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

Initial Public Offering May 9, 2019

Horizons Global Uranium Index ETF ("HURA")

Continuous Offering May 9, 2019

Horizons Morningstar Hedge Fund Index ETF ("HHF")
Horizons Absolute Return Global Currency ETF ("HARC")
Horizons Seasonal Rotation ETF ("HAC")

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

The ETFs are exchange traded mutual funds established under the laws of Ontario. Each ETF is an "alternative mutual fund" as defined in National Instrument 81-102 *Investment Funds* ("**NI-81-102**"). Class E units of HHF, HARC and HAC, and Class A Units of HURA (collectively, the "**Units**") are being offered for sale on a continuous basis by this prospectus and there is no minimum number of Units that may be issued. Units are denominated in Canadian dollars.

HHF does not invest, directly or indirectly, in the constituent hedge funds comprising the Morningstar Broad Hedge Fund Index. The returns of the Nexus Hedge Fund Index Replication Strategy may substantially deviate from the performance of the Morningstar Broad Hedge Fund Index.

The 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, investment manager and trustee of the ETFs is Horizons ETFs Management (Canada) Inc. ("**Horizons**", the "**Investment Manager**", the "**Manager**" or the "**Trustee**"). See "Organization and Management Details of the ETFs". The Manager is also responsible for engaging the services of CIBC Asset Management Inc. ("**CIBC Asset**") to act as sub-advisor (the "**Sub-Advisor**") to HARC.

HHF

HHF seeks investment results, before fees, expenses, distributions, brokerage commissions and other transaction costs, that replicate the performance of the Morningstar Broad Hedge Fund Index (the "**Hedge Fund Index**"), hedged to the Canadian dollar. HHF uses an index replication strategy that provides exposure to futures contracts, exchange traded funds, money market instruments and cash. HHF does not invest, directly or indirectly, in the constituent hedge funds comprising the Hedge Fund Index.

HHF seeks to achieve its investment objective through direct investment and/or through exposure to the investment portfolio of the HAP Nexus Hedge Fund Replication Trust (the "**Reference Fund**"). The performance of the Hedge Fund Index is tracked by using the Nexus Hedge Fund Index Replication Strategy (the "**Replication Strategy**"). The Replication Strategy is a factor-based index replication method which uses statistical models to estimate the net exposure of the Hedge Fund Index's components to its main return-generating factors, which usually correspond to the main asset classes available on financial markets. National Bank of Canada ("**NBC**") owns rights to use the Replication Strategy which is implemented by Horizons in its capacity as investment manager of the Reference Fund. HHF is currently exposed to derivatives, including futures contracts and forwards. HHF is primarily exposed to a basket of liquid futures contracts, money market instruments, cash, and, from time to time, exchange traded funds. HHF may employ exposure to derivatives, including futures contracts and forwards, for hedging purposes. HHF and the Reference Fund do not invest, directly or indirectly, in the constituent hedge funds comprising the Hedge Fund Index.

When it is difficult, uneconomic, or impossible for a fund or investor to invest in the securities that make up an index, many index providers rely on replication indexes that refer to an alternative basket comprised of investible securities that are believed to be highly correlated to the otherwise un-investible index. The Hedge Fund Index is considered to be an un-investible index.

The return to HHF and to holders of Units of HHF may, in whole or in part, be based upon the return on the Reference Fund by virtue of one or more forward purchase and sale agreements, which is consistent with the investment objective of HHF. HHF has entered into the Forward Documents with the Bank Counterparty pursuant to which it is exposed to the performance of the Reference Fund. See "Investment Strategies – Specific Investment Strategies of the ETFs – HHF".

HHF may also enter into other new forward agreements or utilize other derivative strategies, replace the Bank Counterparty or engage additional Acceptable Counterparties at any time. HHF will remain fully invested in or exposed to the markets at all times. HHF may also invest in futures contracts and forward agreements in order to provide exposure for other cash held by the ETF and may also hold money market instruments, securities of money market funds or cash to meet its current obligations.

HARC

HARC seeks to generate positive absolute returns through long and short exposure to selected global currencies. HARC will generally hold Canadian short-term fixed-income securities and will primarily use derivative instruments to gain its exposure to selected global currencies.

HAC

HAC seeks to provide long term capital appreciation in all market cycles by tactically allocating its exposure amongst equities, fixed income, commodities and currencies during periods that have historically demonstrated seasonal trends. HAC's portfolio may from time to time also include a significant amount of cash and/or cash equivalents.

HURA

HURA seeks to replicate, to the extent possible, the performance of the Solactive Global Uranium Pure-Play Index, net of expenses. The Solactive Global Uranium Pure-Play Index is designed to provide exposure to the performance of a basket of issuers which (a) are primarily involved in the uranium mining and exploration industry, or (b) invest and participate directly in the physical price of uranium.

See "Investment Objectives".

Additional Considerations

The ETFs are alternative mutual funds within the meaning of National Instrument 81-102 Investment Funds ("**NI 81-102**"), and are permitted to use strategies generally prohibited by conventional mutual funds, such as the ability to invest more than 10% of their net asset value in securities of a single issuer, the ability to borrow cash, to short sell beyond the limits prescribed for conventional mutual funds and to employ leverage. While these strategies will only be used in accordance with the investment objectives and strategies of the ETFs, during certain market conditions they may accelerate the risk that an investment in Units of the ETFs decreases in value.

Units of each Existing ETF are currently listed and trade on the Toronto Stock Exchange (the "**TSX**").

The Units of HURA have been conditionally approved for listing on the TSX. Subject to satisfying the TSX's original listing requirements, the Units of HURA will be listed on the TSX and investors will be able to buy or sell such Units on the TSX through registered brokers and dealers in the province or territory where the investor resides.

Investors can 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. 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 the Dealers to purchase and redeem Units in the applicable currency 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 TSX 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 or exchange options which are available where a Dealer, Designated Broker or Unitholder redeems or exchanges a prescribed number of Units, as such number may be determined by the Manager from time to time. See "Redemption of Units".

The ETFs will issue Units directly to the Designated Broker and to Dealers.

No Designated Broker, Dealer, Bank Counterparty or Acceptable Counterparty 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 hereafter defined) have provided the ETFs with a decision exempting the ETFs from the requirement to include a certificate of an underwriter in the prospectus. The Designated Broker and the Dealers are not underwriters of the ETFs in connection with the distribution by the ETFs of their Units under this prospectus.

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. 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. ("**CDS**"). 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 ETF Facts 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 or will also be available on the website of SEDAR (the System for Electronic Document Analysis and Retrieval) at www.sedar.com.

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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 ETFs are open-end mutual fund trusts established under the laws of Ontario. Each ETF is an "alternative mutual fund" as defined in NI-81-102. See "Overview of the Legal Structure of the ETFs".

Investment Objectives

HHF

HHF seeks investment results, before fees, expenses, distributions, brokerage commissions and other transaction costs, that replicate the performance of the Morningstar Broad Hedge Fund Index (the "**Hedge Fund Index**"), hedged to the Canadian dollar. HHF uses an index replication strategy that provides exposure to futures contracts, exchange traded funds, money market instruments and cash. **HHF does not invest, directly or indirectly, in the constituent hedge funds comprising the Hedge Fund Index.**

HARC

HARC seeks to generate positive absolute returns through long and short exposure to selected global currencies. HARC will generally hold Canadian short-term fixed-income securities and will primarily use derivative instruments to gain its exposure to selected global currencies.

HAC

HAC seeks to provide long term capital appreciation in all market cycles by tactically allocating its exposure amongst equities, fixed income, commodities and currencies during periods that have historically demonstrated seasonal trends. HAC's portfolio may from time to time also include a significant amount of cash and/or cash equivalents.

HURA

HURA seeks to replicate, to the extent possible, the performance of the Solactive Global Uranium Pure-Play Index, net of expenses. The Solactive Global Uranium Pure-Play Index is designed to provide exposure to the performance of a basket of issuers which (a) are primarily involved in the uranium mining and exploration industry, or (b) invest and participate directly in the physical price of uranium.

See "Investment Objectives".

Investment Strategies

HHF

The Morningstar Broad Hedge Fund Index

The Hedge Fund Index is a rules-based, asset-weighted index based on the largest and broadest hedge fund database in the hedge fund industry. The Hedge Fund Index is designed to capture the performance and behaviour of the most liquid hedge funds offering exposure to a wide spectrum of core and category hedge fund strategies. The

Hedge Fund Index is a non-investible hedge fund index containing over 500 U.S. based hedge funds from a universe of more than 4,500 single-strategy and fund-of-fund hedge funds.

HHF seeks to achieve its investment objective through direct investment and/or through exposure to the investment portfolio of the Reference Fund. Together, HHF and the Reference Fund seek to track the performance of the Hedge Fund Index by using the Replication Strategy. The Replication Strategy is a factor-based index replication method which uses statistical models to estimate the net exposure of the Hedge Fund Index's components to its main return-generating factors, which usually correspond to the main asset classes available on financial markets. NBC owns rights to use the Replication Strategy which is implemented by Horizons in its capacity as investment manager of the Reference Fund. HHF is currently exposed to derivatives, including futures contracts and forwards. HHF is primarily exposed to a basket of liquid futures contracts, money market instruments, cash, and, from time to time, exchange traded funds. HHF may employ exposure to derivatives, including futures contracts and forwards, for hedging purposes. HHF and the Reference Fund do not invest, directly or indirectly, in the constituent hedge funds comprising the Hedge Fund Index.

When it is difficult, uneconomic, or impossible for a fund or investor to invest in the securities that make up an index, many index providers rely on replication indexes that refer to an alternative basket comprised of investible securities that are believed to be highly correlated to the otherwise un-investible index. The Hedge Fund Index is considered to be an un-investible index.

The Forward Documents

The return to HHF and to its Unitholders may, in whole or in part, be based upon the return on the Reference Fund by virtue of one or more forward agreements or other derivative strategies. HHF has entered into the Forward Documents with the Bank Counterparty. If the Bank Counterparty hedges its exposure under the Forward Documents, it or an affiliate may acquire units of the Reference Fund. There is no assurance that the Bank Counterparty will maintain a hedge or will do so with respect to the full amount or term of the Forward Documents.

HHF currently employs the Forward Documents, interest bearing accounts and T-Bills in seeking to achieve its investment objective.

HHF has entered into multiple Forward Documents with the Bank Counterparty that will provide positive exposure to the Reference Fund and/or Forward Documents that will provide negative exposure to the Reference Fund. HHF seeks to achieve its investment objective, in whole or in part, through the net exposure of its respective Forward Documents. HHF will generally invest the net proceeds of Unit subscriptions in interest bearing accounts and T-Bills to earn prevailing short-term market interest rates. HHF will have the ability to replace the Bank Counterparty or engage additional Counterparties at any time. The reference asset of the Forward Documents is a notional amount of positive or negative exposure to the Reference Fund. A Counterparty or its guarantor must have a designated rating within the meaning of NI 81-102.

The amount payable by the Counterparty under the Forward Documents is based upon the value of the Reference Fund.

HHF will be entitled to upsize, or pre-settle in whole or in part, the Forward Documents from time to time as needed to fund Unit redemptions and market repurchases of Units, pay administrative expenses, meet other liquidity needs and such other purposes as HHF may determine.

HHF may enter into additional and/or replacement forward agreements with an Acceptable Counterparty.

HARC

In order to achieve its investment objective, HARC's Sub-Advisor will select currencies that are expected to strengthen or weaken on a relative basis using the Sub-Advisor's proprietary active investment process that tracks more than thirty global currencies. The Sub-Advisor's investment process employs both fundamental analysis and a factor based ranking model. HARC will obtain exposure to currencies primarily by entering into derivatives where the underlying interests are the currencies of two countries. In each derivative, the currency of one country (the "strong side currency") will be selected by the Sub-Advisor to outperform the currency of the other country (the "weak side currency"). HARC will realize a gain (or incur a loss) from the derivative if, during the term of the derivative, the exchange rate between the two currencies changes such that the strong side currency increases (or decreases) in value relative to the weak side currency. The Sub-Advisor will study a country's level of inflation, anticipated interest rate change, employment outlook, economic growth expectation, trade balance, government policy and central bank actions. The Sub-Advisor actively monitors interest rate and inflation differentials and uses, among other techniques, exchange rate analysis techniques such as interest rate parity and purchasing power parity to forecast currency values. The Sub-Advisor also conducts fundamental economic analysis of the currencies being considered for inclusion in HARC's portfolio, taking into account macro-economic variables and events that it judges to be important to a particular country.

HARC may use other instruments and derivatives including spot currency transactions, currency ETFs, currency options and currency futures contracts. At times HARC may be over-weighted in a specific geographic region and/or to emerging markets currencies.

HAC

HAC invests in an actively managed portfolio of investments. HAC invests primarily in Exchange Traded Products to gain exposure to the performance of Broad Markets or Sector Markets that at various times of the year have historically performed favourably. HAC may also invest in futures contracts to meet its investment objectives.

During historically favourable periods of the year that a given Broad Market has produced higher rates of return and/or a higher frequency of positive performance compared with other periods of the year, HAC may allocate some or all of its exposure that Broad Market. During historically favourable periods of the year that one or more Sector Markets have produced higher rates of return and/or have a higher frequency of positive performance compared with Broad Markets over the same period, HAC may allocate some of its exposure to those Sector Markets. During periods of the year when Broad Markets have historically underperformed when compared with Broad Markets during other periods of the year, HAC may allocate some of its portfolio to cash, cash equivalents or Exchange Traded Products that provide inverse exposure (including inverse leveraged exposure) to Broad Markets or one or more Sector Markets.

At times, HAC will seek to profit from short-term strategic opportunities with long or short exposure to Broad Markets or Sector Markets. At any time, HAC may have a significant amount of its portfolio in fixed-income securities, cash or cash equivalents in order to react to market conditions and/or preserve capital.

While HAC may seek to achieve its investment objective and implement these investment strategies by investing primarily in Exchange Traded Products that provide exposure to Broad Markets, Sector Markets, and fixed-income securities, HAC may seek exposure by investing directly or by employing indirect alternatives that are consistent with HAC's investment objectives.

HAC may purchase Exchange Traded Products that issue index participation units and provide exposure to securities markets and Commodity Participation Units that provide exposure to commodities markets. Subject to compliance with NI 81-102 or an exemption therefrom, HAC may invest up to 10% of its net assets from time to time in the Leveraged ETFs that provide leveraged, inverse leveraged and inverse exposure to underlying indexes, including gold and engage in a limited amount of short selling. The aggregate market value of all securities sold short by HAC cannot exceed 50% of its total net assets on a daily marked-to market basis.

HAC may from time to time be exposed to several different currencies. The Manager may or may not elect to hedge the value of the ETF's portfolio denominated in currencies other than the Canadian dollar back to the Canadian dollar based on the views of the Manager.

HURA

To achieve HURA's investment objective, HURA invests and holds equity securities of the Constituent Issuers in substantially the same proportion as its Underlying Index. These securities will be listed on global stock exchanges.

The Underlying Index tracks the performance of (a) companies which are active in the uranium industry, particularly including uranium mining, exploration, uranium investments and technologies related to the uranium industry; and (b) issuers that invest directly in uranium, either in the form of uranium oxide in concentrates or uranium hexafluoride, with the primary investment objective of achieving appreciation in the value of their uranium holdings

The Underlying Index is ordinarily rebalanced on an annual basis at the close of trading on the last business day of January and reweighted at the close of trading on the last business day of July. The Constituent Issuers of the Underlying Index will be initially market capitalization-weighted on each rebalancing date, subject to a cap for each Constituent Issuer of a maximum of 20% of the net asset value of HURA as at each rebalancing date, with the remainder of the Constituent Issuers' weights to be increased proportionately. Uranium participation companies (being issuers that participate in the physical price of uranium) are subject to a weight of 20% of the Underlying Index at time of rebalance in the event of one uranium participation company being a Constituent Issuer, and in the event of more than one uranium participation company being a Constituent Issuer, to an aggregate maximum of 25% of the Underlying Index at time of rebalance, with weights of such uranium participation companies being scaled proportionally to meet the requirement.

To the extent permitted, HURA will be fully invested in or exposed to the Underlying Index at all times and could have substantial exposure to U.S. and Australian listed securities as well as securities listed in other foreign countries. HURA will not hedge any foreign currency exposure from those securities.

Use of Leverage

Certain ETFs may use leverage. Leverage may be created through the use of cash borrowings, short sales and derivatives. An ETF may borrow cash up to 50% of its NAV and may sell securities short, whereby the aggregate market value of the securities sold short will be limited to 50% of its NAV. The combined use of short-selling and cash borrowing by the ETF is subject to an overall limit of 50% of its NAV. The ETFs do not currently anticipate borrowing cash, but may do so in the future.

An ETF's aggregate gross exposure, to be calculated as the sum of the following, must not exceed 300% of such ETF's NAV: (i) the aggregate market value of cash borrowing; (ii) the aggregate market value of physical short sales on equities, fixed income securities or other portfolio assets; and (iii) the aggregate notional value of specified derivatives positions excluding any specified derivatives used for hedging purposes. Leverage will be calculated in accordance with the methodology prescribed by securities laws, or any exemptions therefrom.

<u>HHF</u>

The aggregate market exposure of all instruments held directly or indirectly by HHF to gain exposure to the Hedge Fund Index, calculated daily on a mark-to-market basis, can exceed HHF'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 HHF or the Reference Fund. Under normal market conditions, the maximum amount of leverage used, directly or indirectly, by HHF, will generally not exceed 300% of net asset value.

<u>HARC</u>

The aggregate market exposure of all instruments held directly or indirectly by HARC, calculated daily on a mark-to-market basis, can exceed HARC'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 HARC. Under normal market conditions, the maximum amount of leverage used, directly or indirectly, by HARC will generally not exceed 300% of net asset value.

<u>HAC</u>

By engaging in short selling (of equity securities and Exchange Traded Products) or using futures contracts, HAC may achieve leverage. HAC's net unhedged notional exposure (long or short) may not exceed 140% of its NAV at any time.

<u>HURA</u>

HURA will not employ leverage.

See "Investment Strategies".

Distributions and Automatic Reinvestment

<u>HHF</u>

Any distributions on Units, which will be paid in Units or will be automatically reinvested in additional Units and then, in each case, consolidated, are expected to be made at the end of each taxation year. Provided HHF continues to gain exposure to the investment portfolio of the Reference Fund by virtue of the Forward Documents, the Manager does not anticipate that any material amount of distributions will be made on Units in any year.

<u>HARC</u>

HARC is not expected to make regular cash distributions. Cash distributions, if any, to Unitholders of HARC of income, net of fees and expenses, will be made at the discretion of the Manager.

<u>HAC</u>

Any distributions on Units, which will be paid in Units or will be automatically reinvested in additional Units and then, in each case, consolidated, are expected to be made at the end of each taxation year.

<u>HURA</u>

Distributions, if any, to Unitholders of HURA will be made annually, at the discretion of the Manager. Such distributions, if any, to Unitholders of HURA will be paid in Canadian dollars, and will be paid in cash.

All ETFs

To the extent required, each ETF will also make payable after December 15 but on or before December 31 of that calendar year (in the case of a taxation year that ends on December 15), or prior to the end of each taxation year (in any other case), sufficient net income (including net realized capital gains) that has not previously been paid or made payable to Unitholders in that year so that the ETF will not be liable for non-refundable income tax in any given year and such distributions will be automatically reinvested in Units of the applicable ETF or paid in Units of the applicable ETF, in each case which will then be immediately consolidated such that the number of outstanding Units of the applicable ETF held by each Unitholder on such day following the distribution will equal the number of Units of the applicable ETF held by the Unitholder prior to that distribution.

The Manager reserves the right to make additional distributions for any ETF in any year if determined to be appropriate.

See "Distribution Policy" and "Income Tax Considerations – Taxation of Holders".

Offering

Class E units of HHF, HARC and HAC, and Class A Units of HURA (collectively, the "**Units**") are being offered. Units of each ETF 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 of each ETF are offered for sale at a price equal to the NAV per Unit next determined following the receipt of a subscription order. See "Plan of Distribution".

Units of each Existing ETF are currently listed and trade on the TSX.

The Units of HURA have been conditionally approved for listing on the TSX. Subject to satisfying the TSX's original listing requirements, the Units of HURA will be listed on the TSX and investors will be able to buy or sell such Units on the TSX through registered brokers and dealers in the province or territory where the investor resides.

See "Plan of Distribution" and "Attributes of the Securities".

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.

See "Attributes of the Securities - Description of the Securities Distributed" and "Exemptions and Approvals".

Redemptions	In addition to the ability to sell Units of the ETFs on the TSX, Unitholders may redeem Units, less than a PNU, for cash at a redemption price per Unit equal to 95% of the closing price of the Units on the TSX on the effective day of the redemption. A cash redemption request will be subject to a maximum redemption price payable to a Unitholder of the net asset value per unit of the ETF. Unitholders may redeem a PNU of an ETF or a multiple PNU of an ETF for cash equal to the net asset value of that number of Units, subject to any administrative charge. 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. The ETFs will also offer additional redemption options which are available where a Dealer, Designated Broker, or Unitholder redeems a PNU. See “Redemption of Units”.
Income Tax Considerations	A Unitholder of an ETF who is resident in Canada will generally be required to 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 reinvested in additional Units or paid in additional Units of that 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 generally realize a capital gain (or capital loss) to the extent that the proceeds of disposition (other than any amount payable by the ETF which represents income or capital gains allocated and designated to the redeeming Unitholder), net of reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the Unit disposed of. Pursuant to the Trust Declaration, an ETF may distribute, 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 net income or net realized 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 net income and net realized capital gains for the year or such other amount that is determined by the ETF to be reasonable. Any such distributions, 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 or the value of property that the Unitholder will receive in respect of the redemption. Tax Amendments proposed in the Federal Budget released on March 19, 2019 (the “**2019 Budget**”) that are applicable to trusts that are “mutual fund trusts” for purposes of the Tax Act throughout the taxation year would, effective for taxation years beginning on or after March 19, 2019, prohibit an ETF from allocating income to redeeming Unitholders of the ETF and limit the ability of the ETF to allocate capital gains to redeeming Unitholders as described above. If such Tax Amendments are enacted in their current form, the amounts and taxable component of distributions to non-redeeming Unitholders of an ETF may be greater than they would have been in the absence of such amendments.

Each investor should satisfy himself or herself as to the federal and provincial tax consequences of an investment in Units 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 ETF Facts. These documents are or 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".

