



**NOTICE OF SPECIAL MEETING AND MANAGEMENT INFORMATION CIRCULAR FOR  
UNITHOLDERS OF**

**HORIZONS EMERGING MARIJUANA GROWERS INDEX ETF**

**to be held on  
Wednesday February 19, 2020  
commencing at 10:00 a.m. (Toronto time)  
at the offices of**

**Blake, Cassels & Graydon LLP  
Commerce Court West, 199 Bay Street, 40<sup>th</sup> Floor  
Toronto, Ontario**

January 13, 2020

Dear Unitholders,

Horizons ETFs Management (Canada) Inc. (the “**Manager**”), manager of the Horizons Emerging Marijuana Growers Index ETF (“**HMJR**”), hereby invites you to a special meeting (the “**Meeting**”) of unitholders of HMJR (“**Unitholders**”). The Meeting will be held at 10:00 a.m. (Toronto time) on Wednesday, February 19, 2020, at the offices of Blake, Cassels & Graydon LLP, Commerce Court West, 199 Bay Street, Suite 4000, Toronto, Ontario.

The purpose of the Meeting is to consider and vote upon a proposal (the “**Proposal**”) to merge HMJR into Horizons US Marijuana Index ETF (“**HMUS**”), another exchange-traded fund (“**ETF**”) managed by the Manager (the “**Merger**”), in order to combine HMJR and HMUS into one ETF with HMUS being the continuing fund (the “**Continuing Fund**”).

As HMUS is a substantially larger fund and is also managed by the Manager, merging HMJR into HMUS will provide Unitholders with the opportunity to continue their investment in a marijuana focused ETF that will have a larger market capitalization and greater exposure to larger-capitalization North American publicly-listed life sciences companies having significant business activities in, or significant exposure to, the United States marijuana or hemp industries. The Proposal will also eliminate the operating and regulatory costs of operating HMJR and HMUS as separate ETFs, and the unitholders of the Continuing Fund, as a result of its greater size, may over time benefit from a reduction of its management expense ratio as its operating and regulatory costs are expected to be spread over a larger asset base. If the Proposal is approved and implemented, HMUS will be the Continuing Fund, and Unitholders of HMJR will become holders of Canadian dollar denominated units of HMUS as a result of the Merger.

If unitholders of HMJR approve the Proposal, the Manager currently anticipates implementing the Proposal as soon as reasonably practicable following the Meeting, subject to obtaining all required regulatory and other approvals, including securities regulatory approval. Currently, the Manager does not anticipate renewing the prospectus of HMJR. Accordingly, following February 7, 2020, no new subscriptions for units of HMJR will be permitted. If the Merger is not approved, notice is hereby provided that the Manager intends to terminate HMJR.

**The independent review committee (“IRC”) of HMJR has reviewed the Proposal, and has concluded that the Proposal represents the business judgment of the Manager uninfluenced by considerations other than the best interests of HMJR and that the Proposal achieves a fair and reasonable result for HMJR.**

#### Management’s Recommendation

The Manager, taking into account the foregoing considerations and the considerations set forth in the accompanying Management Information Circular, recommends that Unitholders vote **IN FAVOUR** of the Proposal to be considered at the Meeting.

#### General

If you are not able to attend the Meeting, you should contact your broker and submit a voting instruction form as soon as possible.

Attached is a Notice of Special Meeting of Unitholders and related Management Information Circular, both of which contain important information relating to the Proposal. You are urged to read the Management Information Circular carefully. If you have any questions prior to the Meeting of unitholders, please call us at 416-933-5745 or toll-free at 1-866-641-5739.

Sincerely,

*“Steven J. Hawkins”*

Steven J. Hawkins  
President and Chief Executive Officer  
Horizons ETFs Management (Canada) Inc.

**NOTICE OF SPECIAL MEETING OF UNITHOLDERS OF  
HORIZONS EMERGING MARIJUANA GROWERS INDEX ETF  
("HMJR")**

This is notice that a special meeting of the unitholders of HMJR will be held at the offices of Blake, Cassels & Graydon LLP, Commerce Court West, 199 Bay Street, Suite 4000, Toronto, Ontario M5L 1A9 on Wednesday, February 19, 2020, at 10:00 a.m. (Toronto time) (including any adjournment or postponement thereof, as the case may be, the "**Meeting**").

Unitholders of HMJR are invited to vote at the Meeting, which is being called by Horizons ETFs Management (Canada) Inc., as manager and trustee of HMJR (the "**Manager**"). Unitholders of record of HMJR at the close of business on December 31, 2019, the record date for the Meeting, will be entitled to receive notice of and vote at the Meeting.

The Meeting is being held for unitholders of HMJR to consider and, if deemed appropriate, to pass the resolution in the form substantially set forth in Schedule "A" to the accompanying Management Information Circular, to approve all matters relating to the merger of HMJR into Horizons US Marijuana Index ETF ("**HMUS**"), another exchange-traded fund ("**ETF**") managed by the Manager (the "**Merger**"), in order to combine HMJR and HMUS into one ETF with HMUS being the continuing fund, all as more particularly described in the accompanying Management Information Circular.

For additional information about HMJR and HMUS, including information regarding: (i) investment objectives, strategies and restrictions, (ii) distribution policies, (iii) valuation policies, (iv) descriptions of the securities, (v) service providers, (vi) risk factors and (vii) fee structure, investors may obtain the most recently filed prospectus, interim and annual financial statements and management reports of fund performance and ETF Facts, all of which are deemed to be incorporated by reference into the accompanying Management Information Circular, on the internet at [www.sedar.com](http://www.sedar.com) or by accessing the Manager's website at [www.HorizonsETFs.com](http://www.HorizonsETFs.com). The above documents may 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. A copy of the ETF Facts of HMUS has been included along with the Notice and Access Document mailed to unitholders.

Notice is hereby given that in the event the quorum requirement of HMJR is not satisfied within one-half hour of the scheduled time for the Meeting, then the Meeting will be adjourned by the chairman of the Meeting. Notice is hereby provided that the adjourned Meeting, if applicable, will be rescheduled for 10:00 a.m. (Toronto time) on February 20, 2020, at the offices of Blake, Cassels & Graydon LLP, 199 Bay Street, Suite 4000, Toronto, Ontario M5L 1A9. At the adjourned Meeting of HMJR, the business of the Meeting will be transacted by those unitholders of HMJR present in person or represented by proxy.

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

If a unitholder holds their units 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 unitholder should follow the instructions provided on their voting instruction form.

