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

HORIZONS EXCHANGE TRADED FUNDS

ACTIVE ✶ BENCHMARK ✶ BETAPRO

AMENDMENT NO. 1 DATED JANUARY 30, 2018 TO THE PROSPECTUS DATED FEBRUARY 28, 2017

FOR

Horizons Auspice Managed Futures Index ETF
("HMF")

The prospectus of HMF dated February 28, 2017 (the "**Prospectus**") is hereby amended and is to be read subject to the additional information set forth below. Corresponding changes reflecting this amendment are hereby made to any applicable disclosure throughout the Prospectus. In all other respects, the disclosure in the Prospectus is not revised.

All capitalized terms not defined in this Amendment No. 1 have the respective meanings set out in the Prospectus.

Amendments: Termination of HMF

The Manager has made the decision to terminate HMF effective at the close of business on or about March 28, 2018 (the "**Termination Date**"). At such time, all references to HMF will be deemed to be removed from the Prospectus.

Effective immediately, no further direct subscriptions for Units of HMF will be accepted. March 22, 2018 is expected to be the last date on which a redemption request may be placed with the Manager. HMF is expected to be de-listed from the Toronto Stock Exchange, at the request of the Manager, at the close of business on or about March 23, 2018, with all Units of HMF still held by investors being subject to a mandatory redemption as of the Termination Date.

As soon as practicable following the Termination Date, the assets of HMF will be liquidated and the proceeds of HMF distributed, less all liabilities and all expenses incurred in connection with the dissolution of HMF, on a pro-rata basis based on net asset value among Unitholders of record of HMF on the Termination Date. Following the termination and distributions described above, HMF will be dissolved.

HORIZONS AUSPICE MANAGED FUTURES INDEX ETF
(the "ETF")

CERTIFICATE OF THE ETF, MANAGER AND PROMOTER

Dated: January 30, 2018

The prospectus dated February 28, 2017, as amended by this amendment no. 1 dated January 30, 2018, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the prospectus dated February 28, 2017, as amended by this amendment no. 1 dated January 30, 2018, as required by the securities legislation of all of the provinces and territories of Canada.

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

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

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

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

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

PROSPECTUS

Continuous Offering February 28, 2017

Horizons Auspice Managed Futures Index ETF ("Horizons HMF")
Horizons Gold Yield ETF ("Horizons HGY")
Horizons Natural Gas Yield ETF ("Horizons HNY")

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

The Horizons ETFs are exchange traded mutual fund trusts established under the laws of Ontario. Each ETF is also a commodity pool. Class E units ("**Class E Units**") of each ETF are being offered for sale on a continuous basis by this prospectus and there is no minimum number of Class E Units of an ETF that may be issued. The Class E Units of each ETF are offered for sale at a price equal to the net asset value of the Units next determined following the receipt of a subscription order.

The manager and trustee of the ETFs is AlphaPro Management Inc. ("**AlphaPro**", the "**Manager**" or the "**Trustee**"). The Manager has retained its affiliate Horizons ETFs Management (Canada) Inc. (the "**Investment Manager**") to act as investment manager of the ETFs. See "Organization and Management Details of the ETFs. The Investment Manager is also responsible for engaging the services of Auspice Capital Advisors Ltd., ("**Auspice**") to act as sub-advisor of Horizons HMF.

Investment Objectives

Horizons HMF

Horizons HMF seeks investment results, before fees, expenses, distributions, brokerage commissions and other transaction costs, that endeavour to correspond to the performance of the Auspice Managed Futures Excess Return Index (the "**Managed Futures Index**"), hedged to the Canadian dollar. Horizons HMF seeks to benefit from trends in the commodity and financial futures markets. The Managed Futures Index is exposed to five or more broad sectors (e.g. energies, metals, agricultural commodities, interest rates, and currencies).

In order to achieve its investment objective, Horizons HMF may invest in equity securities and/or other financial instruments, including derivatives, to gain exposure to the Managed Futures Index.

The Managed Futures Index is an index that is designed to capture the economic benefit derived from both rising and declining trends within the commodity and financial futures markets over time. The Managed Futures Index uses a rules-based quantitative methodology to track the prices of a diversified portfolio of traditional commodity and financial futures contracts or "components" which will cover the energies, metals, and agricultural commodities sectors as well as interest rate and currency sectors. The Managed Futures Index components can vary in position size and can either be long or short at any time. The determination of position size and whether to be long or short is based on the methodology and changes can occur on any day. The Managed Futures Index uses a quantitative trend following strategy to determine component entries and exits. The Managed Futures Index is positioned either long or short in each component at all times depending on the direction of the prevailing trend. The Managed Futures Index allocates risk and sizes positions based on each component's historical volatility. Position sizes are normalized based on the volatility of the component's price. The size of the position that the Managed Futures Index takes in any component is dependent only upon the individual component's volatility and the total value of the Managed Futures Index (i.e. it is independent of any other component's volatility or position).

Horizons HGY

The investment objectives of Horizons HGY are to provide holders of Units ("**Unitholders**") with: (i) exposure to the price of gold bullion hedged to the Canadian dollar, less the ETF's fees and expenses; (ii) tax-efficient monthly distributions; and (iii) in order to mitigate downside risk and generate income, exposure to a covered call option writing strategy.

Horizons HNY

The investment objectives of Horizons HNY are to provide Unitholders with: (i) exposure to the price of natural gas futures hedged to the Canadian dollar, less the ETF's fees and expenses; (ii) tax-efficient monthly distributions; and (iii) in order to mitigate downside risk and generate income, exposure to a covered call option writing strategy.

See "Investment Objectives".

Listing of Units

Units of the ETFs are currently listed and trade on the TSX. Investors are able to buy or sell Units of an ETF on the TSX through registered brokers and dealers in the province or territory where the investor resides. Investors will incur customary brokerage commissions in buying or selling Units.

Additional Considerations

The Manager, on behalf of each ETF, has entered into and may enter into agreements with registered dealers (each a "**Designated Broker**" or "**Dealer**") which, amongst other things, enables such Designated Broker and Dealers to purchase and redeem Units directly from the ETFs. Holders of Units of an ETF (the "**Unitholders**") will be able to redeem Units in any number for cash at a redemption price per Unit of 95% of the closing price for the Unit on the effective day of redemption. Unitholders are advised to consult their brokers or investment advisers before redeeming Units for cash. Each ETF will also offer additional redemption options which are available where a Dealer, Designated Broker, or Unitholder redeems a prescribed number of Units (a "**PNU**"). See "Redemption of Units".

Each ETF issues Units directly to the Designated Broker and Dealers. No Dealer or Designated Broker has been involved in the preparation of this prospectus or has performed any review of the contents of this prospectus and the Securities Regulatory Authorities (as defined herein) have provided the ETFs with a decision exempting the ETFs from the requirement to include a certificate of an underwriter in the prospectus. No Designated Broker or Dealer is an underwriter of the ETFs in connection with the distribution by the ETFs of their Units under this Prospectus.

Each investor should carefully consider whether their financial condition and/or retirement savings objectives permit them to buy Units. Units of a commodity pool may be viewed as being highly speculative and involving a high degree of risk. Investors should be aware that an ETF by itself does not constitute a balanced investment plan, and that they may lose a portion or even all of the money that they invest in an ETF.

The risk of loss in trading derivatives can be substantial. In considering whether to buy Units, an investor should be aware that trading derivatives can lead to large losses as well as large gains. Such trading losses can reduce the net asset value of an ETF and consequently the value of an investor's Units. Market conditions could also make it difficult or impossible for an ETF to liquidate a position.

The ETFs are subject to certain conflicts of interest. See “Organization and Management Details of the ETFs - Conflicts of Interest”. An ETF will be subject to the charges payable by it as described in this prospectus that must be offset by revenues and trading gains before an investor is entitled to a return on his or her investment. See “Fees and Expenses”. It may be necessary for an ETF to make substantial trading profits to avoid depletion or exhaustion of its assets before an investor is entitled to a return on his or her investment.

The success of an ETF will depend upon a number of conditions that are beyond the control of the ETF. There is substantial risk that the goals of the ETFs will not be met.

Participation in transactions by an ETF may involve the execution and clearing of trades on or subject to the rules of a market in the United States. None of the Canadian securities regulatory authorities or Canadian exchanges regulate activities of any foreign markets, including the execution, delivery and clearing of transactions, or have the power to compel enforcement of the rule of a foreign market or any applicable foreign law. Generally, any transaction in the United States will be governed by applicable United States laws. This is true even if the market in the United States or other foreign jurisdiction is formally linked to a Canadian market so that a position taken on a market may be liquidated by a transaction on another market. Moreover, such laws or regulations will vary depending on the foreign country in which the transaction occurs. For these reasons, entities such as the ETFs may not be afforded certain of the protective measures provided by Canadian legislation or Canadian exchanges. In particular, funds received from investors for transactions by the ETFs on foreign exchanges may not be provided the same protection as funds received in respect of transactions by the ETFs on Canadian exchanges.

Although each ETF is a mutual fund under Canadian securities legislation, certain provisions of such legislation, and the policies of the Securities Regulatory Authorities applicable to conventional mutual funds and designed to protect investors who purchase securities of mutual funds, do not apply. The ETFs are also entitled to rely on exemptive relief from certain provisions of Canadian securities legislation applicable to conventional mutual funds.

THESE BRIEF STATEMENTS DO NOT DISCLOSE ALL OF THE RISKS AND OTHER SIGNIFICANT ASPECTS OF INVESTING IN AN ETF. AN INVESTOR SHOULD CAREFULLY READ THIS PROSPECTUS, INCLUDING THE DESCRIPTION OF THE PRINCIPAL RISK FACTORS OF THE ETFS, BEFORE INVESTING IN AN ETF.

For a discussion of the risks associated with an investment in Units of the ETFs, see “Risk Factors”.

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

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

You can get a copy of these documents at your request, and at no cost, by calling the Manager toll-free at 1-866-641-5739 or from your dealer. These documents are or will also be available on the Manager’s website at www.horizonsetfs.com, or by contacting the Manager by e-mail at info@horizonsetfs.com. These documents and other information about the ETFs are also available on the website of SEDAR (the System for Electronic Document Analysis and Retrieval) at www.sedar.com.

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Toronto, Ontario M5E 1S2
Toll Free: 1-866-641-5739

TABLE OF CONTENTS

PROSPECTUS SUMMARY

The following is a summary of the principal features of this distribution and should be read together with the more detailed information, financial data and financial statements contained elsewhere in this prospectus or incorporated by reference in this prospectus. Capitalized terms not defined in this summary are defined in the Glossary.

The ETFs

The Horizons ETFs are open-end mutual fund trusts established under the laws of Ontario, three of which are offered pursuant to this prospectus. See "Overview of the Legal Structure of the ETFs".

Investment Objectives

Horizons HMF

Horizons HMF seeks investment results, before fees, expenses, distributions, brokerage commissions and other transaction costs, that endeavour to correspond to the performance of the Managed Futures Index, hedged to the Canadian dollar. Horizons HMF seeks to benefit from trends in the commodity and financial futures markets. The Managed Futures Index is exposed to five or more broad sectors (e.g. energies, metals, agricultural commodities, interest rates, and currencies).

In order to achieve its investment objective, Horizons HMF may invest in equity securities and/or other financial instruments, including derivatives, to gain exposure to the Managed Futures Index.

Managed Futures Index

The Managed Futures Index is an index that is designed to capture the economic benefit derived from both rising and declining trends within the commodity and financial futures markets over time. The Managed Futures Index uses a rules-based quantitative methodology to track the prices of a diversified portfolio of traditional commodity and financial futures contracts or "components" which will cover the energies, metals, and agricultural commodities sectors as well as interest rate and currency sectors. The Managed Futures Index components can vary in position size and can either be long or short at any time. The determination of position size and whether to be long or short is based on the methodology and changes can occur on any day. The Managed Futures Index uses a quantitative trend following strategy to determine component entries and exits. The Managed Futures Index is positioned either long or short in each component at all times depending on the direction of the prevailing trend. The Managed Futures Index allocates risk and sizes positions based on each component's historical volatility. Position sizes are normalized based on the volatility of the component's price. The size of the position that the Managed Futures Index takes in any component is dependent only upon the individual component's volatility and the total value of the Managed Futures Index (i.e. it is independent of any other component's volatility or position).

Horizons HGY

The investment objectives of Horizons HGY are to provide Unitholders with: (i) exposure to the price of gold bullion hedged to the Canadian dollar, less the ETF's fees and expenses; (ii) tax-efficient monthly distributions; and (iii) in order to mitigate downside risk and generate income, exposure to a covered call option writing strategy.

Horizons HNY

The investment objectives of Horizons HNY are to provide Unitholders with: (i) exposure to the price of natural gas futures hedged to the Canadian dollar, less the ETF's fees and expenses; (ii) tax-efficient monthly distributions; and (iii) in order to mitigate downside risk and generate income, exposure to a covered call option writing strategy.

See "Investment Objectives".

Investment Strategies

Horizons HMF

Horizons HMF seeks to achieve its investment objective by gaining exposure to a portfolio of securities and other instruments that provide exposure to five or more sectors of the commodity and financial futures markets (e.g. energies, metals, agricultural commodities, interest rates, and currencies) hedged to the Canadian dollar (the "**Managed Futures Portfolio**").

The Managed Futures Portfolio is comprised primarily of futures contracts, financial swaps, total return swaps and T-bills or short term interest rate derivatives, and may also include Commodity Participation Units, including Exchange Traded Products that are managed by the Manager or an affiliate, from time to time. The Managed Futures Portfolio is held by Horizons HMF which is managed by AlphaPro Management Inc. (the "**Manager**"), advised by Horizons ETFs Management (Canada) Inc. (the "**Investment Manager**"), and sub-advised by Auspice Capital Advisors Ltd. ("**Auspice**"). Horizons HMF seeks to gain exposure to a currency hedged portfolio of the constituent securities and other instruments of the Managed Futures Index in substantially the same proportion as the Managed Futures Index in order to provide investors with exposure to the return and performance of the Managed Futures Index hedged to the Canadian Dollar, net of expenses.

Horizons HGY

Horizons HGY seeks to achieve its investment objectives by investing, either directly or indirectly, in a portfolio of securities and other instruments that provide exposure to the price of gold bullion (the "**Gold Portfolio**"). The Gold Portfolio is comprised primarily of exchange-traded funds, which may or may not be managed by the Manager or its affiliates, that are directly or indirectly, and only, exposed to gold bullion ("**Gold Bullion ETFs**"), but may include gold futures contracts from time to time. The Gold Portfolio is selected by the Investment Manager. Horizons HGY seeks to be fully exposed to the price of gold bullion at all times, but does not replicate the performance of gold prices due to the covered call writing strategy and fees and expenses. The Investment Manager will, depending on market conditions, write at-the-money or out-of-the-money covered call options on approximately, and not more than, 33% of the securities and other instruments in the Gold Portfolio.

Horizons HNY

Horizons HNY seeks to achieve its investment objectives by investing, either directly or indirectly, in a portfolio of securities and other instruments that provide exposure to the price of natural gas futures contracts, or exchange traded funds that are directly or indirectly only exposed to natural gas and/or natural gas options, forwards and futures contracts on natural gas (the "**Natural Gas Portfolio**"). The Natural Gas Portfolio is comprised primarily of exchange-traded funds, which may or may not be managed by the Manager or its affiliates, that are directly or indirectly, and only, exposed to natural gas or natural gas futures ("**Natural Gas Futures ETFs**"), and may include natural gas futures, financial swaps and total return swaps from time to time. The Natural Gas Portfolio is selected by the Investment Manager. Horizons HNY seeks to be fully exposed to the price of natural gas or natural gas futures at all times, but does not replicate the performance of natural gas futures due to the covered call writing strategy and fees and expenses. The Investment Manager will, depending on market conditions, write at-the-money or out-of-the-money covered call options on approximately, and not more than, 33% of the securities and other instruments in the Natural Gas Portfolio.

Yield ETFs – General Investment Strategies

Each Yield ETF invests, either directly or indirectly, in a portfolio of securities, commodities, and commodity futures and will generally write exchange traded or over-the-counter covered call options on 33% of these instruments. Under these call options, each Yield ETF will sell the buyer of the option, for a premium, either the right to buy the instrument at an exercise price, or if the option is cash settled, the right to a payment equal to the difference between the value of the security and the option exercise price. Covered call options partially hedge against declines in the price of the instruments on which they are written to the extent of the premiums received by the Yield ETF at the time the options are written by the Yield ETF.

The use of call options may have the effect of limiting or reducing total returns in respect of each Yield ETF, particularly in a rapidly rising market for the applicable commodity, since the premiums associated with writing covered call options may be offset by the cost of closing out outstanding options. However, the Investment Manager believes that in a slightly rising, flat or downward trending market, a portfolio that is subject to covered call option writing will generally provide higher relative returns and lower volatility than one on which no options are written.

See "Investment Strategies".

Use of Leverage

The aggregate market exposure of all instruments held directly or indirectly by Horizons HMF to gain exposure to the Managed Futures Index, calculated daily on a mark-to-market basis, can exceed Horizons HMF's net asset value, and can exceed the amount of cash and securities held as margin on deposit to support the derivatives trading activities of the ETF.

The amount of leverage that can be used, directly or indirectly, by Horizons HMF and the Managed Futures Index, expressed as a ratio of total underlying notional value of the securities and/or financial derivative positions of the ETF divided by the net assets of the ETF, shall not exceed 2:1.

As of January 31, 2017, the Managed Futures Index had a leverage ratio of 1.72:1.

The Yield ETFs do not borrow money, employ financial leverage or invest in any securities for the purposes of gaining leverage.

Offering

Each ETF offers Class E Units. The only difference between Class E Units and Advisor Class Units previously offered is that a higher Management Fee is charged to the Advisor Class Units and such higher fee reflects the Service Fee paid to registered dealers by the Manager. No Service Fee is paid to registered dealers in respect of Class E Units. See "Fees and Expenses". As a result, the net asset value per Class E Unit of an ETF will not be the same as the net asset value per Advisor Class Unit of that ETF.

On or about April 28, 2017, the Manager intends to reduce the Management Fees on the existing Advisor Class Units by an amount equal to the Service Fee payable by the Manager in respect of the Advisor Class Units. Upon such reduction, the Management Fees for the Advisor Class Units will change to be the same as the Management Fees described above for the Class E Units of the same ETF.

Units of the ETFs are currently listed on the TSX.

Units are offered for sale on a continuous basis by this prospectus and there is no minimum number of Units that may be issued. The Units are offered for sale at a price equal to the net asset value of the Units next determined following the receipt of a subscription order. See “Plan of Distribution”.

Brokerage Arrangements

Subject to the prior written approval of the Manager, the Investment Manager is authorized to establish, maintain, change and close brokerage accounts on behalf of the ETFs.

Special Considerations for Purchasers

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

The ETFs have also obtained exemptive relief from the restrictions related to redemptions of “seed capital” invested in a commodity pool.

The ETFs are also entitled to rely on exemptive relief that permits each ETF to invest in Exchange Traded Products that issue Commodity Participation Units including Exchange Traded Products managed by affiliates of the Manager and advised by the Investment Manager.

See “Attributes of the Securities - Description of the Securities Distributed”.

Conflicts of Interest

The ETFs are subject to certain conflicts of interest. The Manager and the Investment Manager are affiliated and Units of an ETF may be sold by dealers that are related to the Manager. See “Organization and Management Details of the ETFs - Conflicts of Interest” and see “Relationship between the ETFs and Dealers”.

Distributions and Automatic Reinvestment

<u>Horizons HMF</u>

Horizons HMF will pay or make payable sufficient net income (including net capital gains) so that Horizons HMF will not be liable for income tax in any given year. Such distributions, if any, are expected to be made prior to the end of each taxation year. All distributions will be automatically reinvested on behalf of each Unitholder in additional Units of Horizons HMF, or paid in Units of Horizons HMF, which will immediately be consolidated with the Units of Horizons HMF existing prior to the distribution. See “Distribution Policy”.

<u>Yield ETFs</u>

Each Yield ETF does not have a fixed distribution but pays distributions monthly.

Distribution rates are generally based on the average current volatility of the securities held by the Yield ETF. The amount of monthly cash distributions are expected to fluctuate from month to month and there can be no assurance that a Yield ETF will make any distributions in any particular month or months. Each Yield ETF may make additional distributions in any given year. Monthly distributions will be paid in cash, unless the investor has chosen to participate in the Reinvestment Plan.

The Yield ETFs will ensure, prior to the end of each taxation year, that a sufficient amount of their income (including net realized capital gains) will be paid or made payable to Unitholders so that the Yield ETFs will not be liable for non-refundable income tax thereon. Such year-end distributions, if any, will be automatically reinvested in additional Units available for that Yield ETF or paid in Units of that Yield ETF. Reinvested distributions of Units will be reinvested automatically in additional Units at a price, or Units will be distributed at a price, equal to the net asset value per Unit on such day and the Units will be immediately consolidated such that the number of outstanding Units held by each Unitholder on such day following the distribution will equal the number of Units held by the Unitholder prior to the distribution. If an investor is a non-resident, they may be required to pay any non-resident withholding tax from the account where the Units are held. Distributions are expected to be comprised of return of capital and capital gains.

See “Distribution Policy”.

All ETFs

Advisor Class Units of each ETF currently pay higher management fees and, as a result, any distributions payable on the Advisor Class Units are generally expected to be less than the distributions payable on Class E Units.

Redemptions

In addition to the ability to sell Units of the ETFs on the TSX, Unitholders of the ETFs may redeem Units for cash at a redemption price per Unit equal to 95% of the closing price for the Units on the TSX on the effective day of the redemption.

Because Unitholders will generally be able to sell Units at the market price on the TSX through a registered broker or dealer, subject only to customary brokerage commissions, Unitholders are advised to consult their brokers, dealers or investment advisors before redeeming their Units for cash.

An ETF will also offer additional redemption options which are available where a Dealer, Designated Broker, or Unitholder redeems a PNU of that ETF.

Provided applicable requirements are met, Unitholders may convert Advisor Class Units for Class E Units of the same ETF on a monthly basis.

See “Redemption of Units”.

Distribution Reinvestment

At any time, a Unitholder of a Yield ETF may elect to participate in the Reinvestment Plan by contacting the CDS Participant through which the Unitholder holds its Units. Under the Reinvestment Plan, cash distributions will be used to acquire additional Units of a Yield ETF in the market and will be credited to the account of the Unitholder through CDS.

See “Distribution Policy – Distribution Reinvestment Plan”.

Income Tax

A Unitholder of an ETF who is resident in Canada will generally be required to

Considerations	include, in computing income for a taxation year, the amount of income (including any taxable capital gains) that is paid or becomes payable to the Unitholder by that ETF in that year (including such income that is paid in Units or reinvested in additional Units of the ETF). A Unitholder of an ETF who disposes of a Unit of that ETF that is held as capital property, including on a redemption or otherwise, will realize a capital gain (or capital loss) to the extent that the proceeds of disposition (other than any amount payable by that ETF which represents income or capital gains allocated and designated to the redeeming Unitholder), net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the Unit disposed of. Pursuant to the Trust Declaration, each ETF may allocate and designate any income or capital gains realized by that ETF as a result of any disposition of property of that ETF undertaken to permit or facilitate the redemption of Units of that ETF to a Unitholder whose Units are being redeemed. Each ETF also has the authority to distribute, allocate and designate any income or capital gains of that ETF to a Unitholder who has redeemed Units of that ETF during a year in an amount equal to the Unitholder's share, at the time of redemption, of that ETF's income and capital gains for the year or such other amount that is determined by that ETF to be reasonable. Any such allocations and designations will reduce the redemption price otherwise payable to the redeeming Unitholder, but, for greater certainty, will not reduce the amount of cash that the Unitholder will receive in respect of the redemption. Each investor should satisfy himself or herself as to the federal and provincial tax consequences of an investment in Units of an ETF by obtaining advice from his or her tax advisor. See "Income Tax Considerations".
Eligibility for Investment	Provided that an ETF qualifies as a "mutual fund trust" within the meaning of the Tax Act, or the Units of the ETF are listed on a "designated stock exchange" within the meaning of the Tax Act, Units of that ETF, if issued on the date hereof, would be on such date qualified investments under the Tax Act for a trust governed by a registered retirement savings plan, a registered retirement income fund, a registered disability savings plan, a deferred profit sharing plan, a registered education savings plan or a tax-free savings account.
Documents Incorporated by Reference	Additional information about each ETF is or will be available in its most recently filed annual and interim financial statements, its most recently filed annual and interim management report of fund performance, and its most recently filed summary documents. These documents will be incorporated by reference into this prospectus. Documents incorporated by reference into this prospectus legally form part of this prospectus just as if they were printed as part of this prospectus. These documents are or will be publicly available on the website of the ETFs at www.HorizonsETFs.com and may be obtained upon request, at no cost, by calling toll-free 1-866-641-5739 or by contacting your dealer. These documents and other information about the ETFs are also publicly available at www.sedar.com. See "Documents Incorporated by Reference".
Termination	The ETFs do not have a fixed termination date but may be terminated at the discretion of the Manager in accordance with the terms of the Trust Declaration. See "Termination of the ETFs".
Risk Factors	An investment in Units will be subject to certain risks. Prospective investors should

consider the risks particular to each ETF in which they are considering investing, among others, before subscribing for Units.