Risk Factors

An investment in Units of an ETF is subject to certain risks, including:

- Inability to Achieve Investment Objective
- Risks Relating to the Reference Fund Replication Strategy (HHF)
- Leverage Risk (HHF, HARC and HAC)
- Leveraged ETFs Risk (HAC)
- Liquidity Risk (HHF, HAC and HURA)
- General Risks of Investing in the Reference Fund (HHF)
- Exchange Traded Product Risk (HHF and HAC)
- Risks Relating to Use of Derivatives
- Changes to an Underlying Index (HHF and HURA)
- Designated Broker/Dealer Risk
- Counterparty Risk
- Reliance on Key Personnel
- Market Price and Net Asset Value Deviation Risk
- Aggressive Investment Technique Risk
- Purpose of the Underlying Indexes and Replication Strategy (HHF and HURA)
- Tax-Related Risks
- Foreign Security Risk
- Foreign Currency Risk
- Commodity Market Risk (HHF and HAC)
- Commodity Risk (HHF, HAC and HURA)
- Equity Risk (HHF, HAC and HURA)
- Credit Risk (HHF and HAC)
- Risk Relating to the Failure of Futures Commission Merchant (HHF, HARC and HAC)
- Interest Rate Risk
- Currency Fund Risk (HARC)
- Use of Options Risk (HARC)
- Political, Economic and Social Risk
- Hedging Risk (HHF and HAC)
- Short Selling Risk (HAC)
- Significant Redemptions
- Exchange Risk
- Cease Trading of Securities Risk
- Early Closing Risk
- Price Limit Risk (HHF, HARC and HAC)
- Conflicts of Interest
- Loss of Limited Liability
- Business and Regulatory Risks of Alternative Investment Strategies
- Change in Legislation
- No Ownership Interest
- Market for Units
- Securities Lending Risk
- Emerging Market Equities Risk (HHF, HAC and HURA)
- Uranium/Nuclear Sector Risk (HURA)

See "Risk Factors".

Organization and Management of the ETFs

The Manager and

Horizons, a corporation incorporated under the laws of Canada, is the manager,

Trustee	investment manager and trustee of the ETFs. The Manager is responsible for providing or arranging for the provision of administrative services required by the ETFs. The principal office of Horizons is 55 University Avenue, Suite 800, Toronto, Ontario, M5J 2H7. Horizons is a subsidiary of Mirae Asset Global Investments Co., Ltd. ("**Mirae Asset**"). Mirae Asset is a global investment manager headquartered in Seoul, South Korea. See "Organization and Management Details of the ETFs – Manager of the ETFs".
The Reference Fund (HHF Only)	The Reference Fund is an investment trust established pursuant to the Reference Fund Declaration of Trust for the purpose of replicating the performance of the Hedge Fund Index through the implementation of the Replication Strategy. See "Organization and Management Details of the Reference Fund – The Reference Fund".
Sub-Advisor (HARC Only)	CIBC Asset, a corporation incorporated under the laws of Canada, is the Sub-Advisor of HARC. The principal office of CIBC Asset is located in Toronto, Ontario. 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. CIBC Mellon Trust is also the Custodian of the Reference Fund. 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 Agent".
Auditors	KPMG LLP is responsible for auditing the annual financial statements of the ETFs. The auditors are independent of the Manager in accordance with the ethical requirements that are relevant to the audit of financial statements in Canada. The head office of KPMG LLP is located in Toronto, Ontario. See "Organization and Management Details of the ETFs – Auditors".
Registrar and Transfer Agent	TSX 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. TSX Trust Company is independent of the Manager. See "Organization and Management Details of the ETFs – Registrar and Transfer Agent".
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.

National Bank Financial Inc. (“**NBF**”) may also act as a securities lending agent for the ETF. NBF is located in Toronto, Ontario. NBF is not an affiliate of the Manager.

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

Summary of Fees and Expenses

Set out below is a summary of the fees and expenses payable by the ETFs and HHF’s Reference Fund, and the fees and expenses that Unitholders may have to pay if they invest in an ETF. 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. See “Fees and Expenses” and “Fees and Expenses Payable Directly by Unitholders”.

Fees and Expenses Payable by the ETFs and the Reference Fund

Type of Charge	**Description**
Management Fees	Each Management Fee payable by an ETF is calculated and accrued daily and payable monthly in arrears in consideration for the services provided by the Manager to an ETF as set out under “Organization and Management Details of the ETFs – Duties and Services to be Provided by the Manager”. HHF HHF pays Management Fees to the Manager equal to an annual percentage of the net asset value of Units, together with Sales Tax. The Manager will also be paid an annual management fee by the Reference Fund equal to a percentage of the net asset value of the Reference Fund, accrued and calculated daily on each Valuation Date and payable monthly in arrears, together with Sales Tax. The sum of the Management Fees payable for HHF and the management fees payable for the Reference Fund are the Total Management Fees of HHF.

Total Management Fees	
HHF Management Fees	**Reference Fund Management Fee**
0.45% of the net asset value of the Units	0.50% of the net asset value of the Reference Fund’s units

Type of Charge	Description
Management Fees (cont'd)	HARC HARC pays Management Fees to the Manager equal to 0.95% of the net asset value of the Units of HARC, together with applicable Sales Tax. HAC HAC pays Management Fees to the Manager equal to: 0.75% of the net asset value of the Units of HAC, together with applicable Sales Tax. *HAC Performance Fees* HAC also pays the Manager the Performance Fee, as described below. The Performance Fee is calculated and accrued daily. The Performance Fee is payable at least quarterly in arrears on dates determined by the Manager, together with applicable taxes. HAC pays to the Manager a Performance Fee, if any, equal to 20% of the amount by which the performance of HAC, at any date on which the fee is payable, (i) exceeds the High Water Mark and (ii) is greater than an annualized return of five percent (5%). The Performance Fee will be determined in accordance with the following formula: 20% x (A – (B x C)) x D where: A equals the adjusted NAV per Unit as at the last day of the period in respect of which the calculation is being made; B equals the High Water Mark; C equals 1 plus an annualized return of five percent (5%) pro-rated for the number of days in the period; and D equals the number of Units outstanding as at the last day of the period in respect of which the calculation is being made. No Performance Fee will be payable on any payable date unless A exceeds B x C at that time. HURA HURA pays an annual Management Fee to the Manager equal to 0.75% of the net asset value of HURA, together with applicable Sales Tax.
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 the 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 the ETF, at the discretion of the Manager, to the applicable Unitholders as

Type of Charge	Description
	Management Fee Distributions.
Forward Documents Expenses (HHF Only)	Currently, HHF pays to the Bank Counterparty fees under the Forward Documents equal to 0.45% per annum of the total assets of the Reference Fund, plus hedging costs incurred by the Bank Counterparty, if any. The Forward Documents may be amended or replaced at any time and the expenses incurred in respect of such new derivative arrangements may increase or decrease according to its terms. No hedging costs have been charged to the date of this prospectus and none are anticipated at this time in respect of the Forward Documents, however, should hedging costs be incurred by a Counterparty in the future, such hedging costs will be payable by HHF.
Operating Expenses (ETFs)	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; costs associated with delivering documents to Unitholders; listing and annual stock exchange fees; index licensing fees, if applicable; CDS fees; bank related fees and interest charges; extraordinary expenses; Unitholder reports and servicing costs; registrar and transfer agent fees; costs of the IRC; income taxes; Sales Tax; brokerage expenses and commissions; and withholding taxes. Costs and expenses payable by the Manager, or an affiliate of the Manager include fees of a general administrative nature.
Operating Expenses and Underlying Exchange Traded Fund Fees **(HHF Only)**	The Reference Fund pays the Manager an annual management fee equal to a percentage of the net asset value of the Reference Fund, accrued and calculated daily on each Valuation Date, plus Sales Tax. The Reference Fund will pay for all ordinary operating expenses incurred in connection with its operation and administration. The Reference Fund is also responsible for its costs of portfolio transactions and any extraordinary expenses which it may incur from time to time. The Reference Fund may from time to time invest in exchange traded funds which may be managed by the Manager, its affiliates or other independent fund managers. There are fees and expenses payable by these underlying exchange traded funds in addition to the fees and expenses payable by HHF and the Reference Fund. With respect to such investments, no management fees or incentive fees are payable by the Reference Fund 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 the Reference Fund in relation to its purchases or redemptions of the securities of the underlying exchange traded funds in which it invests if those underlying exchange traded funds are managed by the Manager or an affiliate or associate of the Manager. For a description of the management fees payable by the Reference Fund, see “Fees and Expenses Payable by the ETFs and the Reference Fund”.
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.

Fees and Expenses Payable Directly by Unitholders

Administrative Charge	The Manager may charge Unitholders of an ETF, at its discretion, an issue, exchange or redemption charge of up to 0.25% of the issue, exchange or redemption proceeds of the ETF. The Manager will publish the current administrative charge, if any, on its website, www.HorizonsETFs.com.

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GLOSSARY

The following terms have the following meaning:

"**2019 Budget**" means the Federal Budget released on March 19, 2019;

"**Acceptable Counterparty**" means a Canadian chartered bank, or an affiliate of a Canadian chartered bank whose obligations are guaranteed by a Canadian chartered bank, and "**Acceptable Counterparties**" means more than one of them;

"**allowable capital loss**" has the meaning ascribed to that term under the heading "Income Tax Considerations – Taxation of Holders";

"**Bank Counterparty**" means NBC;

"**Broad Markets**" means major North American equity markets;

"**business day**" means a day upon which sessions of the TSX and applicable Reference Markets are held and such other date determined appropriate by the Manager;

"**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;

"**capital gains refund**" has the meaning ascribed to that term under the heading "Income Tax Considerations – Taxation of the ETFs";

"**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;

"**CFTC**" means the U.S. Commodity Futures Trading Commission;

"**CIBC**" means Canadian Imperial Bank of Commerce;

"**CIBC Asset**" means CIBC Asset Management Inc.;

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

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

"**CIBC SLA**" means the securities lending agreement with CIBC, pursuant to which CIBC is a securities lending agent for 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);

"**Constituent Issuers**" means the issuers that from time to time are included in an Underlying Index as determined by the index provider and "**Constituent Issuer**" means any one of them;

"**Counterparty**" means an Acceptable Counterparty or a Bank Counterparty;

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

"**CRS Rules**" has the meaning ascribed to that term under the heading "Unitholder Matters – Exchange of Tax Information";

"**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, CIBC, the Bank of New York Mellon, the Custodian, and each of the ETFs;

"**currency pair**" has the meaning ascribed to that term under the heading "Investment Strategies – HHF – Currency Markets";

"**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 the ETFs pursuant to which the Designated Broker agrees to perform certain duties in relation to the ETFs;

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

"**DFA Rules**" has the meaning ascribed to that term under the heading "Income Tax Considerations – Taxation of the ETFs";

"**distribution record date**" means a date determined by the Manager as a record date for the determination of Unitholders entitled to receive a distribution from the ETFs;

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

"**ESG**" means the generally accepted standards of Environmental, Social, and Governance criteria established by the Manager;

"**ETF Managers**" means The Manager and its respective principals and affiliates (each, an "**ETF Manager**");

"**ETFs**" means HHF, HARC, HAC and HURA and "**ETF**" means each of HHF, HARC, HAC or HURA individually;

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

"**Existing ETFs"** means HHF, HARC and HAC and "**Existing ETF**" means one of HHF, HARC or HAC individually;

"**Extraordinary Resolution**" means a resolution that is passed by at least 66⅔% of the votes cast at a meeting of the Unitholders of the ETFs called and held for such purpose;

"**Forward Documents**" means agreements evidencing cash-settled forward transactions relating to the Reference Fund that HHF has entered into (or will enter into) with a Counterparty or Counterparties which are collateralized by the pledge of an interest-bearing cash account and T-Bills;

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

"**HAC"** means Horizons Seasonal Rotation ETF;

"**HARC**" means Horizons Absolute Return Global Currency ETF;

"**Hedge Fund Index**" means the Morningstar Broad Hedge Fund Index;

"**HHF**" means Horizons Morningstar Hedge Fund Index ETF;

"**High Water Mark**" as described under "Fees and Expenses – Fees and Expenses Payable the ETFs - Performance Fees" means the greater of: (i) $10.00; and (ii) the highest NAV per Unit previously utilized for the purposes of calculating a Performance Fee that was paid;

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

"**Horizons**" means Horizons ETFs Management (Canada) Inc.;

"**HURA**" means Horizons Global Uranium Index ETF;

"**IFRS**" means International Financial Reporting Standards;

"**Investment Manager**" means Horizons, in its capacity as investment manager of the ETFs;

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

"**Leveraged ETFs**" means the leveraged Exchange Traded Products, including Exchange Traded Products managed by Horizons;

"**LRE**" has the meaning ascribed to that term under the heading "Risk Factors – Tax";

"**Management Fee Distribution**" as described under "Fees and Expenses", 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, at the discretion of the Manager, to the applicable Unitholders who hold large investments in the ETF;

"**Management Fees**" means the annual management fees, calculated and accrued daily and payable monthly in arrears by an ETF, to the Manager equal to an annual percentage of the net asset value of the Units of the ETF, together with applicable Sales Tax;

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

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

"**Morningstar**" means Morningstar, Inc.;

"**Morningstar Group**" means Morningstar and any of its affiliates;

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

"**NBC**" means National Bank of Canada;

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

"**NBF SLAA**" means the securities lending agency agreement with NBF, pursuant to which NBF may act as a securities lending agent for the ETFs;

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

"**NI 81-106**" means National Instrument 81-106 *Investment Fund Continuous Disclosure*, as it may be amended from time to time;

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

"**Non-Portfolio Earnings**" has the meaning ascribed to that term under the heading "Income Tax Considerations – Taxation of the ETFs";

"**Performance Fee**" means the applicable performance fee for the ETF described under "Fees and Expenses – Fees and Expenses Payable by the ETFs – Performance Fees";

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

"**PNU**" means the prescribed number of Units of the ETF as determined by the Manager from time to time for the purpose of subscription orders, redemptions or for other purposes;

"**Proxy Voting Policy**" means the proxy voting policies, procedures and guidelines for securities held by the ETFs and the Reference Fund to which voting rights are attached;

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

"**Reference Fund**" means the HAP Nexus Hedge Fund Replication Trust, a trust established pursuant to the Reference Fund Declaration of Trust;

"**Reference Fund Declaration of Trust**" means the amended and restated master declaration of trust for the Reference Fund, as supplemented, amended, or amended and restated from time to time;

"**Reference Fund Investment Management Agreement**" means the investment management agreement pursuant to which Horizons has been retained to provide investment advisory and portfolio management services to the Reference Fund;

"**Reference Markets**" means any one or more of the Chicago Mercantile Exchange, Chicago Board of Trade, Sydney Futures Exchange, Montreal Stock Exchange, Singapore Exchange, Eurex Deutschland, Commodity Exchange, Inc. or New York Mercantile Exchange, as applicable to the Reference Fund;

"**Replication Index**" means the Morningstar Nexus Hedge Fund Replication Index;

"**Replication Strategy**" means the Nexus Hedge Fund Index Replication Strategy, which is a factor-based index replication method that uses statistical models to estimate the net exposure of the Hedge Fund Index's components to its main return-generating factors, which usually correspond to the main asset classes available on financial markets. NBC owns rights to use the Replication Strategy;

"**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 good and services taxes, including GST/HST;

"**Sector Market**" means a specific commodity, currency, fixed-income or equity sector located anywhere in the world;

"**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;

"**strong side currency**" has the meaning ascribed to that term under the heading "Investment Strategies – HARC";

"**Sub-Advisor**" means CIBC Asset, in its capacity as sub-advisor of HARC;

"**Sub-Advisory Agreement**" means the portfolio sub-advisory agreement made between CIBC Asset and the Manager, as supplemented, amended, or amended and restated from time to time;

"**substituted property**" has the meaning ascribed to that term under the heading "Income Tax Considerations – Status of the ETFs – Taxation of the ETFs";

"**T-Bills**" means short-term Canadian federal or provincial treasury bills;

"**taxable capital gain**" has the meaning ascribed to that term under the heading "Income Tax Considerations – Taxation of Holders";

"**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 Tax Act 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;

"**Total Management Fees**" means the annual Management Fees to be paid by HHF, together with the annual management fee to be paid by the Reference Fund (if any);

"**Trading Day**" in respect of HHF means a day on which a session of the TSX is held; in respect of HURA means a day on which a session of the TSX and any applicable designated exchange of HURA's Constituent Issuers is held; and in respect of HARC and HARC means a day on which a session of the TSX and New York Stock Exchange is held;

"**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 Horizons, in its capacity as trustee of each ETF pursuant to the Trust Declaration;

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

"**Underlying Index**" means the Hedge Fund Index, the Replication Index and the Solactive Global Uranium Pure-Play Index, as applicable;

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

"**Units**" means Class E Units of HHF, HARC and HAC and Class A Units of HURA, and "**Unit**" means a Class E Unit of HHF, HARC or HAC or a Class A Unit of HURA, as applicable;

"**Valuation Agent**" means CIBC Mellon Global in its capacity as valuation agent of the ETFs and the Reference Fund, in each case pursuant to a valuation services agreement;

"**Valuation Date**" means a day upon which sessions of the TSX and applicable Reference Markets are held and such other dates determined appropriate by the Manager;

"**Valuation Time**" means 4:00 p.m. (EST) on a Valuation Date or such other time determined appropriate by Manager; and

"**weak side currency**" has the meaning ascribed to that term under the heading "Investment Strategies – HARC".

OVERVIEW OF THE LEGAL STRUCTURE OF THE ETFs

The ETFs are exchange traded mutual fund trusts established under the laws of Ontario. Each ETF is an "alternative mutual fund" as defined in NI 81-102. The manager, investment manager and trustee of the ETFs is Horizons ETFs Management (Canada) Inc. The Manager is also responsible for engaging the services of CIBC Asset to act as Sub-Advisor to HARC.

Units of each Existing ETF are currently listed and trade on the TSX.

The Units of HURA have been conditionally approved for listing on the TSX. Subject to satisfying the TSX's original listing requirements, the Units of HURA will be listed on the TSX and investors will be able to buy or sell such Units on the TSX through registered brokers and dealers in the province or territory where the investor resides.

Each ETF that is offered pursuant to this prospectus is:

Name of ETF	TSX Ticker Symbol
Horizons Morningstar Hedge Fund Index ETF	HHF
Horizons Absolute Return Global Currency ETF	HARC
Horizons Seasonal Rotation ETF	HAC
Horizons Global Uranium Index ETF	HURA

INVESTMENT OBJECTIVES

The ETFs are alternative mutual funds within the meaning of NI 81-102, and are permitted to use strategies generally prohibited by conventional mutual funds, such as the ability to invest more than 10% of their net asset value in securities of a single issuer, the ability to borrow cash, to short sell beyond the limits prescribed for conventional mutual funds and to employ leverage of up to 300% of net asset value. These strategies will only be used in accordance with the investment objectives and strategies of the ETFs.

HHF

HHF seeks investment results, before fees, expenses, distributions, brokerage commissions and other transaction costs, that replicate the performance of the Hedge Fund Index, hedged to the Canadian dollar. HHF uses an index replication strategy that provides exposure to futures contracts, exchange traded funds, money market instruments and cash. **HHF does not invest, directly or indirectly, in the constituent hedge funds comprising the Hedge Fund Index.**

The Morningstar Broad Hedge Fund Index

The Hedge Fund Index is a rules-based, asset-weighted index based on the largest and broadest hedge fund database in the hedge fund industry. The Hedge Fund Index is designed to capture the performance and behaviour of the most liquid hedge funds offering exposure to a wide spectrum of core and category hedge fund strategies. The Hedge Fund Index is a non-investible hedge fund index containing over 500 U.S. based hedge funds from a universe of more than 4,500 single-strategy and fund-of-fund hedge funds. Many hedge funds have high initial investment requirements and long hold periods, both of which make it difficult for any investor to purchase and maintain a portfolio that holds all of the hedge funds listed in the Hedge Fund Index. As a result, the Hedge Fund Index is considered to be an un-investible index.

HHF seeks to achieve its investment objective through direct investment and/or through exposure to the investment portfolio of the Reference Fund. The performance of the Hedge Fund Index is tracked by using the Replication Strategy. The Replication Strategy is a factor-based index replication method which uses statistical models to estimate the net exposure of the Hedge Fund Index's components to its main return-generating factors, which usually correspond to the main asset classes available on financial markets. NBC owns rights to use the Replication Strategy which is implemented by Horizons in its capacity as investment manager of the Reference Fund. HHF is currently exposed to derivatives, including futures contracts and forwards. HHF is primarily exposed to a basket of liquid futures contracts, money market instruments, cash, and, from time to time, exchange traded funds. HHF may employ exposure to derivatives, including futures contracts and forwards, for hedging purposes. HHF and the Reference Fund do not invest, directly or indirectly, in the constituent hedge funds comprising the Hedge Fund Index.

HARC

HARC seeks to generate positive absolute returns through long and short exposure to selected global currencies. HARC will generally hold Canadian short-term fixed-income securities and will primarily use derivative instruments to gain its exposure to selected global currencies.

HAC

HAC seeks to provide long term capital appreciation in all market cycles by tactically allocating its exposure amongst equities, fixed income, commodities and currencies during periods that have historically demonstrated seasonal trends. HAC's portfolio may from time to time also include a significant amount of cash and/or cash equivalents.

HURA

HURA seeks to replicate, to the extent possible, the performance of the Solactive Global Uranium Pure-Play Index, net of expenses. The Solactive Global Uranium Pure-Play Index is designed to provide exposure to the performance of a basket of issuers which (a) are primarily involved in the uranium mining and exploration industry, or (b) invest and participate directly in the physical price of uranium.

Solactive Global Uranium Pure-Play Index

The Underlying Index tracks the performance of (a) companies which are active in the uranium industry, particularly including uranium mining, exploration, uranium investments and technologies related to the uranium industry; and (b) issuers that invest directly in uranium, either in the form of uranium oxide in concentrates or uranium hexafluoride, with the primary investment objective of achieving appreciation in the value of their uranium holdings

The Underlying Index is ordinarily rebalanced on an annual basis at the close of trading on the last business day of January and reweighted at the close of trading on the last business day of July. The Constituent Issuers of the Underlying Index will be initially market capitalization-weighted on each rebalancing date, subject to a cap for each Constituent Issuer of a maximum of 20% of the net asset value of HURA as at each rebalancing date, with the remainder of the Constituent Issuers' weights to be increased proportionately. Uranium participation companies (being issuers that participate in the physical price of uranium) are subject to a weight of 20% of the Underlying Index at time of rebalance in the event of one uranium participation company being a Constituent Issuer, and in the event of more than one uranium participation company being a Constituent Issuer, to an aggregate maximum of 25% of the Underlying Index at time of rebalance, with weights of such uranium participation companies being scaled proportionally to meet the requirement.

The index provider is not affiliated with the Manager. Further information about the Underlying Index provided by Solactive and its constituents is available from Solactive on its web site at www.solactive.com. The value of the Underlying Index will be published by Bloomberg L.P. under the ticker symbol "SOLGUPP Index".

Unitholder approval is required in order to change the investment objective of an ETF. See "Unitholder Matters".

INVESTMENT STRATEGIES

Specific Investment Strategies of the ETFs

HHF

HHF employs the Forward Documents, interest bearing accounts and T-Bills in seeking to achieve its investment objective.

HHF has entered into multiple Forward Documents with the Bank Counterparty that will provide positive exposure to the Reference Fund and/or Forward Documents that will provide negative exposure to the Reference Fund. HHF seeks to achieve its investment objective, in whole or in part, through the net exposure of its respective Forward Documents. HHF will generally invest the net proceeds of Unit subscriptions in interest bearing accounts and T-Bills to earn prevailing short-term market interest rates. The reference asset of the Forward Documents will be a notional amount of positive or negative exposure to the Reference Fund. An Acceptable Counterparty or its guarantor must have a designated rating within the meaning of NI 81-102.