***Voting – Registered and Beneficial Unitholders***

**Voting by Mail.** A unitholder 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 10:00 a.m. (Toronto time) on February 14, 2020, or not later than 48 hours (excluding Saturdays, Sundays and

holidays) prior to the commencement of any adjournment or postponement of the Meeting, or must be deposited with the chairman of the Meeting prior to commencement of the Meeting (or any adjournment or postponement thereof).

**Voting by Internet.** A unitholder may submit his or her proxy at [www.proxyvote.com](http://www.proxyvote.com) by following the instructions provided on the screen, prior to 10:00 a.m. (Toronto time) on February 14, 2020, or not later than 48 hours (excluding Saturdays, Sundays and holidays) prior to the commencement of any adjournment or postponement of the Meeting, or must deposit his or her proxy with the chairman of the Meeting prior to commencement of the Meeting (or any adjournment or postponement thereof).

**Voting by Phone (Canada and U.S. only).** A beneficial unitholder 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 unitholder's intermediary must receive their voting instructions with enough time to act on the unitholder's instructions. Unitholders should check the form for the deadline for submitting their voting instructions. If a unitholder is mailing their voting instruction form, the unitholder should be sure to allow enough time for the envelope to be delivered.

DATED at Toronto, Ontario this 13<sup>th</sup> day of January, 2020

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

*“Steven J. Hawkins”*

---

Name: Steven J. Hawkins

Title: President and Chief Executive Officer

**MANAGEMENT INFORMATION CIRCULAR**

**JANUARY 13, 2020**

**HORIZONS EMERGING MARIJUANA GROWERS INDEX ETF**

**(“HMJR”)**

## 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 and trustee of HMJR (the “**Manager**” or “**Horizons**”) and HMJR.

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, HMJR’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 HMJR 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 and trustee of HMJR in connection with the solicitation of proxies by management of the Manager to be used at the special meeting (including any adjournment or postponement thereof, as the case may be, the “**Meeting**”) of the unitholders of HMJR (the “**Unitholders**”). The Meeting is to be held at the offices of Blake, Cassels & Graydon LLP, Commerce Court West, 199 Bay Street, Suite 4000, Toronto, Ontario on Wednesday, February 19, 2020, at 10:00 a.m. (Toronto time) for the purposes outlined in the Notice of Special Meeting attached to this Circular.

Notice is hereby given that in the event the quorum requirement of HMJR is not satisfied within one-half hour of the scheduled time for the Meeting, then the Meeting will be adjourned by the chairman of the Meeting. Notice is hereby provided that any such adjourned Meeting will be rescheduled for 10:00 a.m. (Toronto time) on February 20, 2020, at the offices of Blake, Cassels & Graydon LLP, 199 Bay Street, Suite 4000, Toronto, Ontario M5L 1A9. At any adjourned Meeting, the business of the Meeting will be transacted by those Unitholders present in person 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 Meeting and the Merger (as defined below), will be borne by the Manager.** 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 Meeting and to potentially encourage a higher voting participation rate among Unitholders.

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 MEETING

The Meeting is being held for holders of units of HMJR (“**HMJR Units**”) to consider and, if deemed appropriate, to pass the resolution in the form substantially set forth in Schedule “A” to this Circular, to approve all matters relating to the merger of HMJR into Horizons US Marijuana Index ETF (“**HMUS**”), another exchange-traded fund (“**ETF**”) managed by the Manager (the “**Merger**”), in order to combine HMJR and HMUS into one ETF with HMUS being the continuing fund, and to transact such other business as may properly come before the Meeting or any adjournment or postponement thereof.

## DETAILS OF THE MERGER

Holders of HMJR Units are being asked to pass a resolution in the form attached hereto as Schedule “A” to approve the Merger in order to combine HMJR and HMUS (as the “**Continuing Fund**”) into one ETF. This will result in existing Unitholders owning units of HMUS (“**HMUS Units**”).

The result of the Merger is that Unitholders will be invested in a marijuana ETF that will have a larger market capitalization and greater exposure to larger-capitalization North American publicly-listed life sciences companies having significant business activities in, or significant exposure to, the United States marijuana or hemp industries. The Merger will also eliminate the operating and regulatory costs of operating HMJR and HMUS as separate ETFs, and the unitholders of the Continuing Fund, as a result of its greater size, may over time benefit from a reduction of its management expense ratio as its operating and regulatory costs are expected to be spread over a larger asset base. If the Merger is approved and implemented, HMUS will be the Continuing Fund, and Unitholders of HMJR will become holders of Canadian dollar denominated units of HMUS as a result of the Merger.

If Unitholders approve the Merger, the Manager currently anticipates implementing the Merger as soon as reasonably practicable following the Meeting, subject to obtaining all required regulatory and other approvals, including securities regulatory approval. Currently, the Manager does not anticipate renewing the prospectus of HMJR. Accordingly, following February 7, 2020, no new subscriptions for HMJR Units will be permitted. If the Merger is not approved, notice is hereby provided that the Manager intends to terminate HMJR.

Under the proposed Merger, HMJR will transfer all of its cash and portfolio assets to HMUS (as the Continuing Fund) and HMUS (as the Continuing Fund) will issue units in the Continuing Fund (the “**CF Units**”) in consideration therefor. HMJR may either sell its securities for cash prior to the Merger and deliver cash to HMUS, sell a portion of its securities for cash prior to the Merger and deliver cash and securities to HMUS or deliver its portfolio assets to HMUS under the Merger. HMJR will then redeem its HMJR Units and pay the redemption proceeds to unitholders of HMUS in HMUS Units. If the Merger is approved and implemented, holders of HMJR Units will become holders of Canadian dollar denominated HMUS Units.

If the Merger is approved, the following steps will take place to implement the Merger:

- HMJR will transfer all or substantially all of its net assets to HMUS in consideration for the issuance by HMUS to HMJR of a number of HMUS Units determined based on an exchange ratio established as of the close of trading on the business day immediately preceding the effective date of the Merger.
- The Exchange Ratio (as defined below) will be calculated based on the relative net asset values of the HMUS Units and the HMJR Units.
- Immediately following the transfer of assets of HMJR to HMUS and the issuance of HMUS Units to HMJR, all the HMJR Units will be automatically redeemed. Each Unitholder will receive such number of HMUS Units as is equal to the number of HMJR Units held multiplied by the Exchange Ratio of such units.

