



**NOTICE OF SPECIAL MEETINGS AND MANAGEMENT INFORMATION CIRCULAR FOR
SHAREHOLDERS OF**

BETAPRO NATURAL GAS 2X DAILY BULL ETF

and

BETAPRO NATURAL GAS -2X DAILY BEAR ETF

(each as a separate corporate class of ETF Shares of Horizons ETF Corp.)

**to be held on
Thursday, August 20, 2020**

NOTICE OF SPECIAL MEETINGS OF SHAREHOLDERS OF

BETAPRO NATURAL GAS 2X DAILY BULL ETF

and

BETAPRO NATURAL GAS -2X DAILY BEAR ETF

(each as a separate corporate class of ETF Shares of Horizons ETF Corp., the “ETFs”, and each, an “ETF”)

This is notice that a special meeting of the shareholders of each ETF will be held on Thursday, August 20, 2020, solely as a virtual (online) meeting by way of live audio webcast (including any adjournment or postponement thereof, as the case may be, the “Meetings” and each, a “Meeting”). The Meeting of shareholders of the BetaPro Natural Gas 2x Daily Bull ETF (“HNU”) will be held at 2:00 p.m. (Toronto time) at www.virtualshareholdermeeting.com/HorizonsHNU2020 and the Meeting of shareholders of the BetaPro Natural Gas -2x Daily Bear ETF (“HND”) will be held at 2:30 p.m. (Toronto time) at www.virtualshareholdermeeting.com/HorizonsHND2020.

Holders of ETF Shares of each ETF are invited to vote at the applicable Meeting, each of which is being called by Horizons ETFs Management (Canada) Inc., as manager of each ETF (the “Manager”). Holders of ETF Shares of record of each ETF at the close of business on July 10, 2020, the record date for the Meetings, will be entitled to receive notice of and vote at the applicable Meeting. Holders of ETF Shares of each ETF will vote separately as a class.

The Meetings are being held to consider and vote upon resolutions to approve a change in the investment objectives of each ETF, as further described in the accompanying management information circular (the “Proposed Changes”) and to transact such other business as may properly come before the Meeting. The full text of the resolutions to be considered at each Meeting are set out in Schedules “A” and “B” to the accompanying management information circular (“Circular”).

In light of the dangers associated with the coronavirus pandemic (COVID-19), the Manager wishes to mitigate risk to the health and safety of communities, shareholders, employees and other stakeholders. For that reason, the Manager is holding each Meeting solely as a virtual (online) meeting which will be conducted by way of live audio webcast. All shareholders, regardless of geographic location, will have an equal opportunity to participate at the applicable Meeting and engage with the Manager as well as other shareholders in real time. **Shareholders will not be able to attend a Meeting in person, but virtual participation is encouraged. Even if you currently plan to participate in a Meeting, you should consider voting your ETF Shares in advance so that your vote will be counted in the event you experience any technical difficulties.**

Participants will need an Internet-connected device such as a laptop, computer, tablet or cellphone in order to access the virtual Meeting platform. The virtual Meeting platform will be fully supported across popular web browsers and devices running the most current version of applicable software plugins. Shareholders participating in a Meeting must remain connected to the Internet at all times during the Meeting in order to vote when balloting commences. It is a shareholder’s responsibility to ensure Internet connectivity for the duration of the Meeting.

Registered shareholders and duly appointed proxyholders will be able to participate in and vote online in real time at the Meeting for HNU at www.virtualshareholdermeeting.com/HorizonsHNU2020 and/or the Meeting for HND at www.virtualshareholdermeeting.com/HorizonsHND2020, in accordance with instructions given in the accompanying Circular.

Non-registered (beneficial) shareholders (being shareholders who hold their shares through a broker, investment dealer, bank, trust company, custodian, nominee or other intermediary) who have not duly appointed themselves as proxyholder may attend a Meeting and will be able to ask questions but will not be able to vote at a Meeting. Non-registered (beneficial) shareholders who have not duly appointed themselves as proxyholder may attend a Meeting by logging into the Meeting for HNU at www.virtualshareholdermeeting.com/HorizonsHNU2020

and/or the Meeting for HND at www.virtualshareholdermeeting.com/HorizonsHND2020 at least 5 minutes before the applicable Meeting commences and entering the shareholder section and completing the registration using his or her 16-digit control number.

For additional information about the ETFs, investors may obtain the most recently filed prospectus, as amended, ETF Facts, interim and annual financial statements and management reports of fund performance of the ETFs on the Internet at www.sedar.com or by accessing the Manager's website at www.HorizonsETFs.com. These documents are incorporated by reference into the accompanying Circular and may also be obtained upon request, without charge, by calling the Manager's toll-free telephone number at 1-866-641-5739 or by faxing the Manager a request to 416-777-5181.

Notice is hereby given that in the event the quorum requirement of an ETF is not satisfied within one-half hour of the scheduled time for a Meeting, then the Meeting will be adjourned by the chairman of the Meeting. Notice is hereby provided that the adjourned Meeting for each of HNU and HND, if any, will be rescheduled for 2:00 p.m. (Toronto time) and 2:30 p.m. (Toronto time) respectively, on August 21, 2020, solely as a virtual (online) meeting by way of live audio webcast. At any applicable adjourned Meeting of an ETF, the business of the Meeting will be transacted by those shareholders of the ETF present virtually or represented by proxy.

A registered shareholder may submit his or her proxy by mail, over the Internet or by telephone in accordance with the instructions below.

If a shareholder holds their shares through a financial intermediary, (a bank, trust company, securities broker, or other financial institution) they will receive a voting instruction form that allows them to vote on the Internet, by telephone, or by mail. To vote, a shareholder should follow the instructions provided on their voting instruction form.