HHF will have the ability to replace the Bank Counterparty or engage additional Acceptable Counterparties at any time.

As collateral for its obligations under the Forward Documents, HHF, for any applicable Counterparty, has pledged substantially all of its interest bearing accounts and T-Bills to the Bank Counterparty. The daily marked-to-market value of a Forward Document is based upon the performance of an actual or notional investment in the Reference Fund.

Subject to the terms and conditions of the Forward Documents, HHF is entitled to increase or decrease its notional exposure to the Reference Fund, from time to time as needed to manage Unit purchases and reinvestment of distributions, to fund Unit redemptions and market repurchases of Units, meet other liquidity needs and such other purposes as HHF may determine.

As described above, HHF has entered into multiple Forward Documents with the Bank Counterparty to gain exposure to the Reference Fund. The Forward Documents in which HHF is provided with exposure that corresponds positively with the exposure to Reference Fund require HHF to pay the Bank Counterparty an agreed notional amount. In return, the Bank Counterparty pays HHF the value of the notional investment, plus an amount based upon any increase or decline in the Reference Fund. The Forward Documents in which HHF is provided with exposure that corresponds negatively with the exposure to the Reference Fund require the Bank Counterparty to pay HHF an agreed notional amount. In return, HHF pays the Bank Counterparty the value of the notional investment, plus an amount based upon any increase or decline in the Reference Fund. HHF will also generally invest the net proceeds of Unit subscriptions in interest bearing accounts and T-Bills to earn short-term money-market interest rates. The terms of the Forward Documents require HHF to pledge substantially all of its interest bearing accounts and T-Bills to the Bank Counterparty to secure the payment of HHF's payment obligations under the Forward Documents.

The Forward Documents may be amended or replaced at any time and the expenses incurred by HHF in respect of the Forward Documents may increase or decrease according to their terms.

The Forward Documents have a remaining term to maturity at any point in time of less than one (1) year which, with the consent of HHF and the Counterparty, will be extended monthly for a fixed number of months. Provided no default or event of default and no unresolved hedging event or disruption event has occurred and is continuing, HHF also has the ability to request the termination of its exposure under a Forward Document, in whole or in part, at any time. Events of default and/or termination events under the Forward Documents include, among others: (i) a failure by a party to make a payment or perform an obligation when due under the Forward Documents which is not cured within any applicable grace period; (ii) fundamental changes are made to HHF or HHF's material contracts which have a material adverse effect on a party to the Forward Document; (iii) a party makes a representation which is incorrect or misleading in any material respect; (iv) a party defaults in respect of a specified transaction having a value in excess of a specified threshold, which default is not cured within any applicable grace period; (v) certain events related to the bankruptcy or insolvency of a party; (vi) a party consolidates, amalgamates or merges with or into, or transfers substantially all its assets to, another entity and the resulting, surviving or transferee entity fails to assume the obligations of such party under the Forward Documents; (vii) any proposed change in law that prohibits or renders the transactions under the Forward Documents unlawful; (viii) the occurrence or existence at any time of any event or condition arising from any transaction that results in a material adverse tax consequence to a party under the Forward Document, the Trustee, HHF or the Unitholders of HHF; (ix) failure of HHF to comply with its governing documents; (x) the inability of the Counterparty to the Forward Document to hedge its exposure to the securities or other property subject to the Forward Document or an increase in the cost of such hedging that HHF is unwilling to assume; (xi) the Counterparty or its guarantor ceases to have a designated rating within the meaning of NI 81-102, as the case may be; or (xii) certain regulatory, market disruption, credit or legal events occur which affect a party.

The obligations of the Counterparty to HHF under the Forward Documents are determined by reference to the performance of a notional or actual investment in units of the Reference Fund. A Counterparty may hedge its exposure under the Forward Documents; however, there is no assurance that a Counterparty will maintain a hedge or will do so with respect to the full exposure or term of the Forward Documents.

No Counterparty has been involved in the preparation of this prospectus or has approved any contents of this prospectus. No Counterparty assumes any liability in connection with the administration, marketing or trading of HHF. HHF is not sponsored, endorsed, sold or promoted by any Counterparty. No Counterparty makes any representation or warranty, express or implied, to the Unitholders of HHF regarding the advisability of investing in HHF or the ability of HHF to track the Reference Fund.

No Counterparty has any obligation to take the needs of HHF or the Unitholders of HHF into consideration.

A Unitholder will not have any recourse against the assets of a Counterparty in respect of the Forward Documents. If a Counterparty defaults on its obligations under a Forward Document, HHF will, however, have certain rights against the Counterparty and an unsecured claim against the Counterparty. As a counterparty under a Forward Document, the interests of the Counterparty will differ from those of HHF. Units do not represent an interest in, or an obligation of, a Counterparty or any affiliate thereof and a Unitholder of HHF will not have any recourse against a Counterparty or any affiliate thereof in respect of amounts payable by HHF to the Unitholder or by the Counterparty to HHF. A Counterparty can be expected to exercise its rights from time to time under a Forward Document in its own best interests. The legitimate exercise of these rights may be contrary to the interests of HHF and its Unitholders.

HHF has entered into multiple Forward Documents for the purpose of achieving its investment objective. If the Forward Documents are terminated, HHF may either pursue the same or other alternative investment strategies with a Counterparty, or make direct investments in the Reference Fund or securities that provide a similar investment return to investing in the Reference Fund. There is no assurance that HHF will be able to replace the Forward Documents if the Forward Documents are terminated.

In addition to assisting in the pursuit of HHF's investment objective, total return swaps and other forward agreements may be entered into as a substitute for investing directly in securities (or shorting securities), or to hedge a position. In general, swaps 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.

Most swap and forward agreements entered into by HHF calculate and settle the obligations of the parties to the agreement on a "net basis" with a single payment. Consequently, HHF's current obligations (or rights) under a swap or forward agreement is generally only equal to the net amount to be paid or received under the agreement based on the relative values of such obligations (or rights).

HHF may enter into additional and/or replacement forward purchase and sale agreements or other derivative arrangements with the same or different counterparties.

Direct Investments

HHF may invest some or all of its assets directly, primarily in a basket of liquid futures contracts, money market instruments, cash, as well as, from time to time, investments in exchange traded funds, to replicate, to the best of its ability, the performance and risk-return profile of the Hedge Fund Index. Horizons implements the Replication Strategy which uses statistical models to estimate the net exposure of the Hedge Fund Index's components to the constituents' main return-generating factors, which usually correspond to the main asset classes available on financial markets. HHF may use derivatives, including futures contracts and forwards, for hedging purposes.

Use of Leverage

The aggregate market exposure of all instruments held directly or indirectly by HHF to gain exposure to the Hedge Fund Index, calculated daily on a mark-to-market basis, can exceed HHF'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 Reference Fund. Under normal market conditions, the maximum amount of leverage used, directly or indirectly, by the ETF and the Replication Strategy will generally not exceed 300% of net asset value.

The Reference Fund

Investment Objective of the Reference Fund

The investment objective of the Reference Fund is to seek to acquire a currency hedged portfolio of futures contracts, money market instruments, exchange traded funds and cash that endeavours to replicate, to the best of its ability, the performance of the Hedge Fund Index, hedged to the Canadian dollar, net of expenses.

Investment Strategy of the Reference Fund

The Reference Fund primarily uses a basket of liquid futures contracts, money market instruments, cash, as well as, from time to time, investments in exchange traded funds, to replicate, to the best of its ability, the performance and risk-return profile of the Hedge Fund Index. Horizons implements the Replication Strategy which uses statistical models to estimate the net exposure of the Hedge Fund Index's components to the constituents' main return-generating factors, which usually correspond to the main asset classes available on financial markets. The Reference Fund currently uses derivatives, including futures contracts and forwards, for hedging purposes.

The returns of the Reference Fund are expected to closely track the returns of the Replication Index, which replicates, as closely as possible, the returns of the Hedge Fund Index by using alternative assets such as futures contracts, money market instruments, exchange traded funds and cash.

Replication Index

The Replication Index measures the performance of an investible factor-based replication strategy that aims to replicate as closely as possible the performance of the Hedge Fund Index, a broad-based index representative of the universe of U.S. based hedge funds. When it is difficult, uneconomic, or impossible for a fund or investor to invest in the securities that make up an index, many index providers rely on replication indexes that refer to an alternative basket comprised of investible securities that are believed to be highly correlated to the otherwise un-investible index. The Hedge Fund Index is considered to be an un-investible index.

NBC and its affiliates were instrumental in creating the Replication Strategy and methodology used by Morningstar for the Replication Index. Key employees of NBC responsible for refining the Replication Strategy and working with Morningstar for the Replication Index are Sandrine Theroux, YangMing (Jason) Lin and Pierre Laroche.

Sandrine Théroux joined the Equity Derivative Group of NBC in 2012 as a Senior Analyst in their R&D Department. She obtained her Associate Director title in 2013 and has been a Director since 2017. Prior to that, from

2008 to 2011, Sandrine worked for Innocap Investment Management Inc. as a senior analyst in the Investment Solutions group. Sandrine completed her bachelor's degree in actuarial sciences at the Université du Québec à Montréal. She has been a Fellow of the Society of Actuaries (FSA) since 2008. Sandrine also holds a Master's degree in Financial Mathematics from the Université du Québec à Montréal which was completed in 2008.

YangMing (Jason) Lin joined the Equity Derivative Group of NBC in 2015 as an Analyst and Junior Trader in their R&D Department. Jason completed in 2015 his bachelor's degree in Finance at Western University.

Pierre Laroche is Strategist at National Bank Investment. Before holding this position, he was Vice-President, Business Strategy, Wealth Management at NBC, Managing Director – R&D, Equity Derivatives at NBC, Managing Director – Investment Solutions and R&D at Innocap Investment Management Inc., Managing Director – Financial Engineering at Desjardins Global Asset Management and Associate Professor of Finance at HEC Montréal (University of Montreal's Business School).

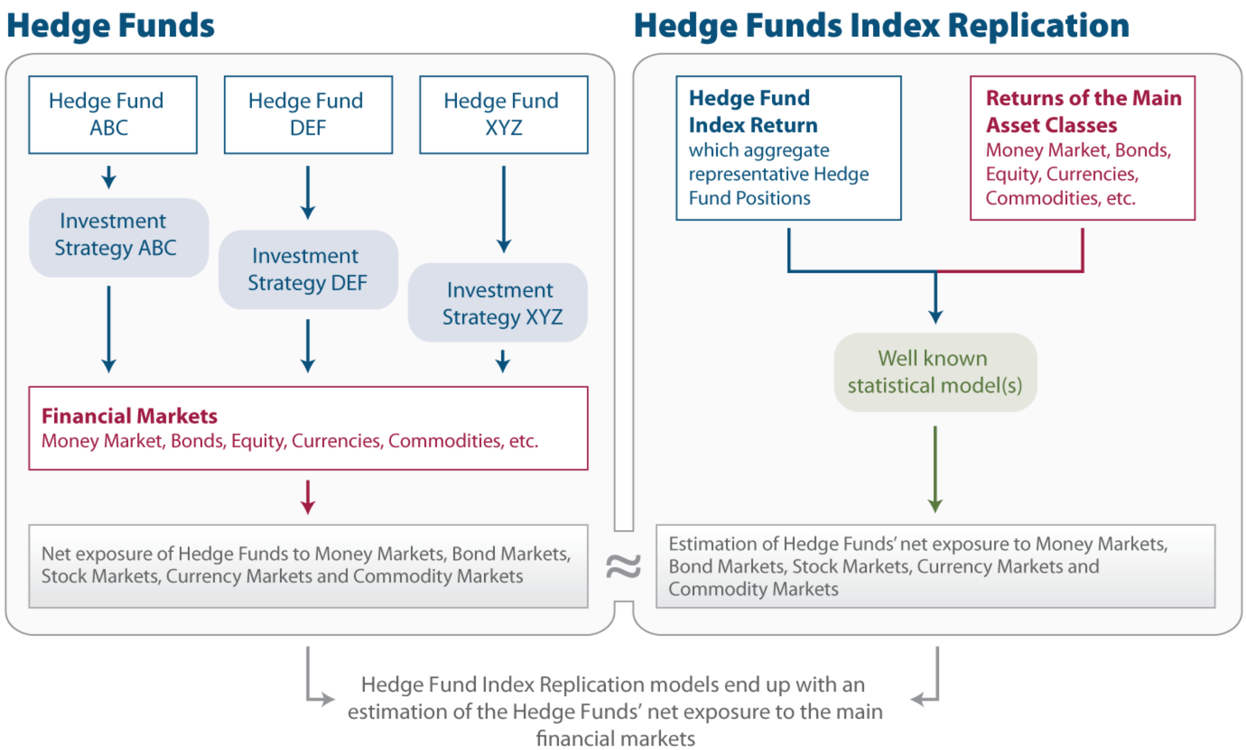
The Replication Strategy

The assets of the Reference Fund are invested based on the Replication Strategy, which NBC owns rights to use. The investible versions of such strategies consist in dynamically allocating capital to a basket of liquid futures contracts, money market instruments, exchange traded funds and cash in order to replicate as closely as possible the risk-return profile of the Hedge Fund Index. Also, assets of HHF may, in whole in or part, be invested directly using the Replication Strategy.

Hedge fund index replication strategies are often referred to as alternative beta strategies. Such strategies are generally more liquid and have lower fees than traditional hedge fund investments. They also avoid the necessity of having to invest directly in hedge funds. Hedge fund index replication strategies have been studied for more than 10 years by academic and institutional research, and have been available to institutional and high net worth investors since the end of 2006.

The Replication Strategy implemented by Horizons to replicate the performance of the Hedge Fund Index is very competitive as it (1) is based on information supplied by Morningstar, (2) uses a sophisticated and robust replication model and (3) uses a comprehensive set of return-generating factor proxies (by means of a basket of liquid futures contracts, money market instruments, exchange traded funds and cash).

The Replication Strategy implemented by Horizons is based on a very intuitive principle. Hedge funds invest in several financial markets. Their net exposure to each of these markets (which varies over time) can be estimated by a replication model – in this case by a factor-based hedge fund index replication strategy that is the best known, most documented and widely used replication model in practice today. It can be illustrated as follows:



The investible versions of such hedge fund index replication strategies use financial instruments as proxies of the return-generating factors. The Reference Fund invests in a basket of liquid futures contracts (which may include equity index futures, currency futures, fixed income futures and commodity futures), money market instruments, exchange traded funds and cash. The following table lists the futures contracts that primarily are used in the Reference Fund. This list is subject to change without notice, as determined by the Manager or following events that prevent proper trading of the contracts listed below.

Set of Reference Financial Instruments

Reference Financial Instrument	Currency	Bloomberg Ticker	Reference Market*
E-mini S&P500® Index Futures	USD	ES1 Index	CME
E-mini MSCI Emerging Futures	USD	MES1 Index	NYF
US 2YR Note Futures	USD	TU1 Comdty	CBT
US 10YR Note Futures	USD	TY1 Comdty	CBT
AU 3YR Bond Futures	AUD	YM1 Comdty	SFE
AU 10YR Bond Futures	AUD	XM1 Comdty	SFE
CAN 10YR Bond Futures	CAD	CN1 Comdty	MSE
JPY 10YR Bond Futures	JPY	BJ1 Comdty	SGX
GERMANY Bund Futures	EUR	RX1 Comdty	EUX
USD/AUD	USD	AD1 Curncy	CME
USD/CAD	USD	CD1 Curncy	CME
USD/GBP	USD	BP1 Curncy	CME
USD/JPY	USD	JY1 Curncy	CME

Gold Futures	USD	GC1 Comdty	CMX
Silver Futures	USD	SI1 Comdty	CMX
Crude Oil Futures	USD	CL1 Comdty	NYM
Natural Gas Futures	USD	NG1 Comdty	NYM
Heating Oil Futures	USD	HO1 Comdty	NYM
Wheat Futures	USD	W 1 Comdty	CBT
Soybean Futures	USD	S 1 Comdty	CBT
Copper Futures	USD	HG1 Comdty	CMX

* Reference Markets abbreviations: CME = Chicago Mercantile Exchange; CBT = Chicago Board of Trade; SFE = Sydney Futures Exchange; MSE = Montreal Stock Exchange; SGX = Singapore Exchange; EUX = Eurex Deutschland; CMX = Commodity Exchange, Inc.; NYM = New York Mercantile Exchange; NYF=ICE Futures US.

Despite all of the above described features of the Replication Strategy, investors in HHF should note that the Replication Strategy may substantially deviate from the performance of the Hedge Fund Index.

The Morningstar Broad Hedge Fund Index

The Hedge Fund Index is a rules-based, asset-weighted index based on the largest and broadest hedge fund database in the hedge fund industry. It is designed to capture the performance and behaviour of the most liquid hedge funds offering exposure to a wide spectrum of core and category hedge fund strategies. The Hedge Fund Index is a non-investible hedge fund index containing over 500 U.S. based hedge funds from a universe of more than 4,500 single-strategy and fund-of-fund hedge funds.

The Reference Fund does not invest directly in the constituent hedge funds comprising the Hedge Fund Index. The assets of the Reference Fund are invested based on the Replication Strategy, and will be generally exposed to the same (or similar) major asset classes that the constituent hedge funds of the Hedge Fund Index are invested in. The Replication Strategy aims to replicate as closely as possible the performance of the Hedge Fund Index. Also, assets of HHF may, in whole in or part, be invested directly using the Replication Strategy.

The Hedge Fund Index was constructed by Morningstar with several key principles in mind – that a hedge fund index should be rules-based, transparent and accurate.

- *Rules-based criteria*

  The criteria by which hedge funds are selected for the Hedge Fund Index should be defined by a clear set of rules and calculations and overseen by a well-qualified investment committee.

- *Transparent process*

  The methods by which Morningstar constructs and maintains the Hedge Fund Index will be fully disclosed to the public and accredited users of the Hedge Fund Index.

- *Accurate and timely data*

  The integrity of the Hedge Fund Index depends on accurate and timely reporting of returns, assets under management and other key data points. Morningstar eliminates noncompliant hedge funds from the Hedge Fund Index and, although returns are not audited, Morningstar's team of analysts performs rigorous quality analysis on the monthly returns reported by the hedge funds.

The constituents of the Hedge Fund Index are selected by Morningstar based on the following criteria, which are designed to identify highly investible hedge funds with a strong performance reporting record to the Morningstar database of over 4,500 single-strategy and fund-of-fund hedge funds:

- 12 months of performance tracking record;
- assets under management at master level is over U.S. $100 million;
- Constituent Issuers denominated in U.S. dollars;
- Constituent Issuers are active and open to investors;
- lock-up period is no more than 13 months;
- minimum initial investment amount in a Constituent Issuer is no more than U.S. $500,000;
- minimum subsequent investment amount in a Constituent Issuer is no more than U.S. $500,000;
- redemption frequency of the constituent issuer is less than or equal to quarterly;
- subsequent investment frequency in a Constituent Issuer is less than or equal to quarterly; and
- advance notice time to invest or redeem out of a Constituent Issuer is no more than 75 days.

These criteria for selecting the constituents of the Hedge Fund Index are subject to change by Morningstar at any time.

The Hedge Fund Index is an asset-weighted index in that the assets under management of a hedge fund at the master fund level are used to calculate how much of the Hedge Fund Index that hedge fund should represent. If a hedge fund consists of additional subclasses denominated in other currencies, the assets under management of such subclasses contribute to the hedge fund's master fund assets under management.

On a cut-off date, Morningstar calculates a final value for the Hedge Fund Index based on the hedge funds that have reported. If a hedge fund consists of several underlying funds, the master fund monthly return is the simple average of the returns reported by such underlying funds before the cut-off date. The monthly return of the Hedge Fund Index is the simple average of each constituent hedge fund's monthly returns.

The Hedge Fund Index was created by Morningstar on December 31, 2002 with a base market value of 1,000. The Hedge Fund Index is reconstituted by Morningstar on the first business day of the month in January, April, July and October. The Hedge Fund Index is also rebalanced monthly to account for any funds that have been removed from Morningstar's database. The Hedge Fund Index is then rebalanced using the remaining Constituent Issuer's most recent month end assets under management.

Morningstar begins collecting hedge fund returns for a given month on the first business day of the subsequent month. The value of the hedge funds in the Hedge Fund Index for the previous month are calculated internally daily at the close of business, based on hedge fund returns submitted to that point in time. Morningstar will accept revised or confirmed returns reported by a hedge fund up to the last day of the subsequent month, at which time the value of the Hedge Fund Index is finalized.

A preliminary Hedge Fund Index value is available publicly around the tenth business day of each month. A final Hedge Fund Index value is available publicly on the last business day of each month. The published Hedge Fund Index value is calculated to two decimal points. Internally, Morningstar will maintain the value of the Hedge Fund Index to the maximum level of precision.

Survivorship bias and backfill bias are recognized obstacles in the construction of an index. Morningstar works to eliminate survivorship bias in the Hedge Fund Index. Returns of funds that become obsolete or are otherwise dropped from the Hedge Fund Index will remain part of historical index returns that it publishes. However, returns that include periods prior to March 2004 may contain incidences of survivorship bias, owing to Morningstar's purchase of a former database and the data migration that took place at that time.

Morningstar also tries to avoid practices that lead to backfill bias. When a new hedge fund is added to the Hedge Fund Index, the fund's past returns are not be included in calculations of the Hedge Fund Index's historical performance. The value of the Hedge Fund Index for a given month is final once it is published, and will not be adjusted by Morningstar later on.

Securities Lending

In order to generate additional returns, the Reference Fund may lend securities to securities borrowers acceptable to the Reference Fund pursuant to the terms of a securities lending agreement between the Reference Fund and any such borrower under which: (i) the borrower will pay to the Reference Fund a negotiated securities lending fee and will make compensation payments to the Reference Fund equal to any distributions received by the borrower on the securities borrowed to which the Reference Fund is otherwise entitled; (ii) the securities loans must qualify as "securities lending arrangements" for the purposes of the Tax Act; and (iii) the Reference Fund will receive collateral security. If a securities lending agent is appointed for the Reference Fund, such agent will be responsible for the ongoing administration of the securities loans, including the obligation to mark-to-market the collateral on a daily basis.

Investment Restrictions of the Reference Fund

Horizons monitors and manages the investments in the Reference Fund in the following manner and subject to the following investment restrictions which provide that the Reference Fund:

(a) will not guarantee the securities or obligations of any person other than the Manager, and then only in respect of the activities of the Reference Fund;

(b) with the exception of securities of the Reference Fund's own issue, will not purchase securities from, sell securities to, or otherwise contract for the acquisition or disposition of securities with, the Manager or any of its affiliates, any officer, director or shareholder of the Manager, any person, trust, firm or corporation managed by the Manager, or any of their affiliates or any firm or corporation in which any officer, director or shareholder of the Manager may have a material interest (which, for these purposes, includes beneficial ownership of more than 10% of the voting securities of such entity) unless, with respect to any purchase or sale of securities, any such transaction is effected through normal market facilities, pursuant to a non-pre-arranged trade, and the purchase price approximates the prevailing market price or the transaction is approved by the Reference Fund's independent review committee;

(c) will not invest in securities of an issuer that would be a foreign affiliate of the Reference Fund for the purposes of the Tax Act;

(d) will not invest in any security that would be a "tax shelter investment" within the meaning of section 143.2 of the Tax Act, and

(e) will not pledge any of its assets except in connection with currency hedging transactions.