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

- commodity risk;
- risks relating to use of derivatives;
- concentration risk
- aggressive investment technique risk;
- no assurance of meeting investment objectives;
- market and market volatility risk;
- regulatory risk;
- corresponding net asset value risk;
- general risk of investing in exchange traded funds
- exchange risk;
- liquidity risk;
- designated broker/dealer risk;
- cease trading of securities risk;
- tax risks;
- early closing risk;
- liability of Unitholders;
- market for Units
- securities lending risk;
- no ownership interest;
- redemption price;
- suspension of redemptions;
- significant redemptions;
- price limit risk;
- general economic, political and market conditions;
- no guaranteed return;
- no replication of the performance of the price of commodities;
- risks of investing in commodity-based exchange traded funds;
- foreign currency risk;
- foreign security and exchange risk;
- failure of futures commission merchant;
- valuation; and
- reliance on key personnel.

There are certain risk factors that are particular to an investment in Horizons HMF. These risks relate to the following factors:

- contango or backwardation risk;
- risks relating to index replication strategy;
- correlation risk;
- leverage risk;
- general risks of exposure to the Underlying Index;
- spot vs. futures risk;
- changes to the Underlying Index
- trading in derivatives is highly leveraged;
- counterparty risk
- distribution risk;
- no assurance of continued participation; and
- reliance on the Manager, Investment Manager and the Sub-Advisors.

There are certain risk factors that are particular to an investment in a Yield ETF. These risks relate to the following factors:

- call options risk;
- Yield ETF counterparty risk;
- Yield ETF Distributions risk; and
- hedging risk.

See “Risk Factors”.

Organization and Management of the ETFs

The Manager and Trustee

AlphaPro, a corporation incorporated under the laws of Canada, is the manager and trustee of the ETFs. The Manager will be responsible for providing or arranging for the provision of administrative services required by the ETFs. The principal office of AlphaPro is 26 Wellington Street East, Suite 700, Toronto, Ontario, M5E 1S2.

AlphaPro is a subsidiary of Horizons. Horizons and its subsidiaries are an innovative financial services organization distributing the Horizons family of leveraged, inverse leveraged, inverse, index and actively managed exchange traded funds. Horizons and AlphaPro are subsidiaries of Mirae Asset Global Investments Co., Ltd. (“**Mirae Asset**”). Mirae Asset is the Korea-based asset management entity of Mirae Asset Financial Group, one of the world's largest investment managers in emerging market equities.

See “Organization and Management Details of the ETFs – Manager of the ETFs”.

Investment Manager

The Investment Manager, a corporation incorporated under the laws of Canada, is the investment manager of the ETFs. Investment advisory and portfolio management services are provided to the ETFs by the Investment Manager. The Investment Manager and Manager are affiliates. The principal office of the Investment Manager is at 26 Wellington Street East, Suite 700, Toronto, Ontario M5E 1S2.

See “Organization and Management Details of the ETFs – Investment Manager”.

Sub-Advisors

Auspice Capital Advisors Ltd., (“**Auspice**”) a corporation existing under the laws of Alberta, has been appointed as sub-advisor of Horizons HMF. Auspice is independent of the Manager. The principal office of Auspice is located in Calgary, Alberta.

See “Organization and Management Details of the ETFs – The Sub-Advisor”.

Custodian

CIBC Mellon Trust is the custodian of the ETFs and is independent of the Manager. CIBC Mellon Trust provides custodial services to the ETFs and is located in Toronto, Ontario.

See “Organization and Management Details of the ETFs – Custodian”.

Valuation Agent

CIBC Mellon Global has been retained to provide accounting services in respect of the ETFs. CIBC Mellon Global is located in Toronto, Ontario.

See “Organization and Management Details of the ETFs – Valuation Agents”.

Auditors	KPMG LLP is responsible for auditing the annual financial statements of the ETFs. The auditors are independent of the Manager. The head office of KPMG LLP is located in Toronto, Ontario. See “Organization and Management Details of the ETFs – Auditors”.
Registrar and Transfer Agent	CST Trust Company, at its principal offices in Toronto, Ontario is the registrar and transfer agent for Units of the ETFs pursuant to registrar and transfer agency agreements. CST Trust Company is independent of the Manager. See “Organization and Management Details of the ETFs – Transfer Agent and Registrar”.
Promoter	The Manager is also the promoter of the ETFs. The Manager took the initiative in founding and organizing the ETFs and is, accordingly, the promoter of the ETFs within the meaning of securities legislation of certain provinces and territories of Canada. See “Organization and Management Details of the ETFs – Promoter”.
Securities Lending Agent	Canadian Imperial Bank of Commerce (“**CIBC**”) is a securities lending agent for the ETFs. CIBC is located in Toronto, Ontario. CIBC is independent of the Manager.

Summary of Fees and Expenses

The following table lists the fees and expenses payable by the ETFs, and the fees and expenses that Unitholders may have to pay if they invest in the ETFs. Unitholders may have to pay some of these fees and expenses directly. Alternatively, an ETF may have to pay some of these fees and expenses, which will therefore reduce the value of an investment in the ETF.

Fees and Expenses Payable by the ETF

Type of Charge	**Description**
Management Fees	Each ETF pays annual Management Fees, calculated and accrued daily and payable monthly in arrears, to the Manager equal to: (i) an annual percentage of the net asset value of the Class E Units, plus applicable Sales Tax and (ii) an annual percentage of the net asset value of the Advisor Class Units, plus applicable Sales Tax. The Management Fees of each ETF will be as follows:

ETF	**Management Fees**	
	Class E Unit	**Advisor Class Unit**
Horizons HMF	0.95% of the net asset value of Horizons HMF’s Class E Units	1.70% of the net asset value of Horizons HMF’s Advisor Class Units
Horizons HGY	0.60% of the net asset value of Horizons HGY’s	1.35% of the net asset value of Horizons HGY’s

Type of Charge	Description		
		Class E Units	Advisor Class Units
	Horizons HNY	0.85% of the net asset value of Horizons HNY’s Class E Units	1.60% of the net asset value of Horizons HNY’s Advisor Class Units

The Investment Manager and, in respect of Horizons HMF, the Sub Advisor, will be compensated for their services by the Manager and the Investment Manager, respectively.

Management Fee Distributions

The Manager may, at its discretion, agree to charge a reduced fee as compared to the fee it would otherwise be entitled to receive from an ETF with respect to large investments in that ETF by Unitholders. Such a reduction will be dependent upon a number of factors, including the amount invested, the total assets of the ETF under administration and the expected amount of account activity. In such cases, an amount equal to the difference between the fee otherwise chargeable and the reduced fee will be distributed by that ETF, at the discretion of the Manager, to the applicable Unitholders as Management Fee Distributions.

Advisor Class Units Service Fee

The Manager will pay to registered dealers a Service Fee equal to 0.75% per annum of the net asset value of Advisor Class Units of each ETF held by clients of the registered dealer. The only difference between Class E Units and Advisor Class Units is that the higher Management Fee charged to the Advisor Class Units reflects the Service Fee paid to registered dealers by the Manager. The Manager does not pay Service Fees to registered dealers in respect of Class E Units.

On or about April 28, 2017, the Manager intends to reduce the Management Fees on the Advisor Class Units by an amount equal to the Service Fee payable by the Manager in respect of the Advisor Class Units. Upon such reduction, the Management Fees for the Advisor Class Units will change to be the same as the Management Fees described above for the Class E Units of the same ETF.

See “Fees and Expenses”.

Operating Expenses

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

Costs and expenses payable by the Manager, or an affiliate of the Manager, include the Service Fee paid to registered dealers on Advisor Class Units held by clients of that dealer, as well as fees of a general administrative nature. The Investment Manager and the Sub Advisor will be compensated for their services by the Manager and the Investment Manager, respectively.

See “Fees and Expenses”.

Type of Charge	Description
Expenses of the Issue	Apart from the initial organizational cost of an ETF, all expenses related to the issuance of Units of an ETF are borne by the ETF unless otherwise waived or reimbursed by the Manager. See "Fees and Expenses".
Underlying Exchange Traded Funds Fees	Each ETF may invest in exchange traded funds which may be managed by the Manager, its affiliates or independent fund managers. There are fees and expenses payable by these underlying exchange traded funds in addition to the fees and expenses payable by an ETF. With respect to such investments, no management fees or incentive fees are payable by each ETF that, to a reasonable person, would duplicate a fee payable by such underlying exchange traded funds for the same service. Further, no sales fees or redemption fees are payable by an ETF in relation to purchases or redemptions of the securities of the underlying exchange traded funds in which it invests if these underlying exchange traded funds are managed by the Manager or an affiliate or associate of the Manager.

Fees and Expenses Payable Directly by Unitholders

Redemption Charge	The Manager may charge Unitholders of an ETF, at its discretion, a redemption charge of up to 0.25% of the redemption proceeds. The Manager does not currently anticipate charging any redemption charge. The Manager will publish the current redemption charge, if any, on its website, www.horizonsetfs.com. See "Redemption of Units".

Annual Returns, Management Expense Ratio and Trading Expense Ratio

The following chart provides the annual returns, MER[1] and TER[2] for the Class E Units and Advisor Class Units for the ETFs for each calendar year from their respective dates of inception. The MER and TER figures provided below for 2012 were calculated on an annualized basis as at December 31, 2012.

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

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

Horizons HMF - Class E Units	**2015**	**2014**	**2013**	**2012**
Annual Returns	-6.84%	15.57%	0.37%	-7.20%
MER	1.21%	1.22%	1.19%	1.18%
MER excluding proportion of expenses from underlying investment funds	1.09%	0.98%	0.53%	0.51%
TER	1.39%	1.56%	0.68%	0.68%
TER excluding proportion of costs from underlying investment funds	1.26%	1.46%	0.53%	0.60%

Horizons HMF - Advisor Class Units	**2015**	**2014**	**2013**	**2012**
Annual Returns	-7.65%	14.57%	-0.50%	-7.80%
MER	2.08%	2.09%	2.07%	2.02%
MER excluding proportion of expenses from underlying investment funds	1.96%	1.85%	1.40%	1.35%
TER	1.39%	1.56%	0.68%	0.68%
TER excluding proportion of costs from underlying investment funds	1.26%	1.46%	0.53%	0.60%

Horizons HGY - Class E Units	**2015**	**2014**	**2013**	**2012**
Annual Returns	-11.24%	-0.49%	-25.82%	5.07%
MER	1.15%	1.12%	1.11%	1.12%
MER excluding proportion of expenses from underlying investment funds	0.75%	0.72%	0.36%	0.34%
TER	0.10%	0.13%	0.74%	0.71%
TER excluding proportion of costs from underlying investment funds	0.10%	0.13%	0.73%	0.64%

Horizons HGY - Advisor Class Units	**2015**	**2014**	**2013**	**2012**
Annual Returns	-11.91%	-1.34%	-26.45%	-5.72%
MER	1.92%	1.98%	1.97%	1.96%
MER excluding proportion of expenses from underlying investment funds	1.52%	1.58%	1.22%	1.18%
TER	0.10%	0.13%	0.74%	0.71%
TER excluding proportion of costs from underlying investment funds	0.10%	0.13%	0.73%	0.64%

Horizons HNY - Class E Units	**2015**	**2014**	**2013**	**2012**
Annual Returns	-36.33%	-21.58%	2.89%	-0.53%
MER	1.63%	1.35%	1.75%	1.91%
MER excluding proportion of expenses from underlying investment funds	1.03%	1.03%	0.51%	0.45%
TER	0.96%	0.99%	1.18%	1.35%
TER excluding proportion of costs from underlying investment funds	0.58%	0.62%	0.78%	0.61%

Horizons HNY - Advisor Class Units	**2015**	**2014**	**2013**	**2012**
Annual Returns	-36.85%	-22.24%	2.05%	-1.24%
MER	2.46%	2.16%	2.60%	2.76%
MER excluding proportion of expenses from underlying investment funds	1.85%	1.84%	1.36%	1.30%
TER	0.96%	0.99%	1.18%	1.35%
TER excluding proportion of costs from underlying investment funds	0.58%	0.62%	0.78%	0.61%

The MER and TER of each ETF include an estimated proportion of the MER and TER for any underlying investment funds held in an ETF's portfolio during the year. The ETF's MER and TER for years prior to 2015 have been adjusted to include amounts applicable to those years.

The following chart provides the annual compound returns and management expense ratios for the class A and class F units of the Fund from the date of initial public offering on December 20, 2010 to December 31, 2011.

Horizons Gold Yield Fund – Class A Units	**2011**	**2010**
Annual Returns	5.19%	-4.83%
Management expense ratio excluding issue costs[3]	1.06%	0.90%
Management expense ratio[4]	2.03%	8.12%

Horizons Gold Yield Fund – Class F Units	**2011**	**2010**
Annual Returns (%)	5.75%	-1.67%
Management expense ratio excluding issue costs[4]	0.72%	0.62%
Management expense ratio[5]	1.44%	4.41%

[3] This management expense ratio is based on total expenses (excluding one-time costs related to the offering of the Fund, commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period. Out of its management fees, the Manager paid for such services to the Fund as the Investment Manager's compensation, service fees and marketing.

[4] This management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs, but including one-time costs related to the offering of the Fund) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period. Out of its management fees, the Manager paid for such services to the Fund as the Investment Manager's compensation, service fees and marketing.

GLOSSARY

The following terms have the following meaning:

"**Advisor Class Units**" means the advisor class units of the ETFs;

"**AlphaPro**" means AlphaPro Management Inc., the manager, the trustee and the promoter of the ETFs;

"**Auspice**" means Auspice Capital Advisors Ltd.;

"**Bank Holiday**" means any business day that deposit taking banks in the United States or Canada are not open for business;

"**Canadian securities legislation**" means the securities laws in force in each province and territory of Canada, all regulations, rules, orders and policies made thereunder and all multilateral and national instruments adopted by the Securities Regulatory Authorities in such jurisdictions;

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

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

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

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

"**Class E Units**" means the Class E units of the ETFs;

"**Commodity Participation Unit**" means a security that is issued by an issuer, the only purpose of which is to hold:

(a) a physical commodity as defined in NI 81-102 (a "**Physical Commodity**") or more than one Physical Commodity;

(b) commodity futures that are widely quoted or used as the benchmark for pricing the future price of a Physical Commodity or more than one Physical Commodity; or

(c) specified derivatives that replicate the performance of a Physical Commodity or more than one Physical Commodity, or commodity futures, referred to in subparagraphs (a) and (b).

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

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

"**Custodian Agreement**" means the custodian agreement dated June 4, 2012, as amended from time to time, between the Manager, CIBC Mellon Global, Canadian Imperial Bank of Commerce, the Bank of New York Mellon, the Custodian, and each of the ETFs;

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

"**Dealer Agreement**" means an agreement between the Manager, on behalf of an ETF, and a Dealer;

"**Designated Broker**" means a registered dealer that has entered into a Designated Broker Agreement with the Manager, on behalf of an ETF, pursuant to which the Designated Broker agrees to perform certain duties in relation to that ETF;

"**Designated Broker Agreement**" means an agreement between the Manager, on behalf of an ETF, and the Designated Broker;

"**Distribution Record Date**" means a date determined by the Manager as a record date for the determination of Unitholders of an ETF entitled to receive a distribution from that ETF;

"**DPSP**" means a deferred profit sharing plan within the meaning of the Tax Act;

"**ETFs**" means, collectively, Horizons HMF, Horizons HGY and Horizons HNY and "**ETF**" means any one of them;

"**Exchange Traded Product**" means an exchange traded fund or an exchange traded note traded on a North American exchange;

"**Fund**" means Horizons Gold Yield Fund, prior to converting into Horizons HGY;

"**GAAP**" means the generally accepted accounting principles as applicable to publicly accountable enterprises and set out in the Handbook of the Chartered Professional Accountants of Canada, as amended from time to time;

"**Gold Bullion ETFs**" means exchange traded funds that are directly or indirectly, and only, exposed to gold bullion;

"**Gold Portfolio**" means a portfolio of securities and other instruments, including Gold Bullion ETFs, that provide exposure to the price of gold bullion held by Horizons HGY;

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

"**Holder**" shall have the meaning ascribed to such term in "Income Tax Considerations";

"**Horizons**" means Horizons ETFs Management (Canada) Inc., an affiliate of the Manager;

"**Horizons HGY**" means Horizons Gold Yield ETF;

"**Horizons HMF**" means Horizons Auspice Managed Futures Index ETF;

"**Horizons HNY**" means Horizons Natural Gas Yield ETF;

"**Indemnified Persons**" means the Investment Manager and its directors, officers and employees;

"**Index Reference Day**" means the second (2^{nd}) Wednesday of February, May, August and November of each calendar year;

"**Investment Management Agreement**" means the investment management agreement dated December 31, 2008, as amended from time to time, among the ETFs, the Manager and the Investment Manager;

"**Investment Manager**" means Horizons ETFs Management (Canada) Inc., in its capacity as investment manager of the ETFs pursuant to the Investment Management Agreement;

"**IPUs**" means index participation units which are securities traded on a stock exchange in Canada or the United States and issued by an issuer the only purpose of which is to:

(a) hold the securities that are included in a specified widely quoted market index in substantially the same proportion as those securities are reflected in that index; or

(b) invest in a manner that causes the issuer to replicate the performance of that index;

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

"**Managed Futures Index**" means the Auspice Managed Futures Excess Return Index;

"**Managed Futures Portfolio**" means a portfolio of securities and other instruments that provide exposure to the energies, metals, agricultural commodities, interest rates, and currencies sectors of the commodity and financial futures markets;

"**Management Fee**" means the annual management fees, calculated and accrued daily and payable monthly in arrears to the Manager equal to (i) an annual percentage of the net asset value of the Class E Units, plus applicable Sales Tax and (ii) an annual percentage of the net asset value of the Advisor Class Units, plus applicable Sales Tax;

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

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

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

"**Natural Gas Futures ETFs**" means exchange traded funds, which may or may not be managed by the Manager or its affiliates, that are directly or indirectly, and only, exposed to natural gas or natural gas futures;

"**Natural Gas Portfolio**" means a portfolio of securities and other instruments that provide exposure to the price of natural gas or natural futures contracts, or exchange traded funds, including Natural Gas Futures ETFs, that are directly or indirectly only exposed to natural gas and/or natural gas options, forwards and futures contracts on natural gas held by Horizons HNY;

"**NAV**" means the net asset value of an ETF as calculated on each Valuation Day in accordance with the Trust Declarations;

"**NBF**" means National Bank Financial Inc.;

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

"**NI 81-104**" means National Instrument 81-104 *Commodity Pools*, as amended from time to time;

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

"**OSC**" means the Ontario Securities Commission;

"**Payment Date**" means the last business day of a month;

"**Plan**" means a trust governed by a RRSP, a RRIF, a DPSP, a RDSP, a RESP or a TFSA;

"**Plan Agent**" means the plan agent for the Reinvestment Plan which is CIBC Mellon Trust;

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

“**Plan Units**” has the meaning ascribed to such term under the heading “Distribution Policy – Distribution Reinvestment Plan”;

“**PNU**” means the prescribed number of Units of a class of an ETF as determined by the Manager from time to time for the purpose of subscription orders, redemptions or for such other purposes as the Manager may determine;

“**Portfolios**” means, together, the Gold Portfolio and the Natural Gas Portfolio, and “**Portfolio**” means any one of them;

“**RDSP**” means a registered disability savings plan within the meaning of the Tax Act;

“**Registrar and Transfer Agent**” means CST Trust Company in its capacity as registrar and transfer agent of the ETFs;

“**Reinvestment Plan**” means the distribution reinvestment plan for the Yield ETFs, as described under the heading “Distribution Policy – Distribution Reinvestment Plan”;

“**RESP**” means a registered education savings plan within the meaning of the Tax Act;

“**RRIF**” means a registered retirement income fund within the meaning of the Tax Act;

“**RRSP**” means a registered retirement savings plan within the meaning of the Tax Act;

“**Sales Tax**” means all applicable provincial and federal sales, use, value-added or goods and services taxes, including GST/HST;

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

“**Service Fee**” means the service fee payable to a registered dealer in respect of the Advisor Class Units held by clients of the registered dealer;

“**Sub-Advisor**” means Auspice;

“**Sub-Advisory Agreement**” means the sub-advisory agreement made as of February 14, 2012, as last amended February 13, 2014, among the Manager, on behalf of Horizons HMF, the Investment Manager and Auspice;

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

“**Tax Amendment**” means a proposed amendment to the income tax laws of Canada publicly announced by the Minister of Finance (Canada) prior to the date hereof;

“**TFSA**” means a tax-free savings account within the meaning of the Tax Act;

“Trading Day” means, in respect of Horizons HMF, a day on which: (i) a session of the TSX is held; (ii) the principal exchange for the securities, commodities, commodity futures and call options held by Horizons HMF is open for trading; and (iii) it is not a Bank Holiday, and means, in respect of a Yield ETF, a day on which (i) a session of the TSX is held; (ii) the principal exchanges for the securities, commodities, commodity futures and call options held by the ETFs are open for trading; and (iii) it is not a Bank Holiday;

“**Trust Declaration**” means the amended and restated declaration of trust establishing the ETFs, as supplemented, amended, or amended and restated from time to time;

“**Trustee**” means AlphaPro, in its capacity as trustee of the ETFs pursuant to the Trust Declaration;

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

"**Underlying Index**" means the Managed Futures Index as described under the heading "Investment Objectives;

"**Underweight**" means, in respect of an equity issuer, an exposure or ownership position in a portfolio which is less than the position, measured as a percentage, that the equity issuer represents in the S&P/TSX 60™ Index;

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

"**Units**" means, together, the Class E Units and Advisor Class Units of the ETFs, and "**Unit**" means a Class E Unit or an Advisor Class Unit of either ETF, as applicable;

"**Valuation Day**" for an ETF means a day upon which a session of the TSX is held and that is not a Bank Holiday, and any such other date determined appropriate by AlphaPro;

"**Valuation Time**" means 4:00 p.m. (EST) on a Valuation Day or such other time determined appropriate by AlphaPro or the Investment Manager, as applicable;

"**Weight**" means the proportion an issuer's market capitalization is in relation to the index in which it is a constituent; and

"**Yield ETFs**" means, together, Horizons HGY and Horizons HNY and "**Yield ETF**" means either one of them.

OVERVIEW OF THE LEGAL STRUCTURE OF THE ETFS

The Horizons ETFs are exchange traded mutual fund trusts established under the laws of Ontario, three of which are offered pursuant to this prospectus. Each ETF is also a commodity pool. The manager and trustee of the ETFs is AlphaPro Management Inc. The Manager has retained its affiliate, Horizons ETFs Management (Canada) Inc., to be responsible for implementing the ETFs' investment objectives and strategies.

The Investment Manager is also responsible for engaging the services of Auspice Capital Advisors Ltd. to act as sub-advisor of the Horizons HMF.

Units of the ETFs are currently listed on the TSX. The TSX ticker symbol for the ETFs are as follows:

Name of ETF	Abbreviated Name	TSX Ticker Symbol	
		Class E Units	Advisor Class Units (no longer offered)
Horizons Auspice Managed Futures Index ETF	Horizons HMF	HMF	HMF.A
Horizons Gold Yield ETF	Horizons HGY	HGY	HGY.A
Horizons Natural Gas Yield ETF	Horizons HNY	HNY	HNY.A

The head office of the Manager and the ETFs is 26 Wellington Street East, Suite 700, Toronto, Ontario, M5E 1S2. While each ETF is a mutual fund under the securities legislation of certain provinces and territories of Canada, each ETF is entitled to rely on exemptive relief from certain provisions of Canadian securities legislation applicable to conventional mutual funds.

Please also see "Other Material Facts - Conversion of Horizons HGY into an Exchange Traded Fund" for details regarding the conversion of Horizons HGY into an exchange traded fund.

INVESTMENT OBJECTIVES

The fundamental investment objective of each ETF is set out below. The fundamental investment objective of an ETF may not be changed except with the approval of Unitholders of that ETF. See "Unitholder Matters" for additional descriptions of the process for calling a meeting of Unitholders and the requirements of Unitholder approval.