Voting – Registered and Beneficial Shareholders

Voting at the Meeting. Beneficial shareholders who wish to vote at a Meeting should appoint themselves as proxyholder by following the instructions found on his or her voting instruction form. Only registered shareholders or duly appointed proxyholders (including beneficial shareholders who have appointed themselves as proxyholder) may vote at the Meetings. Registered shareholders and duly appointed proxyholders can vote at a Meeting by logging into the Meeting for HNU at www.virtualshareholdermeeting.com/HorizonsHNU2020 and/or the Meeting for HND at www.virtualshareholdermeeting.com/HorizonsHND2020 at least 5 minutes before the Meeting commences and entering the Shareholder or Proxyholder/Appointee section, as applicable. Registered shareholders should follow the instructions on the screen using their 16-digit control number (located on his or her proxy form) and duly appointed proxyholders should follow the instructions on the screen and enter the exact name and eight character appointee identification number as provided by the shareholder to access the applicable Meeting and vote when prompted. Registered shareholders and duly appointed proxyholders should note that voting at a Meeting will revoke any previously submitted proxy.

Voting by Mail. A shareholder may submit his or her proxy by mail by completing, dating and signing the enclosed form of proxy or voting instruction form, as applicable, and returning it using the envelope provided to Broadridge Investor Communication Solutions at the Data Processing Centre, P.O. Box 3700, Stn. Industrial Park, Markham ON, L3R 9Z9. To be valid, forms of proxy or voting instruction forms, as applicable, must be received before 5:00 p.m. (Toronto time) on August 18, 2020 or not later than 48 hours (excluding Saturdays, Sundays and holidays) prior to the commencement of any adjournment or postponement of a Meeting, or must be deposited with the chairman of the Meeting prior to commencement of such Meeting (or any adjournment or postponement thereof).

Voting by Internet. A shareholder may submit his or her proxy at www.proxyvote.com by following the instructions provided on the screen, prior to 5:00 p.m. (Toronto time) on August 18, 2020, or not later than 48 hours (excluding Saturdays, Sundays and holidays) prior to the commencement of any adjournment or postponement of a Meeting, or must deposit his or her proxy with the chairman of the Meeting prior to commencement of such Meeting (or any adjournment or postponement thereof).

Voting by Telephone (Canada and U.S. only). A shareholder may submit his or her voting instructions by telephone by calling the toll-free number on his or her voting instruction form and following the instructions provided.

A shareholder's intermediary must receive their voting instructions with enough time to act on the shareholder's instructions. Shareholders should check the form for the deadline for submitting their voting instructions. If a shareholder is mailing their voting instruction form, the shareholder should be sure to allow enough time for the envelope to be delivered.

DATED at Toronto, Ontario this 15th day of July, 2020.

**HORIZONS ETFs MANAGEMENT (CANADA) INC., as
manager of each ETF**

"Steven J. Hawkins"

Name: Steven J. Hawkins

Title: President and Chief Executive Officer

HORIZONS ETF CORP., as issuer of the ETFs

"Steven J. Hawkins"

Name: Steven J. Hawkins

Title: Chief Executive Officer

MANAGEMENT INFORMATION CIRCULAR

BETAPRO NATURAL GAS 2X DAILY BULL ETF

and

BETAPRO NATURAL GAS -2X DAILY BEAR ETF

(collectively, the “ETFs”, and each, an “ETF”)

(each as a separate corporate class of ETF Shares of Horizons ETF Corp.)

July 15, 2020

SPECIAL NOTE REGARDING FORWARD LOOKING INFORMATION

This Management Information Circular (the “**Circular**”) contains or refers to certain forward-looking information relating, but not limited, to the expectations, intentions, plans and assumptions of Horizons ETFs Management (Canada) Inc., as manager of the ETFs (the “**Manager**” or “**Horizons**”) and Horizons ETF Corp. (“**Fund Corp.**”), as issuer of the ETFs.

Forward-looking information can often be identified by forward-looking words such as “anticipate”, “believe”, “expect”, “plan”, “intend”, “estimate”, “may”, “potential”, and “will” or similar words suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. Forward-looking information is not historical fact but reflects, as applicable, the Fund Corp’s and the Manager’s current expectations regarding future results or events. Forward-looking information is subject to risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking information expressed herein. Although the Fund Corp and the Manager believe that the assumptions inherent in their respective forward-looking information are reasonable, forward-looking information is not a guarantee of future events or performance and, accordingly, readers are cautioned not to place undue reliance on such forward-looking information due to the inherent uncertainty therein. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events will not occur. There is no obligation to update forward-looking information, except as required by law.

Except as may otherwise be stated, the information contained in this Circular is given as of the date of this Circular.

SOLICITATION OF PROXIES

The information contained in this Circular is provided by the Manager in its capacity as manager of the ETFs, and by the board of directors of Fund Corp., the mutual fund corporation of which each ETF is a corporate class of shares, in connection with the solicitation of proxies by management of the Manager to be used at the special meetings (including any adjournment or postponement thereof, as the case may be, the “**Meetings**”, and each individually, a “**Meeting**”) of the shareholders of each ETF. The Meetings of each ETF will be held on Thursday, August 20, 2020, solely as a virtual (online) meeting by way of live audio webcast. The Meeting of shareholders of the BetaPro Natural Gas 2x Daily Bull ETF (“**HNU**”) will be held at 2:00 p.m. (Toronto time) at www.virtualshareholdermeeting.com/HorizonsHNU2020 and the Meeting of shareholders of the BetaPro Natural Gas -2x Daily Bear ETF (“**HND**”) will be held at 2:30 p.m. (Toronto time) at www.virtualshareholdermeeting.com/HorizonsHND2020 for the purposes outlined in the Notice of Special Meetings attached to this Circular. Holders of ETF Shares of each ETF will vote separately as a class.