Neither HHF nor the Unitholders by virtue of their investment in Units will have any ownership interest in the Reference Fund or any financial instrument used to seek to replicate the performance of the Hedge Fund Index. Unitholders will have no recourse or rights against the assets of Horizons in respect of the Reference Fund Investment Management Agreement or arising out of the Reference Fund Investment Management Agreement. The Units do not represent an interest in, or an obligation of, Horizons or any affiliate thereof. HHF will have no security interest or special priority rights in or against any assets of Horizons in order to secure its obligations under the Reference Fund Investment Management Agreement. See "Risk Factors – General Risks of Investing in the Reference Fund (HHF)".

HARC

In order to achieve its investment objective, HARC's Sub-Advisor will select currencies that are expected to strengthen or weaken on a relative basis using the Sub-Advisor's proprietary active investment process that tracks more than thirty global currencies. The Sub-Advisor's investment process employs both fundamental analysis and a factor based ranking model. HARC will obtain exposure to currencies primarily by entering into derivatives where the underlying interests are the currencies of two countries. In each derivative, the currency of one country (the "strong side currency") will be selected by the Sub-Advisor to outperform the currency of the other country (the "weak side currency"). HARC will realize a gain (or incur a loss) from the derivative if, during the term of the derivative, the exchange rate between the two currencies changes such that the strong side currency increases (or decreases) in value relative to the weak side currency. The Sub-Advisor will study a country's level of inflation, anticipated interest rate change, employment outlook, economic growth expectation, trade balance, government policy and central bank actions. The Sub-Advisor actively monitors interest rate and inflation differentials and uses, among other techniques, exchange rate analysis techniques such as interest rate parity and purchasing power parity to forecast currency values. The Sub-Advisor also conducts fundamental economic analysis of the currencies being considered for inclusion in HARC's portfolio, taking into account macro-economic variables and events that it judges to be important to a particular country.

The currencies to which HARC may be exposed include, but are not limited to, the currencies of the following countries or monetary unions:

- Canada
- United States
- Norway
- Sweden
- UK
- Denmark
- Switzerland
- EuroZone
- Hong Kong
- Japan
- Singapore
- Australia
- New Zealand
- Mexico
- Colombia
- Brazil
- Chile
- South Africa
- Poland
- Czech Republic
- Hungary
- Turkey
- Israel
- Russia
- China
- South Korea
- India
- Thailand
- Taiwan
- Philippines
- Malaysia
- Indonesia

HARC may use other instruments and derivatives including spot currency transactions, currency ETFs, currency options and currency futures contracts. At times HARC may be over-weighted in a specific geographic region and/or to emerging markets currencies.

Use of Leverage

The aggregate market exposure of all instruments held directly or indirectly by HARC, calculated daily on a mark-to-market basis, can exceed HARC'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 HARC. Under normal market conditions, the maximum amount of leverage used, directly or indirectly, by HARC, will generally not exceed 300% of net asset value.

HAC

HAC invests primarily in Exchange Traded Products to gain exposure to the performance of Broad Markets or Sector Markets that at various times of the year have historically performed favourably. During historically favourable periods of the year that a given Broad Market has produced higher rates of return and/or a higher frequency of positive performance compared with other periods of the year, HAC may allocate some or all of its exposure to such Broad Market. HAC may also invest in futures contracts to meet its investment objectives.

During historically favourable periods of the year that one or more Sector Markets have produced higher rates of return and or have a higher frequency of positive performance compared with Broad Markets over the same period, HAC may allocate some of its exposure to those Sector Markets. During periods of the year when Broad Markets have historically underperformed when compared with Broad Markets during other periods of the year, HAC may allocate some of its portfolio to cash or cash equivalents or Exchange Traded Products that provide inverse exposure (including inverse leverage exposure) to Broad Markets or one or more Sector Markets.

In order to implement these investment strategies, the Manager may employ investment techniques that include: (a) investing directly in securities, often referred to as a “long position”; (b) taking a position in a security whereby HAC will agree with another party to deliver that security to that party at a future date and future price, often referred to as a “short position”; and (c) take a long position and a short position in different securities or financial instruments that, in the opinion of the Manager, reflect Broad Markets or Sector Markets that are traditionally inversely or directly correlated, often referred to as a “pair trade”.

At times, HAC will seek to profit from short-term strategic opportunities with long or short exposure to Broad Markets or Sector Markets. At any time, HAC may have a significant amount of its portfolio in fixed-income securities, cash or cash equivalents in order to react to market conditions and/or preserve capital.

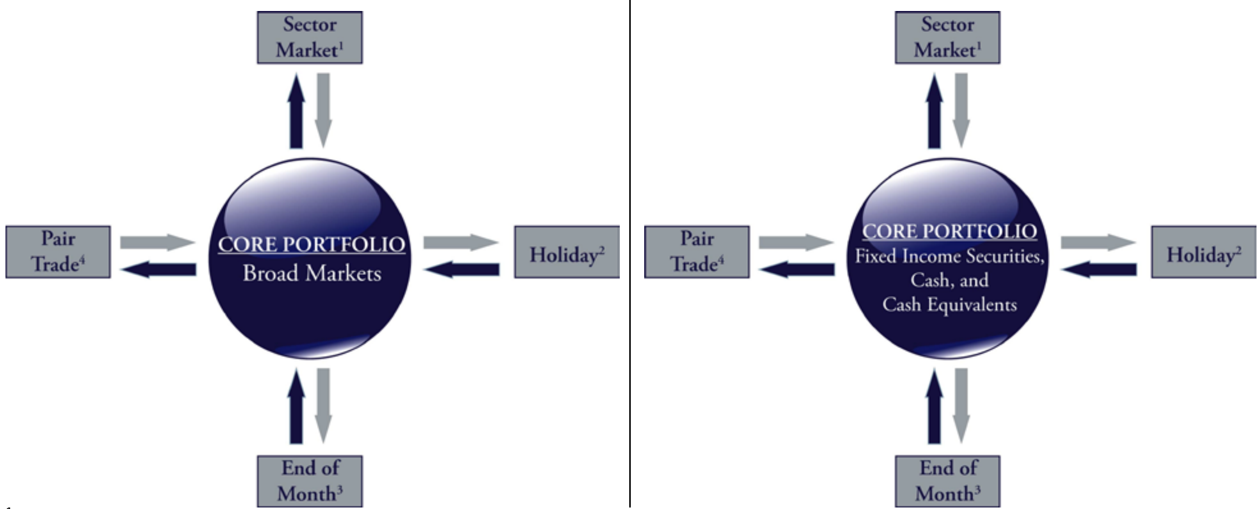
While HAC may seek to achieve its investment objective and implement these investment strategies by investing primarily in Exchange Traded Products that provide exposure to Broad Markets, Sector Markets, and fixed-income securities, HAC may seek exposure by investing directly or by employing indirect alternatives that are consistent with HAC’s investment objectives. Any investment in futures contracts for non-hedging purposes, including commodity futures by HAC will be subject to investment restrictions which ensure that HAC holds cash cover in an amount that, together with margin on account for the futures contract and the market value of the futures contract is not less than, on a daily mark to market basis, the underlying market exposure of the commodity future.

Investment Philosophy

Investment markets follow seasonal trends and have seasonal rhythms. Some of these seasonal patterns occur over the course of weeks or months; others last only a few days. By rotating a portfolio in reaction to these seasonal patterns, a well-informed investor can realize returns that are superior to a static investment in Broad Markets and Sector Markets. One way to take advantage of these seasonal patterns is to create a core portfolio that is exposed to one or more Broad Markets and set aside a portion of the portfolio for seasonal rotation through one or more Sector Markets. As seasonal periods are never the same, the Investment Manager’s technical analyst, Brooke Thackray, will provide technical analysis to support the seasonal rotation strategy and identify and capitalize on seasonal patterns.

Current research supports the view that Broad Markets and Sector Markets may earn higher returns during certain periods of the year when compared to other periods of the same duration. The Investment Manager refers to those periods as “favourable market seasons”. During favourable market seasons HAC seeks to gain exposure to those Broad Markets and, if appropriate one or more Sector Markets. When a favourable season ends for a Broad Market, unless it is a favourable season for a different Broad Market, HAC may shift its core portfolio into fixed income securities, cash, and cash equivalents and from that core holding seek to gain exposure to one or more Sector Markets. Current research also supports the view that during certain periods of the year, Broad Markets may earn lower returns than they do during other periods of the year. The Manager refers to those periods as “unfavourable market seasons”. By shifting its core portfolio from exposure to Broad Markets to a core portfolio of fixed income securities, cash and cash equivalents during unfavourable market seasons, HAC may be able to gain exposure to Sector Markets that, during those periods, may earn higher returns than Broad Markets. If it is also an unfavourable season for Sector Markets, HAC may remain invested in its core portfolio of fixed-income securities, cash, or cash equivalents.

Favourable Seasons | Unfavourable Seasons



[1] Investment in Sector Markets;
[2] Investment to take advantage of favourable market trends around certain holidays;
[3] Investment to take advantage of favourable market trends at certain month's end;
[4] Investment to take advantage of the spread between the performance of two markets;

This illustration demonstrates the difference between investment strategies during favourable and unfavourable seasons. The difference is the content of the core portfolio during favourable and unfavourable seasons. During an unfavourable season, the core portfolio may contain fixed-income securities, cash, cash equivalents and cash securities and during a favourable season the core portfolio may contain cash and exposure to Broad Markets. In order to benefit from the trends associated with unfavourable or favourable seasons, the Investment Manager may allocate HAC's portfolio from its core holdings into one or more Broad Markets or Sector Markets. In order to react to specific market opportunities, HAC may also seek exposure to Broad Markets or Sector Markets during periods that are not otherwise previously identified as favourable or unfavourable seasons.

Subject to compliance with NI 81-102 or an exemption therefrom, HAC may purchase Exchange Traded Products that issue index participation units or Commodity Participation Units.

HAC also seeks exposure to commodities markets by investing in commodities futures for hedging and non-hedging purposes and will, in respect of its non-hedging commodity futures investments, hold cash cover in an amount that, together with margin on account for the futures contract and the market value of the futures contract, is not less than, on a daily mark to market basis, the underlying market exposure of the commodity future.

Subject to compliance with NI 81-102 or an exemption therefrom, HAC may invest up to 10% of its net assets from time to time in the Leveraged ETFs that provide leveraged, inverse leveraged and inverse exposure to underlying indexes, including gold. The Leveraged ETFs are commodity pools or alternative mutual funds that use financial instruments that correlate to the performance of a "permitted index", as defined in NI 81-102.

Currency Exposure

HAC may from time to time be exposed to several different currencies. The Manager may or may not elect to hedge the value of the ETF's portfolio denominated in currencies other than the Canadian dollar back to the Canadian dollar, based on its own views.

Use of Leverage

Through the use of future contracts and by engaging in short selling (of equity securities and Exchange Traded Products), the ETF may employ leverage. HAC's net unhedged notional exposure (long or short) may not exceed 140% of its NAV at any time.

Exchange Traded Products Investment

Subject to compliance with NI 81-102 or an exemption therefrom, HAC may purchase Exchange Traded Products that issue Commodity Participation Units such as those that provide exposure to one or more commodities markets.

Commodity Futures Investment for Non-Hedging Purposes

HAC may seek exposure to commodities markets by investing in commodities futures for hedging and non-hedging purposes and will, in respect of its non-hedging commodity futures investments, comply with the requirements of NI 81-102.

Leveraged ETFs

Subject to compliance with NI 81-102 or an exemption therefrom, HAC may invest up to 10% of its net assets from time to time in certain Leveraged ETFs. The Leveraged ETFs are Exchange Traded Products that seek to provide returns similar to a particular benchmark market, industry sector index, or commodity and magnify returns by either a multiple or an inverse multiple of that benchmark, index or commodity. The relief does not permit the ETF to invest in Leveraged ETFs that have an underlying index that is based on a (A) a physical commodity, other than gold; or (B) derivative, the underlying interest of which is a physical commodity, other than gold.

Derivatives

Subject to its investment restrictions, the ETF may use derivative instruments for hedging all or a portion of the value of the ETF's non-Canadian currency exposure back to the Canadian dollar. The ETF may also use derivative instruments for hedging and non-hedging purposes to reduce transaction costs and increase the liquidity and efficiency of trading, in accordance with the ETF's investment restrictions. The ETF uses various hedging activities to manage portfolio and currency risk. Any use of derivatives will be in accordance with NI 81-102, subject to any exemptive relief from NI 81-102 that has been obtained by the ETF.

Short Selling

Subject to compliance with NI 81-102 or an exemption therefrom, HAC may engage in short selling within certain controls and limitations. Securities may be sold short only for cash if HAC receives the cash proceeds within normal trading settlement periods for the market in which the short sale is made. All short sales are effected only through market facilities through which those securities normally are bought and sold and HAC will short sell a security only if: (i) it is listed and posted for trading on a stock exchange and it is consistent with HAC's fundamental investment objective and the issuer of the security has a market capitalization of not less than $300 million at the time the short sale is made. The aggregate market value of all securities sold short by HAC cannot exceed 50% of its total net assets on a daily marked-to market basis. As well, at the time securities of a particular issuer are sold short, the aggregate market value of all securities of that issuer sold short by HAC cannot exceed 10% of the total net assets of HAC.

HAC may deposit assets with lenders in accordance with industry practice in relation to its obligations arising under short sale transactions. Where a short sale is effected in Canada, every dealer that holds assets of HAC as security in connection with the short sale must be a registered dealer and a member of a self-regulatory organization that is a participating member of the Canadian Investor Protection Fund. Where a short sale is effected outside Canada, every dealer that holds assets of HAC as security in connection with the short sale must be a member of a stock exchange and have a net worth in excess of the equivalent of $50 million determined from its most recent audited financial statements. The aggregate assets deposited by HAC with any single dealer as security in connection with short sales will not exceed 10% of HAC's total net assets at the time of deposit.

Written policies and procedures relating to short selling by HAC (including objectives, goals and risk management procedures) have been developed by the Manager. The policies and procedures that are applicable to HAC relating to short selling (including trading limits and controls in addition to those specified above) will be reviewed (and, if determined to be appropriate, revised) by the board of directors of the Manager on a semi-annual basis. Risk measurement procedures or simulations are not used to test the portfolio of HAC under stress conditions.

The decision to effect any particular short sale for HAC will be made by the Manager. The Risk Management Committee will be responsible for ensuring compliance with the terms of the short-selling relief. The Manager will notify the Risk Management Committee in writing upon the establishment of any new short position and will produce reports setting out details of HAC’s short selling activities. Copies of the reports will be provided to the Risk Management Committee on a weekly basis. The Risk Management Committee will meet at least once a month to review all short positions.

HURA

To achieve HURA’s investment objective, HURA invests and holds equity securities of the Constituent Issuers in substantially the same proportion as its Underlying Index. These securities will be listed on global stock exchanges.

The Underlying Index tracks the performance of (a) issuers which are active in the uranium industry, particularly including uranium mining, exploration, uranium investments and technologies related to the uranium industry; and (b) issuers that invest directly in uranium, either in the form of uranium oxide in concentrates or uranium hexafluoride, with the primary investment objective of achieving appreciation in the value of their uranium holdings.

In order to be eligible for inclusion, Constituent Issuers must (a) be listed on a regulated stock exchange in a developed market, as defined in the Solactive Country Classification Framework, (b) classified as a Pure-Play company based on the “Uranium Suppliers Annual”, which generally includes issuers with significant business operations in the uranium industry (in particular uranium mining, exploration for uranium, physical uranium investments and technologies related to the uranium industry), (c) have a market capitalization of at least CAD$40 million as at the time of inclusion, and (d) have an average daily trading value in the last three months of at least CAD$50,000 as at the time of inclusion.

The Underlying Index is ordinarily rebalanced on an annual basis at the close of trading on the last business day of January and reweighted at the close of trading on the last business day of July. The Constituent Issuers of the Underlying Index will be initially market capitalization-weighted on each rebalancing date, subject to a cap for each Constituent Issuer of a maximum of 20% of the net asset value of HURA as at each rebalancing date, with the remainder of the Constituent Issuers’ weights to be increased proportionately. Uranium participation companies (being issuers that participate in the physical price of uranium) are subject to a weight of 20% of the Underlying Index at time of rebalance in the event of one uranium participation company being a Constituent Issuer, and in the event of more than one uranium participation company being a Constituent Issuer, to an aggregate maximum of 25% of the Underlying Index at time of rebalance, with weights of such uranium participation companies being scaled proportionally to meet the requirement.

To the extent permitted, HURA will be fully invested in or exposed to the Underlying Index at all times and could have substantial exposure to U.S. and Australian listed securities as well as securities listed in other foreign countries. HURA will not hedge any foreign currency exposure from those securities.

<u>Stratified Sampling</u>

Notwithstanding the foregoing, HURA may, in certain circumstances, employ a “stratified sampling” strategy. Under this stratified sampling strategy, HURA may not hold all of the Constituent Issuers of its Underlying Index, but instead will hold a portfolio of securities that closely matches the aggregate investment characteristics of the securities included in its Underlying Index. Examples of when HURA may employ stratified sampling include tax optimization strategies or an inability to trade a Constituent Issuer due to a pending corporate action.

<u>Use of Leverage</u>

HURA will not employ leverage.

General Investment Strategies of the ETFs

Change of an Underlying Index (HARC and HURA)

The Manager may, subject to any required Unitholder approval, change an Underlying Index in order to provide investors with substantially the same exposure to which that ETF is currently exposed. If the Manager changes an Underlying Index, or any index replacing such Underlying Index, the Manager will issue a press release identifying and describing the new Underlying Index and specifying the reasons for the change in the Underlying Index.

Termination of an Underlying Index (HARC and HURA)

Each index provider calculates, determines and maintains the applicable Underlying Index. If an index provider ceases to calculate an Underlying Index, or the applicable license agreement is terminated, the Manager may terminate the applicable ETF(s) on 60 days' notice, change the investment objective of that ETF (subject to any necessary approvals), seek to replicate an alternative index, or make such other arrangements as the Manager considers appropriate and in the best interests of Unitholders of the ETF in the circumstances.

Use of the Underlying Indexes (HARC and HURA)

The Manager and the ETFs are each permitted to use their applicable Underlying Index pursuant to a license agreement. The Manager and the ETFs do not accept responsibility for, or guarantee the accuracy and/or completeness of, the Underlying Indexes or any data included in the Underlying Indexes.

Investments in Underlying Funds (All ETFs)

In accordance with applicable securities legislation, including NI 81-102, an ETF may also invest in one or more other investment funds, including other investment funds managed by the Manager, provided that no management fees or incentive fees are payable by the ETF that, to a reasonable person, would duplicate a fee payable by the underlying fund for the same service. The Manager's allocation to investments in other investment funds on behalf of an ETF, if any, will vary from time to time depending on the relative size and liquidity of the investment fund, and the ability of the Manager to identify appropriate investment funds that are consistent with that ETF's investment objectives and strategies.

Use of Derivatives (All ETFs)

ETFs may use derivative instruments for currency hedging purposes or other purposes, including to generate additional income, reduce transaction costs and increase the liquidity and efficiency of trading. Any use of derivative instruments, including futures contracts and forward contracts, will be consistent with the investment objective of the ETFs, and will be in accordance with NI 81-102.

Securities Lending (All ETFs)

In order to generate additional returns, an ETF may lend portfolio securities to securities borrowers acceptable to the ETF pursuant to the terms of a securities lending agreement between the ETF and any such borrower under which: (i) the borrower will pay to the ETF a negotiated securities lending fee and will make compensation payments to the ETF equal to any distributions received by the borrower on the securities borrowed to which the ETF is otherwise entitled; (ii) the securities loans must qualify as "securities lending arrangements" for the purposes of the Tax Act; and (iii) the ETF will receive collateral security.

If a securities lending agent is appointed for the ETF, such agent will be responsible for the ongoing administration of the securities loans, including the obligation to mark-to-market the collateral on a daily basis. The Custodian or a party related to the Manager may, from time to time, act as a prime broker to the ETF.

Reverse Repurchase Transactions (All ETFs)

An ETF may enter into reverse repurchase transactions. The Manager has adopted policies and practice guidelines applicable to each ETF to manage the risks associated with entering into reverse repurchase transactions. Such policies and practice guidelines require that:

- the reverse repurchase transactions be consistent with an ETF's investment objective and policies;
- the risks associated with reverse repurchase transactions be adequately described in the prospectus of the ETFs;
- authorized officers or directors of the Manager approve the parameters, including transaction limits, under which reverse repurchase transactions are permitted for an ETF and that such parameters comply with applicable securities legislation;
- the operational, monitoring and reporting procedures in place ensure that all reverse repurchase transactions are completely and accurately recorded, in accordance with their approved use, and within the limits and regulatory restrictions prescribed for an ETF;
- the counterparties to reverse repurchase transactions must meet the Manager's quantitative and qualitative criteria regarding market making and credit worthiness, and be in good standing with all applicable regulators; and
- the Manager must review at least annually all reverse repurchase transactions to ensure that they are being conducted in accordance with applicable securities legislation.

All reverse repurchase transactions must be completed within 30 days.

OVERVIEW OF THE SECTORS THAT THE ETFs INVEST IN

HHF

HHF seeks exposure to the Hedge Fund Index through the Replication Strategy. The Hedge Fund Index is a rules-based, asset-weighted index based on the largest and broadest hedge fund database in the hedge fund industry. The Hedge Fund Index is designed to capture the performance and behaviour of the most liquid hedge funds offering exposure to a wide spectrum of core and category hedge fund strategies. The Hedge Fund Index is a non-investible hedge fund index containing over 500 U.S. based hedge funds from a universe of more than 4,500 single-strategy and fund-of-fund hedge funds. Many hedge funds have high initial investment requirements and long hold periods, both of which make it difficult for any investor to purchase and maintain a portfolio that holds all of the hedge funds listed in the Hedge Fund Index. As a result, the Hedge Fund Index is considered to be an un-investible index. See "Investment Strategies – HHF"

HARC

HARC will be exposed to various global currencies. See "Investment Strategies – HARC".

<u>Currency Markets</u>

The value of a currency is quoted relative to the value of another currency (together, the "**currency pair**"). The relative values of the currencies in a currency pair fluctuates based on a number of different factors. Currency traders follow global economic and monetary policy along with specific factors such as the difference between one country's short-term interest rate or inflation relative to another country. Currency pairs that are made up of currencies of developed nations relative to the U.S. dollar are extremely liquid and trade 24 hours a day in various markets around the world. Other currency pairs that are made up of currencies of developed nations other than the United States can also be highly liquid. The majority of currency trading takes place in the interbank market where banks deal with each other directly or through use of electronic platforms. The most widely used reference rate is the WM/Reuters closing spot rate, which is calculated at 4 p.m. in London, United Kingdom. A WM/Reuters closing spot rate exists for every currency pair traded. Trading volume at the WM/Reuters closing spot rate is especially high at the end of each calendar month because many market participants use that rate to rebalance their portfolios. Settlement usually occurs same day or within 2 Trading Days, which is why it is also referred to as the "spot market".