HMJR Units will be redeemed by HMJR in exchange for HMUS Units at an exchange ratio (the “**Exchange Ratio**”) calculated based on the relative net asset value of each of the HMJR Units and the HMUS Units at the close of trading on the Neo Exchange Inc. (the “**NEO**”) on the business day prior to the effective date of the Merger. The net asset value of the HMJR Units and the HMUS Units will be calculated in accordance with the provisions of the declaration

of trust governing HMJR and HMUS (the “**Trust Declaration**”). By way of an example, if, on the day prior to the effective date of the Merger, the net asset value per HMJR Unit was \$20.00 and the net asset value per HMUS Unit was \$10.00, then on the date of the Merger, each HMJR Unit would entitle the holder thereof to receive two HMUS Units. At current net asset values, it is estimated that approximately 807,000 HMUS Units would be issued under the Merger. No fractional HMUS Units or cash in lieu thereof will be issued or paid under the Merger. While the Merger transaction will not be implemented as a “qualifying exchange” as defined in the *Income Tax Act (Canada)* (“**Tax Act**”), and hence will not occur on a tax deferred basis to HMJR and its Unitholders, HMJR does not expect to realize material capital gains in connection with the Merger. In addition, the net capital losses in HMUS (in the amount of almost \$600,000) will continue to be available to the Continuing Fund. However, any net capital loss carry-forwards of HMJR (currently just over \$3,000,000) that are not used to offset any capital gains realized in the current tax year (including as a result of the Merger) will expire. For further information regarding the tax implications of the Merger please see “*Certain Canadian Federal Income Tax Considerations*”, below.

If the Merger is approved and implemented, holders of HMJR Units will become holders of Canadian dollar denominated HMUS Units, and the HMJR Units will be de-listed from the NEO and HMJR will cease to be a reporting issuer in each of the provinces and territories of Canada.

### **Comparison of HMJR and HMUS**

HMJR and HMUS have similar fundamental investment objectives and both seek to replicate an index of North American publicly-listed companies involved in marijuana. However, HMJR is focused on North American publicly-listed small-capitalization companies primarily involved in the cultivation, production, and/or distribution of marijuana whereas HMUS is focused on North American publicly-listed life sciences companies having significant business activities in, or significant exposure to, the United States marijuana or hemp industries. Approximately one-third of the securities in HMJR’s portfolio are already held by HMUS.

#### *Investment Objective and Strategy of HMUS as the Continuing Fund*

The fundamental investment objective of HMUS is to seek to replicate, to the extent possible, the performance of the US Marijuana Companies Index (the “**Underlying Index**”), net of expenses. The Underlying Index is designed to provide exposure to the performance of a basket of North American publicly-listed life sciences companies having significant business activities in, or significant exposure to, the United States marijuana or hemp industries

To achieve HMUS’s investment objective, HMUS invests and holds equity securities of the issuers that from time to time are included in the Underlying Index as determined by Solactive AG (the “**Constituent Issuers**”) in substantially the same proportion as the Underlying Index. These securities are listed on stock exchanges in North America, and are equity securities of life sciences companies and other companies with significant business activities in, or significant exposure to, the United States marijuana or hemp industries. The Underlying Index is ordinarily rebalanced on a quarterly basis at the close of trading on the third Friday in each of March, June, September and December (each, a “**Rebalancing Date**”). To the extent permitted, HMUS is generally fully invested in or exposed to the Underlying Index at all times and has substantial exposure to United States marijuana operations.

HMUS does seek to hedge any currency exposure. No currency hedging is used with respect to US\$ HMUS Units.

#### *The Underlying Index of HMUS*

The Underlying Index is designed to provide exposure to the performance of a basket of primarily North American publicly-listed life sciences companies having significant business activities in, or significant exposure to, the United States marijuana or hemp industries. Constituents of the Underlying Index are selected from regulated North American senior and junior exchanges. While some securities may be listed on major North American exchanges, many of these securities may trade on North American junior exchanges that include but are not limited to the TSX Venture Exchange, the Canadian Securities Exchange and the Nasdaq Capital Market. The Underlying Index is market capitalization weighted subject to a cap for each Constituent Issuer of a maximum of 10% of the net asset value of the Underlying Index. For a security to be eligible for the Underlying Index, the issuer will generally need to have a market capitalization of greater than \$75 million.

The Constituent Issuers of the Underlying Index will be market capitalization-weighted on the Rebalancing Dates, subject to the cap for each Constituent Issuer of a maximum of 10% of the net asset value of the Underlying Index on the Rebalancing Dates, with the remainder of the Constituent Issuers' weights to be increased proportionately. For companies that are cross-listed in Canada or the United States, only a company's primary domestic listing is eligible for the Underlying Index.

The Underlying Index is based on a rules-based methodology, and is owned, administered and calculated by Solactive AG. The conditions for eligibility, inclusion and retention of Constituent Issuers is governed by the methodology of the Underlying Index. Further information about the Underlying Index, including a description of its methodology set out in the Guideline of the Underlying Index, is available on Solactive AG's website at [www.solactive.com](http://www.solactive.com).

Please see "*Investment Objective*" and "*Investment Strategies*" in the Prospectus (as defined below) of HMUS.

#### *Other Changes to Fund Attributes*

HMJR currently has the same management fee, valuation procedures, redemption rights, unit attributes and unitholder rights, as HMUS, which will not change pursuant to the Merger and are set out in detail in the current long-form prospectuses of HMJR and HMUS dated February 7, 2019 and April 12, 2019 respectively, and available at [www.sedar.com](http://www.sedar.com) (each, a "**Prospectus**" and together, the "**Prospectuses**"). Neither HMJR nor HMUS make regular cash distributions, as described further in their respective Prospectuses. Please see Schedule "B" attached hereto, and also refer to the Prospectus of HMUS, for additional information on the ETFs, including the risk factors associated with an investment in HMUS Units.

#### *Other Business*

The Manager knows of no other business to be presented at the Meeting. 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 Unitholders vote **IN FAVOUR** of the Merger.