In light of the dangers associated with the coronavirus pandemic (COVID-19), the Manager wishes to mitigate risk to the health and safety of communities, shareholders, employees and other stakeholders. For that reason, the Manager is holding each Meeting solely as a virtual (online) meeting which will be conducted by way of live audio webcast. All shareholders, regardless of geographic location, will have an equal opportunity to participate at the applicable Meeting and engage with the Manager as well as other shareholders in real time. **Shareholders will not be able to attend a Meeting in person, but virtual participation is encouraged.**

Participants will need an Internet-connected device such as a laptop, computer, tablet or cellphone in order to access the virtual Meeting platform. The virtual Meeting platform will be fully supported across popular web browsers and devices running the most current version of applicable software plugins. Shareholders participating in a Meeting must remain connected to the Internet at all times during the Meeting in order to vote when balloting commences. It is a shareholder’s responsibility to ensure Internet connectivity for the duration of the Meeting.

Registered shareholders and duly appointed proxyholders will be able to participate in and vote online in real time at the Meeting for HNU at www.virtualshareholdermeeting.com/HorizonsHNU2020 and/or the Meeting for HND at www.virtualshareholdermeeting.com/HorizonsHND2020, in accordance with instructions given in this Circular. See “General Proxy Information – Voting – Registered and Beneficial Shareholders”.

Non-registered (beneficial) shareholders (being shareholders who hold their shares through a broker, investment dealer, bank, trust company, custodian, nominee or other intermediary) who have not duly appointed themselves as proxyholder may attend a Meeting and will be able to ask questions but will not be able to vote at a Meeting. Non-registered (beneficial) shareholders who have not duly appointed themselves as proxyholder may attend a Meeting by logging into the Meeting for HNU at www.virtualshareholdermeeting.com/HorizonsHNU2020 and/or the Meeting for HND at www.virtualshareholdermeeting.com/HorizonsHND2020 at least 5 minutes before the applicable Meeting commences and entering the shareholder section and completing the registration using his or her 16 digit control number.

Notice is hereby given that in the event the quorum requirement of an ETF is not satisfied within one-half hour of the scheduled time for a Meeting, then the Meeting will be adjourned by the chairman of the Meeting. Notice is hereby provided that the adjourned Meeting for each of HNU and HND, if any, will be rescheduled for 2:00 p.m. (Toronto time) and 2:30 p.m. (Toronto time) respectively, on August 21, 2020, solely as a virtual (online) meeting by way of live audio webcast. At any applicable adjourned Meeting of an ETF, the business of the Meeting will be transacted by those shareholders of the ETF present virtually or represented by proxy.

Although it is expected that the solicitation will be made primarily by mail, the Manager or its agents may also solicit proxies personally, by telephone, facsimile transmission or electronic means. **The costs of preparing and sending the proxy materials and of the solicitation of proxies, as well as other costs and expenses associated with the Meetings, will be borne by the ETFs.** Pursuant to exemptive relief that has been obtained, the Manager has opted to use a notice-and-access procedure to reduce the volume of paper in the materials distributed for the Meetings and to potentially encourage a higher voting participation rate among shareholders of the ETFs.

The securityholder materials are being sent to both registered and non-registered owners of the securities. If you are a non-registered owner, and the issuer or its agent has sent these materials directly to you, your name and address and information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf.

PURPOSE OF THE MEETINGS

The Meetings are being held to consider and vote upon resolutions to (i) approve a change in investment objectives of each ETF, as further described in this Circular (the “**Proposed Changes**”), and (ii) to transact such other business as may properly come before the Meetings.

The full text of the resolutions to be considered at each Meeting are set out in Schedules “A” and “B” to this Circular.

BUSINESS OF THE MEETINGS

Background

Natural gas prices have been under pressure for well over a year, and in June 2020 hit a 15-year low due to a host of factors, including reduced global demand resulting from the coronavirus pandemic. The Henry Hub price of natural gas, which is generally considered the global price benchmark for natural gas trading, is also the pricing point for the natural gas futures contracts to which HNU and HND are exposed. The Henry Hub price is not a weighting of all natural gas price regions, but is instead the pricing point of the central natural gas delivery location in Erath, Louisiana, near the Louisiana Gulf Coast, and can therefore be subject to regional issues. That region’s flexible storage areas in June 2020 had only a limited amount of capacity remaining, and the amount of capacity was extremely low for the time of year, which contributed to a decline in the price of the relevant natural gas futures contracts. This makes the natural gas futures market potentially vulnerable to extreme short-term volatility if additional supply or demand shocks were to occur.

Because of the aforementioned decline in the price of the relevant natural gas futures contracts, and in consideration of the leverage employed by each of the ETFs, the Manager of the ETFs has been advised by the derivative counterparties of the ETFs that there is a higher degree of probability that the ETFs will not be able to

obtain additional leveraged exposure to the natural gas futures market from those counterparties should current conditions persist. In such an instance, the Manager would be forced to temporarily suspend subscriptions for new shares of the ETFs for an indeterminate period of time. To ensure that investors could continue to sell their shares of the ETFs the manager would seek, in consultation with the regulators, to permit trading of the ETFs to continue in the secondary market.