Size of the Global Currency Market

Transactions in foreign-exchange currency markets averaged US$5.1 trillion a day in April 2016 as reported by the Bank of International Settlements in its latest "Triennial Central Bank Survey", dwarfing the average New York Stock Exchange dollar volume of US$42 billion. This was down from US$5.3 trillion in 2013 and up from US$4.0 trillion reported in 2010, with the majority of this market value generated by currency speculators capitalizing on intraday price movement. The U.S. dollar was the most heavily traded currency with 88% of trades containing the U.S. dollar on one side. The euro, the second-most-traded currency, was involved in 31% of deals, down from 33% in April 2013. The third-most-traded currency, featuring in 21% of all trades, was the Japanese yen: its market share has decreased slightly since the previous 2013 survey. Several emerging-market currencies rose sharply in global importance. The Mexican peso and Chinese renminbi made it into the top ten again after making it in 2013 for the first time.

Currency Non-Correlation to Other Asset Classes

Currencies provide diversification at the portfolio level as they do not generally exhibit a material long-term positive correlation with the equity market or other asset classes.

HAC

HAC invests primarily in Exchange Traded Products and futures contracts to gain exposure to the performance of Broad Markets or Sector Markets that at various times of the year have historically performed favourably.

HURA

HURA seeks to provide exposure to the performance of a basket of companies which are (a) primarily involved in the uranium industry and (b) issuers that invest directly in uranium.

INVESTMENT RESTRICTIONS

The ETFs are subject to certain restrictions and practices contained in securities legislation, including NI 81-102, 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, may not be deviated from without the prior consent of the Securities Regulatory Authorities having jurisdiction over the ETFs.

An ETF will not make an investment that would result in the ETF failing to qualify as a "unit trust" or "mutual fund trust" within the meaning of the Tax Act or that would result in the 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 the ETF's property consisted of such property.

FEES AND EXPENSES

Fees and Expenses Payable by the ETFs

Management Fees

Each Management Fee payable by an ETF is calculated and accrued daily and payable monthly in arrears in consideration for the services provided by the Manager to an ETF. 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.

HHF (Total Management Fees)

HHF pays Management Fees to the Manager equal to 0.45% of the NAV of Units of HHF, together with Sales Tax. The Management Fees are calculated and accrued daily on each Valuation Date and are payable monthly in arrears. The Manager is also paid an annual management fee of 0.50% of the net asset value of the Reference Fund accrued and calculated daily on each Valuation Date and paid monthly in arrears, together with Sales Tax.

The sum of the Management Fees payable for HHF and the management fees payable for the Reference Fund are the Total Management Fees of HHF:

Total Management Fees	
HHF Management Fees	**Reference Fund Management Fees**
0.45% of the net asset value of the Units	0.50% of the net asset value of the Reference Fund’s units

HARC

HARC pays Management Fees to the Manager equal to 0.95% of the net asset value of the Units of HARC, together with applicable Sales Tax.

HAC

HAC pays Management Fees to the Manager equal to: 0.75% of the net asset value of the Units of HAC, together with applicable Sales Tax.

Performance Fees

HAC also pays the Manager the Performance Fee. The Performance Fee is calculated and accrued daily. The Performance Fee is payable at least quarterly in arrears on dates determined by the Manager, together with applicable taxes. HAC will pay to the Manager a Performance Fee, if any, equal to 20% of the amount by which the performance of HAC, at any date on which the fee is payable, (i) exceeds the High Water Mark and (ii) is greater than an annualized return of five percent (5%).

The Performance Fee will be determined in accordance with the following formula:

20% x (A – (B x C)) x D

where:

A equals the adjusted NAV per Unit as at the last day of the period in respect of which the calculation is being made;

B equals the High Water Mark;

C equals 1 plus an annualized return of five percent (5%) pro-rated for the number of days in the period; and

D equals the number of Units outstanding as at the last day of the period in respect of which the calculation is being made.

No Performance Fee will be payable on any payable date unless A exceeds B x C at that time.

The Performance Fee shall be calculated and accrued daily. The Performance Fee shall be payable at least quarterly in arrears on dates determined by the Manager, together with applicable taxes.

HURA

HURA pays an annual Management Fee to the Manager equal to 0.75% of the net asset value of HURA, together with applicable Sales Tax.

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. Management Fee Distributions shall, at the discretion of the Manager, be payable out of the net income and net capital gains of the applicable ETF or, if these are at any time insufficient to discharge such ETF's liabilities to such Unitholders, out of the capital of the ETF. 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.

Forward Documents Expenses – HHF

Currently HHF pays to the Bank Counterparty fees under the Forward Documents equal to 0.45% per annum of the total assets of the Reference Fund, plus hedging costs incurred by the Bank Counterparty, if any. The Forward Documents may be amended or replaced at any time and the expenses incurred in respect of such new derivative arrangements may increase or decrease according to its terms.

No hedging costs have been charged to the date of this prospectus and none are anticipated at this time in respect of the Forward Documents, however, should hedging costs be incurred by a Counterparty in the future, such hedging costs will be payable by the ETF.

Operating Expenses- the ETFs

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; costs associated with delivering documents to Unitholders; listing and annual stock exchange fees; index licensing fees, if applicable; CDS fees; bank related fees and interest charges; extraordinary expenses; Unitholder reports and servicing costs; registrar and transfer agent fees; costs of the IRC; income taxes; Sales Tax; brokerage expenses and commissions; and withholding taxes.

Costs and expenses payable by the Manager, or an affiliate of the Manager, include fees of a general administrative nature.

Operating Expenses and Underlying Exchange Traded Fund Fees – Reference Fund (HHF only)

The Reference Fund pays the Manager an annual management fee equal to a percentage of the net asset value of the Reference Fund, accrued and calculated daily on each Valuation Date, plus Sales Tax.

The Reference Fund pays for all ordinary expenses incurred in connection with its operation and administration. These expenses include, without limitation, mailing and printing expenses for periodic reports to securityholders and other securityholder communications, including marketing and advertising expenses; fees payable to the Custodian, Valuation Agent and/or other parties engaged by the Reference Fund for performing certain financial, record keeping, reporting and general administrative services; management and trustee fees; any reasonable out-of-pocket expenses incurred by the Manager or its agents in connection with their ongoing obligations to the Reference Fund; any additional fees payable to the Manager for performance of extraordinary services on behalf of the Reference Fund; fees payable to the auditors and legal advisors; regulatory filing and licensing fees; any expenditures incurred upon the termination of the Reference Fund; fees payable to the members of the IRC; and Sales Tax. Such expenses also include expenses of any action, suit or other proceedings in which or in relation to which the Manager or any other party is entitled to an indemnity by the Reference Fund. The Reference Fund will also be responsible for its costs of portfolio transactions and any extraordinary expenses which it may incur from time to time.

If permitted by its investment strategy, an ETF or the Reference Fund may, in accordance with applicable Canadian securities legislation, invest in exchange traded funds, mutual funds or other public investment funds which may be managed by the Manager, its affiliates or independent fund managers. There are fees and expenses payable by these underlying funds in addition to the fees and expenses payable by an ETF or the Reference Fund. With respect to such investments, no management fees or incentive fees are payable by an ETF or the Reference Fund that, to a reasonable person, would duplicate a fee payable by such underlying fund 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 funds in which it invests if these funds are managed by the Manager or an affiliate or associate of the Manager.

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.

Fees and Expenses Payable Directly by the Unitholders

Administrative Charge

The Manager may charge Unitholders of an ETF, at its discretion, an issue, exchange or redemption charge of up to 0.25% of the issue, exchange or redemption proceeds of the ETF. The Manager will publish the current administrative charge, if any, on its website, www.HorizonsETFs.com.

In any case in which a subscription order from a Dealer or Designated Broker is received by an ETF on or after the date of declaration of a distribution by the ETF payable in cash or before the ex-dividend date for that distribution (generally, the second 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 ETF in respect of each issued Unit.

RISK FACTORS

An investment in Units of an ETF involves certain risks. Prospective investors should therefore consider the following risks, among others, before subscribing for Units of the ETFs.

Inability to Achieve Investment Objective

There is no assurance that an ETF will be able to achieve its investment objective. There is also no assurance that the Replication Strategy will be able to successfully mimic the returns of the Hedge Fund Index, which will affect the returns realized by HHF.

Risks Relating to the Reference Fund Replication Strategy (HHF)

HHF is exposed to the following risks related to the implementation of the Replication Strategy:

(a) There is a risk that the return of HHF will not match the return of the Reference Fund because of fees, costs and expenses borne by HHF or the Reference Fund.

(b) There is a risk that the return of HHF and/or the Reference Fund will not match the performance of the Hedge Fund Index because of fees, costs and expenses borne by HHF, the Reference Fund and the Hedge Fund Index and due to the manner in which the Replication Strategy is implemented.

(c) There is a risk that the that the return of HHF and/or the Reference Fund will not match the return of the Hedge Fund Index because the Replication Strategy is a hedge fund index replication strategy that applies statistical models to financial instruments (futures contracts, money market instruments, exchange traded funds and cash) that are not exactly those used by the hedge funds that actually compose the Hedge Fund Index and because the Hedge Fund Index cannot be replicated by investing in its constituents. Even if the application of such statistical models to a good set of return-generating factors is usually considered to be appropriate, their results cannot be guaranteed. Accordingly, it is possible that the return of HHF and/or the Reference Fund will not accurately track the performance of the Hedge Fund Index.

Accordingly, the return of HHF may be different from the return of the Reference Fund and/or the Hedge Fund Index.

Leverage Risk (HHF, HARC and HAC)

When an ETF makes investments in derivatives, borrows cash for investment purposes, or uses physical short sales on equities, fixed income securities or other portfolio assets, leverage may be introduced into the ETF. Leverage occurs when an ETF's notional exposure to underlying assets is greater than the amount invested. It is an investment technique that can magnify gains and losses. Consequently, any adverse change in the value or level of the underlying asset, rate or index may amplify losses compared to those that would have been incurred if the underlying asset had been directly held by the ETF and may result in losses greater than the amount invested in the derivative itself. Leverage may increase volatility, may impair an ETF's liquidity and may cause an ETF to liquidate positions at unfavourable times. Each ETF is subject to a gross aggregate exposure limit of 300% of its NAV which is measured on a daily basis.

Liquidity Risk (HHF, HAC and HURA)

In certain circumstances, such as the disruption of the orderly markets for equity securities, currencies, commodities, derivatives and/or financial instruments in which an ETF invests, the ETF 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 an ETF may also be illiquid, which may prevent the ETF from being able to limit its losses or to realize gains.

Leveraged ETFs Risk (HAC)

The ETFs may invest a portion of their net assets from time to time in certain exchange traded funds managed by the Manager. The Leveraged ETFs are exchange traded funds that seek to provide returns similar to a particular benchmark market, industry sector index, or commodity and magnify returns by either an inverse, multiple or an inverse multiple of that benchmark, index or commodity. Investments in the Leveraged ETFs are highly speculative and involve a high degree of risk. These exchange traded funds are also subject to increased volatility as they seek to achieve an inverse, multiple or inverse multiple of a benchmark, index or commodity.

General Risks of Investing in the Reference Fund (HHF)

To the extent, if any, that the returns of HHF are based on the Reference Fund, HHF will be directly or indirectly exposed to the returns realized by the Reference Fund which is attempting to replicate the returns of the Replication Index. Investments in the ETF should therefore be made with an understanding that the returns of the Reference Fund will generally vary as the Replication Index varies.

HHF seeks investment results, before fees, expenses, distributions, brokerage commissions and other transaction costs, that replicate the performance of the Hedge Fund Index, hedged to the Canadian dollar. HHF uses an index replication strategy that provides exposure to futures contracts, exchange traded funds, money market instruments and cash. As such, HHF is not actively managed by traditional methods, and the Manager will not attempt to take defensive positions in declining markets.

Exchange Traded Products Risk (HHF and HAC)

An ETF may invest in Exchange Traded Products that issue index participation units and Commodity Participation Units and may also invest in Leveraged ETFs. Exchange Traded Products seek to provide returns similar to the performance of a Broad Market or Sector Market and may not achieve the same return as the underlying Broad Market or Sector Market due to differences in the actual weightings of issuers held directly or indirectly by the Exchange Traded Product versus the weightings in the Broad Market or Sector Market indexes and due to the operating and administrative expenses of the Exchange Traded Product.

Risks Relating to Use of Derivatives

The ETFs and the Reference Fund may use derivative instruments to achieve their investment objectives. The use of derivative instruments involves risks different from, and possibly greater than, the risks associated with investing in conventional securities.

Derivatives are subject to a number of risks, such as liquidity risk, interest rate risk, market risk, credit risk, leveraging risk and counterparty 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, the Reference Fund or other party to a derivatives transaction may not be able to obtain or close out a derivative contract when Horizons or another manager believes it is desirable to do so, which may prevent an ETF or the Reference Fund from making a gain or limiting a loss. The low margin deposits normally required in trading derivatives (typically between 2% and 15% of the value of the derivatives purchased) can permit a 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.

HHF is exposed to a basket of liquid futures contracts, money market instruments and cash, as well as, from time to time, investments in exchange traded funds, to seek to replicate the performance of the Replication Index and HHF is also exposed to derivative instruments used for hedging all or a portion of the value of the Reference Fund and/or HHF’s non-Canadian currency exposure back to the Canadian dollar.

The ETFs and the Reference Fund are subject to credit risk with respect to the amounts expected to be received from counterparties to derivatives instruments entered into by an ETF or the Reference Fund, as applicable. If a counterparty becomes bankrupt or otherwise fails to perform its obligations under a derivative instrument, the net asset value per unit of the Reference Fund or an ETF, as applicable, may decline.

Changes to an Underlying Index (HHF and HURA)

The Underlying Indexes are administered by third party index providers. Trading in Units of an ETF may be suspended for a period of time if, for whatever reason, the calculation of an Underlying Index is delayed. In the event an Underlying Index ceases to be calculated or is discontinued, the Manager may choose to: terminate the ETF; change the ETF’s investment objective or to seek to replicate an alternative index (subject, where applicable, to applicable Unitholder approval in accordance with the Trust Declaration); or make such other arrangements as the Manager considers appropriate and in the best interests of Unitholders in the circumstances.

Designated Broker/Dealer Risk

As each ETF only issues Units directly to its Designated Broker and Dealers, in the event that a purchasing Designated Broker or Dealer is unable to meet its settlement obligations, the resulting costs and losses incurred are borne by the applicable ETF.

Counterparty Risk

Each ETF 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 an ETF may decline. An ETF may experience significant delays in obtaining any recovery in a bankruptcy or other reorganization proceeding. An ETF may obtain only limited recovery or may obtain no recovery in such circumstances. A Counterparty or its guarantor must have a designated rating within the meaning of NI 81-102.

A counterparty of an ETF 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 the ETF, which may adversely affect the ETF's ability to achieve its investment objective.

Forward Documents entered into by HHF with a Counterparty will generally be the material assets of HHF and, as such, HHF is exposed to the credit risk associated with the applicable Counterparty or Counterparties. A Counterparty may have relationships with any or all of the issuers whose securities are included in the Reference Fund which could conflict with the interests of HHF or its Unitholders. HHF’s exposure to the credit risk of a Counterparty may be significant. The Bank Counterparty may terminate the Forward Documents in certain circumstances, in which case HHF may not be able to meet its investment objective. Furthermore, if a Counterparty were to default on its obligations under the Forward Documents, HHF would become an unsecured creditor of the Counterparty in respect of the obligations of the applicable Counterparty to HHF under the Forward Documents.

Reliance on Key Personnel

Unitholders will be dependent on the abilities of: (i) the Manager to effectively manage HHF and the Reference Fund in a manner consistent with the investment objective, investment strategy and investment restrictions of HHF and the Reference Fund, respectively, as described herein; and (ii) in implementing the Replication Strategy. Implementation of HHF's investment strategy will be dependent on the Manager. There is no certainty that the individuals who are principally responsible for providing administration and portfolio management services to HHF and the Reference Fund will continue to be employed by the Manager.

Unitholders of HARC will be dependent on the abilities of: (i) the Manager and the Sub-Advisor in providing recommendations and advice in respect of HARC; and (ii) the Manager to effectively manage HARC in a manner consistent with their investment objectives, investment strategies and investment restrictions. Implementation of HARC's investment strategies will be dependent on the Manager. There is no certainty that the individuals who are principally responsible for providing administration and portfolio management services to HARC will continue to be employed by the Manager.

There is also no certainty that the Sub-Advisor will be retained or that the key personnel of the Sub-Advisor will continue to be engaged by the Sub-Advisor throughout the existence of HARC. Moreover, no assurance can be given that the trading systems and strategies utilized by the Sub-Advisor or its successor will prove successful under all, or any, market conditions.

Market Price and Net Asset Value Deviation Risk

The NAV per Unit of an ETF will vary according to, among other things, the value of the portfolio of investments to which an ETF is exposed, including, in respect of HHF, the Reference Fund (to the extent the return of HHF is based on the Forward Documents or other forward agreements exposed to the performance of the Reference Fund) and the distributions, if any, paid on the Units. The trading prices of the Units of an ETF will fluctuate in accordance with changes in the NAV per Unit of the ETF, as well as market supply and demand for Units of the ETF on the TSX. HHF has no control over currency exchange rates and the factors that affect the value of the portfolio of the Reference Fund. HARC has no has no control over currency exchange rates and the other factors that affect the value of its portfolio.

Aggressive Investment Technique Risk

The ETFs use investment techniques and financial instruments that may be considered aggressive, including the use of futures contracts, options on futures contracts, securities and indices, forward contracts, swap agreements and similar instruments. Such techniques, particularly when used to create leverage, may expose an ETF to potentially dramatic changes (losses) in the value of the instruments and imperfect correlation between the value of the instruments and 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. The use of aggressive investment techniques also exposes an ETF to risks different from, or possibly greater than, the risks associated with investing directly in the securities comprising its Underlying Index, including: 1) the risk that an instrument is temporarily mispriced; 2) credit, performance or documentation risk on the amount the ETF expects to receive from a counterparty; 3) the risk that securities prices, interest rates and currency markets will move adversely and the ETF 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 the ETF's position in a particular instrument when desired

Purpose of the Underlying Indexes and Replication Strategy (HHF and HURA)

The Underlying Indexes were not created for the benefit of the ETFs or the Reference Fund. Index providers have the right to make adjustments to the Underlying Indexes or to cease publishing the Underlying Indexes without regard to the particular interests of ETFs, the Reference Fund, the Manager, the Unitholders or the Designated Broker and Dealers, but rather solely with a view to the original purpose of the Underlying Indexes.

The Replication Strategy was not created for the benefit of ETFs or the Reference Fund. Morningstar has been licensed rights in the Replication Strategy by NBC or a member of its group in order to create and monitor the

Replication Index. The Manager has been licensed rights in the Replication Strategy in order to manage the Reference Fund. NBC has the right to cease maintaining the Replication Strategy at any time without regard to the particular interests of Morningstar, HHF, the Reference Fund, the Manager, Horizons, the Unitholders of HHF or the Designated Broker and Dealers.

Tax-Related Risks

It is anticipated that each ETF 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. Each Existing ETF has made, and HURA expects to make, an election in its first tax return so that it qualifies under the Tax Act as a mutual fund trust from the commencement of its first taxation year. If an ETF fails to or ceases to qualify as a mutual fund trust, the income tax considerations as described under "Income Tax Considerations" would be materially and adversely different in certain respects.

Tax Amendments proposed in the 2019 Budget effective for taxation years beginning on or after March 19, 2019 would prohibit an ETF (provided that it is a "mutual fund trust" for purposes of the Tax Act throughout its taxation year) from allocating income to redeeming Unitholders and would limit the ability of the ETF to allocate capital gains to redeeming Unitholders. If such Tax Amendments are enacted in their current form, the amounts and taxable component of distributions to non-redeeming Unitholders of the ETF may be greater than they would have been in the absence of such amendments. No assurance can be provided as to whether such proposed changes will be enacted in their current form.

There can be no assurance that Canadian federal 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 which adversely affects Unitholders of an ETF or the ETF itself. In addition, there can be no assurance that the CRA will agree with the tax treatment adopted by the ETFs in filing their tax returns (e.g., deduction of expenses or recognition of income) and the CRA could reassess the ETFs on a basis that results in additional tax being paid or borne 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 (as intended by the Manager) does not acquire or hold "non-portfolio" property. If these rules apply to an ETF, the after-tax return to Unitholders could be reduced.

HHF will recognize ordinary income (or losses) under the Forward Documents when it is realized by the ETF upon partial settlements or upon maturity of the Forward Documents. This may result in significant amounts of ordinary income being realized by HHF at such times. To the extent such income is not offset by any available deductions, it will be made payable to Unitholders of HHF in the taxation year in which such income is realized and included in such Unitholders' income for the year. In addition, it is possible that particular settlements under the Forward Documents result in a Counterparty returning pledged collateral in the form of cash from the interest bearing account or T-Bills to HHF in a taxation year but no income being realized by HHF under the Tax Act in such taxation year. This will result in more accrued gains in HHF which, when realized, will be distributed to its Unitholders at such time as ordinary income.

HARC 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, will not be a "SIFT trust" (as defined for the purposes of the Tax Act). On that basis, it is anticipated that HARC will make sufficient distributions in each year of any income (including taxable capital gains) realized by HARC for Canadian tax purposes in the year so as to ensure that it will not be subject to non-refundable Canadian income tax on such income. However, if HARC 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 HARC. No advance income tax ruling has been sought or obtained from the CRA in respect of the status of HARC and the CRA could seek to assess or reassess HARC (and Unitholders of HARC) on the basis that it was a SIFT trust.

In determining its income for tax purposes, each ETF will generally treat gains or losses on the disposition of its property, other than certain derivative agreements, as capital gains and losses. Certain ETFs may use derivative instruments for hedging non-Canadian currency exposure back to the Canadian dollar. Each applicable ETF intends to take the position that gains or losses in respect of foreign currency hedges entered into in respect of amounts invested in the portfolio of the ETF will constitute capital gains and capital losses to the ETF if the securities in the portfolio are capital property to the ETF and there is sufficient linkage. The Tax Act includes rules that clarify that the DFA Rules generally would not apply to such foreign currency hedges. Designations with respect to an ETF's income and capital gains will be made and reported to Unitholders on the foregoing basis. If these dispositions or transactions of the ETF are not on capital account (whether because of the DFA Rules or otherwise), the net income of the ETF for tax purposes and the taxable component of distributions to Unitholders could increase. Any such redetermination by the CRA may result in the ETF being liable for unremitted withholding taxes on prior distributions made to Unitholders who were not resident in Canada for purposes of the Tax Act at the time of the distribution. Such potential liability may reduce the NAV of the Units.

Certain ETFs may invest in global equity or debt 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 interest 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 and debt securities may subject the ETFs to foreign taxes on dividends and interest 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.

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 Holders" 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. There can be no assurance that an ETF will qualify as an "investment fund" for these purposes. 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.

Each ETF is also 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.

