billion in net sales for the first six months of the year. With more than 90 ETFs listed in Canada, investors looked to our firm for innovative investment solutions to help manage this crisis and seek new investment opportunities.

In February, Horizons ETFs launched three new total return ETFs ("**TRI ETFs**"): the Horizons US Large Cap Index ETF ("**HULC**"), the Horizons S&P/TSX Capped Composite Index ETF ("**HXCN**") and the Horizons Cash Maximizer ETF ("**HSAV**"). HXCN received the most seed capital in Canadian history at \$1 billion and is the best-selling ETF in Canada for the first half of 2020.

The second-best selling ETF in Canada for the first six months of 2020 is another one of our products: the Horizons Cdn. Select Universe Bond ETF ("**HBB**"). Our suite of tax-efficient TRI ETFs, which are not expected to pay out distributions, seem to have become a key target for investors using the crisis as an opportunity to rebalance their portfolios.

We have observed several recent positive indicators that have strengthened our optimistic outlook for the rest of 2020. In the broader Canadian ETF industry, there are signs that activity may be picking up; for the month of May, we saw \$2.4 billion of net inflows into Canadian ETFs after a relatively quiet April, with all equity classes contributing, and a further \$4 billion of inflows for the month of June. We've also seen marijuana stocks more than double from their March lows in the U.S., despite COVID-19 restrictions and the fact that marijuana remains illegal federally. Currently, Horizons ETFs provides the only ETF focused on exposure to this sector that can provide diversified exposure across the United States ("**HMUS**").

At Horizons ETFs, "Innovation is Our Capital," has long been our motto, and we believe that has allowed us to be nimble enough to adapt quickly while anticipating what investors are looking for. While the road ahead is still uncertain, we feel confident in our ability to maintain our momentum.

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

Sincerely,



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

MANAGEMENT REPORT OF FUND PERFORMANCE

This interim management report of fund performance for Horizons Global Sustainability Leaders Index ETF (“ETHI” 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, 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

ETHI seeks to replicate, to the extent possible, the performance of the Nasdaq Future Global Sustainability Leaders Index (the “Underlying Index”, Bloomberg ticker: NQFGSLTD), net of expenses. The Underlying Index is designed to provide exposure to the performance of a basket of large-cap equity securities of companies that are global climate change leaders (as measured by their relative carbon efficiency), and are not materially engaged in activities deemed inconsistent with responsible investment considerations. ETHI seeks to hedge the U.S. dollar value of its portfolio to the Canadian dollar at all times.

To achieve its investment objective, ETHI will be generally invested in equity securities of the constituent issuers of its Underlying Index (the “Constituent Issuers”), which may include American Depositary Receipts (“ADRs”) or Global Depositary Receipts (“GDRs”) representing equity securities of Constituent Issuers of the Underlying Index.

The Underlying Index was designed as a passively managed portfolio of global stocks which takes account of key environmental, social and governance (ESG) concerns. The Underlying Index is structured to limit exposure to the fossil fuel industry and climate change risk, and to invest in companies considered to be “climate leaders”.

Management Discussion of Fund Performance (continued)

The Underlying Index is ordinarily rebalanced on an annual basis at the close of trading on the third Friday in May.

Risk

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

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

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

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|---|---|
| <ul style="list-style-type: none">• Regulatory risk• Reliance on historical data risk• Liquidity risk• Corresponding net asset value risk• Risk that units will trade at prices other than the net asset value per unit• Designated broker/dealer risk• Cease trading of securities risk• Exchange risk• Early closing risk• No assurance of meeting investment objectives• Tax related risk• Risks related to tax changes• Securities lending, repurchase and reverse repurchase transaction risk• Liability of unitholders• Reliance on key personnel | <ul style="list-style-type: none">• Stock market risk• Specific issuer risk• Geographic risk• Market disruptions risk• Currency risk• Hedging risk• Ethical investment risk• Foreign securities risk• Small and mid-capitalization risk• Foreign stock exchange risk• Income trust investment risk• Underlying index risk• Passive index risk• Stratified sampling risk• Index replication risk• No voting of constituent securities of underlying funds |
|---|---|

Management Discussion of Fund Performance (continued)

Results of Operations

For the six-month period ended June 30, 2020, units of the ETF returned 8.62%, when including distributions paid to unitholders. By comparison, the Underlying Index returned 9.76% for the same period in U.S. dollar terms. The ETF seeks to hedge its U.S. currency exposure to the Canadian dollar at all times. Differences in performance between the ETF and the Underlying Index may arise due to expenses payable by the ETF, which include management fees plus applicable sales taxes; the foreign exchange rate differential between the rates used by the Underlying Index provider to calculate the value of the Underlying Index and the rates used by the ETF to value its portfolio securities; as well as the potential for tracking error arising from the physical index replication risk detailed in the ETF's prospectus.

During the period, the Manager announced that the index methodology for the Underlying Index was adjusted by NASDAQ, Inc., the index provider. The main objectives of the changes to the index methodology were to enhance portfolio diversification and to reduce the divergence of the portfolio's industry composition relative to a traditional broad-based global equities benchmark.