Horizons HMF

Investment Objective

Horizons HMF seeks investment results, before fees, expenses, distributions, brokerage commissions and other transaction costs, that endeavour to correspond to the performance of the Managed Futures Index, hedged to the Canadian dollar. Horizons HMF seeks to benefit from trends in the commodity and financial futures markets. The Managed Futures Index is exposed to five or more broad sectors (e.g. energies, metals, agricultural commodities, interest rates, and currencies).

In order to achieve its investment objective, Horizons HMF may invest in equity securities and/or other financial instruments, including derivatives, to gain exposure to the Managed Futures Index.

Managed Futures Index

The Managed Futures Index is an index that is designed to capture the economic benefit derived from both rising and declining trends within the commodity and financial futures markets over time. The Managed Futures Index uses a rules-based quantitative methodology to track the prices of a diversified portfolio of traditional commodity and financial futures contracts or "components" which will cover the energies, metals, and agricultural commodities sectors as well as interest rate and currency sectors. The Managed Futures Index components can vary in position size and can either be long or short at any time. The determination of position size and whether to be long or short is based on the methodology and changes can occur on any day. The Managed Futures Index uses a quantitative trend following strategy to determine component entries and exits. The Managed Futures Index is positioned either long or short in each component at all times depending on the direction of the prevailing trend. The Managed Futures Index allocates risk and sizes positions based on each component's historical volatility. Position sizes are normalized based on the volatility of the component's price. The size of the position that the Managed Futures Index takes in any component is dependent only upon the individual component's volatility and the total value of the Managed Futures Index (i.e. it is independent of any other component's volatility or position).

See "Risk Factors – Contango or Backwardation Risk".

Horizons HGY

The investment objectives of Horizons HGY are to provide Unitholders with: (i) exposure to the price of gold bullion hedged to the Canadian dollar, less the ETF's fees and expenses; (ii) tax-efficient monthly distributions; and (iii) in order to mitigate downside risk and generate income, exposure to a covered call option writing strategy.

Horizons HNY

The investment objectives of Horizons HNY are to provide Unitholders with: (i) exposure to the price of natural gas futures hedged to the Canadian dollar, less the ETF's fees and expenses; (ii) tax-efficient monthly distributions; and (iii) in order to mitigate downside risk and generate income, exposure to a covered call option writing strategy.

INVESTMENT STRATEGIES

Investment Strategies – Horizons HMF

The return to Horizons HMF and to its Unitholders will generally be based upon the return on the Managed Futures Portfolio.

Horizons HMF seeks to achieve its investment objective by gaining exposure to a portfolio of securities and other instruments that provide exposure to five or more sectors of the commodity and financial futures markets (e.g. energies, metals, agricultural commodities, interest rates, and currencies) hedged to the Canadian dollar (the "**Managed Futures Portfolio**").

The Managed Futures Portfolio is comprised primarily of futures contracts, financial swaps, total return swaps and T-bills or short term interest rate derivatives, and may also include Commodity Participation Units, including Exchange Traded Products that are managed by the Manager or an affiliate, from time to time. The Managed Futures Portfolio is held by Horizons HMF and is managed by the Manager, advised by the Investment Manager, and sub-advised by Auspice. Horizons HMF seeks to gain exposure to a currency hedged portfolio of the constituent securities and other instruments of the Managed Futures Index in substantially the same proportion as the Managed Futures Index in order to provide investors with exposure to the return and performance of the Managed Futures Index hedged to the Canadian dollar, net of expenses.

Managed Futures Index

The Managed Futures Index is an index that is designed to capture the economic benefit derived from both rising and declining trends within the commodity and financial futures markets over time.

The Managed Futures Index uses a rules-based quantitative methodology to track the prices of a diversified portfolio of traditional commodity and financial futures contracts or "components" which will cover the energies, metals, and agricultural commodities sectors as well as interest rate and currency sectors. The Managed Futures Index components can vary in position size and can either be long or short at any time. The determination of position size and whether to be long or short is based on the methodology and changes can occur on any day. The Managed Futures Index uses a quantitative trend following strategy to determine component entries and exits. The Managed Futures Index is positioned either long or short in each component at all times depending on the direction of the prevailing trend.

The Managed Futures Index allocates risk and sizes positions based on each component's historical volatility. Position sizes are normalized based on the volatility of the component's price. The size of the position that the Managed Futures Index takes in any component is dependent only upon the individual component's volatility and the total value of the Managed Futures Index, i.e. it is independent of any other component's volatility or position.

The Managed Futures Index may use leverage. The financial leverage ratio will not exceed 2:1.

Component Selection

The components chosen for inclusion in the Managed Futures Index were selected to provide a broad and diverse cross section of commodities and financial contracts from the North American exchange traded futures market.

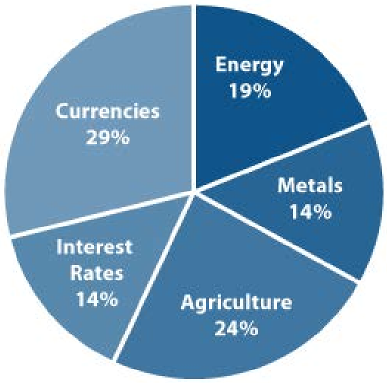
Table 1 – Managed Futures Index Component/Sector Breakdown

Energies	**Metals**	**Agricultural**	**Interest Rates**	**Currencies**
Crude Oil	Gold	Corn	U.S. 30 Year Bond	Australian Dollar
Natural Gas	Silver	Soybeans	U.S. 10 Year Note	British Pound
Heating Oil	Copper	Wheat	U.S. 5 Year Note	Canadian Dollar
Gasoline		Cotton		Euro
		Sugar		Japanese Yen
				U. S. Dollar Index

Sector Allocation

The initial sector risk for the Managed Futures Index, on the date of index inception (Jan 1, 2000), is illustrated in Chart 1 below. The risk allocation to each sector will vary as the individual component's volatility changes, or positions are rebalanced.

Chart 1 – Managed Futures Index Sector Risk Allocation



The components of the Managed Futures Index will be rebalanced monthly if their current risk exceeds a predetermined threshold level.

The components comprising the Managed Futures Index may change at the discretion of Auspice in accordance with the Underlying Index methodology**.** Components may be added or removed from the Managed Futures Index based on changes to the futures contracts, their liquidity and their suitability to achieving goals of the Managed Futures Index.

Contract Rolling

The Managed Futures Index rolling mechanism as illustrated in Chart 2 below is based on the following principles: (i) ensuring the contracts that are rolled (out of and into) have adequate liquidity; (ii) minimizing the number of rolls to reduce transaction costs and slippage; (iii) consideration of the seasonality of certain contracts (grains and energies); and (iv) minimizing the negative impact, and maximizing the positive impact of contango and backwardation.

As the contracts comprising the Managed Futures Index approach expiration, the closest expiring contracts are replaced with contracts with longer dated maturities during the roll period. See Table 2 below for the specific component contract details.

See "Risk Factors – Contango or Backwardation Risk".

Chart 2 – Contract Rolling Procedure

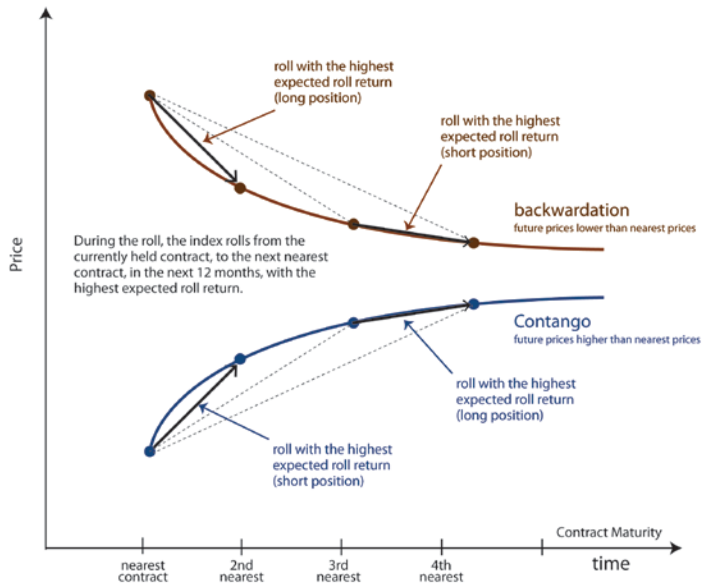


Table 2 – Managed Futures Index Component Specifications

Sector	Component	Symbol	Exchange	Included Contract Months
Energy	Crude Oil	CL	NYMEX	All Months
	Heating Oil	HO	NYMEX	All Months
	RBOB Gasoline	RB	NYMEX	All Months
	Natural Gas	NG	NYMEX	All Months
Metals	Gold	GC	COMEX	Feb, Apr, Jun, Aug, Oct, Dec
	Silver	SI	COMEX	Mar, May, Jul, Sep, Dec
	Copper	HG	COMEX	All Months
Agricultural	Corn	C	CBOT	Mar, May, Jul, Sep, Dec
	Soybeans	S	CBOT	Jan, Mar, May, Jul, Aug, Sep, Nov
	Wheat	W	CBOT	Mar, May, Jul, Sep, Dec
	Cotton	CT	ICE-US	Mar, May, Jul, Oct, Dec
	Sugar	SB	ICE-US	Mar, May, Jul, Oct
Interest Rates	U.S. 30 Year Bond	US	CME	Mar, Jun, Sep, Dec
	U.S. 10 Year Note	TY	CME	Mar, Jun, Sep, Dec
	U.S. 5 Year Note	FV	CME	Mar, Jun, Sep, Dec
Currencies	Australian Dollar	AD	CME	Mar, Jun, Sep, Dec
	British Pound	BP	CME	Mar, Jun, Sep, Dec
	Canadian Dollar	CD	CME	Mar, Jun, Sep, Dec
	Euro	EC	CME	Mar, Jun, Sep, Dec
	Japanese Yen	JY	CME	Mar, Jun, Sep, Dec
	U.S. Dollar Index	DX	ICE-US	Mar, Jun, Sep, Dec

Swap and Forward Agreements – Horizons HMF

In addition to assisting in the pursuit of Horizons HMF's investment objective, total return swap and forward agreements may be entered into as a substitute for investing directly in securities (or shorting securities), or to hedge a position. In general, swap and forward agreements are two-party contracts entered into primarily by institutional investors for periods ranging from a day to more than one year. In a standard "swap" or "forward" transaction, two parties agree to exchange the returns (or differentials in rates of return) earned or realized on particular predetermined investments or instruments. The gross returns to be "swapped" or exchanged between the parties are calculated with respect to a "notional amount". For example, the return on or increase in the value of a particular dollar amount invested in a "basket" of securities.

Investment Strategies – Yield ETFs

Horizons HGY

Horizons HGY was created to provide Unitholders with low cost exposure to the price of gold bullion hedged to the Canadian dollar, while providing monthly tax-efficient distributions.

Horizons HGY seeks to achieve its investment objectives by holding the Gold Portfolio. The Gold Portfolio is comprised primarily of Gold Bullion ETFs, but may include gold futures contracts from time to time. The Gold Portfolio is selected by the Investment Manager. Horizons HGY seeks to be fully exposed to the price of gold bullion at all times, but does not replicate the performance of gold prices due to the covered call writing strategy and fees and expenses. The Investment Manager will, depending on market conditions, write at-the-money or out-of-the-money covered call options on approximately, and not more than, 33% of the securities and other instruments in the Gold Portfolio. The level of covered call option writing to which the Gold Portfolio is exposed may vary based on market volatility and other factors.

Positions in gold futures contracts are only maintained if Horizons HGY holds cash cover in an amount that, together with margin on account for the gold futures contracts, is not less than the underlying market exposure of the gold futures contracts. Call options written by the Investment Manager generally involve writing next month call options and, based on the price movement of gold bullion, the Investment Manager rolls those call options that are in-the-money prior to expiry to the next month and lets call options that are out-of-the-money expire. The Investment Manager does not manage the call option writing strategy to achieve a specific target return, but manages it to generate attractive option premiums that temper the volatility associated with owning a portfolio of securities that provide exposure to the price of gold bullion. The Investment Manager may decide, in its discretion, to reduce the percentage of, or not to sell, call options on securities in the Gold Portfolio in any month based on prevailing market conditions. There are fees and expenses associated with the underlying Gold Bullion ETFs that Horizons HGY invests in which are in addition to the fees and expenses payable by Horizons HGY. Gold Bullion ETFs may include Exchange Traded Products that are managed by an affiliate of the Manager.

Horizons HNY

Horizons HNY was created to provide Unitholders with low cost exposure to the price of natural gas or natural gas futures hedged to the Canadian dollar, while providing monthly tax-efficient distributions.

Horizons HNY seeks to achieve its investment objectives by holding the Natural Gas Portfolio. The Natural Gas Portfolio is comprised primarily of Natural Gas Futures ETFs, and may include natural gas futures, financial swaps and total return swaps from time to time. The Natural Gas Portfolio is selected by the Investment Manager. Horizons HNY seeks to be fully exposed to the price of natural gas or natural gas futures at all times, but does not replicate the performance of natural gas futures due to the covered call writing strategy and fees and expenses. The Investment Manager will, depending on market conditions, write at-the-money or out-of-the-money covered call options on approximately, and not more than, 33% of the securities and other instruments in the Natural Gas Portfolio. The level of covered call option writing to which the Natural Gas Portfolio is exposed may vary based on market volatility and other factors.

Positions in natural gas futures contracts are only maintained if the Natural Gas Portfolio holds cash cover in an amount that, together with margin on account for the natural gas futures contracts, is not less than the underlying market exposure of the natural gas futures contracts. Call options written by the Investment Manager generally involve writing next month call options and, based on the price movement of natural gas futures, the Investment Manager rolls those call options that are in-the-money prior to expiry to the next month and lets call options that are out-of-the-money expire. The Investment Manager does not manage the call option writing strategy to achieve a specific target return, but manages it to generate attractive option premiums that temper the volatility associated with owning a portfolio of securities that provide exposure to the price of natural gas or natural gas futures. The Investment Manager may decide, in its discretion, to reduce the percentage of, or not to sell, call options on securities in the Natural Gas Portfolio in any month based on prevailing market conditions. There are fees and expenses associated with the underlying Natural Gas Futures ETFs that the Natural Gas Portfolio invests in which are in addition to the fees and expenses payable by Horizons HNY. Natural Gas Futures ETFs may include Exchange Traded Products that are managed by an affiliate of the Manager.

Covered Option Writing – Yield ETFs

The writing of call options by the Investment Manager involves the selling of call options in respect of approximately, and not more than, 33% of the securities and other instruments in a Portfolio. Such call options may be either exchange-traded options or over-the-counter options. Call options are only written in accordance with NI 81-102 which permits call options to be written only if a fund holds positions sufficient, without recourse to other assets of the fund, to enable the fund to satisfy its obligations to deliver the underlying interest of the option.

The holder of a call option purchased from an ETF has the option, exercisable during a specific time period or at the expiry, to purchase the security or futures contract underlying the option from such ETF at the strike price. By selling call options, an ETF receives option premiums, which are generally paid within one business day of writing the option. If at any time during the term of a call option or at expiry, the market price of the underlying futures contract or security is above the strike price, the holder of the option may exercise the option and the seller of such call option would be obligated to sell the futures contracts or securities to the holder at the strike price per futures contract or security. Alternatively, an ETF may repurchase a call option when the option's strike price is lower than the market price of the underlying futures contract or security (also known as the option being "in-the-money") by paying the market value of the call option. If, however, a call option's strike price is higher than the market price of the underlying futures contract or security (also known as the option being "out-of-the-money"), at expiration of the call option the holder of the option will likely not exercise the option and the option will expire. In each case, the ETF will retain the option premium. See "Call Option Pricing".

The amount of option premium depends upon, among other factors, the expected volatility of the price of the underlying futures contract or security. The higher the volatility, the higher the option premium. In addition, the amount of an option premium will depend upon the difference between the strike price of the option and the market price of the underlying futures contract or security at the time the option is written. The smaller the positive difference (or the larger the negative difference), the more likely it is that the option will become in-the-money during the term and, accordingly, the greater the option premium. The Investment Manager intends that options sold by the ETFs will be sold at a strike price which is "at-the-money" (that is at or close to the current market price of futures contracts or securities in a Portfolio). See "Call Option Pricing".

If a call option is written on a futures contract or security in a Portfolio, the amounts that the applicable ETF will be able to realize on the futures contract or security during the term of the call option will be limited to an amount equal to the sum of the strike price and the premium received from writing the option. In essence, an ETF forgoes potential returns resulting from any price appreciation of the futures contract or security underlying the option above the strike price because the futures contract or security will be called away or the ETF will pay to close out the option by repurchasing the option at the then current market price of the option. The current market price of an in-the-money option may exceed the premium received when the at-the-money option was sold.

Call Option Pricing – Yield ETFs

Many investors and financial market professionals price call options based on the Black-Scholes Model. In practice, however, actual option premiums are determined in the marketplace and there can be no assurance that the values generated by the Black-Scholes Model can be attained in the market.

Under the Black-Scholes Model (modified to include dividends and distributions), the primary factors that affect the option premium received by the seller of a call option are the following:

(a) the volatility of the price of the underlying futures contract or security - the volatility of the price of a futures contract or security measures the tendency of the price of the instrument to vary during a specified period. The higher the price volatility, the more likely that the price of that instrument will fluctuate (either positively or negatively) and the greater the option premium. Price volatility is generally measured in percentage terms on an annualized basis, based on price changes during a period of time immediately prior to or "trailing" the date of calculation;

(b) the difference between the strike price and the market price of the underlying futures contract or security at the time the option is written - the smaller the positive difference (or the larger the negative difference), the greater the option premium;

(c) the term of the option - the longer the term, the greater the call option premium;

(d) the "risk-free" or benchmark interest rate in the market in which the option is issued - the higher the risk-free interest rate, the greater the call option premium; and

(e) the dividends and distributions expected to be paid on the underlying futures contract or security during the relevant term - the greater the dividends and distributions, the lower the call option premium.

Currency Hedging – Yield ETFs

As most of the futures contracts or securities that make up the Portfolios are denominated in U.S. currency and the net asset value of the Yield ETFs is calculated in Canadian currency, substantially all of the exposure to the U.S. dollar denominated securities in the Portfolios is hedged back to the Canadian dollar.

General Investment Strategies of the ETFs

Securities Lending

The ETFs may lend securities to brokers, dealers and other financial institutions and other borrowers desiring to borrow securities provided that such securities lending qualifies as a "securities lending arrangement" for the purposes of the Tax Act. Securities lending will allow the ETFs to earn additional income to offset its costs and, if applicable, help ensure the investment results of an ETF more closely correspond to its Underlying Index. All additional income earned by an ETF through securities lending will accrue to that ETF. The ETFs have obtained exemptive relief from the limitations in NI 81-102 so that an ETF may lend 100% of its investment portfolio to qualified borrowers.

In carrying out securities lending, the ETFs will engage a lending agent with experience and expertise in completing such transactions. Each ETF may engage affiliates of NBF as a lending agent.

Under applicable securities legislation, the collateral from securities lending is required to have an aggregate value of not less than 102% of the value of the loaned securities. Any cash collateral acquired by an ETF is permitted to be invested only in securities permitted under NI 81-102 and that have a remaining term to maturity of no longer than 90 days.

Derivatives

The ETFs may use derivatives to gain exposure to asset classes in compliance with NI 81-102 and NI 81-104, subject any exemptive relief the ETFs have obtained from the Canadian Securities Regulatory Authorities. See “Exemptions and Approvals”.

Derivatives are instruments that derive their value from the market price, value or level of an underlying security, commodity, economic indicator, index or financial instrument and which enable investors to speculate on or hedge against future changes in the price or value of the underlying interest of the derivative. The underlying interests of derivatives include a wide variety of assets or financial instruments, such as agricultural products, energy products and base or precious metals (commonly called commodities), interest rates, currencies and stock indices.

Commodity Participation Units

The ETFs have obtained exemptive relief that permits them to invest in Exchange Traded Products that issue Commodity Participation Units, including Exchange Traded Products managed by affiliates of the Manager and advised by the Investment Manager. The Manager believes that investing in Exchange Traded Products that issue Commodity Participation Units exposes an ETF to less risk than a direct investment in commodity futures as the ETF’s risk is limited to the principal amount invested in such Exchange Traded Product while the notional exposure of an investment by an ETF in a commodity future could be significantly greater than the cash cover and margin on account.

Use of Leverage

The aggregate market exposure of all instruments held directly or indirectly by Horizons HMF to gain exposure to the Managed Futures Index, calculated daily on a mark-to-market basis, can exceed Horizons HMF’s net asset value, and can exceed the amount of cash and securities held as margin on deposit to support the derivatives trading activities of Horizons HMF.

The maximum amount of leverage that can be used, directly or indirectly, by Horizons HMF and the Managed Futures Index, expressed as a ratio of total underlying notional value of the securities and/or financial derivative positions of the ETF divided by the net assets of the ETF, shall not exceed 2:1.

As of January 31, 2017, the Managed Futures Index had a leverage ratio of 1.72:1.

The Yield ETFs do not borrow money, employ financial leverage or invest in any securities for the purposes of gaining leverage.

OVERVIEW OF THE SECTORS THAT THE ETFS INVEST IN

Horizons HMF

Horizons HMF is exposed to the commodity futures markets described below. In the past, returns from investments in commodities have generally exhibited a low or negative correlation with returns of other asset classes such as Canadian and U.S. equities and bonds. The returns of an investment in each commodity are influenced by a particular set of microeconomic factors. See “Risk Factors – Commodity Risk”.

Energies Sector

Horizons HMF is exposed to the energies sector through exposure to crude oil, heating oil, gasoline and natural gas futures contracts on the NYMEX® exchange.

Metals Sector

Horizons HMF is exposed to the metals sector through exposure to gold, silver and copper futures contracts on the COMEX® exchange.

Agricultural Sector

Horizons HMF is exposed to the agricultural sector through exposure to corn, soybeans and wheat futures contracts on the CBOT exchange, and cotton and sugar contracts on the ICE Futures U.S. exchange.

Interest Rates Sector

Horizons HMF is exposed to the interest rates sector through exposure to U.S. 30 year bond, U.S. 10 year note and U.S. 5 year note futures contracts on the Chicago Mercantile Exchange.

Currencies Sector

Horizons HMF is exposed to the currencies sector through exposure to Australian Dollar, British Pound, Canadian Dollar, Euro, and Japanese Yen futures contracts on the Chicago Mercantile Exchange, and U.S. Dollar index futures contracts on the ICE Futures U.S. exchange.

Yield ETFs

Gold Bullion and Gold Futures

Horizons HGY is exposed to the gold futures market. Gold is a popular precious metal for decorative and industrial purposes, as well as for use in currency or as an alternative to currencies. Gold bullion can represent a private and borderless store of wealth and is often held by central and reserve banks as a means of defending their currency and by individual investors as an alternative to any one country's currency, or as a hedge against currency fluctuations, devaluations, deflation and inflation.

The price of gold is determined through trading in the physical gold and gold derivatives markets. Although the spot price of gold is determined twice each business day on the London market by the five members of The London Gold Market Fixing Ltd., significant gold futures market activity occurs in the United States.

Natural Gas

Horizons HNY is exposed to the natural gas futures market. Natural gas, a naturally occurring gas consisting primarily of methane and other hydrocarbon gases such as ethane, is important in the production of fertilizers and is a major global fuel source. Trade of natural gas futures happens on exchanges and over the counter throughout the world. While natural gas is an alternative fuel source to crude oil, the factors that affect the price of crude oil may not directly influence the price of natural gas or may affect it to a different degree.

INVESTMENT RESTRICTIONS

The ETFs are subject to certain restrictions and practices contained in securities legislation, including NI 81-102 and NI 81-104, which are designed in part to ensure that the investments of the ETFs are diversified and relatively liquid and to ensure the proper administration of the ETFs. The investment restrictions and practices applicable to the ETFs which are contained in securities legislation, including NI 81-102 and NI 81-104, may not be deviated from without the prior consent of the Securities Regulatory Authorities having jurisdiction over the ETFs.

Subject to the following, and the exemptive relief that has been obtained, has been, or is being applied for, the ETFs are managed in accordance with the investment restrictions and practices set out in applicable securities legislation, including NI 81-102 and NI 81-104.