In particular, the Manager believes that the Merger should provide Unitholders with several benefits, including the following:

- Underlying investment exposure - HMJR and HMUS have similar fundamental investment objectives and both seek to replicate an index of North American publicly-listed companies involved in marijuana. In the Manager's view, HMUS's emphasis on the United States marijuana or hemp industries currently presents a more attractive investment opportunity for Unitholders than the "small-cap" marijuana companies to which HMJR is currently exposed.
- Greater liquidity – HMUS is expected to attract more assets as marketing efforts will be concentrated on fewer funds, rather than two funds with similar investment mandates. The ability to attract assets to HMUS will potentially benefit investors by ensuring that HMUS remains a viable, long-term, attractive investment vehicle for existing and potential investors. HMUS also has a much larger asset base than HMJR at the current time. The Merger will provide Unitholders with a much larger market capitalization and the secondary market for HMUS Units is expected to be more liquid.
- Potential for Reduced Operating Expenses - The Merger will eliminate the operating and regulatory costs of operating HMJR and HMUS as separate ETFs, and the unitholders of the Continuing Fund, as a result of its greater size, may over time benefit from a reduction of its management expense ratio as its operating and regulatory costs are expected to be spread over a larger asset base. Accordingly, since HMJR has a similar

investment mandate as HMUS and would generally attract the same type of investor with a similar risk-return profile, the Merger will contribute towards reducing duplication and redundancy across the Horizons fund line-up.

If Unitholders approve the Merger, the Manager currently anticipates implementing the Merger as soon as reasonably practicable following the Meeting, subject to obtaining all required regulatory and other approvals, including securities regulatory approval. Currently, the Manager does not anticipate renewing the prospectus of HMJR. Accordingly, following February 7, 2020, no new subscriptions for HMJR Units will be permitted.

If the Merger is not approved, notice is hereby provided that the Manager currently intends to terminate HMJR in accordance with the Trust Declaration. If HMJR is terminated, the trustee is empowered to take all steps necessary to effect the termination. Prior to terminating the ETF, the Manager may discharge all of the liabilities of HMJR and distribute the net assets of HMJR to the Unitholders.

### ***Independent Review Committee***

As required by National Instrument 81-107 *Independent Review Committee for Investment Funds* (“**NI 81-107**”), the Manager has referred the Merger to HMJR’s independent review committee (“**IRC**”) as a conflict of interest matter. The IRC of HMJR has reviewed the proposed Merger, including the proposed steps to be taken in implementing the proposed Merger, and has concluded that the proposed Merger represents the business judgment of the Manager uninfluenced by considerations other than the best interests of HMJR and that the Merger achieves a fair and reasonable result for HMJR.

## **REQUIRED UNITHOLDER APPROVAL**

For the Merger, the resolution in the form substantially set forth in Schedule “A” to this Circular must be approved by a majority of the votes cast at the Meeting by the Unitholders.

By approving the Merger, securityholders also will be authorizing any director or officer of the Manager to take all such steps as may be necessary or desirable to give effect to the Merger.

Any Unitholder who does not wish to participate in the Merger can, at any time up to the close of business on the effective date of the Merger, redeem his or her securities in accordance with the Trust Declaration or trade his or her securities on the designated exchange on which such units are listed. In addition, immediately following completion of the Merger, an investor, as a unitholder of HMUS may redeem his or her securities or trade his or her securities on the designated exchange on terms consistent with the existing Trust Declaration.

The Manager will be authorized, in its discretion, not to proceed with the Merger, in whole or in part, if it determines this to be in the best interest of HMJR and is authorized to complete some or all of the Merger steps to the extent permitted by the securities regulatory authorities. If the Merger is not approved, or if the Merger is approved but subsequently not implemented for any reason, including if in the opinion of the Manager it would no longer be advisable for any reason, it is currently anticipated that HMJR will be terminated. Any decision by the Manager to terminate HMJR will be made in accordance with the terms of the Trust Declaration and applicable securities legislation. Upon termination of HMJR, any remaining Unitholders as at the termination date will receive the net proceeds from the liquidation of the assets, less all liabilities and all expenses incurred in connection with the dissolution of the ETF, on a pro-rata basis.

### ***Voting and Record Date***

Unitholders are entitled to one vote for each whole HMJR Unit held. Only Unitholders of record at the close of business on December 31, 2019 will be entitled to receive notice of the Meeting and to vote in respect of the matters to be voted at the Meeting, including the proposed resolution.

## *Quorum and Adjournment*

The quorum required for the Meeting to be duly constituted is two or more Unitholders present in person or represented by proxy. Notice is hereby given that in the event the quorum requirement is not satisfied within one-half hour of the scheduled time for the Meeting, then the Meeting will be adjourned by the chairman of the Meeting. The adjourned Meeting will be rescheduled for 10:00 a.m. (Toronto time) on February 20, 2020, at the offices of Blake, Cassels & Graydon LLP, 199 Bay Street, Suite 4000, Toronto, Ontario M5L 1A9. At the adjourned Meeting, the business of the Meeting will be transacted by those Unitholders present in person or represented by proxy.

## **CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS**

The following is a summary of the principal Canadian federal income tax considerations relating to a disposition of HMJR Units prior to or on the Merger, that are generally applicable to Unitholders who, for purposes of the Tax Act, are resident in Canada, deal at arm's length with HMJR, the Continuing Fund, any applicable designated broker or dealer and any person that such Unitholder sells or otherwise disposes of HMJR Units to, are not affiliated with HMJR, the Continuing Fund, any applicable designated broker or dealer or any person that such Unitholder sells or otherwise disposes of units to, and hold their HMJR Units and will hold their units of the Continuing Fund as capital property. Provided that HMJR or, in the case of CF Units, the Continuing Fund, qualifies as a "mutual fund trust" for purposes of the Tax Act, certain Unitholders to whom HMJR Units or CF Units might not otherwise qualify as capital property may be entitled to make the irrevocable election in the circumstances permitted by subsection 39(4) of the Tax Act to deem such units (and all other Canadian securities owned by the Unitholder) to be capital property.

This summary does not apply to a Unitholder (i) that is a "financial institution" as defined in the Tax Act for purposes of the "mark-to-market" rules, (ii) an interest in which would be a "tax shelter investment" as defined in the Tax Act, (iii) that makes the functional currency reporting election in accordance with the provisions of the Tax Act in that regard, or (iv) who has entered or will enter into a "derivative forward agreement" as that term is defined in the Tax Act with respect to the HMJR Units or CF Units.

This summary is based on the facts set out in this Circular and the assumption that HMJR will, at all relevant times, qualify as a "unit trust" and a "mutual fund trust" for purposes of the Tax Act. The Manager has advised that HMJR will, at all relevant times, qualify as a "unit trust" and a "mutual fund trust" for purposes of the Tax Act. This summary is further based on the assumption that the Continuing Fund will not be subject to a "loss restriction event" as defined in the Tax Act as a result of the Merger.