Some of the changes to the index methodology included: an increase in the number of index constituents from 100 to 200, the introduction of an industry sector cap, a change to the buffer rules used to mitigate turnover in the Underlying Index and a change to the annual Underlying Index evaluation date from the last trading day in April to the third Friday in May.

For the first half of the year, the top performers in the Underlying Index in U.S. dollar terms were Tesla Motors Inc., DocuSign Inc. and Twilio Inc., gaining 158.12%, 132.37% and 123.26%, respectively. The worst performers in the Underlying Index for the period were WPP PLC, Host Hotels & Resorts Inc. and Aviva PLC, returning -44.80%, -40.81% and -39.01%, respectively.

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

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

For the six-month period ended June 30, 2020, the ETF generated gross comprehensive income (loss) from investments and derivatives (which includes changes in the fair value of the ETF's portfolio) of (\$56,057). This compares to \$978,594 for the six-month period ended June 30, 2019. The ETF incurred management, operating and transaction expenses of \$135,158 (2019 – \$81,890) of which \$42,047 (2019 – \$38,997) 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 \$104,729 to unitholders during the period (2019 – \$31,394).

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.

Management Discussion of Fund Performance (continued)

Recent Developments

Other than indicated below, there are no recent industry, management or ETF related developments that are pertinent to the present and future of the ETF.

Reduction to the Management Fee Rate

Effective November 1, 2019, the management fee payable by the ETF to the Manager, was lowered to an annual rate of 0.45%, plus applicable sales taxes, from its previous rate of 0.65%, plus applicable sales taxes. There was no change to the ETF's investment objectives and strategies as a result of the reduction in management fee.

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.

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 7) 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, 2020, and December 31, 2019, are disclosed in the statements of financial position.

Financial Highlights

The following tables show selected key financial information about the ETF and are intended to help you understand the ETF's financial performance since it effectively began operations on October 31, 2018. 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

<i>Period</i> ⁽¹⁾		2020	2019	2018
Net assets, beginning of period	\$	31.27	23.73	25.00
Increase (decrease) from operations:				
Total revenue		0.27	0.37	0.06
Total expenses		(0.15)	(0.30)	(0.05)
Realized gains (losses) for the period		(1.94)	2.39	(0.43)
Unrealized gains (losses) for the period		1.57	4.41	(0.84)
Total increase (decrease) from operations ⁽²⁾		(0.25)	6.87	(1.26)
Distributions:				
From net investment income (excluding dividends)		(0.16)	(0.05)	(0.01)
From return of capital		–	(0.15)	–
Total distributions ⁽³⁾		(0.16)	(0.20)	(0.01)
Net assets, end of period ⁽⁴⁾	\$	33.78	31.27	23.73

1. This information is derived from the ETF's unaudited interim financial statements and audited annual financial statements.
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

<i>Period</i> ⁽¹⁾	2020	2019	2018
Total net asset value (000's)	\$ 27,028	11,725	4,746
Number of units outstanding (000's)	800	375	200
Management expense ratio ⁽²⁾	0.55%	0.69%	0.74%
Management expense ratio before waivers and absorptions ⁽³⁾	1.00%	1.55%	2.58%
Trading expense ratio ⁽⁴⁾	0.21%	0.19%	0.27%
Portfolio turnover rate ⁽⁵⁾	118.56%	137.05%	3.44%
Net asset value per unit, end of period	\$ 33.78	31.27	23.73
Closing market price	\$ 33.65	31.24	23.80

1. This information is provided as at June 30, 2020, and December 31 of the other years shown.
2. Management expense ratio is based on total expenses, including sales tax, (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period. Out of its management fees, the Manager pays for such services to the ETF as investment manager compensation 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.
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 0.45%, plus applicable sales taxes, of the net asset value of the ETF's units, calculated and accrued daily and payable monthly in arrears.

Any expenses of the ETF which are waived or absorbed by the Manager are paid out of the management fees received by the Manager.

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.

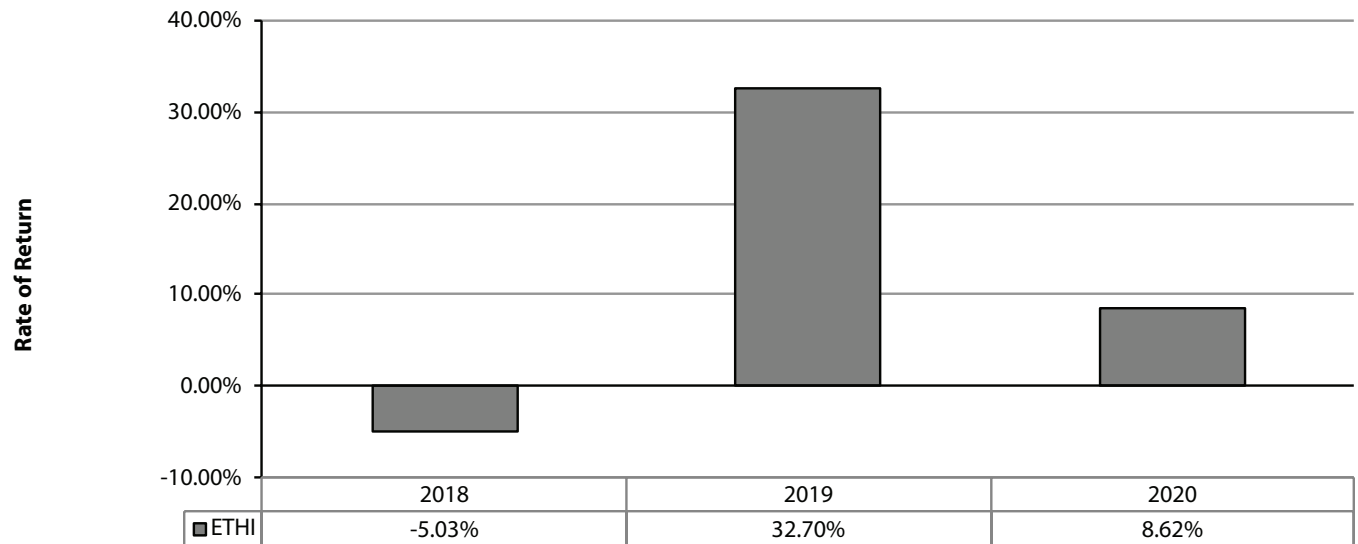
Marketing	Portfolio management fees, general administrative costs and profit	Waived/absorbed expenses of the ETF
3%	2%	95%