Tax-Related Investment Restrictions

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

FEES AND EXPENSES

Fees and Expenses Payable by the ETFs

Management Fees

Each ETF pays annual Management Fees, calculated and accrued daily and payable monthly in arrears, to the Manager equal to: (i) an annual percentage of the net asset value of the Class E Units, plus applicable Sales Tax and (ii) an annual percentage of the net asset value of the Advisor Class Units, plus applicable Sales Tax. The Management Fees of each ETF will be as follows:

ETF	Management Fees	
	Class E Unit	**Advisor Class Unit**
Horizons HMF	0.95% of the net asset value of Horizons HMF's Class E Units	1.70% of the net asset value of Horizons HMF's Advisor Class Units
Horizons HGY	0.60% of the net asset value of Horizons HGY's Class E Units	1.35% of the net asset value of Horizons HGY's Advisor Class Units
Horizons HNY	0.85% of the net asset value of Horizons HNY's Class E Units	1.60% of the net asset value of Horizons HNY's Advisor Class Units

The Investment Manager and, in respect of Horizons HMF, the Sub Advisor, will be compensated for their services by the Manager and the Investment Manager, respectively.

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

Management Fee Distributions

To encourage very large investments in an ETF and to ensure Management Fees are competitive for these investments, the Manager may, at its discretion, agree to charge a reduced fee as compared to the fee it would otherwise be entitled to receive from the ETF with respect to investments in the ETF by Unitholders that hold, on average during any period specified by the Manager from time to time (currently a quarter), Units of the ETF having a specified aggregate value. Such a reduction will be dependent upon a number of factors, including the amount invested, the total assets of the ETF under administration and the expected amount of account activity. An amount equal to the difference between the fee otherwise chargeable and the reduced fee of the applicable ETF will be distributed no less than quarterly in cash by the ETF, at the discretion of the Manager, to those Unitholders as Management Fee Distributions.

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

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

Advisor Class Units Service Fee

The Manager will pay to registered dealers a Service Fee equal to 0.75% per annum of the net asset value of Advisor Class Units of each ETF held by clients of the registered dealer. The only difference between Class E Units and Advisor Class Units is that the higher Management Fee charged to the Advisor Class Units reflects the Service Fee paid to registered dealers by the Manager. The ETFs do not pay Service Fees to registered dealers in respect of Class E Units.

On or about April 28, 2017, the Manager intends to reduce the Management Fees on the existing Advisor Class Units by an amount equal to the Service Fee payable by the Manager in respect of the Advisor Class Units. Upon such reduction, the Management Fees for the Advisor Class Units will change to be the same as the Management Fees described above for the Class E Units of the same ETF.

Operating Expenses

Unless otherwise waived or reimbursed by the Manager, an ETF pays all of its operating expenses, including: audit fees; trustee and custodial expenses; accounting and record keeping costs; legal expenses; permitted prospectus preparation and filing expenses; stock exchange fees; index licensing fees, if applicable; CDS fees; bank related fees and interest charges; extraordinary expenses; Unitholder reports and servicing costs; income taxes; registrar and transfer agent fees; costs of the IRC; Sales Tax; brokerage expenses and commissions; and withholding taxes.

Costs and expenses payable by the Manager, or an affiliate of the Manager, include the Service Fee paid to registered dealers on Advisor Class Units held by clients of that dealer, as well as fees of a general administrative nature. The Investment Manager and the Sub Advisor will be compensated for their services by the Manager and the Investment Manager, respectively.

Expenses of the Issue

Apart from the initial organizational cost of the ETFs, all expenses related to the issuance of Units shall be borne by the ETFs unless otherwise waived or reimbursed by the Manager.

Underlying Exchange Traded Funds Fees

Each ETF may invest in exchange traded funds which may be managed by the Manager, its affiliates or independent fund managers. There are fees and expenses payable by these underlying exchange traded funds in addition to the fees and expenses payable by an ETF. With respect to such investments, no management fees or incentive fees are payable by an ETF that, to a reasonable person, would duplicate a fee payable by such underlying exchange traded funds for the same service. Further, no sales fees or redemption fees are payable by an ETF in relation to its purchases or redemptions of the securities of the underlying exchange traded funds in which it invests if these underlying exchange traded funds are managed by the Manager or an affiliate or associate of the Manager.

Fees and Expenses Payable Directly by the Unitholders

Redemption Charge

The Manager may charge Unitholders of an ETF, at its discretion, a redemption charge of up to 0.25% of redemption proceeds. The Manager does not currently anticipate charging any redemption charge. The Manager will publish the current redemption charge, if any, on its website, www.horizonsetfs.com.

ANNUAL RETURNS, MANAGEMENT EXPENSE RATIO AND TRADING EXPENSE RATIO

The following chart provides the annual returns, MER[1] and TER[2] for the Class E Units and Advisor Class Units for the ETFs for each calendar year from their respective dates of inception. The MER and TER figures provided below for 2012 were calculated on an annualized basis as at December 31, 2012.

Horizons HMF - Class E Units	**2015**	**2014**	**2013**	**2012**
Annual Returns	-6.84%	15.57%	0.37%	-7.20%
MER	1.21%	1.22%	1.19%	1.18%
MER excluding proportion of expenses from underlying investment funds	1.09%	0.98%	0.53%	0.51%
TER	1.39%	1.56%	0.68%	0.68%
TER excluding proportion of costs from underlying investment funds	1.26%	1.46%	0.53%	0.60%

Horizons HMF - Advisor Class Units	**2015**	**2014**	**2013**	**2012**
Annual Returns	-7.65%	14.57%	-0.50%	-7.80%
MER	2.08%	2.09%	2.07%	2.02%
MER excluding proportion of expenses from underlying investment funds	1.96%	1.85%	1.40%	1.35%
TER	1.39%	1.56%	0.68%	0.68%
TER excluding proportion of costs from underlying investment funds	1.26%	1.46%	0.53%	0.60%

Horizons HGY - Class E Units	**2015**	**2014**	**2013**	**2012**
Annual Returns	-11.24%	-0.49%	-25.82%	5.07%
MER	1.15%	1.12%	1.11%	1.12%
MER excluding proportion of expenses from underlying investment funds	0.75%	0.72%	0.36%	0.34%
TER	0.10%	0.13%	0.74%	0.71%
TER excluding proportion of costs from underlying investment funds	0.10%	0.13%	0.73%	0.64%

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

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

Horizons HGY - Advisor Class Units	**2015**	**2014**	**2013**	**2012**
Annual Returns	-11.91%	-1.34%	-26.45%	-5.72%
MER	1.92%	1.98%	1.97%	1.96%
MER excluding proportion of expenses from underlying investment funds	1.52%	1.58%	1.22%	1.18%
TER	0.10%	0.13%	0.74%	0.71%
TER excluding proportion of costs from underlying investment funds	0.10%	0.13%	0.73%	0.64%

Horizons HNY - Class E Units	**2015**	**2014**	**2013**	**2012**
Annual Returns	-36.33%	-21.58%	2.89%	-0.53%
MER	1.63%	1.35%	1.75%	1.91%
MER excluding proportion of expenses from underlying investment funds	1.03%	1.03%	0.51%	0.45%
TER	0.96%	0.99%	1.18%	1.35%
TER excluding proportion of costs from underlying investment funds	0.58%	0.62%	0.78%	0.61%

Horizons HNY - Advisor Class Units	**2015**	**2014**	**2013**	**2012**
Annual Returns	-36.85%	-22.24%	2.05%	-1.24%
MER	2.46%	2.16%	2.60%	2.76%
MER excluding proportion of expenses from underlying investment funds	1.85%	1.84%	1.36%	1.30%
TER	0.96%	0.99%	1.18%	1.35%
TER excluding proportion of costs from underlying investment funds	0.58%	0.62%	0.78%	0.61%

The MER and TER of each ETF include an estimated proportion of the MER and TER for any underlying investment funds held in an ETF's portfolio during the year. The ETF's MER and TER for years prior to 2015 have been adjusted to include amounts applicable to those years.

The following chart provides the annual compound returns and management expense ratios for the class A and class F units of the Fund from the date of initial public offering on December 20, 2010 to December 31, 2011.

Horizons Gold Yield Fund – Class A Units	**2011**	**2010**
Annual Returns	5.19%	-4.83%
Management expense ratio excluding issue costs[1]	1.06%	0.90%
Management expense ratio[2]	2.03%	8.12%

Horizons Gold Yield Fund – Class F Units	**2011**	**2010**
Annual Returns (%)	5.75%	-1.67%
Management expense ratio excluding issue costs[4]	0.72%	0.62%
Management expense ratio[5]	1.44%	4.41%

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[1] This management expense ratio is based on total expenses (excluding one-time costs related to the offering of the Fund, commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period. Out of its management fees, the Manager paid for such services to the Fund as the Investment Manager's compensation, service fees and marketing.

[2] This management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs, but including one-time costs related to the offering of the Fund) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period. Out of its management fees, the Manager paid for such services to the Fund as the Investment Manager's compensation, service fees and marketing.

RISK FACTORS

An investment in Units of the ETFs will be subject to certain risks. In particular, an investment in Units of an ETF can be speculative, can involve a high degree of risk and may only be suitable for persons who are able to assume the risk of losing their entire investment. Prospective investors should consider the risks particular to each ETF in which they are considering investing, among others, before subscribing for Units.

General Risks

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

Commodity Risk

It can be expected that factors affecting the price of commodities will affect the NAV of an ETF. The price of commodities may be affected at any time by various unpredictable international, economic, monetary and political considerations including, as applicable:

(a) global supply and demand, which is influenced by such factors as:

  (i) forward selling by commodity producers;

  (ii) purchases made by commodity producers to unwind hedge positions;

  (iii) central bank purchases and sales;

  (iv) the investment and trading activities of hedge funds and commodity funds; and

  (v) production and cost levels in major commodity-producing countries;

(b) investors' expectations with respect to future inflation rates;

(c) interest rate volatility; and

(d) unexpected global, or regional, political or economic events, including banking crises and international conflicts.

Changing tax, royalty and land and mineral, crude oil and natural gas rights ownership and leasing regulations under different political regimes can also impact market functions and expectations for future commodity supply.

Risks Relating to Use of Derivatives

The Managed Futures Portfolio and the Portfolios will include derivatives used for any purpose, including, among other things, as a substitute for taking a position in an underlying asset or as part of a strategy designed to reduce or increase exposure to other risks, such as commodity or currency risk, as applicable. An ETF's use of derivative instruments presents risks different from, and possibly greater than, the risks associated with investing directly in securities and other traditional investments. Derivatives are subject to a number of risks, such as liquidity risk, commodity risk, market risk, credit risk, leveraging risk, counterparty risk and management risk. They also involve the risk of mispricing or improper valuation and the risk that changes in the value of a derivative may not correlate perfectly with the underlying asset, rate or index. An ETF only invests in or uses futures contracts to gain exposure to the price of energy, metals, agricultural commodities, interest rate and currency sector futures as applicable and may use forward contracts or futures contracts for hedging purposes subject to its investment restrictions. Hedging with derivatives may not always work and it could restrict an ETF's ability to increase in value and adds to the risk of investing in Units of the ETFs. There is also no guarantee that an ETF will be able to obtain or close out a derivative contract when it needs to, which could prevent the ETF from making a profit or limiting a loss.

Concentration Risk

Horizons HMF is exposed to the value of the Managed Futures Portfolio. The Managed Futures Portfolio's holdings are not diversified and are concentrated in securities that provide exposure to, as applicable, the energy, metals, agricultural commodities, interest rate and currency sectors. This concentrated focus may constrain the liquidity and the number of investments available to Horizons HMF. Horizons HMF's holdings and the net asset value of Horizons HMF may be more volatile than the value of a more broadly diversified portfolio and may fluctuate substantially over short periods of time. This may have a negative impact on the value of the Units of Horizons HMF.

Each Yield ETF's Portfolio holdings are not diversified and are concentrated in securities that provide exposure to gold bullion, gold futures, or natural gas futures, as applicable. This concentrated focus may constrain the liquidity and the number of investments available to each Yield ETF. Each Yield ETF's holdings and the net asset value of such Yield ETF may be more volatile than the value of a more broadly diversified portfolio and may fluctuate substantially over short periods of time. This may have a negative impact on the value of the Units of the Yield ETFs.

Aggressive Investment Technique Risk

The ETFs use investment techniques and financial instruments that may be considered aggressive, including the use of (as applicable) futures contracts, shorting, options on futures contracts, securities and indices, forward contracts, swap agreements and similar instruments. Such techniques, particularly when used to create leverage, may expose the ETFs to potentially dramatic changes or losses in the value of the instruments and imperfect correlation between the value of the instruments and the relevant security or index. An ETF's investment in financial instruments may involve a small investment relative to the amount of risk assumed. Financial instruments are subject to a number of risks described elsewhere in this prospectus, such as liquidity risk, credit risk and counterparty risk.

In respect of Horizons HMF, the use of aggressive investment techniques also exposes Horizons HMF to risks different from, or possibly greater than, the risks associated with investing directly in the securities comprising the Underlying Index, including: 1) the risk that an instrument is temporarily mispriced; 2) credit, performance or documentation risk on the amount Horizons HMF expects to receive from a counterparty; 3) the risk that securities prices and currency markets will move adversely and Horizons HMF will incur significant losses; 4) imperfect correlation between the price of the financial instruments and movements in the prices of the underlying securities; 5) the risk that the cost of holding a financial instrument might exceed its total return; and 6) the possible absence of a liquid secondary market for any particular instrument and possible exchange imposed price fluctuation limits, both of which may make it difficult or impossible to adjust Horizons HMF's positions in a particular instrument when desired.

No Assurance of Meeting Investment Objectives

There is no assurance that the ETFs will be able to achieve their respective investment objectives. Furthermore, there is no assurance that the NAV of the ETFs will appreciate or be preserved. Changes in the relative weightings between the various types of securities and instruments held by an ETF can affect the overall yield to Unitholders.

In respect of Horizons HMF, there is also no assurance that Horizons HMF will be able to successfully mimic the returns of the Underlying Index, which will affect the returns realized by the ETF. Changes in the relative weightings between the various types of securities and instruments making up the Managed Futures Portfolio can affect the overall yield to Unitholders of Horizons HMF.

Market and Market Volatility Risk

Each ETF is subject to market risks that will affect the value of its Units, including general economic and market conditions, as well as developments that impact specific economic sectors, industries or companies. Volatility is a concept that relates to the frequency or magnitude in the fluctuation of the market value of securities. Markets may experience significant volatility relative to historical levels in the foreseeable future.

Regulatory Risk

Legal and regulatory changes may occur, including income tax laws relating to the treatment of mutual fund trusts under the Tax Act, which may adversely affect the ETFs and could make it more difficult, if not impossible, for the ETFs to operate or to achieve their investment objectives. To the extent possible, the Manager will attempt to monitor such changes to determine the impact such changes may have on the ETFs and what can be done, if anything, to try and limit such impact.

Corresponding Net Asset Value Risk

The closing trading price of Units of an ETF may be different from the net asset value of that ETF. As a result, Dealers may be able to acquire or redeem a PNU at a discount or a premium to the closing trading price per Unit of an ETF. Such price differences may be due, in large part, to supply and demand factors in the secondary trading market for Units of an ETF being similar, but not identical, to the same forces influencing the price of the underlying securities of that ETF at any point in time. As Unitholders may redeem a PNU, the Manager expects that large discounts or premiums to the net asset value per Unit of an ETF will not be sustained.

The value of Units of an ETF may also be influenced by the non-concurrent trading hours between the exchange on which the Exchange Traded Products are traded and the futures exchange on which futures contracts are traded. For example, while Units of an Exchange Traded Product may trade on the TSX from 9:30 a.m. to 4:00 p.m. (EST), the futures contracts may be traded during a different time frame. Liquidity in the futures contracts will therefore be reduced after the close of trading of the commodities futures exchange. As a result, during the time when the securities exchange is open and the commodities futures exchange is closed, trading spreads and the resulting premium or discount on the Units of an ETF may widen. Such trading spreads may also increase the difference between the prices of Units of an ETF and the net asset value of such Units.

General Risk of Investing in Exchange Traded Funds

Horizons HMF may be exposed to Exchange Traded Products. Each Yield ETF may hold Gold Bullion ETFs or Natural Gas Futures ETFs, as applicable. Exchange-traded funds are generally structured to invest in all or a representative sample of the securities that generally replicate the price and yield performance of an underlying market index or sector such as a commodity, commodity future, broad stock market, industry sector, domestic or international equity or fixed income, or U.S. or foreign government bond. Exchange-traded fund securities are traded on stock exchanges and markets at open market prices that generally track the net asset value per security of the exchange-traded fund. Direct issuances and redemption of exchange traded fund securities at the exchange traded fund's net asset value per security only occur in large blocks (or creation units) transacted between the exchange-traded fund and authorized institutional purchasers. An exchange-traded sector fund may be adversely affected by the performance of that specific commodity, sector or group of industries on which it is based. International investments may involve risk of capital loss from unfavourable fluctuations in currency values, differences in generally accepted accounting principles, or economic or political instability in other nations. Although commodity and index-based exchange-traded funds are designed to provide investment results that generally correspond to the price and yield performance of their respective underlying commodity or index, exchange-traded funds may not be able to replicate exactly the performance of the commodity or index because of their expenses and other factors. Exchange-traded fund securities may trade at either a discount or premium to their underlying net asset value. The purchase or sale of exchange-traded fund securities in the secondary market involves the payment of brokerage commissions, and the purchase and redemption of creation units involves other transaction costs and brokerage commissions. Investors in exchange-traded funds also directly bear the exchange-traded fund's costs associated with its payment of investment manager fees and fees for administrative, custodial or other services and thus the securityholders will be charged an additional layer of fees and expenses.

Exchange Risk

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

Liquidity Risk

In certain circumstances, such as the disruption of the orderly markets for the securities in which the the ETFs invest, the ETFs may not be able to dispose of certain holdings quickly or at prices that represent true market value. Certain derivative instruments that are held by the ETFs may also be illiquid, which may prevent an ETF from being able to limit its losses, to realize gains or from achieving a high correlation with its Underlying Index.

Designated Broker/Dealer Risk

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

Cease Trading of Securities Risk

If the securities of a constituent issuer or component contracts are cease-traded by order of a Securities Regulatory Authority or are halted from trading by the relevant stock exchange, an ETF may halt trading in its securities. Accordingly, Units of an ETF bear the risk of cease-trading orders against all of the constituent issuers or component contracts, not just one. If securities of an ETF are cease-traded by order of a Securities Regulatory Authority, if normal trading is suspended on the relevant exchange, or if for any reason it is likely there will be no closing bid price for securities, the ETF may suspend the right to redeem Units for cash, subject to any required prior regulatory approval. If the right to redeem Units for cash is suspended, an ETF may return redemption requests to Unitholders who have submitted them.

Tax Risks

It is anticipated that the ETFs will qualify at all times as a “mutual fund trust” within the meaning of the Tax Act. For an ETF to qualify as a “mutual fund trust,” it must comply on a continuous basis with certain requirements relating to the qualification of its Units for distribution to the public, the number of Unitholders of the ETF and the dispersal of ownership of its Units. An ETF will be deemed not to be a mutual fund trust if it is established or maintained primarily for the benefit of non-residents of Canada unless, at that time, all or substantially all of its property is property other than property that would be “taxable Canadian property” as defined in the Tax Act (if the definition of such term in the Tax Act were read without reference to paragraph (b) thereof). The current law does not provide any means of rectifying a loss of mutual fund trust status if this requirement is not met. In the event an ETF were not to qualify as a mutual fund trust under the Tax Act at all times, the after-tax returns to Unitholders may be reduced and the income tax considerations described under the heading “Income Tax Considerations” would be materially and adversely different in certain respects.

There can be no assurance that Canadian federal and provincial income tax laws and the administrative policies and assessing practices of the CRA, including those respecting the treatment of mutual fund trusts, will not be changed in a manner that adversely affects the Unitholders or the ETFs. In addition, there can be no assurance that the CRA will agree with the tax treatment adopted by an ETF in filing its tax return (e.g., deduction of expenses or recognition of income) and the CRA could reassess an ETF on a basis that results in tax being payable by the ETF or additional tax being paid by a Unitholder.

The Tax Act contains rules concerning the taxation of publicly traded Canadian trusts and partnerships that own certain types of property defined as “non-portfolio property”. A trust that is subject to these rules is subject to trust level taxation, at rates comparable to those that apply to corporations, on the trust’s income earned from “non-portfolio property” to the extent that such income is distributed to its unitholders. These rules should not impose any tax on an ETF as long as the ETF adheres to its investment restriction in this regard. If these rules apply to an ETF, the after-tax return to its Unitholders could be reduced, particularly in the case of a Unitholder who is exempt from tax under the Tax Act or is a non-resident of Canada.

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

In determining its income for tax purposes, each Yield ETF treats gains and losses on dispositions of securities in its Portfolio and option premiums received on the writing of covered call options and any gains or losses sustained on closing out such options as capital gains and capital losses. Subject to the DFA Rules discussed below, gains or losses in respect of currency hedges entered into in respect of amounts invested in the portfolio of an ETF will constitute capital gains and capital losses to the ETF if the securities in the ETF's portfolio are capital property to the ETF and provided there is sufficient linkage. Certain proposed amendments to the Tax Act, if enacted as proposed, would clarify that the DFA Rules generally would not apply to such foreign currency hedges. The CRA's practice is not to grant advance income tax rulings on the characterization of items as capital or income and no advance income tax ruling has been applied for or received from the CRA. If some or all of the transactions undertaken by a Yield ETF in respect of covered options and securities in the Portfolio were treated on income rather than capital account, the net income of the Yield ETF for tax purposes and the taxable component of distributions to Unitholders could increase. Any such redetermination by the CRA may result in the Yield ETF being liable for unremitted withholding taxes on prior distributions made to Unitholders who were not resident in Canada for the purposes of the Tax Act at the time of the distribution. Such potential liability may reduce the net asset value of, or trading prices of, the Units.

The Tax Act contains rules (the "**DFA Rules**") that target financial arrangements (referred to as "derivative forward agreements") that seek to reduce tax by converting, through the use of derivative contracts, the return on an investment that would have the character of ordinary income to capital gains. The DFA Rules are broad in scope and could apply to other agreements or transactions (including, certain options and forward currency contracts, subject to the proposed amendments to the Tax Act discussed in the preceding paragraph). If the DFA Rules were to apply in respect of derivatives utilized by an ETF, gains realized in respect of the property underlying such derivatives could be treated as ordinary income rather than capital gains. In general, the writing of a covered call option by a Yield ETF in the manner described under the heading "Investment Strategies – Investment Strategies – Yield ETFs – Covered Option Writing – Yield ETFs" is not expected to be subject to the DFA Rules. It is not clear whether the writing of a covered call option, if coupled with certain other transactions, could be subject to the DFA Rules. The Yield ETFs do not intend to write an option that would be subject to the DFA Rules

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

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

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

Early Closing Risk

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

Liability of Unitholders

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

Market for Units

There can be no assurance that an active public market for Units of the ETFs will be sustained.

Securities Lending Risk

The ETFs may enter into securities lending transactions, repurchase transactions and reverse repurchase transactions in order to earn additional income. There are risks associated with these kinds of transactions. Over time, the value of the securities loaned under a securities lending transaction or sold under a repurchase transaction might exceed the value of the cash or collateral held by the ETFs. If the third party defaults on its obligation to repay or resell the securities to an ETF, the cash or collateral may be insufficient to enable such ETF to purchase replacement securities and the ETF may suffer a loss for the difference. Likewise, over time, the value of the securities purchased by an ETF under a reverse repurchase transaction may decline below the amount of cash paid by such ETF to the third party. If the third party defaults on its obligation to repurchase the securities from an ETF, the ETF may need to sell the securities for a lower price and suffer a loss for the difference.

Each ETF has received exemptive relief from the Securities Regulatory Authorities to allow it to lend 100% of its investment portfolio to qualified borrowers.

No Ownership Interest

An investment in Units of the ETFs does not constitute an investment by Unitholders in the securities held by the ETFs. Unitholders will not own the securities or other instruments held by the ETFs.

Redemption Price

Unitholders will not know in advance of giving a notice of redemption the price at which the Units will be redeemed. In the period after a notice of redemption for Units of an ETF has been given and before the applicable redemption date, the NAV per Unit of the ETF and therefore the redemption amount which will be payable to the Unitholder in respect of the Units being redeemed may change substantially due to market movements. Unitholders are not entitled to withdraw a request for redemption unless a suspension of redemptions has been declared. In various circumstances, the redemption of Units and the payment of redemption proceeds may be suspended. In the event the value of the ETF decreases during this period, a greater proportion of funds may need to be redeemed by the ETF in order to fund the redemption and in such circumstances the value of the remaining Units of the ETF will be adversely affected.

Suspension of Redemptions

Each ETF may suspend the redemption of Units or payment of redemption proceeds (a) during any period when normal trading is suspended on a stock exchange or other market on which securities owned by the ETF are listed and traded, if these securities represent more than 50% by value or underlying market exposure of the total assets of the ETF, without allowance for liabilities, and if these securities are not traded on any other exchange that represents a reasonably practical alternative for the ETF; or (b) for any period not exceeding 120 days during which the Manager determines that conditions exist which render impractical the sale of assets of an ETF. If redemptions are suspended, Unitholders may experience reduced liquidity or no liquidity at all.