This summary is based on the current provisions of the Tax Act and the regulations thereunder, all specific proposals to amend the Tax Act and the regulations thereunder that have been publicly announced by the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**") and the current administrative policies and assessing practices of the Canada Revenue Agency made publicly available prior to the date hereof. There can be no assurance that the Tax Proposals will be implemented in their current form, or at all.

**This summary is not exhaustive of all possible Canadian federal income tax considerations and does not take into account or anticipate any changes in law, whether by legislative, governmental or judicial action, other than the Tax Proposals. This summary does not address foreign, provincial or territorial income tax considerations, which may differ from the federal considerations. This summary is of a general nature only and is not intended to be, nor should it be treated as, legal or tax advice to any particular Unitholder. Unitholders should consult their own tax advisors for advice having regard to their specific circumstances.** Please refer to the Prospectus of the Continuing Fund for a description of the taxation of the Continuing Fund and of the tax consequences of acquiring, holding and disposing of CF Units.

If approved, the Merger will not be a "qualifying exchange" under the Tax Act, and therefore the Merger will not be effected on a tax-deferred "rollover" basis for HMJR or the Unitholders.

## Tax Considerations for HMJR

On the disposition by HMJR of any of its assets to the Continuing Fund or otherwise, HMJR will, in respect of such assets held as capital property, realize a capital gain (or capital loss) to the extent that the proceeds of disposition in respect of each such asset exceed (or are exceeded by) the aggregate of the adjusted cost base of each such asset and any reasonable costs of disposition, unless HMJR were considered to be trading or dealing in securities or otherwise carrying on a business of buying and selling securities or HMJR has acquired the security in a transaction or transactions considered to be an adventure or concern in the nature of trade. The proceeds of disposition of assets of HMJR to the Continuing Fund will equal the then fair market value of the CF Units received as consideration therefor.

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

The Manager currently expects that HMJR will not be required to make a distribution of income or capital gains prior to the Merger, in order to avoid liability for non-refundable income tax under Part I of the Tax Act for the current taxation year (an “**Additional Income Distribution**”). However, there can be no assurance in this regard.

## Tax Considerations for Unitholders

As noted above, HMJR may effect an Additional Income Distribution for the taxation year in which the Merger is implemented. Amounts considered to be paid or payable to a Unitholder out of the income or net taxable capital gains of HMJR (including any such Additional Income Distribution) will be included in computing the income of such Unitholder.

Upon the disposition by Unitholders of HMJR Units, either on a sale through the NEO or on their redemption in exchange for CF Units or otherwise, a Unitholder will realize a capital gain (or capital loss) to the extent that the proceeds of disposition thereof exceed (or are less than) the aggregate of the adjusted cost base of the HMJR Units to the Unitholder immediately before the disposition and any reasonable costs of disposition. The proceeds of disposition realized by a Unitholder upon the redemption of HMJR Units in exchange for CF Units will be equal to the aggregate fair market value of such CF Units. The cost of such CF Units acquired by such Unitholder will be equal to the amount of such proceeds of disposition. In computing a holder’s adjusted cost base of the CF Units, the holder must average the cost of any such CF Units acquired as part of the Merger with the adjusted cost base of any units of the same class of the Continuing Fund then held by the holder as capital property. Following the Merger, the tax rules applicable to the Continuing Fund and its unitholders, including former Unitholders who acquire CF Units as a result of the Merger, will continue to apply. Please refer to the Prospectus of the Continuing Fund in this regard.

Generally, one-half of any capital gain (a “**taxable capital gain**”) realized by a Unitholder in a taxation year must be included in computing the income of the Unitholder for that year and one-half of any capital loss (an “**allowable capital loss**”) realized by a Unitholder in a taxation year generally must be deducted from taxable capital gains realized by the Unitholder in that year. Allowable capital losses for a taxation year in excess of taxable capital gains for that year generally may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against taxable capital gains realized in those years.

In the case of a Unitholder that is an individual, capital gains realized on the disposition of HMJR Units and amounts designated by HMJR to a Unitholder as taxable capital gains may increase the Unitholder’s liability for alternative minimum tax.

A Unitholder that is a Canadian-controlled private corporation, as defined in the Tax Act, throughout its taxation year will be subject to an additional refundable tax on its “aggregate investment income”, which includes an amount in respect of capital gains realized on the disposition of HMJR Units, amounts designated by HMJR to a Unitholder as taxable capital gains and certain other income distributed by HMJR.

## **ELIGIBILITY FOR REGISTERED PLANS**

Provided that the Continuing Fund qualifies as a mutual fund trust for purposes of the Tax Act, or the CF Units are listed on a “designated stock exchange” for purposes of the Tax Act (which currently includes the NEO), the CF Units, if issued on the date hereof, would be on such date qualified investments for trusts governed by registered retirement savings plans (“**RRSPs**”), registered retirement income funds (“**RRIFs**”), deferred profit sharing plans, registered education savings plans (“**RESPs**”), registered disability savings plans (“**RDSPs**”) and tax-free savings accounts (“**TFSA**s”).

Notwithstanding the foregoing, the holder of a TFSA or RDSP, the annuitant under an RRSP or RRIF or the subscriber of an RESP will be subject to a penalty tax in respect of CF Units held by such TFSA, RDSP, RRSP, RRIF or RESP, as the case may be, if such CF Units are a “prohibited investment” for such registered plan for the purposes of the Tax Act.

The CF Units will not be a “prohibited investment” for a trust governed by a TFSA, RDSP, RRSP, RRIF or RESP unless the holder of the TFSA or RDSP, the annuitant under the RRSP or RRIF or the subscriber of an RESP, as applicable, (i) does not deal at arm’s length with the Continuing Fund for purposes of the Tax Act, or (ii) has a “significant interest” as defined in the Tax Act in the Continuing Fund. Generally, a holder, annuitant or subscriber, as the case may be, will not have a significant interest in the Continuing Fund unless the holder, annuitant or subscriber, as the case may be, owns interests as a beneficiary under the Continuing Fund that have a fair market value of 10% or more of the fair market value of the interests of all beneficiaries under the Continuing Fund, either alone or together with persons and partnerships with which the holder, annuitant or subscriber, as the case may be, does not deal at arm’s length. In addition, the CF Units will not be a “prohibited investment” if such CF Units are “excluded property” as defined in the Tax Act for a trust governed by a TFSA, RDSP, RRSP, RRIF or RESP.

Holders, annuitants and subscribers should consult their own tax advisors with respect to whether CF Units would be prohibited investments, including with respect to whether such units would be excluded property.