Past Performance

Commissions, management fees, expenses and applicable sales taxes all may be associated with an investment in the ETF. Please read the prospectus before investing. The indicated rates of return are the historical total returns including changes in 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, if any, 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 the periods shown, and illustrates how the performance has changed from period to period. In percentage terms, the chart shows how much an investment made on the first day of the financial period would have grown or decreased by the last day of the financial period.



The ETF effectively began operations on October 31, 2018.

Summary of Investment Portfolio

As at June 30, 2020

Asset Mix	Net Asset Value	% of ETF's Net Asset Value
U.S. Equities	\$ 18,588,945	68.78%
Global Equities	7,930,766	29.34%
Canadian Equities	361,819	1.34%
Currency Forward Hedge*	(79,466)	-0.29%
Cash and Cash Equivalents	283,046	1.05%
Other Assets less Liabilities	(57,448)	-0.22%
	\$ 27,027,662	100.00%

Sector Mix	Net Asset Value	% of ETF's Net Asset Value
Information Technology	\$ 8,335,948	30.84%
Financials	7,474,540	27.66%
Health Care	4,218,923	15.61%
Consumer Discretionary	4,157,004	15.38%
Communication Services	960,303	3.55%
Consumer Staples	635,290	2.35%
Industrials	541,380	2.01%
Materials	294,934	1.09%
Utilities	263,208	0.97%
Currency Forward Hedge*	(79,466)	-0.29%
Cash and Cash Equivalents	283,046	1.05%
Other Assets less Liabilities	(57,448)	-0.22%
	\$ 27,027,662	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, 2020

Top 25 Holdings	% of ETF's Net Asset Value
Apple Inc.	4.60%
MasterCard Inc.	3.91%
Visa Inc.	3.85%
NVIDIA Corp.	3.74%
Home Depot Inc. (The)	3.57%
Adobe Inc.	3.38%
PayPal Holdings Inc.	3.04%
Toyota Motor Corp.	2.48%
Netflix Inc.	2.37%
ASML Holding NV	2.29%
UnitedHealth Group Inc.	1.72%
Tesla Motors Inc.	1.71%
Roche Holding AG Genusscheine	1.60%
AIA Group Ltd.	1.56%
CVS Health Corp.	1.26%
S&P Global Inc.	1.19%
Intuit Inc.	1.16%
Charter Communications Inc.	1.09%
Cash and Cash Equivalents	1.05%
Crown Castle International Corp.	1.03%
Sanofi	1.00%
Automatic Data Processing Inc.	1.00%
BlackRock Inc.	0.97%
Prologis Inc.	0.97%
Applied Materials Inc.	0.96%

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, or (416) 933-5745, 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 Global Sustainability Leaders Index 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 judgements.

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

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



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



Thomas Park
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, 2020 and December 31, 2019

	2020	2019
Assets		
Cash and cash equivalents	\$ 283,046	\$ 85,747
Investments	26,881,530	11,489,939
Amounts receivable relating to accrued income	23,007	7,491
Derivative assets (note 3)	16,353	204,544
Total assets	27,203,936	11,787,721
Liabilities		
Accrued management fees	9,974	5,791
Accrued operating expenses	1,783	4,039
Distribution payable	68,698	17,929
Derivative liabilities (note 3)	95,819	34,584
Total liabilities	176,274	62,343
Total net assets (note 2)	\$ 27,027,662	\$ 11,725,378
Number of redeemable units outstanding (note 8)	800,018	375,011
Total net assets per unit	\$ 33.78	\$ 31.27

(See accompanying notes to financial statements)

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



Steven J. Hawkins
Director



Thomas Park
Director

Statements of Comprehensive Income (unaudited)