Significant Redemptions

If holders of a substantial number of Units exercise their redemption rights, the number of Units outstanding and the NAV of an ETF could be significantly reduced. If a substantial number of Units are redeemed, this could decrease the trading liquidity of the Units in the market and increase the MER of an ETF, resulting in a potentially lower distribution per Unit. In any such circumstance, the Manager may determine it appropriate to (i) suspend redemptions of Units; or (ii) terminate such ETF without the approval of the Unitholders if, in the opinion of the Manager, it is no longer economically feasible to continue the ETF or the Manager determines that it would be in the best interests of Unitholders to terminate the ETF.

Price Limit Risk

Some futures exchanges have regulations that limit the amount of fluctuation that may occur in futures contract prices during a single business day. The maximum or minimum price on a contract on any given day as a result of these limits is referred to as a “limit price”. Once the limit price is reached on a contract, no trades may be made at a price beyond the limit. The limit price may preclude trading or force liquidation of a particular contract at potentially disadvantageous prices or times. Such circumstances could also adversely affect the value of a commodity based Exchange Traded Product, the NAV of an ETF, and could also disrupt subscription and redemption requests.

General Economic, Political and Market Conditions

The prices of securities held by an ETF, including any call options and swaps, may be affected by general economic, political and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, changes in laws, and national and international political circumstances. These factors may affect the level and volatility of the price of gold or natural gas and the liquidity of the assets of an ETF. Unexpected volatility or illiquidity could impair an ETF’s returns. During periods of limited liquidity and higher price volatility, an ETF’s ability to acquire or dispose of its investments at a price and time that the Investment Manager deems advantageous may be impaired. An ETF's inability to dispose fully and promptly of positions in declining markets will conversely cause its net asset values to decline as the value of unsold positions is marked to lower prices. An ETF is also subject to the risk of the failure of any exchanges on which its positions trade or of its clearinghouses. Consequently, substantial losses could occur. Periods of illiquidity and volatility and the events that trigger them are difficult to predict and there can be no assurance that the Investment Manager will be able to do so.

No Guaranteed Return

There is no guarantee that an investment in an ETF will earn any positive return. The value of the Units may increase or decrease depending on market, economic, political, regulatory and other conditions affecting an ETF's investments. An investment in Units is more volatile and risky than some other forms of investments. All prospective Unitholders should consider an investment in an ETF within the overall context of their investment policies. Investment policy considerations include, but are not limited to, setting objectives, defining risk/return constraints and considering time horizons.

No Replication of the Performance of the Price of Commodities

Due to, among other things, the covered call writing program employed by the Yield ETFs and the fees and expenses associated with the ETFs, an investment in an ETF will not replicate the performance of the spot prices of its commodity exposure.

Risks of Investing in Commodity-based Exchange Traded Funds

The ETFs invest in securities of commodity-based exchange traded funds that seek to provide returns similar to the performance of an index related to an investment in a particular commodity or commodities. Commodity-based exchange traded funds may not achieve the same return as their corresponding commodity benchmark market indices due to differences in the actual investments of physical commodities held in a commodity-based exchange traded fund versus the investments in the applicable commodity benchmark index and due to the operating and management expenses of the commodity-based exchange traded funds.

Foreign Currency Risk

Each ETF is exposed to securities and instruments priced in U.S. dollars. The net asset value of an ETF, when measured in Canadian dollars, will, to the extent the U.S. dollar exposure of an ETF has not been hedged against, be affected by changes in the value of the U.S. dollar relative to the Canadian dollar. While the ETFs intend to hedge substantially all of the value of their investments denominated in U.S. dollars to the Canadian dollar at all times, they may not be fully hedged at all times and, accordingly no assurance can be given that the ETFs will not be adversely impacted by changes in foreign exchange rates or other factors.

Foreign Security and Exchange Risk

Investments in foreign securities may involve risks not typically associated with investing in Canada. Foreign exchanges may be open on days when an ETF does not price its Units and, therefore, the value of the securities held by an ETF may change on days when investors will not be able to purchase or sell Units. Also, some foreign securities markets may be volatile, lack liquidity, or have higher transaction and custody costs than those of the TSX. Also, securities of some Canadian issuers are inter-listed on a Canadian and a foreign exchange and may be traded on days when the foreign exchange is open and the TSX is not. In those circumstances changes in the value of those constituent securities in major North American equity markets or specific commodity sectors will not be reflected in the value of the ETF and the spread or difference between the value of the securities held by an ETF and the market price of a Unit of the applicable ETF on the TSX may increase. Also in the event that the TSX is open on a day that a foreign exchange is closed, the spread or difference between the value of the securities held by an ETF and the market price of a Unit of the ETF on the TSX may increase.

Failure of Futures Commission Merchant

There is a risk that assets of the ETFs deposited on margin with a futures commission merchant may, in certain circumstances, be used to satisfy losses of other clients of the futures commission merchant which cannot be satisfied by such other clients or by the futures commission merchant. Under the terms of industry investor protection fund coverage in Canada and the United States (such as the Canadian Investor Protection Fund in Canada), assets of an insolvent futures commission investment are divided up, on a *pro rata* basis, among its clients.

Valuation

To the extent that a Portfolio includes securities or instruments for which market quotations are not readily available, the valuation of such securities and instruments will be determined by the Investment Manager in consultation with independent specialists, whose determination will be final and conclusive to all parties.

Reliance on Key Personnel

Unitholders are dependent on the abilities of: (i) the Investment Manager to effectively manage and implement the investment strategy of the ETFs in a manner consistent with the investment objectives, investment strategy and the investment restrictions of the ETFs; and (ii) the Manager to effectively manage the ETFs in a manner consistent with the investment objectives, investment strategy and investment restrictions of each ETF. The officers of the Investment Manager who are primarily responsible for the implementation of the investment strategy of the ETFs have extensive experience in managing investment portfolios. There is no certainty that the individuals who are principally responsible for providing administration and portfolio management services to an ETF will continue to be employed by the Manager and the Investment Manager.

Horizons HMF Risks

There are certain risk factors that are particular to an investment in Horizons HMF. These risks relate to the following factors:

Contango or Backwardation Risk

The Managed Futures Index tracks the prices of a portfolio of traditional commodity and financial futures contracts. On specified dates these futures contracts are rolled mechanically into a subsequent futures contract before the current position expires according to a defined schedule. This mechanism also allows an investor to maintain an exposure to commodities over time. The difference between the price at which the first futures contract is sold and the next futures contract is purchased is called the “roll yield” and is an important part of the return on a commodities investment. The overall return is therefore derived from fluctuations in commodities prices in addition to the shape of the commodity futures curve over time. Assuming prices and the shape of the curve remain constant, rolling futures will yield a positive return when the curve is in “backwardation”, which describes a situation where the prices are lower in the distant delivery months than in the nearest delivery months, and a negative return when the curve is in “contango”, which describes a situation where the prices are higher in the distant delivery months than in the nearer delivery months. The specified roll dates may change from time to time largely based on liquidity for the underlying futures contract as expiry approaches. Futures contracts may exhibit high contango, resulting in a significant cost to “roll” the futures contracts, which could adversely affect the returns of an ETF.

Risks Relating to Index Replication Strategy

There is a risk that the return of Horizons HMF will not match the performance of the Underlying Index because of fees, costs and expenses borne by Horizons HMF, and due to the manner in which the investment program of Hoizons HMF is implemented.

Correlation Risk

A number of factors may affect Horizons HMF's ability to achieve a high degree of correlation (i.e., to substantially track) with the Underlying Index on a daily basis, and there can be no guarantee that Horizons HMF will achieve a high degree of correlation with the Underlying Index. A failure to achieve a high degree of correlation may prevent Horizons HMF from achieving its investment objective.

The following factors, including fees, expenses, transaction costs, costs associated with the use of derivatives investment techniques, may adversely affect Horizons HMF's correlation with its Underlying Index and Horizons HMF's ability to meet its investment objective: (i) use of sampling techniques; (ii) investment in securities or financial instruments not included in the Underlying Index; (iii) large movements of assets; (iv) the receipt of transaction information after the relevant exchange or market closes, potentially resulting in over or under exposure to the Underlying Index; (v) the early close or trading halt on an exchange or market; (vi) a restriction on security transactions, which may result in the ability to buy or sell certain securities or financial instruments; (vii) currency hedging activities; or (viii) Horizons HMF may not have investment exposure to all securities in the Underlying Index, or its weighting of investment exposure to such stocks or industries may be different from that of the Underlying Index. In such circumstances, Horizons HMF may be unable to rebalance its portfolio, accurately price its investments, and may incur substantial trading losses.

Leverage Risk

The Underlying Index uses leverage. Horizons HMFwill be exposed to leverage up to a maximum leverage ratio of 2:1. This exposure to leverage may cause Horizons HMF to suffer losses greater than losses associated with non-leveraged investing.

General Risks of Exposure to the Underlying Index

Horizons HMF is attempting to obtain a return that is similar to the performance of the Underlying Index. Investments in Horizons HMF should therefore be made with an understanding that the returns of Horizons HMF should generally vary as the Underlying Index varies.

Because the investment objective of Horizons HMF is to obtain a return that is similar to the performance of the Underlying Index, Horizons HMF is not actively managed by traditional methods, and the Investment Manager and Auspice will not attempt to take defensive positions in declining markets.

Spot v. Futures Risk

Horizons HMF tracks an Underlying Index that is comprised of futures contracts for future delivery. Horizons HMF does not invest directly or indirectly in the spot securities market.

The risk of investing in a futures contract is that it can be speculative in nature and based on future expectations of value. A futures contract is a standardized financial contract where the parties agree to exchange currencies, financial instruments or other physical commodities at a future date at a future price. As a result, a future market is not a ready market, does not involve primary activity and is speculative in nature as deals are struck at future prices where the holder is purchasing an obligation to buy or sell an underlying asset, which may not be the best price at the time the contract is completed, depending on what happens in the markets during the intervening period.

In contrast, in a ready market (sometimes referred to as "spot"), securities or commodities are sold for cash at current prices and delivered immediately. A ready market is a real time market where the contract becomes effective immediately and the purchaser accepts delivery of, or immediately, resells the asset. Unlike a futures contract, no speculation is involved as the contract is entered into and the transaction for the commodity takes place on the same "spot" in time. Horizons HMF does not invest in the physical spot market, and are exposed to the potential risks involved of using futures contracts which are speculative in nature.

Changes to the Underlying Index

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

Trading in Derivatives is Highly Leveraged

The low margin deposits normally required in trading derivatives (typically between 2% and 15% of the value of the derivatives purchased) permit an extremely high degree of leverage. Accordingly, at the time of buying a derivative, a percentage of the price of the derivative is deposited as margin and a decrease in the price of the contract equal to such percentage will result in a total loss of the margin deposit. A decrease of more than the percentage deposited will result in a loss of more than the total margin deposit.

Counterparty Risk

Horizons HMF is subject to credit risk with respect to the amount that the ETF expects to receive from counterparties to financial instruments entered into by the ETF or held by special purpose or structured vehicles. If a counterparty becomes bankrupt or otherwise fails to perform its obligations due to financial difficulties, the value of an investor's investment in Units of Horizons HMF may decline. Horizons HMF may experience significant delays in obtaining any recovery in a bankruptcy or other reorganization proceeding. Horizons HMF may obtain only limited recovery or may obtain no recovery in such circumstances. All counterparties must meet the credit rating requirements of NI 81-102 and have a designated rating within the meaning of that instrument.

A counterparty of Horizons HMF may also be adversely affected by regulatory or market changes which may make it difficult or impossible for the counterparty to hedge its obligations to Horizons HMF, which may adversely affect the ETF's ability to achieve its investment objective. Horizons HMF's exposure to the credit risk of a counterparty or counterparties may be significant.

Distribution Risk

Horizons HMF does not intend to pay regular distributions on Units and thus may not be a suitable investment for investors who require regular payments. Distributions of income and gains may be paid in Units of Horizons HMF that may be automatically consolidated. Income or taxable capital gains distributed to a Unitholder in Units of Horizons HMF are nevertheless required to be included in the Unitholder's income even though no cash will be distributed to fund any resulting tax payment.

No Assurance of Continued Participation

The Sub-Advisory Agreement may be terminated in certain situations. Upon the expiration or termination of the Sub-Advisor Agreement, Horizons HMF will not terminate, but will be required to make alternative arrangements for trading in the derivatives markets, through advisory services contracts or other means.

Reliance on the Manager, the Investment Manager and the Sub-Advisor

Unitholders are relying on the ability of the Manager, and on the Investment Manager to monitor the Sub-Advisor. Past performance is not necessarily indicative of future results. No assurance can be given that the trading systems and strategies utilized by the Sub-Advisor including, without limitation, the investment strategy of the Sub-Advisor, will prove successful under all or any market conditions.

Yield ETF Risks

There are certain risk factors that are particular to an investment in a Yield ETF. These risks relate to the following factors:

Call Options Risk

Each Yield ETF is subject to the full risk of their investment position in the securities and derivatives that provide exposure to gold bullion or natural gas futures including outstanding call options written by the Yield ETFs, should the market price of such gold bullion or natural gas futures decline. In addition, the Yield ETFs will not participate in any gains on the securities in their Portfolios that are subject to outstanding call options above the strike price of the options unless the Yield ETFs pay to repurchase the option at then current market price of the option.

The use of call options may have the effect of limiting or reducing the total returns of the Yield ETFs (and therefore, the return to the Unitholders), particularly in a rapidly rising market since the premiums associated with writing covered call options may be offset by the cost of closing out outstanding options.

There can be no assurance that a liquid exchange or over-the-counter market will exist to permit the Yield ETFs to write covered call options on desired terms or to close out option positions should they desire to do so. The ability of Yield ETFs to close out their positions may also be affected by exchange-imposed daily trading limits on options or the lack of a liquid over-the-counter market. If a Yield ETF is unable to repurchase a call option that is in-the-money, it will be unable to realize its profits or limit its losses until such time as the option becomes exercisable or expires.

Yield ETF Counterparty Risk

Each Yield ETF may enter into transactions in over-the-counter markets which will expose it to the creditworthiness and solvency of their counterparties and their ability to satisfy the terms of such contracts. For example, a Yield ETF may enter into forward contracts, call options and swap arrangements. To the extent such Yield ETF makes such investments, the Yield ETF may take a credit risk with regard to parties with whom it trades and may also bear the risk of settlement default. The ability of a Yield ETF to transact business with any one or number of counterparties, the lack of any meaningful and independent evaluation of such counterparties' financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by a Yield ETF.

Yield ETF Distributions Risk

Distributions of income and gains by a Yield ETF may be paid in Units of such Yield ETF that may be automatically consolidated. Income or taxable capital gains distributed to a Unitholder in Units of a Yield ETF are nevertheless required to be included in the Unitholder's income even though no cash will be distributed to fund any resulting tax payment.

Hedging Risk

The use of hedges involves special risks, including illiquidity and the possible default by the other party to the transaction (whether a clearing corporation in the case of exchange-traded instruments or other third party in the case of over-the-counter instruments), in that it may be unable to meet its obligations. In addition, the ETFs' success in using hedge instruments is subject to the Investment Manager's ability to predict correctly changes in the relationships of such hedge instruments to the Portfolios, and there can be no assurance that the Investment Manager's judgment in this respect will be accurate with the risk that the use of hedges could result in losses greater than if the hedging had not been used. In addition, the costs associated with a hedging program may outweigh the benefits of the arrangements in such circumstances. There is no assurance that the hedging strategy of the ETFs in respect of the Portfolios will be effective or that such strategy will replicate the price of gold or natural gas futures. Consequently, the use of hedging techniques might result in a poorer overall performance for the ETFs (and therefore the return to the Unitholders), whether or not adjusted for risk, than if the ETFs had not hedged their Portfolio holdings.

DISTRIBUTION POLICY

Horizons HMF

Distributions on Units of Horizons HMF, if any, will be made at the end of each taxation year. The Manager reserves the right to make additional distributions in any year if determined to be appropriate.

Prior to the end of each taxation year, Horizons HMF will ensure that a sufficient amount of its income (including net realized capital gains) will be paid or made payable to Unitholders so that Horizons HMF will not be liable for ordinary income tax thereon. Such distributions will be paid as a "reinvested distribution" or paid in Units of Horizons HMF. Reinvested distributions on Units of Horizons HMF will be reinvested automatically in additional Units of Horizons HMF at a price, or Units of Horizons HMF will be distributed at a price, equal to the NAV per Unit on such day and the Units will be immediately consolidated such that the number of outstanding Units held by each Unitholder on such day following the distribution will equal the number of Units held by the Unitholder prior to the distribution. If an investor is a non-resident, they may be required to pay any non-resident withholding tax from the account where the Units are held. The tax treatment to Unitholders of reinvested distributions or distributions in Units is discussed under the heading "Income Tax Considerations".

Yield ETFs

Each of the Yield ETFs will not have a fixed distribution but will pay distributions monthly. Distribution rates will generally be based on the average current volatility of the securities in the Portfolios. The amount of monthly cash distributions will fluctuate from month to month and there can be no assurance that a Yield ETF will make any distributions in any particular month or months. Each Yield ETF may make additional distributions in any given year. Monthly distributions will be paid in cash, unless a Unitholder has chosen to participate in the Reinvestment Plan.

The Yield ETFs will ensure, prior to the end of each taxation year, that a sufficient amount of their income (including net realized capital gains) will be paid or made payable to Unitholders so that the Yield ETFs will not be liable for non-refundable income tax thereon under the Tax Act. Such year-end distributions, if any, will be automatically reinvested in additional Units available for that Yield ETF or paid in Units of that Yield ETF. Reinvested distributions of Units of a Yield ETF will be reinvested automatically in additional Units at a price, or Units will be distributed at a price, equal to the net asset value per Unit on such day and the Units will be immediately consolidated such that the number of outstanding Units held by each Unitholder on such day following the distribution will equal the number of Units held by the Unitholder prior to the distribution. If an investor is a non-resident, they may be required to pay any non-resident withholding tax from the account where the Units are held. Distributions are expected to be comprised of return of capital and capital gains.

Distribution Reinvestment Plan

At any time, Unitholders of a Yield ETF may elect to participate in the Reinvestment Plan by contacting the CDS Participant(s) through which the Unitholder holds its Units. Under the Reinvestment Plan, cash distributions will be used to acquire additional Units of such Yield ETF (the "**Plan Units**") in the market or from treasury and will be credited to the account of the Unitholder (the "**Plan Participant**") through CDS.

Eligible Unitholders of a Yield ETF may elect to participate in, or withdraw from, the Reinvestment Plan by notifying CDS via the applicable CDS Participant(s) through which such Unitholder holds its Units of the Unitholder's intention to participate, or no longer participate, in the Reinvestment Plan. The CDS Participant must, on behalf of such Unitholder, provide a notice to CDS that the Unitholder wishes, or does not wish, to participate in the Reinvestment Plan by no later than 4:00 p.m. (Toronto time) at least two (2) business days immediately prior to the applicable distribution record date in respect of the next expected distribution in which the Unitholder would be entitled to receive a distribution (reinvested or in cash, as the case may be). CDS shall, in turn, notify the Plan Agent no later than 5:00 p.m. (Toronto time) on the applicable distribution record date that such Unitholder does, or does not, wish to participate in the Reinvestment Plan.

Pre-Authorized Cash Contribution

Plan Participants may also make pre-authorized cash contributions under the Reinvestment Plan on a monthly or calendar quarterly basis, by notifying their CDS Participant(s) sufficiently in advance of the last business day of a month, calendar quarter or calendar year (a "**Payment Date**") to allow such CDS Participant to notify the Plan Agent by 4:00 p.m. (Toronto time) at least 10 Business Days prior to the applicable Payment Date. A Plan Participant may invest a minimum of $100 and a maximum of $10,000 per pre-authorized cash contribution no more frequently than monthly. It is recommended that the frequency of the payment be consistent with the frequency of the distributions by a Yield ETF.

Distributions due to Plan Participants, along with any pre-authorized cash contributions, will be applied, on behalf of Plan Participants, to purchase Plan Units in the market. Plan Units will be allocated *pro rata* based on the number of Units held by Plan Participants. Plan Units will be credited for the benefit of Plan Participants to the account of the applicable CDS Participant through whom that Plan Participant holds Units. Plan Units being purchased by pre-authorized cash contributions may only be purchased simultaneously with a distribution by a Yield ETF that is being reinvested on behalf of a Plan Participant.

Systematic Withdrawal Plan

Under the Reinvestment Plan, Unitholders will also be able to elect to systematically withdraw Units by selling a specific dollar amount of Units (in minimum amounts of $100 and maximum amounts of $10,000) owned by such Unitholder in respect of each subsequent Payment Date. A Unitholder may elect to sell Units by notifying the Plan Agent via the applicable CDS Participant through which such Unitholder holds its Units of the Unitholder's intention to sell Units.

The CDS Participant must, on behalf of such Unitholder, (i) provide a systematic withdrawal notice directly to the Plan Agent that the Unitholder wishes to sell Units in this manner until a Yield ETF is otherwise notified, which must be no later than 5:00 p.m. (Toronto time) on the applicable Payment Date for which the Unitholder no longer wishes to sell Units, or there remain no further Units to be sold on behalf of such Unitholder, whichever comes first and (ii) specify the specified dollar amount of Units to be sold in respect of each subsequent Payment Date.

A Unitholder who makes pre-authorized cash contributions may not deliver a systematic withdrawal notice under the Reinvestment Plan.

Fractional Units

No fractional Plan Units will be issued under the Reinvestment Plan. Payment in cash for any remaining uninvested funds will be made in lieu of fractional Plan Units by the Plan Agent to CDS or CDS Participant, on a monthly or quarterly basis, as the case may be. Where applicable, CDS will, in turn, credit the Plan Participant via the applicable CDS Participant(s).

Amendments, Suspension or Termination of the Reinvestment Plan

As indicated above, Plan Participants will be able to terminate their participation in the Reinvestment Plan as of a particular distribution record date by notifying their CDS Participant sufficiently in advance of that distribution record date to allow such CDS Participant to notify CDS and for CDS to notify the Plan Agent by 4:00 p.m. (Toronto time) at least two (2) business days immediately prior to that distribution record date. Beginning on the first distribution payment date after such notice is delivered, distributions to such Unitholders will be in cash. The form of termination notice will be available from CDS Participants and any expenses associated with the preparation and delivery of such termination notice will be for the account of the Plan Participant exercising its rights to terminate participation in the Reinvestment Plan.

The Manager will be able to terminate the Reinvestment Plan, in its sole discretion, upon not less than 30 days' notice to the Plan Participants and the Plan Agent, subject to any required regulatory approval. The Manager will also be able to amend, modify or suspend the Reinvestment Plan at any time in its sole discretion, provided that it complies with certain requirements, gives notice of that amendment, modification or suspension to the Plan Participants and the Plan Agent, subject to any required regulatory approval, which notice may be given by issuing a press release containing a summary description of the amendment or in any other manner the Manager determines to be appropriate.

The Manager may from time to time adopt rules and regulations to facilitate the administration of the Reinvestment Plan. The Manager reserves the right to regulate and interpret the Reinvestment Plan as it deems necessary or desirable to ensure the efficient and equitable operation of the Reinvestment Plan.

Other Provisions

Participation in the Reinvestment Plan is restricted to Unitholders who are residents of Canada for the purposes of the Tax Act. Partnerships (other than "Canadian partnerships" as defined in the Tax Act) are not eligible to participate in the Reinvestment Plan. Upon becoming a non-resident of Canada or a partnership (other than a Canadian partnership), a Plan Participant shall notify its CDS Participant(s) and terminate participation in the Reinvestment Plan immediately.

The automatic reinvestment of the distributions under the Reinvestment Plan will not relieve Plan Participants of any income tax applicable to such distributions. Each Plan Participant will be mailed the information necessary to enable such Unitholder to complete an income tax return with respect to amounts paid or payable by each Yield ETF to the Unitholder in the preceding taxation year.

All ETFs

With respect to the ETFs, Advisor Class Units of each ETF currently pay higher Management Fees and, as a result, any distributions that may be payable on the Advisor Class Units are generally expected to be less than distributions that may be payable on Class E Units**.**

PURCHASES OF UNITS

Issuance of Units

To the Designated Broker and Dealers

All orders to purchase Units directly from an ETF must be placed by the Designated Broker and/or Dealers. The ETFs reserve the absolute right to reject any subscription order placed by the Designated Broker and/or a Dealer. No fees will be payable by an ETF to the Designated Broker or a Dealer in connection with the issuance of Units of the ETF. On the issuance of Units, the Manager may, at its discretion, charge an administrative fee to the Designated Broker or a Dealer to offset any expenses incurred in issuing the Units.