The net asset values of HNU and HND are struck each trading day at 2:30 p.m. EST when the exposure of the ETFs to the underlying performance of the relevant futures contracts is rebalanced. Shares of the ETFs would be expected to trade at a substantial premium to their net asset value during any such suspension of subscriptions and the Manager would be obliged to discourage investors from purchasing shares of the ETFs while new subscriptions were suspended.

Proposed Change of Investment Objectives

The current investment objectives of HNU and HND are to provide daily investment results, before fees, expenses, distributions, brokerage commissions and other transaction costs, that endeavour to correspond to 200% (in the case of HNU) or 200% of the inverse (in the case of HND) of the daily performance of the Solactive Natural Gas Front Month MD Rolling Futures Index ER (the “**Underlying Index**”).

For the reasons set out below under “Rationale for the Proposed Changes”, the Manager believes that it is in the best interests of each of HNU and HND, and their respective shareholders, to change the Underlying Index of each of HNU and HND from the Solactive Natural Gas Front Month MD Rolling Futures Index ER to the Horizons Natural Gas Rolling Futures Index (the “**Proposed Natural Gas Index**”). The Manager is therefore seeking approval from the shareholders of each of HNU and HND to change the investment objectives of HNU and HND as follows:

| ETF | Current Investment Objective | Proposed Investment Objective |
|---|--|--|
| BetaPro Natural Gas 2x Daily Bull ETF | HNU seeks daily investment results, before fees, expenses, distributions, brokerage commissions and other transaction costs, that endeavour to correspond to two times (200%) the daily performance of the Solactive Natural Gas Front Month MD Rolling Futures Index ER. HNU is denominated in Canadian dollars. Any U.S. dollar gains or losses as a result of HNU’s investment will be hedged back to the Canadian dollar to the best of its ability. | HNU seeks daily investment results, before fees, expenses, distributions, brokerage commissions and other transaction costs, that endeavour to correspond to <u>up to two times</u> (200%) the daily performance of the Horizons Natural Gas Rolling Futures Index. HNU is denominated in Canadian dollars. Any U.S. dollar gains or losses as a result of HNU’s investment are hedged back to the Canadian dollar to the best of its ability. |
| BetaPro Natural Gas -2x Daily Bear ETF | HND seeks daily investment results, before fees, expenses, distributions, brokerage commissions and other transaction costs, that endeavour to correspond to two times (200%) the inverse (opposite) of the daily performance of the Solactive Natural Gas Front Month MD Rolling Futures Index ER. HND is denominated in Canadian dollars. | HND seeks daily investment results, before fees, expenses, distributions, brokerage commissions and other transaction costs, that endeavour to correspond to <u>up to two times</u> (200%) the inverse (opposite) of the daily performance of the Horizons Natural Gas Rolling Futures Index. HND is denominated in Canadian dollars. Any U.S. dollar gains or |

| | | |
|--|--|---|
| | Any U.S. dollar gains or losses as a result of HND's investment will be hedged back to the Canadian dollar to the best of its ability. | losses as a result of HND's investment are hedged back to the Canadian dollar to the best of its ability. |
|--|--|---|

If HNU is successful in meeting its proposed investment objective, its net asset value could gain **up to** twice as much, on a percentage basis, as the Proposed Natural Gas Index when the Proposed Natural Gas Index rises on a given day. Conversely, HNU's net asset value could lose **up to** twice as much, on a percentage basis, as the Proposed Natural Gas Index when the Proposed Natural Gas Index declines on a given day. The extent of any increase or decrease, as applicable, will depend on the Leverage Ratio (as defined below) employed by the Manager at the relevant time.

If HND is successful in meeting its proposed investment objective, its net asset value could gain **up to** twice as much, on a percentage basis, as any decrease in the Proposed Natural Gas Index when the Proposed Natural Gas Index declines on a given day. Conversely, HND's net asset value should lose **up to** twice as much, on a percentage basis, as any increase in the Proposed Natural Gas Index when the Proposed Natural Gas Index rises on a given day. The extent of any increase or decrease, as applicable, will depend on the Leverage Ratio employed by the Manager at the relevant time.

If the change in investment objectives is approved and implemented in respect of HNU, the Manager intends to change the name of HNU to "BetaPro Natural Gas Leveraged Daily Bull ETF", or such other name as the Manager deems appropriate at that time.

If the change in investment objectives is approved and implemented in respect of HND, the Manager intends to change the name of HND to "BetaPro Natural Gas Inverse Leveraged Daily Bear ETF", or such other name as the Manager deems appropriate at that time.

Provided that the Proposed Changes are approved by each ETF, the Manager expects to implement the change of investment objectives for each ETF as soon as is practicable after the Meetings. The effective date of the change in investment objectives and the name change will be announced by way of press release.

There would be no change to the management fee of the ETFs resulting from the change in investment objectives.

Differences Between the Indices

The Current Underlying Index

The current Underlying Index tracks the performance of the natural gas futures contract "NG" traded on the Chicago Mercantile Exchange for a subsequent delivery month, and rolls the exposure as described under "Investment Strategies – Roll Methodology for the Double Commodity ETF Underlying Indexes" and "Investment Strategies – Roll Methodology for the Commodity ETF Underlying Indexes" in the prospectus of the ETFs dated November 15, 2019 (the "2019 Prospectus"). The Underlying Index is licensed by HNU and HND from Solactive AG ("Solactive"), and is calculated and distributed by Solactive. The Underlying Index is published in Reuters under the code <SOLCNGER> and in Bloomberg under the code <SOLCNGER Index>. The full index methodology of the current Underlying Index is available at www.Solactive.com.