For the Periods Ended June 30,

	2020	2019
Income		
Dividend income	\$ 164,081	\$ 63,672
Securities lending income (note 7)	541	–
Net realized gain (loss) on sale of investments and derivatives	(1,215,387)	165,210
Net realized gain (loss) on foreign exchange	47,194	(4,736)
Net change in unrealized appreciation of investments and derivatives	947,280	754,974
Net change in unrealized appreciation (depreciation) of foreign exchange	234	(526)
	(56,057)	978,594
Expenses (note 9)		
Management fees	44,328	26,590
Audit fees	3,510	7,202
Independent Review Committee fees	376	371
Custodial and fund valuation fees	14,949	14,305
Legal fees	2,605	–
Securityholder reporting costs	7,145	4,150
Administration fees	19,198	13,583
Transaction costs	19,342	6,428
Withholding taxes	23,140	8,795
Other expenses	565	466
	135,158	81,890
Amounts that were payable by the investment fund that were paid or absorbed by the Manager	(42,047)	(38,997)
	93,111	42,893
Increase (decrease) in net assets for the period	\$ (149,168)	\$ 935,701
Increase (decrease) in net assets per unit	\$ (0.25)	\$ 3.36

(See accompanying notes to financial statements)

Statements of Changes in Financial Position (unaudited)

For the Periods Ended June 30,

	2020	2019
Total net assets at the beginning of the period	\$ 11,725,378	\$ 4,746,299
Increase (decrease) in net assets	(149,168)	935,701
Redeemable unit transactions		
Proceeds from the issuance of securities of the investment fund	30,690,100	6,173,445
Aggregate amounts paid on redemption of securities of the investment fund	(15,134,136)	–
Securities issued on reinvestment of distributions	217	125
Distributions:		
From net investment income	(104,729)	(31,394)
Total net assets at the end of the period	\$ 27,027,662	\$ 11,824,176

(See accompanying notes to financial statements)

Statements of Cash Flows (unaudited)

For the Periods Ended June 30,

	2020	2019
Cash flows from operating activities:		
Increase (decrease) in net assets for the period	\$ (149,168)	\$ 935,701
Adjustments for:		
Net realized loss (gain) on sale of investments and derivatives	1,215,387	(165,210)
Net realized gain (loss) on currency forward contracts	(1,108,717)	19,700
Net change in unrealized appreciation of investments and derivatives	(947,280)	(754,974)
Net change in unrealized depreciation (appreciation) of foreign exchange	(321)	436
Purchase of investments	(12,655,979)	(3,521,753)
Proceeds from the sale of investments	7,062,787	2,917,960
Amounts receivable relating to accrued income	(15,516)	(4,405)
Accrued expenses	1,927	3,996
Net cash used in operating activities	(6,596,880)	(568,549)
Cash flows from financing activities:		
Amount received from the issuance of units	6,847,601	577,656
Distributions paid to unitholders	(53,743)	(12,867)
Net cash from financing activities	6,793,858	564,789
Net increase (decrease) in cash and cash equivalents during the period	196,978	(3,760)
Effect of exchange rate fluctuations on cash and cash equivalents	321	(436)
Cash and cash equivalents at beginning of period	85,747	40,816
Cash and cash equivalents at end of period	\$ 283,046	\$ 36,620
Dividends received, net of withholding taxes	\$ 125,425	\$ 50,472

(See accompanying notes to financial statements)

Schedule of Investments (unaudited)

As at June 30, 2020

Security	Shares/ Contracts		Average Cost		Fair Value
U.S. EQUITIES (68.78%)					
Information Technology (25.85%)					
Activision Blizzard Inc.	1,537	\$	124,820	\$	158,375
Adobe Inc.	1,548		741,168		914,832
Apple Inc.	2,513		970,248		1,244,570
Applied Materials Inc.	3,179		237,847		260,891
Autodesk Inc.	673		172,035		218,539
Automatic Data Processing Inc.	1,337		256,452		270,252
Broadridge Financial Solutions Inc., ADR	315		51,567		53,964
CDW Corp.	464		65,438		73,185
Citrix Systems Inc.	420		86,038		84,337
CoStar Group Inc.	100		91,598		96,481
Coupa Software Inc.	184		56,307		69,204
DocuSign Inc.	483		89,565		112,922
eBay Inc.	2,113		128,915		150,459
F5 Network Inc.	193		37,776		36,546
First Solar Inc.	198		13,455		13,306
Intuit Inc.	779		293,028		313,242
KLA Corp.	470		99,523		124,092
NetApp Inc.	524		31,291		31,564
NVIDIA Corp.	1,960		780,111		1,010,901
Okta Inc.	309		79,430		83,996
ON Semiconductor Corp.	1,314		34,795		35,357
Palo Alto Networks Inc.	336		98,496		104,765
Paychex Inc.	878		91,025		90,292
Paycom Software Inc.	171		64,939		71,904
PayPal Holdings Inc.	3,477		599,186		822,431
Splunk Inc.	431		88,475		116,264
SS&C Technologies Holdings Inc.	705		54,185		54,057
Take-Two Interactive Software Inc.	292		54,851		55,328
Twilio Inc.	388		105,317		115,579
VMware Inc., Class 'A'	218		41,494		45,832
Workday Inc., Class 'A'	443		102,851		112,681
Zendesk Inc.	341		36,563		40,984
			5,778,789		6,987,132
Financials (18.84%)					
Aflac Inc.	1,911		89,648		93,475
American Express Co.	1,938		230,922		250,474
Ameriprise Financial Inc.	461		82,364		93,903
Annaly Capital Management Inc.	3,857		32,395		34,350
AvalonBay Communities Inc.	377		95,828		79,147
BlackRock Inc.	355		240,176		262,223
Capital One Financial Corp.	1,274		106,060		108,255