On any Trading Day, the Designated Broker or a Dealer may place a subscription order for the PNU or a whole multiple PNU of an ETF.

If a subscription order is received by Horizons HMF at or before 9:30 a.m. on a Trading Day and accepted by the Manager, Horizons HMF will generally issue the PNU (or integral multiple thereof) to the Designated Broker or Dealer within one (1) Trading Day from the Trading Day of the subscription. The Manager may, at its sole discretion, accept a subscription order after 9:30 a.m. on a Trading Day but in no circumstances will the Manager accept a subscription order after 3:00 p.m. on a Trading Day. Horizons HMF must receive payment for the Units subscribed for generally within one (1) Trading Day from the Trading Day of the subscription order.

If a subscription order is received by a Yield ETF at or before 9:30 a.m. on a Trading Day and accepted by the Manager, the Yield ETF will generally issue the PNU (or integral multiple thereof) to the Designated Broker or Dealer within three (3) Trading Days from the Trading Day of the subscription. The Manager may, at its sole discretion, accept a subscription order after 9:30 a.m. on a Trading Day but in no circumstances will the Manager accept a subscription order after 3:00 p.m. on a Trading Day. The Yield ETF must receive payment for the Units subscribed for generally within three (3) Trading Days from the Trading Day of the subscription order.

In any case in which a subscription order from a Dealer or Designated Broker is received by a Yield ETF on or after the date of declaration of a distribution by the Yield ETF payable in cash or before the ex-dividend date for that distribution (generally, the third Trading Day prior to the record date or such other date where the purchaser becomes entitled to rights connected to the Units subscribed for), an additional amount equal to the amount of cash per Unit of that distribution must be delivered in cash to the Yield ETF in respect of each issued Unit.

Unless the Manager shall otherwise agree or the Trust Declaration otherwise provides, as payment for a PNU of an ETF, a Dealer or the Designated Broker must deliver cash in an amount equal to the net asset value of the applicable PNU of the ETF next determined following the receipt of the subscription order.

The Manager will usually publish the applicable PNU for the ETF following the close of business on each Trading Day on its website, www.horizonsetfs.com. The Manager may, at its discretion, increase or decrease the applicable PNU from time to time.

To Unitholders as Reinvested Distributions or Distributions Paid in Units

When Horizons HMF makes a distribution payment, if any, the distribution is paid as a reinvested distribution or paid in additional Units of Horizons HMF which in each case are immediately consolidated with the Units in existence prior to the distribution. Units of a Yield ETF may be issued by a Yield ETF to Unitholders on the automatic reinvestment of special distributions and other reinvested distributions or on a distribution paid in Units.

See "Distribution Policy".

Buying and Selling Units

Investors may trade Units of an ETF in the same way as other securities traded on the TSX, including by using market orders and limit orders. An investor may buy or sell Units of an ETF on the TSX only through a registered broker or dealer in the province or territory where the investor resides. Investors may incur customary brokerage commissions when buying or selling Units of an ETF.

Units of the ETFs are, or will be, listed on the TSX under the following ticker symbols:

Name of ETF	**Abbreviated Name**	**TSX Ticker Symbol**	
		Class E Units	**Advisor Class Units (no longer offered)**
Horizons Auspice Managed Futures Index ETF	Horizons HMF	HMF	HMF.A
Horizons Gold Yield ETF	Horizons HGY	HGY	HGY.A
Horizons Natural Gas Yield ETF	Horizons HNY	HNY	HNY.A

Special Considerations for Unitholders

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

The ETFs have also obtained relief from the restrictions related to redemptions of "seed capital" invested in a commodity pool.

Horizons HMF has obtained exemptive relief that permits Horizons HMF to gain exposure to the Manager by means of one or more forward purchase and sale agreements, including the ability to invest in Exchange Traded Products that issue Commodity Participation Units including Exchange Traded Products managed by affiliates of the Manager and advised by the Investment Manager.

The Yield ETFs are entitled to rely on exemptive relief that permits each Yield ETF to invest in Exchange Traded Products that issue Commodity Participation Units including Exchange Traded Products managed by affiliates of the Manager and advised by the Investment Manager.

REDEMPTION OF UNITS

As described below under "Book-Entry Only System", registration of interests in, and transfers of, Units of an ETF will be made only through the book-entry only system of CDS. The redemption rights described below must be exercised through the CDS Participant through which the owner holds Units of an ETF. Beneficial owners of Units of an ETF should ensure that they provide redemption instructions to the CDS Participant through which they hold such Units sufficiently in advance of the cut-off times described below to allow such CDS Participant to notify CDS and for CDS to notify the Manager prior to the relevant cut-off time.

Redemption of Units

On any Trading Day, Unitholders may redeem: (i) Units of an ETF for cash at a redemption price per Unit equal to 95% of the closing price for Units of that ETF on the TSX on the effective day of the redemption or (ii) less any applicable redemption charge determined by the Manager, in its sole discretion from time to time, a PNU or a multiple PNU for cash equal to the net asset value of that number of Units of an ETF. Because Unitholders will generally be able to sell their Units at the market price on the TSX through a registered broker or dealer subject only to customary brokerage commissions, Unitholders are advised to consult their brokers, dealers or investment advisors before redeeming such Units for cash unless they are redeeming a PNU.

In order for a cash redemption to be effective on a Trading Day, a cash redemption request in the form prescribed by the Manager from time to time must be delivered to the Manager with respect to the applicable ETF at its head office by 9:30 a.m. (Toronto time) on that day. If a cash redemption request is not received by 9:30 a.m. (Toronto time) on a Trading Day, the cash redemption request will be effective only on the next Trading Day. Where possible, payment of the redemption price will be made by no later than the third Trading Day after the effective day of the redemption. The cash redemption request forms may be obtained from any registered broker or dealer.

Investors that redeem their Units prior to the Distribution Record Date for any distribution will not be entitled to receive that distribution.

In connection with the redemption of Units, the ETFs will generally dispose of securities or other financial instruments.

Conversion of Advisor Class Units and Class E Units

Unitholders may convert Advisor Class Units into Class E Units, of the same ETF, in any month. To do so, Units must be surrendered and the Unitholder's CDS Participant must deliver to CDS (at its office in the City of Toronto) on behalf of the Unitholder a written notice of the Unitholder's intention to convert during the period from the first day of a month until 5:00 p.m. (Toronto time) on the last business day prior to the 16th day of such month. Units surrendered for conversion will be converted on the last Trading Day of that Month (the "**Advisor Class Monthly Conversion Date**"). For a Unitholder's Advisor Class Units so converted, the Unitholder will receive a number of whole Class E Units with an aggregate net asset value equal to the aggregate net asset value of the Advisor Class Units so converted, based on their respective net asset values as of the Advisor Class Monthly Conversion Date. As no fractional Units will be issued upon conversion, any remaining fraction of an Advisor Class Unit will be redeemed at its net asset value.

Unitholders who desire to convert their Units should ensure that the CDS Participant is provided with notice of his or her intention to do so sufficiently in advance of the relevant notice period so as to permit the CDS Participant to deliver notice to CDS and so as to permit CDS to deliver notice to the registrar and transfer agent of the applicable ETF in advance of the required time.

Elimination of Service Fees and Conversion of Advisor Class Units

On or about April 28, 2017, the Manager intends to reduce the Management Fees on the Advisor Class Units by an amount equal to the Service Fee payable by the Manager in respect of the Advisor Class Units. As a result, the Management Fees for the Advisor Class Units of an ETF will change to be the same as the Management Fees for the Class E Units of that ETF.

In addition, concurrently or as soon as reasonably practicable thereafter, the Manager will convert all Advisor Class Units of an ETF into Class E Units of the same ETF, subject to receipt of all regulatory and third party approvals, if any. As at the conversion date, the Advisor Class Units and the Class E Units of an ETF will share the same attributes and fee structure. Unitholders of Advisor Class Units of an ETF do not have to take any action to participate in the elimination of the Service Fee or the conversion. Until the conversion date, the Manager may accept redemptions of less than a prescribed number of Advisor Class Units for securities and/or cash equal to the net asset value of that number of Advisor Class Units from designated brokers and dealers, at its discretion. In connection with the conversion, holders of converting Advisor Class Units of an ETF will receive a number of whole converted Class E Units of the same ETF with an aggregate NAV equal to the aggregate NAV of the Advisor Class Units converted, based on their respective NAVs as of the conversion date. No fractional Units of any class will be issued upon conversion. Any remaining fraction of a converting Advisor Class Unit will be redeemed for cash at its NAV. A further press release will be issued confirming the details of the conversion prior to the conversion date. See also “Income Tax Considerations”.

Suspension of Redemptions

The Manager may suspend the redemption of any Class of Units of an ETF or may postpone the date of payment upon redemption: (i) during any period when normal trading is suspended on a stock exchange or other market on which securities owned by the ETF are listed and traded, if these securities represent more than 50% by value or underlying market exposure of the total assets of the ETF, without allowance for liabilities, and if these securities are not traded on any other exchange that represents a reasonably practical alternative for the ETF; (ii) with the consent of the securities regulatory authorities; or (iii) when required or permitted to do so under any exemptive relief granted by the securities regulatory authorities from Securities Legislation.The suspension may apply to all requests for redemption received prior to the suspension but as to which payment has not been made, as well as to all requests received while the suspension is in effect. All Unitholders making such requests shall be advised by the Manager of the suspension and that the redemption will be effected at a price determined on the first Valuation Day following the termination of the suspension. All such Unitholders shall have and shall be advised that they have the right to withdraw their requests for redemption. The suspension shall terminate in any event on the first day on which the condition giving rise to the suspension has ceased to exist, provided that no other condition under which a suspension is authorized then exists. To the extent not inconsistent with official rules and regulations promulgated by any government body having jurisdiction over the ETFs, any declaration of suspension made by the Manager shall be conclusive.

Costs Associated with Redemptions

The Manager may charge to Unitholders, at its discretion, an administrative fee of up to 0.25% of the redemption proceeds of an ETF to offset certain transaction costs associated with the redemption of Units. The Manager will publish the current administrative fee, if any, on its website, www.HorizonsETFs.com.

Allocations of Income and Capital Gains to Redeeming Unitholders

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

Book-Entry Only System

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

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

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

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

Short-Term Trading

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

PRIOR SALES

Trading Price and Volume

Information regarding the price ranges and volume of Class E Units and Advisor Class Units of each ETF for the 12 months preceding the date of this prospectus is set forth in the tables that follow.

Class E Units of Horizons HMF

Month	Unit Price Range ($)	Volume of Units Traded
February 2016	10.12 – 10.53	50,467
March 2016	9.99 – 10.42	36,572
April 2016	9.80 – 10.23	85,666
May 2016	10.03 – 10.22	135,443
June 2016	10.08 – 10.53	53,025

July 2016	10.09 – 10.35	63,904
August 2016	10.16 – 10.28	109,617
September 2016	10.18 – 10.32	19,667
October 2016	9.92 – 10.16	5,613
November 2016	9.77 – 10.01	26,209
December 2016	9.99 – 10.40	41,106
January 2017	9.80 – 10.23	22,646

Advisor Class Units of Horizons HMF

Month	Unit Price Range ($)	Volume of Units Traded
February 2016	9.84 – 10.09	1,500
March 2016	N/A	0
April 2016	9.69 – 9.80	3,200
May 2016	9.71 – 9.71	1,100
June 2016	9.89 – 9.89	10,095
July 2016	9.68 – 9.88	17,200
August 2016	9.81 – 9.90	29,941
September 2016	9.90 – 9.90	1,011
October 2016	N/A	0
November 2016	9.54 – 9.61	4,960
December 2016	9.92 – 9.92	900
January 2017	6.62 – 9.62	12,500

Class E Units of Horizons HGY

Month	Unit Price Range ($)	Volume of Units Traded
February 2016	5.12 – 5.50	466,676
March 2016	5.38 – 5.58	263,408
April 2016	5.36 – 5.60	209,315
May 2016	5.29 – 5.61	134,822
June 2016	5.30 – 5.77	335,029
July 2016	5.70 – 5.86	206,367
August 2016	5.61 – 5.87	280,805
September 2016	5.64 – 5.82	363,216
October 2016	5.37 – 5.66	152,265
November 2016	5.02 – 5.57	214,237
December 2016	4.80 – 5.04	505,305
January 2017	4.92 – 5.11	211,479

Advisor Class Units of Horizons HGY

Month	Unit Price Range ($)	Volume of Units Traded
February 2016	5.03 – 5.03	16
March 2016	5.51 – 5.61	8,715
April 2016	5.45 – 5.53	642
May 2016	5.33 – 5.66	5,402
June 2016	5.47 – 5.71	21,183
July 2016	5.73 – 5.79	10,217
August 2016	5.68 – 5.83	38,543
September 2016	5.64 – 5.78	14,553

October 2016	5.38 – 5.45	3,203
November 2016	5.08 – 5.45	2,444
December 2016	N/A	0
January 2017	4.98 – 5.29	16,719

Class E Units of Horizons HNY

Month	Unit Price Range ($)	Volume of Units Traded
February 2016	12.82 – 15.60	63,668
March 2016	12.75 – 14.28	64,572
April 2016	13.85 – 15.26	45,286
May 2016	14.05 – 14.89	60,020
June 2016	15.00 – 16.66	77,527
July 2016	15.60 – 16.68	49,247
August 2016	15.17 – 16.50	112,433
September 2016	15.35 – 16.75	52,936
October 2016	15.40 – 17.74	68,404
November 2016	13.45 – 15.45	110,747
December 2016	15.30 – 16.85	83,380
January 2017	14.65 – 15.89	123,863

Advisor Class Units of Horizons HNY

Month	Unit Price Range ($)	Volume of Units Traded
February 2016	13.39 – 15.50	807
March 2016	N/A	0
April 2016	14.77 – 15.10	400
May 2016	14.65 – 14.65	103
June 2016	15.79 – 16.41	801
July 2016	16.30 – 16.61	3,322
August 2016	15.25 – 15.49	1,500
September 2016	15.60 – 16.77	515
October 2016	15.68 – 17.19	1,388
November 2016	13.70 – 15.41	1,165
December 2016	15.75 – 16.20	2,274
January 2017	N/A	0

INCOME TAX CONSIDERATIONS

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

Generally, Units of an ETF will be considered to be capital property of a Holder provided that the Holder does not hold such Units in the course of carrying on a business of buying and selling securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Assuming that an ETF is a "mutual fund trust" for purposes of the Tax Act, certain Holders who might not otherwise be considered to hold Units of the ETF as capital property may, in certain circumstances, be entitled to have such Units and all other

"Canadian securities" owned or subsequently acquired by them treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. This summary does not apply to a Holder who has entered or will enter into a "derivative forward agreement" within the meaning of the Tax Act with respect to Units.

This summary is based on the assumption that each ETF will qualify at all times as a "unit trust" and a "mutual fund trust" within the meaning of the Tax Act and will not be subject to the tax for "SIFT Trusts" within the meaning of the Tax Act. For an ETF to qualify as a "mutual fund trust," it must comply on a continuous basis with certain requirements relating to the qualification of its Units for distribution to the public, the number of Unitholders of the ETF and the dispersal of ownership of its Units. Each of the ETFs offered pursuant to this prospectus has made an election in its first tax return so that it qualified under the Tax Act as a mutual fund trust from the commencement of its first taxation year. There can be no assurance that an ETF will maintain its status as a "mutual fund trust". **In the event an ETF were not to qualify as a mutual fund trust under the Tax Act at all times, the income tax consequences described below would, in some respects, be materially different.**

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

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

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Units of an ETF. This summary does not address the deductibility of interest on any funds borrowed by a Unitholder to purchase Units of an ETF. The income and other tax consequences of investing in Units will vary depending on an investor's particular circumstances including the province or territory in which the investor resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to be, nor should it be construed as, legal or tax advice to any holder of Units of an ETF. Prospective investors should consult their own tax advisors with respect to the income tax consequences to them of an acquisition of Units of an ETF based on their particular circumstances and review "Risk Factors – Tax Risks".

Status of the ETFs

As noted above, this summary assumes that each ETF will qualify at all times as a "mutual fund trust" for purposes of the Tax Act, and will not be subject to the tax for"SIFT trusts" for purposes of the Tax Act.

Provided the Units of an ETF are listed on a "designated stock exchange" (within the meaning of the Tax Act) or the ETF qualifies as a "mutual fund trust" within the meaning of the Tax Act, Units of that ETF will be qualified investments under the Tax Act for a trust governed by a RRSP, a RRIF, a RDSP, a DPSP, a RESP or a TFSA (the "**Plans**").

Units of an ETF are generally not prohibited investments for a "registered pension plan" under subsection 8514(1) of the regulations under the Tax Act unless that ETF is: (a) an employer who participates in the plan; (b) a person connected with such an employer for purposes of these rules; (c) a person that controls, directly or indirectly, in any manner whatsoever, such an employer or connected person; or (d) a person that does not deal at arm's length with a member of the plan or with any person described in (a), (b) or (c) above.

Taxation of the ETFs

(a) General

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

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

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

A loss realized by an ETF on a disposition of capital property will be a suspended loss for purposes of the Tax Act if the ETF, or a person affiliated with the ETF, acquires a property (a "**substituted property**") that is the same as or identical to the property disposed of, within 30 days before and 30 days after the disposition and the ETF, or a person affiliated with the ETF, owns the substituted property 30 days after the original disposition. If a loss is suspended, the ETF cannot deduct the loss from the ETF's capital gains until the substituted property is sold and is not reacquired within 30 days before and after the sale.

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

Losses incurred by an ETF in a taxation year cannot be allocated to Unitholders, but may be deducted by the ETF in future years in accordance with the Tax Act. If an ETF does not qualify as a "mutual fund trust" under the Tax Act throughout a taxation year, among other things, the ETF may be liable to pay an alternative minimum tax under the Tax Act. If an ETF is not a "mutual fund trust" it may be subject to the "mark-to-market property" rules in the Tax Act if more than 50% of the fair market value of its units are held by "financial institutions", as defined for purposes of the "mark-to-market property" rules in the Tax Act.

(b) Horizons HMF

In general, gains and losses realized by Horizons HMF from derivative transactions will be on income account except where such derivatives are used to hedge portfolio securities held on capital account provided there is sufficient linkage, subject to the DFA Rules discussed below, and Horizons HMF will recognize such gains or losses for tax purposes at the time they are realized by Horizons HMF. Consistent with the foregoing, to the extent that Horizons HMF uses derivative securities to hedge against fluctuations in currency, gains or losses of Horizons HMF in respect of such derivative securities will be reported on income account (except in the event that such derivative securities are used to hedge portfolio securities of Horizons HMF held as capital property, provided there is sufficient linkage, subject to the DFA Rules discussed below) and Horizons HMF will recognize such gains and losses for tax purposes at the time they are realized.

(c) Yield ETFs

In general, a Yield ETF will realize a capital gain (or capital loss) upon the actual or deemed disposition of a security included in its Portfolio, to the extent the proceeds of disposition net of any reasonable costs of disposition exceed (or are less than) the adjusted cost base of such security, unless the Yield ETF were considered to be trading or dealing in securities or otherwise carrying on a business of buying and selling securities or, the Yield ETF has acquired the security in a transaction or transactions considered to be an adventure or concern in the nature of trade.

Each Yield ETF takes the position that gains and losses realized on the disposition of its Portfolio securities are capital gains and capital losses. Each Yield ETF has made an election under subsection 39(4) of the Tax Act so that all securities held by the Yield ETF that are "Canadian securities" (as defined in the Tax Act) will be deemed to be capital property of the Yield ETF.

Premiums received on covered call options written by a Yield ETF that are not exercised prior to the end of a year will constitute capital gains of the Yield ETF in the year received, unless such premiums are received by the Yield ETF as income from a business of buying and selling securities or the Yield ETF has engaged in a transaction or transactions considered to be an adventure or concern in the nature of trade. As mentioned above, the Yield ETFs take the position that the securities in their Portfolios are capital property to the Yield ETFs. Having regard to the foregoing, and in accordance with the CRA's published administrative policies, transactions undertaken by the Yield ETFs in respect of options on securities in the Portfolios are treated and reported by the Yield ETFs as arising on capital account. Premiums received by the Yield ETFs on covered call options that are subsequently exercised will be added in computing the proceeds of disposition to the Yield ETFs of the securities disposed of by the Yield ETF upon the exercise of such call options. In addition, where the premium was in respect of an option granted in a previous year so that it constituted a capital gain of the Yield ETF in the previous year, such capital gain will be reversed.

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

With respect to an issuer structured as a trust that is not resident in Canada, a Yield ETF will be required to include in the calculation of its income for a taxation year the net income for Canadian federal income tax purposes, including net taxable capital gains, paid or payable to the Yield ETF by the issuer in the year, notwithstanding that certain of such amounts may be reinvested in additional units of the issuer. Provided the units of the issuer are held by the Yield ETF as capital property for purposes of the Tax Act, the Yield ETF will be required to reduce the adjusted cost base of units of the issuer by an amount paid or payable by the issuer to the Yield ETF, except to the extent that the amount was included in calculating the income of the Yield ETF. If the adjusted cost base to the Yield ETF of such units becomes a negative amount at any time in a taxation year of the Yield ETF, that negative amount will be deemed to be a capital gain realized by the Yield ETF in that taxation year and the Yield ETF's adjusted cost base of such units will be increased by the amount of such deemed capital gain to zero.

With respect to an issuer that is a limited partnership the securities of which are included in the Portfolio and held as capital property for the purposes of the Tax Act, and that is not subject in a taxation year to the tax under the rules in the Tax Act applicable to SIFT trusts and SIFT partnerships, a Yield ETF is required to include or, subject to certain restrictions, is entitled to deduct, in computing its income, its share of the net income or loss for tax purposes of the issuer allocated to the Yield ETF for the fiscal period of the issuer ending in the Yield ETF's taxation year, whether or not a distribution is received. In general, the adjusted cost base of such securities is the cost of such securities to the Yield ETF plus the share of the income and capital gains of the issuer allocated to the Yield ETF for fiscal years of the issuer ending before the particular time less the share of losses and capital losses of the issuer allocated to the Yield ETF for fiscal years of the issuer ending before the particular time, and less the Yield ETF's share of any distributions received from the issuer before the particular time. If the adjusted cost base to the Yield ETF of the securities of such an issuer would otherwise be less than zero at the end of the fiscal year of the limited partnership, the negative amount is deemed to be a capital gain realized by the Yield ETF and the Yield ETF's adjusted cost base of such securities is increased by the amount of such deemed capital gain to zero.

In general, gains and losses realized by the Yield ETFs from derivative transactions will be on income account except where such derivatives are used to hedge Portfolio securities held on capital account provided there is sufficient linkage, subject to the DFA Rules discussed below, and the ETFs will recognize such gains or losses for tax purposes at the time they are realized by the ETFs. Consistent with the foregoing, to the extent that a Yield ETF uses derivative securities to hedge against fluctuations in currency, gains or losses of the Yield ETF in respect of such derivative securities will be reported on income account (except in the event that such derivative securities are used to hedge Portfolio securities of the Yield ETF held as capital property, provided there is sufficient linkage, subject to the DFA Rules discussed below) and the Yield ETF will recognize such gains and losses for tax purposes at the time they are realized. Certain proposed amendments to the Tax Act, if enacted as proposed, would clarify that the DFA Rules generally would not apply to such foreign currency hedges.

The Tax Act contains rules (the "**DFA Rules**") that target financial arrangements (referred to as "derivative forward agreements") that seek to reduce tax by converting, through the use of derivative contracts, the return on an investment that would have the character of ordinary income to capital gains. The DFA Rules are broad in scope and could apply to other agreements or transactions (including, certain options and forward currency contracts, subject to the proposed amendments to the Tax Act discussed in the preceding paragraph). If the DFA Rules were to apply in respect of derivatives utilized by a Yield ETF, gains realized in respect of the property underlying such derivatives could be treated as ordinary income rather than capital gains. In general, the writing of a covered call option by a Yield ETF in the manner described under the heading "Investment Strategies – Investment Strategies – Yield ETFs – Covered Option Writing – Yield ETFs" is not expected to be subject to the DFA Rules. It is not clear whether the writing of a covered call option, if coupled with certain other transactions, could be subject to the DFA Rules. The Yield ETFs do not intend to write an option that would be subject to the DFA Rules.