## **NON-CANADIAN TAX CONSIDERATIONS**

This Circular does not address any tax considerations of the Merger other than certain Canadian federal income tax considerations for unitholders resident in Canada. Unitholders who are resident in or are otherwise taxable in jurisdictions other than Canada should consult their own tax advisors with respect to the tax implications of the Merger in Canada and in such jurisdictions, including any associated filing requirements, whether a deferral of the recognition of capital gains in connection with the Merger is available under the applicable tax laws (including any income tax treaty between Canada and the jurisdiction in which the unitholder is resident), and with respect to the tax implications in such jurisdiction of acquiring, holding or disposing of CF Units upon completion of the Mergers.

## **INTEREST OF MANAGEMENT AND OTHERS IN THE PROPOSED MERGERS**

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 Meeting, other than as disclosed herein.

The Manager is the manager, trustee and promoter of HMJR. The Manager receives a management fee from HMJR as set forth in the Prospectus of HMJR. The current management fee payable by HMJR to the Manager, as set out in Schedule “B” hereto, will remain the same and will not be affected by the Merger.

As of January 13, 2020, 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 HMJR. See also “*Voting Securities and Principal Holders*”, below.

## AUDITOR

KPMG LLP is the auditor of HMJR. 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 January 13, 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 HMJR Units entitled to be voted at the Meeting. Pursuant to terms of exemptive relief, no person or company that has purchased HMJR Units may exercise any votes attached to the HMJR Units which represent more than 20% of the votes attached to all outstanding HMJR Units.

The following table sets forth the number of voting securities issued and outstanding, net asset value and management expense ratio (for the most recently completed calendar year) of HMJR:

ETF	Number of Units Outstanding as of January 7, 2020	Total Net Asset Value as of January 7, 2020	Management Expense Ratio (2019 calendar year)
HMJR	1,275,001	\$3,266,602	1.00%

The management expense ratio is based on total expenses, including sales tax, (excluding commissions and other portfolio transaction costs) for the stated period for and is expressed as an annualized percentage of HMJR's daily average net asset value during the period. Out of its management fees, the Manager pays for services to HMJR, such as investment manager compensation, service fees and marketing.

HMJR Units 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 Unitholder) as nominee to attend and act on your behalf at the Meeting by striking out the printed names and inserting the name of such other person in the blank space provided in the form of proxy, or by completing another proxy in the proper form.**

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

If you hold your units 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 Unitholders***

**Voting by Mail.** A Unitholder 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 10:00 a.m. (Toronto time) on February 14, 2020, or not later than 48 hours (excluding Saturdays, Sundays and

holidays) prior to the commencement of any adjournment or postponement of the Meeting, or must be deposited with the chairman of the Meeting prior to commencement of the Meeting (or any adjournment or postponement thereof).

**Voting by Internet.** A Unitholder may submit his or her proxy at [www.proxyvote.com](http://www.proxyvote.com) by following the instructions provided on the screen, prior to 10:00 a.m. (Toronto time) on February 14, 2020, or not later than 48 hours (excluding Saturdays, Sundays and holidays) prior to the commencement of any adjournment or postponement of the Meeting, or must deposit his or her proxy with the chairman of the Meeting prior to commencement of the Meeting (or any adjournment or postponement thereof).

**Voting by Phone (Canada and U.S. only).** A beneficial Unitholder 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 Meeting, the management representatives designated in the enclosed form of proxy will vote the units 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 units 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.

#### **UNITS HELD THROUGH INTERMEDIARIES**

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

Beneficial Unitholders should note that only proxies deposited by Unitholders whose names appear on the records of HMJR as the registered holders of units can be recognized and acted upon at a Meeting. If units are listed in an account statement provided to a Unitholder by a broker, then in almost all cases those units will not be registered in the Unitholder’s name on the records of HMJR. Such securities will more likely be registered under the name of the Unitholder’s financial adviser, broker or an agent of the financial adviser or broker. Units held by financial

advisers, brokers or their nominees can only be voted (for or against the resolution) upon the instructions of the beneficial Unitholder. Without specific instructions, the brokers/nominees are prohibited from voting units for their clients.

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

#### **DOCUMENTS INCORPORATED BY REFERENCE**

For additional information about HMJR or HMUS, including information regarding: (i) investment objectives, strategies and restrictions, (ii) distribution policies, (iii) valuation policies, (iv) descriptions of the securities, (v) service providers, (vi) risk factors and (vii) fee structure, investors may obtain the most recently filed prospectus, interim and annual financial statements and management reports of fund performance and ETF Facts, all of which are deemed to be incorporated by reference into this Circular, on the internet at [www.sedar.com](http://www.sedar.com) or by accessing the Manager's website at [www.HorizonsETFs.com](http://www.HorizonsETFs.com). The above documents may 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.

**CERTIFICATE**

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

DATED at Toronto, Ontario this 13<sup>th</sup> day of January, 2020.

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

*“Steven J. Hawkins”*

---

Name: Steven J. Hawkins

Title: President and Executive Officer

**SCHEDULE “A”**

**FORM OF RESOLUTION OF UNITHOLDERS OF HORIZONS EMERGING MARIJUANA GROWERS  
INDEX ETF (“HMJR”)**

**BE IT RESOLVED THAT:**

1. the merger (the “**Merger**”), to be carried out substantially in the manner described in the Management Information Circular dated January 13, 2020 (the “**Circular**”), of HMJR into Horizons US Marijuana Index ETF (“**HMUS**”), is approved;
2. the trustee of HMJR is authorized to amend the declaration of trust governing HMJR (the “**Trust Declaration**”) to the extent necessary to permit and facilitate the Merger and the implementation of the steps and transactions described in the Circular, and to execute all instruments necessary to give effect to the foregoing;
3. any director or officer of the trustee or the Manager of HMJR is authorized to take all such steps as may be necessary or desirable to give effect to the foregoing including, without limitation, to amend the Trust Declaration, 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 or trustee;
4. Notwithstanding that this resolution has been passed by unitholders of HMJR, the Manager is hereby authorized to delay, modify or terminate the Merger or make such other changes contemplated by this resolution if the Manager determines in its sole discretion that it would be necessary or desirable, or otherwise necessary in order to proceed with the Merger in accordance with applicable regulatory approvals; and
5. All capitalized terms not otherwise defined in this resolution have the meanings ascribed thereto in the Circular.