Schedule of Investments (unaudited) (continued)

As at June 30, 2020

Security	Shares/ Contracts	Average Cost	Fair Value
Charles Schwab Corp. (The)	3,427	181,811	156,975
Crown Castle International Corp.	1,231	253,434	279,676
Equitable Holdings Inc.	1,318	31,763	34,516
Equity Residential	953	76,420	76,101
Extra Space Storage Inc.	355	41,661	44,518
Host Hotels & Resorts Inc.	1,954	28,388	28,623
MasterCard Inc., Class 'A'	2,631	1,016,295	1,056,195
Northern Trust Corp.	624	63,638	67,212
Prologis Inc.	2,058	242,901	260,758
Prudential Financial Inc.	2,970	226,597	245,553
Raymond James Financial Inc.	369	32,595	34,481
Realty Income Corp.	885	83,021	71,488
S&P Global Inc.	721	278,798	322,505
SBA Communications Corp.	310	111,620	125,381
State Street Corp.	987	77,163	85,154
Synchrony Financial	1,544	38,127	46,450
T. Rowe Price Group Inc.	649	104,338	108,814
UDR Inc.	796	39,220	40,395
Visa Inc., Class 'A'	3,970	985,859	1,041,123
WP Carey Inc.	476	37,806	43,717
		4,828,848	5,091,462
Consumer Discretionary (10.26%)			
Best Buy Co. Inc.	602	67,234	71,324
Charter Communications Inc., Class 'A'	424	299,683	293,590
Expedia Group Inc.	299	28,932	33,367
Ford Motor Co.	9,514	68,592	78,530
Home Depot Inc. (The)	2,833	879,526	963,482
LKQ Corp.	720	24,122	25,610
Netflix Inc.	1,035	535,322	639,384
Tesla Motors Inc.	315	290,520	461,774
TJX Cos. Inc. (The)	2,985	229,286	204,891
		2,423,217	2,771,952
Health Care (9.25%)			
AbbVie Inc.	1,810	231,796	241,253
Amgen Inc.	687	228,786	219,980
Anthem Inc.	305	110,087	108,892
Becton	308	109,166	100,048
Biogen Inc.	203	87,637	73,735
BioMarin Pharmaceutical Inc.	172	23,417	28,801
Bio-Rad Laboratories Inc., Class 'A'	23	15,130	14,098
Boston Scientific Corp.	1,508	79,017	71,879

Schedule of Investments (unaudited) (continued)

As at June 30, 2020

Security	Shares/ Contracts	Average Cost	Fair Value
Bristol-Myers Squibb Co.	2,128	165,579	169,872
Centene Corp.	663	49,499	57,201
Cerner Corp.	387	35,730	36,015
Cigna Corp.	426	113,532	108,525
Edwards Lifesciences Corp.	774	73,802	72,619
Gilead Sciences Inc.	1,466	155,826	153,129
Henry Schein Inc.	173	12,778	13,714
Humana Inc.	147	64,967	77,382
IQVIA Holdings Inc.	236	44,594	45,457
Laboratory Corp. of America Holdings	117	27,611	26,385
Mettler-Toledo International Inc.	58	57,963	63,430
Molina Healthcare Inc.	56	14,293	13,531
Neurocrine Biosciences Inc.	86	14,149	14,244
PerkinElmer Inc.	142	18,703	18,910
Quest Diagnostics Inc.	154	24,073	23,826
Regeneron Pharmaceuticals Inc.	98	79,714	82,973
Seattle Genetics Inc.	171	38,225	39,447
Stryker Corp.	418	111,196	102,254
UnitedHealth Group Inc.	1,161	415,661	464,892
Varian Medical Systems Inc.	106	16,988	17,631
Waters Corp.	162	44,887	39,676
		2,464,806	2,499,799
Consumer Staples (1.52%)			
CVS Health Corp.	3,855	333,837	340,023
McCormick & Co. Inc.	294	62,852	71,609
		396,689	411,632
Communication Services (1.40%)			
Altice USA Inc., Class 'A'	884	28,672	27,051
Booking Holdings Inc.	102	238,278	220,500
Cable One Inc.	10	25,916	24,095
Snap Inc., Class 'A'	3,370	85,069	107,469
		377,935	379,115
Industrials (1.06%)			
Fastenal Co.	1,613	78,620	93,812
Illinois Tool Works Inc.	808	180,967	191,800
		259,587	285,612
Utilities (0.32%)			
American Water Works Co. Inc.	501	83,033	87,509

Schedule of Investments (unaudited) (continued)