The Underlying Index uses, in its closing calculation on any trading day, the closing price of its natural gas futures contract for a subsequent delivery month. The natural gas futures contract trades on the Chicago Mercantile Exchange and the daily settlement price is determined at 2:30 p.m. (EST) on a normal business day. The settlement price is typically not publicly available until at least 15 minutes after the settlement price is determined. On a

periodic basis, the Underlying Index rolls positions in a natural gas futures contract specifying delivery on a nearby date, which means the position must be sold, and a different position in a natural gas futures contract that has not yet reached the delivery period must be purchased. The details of the roll methodology of the Underlying Index are set out under “Investment Strategies – General Investment Strategies of the ETFs – Roll Methodology for the Double Commodity ETF Underlying Indexes” in the 2019 Prospectus.

The Proposed Natural Gas Index

The Horizons Natural Gas Rolling Futures Index, the proposed underlying index of the ETFs, will be a proprietary index owned and operated by the Manager, and calculated by an independent third party calculation agent, that will endeavour to provide exposure to as close to the front month natural gas futures contract as is deemed reasonable by the Manager, based on the current market conditions for natural gas futures contracts and subject to negotiations with the counterparties. The Manager will also have the discretion, including based on negotiations with the derivative counterparties, to change the underlying futures contract exposure and rolling methodology of the Proposed Natural Gas Index in response to changing market conditions at its discretion, while seeking to maintain exposure to as close to the “front month” contract as practicable, at the Manager’s discretion.

The Proposed Natural Gas Index allows the Manager to adjust the leverage ratio of the ETFs (the “**Leverage Ratio**”) to provide **up to two times** positive (HNU), and **up to two times** the inverse (HND), the daily performance of the Proposed Natural Gas Index. Subject to negotiations with the counterparties, the Manager anticipates under normal market conditions to manage the Leverage Ratio to be as close to two times (200%) as practicable, however the Manager can, at its sole discretion, change the Leverage Ratio based on the current market conditions for natural gas futures contracts at that time. The Leverage Ratio employed by the ETFs will be posted on the Manager’s website at <http://www.HorizonsETFs.com> and any changes to the Leverage Ratio would be disclosed by way of public announcement.

The Proposed Natural Gas Index will endeavour to roll its futures contract exposure on a fixed schedule under normal market conditions and the Manager will, in its sole discretion, change the roll schedule based on the current market conditions for natural gas futures contracts. The Proposed Natural Gas Index will permit the Manager, at its discretion and based upon negotiations with the ETFs’ derivative counterparties, to adjust the futures contract exposure of the Proposed Natural Gas Index and the rolling methodology of the futures contract exposure based on the current market conditions for natural gas futures contracts at the time. The current futures contract exposure and roll methodology employed by the Proposed Natural Gas Index will be posted on the Manager’s website at www.HorizonsETFs.com and any changes to the futures contract exposure or roll schedule would be disclosed by way of public announcement. The Proposed Natural Gas Index will be owned and administered by Horizons and, as noted above, calculated by an independent third party calculation agent. The Manager will not charge any index licensing fees for licensing the Proposed Natural Gas Index to the ETFs.

It is expected that HNU and HND will use the price of the Proposed Natural Gas Index as determined at approximately 2:30 p.m. (EST) as the reference for their daily investment objectives.

Roll Methodology for the Proposed Natural Gas Index

The roll methodology for the Proposed Natural Gas Index is substantially the same as the roll methodology of the Underlying Index, and is as follows:

Futures contracts must be rolled from the specified delivery month to the next applicable delivery month before the contract requires the holder to accept delivery of a physical commodity on maturity. As part of its roll process, the Proposed Natural Gas Index will refer to a primary futures contract and a secondary futures contract in different weightings over the period of time the roll is implemented. As contracts reach that delivery date at the end of the expiring contract month, the secondary contract for the next applicable delivery month becomes the primary

futures contract. During periods where a roll is not being implemented, the primary contract and secondary contract are the same.

The roll process for the Proposed Natural Gas Index is outlined in the table below.

| Proposed Natural Gas Index | | |
|-----------------------------------|-------------------------|---------------------------|
| Current Month | Primary Contract | Secondary Contract |
| January | February | March |
| February | March | April |
| March | April | May |
| April | May | June |
| May | June | July |
| June | July | August |
| July | August | September |
| August | September | October |
| September | October | November |
| October | November | December |
| November | December | January |
| December | January | February |

Contract Roll Process and Associated Weights

The roll dates for the Proposed Natural Gas Index are currently expected to be from the 4th to 7th (inclusive) Trading Day (as defined in the 2019 Prospectus) of each month in which a roll is made. The allocation between the primary and secondary futures contracts during a roll for the Proposed Natural Gas Index is currently expected to be as follows:

| Proposed Natural Gas Index | | |
|-----------------------------------|-------------------------|---------------------------|
| Trading Day(s) | Primary Contract | Secondary Contract |
| 1-3 | 100% | 0% |
| 4 | 75% | 25% |
| 5 | 50% | 50% |
| 6 | 25% | 75% |
| 7 | 0% | 100% |

The current roll methodology for the Proposed Natural Gas Index (which includes roll dates, the primary and secondary futures contracts, and the allocation between the primary and secondary futures contract) may be changed at any time by the Manager in its sole discretion based on, among other things, negotiations with the ETFs' counterparties, liquidity for the underlying primary and secondary futures contracts as the primary futures contract's expiry approaches. The Manager will post the current roll methodology for the Proposed Natural Gas Index on its website, www.HorizonsETFs.com.

Market Disruption Events

The Manager will retain discretion over the roll process particularly in light of any market disruption events. From time to time, market disruption events may occur that will result in the postponement of calculating the Proposed Natural Gas Index and/or the adjustment of the roll period.