Foreign Security Risk

There are certain risks involved in obtaining indirect exposure to securities of companies in countries other than Canada and the United States which are in addition to the usual risks inherent in Canadian or U.S. investments. The value of foreign securities will be affected by factors affecting other similar securities and could also be affected by additional factors such as the absence of timely information, less stringent auditing standards and less liquid markets. As well, different financial, political and social factors may involve risks not typically associated with investing in Canada or the U.S.

Foreign Currency Risk

The portfolios of the ETFs and/or the Reference Fund, as applicable, may include a significant proportion of securities valued in U.S. dollars or other foreign currencies. Accordingly, the net asset values per unit of the ETFs and the Reference Fund, when measured in Canadian dollars, will, to the extent this has not been hedged against, be affected by changes in the value of the U.S. dollar or other foreign currencies relative to the Canadian dollar. The Reference Fund will not be hedged at all times and, accordingly, the Reference Fund will be impacted by changes in foreign exchange rates or other factors. In respect of HARC, see also "Currency Fund Risk (HARC)" below.

Commodity Market Risk (HHF and HAC)

In the United States the CFTC has approved its final rule on speculative position limits for futures contracts in certain commodities, including futures contracts for crude oil, natural gas, silver and gold. Based on the current size of the ETF and commodity markets, these speculative limits are not currently expected to affect the ETF. an the ETF reaches a speculative position limit, the ETF's ability to seek additional exposure to that commodity position through futures contracts as a result of new subscriptions could be impaired and the ETF's ability to achieve its investment objective could be affected.

Commodity Risk (HHF, HAC and HURA)

Commodities markets may be subject to greater volatility than traditional securities. The value of commodities markets, commodity futures and commodity linked Exchange Traded Products may be affected by changes in overall market movements, commodity price volatility, changes in interest rates, or sectors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs and international economic, political and regulatory developments.

Equity Risk (HHF, HAC and HURA)

The equity markets are volatile and the value of securities, futures, options contracts and other instruments correlated with the equity markets may fluctuate dramatically from day-to-day. This volatility may cause the value of one or more equity investments of an ETF to decrease.

Credit Risk (HHF and HAC)

An ETF may gain exposure to fixed income securities directly or through the use of futures and other derivative contracts. The value of fixed income securities depends, in part, on the perceived ability of the government or company which issued the securities to pay the interest and to repay the original investments. Securities issued by issuers that have a low credit rating are considered to have a higher credit risk than securities issued by issuers with a high credit rating. In addition, although generally considered less volatile than equity markets, certain types of fixed income securities and certain market conditions may result in significant volatility in the value of one or more fixed income investments to which the ETF may be exposed.

Risk Relating to the Failure of Futures Commission Merchant (HHF, HARC and HAC)

There is a risk that assets of an ETF 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. The Manager is a Canadian Investor Protection Fund participant (for the purposes of such coverage, the ETF will be considered as one single client).

Interest Rate Risk

The market value of fixed-income securities is inversely related to changes in the general level of interest rates (e.g. the interest rates charged by banks and other major commercial lenders). If the general level of interest rates increases, the market value of fixed-income securities will go down while the interest payments (also referred to as "coupon payments") remain fixed, all else equal. If the general level of interest rates decreases, the market value of fixed-income securities will go up while the coupon payments remain fixed, all else equal.

Traditional fixed-income securities have risk associated with their market value, but not their coupon payments as interest rates change, while floating-rate bonds have risk associated with their coupon payments, but not their market value as interest rates change, all else equal.

Certain derivatives, such as interest rate swaps, can be used by investors to exchange fixed coupon payments and risks for floating-rate coupon payments and risks.

Changes in interest rates may also affect the relative value of foreign currencies. In respect of HARC, see also "Currency Fund Risk" immediately below.

Currency Fund Risk (HARC)

Each of HARC's investments in currencies will make a gain or experience a loss based on changes in the exchange rate between the currencies of two countries that are the subject of the investment. HARC's exposure to currency exchange rates could result in losses to HARC if the two currencies that are the subject of the investment do not move in relation to each other as HARC's Sub-Advisor expects. Currency exchange rates can be affected unpredictably by a number of factors including: the forces of supply and demand in the foreign exchange markets; actual or perceived changes in interest rates; intervention (or the failure to intervene) by governments and central banks; and currency controls and political developments. Currency exchange rates may fluctuate significantly over short periods of time. Currency markets are generally less regulated than securities markets.

The composition of HARC's portfolio may vary widely from time to time but will be concentrated in currencies. Therefore, the portfolio may be considered less diversified than portfolios of other investment vehicles. Investing in one specific sector, such as currencies, entails greater risk than investing in all sectors of the stock market.

Use of Options Risk (HARC)

The use of options may have the effect of limiting or reducing the total returns of HARC if the Sub-Advisor's expectations concerning future events or market conditions prove to be incorrect.

Political, Economic and Social Risk

The value of an ETF's and/or the Reference Fund's securities exposed to various markets may be adversely affected by political, economic, social and other factors, relations with other countries and changes in laws and regulations in developing and emerging economies. In addition, developing and emerging economies may differ favourably or unfavourably from the Canadian economy in such respects as the rate of GDP growth, the rate of inflation, capital reinvestment, resource self-sufficiency and balance of payments position. Governments may exercise significant influence over many aspects of the economy in developing and emerging countries and, accordingly, political or social instability and government actions in developing and emerging countries in the future could have a significant effect on such countries, which could affect market conditions, prices and yields of securities that are held by an ETF or the Reference Fund. Governmental acts in developing and emerging countries, including imposition of tariffs, royalties or other levies, cancellation or renegotiation of joint ventures or confiscation or nationalization of property, mineral or resource rights may have an adverse affect upon the securities of various markets to which an ETF or the Reference Fund is exposed.

Hedging Risk (HHF and HAC)

The use of hedges involves special risks, including the possible default by the other party to the transaction, illiquidity and, to the extent the assessment of certain market movements is incorrect, the risk that the use of hedges could result in losses greater than if the hedging had not been used. The hedging arrangements may have the effect of limiting or reducing the total returns to the Reference Fund or ETF if the expectations of Horizons concerning future events or market conditions prove to be incorrect. In addition, the costs associated with the hedging program may outweigh the benefits of the arrangements in such circumstances.

Short Selling Risk (HAC)

Subject to compliance with NI 81-102 or an exemption therefrom, HAC may engage in a limited amount of short selling. A “short sale” occurs when an ETF borrows securities from a lender which are then sold in the open market (or “sold short”). At a later date, the same number of securities are repurchased by the ETF and returned to the lender. In the interim, the proceeds from the first sale are deposited with the lender and the ETF pays fees to the lender. If the value of the securities declines between the time that the ETF borrows the securities (and sells short) and the time it repurchases and returns the securities, the ETF makes a profit for the difference (less any fees the ETF is required to pay to the lender).

Short selling involves certain risks. There is no assurance that securities will decline in value during the period of the short sale sufficient to offset the fees paid by the ETF and make a profit for the ETF, and securities sold short may instead appreciate in value. The ETF also may experience difficulties repurchasing and returning the borrowed securities if a liquid market for the securities does not exist. The lender from whom the ETF has borrowed securities may go bankrupt and the ETF may lose the collateral it has deposited with the lender.

When an ETF engages in short selling, the ETF will adhere to controls and limits that are intended to offset these risks by short selling only securities of larger issuers for which a liquid market is expected to be maintained and by limiting the amount of exposure for short sales. The ETF will also deposit collateral only with lenders that meet certain criteria for creditworthiness and only up to certain limits.

Possible losses from short sales differ from losses that may be incurred from purchases of securities, because losses from short sales may be unlimited, whereas losses from purchases are limited to the total amount invested. To deliver securities to a purchaser, the ETF must arrange through a broker to borrow the securities, and, as a result, the ETF becomes obligated to replace the securities borrowed at the market price at the time of replacement, whatever that price may be. A short sale therefore involves the theoretically unlimited risk of loss occasioned by an increase in the market price of the security between the date of the short sale and the date on which the ETF covers its short position. In addition, the borrowing of securities entails the payment of a borrowing fee (which may increase during the borrowing period) and the payment of any dividends or interest payable on the securities until they are replaced. When the ETF is engaged in short selling it is required to maintain cash cover for its short positions and other investments may need to be sold quickly (and at potentially unattractive prices) in order to maintain sufficient cash cover.

Significant Redemptions

If a significant number of Units of an ETF are redeemed, the trading liquidity of the Units could be significantly reduced. In addition, the expenses of the ETF would be spread among fewer Units resulting in a potentially lower distribution per Unit. The Manager has the ability to terminate an ETF if, in its opinion, it would be in the best interests of Unitholders to do so. The Manager may suspend redemptions in certain circumstances.

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 of an ETF on the TSX until it reopens and there is a possibility that, at the same time and for the same reason, the exchange and redemption of Units of the ETF may be suspended until the TSX reopens.

Cease Trading of Securities Risk

If securities held by an ETF are cease-traded by order of the relevant securities regulatory authority or are halted from trading by the relevant stock exchange, the ETF may halt trading in its Units. Accordingly, Units of an ETF bear the risk of cease-trading orders against all the securities held by the ETF, 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, the ETF may return redemption requests to Unitholders who have submitted them. If securities are cease-traded, they may not be delivered on an exchange of a PNU for a Basket of Securities until such time as the cease-trade order is lifted.

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.

Price Limit Risk (HHF, HARC and HAC)

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 net asset value of an ETF, and could also disrupt subscription and redemption requests.

Conflicts of Interest

The Manager, the Sub-Advisor (as applicable), their respective directors and officers and their respective affiliates and associates may engage in the promotion, management or investment management of other accounts, funds or trusts which invest primarily in the securities held by an ETF or the Reference Fund. Although officers, directors and professional staff of the Manager and the Sub-Advisor (as applicable) will devote as much time to an ETF or the Reference Fund as is deemed appropriate to perform their duties, the staff of the Manager and the Sub-Advisor may have conflicts in allocating their time and services among an ETF, the Reference Fund, and the other funds managed by the Manager or the Sub-Advisor (as applicable).

Loss of Limited Liability

Each ETF is a unit trust and as such its Unitholders do not receive the protection of statutorily mandated limited liability in some provinces as in the case of shareholders of most Canadian corporations. There is no guarantee, therefore, that Unitholders of an ETF could not be made party to a legal action in connection with the ETF. However, the Trust Declaration provides that no Unitholder, in its capacity as such, will be subject to any liability whatsoever, in tort, contract or otherwise, to any person in connection with an ETF's property or the obligations or the affairs of the ETF and all such persons are to look solely to the ETF's property for satisfaction of claims of any nature arising out of or in connection therewith and only the ETF's property will be subject to levy or execution.

Pursuant to the Trust Declaration, an ETF will indemnify and hold harmless each Unitholder from any costs, damages, liabilities, expenses, charges and losses suffered by a Unitholder resulting from or arising out of such Unitholder not having limited liability. The Trust Declaration also provides that the Trustee and the Manager shall use reasonable efforts to cause to be inserted in each material written agreement, undertaking and obligation, signed by or on behalf of the applicable ETF a provision to the effect that such agreement, undertaking or obligation will not be binding upon Unitholders personally.

As a result of the foregoing, it is considered that the risk of any personal liability of Unitholders is minimal in view of the nature of its activities. In the event that a Unitholder should be required to satisfy any obligation of an ETF, the Unitholder will be entitled to reimbursement from any available assets of the ETF.

Business and Regulatory Risks of Alternative Investment Strategies

There can be no assurance that certain laws applicable to the ETFs, including income tax laws relating to the treatment of mutual fund trusts under the Tax Act will not be changed in a manner which could adversely affect the ETFs and/or the Unitholders.

Moreover, securities and futures markets are subject to comprehensive statutes, regulations and margin requirements enforced by the relevant regulatory authorities, self-regulatory organizations and exchanges authorized to take extraordinary actions in the event of market emergencies. The regulation of derivatives transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by government and judicial actions. The regulatory environment is evolving, and changes in regulations of trading activities may adversely affect the ability of an ETF or the Reference Fund to pursue its investment objective, its ability to obtain leverage and financing and the value of its investments. There has been an increase in governmental, as well as self-regulatory, scrutiny of the alternative investment industry in general. It is impossible to predict what, if any, changes in regulations may occur, but any regulations which restrict the ability of an ETF or the Reference Fund to trade in the relevant instruments or the ability of an ETF or the Reference Fund to employ, or brokers and other counterparties to extend, credit in its trading (as well as other regulatory changes that result) could have a material adverse impact on the Reference Fund's portfolio. The ETFs and their Unitholders could be adversely affected as a result.

Change in Legislation

There can be no assurance that certain laws applicable to the ETFs will not be changed in a manner which could adversely affect an ETF and/or its Unitholders.

No Ownership Interest

An investment in Units of an ETF does not constitute an investment by Unitholders in the securities held by an ETF or the Reference Fund. Unitholders will not own the securities held by an ETF or the Reference Fund.

Market for Units

There can be no assurance that an active public market for Units of an ETF will be sustained. Although the Units of HURA may be listed on the TSX, there is no assurance that it will do so.

Securities Lending Risk

An ETF 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 an ETF. 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 the 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 the 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.

Emerging Market Equities Risk (HHF, HAC and HURA)

Investments in emerging markets are subject to heightened risk as compared to investments in developed markets. The value of an ETF that is exposed to emerging markets may be adversely affected by, among other things, the following risks associated with emerging market economies: political and social instability; government involvement, including, but not limited to, currency controls and risk of expropriation; securities markets which are less liquid and which operate under different trading and market regulations; difficulties in enforcing contractual rights; currency volatility; risk of high inflation; infrastructure issues; greater susceptibility to commodity prices; and greater susceptibility to the economic performance of trading partners.

Uranium/Nuclear Sector Risk (HURA)

The growth of the uranium and nuclear power industry will depend upon continued and increased acceptance of nuclear technology as a means of generating electricity. The nuclear industry is affected by unique political, technological and environmental factors. Accordingly, the industry is subject to public opinion risks which could have an adverse impact on the demand for nuclear power and result in increases in government regulation. An accident at a nuclear reactor anywhere in the world could impact the continued acceptance, by the public and regulatory authorities, of nuclear energy and the future prospects for nuclear generators, which could have a material adverse effect on Constituent Issuers and the ETF.

Nuclear energy competes with other sources of energy, including oil, natural gas, coal and hydro-electricity. These other energy sources are to some extent interchangeable with nuclear energy. Sustained lower prices of oil, natural gas, coal and hydro-electricity, as well as the possibility of developing other low cost sources for energy, may result in lower demand for uranium. Technical advancements in renewable and other alternate forms of energy, such as wind and solar power, could make these forms of energy more commercially viable and ultimately put additional pressure on the demand for uranium concentrates.

The price of uranium, and the value of a Constituent Issuer's assets, can be materially impacted by changes in demand for uranium and regulatory developments, either curtailing or supporting nuclear energy, could have a significant impact on global uranium demand. In some political jurisdictions, renewable forms of energy, such as wind and solar power, are receiving significant subsidies and other incentives that can make it unaffordable for the nuclear power industry to compete. However, in other political jurisdictions, nuclear power is seen as an affordable and reliable source of baseload power that can replace more polluting forms of energy production, such as those using fossil fuels. Increased environmental regulation and/or the use of fiscal policy by regulators in response to concerns over climate change and other environmental impacts is anticipated, but the potential risks to, or opportunities for, Constituent Issuers, as a result of any such changes is currently unknowable.

There is no public market for the sale of uranium. The uranium futures market on the New York Mercantile Exchange does not provide for physical delivery of uranium, only cash on settlement, and that trading forum does not offer a formal market but rather facilitates the introduction of buyers to sellers. Uranium participation companies may not be able to acquire uranium or, once acquired, sell uranium at a desired price level for a number of weeks or months. The pool of potential purchasers and sellers is limited, and each transaction may require the negotiation of specific provisions. Accordingly, a purchase or sale cycle may take several weeks or months to complete. In addition, as the supply of uranium is limited, Uranium participation companies may experience additional difficulties purchasing uranium in the event that it is a significant buyer. The inability to purchase and sell on a timely basis in sufficient quantities could have a material adverse effect on the securities of the Constituent Issuers.

The international uranium industry, including the supply of uranium concentrates, is relatively small, competitive and heavily regulated. Worldwide demand for uranium is directly tied to the demand for electricity produced by the nuclear power industry, which is also subject to extensive government regulation and policies. In addition, the international marketing and trade of uranium is subject to current, and potential changes in, governmental policies, regulatory requirements, and international trade restrictions (including trade agreements, customs, duties and/or taxes). International agreements, governmental policies and trade restrictions are beyond the control of the ETF and the Constituent Issuers. Changes in regulatory requirements, customs, duties or taxes may affect the supply of uranium available in the United States and Europe, which are currently the largest markets for uranium in the world, as well as the future of supply to developing markets, such as China and India. If substantial changes are made to the regulations affecting global marketing and supply, the business, financial condition and results of operations of the Constituent Issuers in which the ETF invests, and the ETF, may be materially adversely affected.

Since a substantial element of the ETF's investment strategies involve investing in Uranium participation companies, the value of its constituent securities is highly sensitive to fluctuations in the prices of uranium. Historically, the fluctuations in these prices have been, and are expected to continue to be, affected by numerous factors beyond the ETF's and its Constituent Issuers' control. Such factors include, among others: demand for nuclear power; political and economic conditions in uranium producing and consuming countries; public and political response to a nuclear accident; improvements in nuclear reactor efficiencies; and fluctuations in the supply of uranium.

Risk Ratings of the ETFs

The investment risk level of each ETF is required to be determined in accordance with a standardized risk classification methodology that is based on the historical volatility of the ETF, as measured by the 10-year standard deviation of the returns of the ETF. As the ETFs have less than 10 years of performance history, the Manager calculates the investment risk level of each ETF using a reference index (set out in the table below) that is expected to reasonably approximate the standard deviation of the ETF. Once an ETF has 10 years of performance history, the methodology will calculate the standard deviation of the ETF using only the return history of the ETF rather than that of the ETF and the reference index. In each case, the ETFs are assigned an investment risk rating in one of the following categories: low, low to medium, medium, medium to high or high risk. The investment risk rating of each ETF is disclosed in its ETF Facts document. The risk ratings set forth in each ETF Facts document do not necessarily correspond to an investor's risk tolerance assessment. Investors are advised to consult their financial advisor for advice regarding an individual investor's personal circumstances.

The following chart sets out a description of the reference index used for each ETF

ETF	**Reference Index**
HARC	Deutsche Bank Currency Return Index
HHF	Morningstar Broad Hedge Fund Index
HAC	S&P 500 Index
HURA	Solactive Global Uranium Index

In certain instances, the methodology described above may produce an investment risk level for an ETF which the Manager believes may be too low and not indicative of the ETF's future volatility. As a result, in addition to using the standardized risk classification methodology described above, the Manager may increase an ETF's investment risk level if it determines that to be reasonable in the circumstances by taking into account other qualitative factors including, but not limited to, economic climate, portfolio management styles, sector concentration and types of investments made by the ETF.

Unitholders should know that other types of risks, both measurable and non-measurable, exist. Also, just as historical performance may not be indicative of future returns, historical volatility may not be indicative of future volatility. The risk ratings of the ETFs are reviewed annually and anytime it is no longer reasonable in the circumstances. A more detailed explanation of the risk classification methodology used to identify the risk ratings of the ETFs is available on request, at no cost, by calling toll-free 1-866-641-5739 or by writing to the Manager at 55 University Avenue, Suite 800, Toronto, Ontario, M5J 2H7.

DISTRIBUTION POLICY

HHF

Any distributions on Units, which will be paid in Units or will be automatically reinvested in additional Units and then, in each case, consolidated, are expected to be made at the end of each taxation year. Under the current rules of the Tax Act, HHF continues to gain exposure to the investment portfolio of the Reference Fund by virtue of the Forward Documents, the Manager does not anticipate that any material amount of distributions will be made on Units of HHF in any year. If certain Tax Amendments proposed in the 2019 Budget are enacted as proposed, distributions of income on Units of HHF could increase materially once these Tax Amendments take effect in respect of HHF (currently expected to be January 1, 2020). See "Risk Factors – Tax Related Risks".

HARC

HARC is not expected to make regular cash distributions. Cash distributions, if any, to Unitholders of HARC of income, net of fees and expenses, will be made at the discretion of the Manager.

HAC

Any distributions on Units, which will be paid in Units or will be automatically reinvested in additional Units and then, in each case, consolidated, are expected to be made at the end of each taxation year.

HURA

Distributions, if any, to Unitholders of HURA will be made annually, at the discretion of the Manager. Such distributions, if any, to Unitholders of HURA will be paid in Canadian dollars, and will be paid in cash.

All ETFs

To the extent required, each ETF will also make payable, after December 15 but on or before December 31 of that calendar year (in the case of a taxation year ending on December 15), or prior to the end of each taxation year (in any other case), sufficient net income (including net capital gains) for a year that has not previously been paid or made payable in that year so that the ETF will not be liable for non-refundable income tax thereon. Such distributions will be paid as a “reinvested distribution” or distributed in Units. Reinvested distributions on Units of an ETF, net of any required withholding, will be reinvested automatically in additional Units of the ETF at a price, or Units will be distributed at a price, equal to the NAV per Unit of the ETF on such day and the Units will be immediately consolidated such that the number of outstanding Units held by each Unitholder of the ETF on such day following the distribution will equal the number of Units of the ETF held by the Unitholder prior to the distribution. In the case of a non-resident Unitholder if tax has to be withheld in respect of the distribution, the Unitholder’s dealer will invoice or debit the Unitholder’s account directly.

The Manager reserves the right to make additional distributions for any ETF in any year if determined to be appropriate. The tax treatment to Unitholders of reinvested distributions and distributions in Units is discussed under the heading “Income Tax Considerations”.

See also “Income Tax Considerations – Taxation of Holders”.

PURCHASES OF UNITS

Initial Investment

The ETFs will not issue Units to the public until subscriptions aggregating not less than $500,000 have been received and accepted by the relevant ETF from investors other than persons or companies related to the Manager or its affiliates.

Issuance of Units

To 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.

ETFs other than HHF

On any Trading Day, the Designated Broker or a Dealer may place a subscription order for a PNU (or a whole multiple thereof) of an ETF. If a subscription order is received by an ETF at or before 9:30 a.m. (Toronto time) on a Trading Day and is accepted by the Manager, such ETF will generally issue the PNU (or a whole multiple thereof) to the Designated Broker or Dealer within one (1) Trading Day from the Trading Day of the subscription, but in any case not more than two (2) Trading Days from the Trading Day of the subscription. An ETF must receive payment for the Units subscribed for generally within one (1) Trading Day from the Trading Day of the subscription order.

HHF

For HHF, on any Trading Day (such Trading Day, "**T-1**"), a Designated Broker or a Dealer may place a subscription order for a PNU or multiple PNU of HHF. The purchase price for the Units to be issued is based on the closing net asset value per Unit of HHF on the first Trading Day after T-1 on which the subscription is accepted by the Manager (the "**Trade Date**" or "**T**"). If a subscription order is received by the ETF by 3:30 p.m. (Toronto time) on T-1, HHF will issue to the Designated Broker or Dealer the number of Units of the ETF subscribed for generally on the first Trading Day ("**T+1**") after the Trade Date, and no later than the second Trading Day after the Trade Date, provided that payment for such Units has been received.