As at June 30, 2020

Security	Shares/ Contracts	Average Cost	Fair Value
Materials (0.28%)			
Avery Dennison Corp.	212	30,438	32,836
International Flavors & Fragrances Inc.	252	44,999	41,896
		75,437	74,732
TOTAL U.S. EQUITIES		16,688,341	18,588,945
GLOBAL EQUITIES (29.34%)			
Financials (8.62%)			
Adyen NV	75	116,936	148,198
AIA Group Ltd.	33,332	434,595	422,126
Assicurazioni Generali SPA	4,888	94,873	100,425
Aviva PLC	11,626	49,353	53,509
AXA SA	5,744	137,324	163,062
Baloise Holding AG, Registered	130	24,506	26,470
CaixaBank SA	10,638	25,846	30,837
Chubb Ltd.	1,273	233,806	218,828
Gecina SA	139	23,028	23,321
Hong Kong Exchanges & Clearing Ltd.	3,508	161,280	202,776
Japan Exchange Group Inc.	1,476	41,706	46,247
Legal & General Group PLC	15,738	72,544	58,482
Mitsui Fudosan Co. Ltd.	2,939	74,500	70,561
Muenchener Rueckversicherungs-Gesellschaft AG, Registered	395	113,237	139,414
NN Group NV	906	34,106	41,318
RenaissanceRe Holdings Ltd.	109	24,700	25,309
Sampo OYJ, Series 'A'	1,477	78,849	68,981
SEGRO PLC	2,762	38,994	41,584
Swiss Life Holding AG, Registered	97	44,192	48,786
Swiss Re AG	918	82,363	96,103
Vonovia SE	1,361	99,761	113,302
Zurich Insurance Group AG	398	165,446	190,592
		2,171,945	2,330,231
Health Care (6.36%)			
Astellas Pharma Inc.	2,339	53,428	52,921
Chugai Pharmaceutical Co. Ltd.	882	41,029	63,932
Dai-ichi Life Holdings Inc.	2,987	51,074	48,185
Daiichi Sankyo Co. Ltd.	778	86,978	86,140
Eisai Co. Ltd.	365	36,631	39,220
EssilorLuxottica	783	130,562	136,447
Fisher & Paykel Healthcare Corp. Ltd.	679	17,441	21,177

Schedule of Investments (unaudited) (continued)

As at June 30, 2020

Security	Shares/ Contracts	Average Cost	Fair Value
GlaxoSmithKline PLC	6,052	174,304	166,617
M3 Inc.	435	22,013	25,077
Novo Nordisk AS, Series 'B'	2,232	174,854	196,178
Roche Holding AG Genussscheine	919	394,613	432,383
Sanofi	1,959	263,243	270,861
Santen Pharmaceutical Co. Ltd.	470	11,808	11,718
Shionogi & Co.	355	27,245	30,129
Systemex Corp.	210	22,085	21,730
Takeda Pharmaceutical Co. Ltd.	1,938	101,718	93,764
UCB SA	144	18,657	22,645
		1,627,683	1,719,124
Consumer Discretionary (5.12%)			
Aptiv PLC	540	60,040	57,123
Bayerische Motoren Werke (BMW) AG	888	65,556	76,959
Daiwa House Industry Co. Ltd.	1,628	52,099	52,033
Hennes & Mauritz AB, Series 'B'	2,009	35,798	39,514
Honda Motor Co. Ltd.	4,477	148,183	155,109
Nissan Motor Co. Ltd.	6,251	31,074	31,375
Oriental Land Co. Ltd.	684	117,328	122,466
Rakuten Inc.	2,349	30,484	27,999
Sekisui House Ltd.	3,105	75,331	80,130
Toyota Motor Corp.	7,892	658,119	670,982
Wolters Kluwer NV	673	66,564	71,362
		1,340,576	1,385,052
Information Technology (4.99%)			
Advantest Corp.	518	36,983	39,859
ASML Holding NV	1,243	491,582	619,771
Infineon Technologies AG	4,087	116,794	130,130
Logitech International SA, Registered	541	41,256	47,954
Marvell Technology Group Ltd.	1,628	63,134	77,489
NICE Ltd.	168	42,749	42,462
Nokia OYJ	16,722	84,528	99,178
Sage Group PLC (The)	3,532	39,948	39,915
Shimadzu Corp.	818	29,698	29,497
Tokyo Electron Ltd.	483	145,172	160,567
Trend Micro Inc.	433	32,051	32,774
UbiSoft Entertainment SA	261	27,534	29,220
		1,151,429	1,348,816

Schedule of Investments (unaudited) (continued)