A "Market Disruption Event" will be deemed to include, but will not be limited to, any of the following events, as determined by the Manager:

1. The Daily Contract Settlement Price is not published by 4:00 p.m., Eastern Time;
2. The Daily Contract Settlement Price is erroneous, in the reasonable judgment of the Manager, and such error is not corrected by 4:00 p.m., Eastern Time;
3. The Daily Contract Settlement Price is a Limit price;
4. Trading in the relevant contract is disrupted during the trading day and does not trade for at least 30 minutes prior to the scheduled closing time (or rescheduled closing time if the contract closing time is rescheduled);

If any of these events occur on a non-roll date, the Proposed Natural Gas Index will not be posted for that Business Day.

If any of these events occur on a roll date, the Proposed Natural Gas Index will not be posted for that Business Day and the roll that was to take place on the Market Disruption Day will take place on the next non-Market Disruption Business Day. For instance, if the Market Disruption Day occurred on expiry of the Prompt Contract, the roll that was to take place that day will take place on the next non-Market Disruption Business Day.

Tax Considerations

It is not currently expected that the Proposed Changes will require either ETF to terminate its current forward agreements or otherwise result in a taxable event for either of the ETFs or the holders of ETF Shares of either ETF.

Please refer to the prospectus of each ETF for a general summary of the status and taxation of the ETFs for Canadian federal income tax purposes and of certain Canadian federal income tax considerations applicable to the acquiring, holding and disposing of ETF Shares of an ETF.

Rationale for the Proposed Changes

The decision to propose the change in investment objectives follows an extensive review by the Manager of the activities and structures of HNU and HND. Following its assessment, the Manager has determined that it would be in the best interests of the shareholders of HNU and HND, as applicable, to change the current investment objectives for the following reasons:

- The Proposed Natural Gas Index will be proprietary and administered by the Manager, allowing it to control contract exposure and rolling methodology to provide greater certainty of investment objectives to shareholders in unusual market conditions.

- The rolling methodology of the Proposed Natural Gas Index will allow the Manager a degree of control over the ETFs' exposure to underlying futures contracts, particularly in volatile markets.
- The level of leverage employed by the ETFs will no longer be fixed at 200% but will instead be **up to** 200%, facilitating the ETFs meeting their respective investment objectives in the face of heightened volatility and uncertainty in the natural gas market.

OTHER BUSINESS

The Manager knows of no other business to be presented at the Meetings. If any additional matters should be properly presented, it is intended that the enclosed proxy will be voted in accordance with the judgement of the persons named in the proxy.

RECOMMENDATIONS

Management's Recommendation

The board of directors of the Manager recommends that shareholders of each ETF vote **IN FAVOUR** of the Proposed Changes.

Independent Review Committee

The independent review committee ("**IRC**") of each ETF has reviewed the potential conflict of interest matters related to the Proposed Changes, and has advised the Manager that, after reasonable inquiry, in the IRC's opinion, the Proposed Changes achieve a fair and reasonable result for each ETF.

REQUIRED SHAREHOLDER APPROVAL

For the Proposed Changes to be approved in respect of HNU and HND, the Proposed Changes must be approved by not less than a majority of the votes cast at the Meeting of each ETF.

Voting and Record Date

Shareholders of each ETF are entitled to one vote for each whole share of the ETF held. Only shareholders of an ETF of record at the close of business on July 10, 2020 will be entitled to receive notice of the Meetings of the ETFs and to vote in respect of the matters to be voted at the Meetings, including the proposed resolutions. Holders of ETF Shares of each ETF will vote separately as a class.

Quorum and Adjournment

The presence of one or more shareholders present virtually or represented by proxy and representing not less than 10% of the shares then outstanding is required to constitute a quorum at a Meeting. Notice is hereby given that in the event the quorum requirement of an ETF is not satisfied within one-half hour of the scheduled time for a Meeting in respect of that ETF, then the Meeting in respect of that ETF will be adjourned by the chairman of the Meeting. The adjourned Meeting for each of HNU and HND, if any, will be rescheduled for 2:00 p.m. (Toronto time) and 2:30 p.m. (Toronto time) respectively, on August 21, 2020, solely as a virtual (online) meeting by way of live audio webcast. At any adjourned Meeting of an ETF, the business of the Meeting will be transacted by those shareholders of the ETF present virtually or represented by proxy.

INTEREST OF MANAGEMENT AND OTHERS IN THE PROPOSALS

None of the directors or officers of the Manager nor its associates or affiliates has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meetings, other than as disclosed herein.

As of the date hereof, the Manager and its directors and officers, as a group, did not beneficially own, or control or direct, directly or indirectly, more than 10% percent of the securities of any ETF. See also “*Voting Securities and Principal Holders*”, below.

Management Agreement

Fund Corp. has contracted with the Manager for the provision of certain management services in respect of the ETFs pursuant to a Master Management Agreement dated November 26, 2019. The office of the Manager is located at 55 University Avenue, Suite 800, Toronto, Ontario, M5E 1S2. The Manager receives a management fee from each ETF as set forth in the applicable prospectus of each ETF. The management fees payable by the ETFs to the Manager will remain the same and will not be affected by the Proposed Changes. The management fees paid by each ETF to the Manager for the year ended December 31, 2019 can be found in the most recently filed annual financial statements of each ETF, each of which are incorporated by reference into this Circular and are available on the Internet at www.sedar.com.