A Yield ETF may derive income or gains from investments in countries other than Canada, and as a result, may be liable to pay income or profits tax to such countries. To the extent that any such foreign tax paid by the Yield ETF exceeds 15% of the amount included in the Yield ETF's income from such investments, such excess may generally be deducted by the Yield ETF in computing its net income for the purposes of the Tax Act. To the extent that any such foreign tax paid does not exceed 15% of such amount and has not been deducted in computing the Yield ETF's income, the Yield ETF may designate, in respect of a Holder, a portion of its foreign source income which can reasonably be considered to be part of the Yield ETF's income distributed to such Holder so that such income, and a portion of the foreign tax paid by the Yield ETF, may be regarded as foreign source income of, and foreign tax paid by, the Holder for the purposes of the foreign tax credit provisions of the Tax Act.

A Yield ETF will be required to compute all amounts in Canadian dollars for purposes of the Tax Act in accordance with the detailed rules in the Tax Act in that regard and accordingly may realize gains or losses by virtue of the fluctuation in the value of a security in the Portfolio denominated in a foreign currency (e.g., U.S. dollar) relative to the Canadian dollar.

Taxation of Unitholders

A Holder will generally be required to include in computing income for a particular taxation year of the Holder such portion of the net income of the ETF for that particular taxation year, including the taxable portion of any net realized capital gains, as is paid or becomes payable to the Holder, including any Management Fee Distributions, (whether in cash or whether such amount is automatically reinvested in additional Units of the ETF or paid in Units of the ETF). The non-taxable portion of an ETF's net realized capital gains, the taxable portion of which was designated in respect of a Holder in a taxation year, that is paid or becomes payable to the Holder in that taxation year will not be included in computing the Holder's income for the year. Any other amount in excess of a Holder's share of the net income of an ETF for a taxation year that is paid or becomes payable to the Holder in the year (i.e. returns of capital) will not generally be included in the Holder's income for the year, but will reduce the adjusted cost base of the Holder's Units of the ETF. To the extent that the adjusted cost base of a Unit of an ETF would become a negative amount, the negative amount will be deemed to be a capital gain and the adjusted cost base of the Unit to the Holder will be reset to zero.

Provided that appropriate designations are made by an ETF, such portion of the net realized taxable capital gains of the ETF, the foreign source income of the ETF and the taxable dividends received or deemed to be received by the ETF on shares of taxable Canadian corporations as is paid or becomes payable to a Holder, if any, will effectively retain its character and be treated as such in the hands of the Holder for purposes of the Tax Act. To the extent that amounts are designated as taxable dividends from taxable Canadian corporations, the gross-up and dividend tax credit rules will apply. Where an ETF makes designations in respect of its foreign source income, for the purpose of computing any foreign tax credit that may be available to a Holder, the Holder will generally be deemed to have paid as tax to the government of a foreign country that portion of taxes paid by the ETF to that country that is equal to the Holder's share of the ETF's income from sources in that country.

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

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

On the disposition or deemed disposition of a Unit of an ETF, including on a redemption, a Holder will realize a capital gain (or capital loss) to the extent that the Holder's proceeds of disposition (other than any amount payable by the ETF which represents income or capital gains allocated and designated to the redeeming Holder), net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the Unit of the ETF. For the purpose of determining the adjusted cost base of a particular class of a Holder's Units of an ETF, when additional Units of that class of the ETF are acquired by the Holder, the cost of the newly acquired Units of the ETF will be averaged with the adjusted cost base of all Units of the ETF of the same class owned by the Holder as capital property immediately before that time. For this purpose, the cost of Units of the ETF that have been issued on a distribution will generally be equal to the amount of the distribution. A consolidation of Units of an ETF as described under "Distribution Policy" following a reinvested distribution or a distribution paid in the form of additional Units of the ETF will not be regarded as a disposition of Units of the ETF and will not affect the aggregate adjusted cost base to a Holder. Any additional Units acquired by a Holder on the reinvestment of distributions will generally have a cost equal to the amount reinvested. If a Holder participates in the Reinvestment Plan and the Holder acquires a Unit from the ETF at a price that is less than the then fair market value of the Unit, it is the administrative position of the CRA that the Holder must include the difference in income and that the cost of the Unit will be correspondingly increased. Based on the current published administrative policies and assessing practices of the CRA, a conversion of Advisor Class Units into whole Class E Units of the same ETF should not constitute a disposition of Units for purposes of the Tax Act. The redemption of any fraction of a Unit will result in a capital gain (or capital loss) for the redeeming Holder.

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

In general, one-half of any capital gain (a "**taxable capital gain**") realized by a Holder on the disposition of Units of an ETF, or designated by the ETF in respect of the Holder, in a taxation year will be included in computing the Holder's income for that year and one-half of any capital loss realized by the Holder in a taxation year generally must be deducted from taxable capital gains realized by the Holder, or designated by the ETF in respect of the Holder, in accordance with the detailed provisions of the Tax Act.

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

Taxation of Registered Plans

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

If Units are "prohibited investments" for a TFSA, RRSP or RRIF, a Unitholder who holds Units in such TFSA, RRSP or RRIF will be subject to an additional tax as set out in the Tax Act. A "prohibited investment" includes a Unit of an ETF (i) which does not deal at arm's length with the holder or annuitant, or (ii) in which the holder or annuitant has a significant interest. A significant interest, in general terms, means the ownership of 10% or more of the fair market value of an ETF's outstanding Units by the holder or annuitant, either alone or together with persons and partnerships with whom the holder or annuitant does not deal at arm's length. In addition, the Units of an ETF will not be a prohibited investment if such Units are "excluded property" as defined in the Tax Act for trusts governed by a TFSA, RRSP or RRIF. Unitholders are advised to consult their own tax advisors regarding whether their Units would be prohibited investments having regard to the current provisions in the Tax Act.

Tax Implications of an ETF's Distribution Policy

The net asset value per Unit of an ETF will, in part, reflect any income and gains of the ETF that have accrued or been realized, but have not been made payable at the time Units of the ETF were acquired by a Holder. Accordingly, a Holder of an ETF who acquires Units of the ETF, including on a reinvestment of distributions or a distribution of Units, may become taxable on the Holder's share of such income and gains of the ETF. In particular, an investor who acquires Units of the ETF at any time in the year prior to a distribution being paid or made payable will have to pay tax on the entire distribution (to the extent it is a taxable distribution), regardless of the fact that the investor only recently acquired such Units.

ORGANIZATION AND MANAGEMENT DETAILS OF THE ETFs

Manager of the ETFs

AlphaPro is the manager and trustee of the ETFs and its principal office is at 26 Wellington Street East, Suite 700, Toronto, Ontario, M5E 1S2. The Manager is an innovative financial services company and was primarily organized for the purpose of managing investment products, including exchange traded funds.

AlphaPro is a subsidiary of Horizons. The Horizons ETFs family includes a broadly diversified range of investment tools with solutions for investors of all experience levels. AlphaPro and Horizons are subsidiaries of Mirae Asset and an affiliate of NBF also holds a minority interest in AlphaPro.

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

The Manager will perform or arrange for the performance of management services for the ETFs, will be responsible for the administration of the ETFs and will retain the Investment Manager pursuant to the Trust Declaration. The Manager will be entitled to receive fees as compensation for management services rendered to the ETFs.

Officers and Directors of the Manager

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

Name and Municipality of Residence	Position with the Manager	Principal Occupation
Thomas Park Clayton, Missouri	Director	Director, AlphaPro (since 2011); Director, Horizons (Since 2011); Chief Corporate Development Officer, Horizons (Since 2015); Executive Managing Director, Mirae Asset MAPS Global Investments (since 2008); Associate, Goldman Sachs International (2006, 2007-2008); Senior Consultant, KPMG Consulting (Bearing Point) (2001-2005).
Taeyong Lee Frederick, Maryland	Executive Chairman, Co-Chief Executive Officer and Director	Executive Chairman, Co-Chief Executive Officer and Director, AlphaPro (since 2011); Executive Chairman, Co-Chief Executive Officer and Director, Horizons (since 2011); President and Global Head of ETF Business, Mirae Asset MAPS Global Investments (since 2010); Managing Director, Leading Securities Inc. (2008-2010); Director of Portfolio, ProFund Group (1999-2008).
Jonathan Durocher Outremont, Quebec	Director	Director, AlphaPro (since 2014); President and Chief Executive Officer, National Bank Securities Inc. (since 2014); President and Chief Executive Officer, National Bank Funds Corporation (since 2014); previously, Vice President, National Bank Financial Ltd. (2013-2014); Vice President, National Bank Financial Inc. (2013-2014); and Chief Advisor, National Bank Financial Inc. (2006-2013).
Etienne Dubuc Westmount, Quebec	Director	Director, AlphaPro (since 2014); Managing Director, National Bank of Canada (since 2006).
Mi Seob Kim, Gyeonggi-do, South Korea	Director	Director, AlphaPro (since 2015); Executive Vice President and Chief Operating Officer, Mirae Asset Global Investments Co., Ltd (since 2014); previously, President Director, Mirae Asset Global Investments (Brazil) (2010-2013).
Steven J. Hawkins Oakville, Ontario	Co-Chief Executive Officer and Director	Co-Chief Executive Officer, AlphaPro (since 2009); Co-Chief Executive Officer and President, Horizons (since 2009); Director, AlphaPro (since 2015); Director, Horizons (since 2016); previously, Managing Partner and Director, JovFunds (2005-2011).
Kevin S. Beatson Oakville, Ontario	Chief Operating Officer, Chief Compliance Officer and Director	Chief Operating Officer and Chief Compliance Officer, AlphaPro (since 2009); Chief Operating Officer and Chief Compliance Officer, Horizons (since 2009); Director, AlphaPro (since 2016); previously, Chief Operating Officer, JovFunds (2006-2011).

Name and Municipality of Residence	Position with the Manager	Principal Occupation
Julie Stajan, Oakville, Ontario	Chief Financial Officer	Chief Financial Officer, AlphaPro and Horizons (since 2015); Senior Vice President, Finance and Controller, AlphaPro and Horizons (2012-2015); Senior Vice President, Finance & Investment Funds, Horizons Investment Management Inc. (2011-2012).
Jaime P.D. Purvis Toronto, Ontario	Executive Vice President	Executive Vice President, AlphaPro (since 2009); Executive Vice President, Horizons (since 2006).
Jeff Lucyk Toronto, Ontario	Senior Vice President, Head of Retail Sales	Senior Vice President, Head of Retail Sales, AlphaPro (Since 2016); Senior Vice President, Head of Retail Sales, Horizons (Since 2016); Vice President, National Sales Manager, Norrep Capital Management Ltd. (2009-2016).
McGregor Sainsbury Toronto, Ontario	General Counsel and Secretary	General Counsel and Secretary, AlphaPro (since 2011); General Counsel and Secretary, Horizons (since 2011).

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

Ownership of Securities of the Manager

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

For a description of the compensation arrangements of the independent review committee of the ETF, see "Independent Review Committee".

Duties and Services to be Provided by the Manager

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

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

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

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

The Manager may resign upon 90 days' prior written notice to the Trustee or upon such lesser notice as the Trustee may accept. The Manager may also be removed by the Trustee on at least 90 days' written notice to the Manager. The Trustee shall make every effort to select and appoint a successor manager prior to the effective date of the Manager's resignation.

The Manager is entitled to fees for its services as manager under the Trust Declaration as described under "Fees and Expenses" and will be reimbursed for all reasonable costs and expenses incurred by the Manager on behalf of the ETFs. The Manager may, in its discretion, terminate each ETF without the approval of Unitholders of such ETF if, in its opinion, it is no longer economically feasible to continue the ETF and/or it would otherwise be in the best interests of Unitholders to terminate the ETF.

The administration and management services of the Manager under the Trust Declaration are not exclusive and nothing in the Trust Declaration prevents the Manager from providing similar administrative and management services to other investment funds and other clients (whether or not their investment objectives and policies are similar to those of the ETFs) or from engaging in other activities.

Investment Manager

The Investment Manager is an affiliate of the Manager and has been appointed investment manager to the ETFs pursuant to the Investment Management Agreement. Based in Ontario, the Investment Manager operates as, among other things, an investment fund manager and a portfolio manager under applicable securities laws and as a commodity trading manager under the *Commodity Futures Act* (Ontario). The principal office of the Investment Manager is at 26 Wellington Street East, Suite 700, Toronto, Ontario M5E 1S2. The Investment Manager exists under the *Canada Business Corporations Act*. The Investment Manager will provide investment advisory and portfolio management services to the ETFs. Pursuant to the Investment Management Agreement, the Investment Manager has the authority to engage a sub-advisor for the purposes of assisting the Investment Manager in performing its duties as the investment manager and may, to the extent it deems appropriate, delegate any of its powers and duties as the investment manager to such sub-advisor.

The Investment Manager and Manager are each subsidiaries of Mirae Asset and are affiliates.

Certain Officers of the Investment Manager

The names, titles and lengths of service of the employees of the Investment Manager principally responsible for providing advice to Horizons HMF are as follows:

Name and Municipality of Residence	Position with the Investment Manager	Principal Occupation
Steven J. Hawkins	Co-Chief Executive Officer, President, and Director	Co-Chief Executive Officer and Secretary, AlphaPro (since 2009); Co-Chief Executive Officer and President, Horizons (since 2009); Director, AlphaPro (since 2015); Director, Horizons (since 2016); previously, Managing Partner and Director, JovFunds (2005-2011).
David Kunselman	Vice President, Product Management	Vice President, Product Management, Horizons (since 2015); Senior Portfolio Manager and Chief Compliance Officer, Excel Investment Counsel Inc. (2011 to 2015).

The names, titles and lengths of service of the employees of the Investment Manager principally responsible for providing advice to the Yield ETFs are as follows:

Name	Position with the Investment Manager	Principal Occupation
Steven J. Hawkins	Co-Chief Executive Officer, President, and Director	Co-Chief Executive Officer and Secretary, AlphaPro (since 2009); Co-Chief Executive Officer and President, Horizons (since 2009); Director, AlphaPro (since 2015); Director, Horizons (since 2016); previously, Managing Partner and Director, JovFunds (2005-2011).
Nicolas Piquard	Vice President, Portfolio Manager and Options Strategist	Vice President, Portfolio Manager and Options Strategist, Horizons (since 2013); Senior Trader and Associate Portfolio Manager, Highstreet Asset Management (2012-2013); Director - Equity Derivatives Trading, Scotia Capital (2007-2011).
Hans Albrecht	Vice President, Portfolio Manager and Options Strategist	Vice President, Portfolio Manager and Options Strategist, Horizons (since 2013); Senior Volatility Trader and Manager, DV Trading (2013); Senior Option Trader and Volatility Trader, NBF (1995-2012).

Where a person has held multiple positions within a company, the above table sets out only the current or most recently held position or positions held at that company, and the start dates refer to the date of the first position held or the first of the listed positions held by the person at that company.

Details of the Investment Management Agreement

The Investment Management Agreement will continue with respect to an ETF until the termination of the ETF unless terminated as described below. The Manager may terminate the Investment Management Agreement: (i) upon 10 days' prior written notice to the Investment Manager; (ii) in the event that the Investment Manager is in breach or default of the Investment Management Agreement and, if capable of being cured, the breach or default has not been cured within 20 business days' written notice of such breach or default being given by the Manager to the

Investment Manager; (iii) if there is a dissolution or the commencement of the winding-up of the Investment Manager; (iv) if the Investment Manager becomes bankrupt or insolvent or makes a general assignment for the benefit of its creditors or a receiver is appointed in respect of the Investment Manager or a substantial portion of its assets; (v) if the assets of the Investment Manager become subject to seizure or confiscation by any public or governmental organization; or (vi) if the Investment Manager is no longer registered or has failed to obtain any registration, license or other authorization required by it to perform the services delegated to it thereunder.

The Investment Manager may terminate the Investment Management Agreement upon 30 days' prior written notice to the Manager. The Investment Manager may also terminate the Investment Management Agreement with respect to an ETF immediately: (i) if the ETF is terminated; (ii) if the Manager or any of its affiliates is no longer the manager of the ETF; (iii) if there is a dissolution or the commencement of the winding-up of the Manager; (iv) if the Manager becomes bankrupt or insolvent or makes a general assignment for the benefit of its creditors or a receiver is appointed in respect of the Manager or a substantial portion of its assets; (v) if the assets of the Manager become subject to seizure or confiscation by any public or governmental organization; or (vi) in the event that the Manager is in breach or default of the Investment Management Agreement and, if capable of being cured, the breach or default has not been cured within 20 business days' written notice of such breach or default being given by the Investment Manager to the Manager.

Under the Investment Management Agreement, the Investment Manager is required to act at all times on a basis which is fair and reasonable to the ETFs, to act honestly and in good faith with a view to the best interests of the ETFs and, in connection therewith, to exercise the degree of care, diligence and skill that a reasonably prudent investment counsellor would exercise in comparable circumstances. The Investment Management Agreement provides that the Investment Manager shall not be liable in any way for any default, failure or defect in any of the securities comprising an investment portfolio of the ETFs, nor shall it be liable if it has satisfied the duties and standard of care, diligence and skill set forth above**.** The Investment Management Agreement also requires the Manager to indemnify the Indemnified Persons, against all losses, damages, costs and expenses incurred by any of them in connection with the Manager's administration of an ETF, unless an Indemnified Person is finally adjudicated to have committed an act or omission involving wilful misconduct, bad faith or negligence.

In the event that the Investment Management Agreement is terminated as provided above, the Manager shall promptly appoint a successor investment manager to carry out the activities of the Investment Manager.

The Manager is responsible for the payment of all fees owing to the Investment Manager.

The Sub-Advisor

Auspice has been retained as Sub-Advisor to provide investment advisory and portfolio management services to Horizons HMF.

Auspice is an Alberta corporation with its head office in Calgary. The Sub-Advisor operates as a portfolio manager, commodity trading manager and exempt market dealer in Alberta, and is registered as a commodity trading advisor, commodity pool operator and member of the United States National Futures Association. The Sub-Advisor's core expertise is the design and execution of systematic trading strategies, and managing commodity risk.

The names and municipalities of residence of the officers of the Sub-Advisor who will be principally involved in providing the Sub-Advisor's portfolio advisory services to Horizons HMF are set out below.

Name and Municipality of Residence	**Position with Sub-Advisor**
Tim Pickering Calgary, Alberta	President and Chief Executive Officer, Sub-Advisor (since 2005); Vice President, Option Trading - North America, Shell Trading Gas and Power (1999 - 2005).
Ken Corner	Chief Operating Officer, Sub-Advisor (since, 2006); Vice President, Option Trading, TD Securities Inc. (2005-2006);

Name and Municipality of Residence	Position with Sub-Advisor
Calgary, Alberta	Director of Trading, Shell Trading Gas and Power (2000-2005).

The investment decisions made by these individuals are not subject to the oversight, approval or ratification of any committee.

Details of the Sub-Advisory Agreement

Pursuant to the Sub-Advisory Agreement in respect of Horizons HMF, Auspice, the sub-advisor of Horizons HMF, provides the Investment Manager with advice and recommendations on the selection of securities for Horizons HMF. The services provided by the Sub-Advisor to the Investment Manager are not exclusive and nothing prevents the Sub-Advisor from providing similar services to others (whether or not their investment objectives, strategies or criteria are similar to those of Horizons HMF) or from engaging in other activities.

Under the Sub-Advisory Agreement, the Sub-Advisor is required to act at all times on a basis that is fair and reasonable to Horizons HMF, to act honestly and in good faith with a view to the best interests of Horizons HMF and, in connection therewith, to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Sub-Advisory Agreement provides that the Sub-Advisor shall not be liable in any way for any default, failure or defect in any of the securities of Horizons HMF, nor will it be liable if it has satisfied the duties and standard of care, diligence and skill set forth above. The Sub-Advisor will, however, incur liability in cases of wilful misconduct, bad faith, negligence or breach of its obligations under the Sub-Advisory Agreement.

The Sub-Advisory Agreement, unless terminated as described below, will continue in effect in respect of Horizons HMF until Horizons HMF is terminated. The Manager and/or the Investment Manager may terminate the Sub-Advisory Agreement upon providing the Sub-Advisor not less than 90 days' prior written notice. The Manager and/or the Investment Manager may terminate the Sub-Advisory Agreement in certain additional circumstances, including if the Sub-Advisor is not registered or exempt from registration as an advisor under applicable laws or if the Sub-Advisor has committed certain events of bankruptcy or insolvency or is in material breach or default of the provisions thereof and such breach or default has not been cured within 20 business days after written notice thereof has been given by the Manager or the Investment Manager to the Sub-Advisor.

The Sub-Advisor may terminate the Sub-Advisory Agreement upon providing the Manager and the Investment Manager not less than 90 days' prior written notice. The Sub-Advisor may terminate the Sub-Advisory Agreement in certain additional circumstances, including if the Manager or the Investment Manager has committed certain events of bankruptcy or insolvency or if the Manager or the Investment Manager is in material breach or default of the provisions thereof and such breach or default has not been cured within 20 business days after written notice thereof has been given to the Manager or the Investment Manager.

Pursuant to the Sub-Advisory Agreement, the Manager is responsible for the fees of the Investment Manager and the Investment Manager is responsible for the fees of the Sub-Advisor which are all, ultimately, paid out of the Manager's fees. There are no additional fees payable by Horizons HMF to the Sub-Advisor. See "Fees and Expenses".

The Trustee

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

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

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

Designated Broker

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

The Designated Broker may terminate the Designated Broker Agreement at any time by giving AlphaPro at least ninety (90) days' prior written notice of such termination. AlphaPro may terminate the Designated Broker Agreement by giving the Designated Broker at least ninety (90) days' prior written notice of such termination.

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

Conflicts of Interest

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

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

In evaluating these conflicts of interest, potential investors should be aware that the ETF Managers have a responsibility to the Unitholders to exercise good faith and fairness in all dealings affecting the ETFs. In the event that a Unitholder believes that one of the ETF Managers has violated its duty to such Unitholder, the Unitholder may seek relief for itself or on behalf of the ETFs to recover damages from or to require an accounting by the applicable

ETF Manager. Unitholders should be aware that the performance by an ETF Manager of its responsibilities to the ETFs will be measured in accordance with (i) the provisions of the agreement by which the ETF Manager has been appointed to its position with the ETFs; and (ii) applicable laws.

NBF, which holds an indirect minority interest in the Manager, acts or may act as a Designated Broker, a Dealer and/or a registered trader (market maker). These relationships may create actual or perceived conflicts of interest which investors should consider in relation to an investment in the ETFs. In particular, by virtue of these relationships, NBF may profit from the sale and trading of Units. NBF, as market maker of the ETFs in the secondary market, may therefore have economic interests which differ from, and may be adverse to, those of Unitholders.

NBF's potential roles as a Designated Broker and a Dealer of the ETFs will not be as an underwriter of the ETFs in connection with the primary distribution of Units under this prospectus and the Securities Regulatory Authorities have provided the ETFs with a decision exempting the ETFs from the requirement to include a certificate of an underwriter in the prospectus. NBF has not been involved in the preparation of this prospectus nor has it performed any review of the contents of this prospectus.

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

Independent Review Committee

NI 81-107 requires that all publicly offered investment funds, such as the ETFs, establish an IRC. The Manager must refer all conflict of interest matters for review or approval to the IRC. NI 81-107 also requires the Manager to establish written policies and procedures for dealing with conflict of interest matters, to maintain records in respect of these matters and to provide the IRC with guidance and assistance in carrying out its functions and duties. According to NI 81-107, the IRC must be comprised of a minimum of three (3) independent members, and is subject to requirements to conduct regular assessments of its members and provide reports, at least annually, to the ETF and to its Unitholders in respect of those functions. The most recent report prepared by the IRC is available on the Manager's website (www.horizonsetfs.com), or at a Unitholder's request at no cost, by contacting the ETF at 26 Wellington Street East, Suite 700, Toronto, Ontario M5E 1S2; telephone: 416-933-5745; toll free: 1-866-641-5739; fax: 416-777-5181.

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

The IRC:

- reviews and provides input on the Manager's written policies and procedures that deal with conflict of interest matters;
- reviews conflict of interest matters referred to it by the Manager and makes recommendations to the Manager regarding whether the Manager's proposed actions in connection with the conflict of interest matter achieves a fair and reasonable result for the ETFs;
- considers and, if deemed appropriate, approves the Manager's decision on a conflict of interest matter that the Manager refers to the IRC for approval; and
- performs such other duties as may be required of the IRC under applicable securities laws.

The ETFs compensate the IRC members for their participation on the IRC through member fees and, if applicable, meeting fees. Sue Fawcett and Michael Gratch receive $10,000 per year in member fees, while Warren Law, as chairperson of the IRC, receives $12,500 per year. The IRC's secretariat receives $21,000 per year for administrative services. An additional fee of $3,000 per meeting is charged by the IRC for each IRC meeting in excess of two per year. The total fees payable in respect of the IRC by a particular ETF is calculated by dividing the total net assets of the particular ETF by the total net assets of all of the mutual funds for which the IRC is responsible and then multiplying the resulting value by the total dollar value due to the IRC member by the ETF for that particular period.