As at June 30, 2020

Security	Shares/ Contracts	Average Cost	Fair Value
Communication Services (1.28%)			
Publicis Groupe	613	24,196	26,937
Recruit Holdings Co. Ltd.	5,029	233,288	232,817
Swisscom AG	74	52,796	52,582
WPP PLC	3,068	31,456	32,556
		341,736	344,892
Industrials (0.95%)			
Adecco SA, Registered	457	26,687	29,114
Aena SME SA	214	35,265	38,744
Allegion PLC	257	33,997	35,665
Ashtead Group PLC	1,276	51,342	58,363
Bunzl PLC	893	28,547	32,538
Keio Corp.	365	28,538	28,270
Tokyu Corp.	1,734	35,847	33,074
		240,223	255,768
Materials (0.81%)			
Akzo Nobel NV	560	59,716	68,110
Givaudan SA, Registered	19	77,224	96,050
Symrise AG	355	51,754	56,042
		188,694	220,202
Utilities (0.63%)			
Elia Group SA	181	28,409	26,669
Red Electrica Corp. SA	1,282	31,383	32,469
Severn Trent PLC	653	27,385	27,231
Terna SPA	5,768	50,112	53,824
United Utilities Group PLC	1,916	29,925	29,337
		167,214	169,530
Consumer Staples (0.58%)			
Kerry Group PLC, Class 'A'	426	71,776	71,669
Kikkoman Corp.	535	34,591	34,912
Ocado Group PLC	1,177	38,908	40,153
Vifor Pharma AG	51	10,839	10,417
		156,114	157,151
TOTAL GLOBAL EQUITIES		7,385,614	7,930,766

Schedule of Investments (unaudited) (continued)

As at June 30, 2020

Security	Shares/ Contracts	Average Cost	Fair Value
CANADIAN EQUITIES (1.34%)			
Communication Services (0.87%)			
BCE Inc.	2,676	148,007	151,515
Rogers Communications Inc., Class 'B'	988	54,559	53,896
Shaw Communications Inc., Class 'B'	1,395	31,285	30,885
		<u>233,851</u>	<u>236,296</u>
Consumer Staples (0.25%)			
Loblaws Cos. Ltd.	1,006	67,596	66,507
Financials (0.20%)			
Intact Financial Corp.	409	54,297	52,847
Utilities (0.02%)			
Innergex Renewable Energy Inc.	323	5,911	6,169
TOTAL CANADIAN EQUITIES		<u>361,655</u>	<u>361,819</u>
DERIVATIVES (-0.29%)			
Currency Forwards (-0.29%)			
Currency forward contract to buy US\$500,000 for C\$682,050 maturing July 9, 2020		-	(3,262)
Currency forward contract to buy C\$26,871,680 for US\$19,850,000 maturing July 9, 2020		-	(76,204)
		<u>-</u>	<u>(79,466)</u>
TOTAL DERIVATIVES		<u>-</u>	<u>(79,466)</u>
Transaction Costs		(4,203)	
TOTAL INVESTMENT PORTFOLIO (99.17%)		<u>\$ 24,431,407</u>	<u>\$ 26,802,064</u>
Cash and cash equivalents (1.05%)			283,046
Other assets less liabilities (-0.22%)			(57,448)
TOTAL NET ASSETS (100.00%)			<u>\$ 27,027,662</u>

(See accompanying notes to financial statements)

Notes to Financial Statements (unaudited)

June 30, 2020

1. REPORTING ENTITY

Horizons Global Sustainability Leaders Index ETF (“ETHI” 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 October 31, 2018. 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 A units (“Class A”) which trade on the Toronto Stock Exchange (“TSX”) under the symbol ETHI. 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.

ETHI seeks to replicate, to the extent possible, the performance of the Nasdaq Future Global Sustainability Leaders Index (the “Underlying Index”, Bloomberg ticker: NQFGSLTD), net of expenses. The Underlying Index is designed to provide exposure to the performance of a basket of large-cap equity securities of companies that are global climate change leaders (as measured by their relative carbon efficiency), and are not materially engaged in activities deemed inconsistent with responsible investment considerations. ETHI seeks to hedge the U.S. dollar value of its portfolio to the Canadian dollar at all times.

Horizons ETFs Management (Canada) Inc. is the manager, trustee and investment manager of the ETF (“Horizons Management”, the “Manager” or the “Investment Manager”). The Investment Manager is responsible for implementing the ETF’s investment strategies.

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 14, 2020, 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 Canadian 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.

Notes to Financial Statements (unaudited) (continued)

June 30, 2020

(a) Financial instruments***(i) Recognition, initial measurement and classification***

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

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

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

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

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

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

(ii) Fair value measurement

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

Investments are valued at fair value as of the close of business on each 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.

Notes to Financial Statements (unaudited) (continued)

June 30, 2020

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.

(iii) Offsetting

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

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

(iv) Specific instruments

Cash 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 Canadian dollar value of forward foreign exchange contracts is determined using forward currency exchange rates supplied by an independent service provider.

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.

(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.

Notes to Financial Statements (unaudited) (continued)

June 30, 2020

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 in the statements of comprehensive income represents the change in net assets attributable to holders of redeemable units from operations divided by the weighted average number of units of the ETF outstanding during the reporting period.

(f) Unitholder transactions

The value at which units are issued or redeemed is determined by dividing the net asset value of the ETF by the total number of units outstanding of the ETF on the applicable 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. Orders for subscriptions or redemptions are only permissible on valid trading days, as defined in the ETF's prospectus.

(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.

Notes to Financial Statements (unaudited) (continued)

June 30, 2020

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

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

(i) Transaction costs

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of an investment, which include fees and commissions paid to agents, advisors, brokers and dealers, 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.

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.

Notes to Financial Statements (unaudited) (continued)

June 30, 2020

(i) Currency risk

Currency risk is the risk that financial instruments which are denominated in currencies other than the ETF's reporting currency, the Canadian 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, 2020, and December 31, 2019, 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.