All ETFs

Unless the Manager shall otherwise agree or the Trust Declaration shall otherwise provide, as payment for a PNU of an ETF, a Dealer or Designated Broker must deliver subscription proceeds consisting of a "basket of securities" ("**Basket of Securities**") and/or cash in an amount sufficient so that the value of the Basket of Securities and/or cash delivered is equal to the net asset value of the applicable PNU of the ETF next determined following the receipt of the subscription order. The Manager may, in its complete discretion, instead accept subscription proceeds consisting of cash only 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.

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

The Manager will usually publish the applicable PNU for an 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

Units of an ETF may be issued to Unitholders of an ETF on the automatic reinvestment of distributions or on a distribution paid in Units, in each case, in accordance with the distribution policy of the ETFs. See "Distribution Policy".

Buying and Selling Units

Investors may trade Units of an ETF in the same way as other securities trade 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.

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.

Non-Resident Unitholders

At no time may: (i) non-residents of Canada; (ii) partnerships that are not Canadian partnerships; or (iii) a combination of non-residents of Canada and such partnerships (all as defined in the Tax Act), be the beneficial owners of a majority of the Units of an ETF (on either a number of Units or fair market value basis) and the Manager shall inform the registrar and transfer agent of the ETF of this restriction. The Manager may require declarations as to the jurisdictions in which a beneficial owner of Units of an ETF is resident and, if a partnership, its status as a Canadian partnership. If the Manager becomes aware, as a result of requiring such declarations as to beneficial ownership or otherwise, that the beneficial owners of 40% of the Units of an ETF then outstanding (on either a number of Units or fair market value basis) are, or may be, non-residents and/or partnerships that are not Canadian partnerships, or that such a situation is imminent, the Manager may make a public announcement thereof. If the Manager determines that more than 40% of the Units of an ETF (on either a number of Units or fair market value basis) are beneficially held by non-residents and/or partnerships that are not Canadian partnerships, the Manager may send a notice to such non-residents and/or partnerships, chosen in inverse order to the order of acquisition or in such manner as the Manager may consider equitable and practicable, requiring them to sell their Units or a portion thereof within a specified period of not less than 30 days. If the Unitholders receiving such notice have not sold the specified number of Units or provided the Manager with satisfactory evidence that they are not non-residents or partnerships other than Canadian partnerships within such period, the Manager may, on behalf of such Unitholders, sell such Units and, in the interim, shall suspend the voting and distribution rights attached to such Units. Upon such sale, the affected holders shall cease to be beneficial holders of Units and their rights shall be limited to receiving the net proceeds of sale of such Units.

Notwithstanding the foregoing, the Manager may determine not to take any of the actions described above if the Manager has been advised by legal counsel that the failure to take any of such actions would not adversely impact the status of an ETF as a mutual fund trust for purposes of the Tax Act or, alternatively, may take such other action or actions as may be necessary to maintain the status of the ETF as a mutual fund trust for purposes of the Tax Act.

REDEMPTION OF UNITS

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(s) 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(s) through which they hold such Units sufficiently in advance of the cut-off times described below to allow such CDS Participant(s) to notify CDS and for CDS to notify the Manager prior to the relevant cut-off time.

Exchange of Units at Net Asset Value per Unit for Baskets of Securities and/or Cash

Unitholders of an ETF may exchange the applicable PNU (or a whole multiple thereof) of an ETF on any Trading Day for a Basket of Securities and/or cash, subject to the requirement that a minimum PNU be exchanged. The Manager may, in its complete discretion, pay exchange proceeds consisting of cash only in an amount equal to the net asset value of the applicable PNU of the ETF next determined following the receipt of the exchange request. The Manager will, upon receipt of the exchange request, advise the Unitholder submitting the request as to whether cash and/or a Basket of Securities will be delivered to satisfy the request.

To effect an exchange of Units of the ETF, a Unitholder of the ETF must submit an exchange request in the form prescribed by the ETF from time to time to the Manager at its office by 9:30 a.m. on a Trading Day. The exchange price will be equal to the net asset value of each PNU of the ETF tendered for exchange on the effective day of the exchange request, payable by delivery of a Basket of Securities (constituted as most recently published prior to the receipt of the exchange request) and/or cash. The Units will be redeemed in the exchange. The Manager will also make available to Dealers and the Designated Broker the applicable PNU to redeem Units of the ETF on each Trading Day.

If an exchange request is not received by 9:30 a.m. on a Trading Day, the exchange order will be effective only on the next Trading Day. Settlement of exchanges for Baskets of Securities and/or cash will generally be made on the second Trading Day after the effective day of the exchange request.

If securities of any Exchange Traded Product, Leveraged ETF or other issuer in which the ETF has invested are cease-traded at any time by order of a securities regulatory authority, the delivery of Baskets of Securities to a Unitholder, Dealer or Designated Broker on an exchange in the PNU may be postponed until such time as the transfer of the Baskets of Securities is permitted by law.

Redemption of Units for Cash

ETFs other than HHF

On any Trading Day, Unitholders of an ETF may redeem: (i) Units of the ETF for cash at a redemption price per Unit equal to 95% of the closing price for Units on the TSX on the effective day of the redemption, where the Units being redeemed are not equal to a PNU or a multiple PNU; or (ii) less any applicable administrative 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. A cash redemption request will be subject to a maximum redemption price payable to a Unitholder of the net asset value per unit of the applicable ETF. As Unitholders of an ETF will generally be able to sell their Units of the ETF at the market price on the TSX through a registered broker or dealer subject only to customary brokerage commissions, Unitholders of the ETF are advised to consult their brokers, dealers or investment advisors before redeeming such Units for cash unless they are redeeming a PNU of the ETF.

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 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.

Suspension of Redemptions

The Manager may suspend the redemption of Units or payment of redemption proceeds of an ETF: (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; or (ii) during any period when normal trading is suspended on exchanges or over-the-counter markets on which the components of an ETF or the Reference Fund are traded; (iii) during any period over which one or more of the components of the portfolio of the Reference Fund cease existing or if their respective market value is considered not representative of reality; (iv) during any period over which the Replication Strategy experiences problems such that the estimated weights of the portfolio of the Reference Fund's components are deemed problematic by the calculation agent of the Hedge Fund Index; or (v) with the prior permission of the Securities Regulatory Authorities where required, for any period not exceeding 30 days during which the Manager determines that conditions exist which render impractical the sale of assets of the ETF or which impair the ability of the Valuation Agent to determine the value of the assets of the ETF. 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 Date 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 an ETF, any declaration of suspension made by the Manager shall be conclusive.

Costs Associated with Redemptions

The Manager may charge Unitholders of an ETF, at its discretion, an issue, exchange or redemption charge of up to 0.25% of the issue, exchange or redemption proceeds of the ETF. The Manager will publish the current administrative charge, 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 distribute, 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 of the ETF to a Unitholder of the ETF whose Units are being redeemed. In addition, each ETF has the authority to distribute, allocate and designate any net income or net realized capital gains of the ETF to a Unitholder of the ETF 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 net income and net realized capital gains for the year or such other amount that is determined by the ETF to be reasonable. Any such distributions, 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 or the value of property that the Unitholder will receive in respect of the redemption.

Tax Amendments proposed in the 2019 Budget would, upon taking effect, prohibit an ETF (provided that it is a "mutual fund trust" for purposes of the Tax Act throughout its taxation year) from allocating income to redeeming Unitholders of the ETF and limit the ability of the ETF to allocate capital gains to redeeming Unitholders in the manner described above.

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 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 the Dealers, who can only purchase or redeem Units in a PNU and on whom the Manager may impose an administrative charge.

PRIOR SALES

Trading Price and Volume

The following table provides the price ranges and volume of Units of the Existing ETFs traded on the TSX during the 12 months that preceded the date of this prospectus, as applicable. Prior sales data pertaining to HURA is not yet available.

HHF

Month	Unit Price Range ($)	Volume of Units Traded
May 2018	14.09 - 14.50	71,973
June 2018	14.19 - 14.54	63,006
July 2018	14.21 - 14.52	58,206
August 2018	14.36 - 14.73	75,612
September 2018	14.55 - 14.77	24,764
October 2018	13.89 - 14.87	37,026
November 2018	13.76 - 14.43	45,924
December 2018	12.85 - 14.19	72,869
January 2019	12.76 - 13.44	61,812
February 2019	13.43 - 13.67	44,222
March 2019	13.64 - 13.98	33,385
April 2019	13.90 - 14.15	162,822

HARC

Month	Unit Price Range ($)	Volume of Units Traded
May 2018	20.41 - 20.68	21,175
June 2018	20.52 - 20.73	11,995
July 2018	20.56 - 20.85	11,340
August 2018	20.05 - 20.65	47,670
September 2018	20.01 - 20.50	90,866
October 2018	20.05 - 20.59	160,765
November 2018	20.16 - 20.36	26,845
December 2018	20.07 - 20.36	32,041
January 2019	20.37 - 20.82	87,230
February 2019	20.78 - 20.91	5,793
March 2019	20.89 - 21.26	12,400
April 2019	21.09 - 21.30	8,293

HAC

Month	Unit Price Range ($)	Volume of Units Traded
May 2018	19.53 - 19.85	128,817
June 2018	19.81 - 20.02	143,657
July 2018	19.97 - 20.32	98,326
August 2018	20.18 - 20.28	107,136
September 2018	20.21 - 20.27	107,446
October 2018	19.65 - 20.26	241,099
November 2018	19.96 - 20.81	281,437
December 2018	18.10 - 20.60	205,360
January 2019	18.82 - 20.40	252,709
February 2019	20.44 - 21.07	283,314
March 2019	20.76 - 21.30	254,149
April 2019	21.19 - 21.77	148,366

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 generally applicable 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 Broker and the Dealers, who is not affiliated with the ETF, the 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 or any Basket of Securities disposed of in exchange for Units.

This summary is based on the assumption that each ETF qualifies or will be deemed to qualify at all times as a "unit trust" and a "mutual fund trust" within the meaning of the Tax Act and will not be a "SIFT trust" within the meaning of the Tax Act. For an ETF to qualify as a "mutual fund trust," among other things, 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 Existing ETFs offered pursuant to this prospectus has made, and HURA is expected to make, an election in its first tax return so that it qualified or will qualify 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, or is a "SIFT trust", 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 an 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 the ETF (or the partnership) to include significant amounts in 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 policies and assessing practices 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 or administrative policy or accessing practice 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 they should review the tax risk factors set out above. See "Risk Factors - Tax-Related Risks".

Status of the ETFs

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

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 those 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.

In the case of an exchange of Units for a Basket of Securities, the Holder may receive securities that may or may not be qualified investments under the Tax Act for Plans or registered pension plans. If such securities are not qualified investments for Plans, such Plans (and, in the case of certain Plans, the annuitants, beneficiaries or subscribers thereunder or holders thereof) may be subject to adverse tax consequences. Investors should consult their own tax counsel for advice on whether or not such securities would be qualified investments for Plans or registered pension plans.

For certain tax consequences of holding Units of an ETF in Plans, see "Income Tax Considerations – Taxation of Registered Plans".

Taxation of the ETFs

Each Existing ETF has elected, and HURA expects to elect, to have a taxation year that ends on December 15 of each calendar year. 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, whether in cash or in Units, 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 non-refundable income tax under Part I of the Tax Act.

Payments received by HHF under the Forward Documents will be on income account under the Tax Act and HHF will recognize such income when it is realized by it upon partial settlements or upon maturity of the Forward Documents.

With respect to indebtedness, an ETF is required to include in its income for each taxation year all interest that accrues or is deemed to accrue to it to the end of the year (or until the disposition of the indebtedness in the year), or becomes receivable or is received by it before the end of the year, except to the extent that such interest was included in computing its income for a preceding taxation year and excluding any interest that accrued prior to the time of acquisition of the indebtedness by the ETF.

An ETF is also 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.

Generally, gains and losses from using forward agreements, from using futures contracts, from swap transactions or from other derivative agreements will be realized on income account rather than capital account. However, where such derivatives are used to hedge portfolio securities held on capital account and there is sufficient linkage, an ETF should recognize such gains or losses for tax purposes on capital account at the time they are realized by the ETF, subject to the DFA Rules discussed below. Each of HARC and HAC takes the position that gains and losses it realizes from derivative transactions will be on income account, and will be recognized for tax purposes at the time they are realized by HARC or HAC, as applicable. 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. The Tax Act includes rules that clarify that the DFA Rules generally would not apply to such foreign currency hedges.

Any gain or loss on the short sale of securities by an ETF will be treated and reported for purposes of the Tax Act on income account, unless the short sale is in respect of securities that are "Canadian securities" for purposes of the Tax Act and the ETF has validly made an election under subsection 39(4) of the Tax Act.

The Tax Act contains rules (the "**DFA Rules**") that target financial arrangements (referred to as "derivative forward agreements") that seek to deliver a return based on an "underlying interest" (other than certain excluded underlying interests). The DFA Rules are broad in scope and could apply to other agreements or transactions. 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.

To the extent an 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 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 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 ETF will effectively retain their character in the hands of the ETF. The 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 ETF except to the extent that the amount was included in calculating the income of the ETF or was the 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 ETF. If the adjusted cost base to the ETF of such units becomes a negative amount at any time in a taxation year of the ETF, that negative amount will be deemed to be a capital gain realized by the ETF in that taxation year and the ETF's adjusted cost base of such units will be increased by the amount of such deemed capital gain to zero.

Under the SIFT Rules, each issuer in the portfolio of an ETF that is a "SIFT trust" as defined under the SIFT Rules (which generally includes income trusts, other than certain real estate investment trusts, the units of which are listed or traded on a stock exchange or other public market) is subject to a special tax in respect of (i) income from business carried on in Canada, and (ii) certain income and capital gains respecting "non-portfolio properties" (collectively, "Non-Portfolio Earnings"). Non-Portfolio Earnings that are distributed by a SIFT trust to its unitholders are taxed at a rate that is equivalent to the federal general corporate tax rate plus a prescribed amount on account of provincial tax. Any Non-Portfolio Earnings that become payable by a SIFT trust are taxed as a taxable dividend from a taxable Canadian corporation and are deemed to be an "eligible dividend" eligible for the enhanced gross-up and tax credit rules under the Tax Act.

In general, an ETF will realize a capital gain (or capital loss) upon a disposition of its property to the extent the proceeds of disposition received on such disposition net of any reasonable costs of disposition exceed (or are less than) the adjusted cost base of such property unless the ETF were considered to be trading or dealing in securities or other property or otherwise carrying on a business of buying and selling securities or the ETF has acquired the property in a transaction or transactions considered to be an adventure or concern in the nature of trade. Each of HARC and HAC has made, and HURA expects to make, an election in accordance with subsection 39(4) of the Tax Act so that all securities held by the ETF that are "Canadian securities" (as defined in the Tax Act), including Canadian securities acquired in connection with a short sale, will be deemed to be capital property to the ETF. On the foregoing basis, each of HARC and HAC takes, and HURA will take, the position that gains and losses realized on the disposition of its investments in Canadian securities are capital gains and capital losses.

For each ETF, all amounts will be determined in Canadian dollars at the relevant exchange rate on the day the amount arose in accordance with the detailed rules in the Tax Act in that regard. Each ETF may realize gains or losses by virtue of the fluctuation in the value of foreign currencies relative to Canadian dollars.

An 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 an ETF exceeds 15% of the amount included in the ETF's income from such investments, such excess may generally be deducted by the 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 ETF's income, the ETF may designate in respect of a Unitholder a portion of its foreign source income which can reasonably be considered to be part of the ETF's income distributed to such Unitholder so that such income and a portion of the foreign tax paid by the ETF may be regarded as foreign source income of, and foreign tax paid by, the Unitholder for the purposes of the foreign tax credit provisions of the Tax Act.

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 for tax purposes, an ETF may deduct reasonable administrative and other expenses incurred to earn income in accordance with the detailed rules in the Tax Act. An ETF may not be permitted to 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. Further, where a Holder acquires Units in a calendar year after December 15 of such year, such Holder may become taxable on income earned or capital gains realized in the taxation year ending on December 15 of such calendar year but that had not been made payable before the Units were acquired.

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, an ETF cannot deduct the loss from the ETF's capital gains until the substituted property is sold and is not reacquired by the ETF, or a person affiliated with the ETF, within 30 days before and after the sale.

An 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.

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" rules in the Tax Act if more than 50% of the fair market value of its units are held by "financial institutions". If an ETF has income from a "non-portfolio property" it will be subject to tax at rates comparable to those that apply to a Canadian public corporation and distributions of such income will be treated as "eligible dividends."

Taxation of Holders

As mentioned under "Distribution Policy", under the current rules of the Tax Act, the Manager does not anticipate any material amount of distributions will be made on Units of HHF in any year while HHF continues to obtain exposure to the investment portfolio of the Reference Fund by virtue of the Forward Documents. If certain Tax Amendments proposed in the 2019 Budget are enacted as proposed, distributions of income on Units of HHF could increase materially once these Tax Amendments take effect in respect of HHF (currently expected to be January 1, 2020). See "Risk Factors – Tax Related Risks".

Distributions, if any, by HHF, and any distributions by HARC, HAC and HURA will be taxed as follows. A Holder will generally be required to include, in computing income for a taxation year, the amount of an ETF's net income for the taxation year, including the taxable portion of any net realized taxable capital gains, paid or payable to the Holder (whether in cash, reinvested in Units, paid in Units or in the form of a Management Fee Distribution) in the taxation year. Amounts paid or payable by an ETF to a Holder after December 15 and before the end of the calendar year are deemed to have been paid or become payable to the Holder on December 15. The non-taxable portion of an ETF's net realized capital gains, the taxable portion of which was designated in respect of a Holder for a taxation year, that is paid or payable (whether in cash, reinvested Units or paid in Units) to the Holder in the taxation year will not be included in the Holder's income for the year. Any other amount in excess of an ETF's net income (including net realized taxable capital gains) for a taxation year paid or payable to the Holder in the year (i.e., a return of capital) will not generally be included in the Holder's income. Such amount, however, will generally reduce the adjusted cost base of the Holder's Units. To the extent that the reduction would result in a negative adjusted cost base amount, the negative amount will be deemed to be a capital gain realized by the Holder from the disposition of the Unit and the Holder's adjusted cost base will be re-set to nil. Any losses of an ETF for purposes of the Tax Act cannot be allocated to, and cannot be treated as a loss of, a Unitholder.

Provided that appropriate designations are made by an ETF, such portion of the net realized taxable capital gains of the ETF, the taxable dividends received or deemed to be received by the ETF on shares of taxable Canadian corporations and the foreign source income of the ETF as is paid or becomes payable to a Holder and the relevant portion of foreign taxes paid or deemed to be paid by the ETF, if any, will effectively retain its character and be treated as such in the hands of the Holder for purposes of the Tax Act. A Holder may be entitled to claim a foreign tax credit in respect of foreign taxes designated to such Holder in accordance with the detailed rules in 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 including the enhanced gross-up and dividend tax credit rules in respect of "eligible dividends".

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 (if any) for the year to the extent necessary to enable the ETF to utilize, in the taxation year, losses from prior years without affecting the ability of the ETF to distribute its income and net taxable capital gains each year. 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 but will be treated as a return of capital with the same tax consequences as discussed above.

As noted above, HHF will recognize income under its Forward Documents when it is realized by HHF upon partial settlements or upon maturity of the Forward Documents. This may result in significant gains being realized by HHF at such times and such gains will be taxed as ordinary income. To the extent such income is not offset by any available deductions, it will be distributed to Unitholders in the taxation year in which it is realized and included in such Unitholder's income for the year. In addition, it is possible that particular settlements under the Forward Documents will result in a Counterparty returning pledged collateral in the form of cash from the interest bearing account or T-Bills to HHF in a taxation year but no income being realized by HHF under the Tax Act in such taxation year. This will result in more accrued gains in HHF which, when realized, will be distributed to its Unitholders at such time as ordinary income.

HHF may, from time to time, be required to partially settle the Forward Documents during a taxation year in order to fund operating expenses and other liabilities of HHF. A partial settlement may result in HHF realizing ordinary income from payments received under the Forward Documents in excess of HHF's deductible expenses. If this occurs, Holders of HHF will be allocated income in respect of the taxation year through a special distribution payable in Units without any corresponding distribution of cash.

On the disposition or deemed disposition of a Unit of an ETF, including a redemption, the 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. For the purpose of determining the adjusted cost base to a Holder of a Unit, when a Unit is acquired, the cost of the newly acquired Unit will be averaged with the adjusted cost base of all Units of the ETF owned by the Holder as capital property immediately before that time. For this purpose, the cost of Units that have been issued as an additional distribution or reinvested in Units will generally be equal to the amount of the distribution. A consolidation of Units as described under “Distribution Policy” following a distribution that is reinvested in Units or paid in the form of additional Units will not be regarded as a disposition of Units 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.

In the case of an exchange of Units for a Basket of Securities, a Holder’s proceeds of disposition of Units would generally be equal to the aggregate of the fair market value of the distributed property and the amount of any cash received, less any capital gain realized by the ETF on the disposition of such distributed property. The cost to a Holder of any property received from the ETF upon the exchange will generally be equal to the fair market value of such property at the time of the distribution.

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 of the ETF to a Unitholder whose Units are being redeemed. In addition, an 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. Tax Amendments proposed in the 2019 Budget that are applicable to trusts that are “mutual fund trusts” for purposes of the Tax Act throughout the taxation year would, effective for taxation years beginning on or after March 19, 2019, prohibit the ETF from allocating income to redeeming Holders and limit the ability of the ETF to allocate capital gains to redeeming Holders as described above. If such Tax Amendments are enacted in their current form, the amounts and taxable component of distributions to non-redeeming Holders may be greater than they would have been in the absence of such amendments.

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 (an “allowable capital loss”) realized by the Holder on the disposition of Units of an ETF 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. Allowable capital losses for a taxation year in excess of taxable capital gains for that taxation year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains in accordance with the provisions of the Tax Act.

In general terms, net income of the ETF paid or payable to a Holder that is designated as net realized taxable capital gains, dividends from taxable Canadian corporations, and taxable capital gains realized on the disposition of Units may increase the Holder’s liability, if any, for alternative minimum tax.

Taxation of Registered Plans

Amounts of income and capital gains distributed by an ETF to a Plan and capital gains realized by a Plan on the disposition of Units are generally not taxable under Part I of the Tax Act while retained in the Plan, provided that the Units are qualified investments for such a Plan. Withdrawals from such Plans (other than a TFSA and certain withdrawals from a RESP or RDSP) are generally subject to tax under the Tax Act. Holders should consult with their own advisors regarding the tax implications of establishing, amending, terminating or withdrawing amounts from a Plan.

Notwithstanding that Units may be qualified investments for a Plan, if Units are “prohibited investments” for a TFSA, RRSP, RESP, RDSP or RRIF, a Holder who holds Units in such TFSA, RRSP, RESP, RDSP or RRIF will be subject to an additional tax as set out in the Tax Act. A “prohibited investment” includes a unit of a trust which does not deal at arm’s length with the holder, subscriber or annuitant or in which the holder, subscriber 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, subscriber or annuitant, either alone or together with persons and partnerships with whom the holder, subscriber 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, RESP, RDSP or RRIF. Holders are advised to consult their own tax advisors regarding the application of the “prohibited investment” rules having regard to their particular circumstances.