## SCHEDULE "B"

## SUMMARY OF MATERIAL ATTRIBUTES OF HORIZONS EMERGING MARIJUANA GROWERS INDEX ETF (THE "TERMINATING FUND") AND HORIZONS US MARIJUANA INDEX ETF (THE "CONTINUING FUND")

	TERMINATING FUND		CONTINUING FUND
Name	Horizons Emerging Marijuana Growers Index ETF ("HMJR")		Horizons US Marijuana Index ETF ("HMUS")
Structure	Continuously offered exchange traded mutual fund		Same
Annual Compound Returns	1 Yr	-48.53%	This information is not yet available for the Continuing Fund because it launched on April 17, 2019.
	Since Inception (February 13, 2018)	-48.50%	
Net Asset Value as at January 7, 2020	\$3,266,602		\$14,469,755
<b>ORGANIZATION AND MANAGEMENT</b>			
Investment Fund Manager	Horizons ETFs Management (Canada) Inc.		Same
Trustee	Horizons ETFs Management (Canada) Inc.		Same
Portfolio Manager	Horizons ETFs Management (Canada) Inc.		Same
Independent Review Committee	Warren Law, Sue Fawcett and Michael Gratch		Same
Custodian	CIBC Mellon Trust Company		Same
Auditors	KPMG LLP		Same
Valuation Agent	CIBC Mellon Global Securities Services Company		Same

Transfer Agent	TSX Trust Company	Same
Securities Lending Agent(s)	National Bank Financial Inc.	Same
<b>CAPITAL STRUCTURE</b>		
Capital	Horizons Emerging Marijuana Growers Index ETF: Units – NEO: HMJR	Horizons US Marijuana Index ETF: Units – NEO: HMUS (CAD)
Eligibility for Investment	RRSP, RRIF, RDSP, DPSP, RESP and TFSA	Same
<b>INVESTMENT OBJECTIVES, STRATEGIES AND RESTRICTIONS</b>		
Investment Objectives	To seek to replicate, to the extent possible, the performance of the Emerging Marijuana Growers Index (the “ <b>Underlying Index</b> ”), net of expenses. The Emerging Marijuana Growers Index is designed to provide exposure to the performance of a basket of primarily North American publicly-listed small-capitalization companies primarily involved in the cultivation, production, and/or distribution of marijuana.	To replicate, to the extent possible, the performance of the US Marijuana Companies Index (the “ <b>Underlying Index</b> ”), net of expenses. The US Marijuana Companies Index is designed to provide exposure to the performance of a basket of North American publicly-listed life sciences companies having significant business activities in, or significant exposure to, the United States marijuana or hemp industries.

<p>Investment Strategies</p>	<p>To achieve HMJR’s investment objective, HMJR invests and holds equity securities of the issuers that from time to time are included in the Underlying Index as determined by Solactive AG (the “<b>Constituent Issuers</b>”) in substantially the same proportion as the Underlying Index. These securities will be primarily listed on stock exchanges in North America, and will be equity securities of life sciences and other companies with significant business activities in the marijuana industry. HMJR’s Underlying Index is ordinarily rebalanced on a quarterly basis at the close of trading on the 14th and 15th business day of March, June, September and December (the “<b>Rebalancing Dates</b>”). The Constituent Issuers of the Underlying Index will be market capitalization-weighted on each Rebalancing Date, subject to a cap for each Constituent Issuer of a maximum of 8% of the net asset value of HMJR on each Rebalancing Date, with the remainder of the Constituent Issuers’ weights to be increased proportionately. Non-North American issuers may represent up to 20% of the Underlying Index. Securities held by HMJR may include American Depositary Receipts.</p> <p>As HMJR is seeking to replicate the performance of the Underlying Index, Horizons ETFs Management (Canada) Inc. (the “<b>Manager</b>”) does not invest the assets of HMJR on a discretionary basis or select securities based on the Manager’s view of the investment merit of a particular security or company, except to the extent it may select securities of issuers in the course of employing a stratified sampling strategy to seek to closely match the investment characteristics of HMJR’s portfolio with the Underlying Index. HMJR does not track marijuana as a commodity, but instead invests in companies with significant business activities in the marijuana industry.</p> <p>To the extent permitted by the Canadian Securities Administrators, Constituent Issuers may derive some portion of their revenues from the medical and/or adult use marijuana industry in certain U.S. states where marijuana use has been regulated by state law, notwithstanding that the use, possession, sale, cultivation and transportation of marijuana</p>	<p>To achieve HMUS’s investment objective, HMUS invests and holds equity securities of the issuers that from time to time are included in the Underlying Index as determined by Solactive AG (the “<b>Constituent Issuers</b>”) in substantially the same proportion as its Underlying Index. These securities will be listed on stock exchanges in North America, and will be equity securities of life sciences companies and other companies with significant business activities in, or significant exposure to, the United States marijuana or hemp industries. HMUS’s Underlying Index is ordinarily rebalanced on a quarterly basis at the close of trading on the third Friday in each of March, June, September and December (the “<b>Rebalancing Dates</b>”). The Constituent Issuers of the Underlying Index will be market capitalization-weighted on each Rebalancing Date, subject to a cap for each Constituent Issuer of a maximum of 10% of the net asset value of the Underlying Index on each Rebalancing Date, with the remainder of the Constituent Issuers’ weights to be increased proportionately. To the extent permitted, HMUS will generally be fully invested in or exposed to the Underlying Index at all times and will have substantial exposure to United States marijuana operations.</p> <p>HMUS will not seek to hedge any currency exposure. No currency hedging is used with respect to the units of HMUS that are offered for sale in U.S. dollars.</p> <p>As HMUS is seeking to replicate the performance of the Underlying Index, Horizons ETFs Management (Canada) Inc. (the “<b>Manager</b>”) does not invest the assets of HMUS on a discretionary basis or select securities based on the Manager’s view of the investment merit of a particular security or company, except to the extent it may select securities of issuers in the course of employing a stratified sampling strategy to seek to closely match the investment characteristics of HMUS’s portfolio with the Underlying Index. HMUS does not track marijuana as a commodity, but instead invests in companies with significant business</p>
------------------------------	--	--