AUDITOR

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

VOTING SECURITIES AND PRINCIPAL HOLDERS

To the knowledge of the directors and senior officers of the Manager, as at the close of business on July 15, 2020, other than certain designated brokers, dealers, or mutual funds or exchange traded funds managed by the Manager, no person or company (other than CDS & Co., as nominee of CDS) beneficially owns, directly or indirectly, or exercises control or direction over, more than 10% of the voting rights attached to the shares of an ETF entitled to be voted at the Meeting. Pursuant to terms of exemptive relief, no person or company that has purchased shares of an ETF may exercise any votes attached to the shares of that ETF which represent more than 20% of the votes attached to all outstanding shares of the ETF.

Fund Corp. currently has issued and outstanding two classes of shares: Class J shares and non-voting shares. The Class J shares provide the right to elect directors, to approve audited financial statements and to appoint auditors of Fund Corp.

The ETFs are each a separate class of non-voting shares of Fund Corp. Each holder of a share of an ETF is entitled to one vote for all matters brought before shareholders, voting as separate classes. The following table sets forth the number of voting securities of each ETF issued and outstanding:

| ETF | Number of Shares Outstanding as of July 10, 2020 |
|-----|--|
| HNU | 9,060,060 |
| HND | 1,149,900 |

Shares of an ETF that are held by the Manager, or by other mutual funds or exchange traded funds managed by the Manager, if any, will not be voted at the Meeting.

GENERAL PROXY INFORMATION

The persons named in the enclosed form of proxy are directors and/or officers of the Manager.

You have the right to appoint some other person or company (who need not be a shareholder of an ETF) as nominee to attend and act on your behalf at a Meeting by following the instructions on either your voting instruction form or form of proxy, as applicable.

A registered shareholder may submit his or her proxy by mail, over the internet or by telephone in accordance with the instructions below.

If you hold your shares through a financial intermediary, (a bank, trust company, securities broker, or other financial institution) you will receive a voting instruction form that allows you to vote on the Internet, by telephone, or by mail. To vote, you should follow the instructions provided on your voting instruction form.

Voting – Registered and Beneficial Shareholders

Voting at the Meeting. Beneficial shareholders who wish to vote at a Meeting should appoint themselves as proxyholder by following the instructions found on his or her voting instruction form. Only registered shareholders or duly appointed proxyholders (including beneficial shareholders who have appointed themselves as proxyholder) may vote at the Meetings. Registered shareholders and duly appointed proxyholders can vote at a Meeting by logging into the Meeting for HNU at www.virtualshareholdermeeting.com/HorizonsHNU2020 and/or the Meeting for HND at www.virtualshareholdermeeting.com/HorizonsHND2020 at least 5 minutes before the Meeting commences and entering the Shareholder or Proxyholder/Appointee section, as applicable. Registered shareholders should follow the instructions on the screen using their 16-digit control number (located on his or her proxy form) and duly appointed proxyholders should follow the instructions on the screen and enter the exact name and eight character appointee identification number as provided by the shareholder to access the applicable Meeting and vote when prompted. Registered shareholders and duly appointed proxyholders should note that voting at a Meeting will revoke any previously submitted proxy.

Voting by Mail. A shareholder may submit his or her proxy by mail by completing, dating and signing the enclosed form of proxy or voting instruction form, as applicable, and returning it using the envelope provided to Broadridge Investor Communication Solutions at the Data Processing Centre, P.O. Box 3700, Stn. Industrial Park, Markham ON, L3R 9Z9. To be valid, forms of proxy or voting instruction forms, as applicable, must be received before 5:00 p.m. (Toronto time) on August 18, 2020, or not later than 48 hours (excluding Saturdays, Sundays and holidays) prior to the commencement of any adjournment or postponement of a Meeting, or must be deposited with the chairman of the Meeting prior to commencement of such Meeting (or any adjournment or postponement thereof).

Voting by Internet. A shareholder may submit his or her proxy at www.proxyvote.com by following the instructions provided on the screen, prior to 5:00 p.m. (Toronto time) on August 18, 2020, or not later than 48 hours (excluding Saturdays, Sundays and holidays) prior to the commencement of any adjournment or postponement of a Meeting, or must deposit his or her proxy with the chairman of the Meeting prior to commencement of such Meeting (or any adjournment or postponement thereof).

Voting by Telephone (Canada and U.S. only). A shareholder may submit his or her voting instructions by telephone by calling the toll-free number on his or her voting instruction form and following the instructions provided.

Your intermediary must receive your voting instructions with enough time to act on your instructions. Check the form for the deadline for submitting your voting instructions. If you are mailing your voting instruction form, be sure to allow enough time for the envelope to be delivered.

If you give a proxy, you may revoke it in relation to any matter, provided a vote has not already been taken on that matter. You can revoke your proxy by:

- completing and signing a proxy bearing a later date and depositing it as described above;
- depositing a written revocation executed by you, or by your attorney who you have authorized in writing to act on your behalf, at the above address at any time up to and including the last business day preceding the day of the Meeting, or any postponement(s), adjournment(s) or continuance(s), at which the proxy is to be used, or with the chair of the Meeting prior to the beginning of the Meeting on the day of the Meeting or any postponements(s), adjournment(s) or continuance(s); or
- any other manner permitted by law.

EXERCISE OF DISCRETION BY PROXIES

On any ballot that may be called for at the Meetings, the management representatives designated in the enclosed form of proxy will vote the shares for which they are appointed proxy in accordance with your instructions as indicated on the form of proxy.

In the absence of such direction, such shares will be voted by the management representatives IN FAVOUR of the proposed resolution.

The enclosed form of proxy confers discretionary authority on the designated management representatives relating to amendments to or variations of matters identified in the Notice attached to this Circular and relating to other matters which may properly come before the Meeting. At the date of this Circular, the Manager does not know of any such amendments, variations or other matters.