As at June 30, 2020, and December 31, 2019, the ETF did not hold any long-term debt instruments and did not have any exposure to interest rate risk.

(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, 2020	December 31, 2019
Nasdaq Future Global Sustainability Leaders Index	\$246,435	\$99,135

(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.

As at June 30, 2020, and December 31, 2019, due to the nature of its portfolio investments, the ETF did not have any material credit risk exposure.

Notes to Financial Statements (unaudited) (continued)

June 30, 2020

(c) Liquidity risk

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

6. FAIR VALUE MEASUREMENT

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, 2020, and December 31, 2019, in valuing the ETF's investments and derivatives carried at fair values:

	June 30, 2020			December 31, 2019		
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)
Financial Assets						
Equities	26,881,530	–	–	11,489,939	–	–
Currency Forward Contracts	–	16,353	–	–	204,544	–
Total Financial Assets	26,881,530	16,353	–	11,489,939	204,544	–
Financial Liabilities						
Currency Forward Contracts	–	(95,819)	–	–	(34,584)	–
Total Financial Liabilities	–	(95,819)	–	–	(34,584)	–
Net Financial Assets and Liabilities	26,881,530	(79,466)	–	11,489,939	169,960	–

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, 2020, and for the year ended December 31, 2019.

Notes to Financial Statements (unaudited) (continued)

June 30, 2020

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, 2020, and December 31, 2019, was as follows:

As at	Securities Loaned	Collateral Received
June 30, 2020	\$4,443,039	\$4,671,783
December 31, 2019	–	–

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, 2020 and 2019. 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, 2020	% of Gross Income	June 30, 2019	% of Gross Income
Gross securities lending income	\$855		–	
Withholding taxes	(83)	9.71%	–	–
Lending Agents’ fees:				
Canadian Imperial Bank of Commerce	(231)	27.02%	–	–
Net securities lending income paid to the ETF	\$541	63.27%	–	–

8. REDEEMABLE UNITS

The ETF is authorized to issue an unlimited number of redeemable, transferable Class A 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, 2020

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 valid trading day, as defined in the ETF's prospectus, 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.

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 and redemption features of the ETF's units.

For the periods ended June 30, 2020 and 2019, 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:

Period	Beginning Units Outstanding	Units Issued	Units Redeemed	Ending Units Outstanding	Average Units Outstanding
2020	375,011	975,007	(550,000)	800,018	602,762
2019	200,001	225,004	–	425,005	278,318

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 obliga-

Notes to Financial Statements (unaudited) (continued)

June 30, 2020

tions 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 0.45%, plus applicable sales taxes, of the net asset value of the ETF's units, calculated and accrued daily and payable monthly in arrears. Any expenses of the ETF which are waived or absorbed by the Manager are paid out of the management fees received by the Manager.

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 associated with 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.

10. BROKER COMMISSIONS, SOFT DOLLARS AND RELATED PARTY TRANSACTIONS

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

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

Brokerage commissions paid to dealers in connection with investment portfolio transactions, soft dollar transactions incurred and amounts paid to related parties of the Manager, if any, for the periods ended June 30, 2020 and 2019, were as follow:

Period Ended	Brokerage Commissions Paid	Soft Dollar Transactions	Amount Paid to Related Parties
June 30, 2020	\$7,544	\$nil	\$nil
June 30, 2019	\$2,244	\$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, 2020, and December 31, 2019, are disclosed in the statements of financial position.

Notes to Financial Statements (unaudited) (continued)

June 30, 2020

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. 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.

12. 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, 2019, 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 of the Non-Capital Losses
\$43,526	–	–

13. OFFSETTING OF FINANCIAL INSTRUMENTS

In the normal course of business, the ETF may enter into various master netting arrangements or other similar agreements that do not meet the criteria for offsetting in the statements of financial position but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or termination of the contracts. The following table shows financial instruments that may be eligible for offset, if such conditions were to arise, as at June 30, 2020, and December 31, 2019. The "Net" column displays what the net impact would be on the ETF's statements of financial position if all amounts were set-off.

Financial Assets and Liabilities as at June 30, 2020	Amounts Offset (\$)			Amounts Not Offset (\$)		Net (\$)
	Gross Assets (Liabilities)	Gross Assets (Liabilities) Offset	Net Amounts	Financial Instruments	Cash Collateral Pledged	
Derivative assets	16,353	–	16,353	(16,353)	–	–
Derivative liabilities	(95,819)	–	(95,819)	16,353	–	(79,466)

Financial Assets and Liabilities as at December 31, 2019	Amounts Offset (\$)			Amounts Not Offset (\$)		Net (\$)
	Gross Assets (Liabilities)	Gross Assets (Liabilities) Offset	Net Amounts	Financial Instruments	Cash Collateral Pledged	
Derivative assets	204,544	–	204,544	(34,584)	–	169,960
Derivative liabilities	(34,584)	–	(34,584)	34,584	–	–

Notes to Financial Statements (unaudited) (continued)

June 30, 2020

14. 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, 2020, and December 31, 2019, the ETF had no exposure to subsidiaries, associates or unconsolidated structured entities.

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