Custodian

CIBC Mellon Trust is the custodian of each ETF's assets pursuant to the Custodian Agreement. The Custodian is located in Toronto, Ontario. Pursuant to the Custodian Agreement, the Custodian is required to exercise its duties with the degree of care, diligence and skill that a reasonably prudent person would exercise in the same circumstances.

Under the Custodian Agreement, an ETF shall pay fees to the Custodian at such rate as determined by the parties from time to time and the Custodian shall be reimbursed for all reasonable expenses incurred in the performance of its duties under the Custodian Agreement. Each ETF shall also indemnify and hold harmless the Custodian, CIBC Mellon Global, Canadian Imperial Bank of Commerce, and the Bank of New York Mellon from any direct loss, damage or expense, including reasonable counsel fees and expenses, arising in connection with the Custodian Agreement, except to the extent such direct loss, damage or expense, including reasonable counsel fees and expenses is caused by a breach of the Standard of Care by the Custodian, CIBC Mellon Global, Canadian Imperial Bank of Commerce, and the Bank of New York Mellon, or a permitted agent or assignee of the foregoing.

The parties to the Custodian Agreement may terminate the Custodian Agreement without any penalty upon at least ninety (90) days' written notice to the other parties, or immediately, if any party becomes insolvent, or makes an assignment for the benefit of creditors, or a petition in bankruptcy is filed by or against that party and is not discharged within thirty (30) days, or proceedings for the appointment of a receiver for that party are commenced and not discontinued within thirty (30) days. The Manager may terminate the Custodian Agreement immediately upon written notice to the other parties and without penalty if the Custodian no longer satisfies the requirements to act as a custodian of the ETFs, as such requirements are set out in NI 81-102 and National Instrument 41-101 – *General Prospectus Requirements*.

Valuation Agent

The Manager has retained CIBC Mellon Global, to provide accounting services in respect of the ETFs pursuant to a valuation services agreement.

Auditors

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

Transfer Agent and Registrar

CST Trust Company, at its principal offices in Toronto, Ontario is the registrar and transfer agent for Units of the ETFs pursuant to registrar and transfer agency agreements. CST Trust Company is independent of the Manager.

Promoter

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

Securities Lending Agents

Canadian Imperial Bank of Commerce ("**CIBC**") is a securities lending agent for the ETFs pursuant to a securities lending agreement (the "**CIBC SLA**").

CIBC is located in Toronto, Ontario. CIBC is independent of the Manager. The CIBC SLA requires that the collateral delivered in connection with a securities loan have an aggregate value of not less than 102% of the value of the loaned securities (or, if higher, the percentage of the aggregate market value of loaned securities in accordance with prevailing best market practices). The CIBC SLA requires CIBC and certain CIBC affiliates to indemnify each ETF against, among other things, the failure of CIBC to perform its obligations under the CIBC SLA. A party to the CIBC SLA may terminate the CIBC SLA upon 30 days' notice.

Accounting and Reporting

An ETF's fiscal year will be the calendar year or such other fiscal period permitted under the Tax Act as that ETF elects. The annual financial statements of an ETF shall be audited by that ETF's auditors in accordance with Canadian generally accepted auditing standards. The auditors will be asked to report on the fair presentation of the annual financial statements in accordance with GAAP. The Manager will arrange for an ETF's compliance with all applicable reporting and administrative requirements.

The Manager will keep, or arrange for the keeping of, adequate books and records reflecting the activities of an ETF. A Unitholder or his or her duly authorized representative will have the right to examine the books and records of an ETF during normal business hours at the offices of the Manager or such other location as the Manager shall determine. Notwithstanding the foregoing, a Unitholder shall not have access to any information that, in the opinion of the Manager, should be kept confidential in the interests of an ETF.

CALCULATION OF NET ASSET VALUE

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

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

Valuation Policies and Procedures of the ETFs

The Manager uses the following valuation procedures in determining an ETF's "**net asset value**" and "**net asset value per Unit**" on each Valuation Day:

1. The value of any cash on hand, on deposit or on call, bills and notes and accounts receivable, prepaid expenses, cash dividends to be received and interest accrued and not yet received, will be deemed to be the face amount thereof, unless the Manager determines that any such deposit, call loan, bill, note or account receivable is not worth the face amount thereof, in which event the value thereof will be deemed to be such value as the Manager determines, on such basis and in such manner as may be approved by the board of directors of the Manager to be the reasonable value thereof.

2. The value of any security, commodity or interest therein which is listed or dealt in upon a stock exchange will be determined by:

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

(b) in the case of securities not traded on that Valuation Day, a price estimated to be the true value thereof by the Manager on such basis and in such manner as may be approved of by the board of directors of the Manager, such price being between the closing asked and bid prices for the securities or interest therein as reported by any report in common use or authorized as official by a stock exchange.

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

4. In the case of any security or property for which no price quotations are available as provided above, the value thereof will be determined from time to time by the Manager, where applicable, in accordance with the principles described in paragraph 2(b) above, except that the Manager may use, for the purpose of determining the sale price or the asked and bid price of such security or interest, any public quotations in common use which may be available, or where such principles are not applicable, in such manner as may be approved of by the board of directors of the Manager.

5. The liabilities of an ETF will include:

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

6. Each transaction of purchase or sale of a portfolio asset effected by an ETF shall be reflected by no later than the next time that the net asset value of the ETF and the net asset value per Unit of the ETF is calculated.

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

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

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

Reporting of Net Asset Value

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

ATTRIBUTES OF THE SECURITIES

Description of the Securities Distributed

Each ETF is authorized to issue an unlimited number of redeemable, transferable Units designated as Class E Units pursuant to this prospectus, each of which represents an equal, undivided interest in the net assets of the ETF. Prior to January 31, 2017, Advisor Class Units of the ETFs were also offered.

On December 16, 2004, the *Trust Beneficiaries' Liability Act*, 2004 (Ontario) came into force. This statute provides that holders of units of a trust are not, as beneficiaries, liable for any, default, obligation or liability of the trust if, when the default occurs or the liability arises: (i) the trust is a reporting issuer under the *Securities Act* (Ontario); and (ii) the trust is governed by the laws of Ontario. Each ETF is a reporting issuer under the *Securities Act* (Ontario) prior to the initial issuance of Units of each such ETF and each ETF is governed by the laws of Ontario by virtue of the provisions of the Trust Declaration.

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

Redemption of PNU(s) for Cash

Unitholders may redeem the applicable PNU (or a whole multiple thereof) of an ETF on any Trading Day for cash, subject to the requirement that a minimum PNU be redeemed. See "Redemption of Units".

Redemptions of Units for Cash

On any Trading Day, Unitholders may redeem Units for cash at a redemption price per Unit equal to 95% of the closing price for the Units on the TSX on the effective day of the redemption. See "Redemption of Units".

Conversion of Units

Unitholders may convert Advisor Class Units for Class E Units of the same ETF on a monthly basis. See “Redemption of Units - Conversion of Advisor Class Units”.

Stock Exchange Sponsored Net Asset Value Execution Program

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

Modification of Terms

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

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

Voting Rights in the Portfolio Securities

Holders of Units will not have any voting rights in respect of the securities in an ETF’s portfolio.

UNITHOLDER MATTERS

Meetings of Unitholders

A meeting of Unitholders of an ETF, other than Horizons HGY, may be convened by the Manager by a written requisition specifying the purpose of the meeting and must be convened if requisitioned by Unitholders of the ETF holding not less than 25% of the Units then outstanding by a written requisition specifying the purpose of the meeting. In the case of Horizons HGY, such a meeting may be convened if requisitioned by Unitholders holding not less than 10% of the Units then outstanding.

Not less than 21 days’ and not more than 50 days’ notice will be given of any meeting of Unitholders of an ETF. The quorum at any such meeting is at least two (2) Unitholders of such ETF present in person or by proxy except for the purpose of any meeting called to consider item (iv) below under “Matters Requiring Unitholder Approval” in which case the quorum shall be at least two (2) Unitholders of the ETF holding 15% of the outstanding Units of the ETF. If no quorum is present at such meeting when called, the meeting, if called on the requisition of Unitholders or for the purpose of item (iv), will be terminated and otherwise may be adjourned for not less than 48 hours and at the adjourned meeting the Unitholders of such ETF then present in person or represented by proxy will form the necessary quorum. At any meeting of Unitholders of an ETF, each Unitholder of the ETF will be entitled to one (1) vote for each whole unit registered in the Unitholder’s name.

The ETFs do not intend to hold annual meetings of Unitholders.

Matters Requiring Unitholder Approval

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

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

  (A) the ETF is at arm's length with the person or company charging the fee; and

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

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

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

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

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

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

  (A) the IRC of the ETF has approved the change in accordance with NI 81-107;

  (B) the ETF is being reorganized with, or its assets are being transferred to, another mutual fund to which NI 81-102 and NI 81-107 apply, and that is managed by the Manager, or an affiliate of the Manager;

  (C) the Unitholders have received at least 60 days' notice before the effective date of the change; and

  (D) the transaction complies with certain other requirements of applicable securities legislation;

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

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

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

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

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

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

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

Amendments to the Trust Declaration

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

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

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

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

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

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

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

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

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

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

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

(e) for the purposes of protecting the Unitholders;

(f) from and after the effective date of the conversion of the Fund to an exchange traded fund, to delete any provisions which have application only prior to the effective date of such conversion; or

(g) to make such modifications as may be necessary or desirable in connection with the termination of a forward agreement as a result of the termination of the applicable ETF pursuant to the terms of the Trust Declaration.

Reporting to Unitholders

The Manager, on behalf of an ETF, will, in accordance with applicable laws, furnish to each Unitholder, unaudited semi-annual financial statements and an interim management report of fund performance for the ETF within 60 days of the end of each semi-annual period and audited annual financial statements and an annual management report of fund performance for the ETF within 90 days of the end of each financial year. Both the semi-annual and the annual financial statements of the ETF will contain a statement of net assets, a statement of operations, a statement of changes in net assets, a statement of cashflows (unless it is not required by GAAP) and a statement of investment portfolio.

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

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

Exchange of Tax Information

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

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

TERMINATION OF THE ETFs

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

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

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

Procedure on Termination

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

PLAN OF DISTRIBUTION

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

Units of the ETFs are currently listed on the TSX.

BROKERAGE ARRANGEMENTS

Subject to the prior written approval of the Manager, the Investment Manager is authorized to establish, maintain, change and close brokerage accounts on behalf of the ETFs. The Investment Manager intends to use a number of clearing brokers to transact trades in futures contracts on behalf of the ETFs. Once such brokerage accounts are established, the Investment Manager is authorized to negotiate commissions and fees to be paid on such brokerage transactions, subject to a continuing obligation to seek and obtain the best price, execution and overall terms.

RELATIONSHIP BETWEEN THE ETFS AND DEALERS

The Manager, on behalf of an ETF, may enter into various Dealer Agreements with registered dealers (that may or may not be the Designated Broker) pursuant to which the Dealers may subscribe for Units of the ETF as described under "Purchases of Units". Such registered dealers may be related to the Manager. See "Organization and Management Details of the ETFs - Conflicts of Interest".

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

NBF, which holds an indirect minority interest in the Manager, acts or may act as a Designated Broker, a Dealer and/or a registered trader (market maker). Accordingly, the ETFs may be considered to be connected issuers of NBF under applicable securities laws. NBF's potential role as a Designated Broker and/or Dealer of an ETF will not be as an underwriter of the ETF in connection with the distribution of Units of the ETF under this prospectus. NBF has not been involved in the preparation of this prospectus nor has it performed any review of the contents of this prospectus. See "Organization and Management Details of the ETFs - Conflicts of Interest".

PRINCIPAL HOLDERS OF UNITS OF THE ETFs

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

PROXY VOTING DISCLOSURE FOR PORTFOLIO UNITS HELD

The Manager is responsible for appropriately exercising all rights and privileges in respect of securities held by the ETFs. Each ETF has adopted the Manager's proxy voting policy (the "**Proxy Voting Policy**") which sets out the guidelines and procedures to determine whether and how to vote on any matter for which an ETF receives proxy materials. Issuers' proxies most frequently contain proposals to elect corporate directors, to appoint external auditors and set their compensation, to adopt or amend management compensation plans, and to amend the capitalization of the company. The Proxy Voting Policy is intended to provide for the exercise of such voting rights in accordance with the best interests of the applicable ETF.

The Proxy Voting Policy

Pursuant to the Proxy Voting Policy, the Manager will generally cause an ETF to vote on these matters as follows:

(a) **Board Of Directors** – The Manager supports establishing a majority of independent directors and independent committee chairs. Boards are required to act in the best interests of all shareholders. This can be achieved by ensuring that the majority of directors are independent. The Manager will not normally vote against a slate of directors because they are not independent.

(b) **Contested Director Elections** – In the case of contested board elections, the nominees' qualifications and the performance of the incumbent board will be evaluated, as well as the rationale behind the dissidents' campaign, to determine the outcome that will maximize shareholder value.

(c) **Classified Boards –** Proposals to declassify existing boards (whether proposed by management or shareholders) will generally be supported, and efforts by companies to adopt classified board structures, in which only part of the board is elected each year, will be resisted.

(d) **Director/Officer Indemnification –** Proposals to indemnify directors and officers will generally be supported to ensure the companies can recruit the most qualified individuals. Individuals may be reluctant to serve as a director or officer if they were to be personally liable for all lawsuits and legal costs.

(e) **Director Ownership** – Proposals that will require independent directors to hold a minimum amount of company stock as individuals will generally be opposed. Such a requirement raises questions about directors' independence, and qualified candidates may be reluctant to accept directorships in the face of such a requirement.

(f) **Director Qualifications –** The Manager supports establishing minimum standards for directors and disclosing the directors' qualifications to shareholders. In addition, the Manager supports boards that consist of experienced individuals with the appropriate business and professional credentials. Elected directors should have general business acumen and company specific knowledge, and should make informed and independent judgments.

(g) **Independent Advisors –** The Manager supports empowering boards, board committees and individual directors to retain (at the subject company's expense) outside legal counsel and other advisors to assist them with their responsibilities.

(h) **Separation of Chair and Chief Executive Officer** – The Manager supports, where possible, separating the chair and chief executive officer roles. The board chair should be an independent executive director.

(i) **Approval of Independent Auditors –** The relationship between a company and its auditors should be limited primarily to the audit, although it may include certain closely related activities that do not, in the aggregate, raise any appearance of impaired independence. Management's recommendation for the ratification of the auditors, except in instances where audit and audit-related fees make up less than 50% of the total fees paid by the company to the audit firm, will generally be supported.

(j) **Executive Compensation** – The Manager supports establishing an independent compensation committee to ensure that executive compensation is competitive and fair.

(k) **Stock-Based Compensation Plans –** An independent compensation committee should have significant latitude to deliver varied compensation to motivate the company's employees. However, all compensation proposals will be evaluated in the context of several factors (a company's industry, market capitalization, competitors for talent, etc.) to determine whether a particular plan or proposal balances the perspectives of employees and the company's other shareholders.

(l) **Bonus Plans** – Bonus plans, which must be periodically submitted for shareholder approval, should have clearly defined performance criteria and maximum awards expressed in dollars. Bonus plans with awards that are excessive in both absolute terms and relative to a comparative group generally will not be supported.

(m) **Employee Stock Purchase Plans** – The use of employee stock purchase plans to increase company stock ownership by employees will generally be supported provided that shares purchased under the plan are acquired for no less than 85% of their market value and that shares reserved under the plan comprise less than 5% of the outstanding shares.

(n) **Executive Severance Agreements –** While executives' incentives for continued employment should be more significant than severance benefits, there are instances, particularly in the event of a change in control, in which severance arrangements may be appropriate. The Manager will generally, without submission to shareholders, cause an ETF to vote in favour of approving severance benefits triggered by a change in control that do not exceed three times an executive's salary and bonus.

(o) **Shareholder Rights Plans –** In evaluating the approval of proposed shareholder rights plans, the following factors will be considered: the length of the plan; whether the plan requires shareholder approval for renewal; whether the plan incorporates review by a committee of independent directors at least every three years; whether the plan includes permitted bid/qualified offer features that mandate a shareholder vote in certain situations; whether the ownership trigger is reasonable; and the level of independence of the board that is proposing such plan.

(p) **Crown Jewel Defence** – The sale of assets to "friendly" companies in an effort to frustrate a takeover will generally be opposed as this action could impair shareholder value.

(q) **Cumulative Voting** – Cumulative voting will generally be opposed on the basis that it allows shareholders a voice in director elections that is disproportionate to their economic investment in the corporation.

(r) **Supermajority Vote Requirements** – Shareholders' ability to approve or reject matters presented for a vote based on a simple majority will be supported. Accordingly, proposals to remove supermajority requirements will be supported, and proposals to impose them will be opposed.

(s) **Right to Call Meetings and Act by Written Consent** – Shareholders' rights to call special meetings of the board (for good cause and with ample representation) and to act by written consent will generally be supported. Proposals to grant these rights to shareholders will be supported, and proposals to abridge these rights will be opposed.

(t) **Confidential Voting –** The integrity of the voting process is enhanced substantially when shareholders (both institutions and individuals) can vote without fear of coercion or retribution based on their votes. As such, proposals to provide confidential voting will be supported.

(u) **Dual Classes of Stock –** Dual-class capitalization structures that provide disparate voting rights to different groups of shareholders with similar economic investments are objectionable. As such, the creation of separate classes with different voting rights will be opposed, and the dissolution of such classes will be supported.

(v) **Corporate and Social Policy Issues** – Proposals in this category, initiated primarily by shareholders, typically request that the corporation disclose or amend certain business practices. These are "ordinary business matters" that are primarily the responsibility of management and should be evaluated and approved solely by the corporation's board of directors. The ETFs will typically abstain from voting on these proposals absent a compelling economic impact on shareholder value (e.g., proposals to require expensing of stock options).

(w) **Increase in Authorized Shares** – The Manager supports only issuing additional common shares for good business reasons.

Other issues, including those business issues specific to the issuer or those raised by shareholders of the issuer, are addressed on a case-by-case basis with a focus on the potential impact of the vote on shareholder value.

The ETFs may limit their voting on foreign holdings in instances where the issues presented are unlikely to have a material impact on shareholder value, since the costs of voting (e.g. custodian fees, vote agency fees) in foreign markets may be substantially higher than for Canadian holdings.

The Proxy Voting Policy is available on request, at no cost, by calling the Manager toll-free at 1-866-641-5739 or emailing the Manager at info@HorizonsETFs.com.

An ETF's proxy voting record for the annual period from July 1 to June 30 will be available free of charge to any investor of the ETF upon request at any time after August 31 following the end of that annual period. An ETF's proxy voting record will also be available on our Internet site at www.HorizonsETFs.com.

MATERIAL CONTRACTS

The only contracts material to the ETFs are the:

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

(b) **Investment Management Agreement**. For additional disclosure related to the Investment Management Agreement, including relevant termination provisions and other key terms of the agreement, see "Organization and Management Details of the ETFs – Details of the Investment Management Agreement";

(c) **Sub-Advisory Agreement**. For additional disclosure related to the Sub-Advisory Agreement, including relevant termination provisions and other key terms of the agreement, see "Organization and Management Details of the ETFs – Details of the Sub-Advisory Agreement"; and

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

Copies of these agreements may be examined at the head office of the Manager of the ETFs, 26 Wellington Street East, Suite 700, Toronto, Ontario, M5E 1S2, during normal business hours.

LEGAL AND ADMINISTRATIVE PROCEEDINGS

The ETFs are not involved in any legal proceedings, nor is the Manager aware of existing or pending legal or arbitration proceedings involving the ETFs.

EXPERTS

KPMG LLP, the auditors of the ETFs, has consented to the use of their reports each dated March 9, 2016 to the Unitholders of the ETFs. KPMG LLP have confirmed that they are independent with respect to the ETFs within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations.

EXEMPTIONS AND APPROVALS

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

(a) permit a Unitholder to acquire more than 20% of the Units through purchases on the TSX without regard to the takeover bid requirements of applicable Canadian securities legislation provided the Unitholder, and any person acting jointly or in concert with such Unitholder, undertakes to the Manager not to vote more than 20% of the Units at any meeting of Unitholders. See "Purchases of Units – Buying and Selling Units";

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

(c) relieve an ETF from the dealer registration requirement provided that the Manager complies with Part 15 of NI 81-102;

(d) permit the ETF to lend up to 100% of its investment portfolio to qualified borrowers;

(e) relieve an ETF from the restrictions relating to redemptions of "seed capital" invested by a commodity pool;

(f) allow Horizons HMF to gain exposure to Managed Futures Portfolio by means of a forward purchase and sale agreement in order to achieve its investment objective and to permit the ETFs to invest in Exchange Traded Products that issue Commodity Participation Units including Exchange Traded Products managed by affiliates of the Manager and advised by the Investment Manager; and

(g) permit an ETF to lend securities with a lending agent that is not the Custodian.

OTHER MATERIAL FACTS

Disclaimers

THE ETFS ARE NOT SPONSORED, ENDORSED, SOLD OR PROMOTED BY AUSPICE CAPITAL ADVISORS LTD. AND ITS AFFILIATES (IN THIS DISCLAIMER, "AUSPICE"). AUSPICE MAKES NO REPRESENTATION, CONDITION OR WARRANTY, EXPRESS OR IMPLIED, TO THE OWNERS OF THE ETFS OR ANY MEMBER OF THE PUBLIC REGARDING THE ADVISABILITY OF INVESTING IN SECURITIES GENERALLY OR IN ETFS PARTICULARLY OR THE ABILITY OF THE UNDERLYING INDEX TO TRACK COMMODITY MARKET PERFORMANCE. AUSPICE'S ONLY RELATIONSHIP TO ALPHAPRO IS THE LICENSING OF CERTAIN TRADE-MARKS AND TRADE NAMES AND OF THE UNDERLYING INDEX, WHICH ARE DETERMINED, COMPOSED AND CALCULATED BY AUSPICE WITHOUT REGARD TO ALPHAPRO OR THE ETFS. AUSPICE HAS NO OBLIGATION TO TAKE THE NEEDS OF ALPHAPRO OR THE OWNERS OF THE ETFS INTO CONSIDERATION IN DETERMINING, COMPOSING OR CALCULATING THE UNDERLYING INDEX. AUSPICE HAS NO OBLIGATION OR LIABILITY IN CONNECTION WITH THE ADMINISTRATION, OR MARKETING, TRADING OF THE UNITS OF THE ETFS.

AUSPICE DOES NOT GUARANTEE THE ACCURACY AND/OR THE COMPLETENESS OF THE UNDERLYING INDEX OR ANY DATA INCLUDED THEREIN AND AUSPICE SHALL HAVE NO LIABILITY FOR ANY ERRORS,

OMISSIONS, OR INTERRUPTIONS THEREIN. AUSPICE MAKES NO WARRANTY OR CONDITION, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY ALPHAPRO, OWNERS OF THE ETFS, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE UNDERLYING INDEX OR ANY DATA INCLUDED THEREIN. AUSPICE MAKES NO EXPRESS OR IMPLIED WARRANTIES OR CONDITIONS, AND EXPRESSLY DISCLAIMS ALL WARRANTIES OR CONDITIONS OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE UNDERLYING INDEX OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL AUSPICE HAVE ANY LIABILITY FOR ANY SPECIAL, PUNITIVE, INDIRECT, OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS) RESULTING FROM THE USE OF THE UNDERLYING INDEX OR ANY DATA INCLUDED THEREIN, EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

Conversion of Horizons HGY into an Exchange Traded Fund

Horizons HGY was established as a closed-end fund named the “Horizons Gold Yield Fund”. Pursuant to the terms of the Trust Declaration, the class A units and class F units of the Fund converted into Class E Units of Horizons HGY on February 27, 2012.

PURCHASERS’ STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

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

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

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

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

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

DOCUMENTS INCORPORATED BY REFERENCE

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

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

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

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

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

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

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

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

HORIZONS AUSPICE MANAGED FUTURES INDEX ETF
HORIZONS GOLD YIELD ETF
HORIZONS NATURAL GAS YIELD ETF
(THE "ETFs")

CERTIFICATE OF THE ETFS, THE MANAGER AND PROMOTER

Dated: February 28, 2017

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

ALPHAPRO MANAGEMENT INC.,
AS TRUSTEE, MANAGER AND PROMOTER OF THE ETFs

"Taeyong Lee"
Taeyong Lee
Executive Chairman and
Co-Chief Executive Officer

"Julie Stajan"
Julie Stajan
Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS
OF ALPHAPRO MANAGEMENT INC.

"Steven J. Hawkins"
Steven J. Hawkins
Director

"Thomas Park"
Thomas Park
Director