SHARES HELD THROUGH INTERMEDIARIES

The information set forth in this section is important to shareholders who do not hold their shares in their own name but rather through securities dealers, banks and trust companies, or their nominees (the “intermediaries”).

Beneficial shareholders should note that only proxies deposited by shareholders whose names appear on the records of an ETF as the registered holders of shares can be recognized and acted upon at a Meeting. If shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those shares will not be registered in the shareholder’s name on the records of an ETF. Such securities will more likely be registered under the name of the shareholder’s financial adviser, broker or an agent of the financial adviser or broker. Shares held by financial advisers, brokers or their nominees can only be voted (for or against the resolution) upon the instructions of the beneficial shareholder. Without specific instructions, the brokers/nominees are prohibited from voting shares for their clients.

Beneficial shareholders will be provided with a request for voting instructions. Beneficial shareholders who wish to file proxies should complete their voting instruction form, sign it and return it in the postage prepaid envelope accompanying this Circular. Beneficial shareholders who wish to attend and vote at a Meeting should follow the instructions provided on the voting instruction form.

DOCUMENTS INCORPORATED BY REFERENCE

Additional information regarding the ETFs is contained in the prospectus, ETF Facts, the most recently filed interim and annual management reports of fund performance and the annual audited and interim unaudited financial statements of the ETFs. You should review these documents carefully. Any of the documents of the type referred to above including any material change report (excluding confidential material change reports) and prospectus filed by the ETFs and, if applicable, receipted by a securities commission or similar authority in Canada after the date of the Circular will be deemed to be incorporated by reference into this Circular. You may obtain a copy of the ETFs’ prospectus and any of the documents incorporated by reference herein by accessing the SEDAR website at www.sedar.com or the Manager’s website at www.HorizonsETFs.com, or at no charge by calling the Manager’s toll-free number at 1-866-641-5739 or by faxing a request to the Manager at 416-777-5181.

CERTIFICATE

The contents of this Circular and its distribution have been approved by the board of directors of the Manager and by the board of directors of Horizons ETF Corp.

DATED at Toronto, Ontario this 15th day of July, 2020.

**HORIZONS ETFs MANAGEMENT (CANADA) INC., as
manager of each ETF**

“Steven J. Hawkins”

Name: Steven J. Hawkins

Title: President and Executive Officer

HORIZONS ETF CORP.

“Steven J. Hawkins”

Name: Steven J. Hawkins

Title: Chief Executive Officer

SCHEDULE “A”

**RESOLUTION OF SHAREHOLDERS OF
BETAPRO NATURAL GAS 2X DAILY BULL ETF
(the “ETF”)**

BE IT RESOLVED THAT:

1. Horizons ETFs Management (Canada) Inc. (the “**Manager**”) is hereby authorized to amend the investment objective of the ETF substantially as follows:

The ETF seeks daily investment results, before fees, expenses, distributions, brokerage commissions and other transaction costs, that endeavour to correspond to up to two times (200%) the daily performance of the Horizons Natural Gas Rolling Futures Index. The ETF is denominated in Canadian dollars. Any U.S. dollar gains or losses as a result of the ETF’s investment are hedged back to the Canadian dollar to the best of its ability.

(the “**Proposed Change**”);

2. All matters ancillary to, or necessary or desirable, for the implementation of the Proposed Change, including but not limited to changes to the ETF’s investment strategies and the name of the ETF, are hereby authorized and approved;
3. The Manager is hereby authorized and directed for and on behalf of the ETF to execute and deliver all such documents and to take such action as may be necessary or advisable in order to carry out the intent of the foregoing resolution and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document or the performance of such action by any director or officer of the Manager;
4. Notwithstanding that this resolution has been passed by shareholders, the Manager is hereby authorized to delay, modify or terminate implementation of the Proposed Change or make such other changes contemplated by this resolution if the Manager determines in its sole discretion that it would be necessary or desirable; and
5. All capitalized terms not otherwise defined in this resolution have the meanings ascribed thereto in the Circular.

SCHEDULE “B”

RESOLUTION OF SHAREHOLDERS OF

BETAPRO NATURAL GAS -2X DAILY BEAR ETF

(the “ETF”)

BE IT RESOLVED THAT:

1. Horizons ETFs Management (Canada) Inc. (the “**Manager**”) is hereby authorized to amend the investment objective of the ETF substantially as follows:

The ETF seeks daily investment results, before fees, expenses, distributions, brokerage commissions and other transaction costs, that endeavour to correspond to up to two times (200%) the inverse (opposite) of the daily performance of the Horizons Natural Gas Rolling Futures Index. The ETF is denominated in Canadian dollars. Any U.S. dollar gains or losses as a result of the ETF’s investment are hedged back to the Canadian dollar to the best of its ability.

(the “**Proposed Change**”);

2. All matters ancillary to, or necessary or desirable, for the implementation of the Proposed Change, including but not limited to changes to the ETF’s investment strategies and the name of the ETF, are hereby authorized and approved;
3. The Manager is hereby authorized and directed for and on behalf of the ETF to execute and deliver all such documents and to take such action as may be necessary or advisable in order to carry out the intent of the foregoing resolution and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document or the performance of such action by any director or officer of the Manager;
4. Notwithstanding that this resolution has been passed by shareholders, the Manager is hereby authorized to delay, modify or terminate implementation of the Proposed Change or make such other changes contemplated by this resolution if the Manager determines in its sole discretion that it would be necessary or desirable; and
5. All capitalized terms not otherwise defined in this resolution have the meanings ascribed thereto in the Circular.