	<p>remains illegal under U.S. federal law. Despite the permissive regulatory environment regarding marijuana in certain U.S. states, marijuana continues to be listed as a Schedule I substance under the U.S. Controlled Substances Act of 1970 (the “CSA”). As a result of the conflicting views between state legislatures and the U.S. federal government regarding marijuana, investments in U.S. marijuana businesses may be subject to inconsistent legislation, regulation and enforcement. Unless and until the U.S. Congress amends the CSA with respect to marijuana (and there can be no assurance as to the timing or scope of any such potential amendments), there is a risk that U.S. federal authorities may enforce current U.S. federal law against businesses operating in the U.S. marijuana industry, which may adversely affect the market price of any Constituent Issuers that are in the U.S. marijuana industry, and therefore the market price of HMJR. Accordingly, HMJR and the Constituent Issuers in which it invests may be subject to a higher degree of regulatory oversight and regulatory action, which may include a restriction on the types of Constituent Issuers that HMJR may invest at any time. In addition, as a listed issuer on the NEO, HMJR is subject to and will comply with all of the rules and policies of the NEO, which may be amended from time to time. If a Constituent Issuer becomes delisted from a stock exchange due to non-compliance by that Constituent Issuer with the rules and policies of the exchange, and is not listed on another exchange, the Manager will similarly remove the securities of that Constituent Issuer from HMJR’s portfolio, but instead, through the use of a stratified sampling strategy, may hold securities of a different issuer or issuers (which may include issuers that are not constituents of the Underlying Index) in the aggregate with other constituent securities in HMJR’s portfolio, will continue to closely match the investment characteristics of the Underlying Index.</p>	<p>activities in, or significant exposure to, the United States marijuana or hemp industries.</p> <p>To the extent permitted by the Canadian Securities Administrators, Constituent Issuers will derive revenues from the medical and/or adult use marijuana industry in certain U.S. states where marijuana use has been regulated by state law, notwithstanding that the use, possession, sale, cultivation and transportation of marijuana remains illegal under U.S. federal law. Despite the permissive regulatory environment regarding marijuana in certain U.S. states, marijuana continues to be listed as a Schedule I substance under the U.S. Controlled Substances Act of 1970 (the “CSA”). As a result of the conflicting views between state legislatures and the U.S. federal government regarding marijuana, investments in U.S. marijuana businesses may be subject to inconsistent legislation, regulation and enforcement. Unless and until the U.S. Congress amends the CSA with respect to marijuana (and there can be no assurance as to the timing or scope of any such potential amendments), there is a risk that U.S. federal authorities may enforce current U.S. federal law against businesses operating in the U.S. marijuana industry, which may adversely affect the market price of any Constituent Issuers that are in the U.S. marijuana industry, and therefore the market price of HMUS. Accordingly, HMUS and the Constituent Issuers in which it invests may be subject to a higher degree of regulatory oversight and regulatory action, which may include a restriction on the types of Constituent Issuers that HMUS may invest at any time. In addition, as a listed issuer on the NEO, HMUS will be subject to and will comply with all of the rules and policies of the NEO, which may be amended from time to time. If a Constituent Issuer becomes delisted from a stock exchange due to non-compliance by that Constituent Issuer with the rules and policies of the exchange, and is not listed on another exchange, the Manager will similarly remove the securities of that Constituent Issuer from HMUS’s portfolio, but instead, through the use of a stratified</p>
--	---	--

		sampling strategy, may hold securities of a different issuer or issuers (which may include issuers that are not constituents of the Underlying Index) in the aggregate with other constituent securities in HMUS's portfolio, will continue to closely match the investment characteristics of the Underlying Index.
Investment Restrictions	<p>HMJR is subject to certain restrictions and practices contained in Canadian securities legislation, including National Instrument 81-102 <i>Investment Funds</i> and National Instrument 81-107 <i>Independent Review Committee for Investment Funds</i> (“NI 81-107”). HMJR is managed in accordance with these restrictions and practices, except as otherwise permitted by exemptions provided by the securities regulatory authorities or as permitted by NI 81-107.</p> <p>HMJR will not make an investment that would result in HMJR failing to qualify as a “unit trust” or “mutual fund trust” within the meaning of the Tax Act or that would result in HMJR becoming subject to the tax for “SIFT trusts” within the meaning of the Tax Act. In addition, HMJR will not make or hold any investment in property that would be “taxable Canadian property” (if the definition of such term in the Tax Act were read without reference to paragraph (b) thereof) if more than 10% of HMJR's property consisted of such property.</p>	Same
Risk Factors	Please refer to pages 9 to 18 of the final prospectus of HMJR dated February 7, 2019.	Substantially the same risk factors. Please refer to pages 9 to 19 of the final prospectus of HMUS dated April 12, 2019.
Valuation Policies and Procedures	Please refer to pages 35 to 37 of the final prospectus of HMJR dated February 7, 2019.	Same

<b>DISTRIBUTIONS AND REDEMPTIONS</b>		
Distribution Policy	HMJR is not expected to make regular cash distributions. Cash distributions, if any, to unitholders of HMJR, net of fees and expenses, will be made at the discretion of the Manager. Such distributions, if any, to unitholders of HMJR will be paid in Canadian dollars.	HMUS is not expected to make regular cash distributions. Cash distributions, if any, to unitholders of HMUS, net of fees and expenses, will be made at the discretion of the Manager. Such distributions, if any, to unitholders of HMUS will be paid in Canadian dollars. However, if the unitholder holds their units in a U.S. dollar account, such distributions from HMUS to unitholders of US\$ units will typically be converted to U.S. dollars by the unitholder's account holder.
Redemption	<p>On any day on which a session of the Neo Exchange Inc. (“NEO”) is held, unitholders may redeem units of HMJR for cash at a redemption price per unit equal to 95% of the closing price for the units of HMJR on the NEO on the effective day of the redemption.</p> <p>Unitholders may exchange a Prescribed Number of Units (“PNU”) (or a whole multiple thereof) on any day on which a session of the NEO is held for a group of shares or other securities, including but not limited to one or more exchange traded funds or securities, as determined by the Manager from time to time for the purpose of subscription orders, exchanges, redemptions or for other purposes and/or cash, subject to the requirement that a minimum PNU be exchanged.</p>	Same
<b>FEES AND EXPENSES</b>		
Management Fee	0.85% of the net asset value, together with applicable sales tax.	Same

Operating Expenses	Unless otherwise waived or reimbursed by the Manager, HMJR will pay all of its operating expenses, including but not limited to: management fees; audit fees; trustee and custodial expenses; valuation, accounting and record keeping costs; legal expenses; permitted prospectus preparation and filing expenses; costs associated with delivering documents to unitholders; listing and annual stock exchange fees; index licensing fees, if applicable; CDS fees; bank related fees and interest charges; extraordinary expenses; unitholder reports and servicing costs; registrar and transfer agent fees; costs associated with the independent review committee; income taxes; sales tax; brokerage expenses and commissions; and withholding taxes.	Same
--------------------	--	------