Taxation Implications of the ETFs’ Distribution Policies

The NAV per Unit of an ETF will reflect any income and gains of the ETF that have accrued or have been realized but have not been made payable at the time the Units of the ETF are acquired by a Holder. Accordingly, a Holder who acquires Units of an ETF, including on a reinvestment of distributions or a distribution paid in Units, may become taxable on the Holder’s share of such income and gains of the ETF, notwithstanding that such amounts will have been reflected in the price paid by the Holder for the Units.

In particular, an investor who acquires Units 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. Further, where a Holder acquires Units in a calendar year after December 15 of such year, such Holder may become taxable on income earned or capital gains realized in the taxation year ending on December 15 of such calendar year but that had not been made payable before the Units were acquired

In addition, as noted above under “Taxation of Holders”, there may be significant accrued gains in HHF prior to the settlement of its Forward Documents.

ORGANIZATION AND MANAGEMENT DETAILS OF THE ETFs

Manager of the ETFs

Horizons ETFs Management (Canada) Inc., a corporation existing under the laws of Canada, is the manager, investment manager and trustee of each ETF. The Manager is responsible for providing or arranging for the provision of administrative services and management functions required by the ETFs. The principal office of Horizons is 55 University Avenue, Suite 800, Toronto, Ontario, M5J 2H7. Horizons was originally incorporated under the laws of Canada under the name BetaPro Management Inc. and was primarily organized for the purpose of managing investment products, including the ETFs.

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 is a wholly-owned subsidiary of 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. With over 12,700 employees, including more than 175 investment professionals (as of December 31, 2018), Mirae Asset Financial Group has a presence in Australia, Brazil, Canada, China, Colombia, Hong Kong, India, Korea, the United Kingdom, the United States, and Vietnam. Headquartered in Seoul, South Korea, Mirae Asset Financial Group manages approximately US$377 billion in assets globally as of December 31, 2018.

Officers and Directors of the Manager

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

Name and Municipality of Residence	Date Individual became a Director	Position with Manager	Principal Occupation
Thomas Park, New York, New York	November 14, 2011	Director and Chief Corporate Development Officer	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).
Peter Lee, North Bergen, New Jersey	August 31, 2018	Director	Chief Executive Officer and Chief Investment Officer, Mirae Asset Global Investments (USA) LLC (since 2016); Chief Investment Officer, Global Equities, Mirae Asset Global Investments (since 2012); Director, Horizons (Since 2018).
Steven J. Hawkins, Toronto, Ontario	February 8, 2016	Director, Chief Executive Officer, President and Ultimate Designated Person	Chief Executive Officer and President, Horizons (since 2009); Director, Horizons (since 2016).
Kevin S. Beatson, Oakville, Ontario	N/A	Chief Operating Officer and Chief Compliance Officer	Chief Operating Officer and Chief Compliance Officer, Horizons (since 2009).
Julie Stajan, Oakville, Ontario	N/A	Chief Financial Officer	Chief Financial Officer, Horizons (since 2015); Senior Vice President, Finance and Controller, Horizons (since 2012); Senior Vice President, Finance & Investment Funds, Horizons Investment Management Inc. (2011-2012).
Jaime P.D. Purvis, Toronto, Ontario	N/A	Executive Vice President	Executive Vice President, Horizons (since 2006).
Jeff Lucyk, Toronto, Ontario	N/A	Senior Vice President, Head of Retail Sales	Senior Vice President, Head of Retail Sales, Horizons (since 2016); Senior Vice President, Vice President, National Sales Manager, Norrep Capital Management Ltd. (2009-2016).
McGregor Sainsbury, Toronto, Ontario	N/A	General Counsel and Secretary	General Counsel and Secretary, Horizons (since 2011).
David Kunselman		Senior Vice President, Product Management	Senior Vice President, Product Management, the Manager (since 2015); previously, Senior Portfolio Manager & Chief Compliance Officer, Excel Investment Counsel Inc. (2011-2015).

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, while the start dates generally refer to the date of the first position held at that company 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 Investment Fund and 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 ETFs, see "Organization and Management Details of the ETFs – 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, but not limited to, investment managers, counterparties, custodians, registrars, transfer agents, valuation agents, Designated Brokers, Dealers, auditors and printers; authorizing the payment of operating expenses incurred on behalf of the ETFs; ensuring 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 each ETF are provided with financial statements and other reports as are required from time to time by applicable law; ensuring that each ETF complies with all other regulatory requirements including the continuous disclosure obligations of such ETF under applicable securities laws; administering purchases, redemptions and other transactions in Units of each ETF; arranging for any payments required upon termination of an ETF; 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 the ETFs or to any Unitholder of an ETF or any other person for any loss or damage relating to any matter regarding an ETF, including any loss or diminution of value of the assets of such 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 the ETFs 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 ETFs as long as the person acted honestly and in good faith with a view to the best interests of the ETFs.

The Manager may resign upon 90 days' prior written notice to the Trustee or upon such lesser notice period 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. As compensation for the management services it provides to the ETFs, the Manager is entitled to receive Management Fees from the ETFs.

The Manager also serves as the investment manager to the ETFs. The Manager operates as a portfolio manager under the *Securities Act* (Ontario) and in certain other provinces pursuant to applicable legislation. The Manager also operates as a commodity trading manager under the *Commodity Futures Act* (Ontario). The principal office of the Manager is at 55 University Avenue, Suite 800, Toronto, Ontario, M5J 2H7. The Manager provides investment advisory and portfolio management services to the ETFs in its capacity as investment manager. The senior officers of the Manager principally responsible for providing investment advice to the ETFs are Steven J. Hawkins (whose biographical details are set out in the above table) and David Kunselman. David Kunselman is the Senior Vice President, Product Management of the Manager, and previously served as the Senior Portfolio Manager and Chief Compliance Officer of Excel Investment Counsel Inc. from 2011 to 2015.

Portfolio Management

Certain Officers and Directors of the Manager

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

Name and Municipality of Residence	Position with the Manager	Principal Occupation
Steven J. Hawkins Toronto, Ontario	Director, Chief Executive Officer, President and Ultimate Designated Person	Chief Executive Officer and President, Horizons (since 2009); Director, Horizons (since 2016).
David Kunselman Toronto, Ontario	Senior Vice President, Product Management	Senior Vice President, Product Management, the Manager (since 2015); previously, Senior Portfolio Manager & Chief Compliance Officer, Excel Investment Counsel Inc. (2011-2015).

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.

The Sub-Advisor

The Manager has engaged the services of CIBC Asset as a sub-advisor for HARC.

CIBC Asset

CIBC Asset is a wholly owned subsidiary of CIBC, a widely-held, publicly-traded company. CIBC acquired 55% of T.A.L. Global Asset Management Inc. in 1994 and eventually acquired 100% of the company in 2001. In 2006, CIBC's asset management business was renamed CIBC Global Asset Management Inc., which was later amalgamated with three other legal entities on January 1, 2014 to become CIBC Asset. As at March 31, 2018, CIBC Asset manages $134 billion in assets. This figure includes $35.0 billion in third party sub-advised assets. In addition, CIBC Asset manages $31 billion in notional currency overlay assets. Of this $31 billion, CIBC Asset manages $12 billion of the underlying physical assets. CIBC Asset's principal office is in Toronto, Ontario.

Key Employees of CIBC Asset

Luc de la Durantaye, CFA, Managing Director, Head of Asset Allocation and Currency Management - Luc de la Durantaye is the leader of the Asset Allocation and Currency Management team. This team is composed of more than 12 portfolio managers and analysts is responsible for strategic and tactical asset allocation, currency management and absolute return strategies. Mr. de la Durantaye is also an active member of CIBC Asset's Investment Committee. Mr. de la Durantaye brings with him over three decades of investment experience. In 1985, he began his career in Montreal as a financial analyst at a sell-side brokerage firm. He quickly moved to the investment management division of a large Canadian financial institution, where he held several positions. This role led him to move to Toronto as the Managing Director of Asset Allocation, where he was responsible for tactical asset allocation and currency management. After close to seven years in Toronto, he returned to Montreal, assuming responsibility for the asset allocation and currency group with CIBC Asset in 2002. A native of Montreal, Mr. de la Durantaye holds a Bachelor's degree in International Finance from École des hautes études commerciales of Montreal. He is also a CFA charterholder.

Vincent Lépine, Vice-President, Global Economic Strategy – Asset Allocation and Currency Management - Vincent Lépine is a member of the Asset Allocation and Currency Management team. He is responsible for the preparation of the firm's quarterly economic scenarios on global markets. Mr. Lépine is a key member of a number of management teams, actively participating in the elaboration of global bond, equity and foreign exchange markets strategies. Prior to joining CIBC Asset's predecessor firm in 2003, Mr. Lépine was Assistant Chief Economist at National Bank Financial. He was also an Economist at the Ministry of Finance in Ottawa and a professor at the University of Ottawa. Mr. Lépine holds a Master of Economics and Bachelor of Economics degree from Université du Québec à Montréal.

Michael Lewis, CFA, Vice-President, Currency and Absolute Return - Michael Lewis leads the development of quantitative models and processes within the firm's currency management and asset allocation team. He also plays a key role in helping the team improve existing quantitative strategies. Prior to joining CIBC Asset in 2011, Mr. Lewis was a Principal and Manager Researcher at Mercer. Previous roles included President of the Canadian affiliate for Bayesian Strategic Trading, Vice-President and Head of Asset Allocation Research at Nikko Securities and Quantitative Analyst at CDC Investment Management. Mr. Lewis holds a Master of Arts in Economics from Queen's University, a Bachelor of Arts degree from University of Guelph and a Bachelor of Education degree from Queen's University. He is also a CFA charterholder.

Details of the Sub-Advisory Agreement

Pursuant to the Sub-Advisory Agreement, the Sub-Advisor provides the Manager with advice and recommendations on the selection of securities for HARC. The services provided by the Sub-Advisor to the 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 HARC) 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 an ETF, to act honestly and in good faith with a view to the best interests of an ETF 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 HARC, 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 until HARC is terminated. The Manager may terminate the Sub-Advisory Agreement upon providing the Sub-Advisor not less than 90 days' prior written notice. The 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 to the Sub-Advisor.

The Sub-Advisor may terminate its Sub-Advisory Agreement upon providing the 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 has committed certain events of bankruptcy or insolvency or if the 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.

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

The Trustee

Horizons 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 of the ETFs within 60 days thereafter for the purpose of appointing a successor trustee. If there is no manager, five Unitholders of an ETF may call a meeting of Unitholders of the ETF 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 of an ETF have appointed a successor trustee, the ETF shall be terminated and the property of the ETF 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 a 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 second Trading Day after the subscription notice has been delivered.

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

Dealers

The Manager, on behalf of the ETFs, has entered into and 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 as described under "Purchases of Units".

Conflicts of Interest

The Manager and its 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 accounts of the ETFs 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 Manager will be aggregated for purposes of applying certain exchange position limits. As a result, an ETF 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”.

The ETF Managers may at times have interests that differ from the interests of the Unitholders of the ETFs.

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

The Manager is a wholly-owned subsidiary of Mirae Asset. Affiliates of the Manager may earn fees and spreads, directly and indirectly, in connection with various services provided to, or transactions with, an ETF or its service providers, including in connection with brokerage transactions, prime brokerage services and securities lending transactions, subject always to approval by the IRC of the ETFs and compliance with applicable law (or exemptive relief therefrom), and applicable internal policies and procedures. In effecting ETF portfolio transactions, the Manager places brokerage business with various broker-dealers on the basis of best execution, which includes a number of considerations such as price, speed, certainty of execution and total transaction cost. The Manager uses the same criteria in selecting all of its broker-dealers, regardless of whether the broker-dealer is an affiliate of the Manager. Subject to compliance with NI 81-102 and in accordance with the terms of the standing instructions of the IRC, to the extent that an affiliate of the Manager provides advisory services to a securities lending agent of an ETF, the Manager may receive a portion of the affiliate’s revenue that it receives for those services.

NBF 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 an ETF. In particular, by virtue of these relationships, NBF may profit from the sale and trading of Units of an ETF. 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 of the ETFs.

NBF’s potential roles as a Designated Broker and a Dealer of the ETFs will not be as an underwriter of an ETF in connection with the primary distribution of Units of an 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. NBF in its role as Designated Broker may, from time to time, reimburse the Manager for certain expenses incurred by the Manager in the normal course of its business. NBF or an affiliate thereof may also, from time to time, reimburse the Manager for certain expenses incurred by the Manager in connection with the securities lending activities of an ETF.

NBF and its affiliates may, at present or in the future, engage in business with an ETF, the issuers of securities making up the investment portfolio of an ETF, 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 ETFs and to their 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 an ETF at 55 University Avenue, Suite 800, Toronto, Ontario M5J 2H7; 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 ETF;

- 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 $12,500 per year in member fees, while Warren Law, as chairperson of the IRC, receives $15,000 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 four 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 the assets of the ETFs 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. An ETF shall also indemnify and hold harmless the Custodian, CIBC Mellon Global, CIBC, 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, CIBC, 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 ETF, as such requirements are set out in NI 81-102 and NI 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. CIBC Mellon Global will also provide accounting services in respect of the Reference Fund. CIBC Mellon Global is located in Toronto, Ontario.

Auditors

KPMG LLP is the auditor of the ETFs. The auditors are independent of the Manager in accordance with the ethical requirements that are relevant to the audit of financial statements in Canada. The office of the auditors is located at 333 Bay Street, Bay Adelaide Centre, Suite 4600, Toronto, Ontario, M5H 2S5.

Registrar and Transfer Agent

TSX Trust Company is the registrar and transfer agent for the Units of the ETFs pursuant to registrar and transfer agency agreements entered into by the ETFs. TSX Trust Company is independent of the Manager. TSX Trust Company is located in Toronto, Ontario.

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. The Manager, in its role as promoter, will not receive any benefits, directly or indirectly, from the issuance of securities offered hereunder other than as described under "Fees and Expenses".

Securities Lending Agents

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 the 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.

NBF may also act as a securities lending agent for the ETFs pursuant to a securities lending agency agreement (the "**NBF SLAA**").

NBF is located in Toronto, Ontario. NBF is not an affiliate of the Manager. The NBF SLAA 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 market practice). Subject to certain exceptions, the NBF SLAA requires NBF to indemnify the ETF against any loss suffered directly by the ETF as a result of a securities loan effected by NBF. A party to the NBF SLAA may terminate the NBF SLAA upon 5 business 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 IFRS. 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.

ORGANIZATION AND MANAGEMENT DETAILS OF THE REFERENCE FUND – HHF

The Reference Fund

The return to HHF and to Unitholders may, in whole or in part, be based upon the return on the Reference Fund by virtue of the Forward Documents. The Reference Fund is an investment trust established pursuant to the Reference Fund Declaration of Trust for the purpose of acquiring and holding the portfolio of the Reference Fund. The registered office of the trustee of the Reference Fund is located in Toronto, Ontario.

The current beneficial owner of all of the units of the Reference Fund is the Bank Counterparty.

Units of the Reference Fund are redeemable at the demand of its unitholders. On redemption, a Reference Fund unitholder will receive for each unit of the Reference Fund redeemed an amount equal to the net asset value per unit of the Reference Fund. The net asset value per unit of the Reference Fund is equal to the amount by which the total assets of the Reference Fund exceed its total liabilities on a per unit basis.

The Reference Fund is authorized to issue an unlimited number of transferable, redeemable units, each of which represents an equal, undivided interest in the net assets of the Reference Fund. Each unit of the Reference Fund entitles a holder thereof to the same rights and obligations as a holder of any other unit of the Reference Fund and no unitholder of the Reference Fund is entitled to any privilege, priority or preference in relation to any other unitholder. Each unitholder of the Reference Fund is entitled to one vote for each Reference Fund unit held and is entitled to participate equally with respect to any and all distributions made by the Reference Fund. On termination of the Reference Fund, all Reference Fund unitholders of record holding outstanding Reference Fund units will be entitled to receive any assets of the Reference Fund remaining after payment of all debts, liabilities and liquidation expenses of the Reference Fund.

The Reference Fund will distribute all of its net income and net realized capital gains earned in each taxation year to ensure that it is not liable for tax under Part I of the Tax Act. To the extent that the Reference Fund has not distributed in cash the full amount of its net income in any year, the difference between such amount and the amount actually distributed by the Reference Fund will be paid through the issuance of additional units. Immediately after any such distribution of units, the number of outstanding units of the Reference Fund will be consolidated such that each unitholder of the Reference Fund will hold after the consolidation the same number of units of the Reference Fund as it held before the distribution of additional units.

The Reference Fund Declaration of Trust

Pursuant to the Reference Fund Declaration of Trust, as the trustee, Horizons has exclusive authority to manage the business and affairs of the Reference Fund, to make all decisions regarding the business of the Reference Fund and has authority to bind the Reference Fund. Horizons may delegate certain of its powers to third parties at no additional cost to the Reference Fund where, in the discretion of Horizons, it would be in the best interests of the Reference Fund to do so.

Horizons is required to exercise its powers and perform its duties honestly, in good faith and in the best interests of the Reference Fund and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Reference Fund Declaration of Trust provides that Horizons will not be liable in any way for any default, failure or defect of the assets of the Reference Fund or the Reference Fund if it has satisfied the duties and the standard of care, diligence and skill set forth above. Horizons will incur liability, however, in cases of wilful misconduct, bad faith, negligence or breach of its duties or standard of care, diligence and skill. Among other restrictions imposed on Horizons, it may not dissolve the Reference Fund or wind up the affairs of the Reference Fund except if, in its opinion, it would be in the best interests of the unitholders of the Reference Fund to terminate the Reference Fund in accordance with the provisions of the Reference Fund Declaration of Trust.

Under the terms of the Reference Fund Declaration of Trust, Horizons is responsible for providing, or causing to be provided, management, portfolio management and administrative services and facilities to the Reference Fund, including, without limitation: authorizing and paying expenses incurred on behalf of the Reference Fund; appointing the custodian, auditors, legal counsel and other organizations or professionals serving the Reference Fund; providing office space and facilities; preparing accounting, management and other reports, including such interim and annual reports to unitholders, financial statements, tax reporting to unitholders and income tax returns as may be required by applicable law; monitoring the ability of the Reference Fund to pay distributions; communicating with unitholders; ensuring that the net asset value per unit is calculated; ensuring that the Reference Fund complies with all regulatory requirements; calling meetings of unitholders as required; and providing such other managerial and administrative services as may be reasonably required for the ongoing business and administration of the Reference Fund.

In consideration for these services, the Reference Fund will pay a management fee to Horizons and reimburse Horizons for all reasonable costs and expenses incurred by Horizons on behalf of the Reference Fund. See "Fees and Expenses – HHF (Total Management Fees)". Horizons and each of its directors, officers, employees, consultants and agents will be indemnified and will be reimbursed by the Reference Fund to the fullest extent permitted by law against all liabilities and expenses (including judgments, fines, penalties, interest, amounts paid in settlement, and counsel fees and disbursements on a solicitor and client basis) reasonably incurred in connection with the services provided to the Reference Fund described herein or as a director, officer, employee, consultant or agent thereof, including in connection with any civil, criminal, administrative, investigative or other action, suit or proceeding to which any such person may hereafter be made a party by reason of being or having been the manager, the portfolio manager, trustee or a director, officer, employee, consultant or agent thereof, except for liabilities and expenses resulting from the person's wilful misconduct, bad faith, negligence, breach of their duties or standard of care, diligence and skill or material breach or default of their obligations under the Reference Fund Declaration of Trust.

Unless Horizons resigns or is removed as described below, Horizons will continue as manager until the termination of the Reference Fund. Horizons may resign if the Reference Fund is in breach or default of the provisions of the Reference Fund Declaration of Trust and, if capable of being cured, such breach or default has not been cured within 30 days' notice of such breach or default to the Reference Fund. Horizons is deemed to have resigned if it becomes bankrupt or insolvent or in the event it ceases to be resident in Canada for purposes of the Tax Act. Horizons may not be removed other than by an extraordinary resolution of the unitholders of the Reference Fund. In the event Horizons is in material breach or default of the provisions of the Reference Fund Declaration of Trust and, if capable of being cured, such breach or default has not been cured within 30 days' notice of such breach or default to Horizons, the trustee of the Reference Fund shall give notice thereof to the unitholders and the unitholders may direct the trustee of the Reference Fund to remove Horizons and appoint a successor manager.

The Reference Fund Declaration of Trust provides that, in the event the Replication Index is terminated, subject to all necessary approvals being obtained, a new index may be selected. In the alternative, the Reference Fund may be terminated.

The services of Horizons and the officers and directors of Horizons are not exclusive to the Reference Fund. Horizons and its affiliates and associates may, at any time, engage in any other activity including the administration of any other fund or trust.

The Investment Manager

The names and municipalities of residence of the officers of Horizons who will be principally involved in providing the portfolio advisory services to the ETF and Reference Fund are set out under "Organization and Management Details of the ETFs – Portfolio Management". The investment decisions made by these individuals are not subject to the oversight, approval or ratification of any committee.

The Trustee

Horizons is also the trustee of the Reference Fund pursuant to the Reference Fund Declaration of Trust. Horizons may resign and be discharged from all further duties under the Reference Fund Declaration of Trust upon 90 days' prior written notice to the manager of the Reference Fund or upon such lesser notice as the manager of the Reference Fund may accept. The manager of the Reference Fund shall make every effort to select and appoint a successor trustee prior to the effective date of Horizons' resignation. If the manager of the Reference Fund fails to appoint a successor trustee within 90 days after notice is given or a vacancy occurs, the manager of the Reference Fund 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 Reference Fund 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 of the Reference Fund have appointed a successor trustee, the Reference Fund shall be terminated and the property of the Reference Fund shall be distributed in accordance with the terms of the Reference Fund Declaration of Trust.

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

As trustee of the Reference Fund, Horizons will not receive any fees from the Reference Fund but will be reimbursed for all expenses and liabilities that it properly incurs in carrying out such activities on behalf of the Reference Fund.

Conflicts of Interest

Horizons and its respective principals and affiliates (each a "**Reference Fund Manager**") do not devote their time exclusively to the management of the Reference Fund. The Reference Fund 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 Reference Fund. The Reference Fund Managers therefore will have conflicts of interest in allocating management time, services and functions to the Reference Fund and the other persons for which they provide similar services.

NBF and its affiliates may, at present or in the future, engage in business with HHF, the issuers of securities held by the Reference Fund 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.

The Reference Fund 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 Reference Fund'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 Reference Fund. In addition, in proprietary trading and investment, the Reference Fund Managers may take positions the same as, different than or opposite to those of the Reference Fund. Furthermore, all of the positions held by accounts owned, managed or controlled by Horizons will be aggregated for purposes of applying certain exchange position limits. As a result, the Reference Fund may not be able to enter into or maintain certain positions if such positions, when added to the positions already held by the Reference Fund 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".

The Reference Fund Managers may at times have interests that differ from the interests of the unitholders of the Reference Fund.

Accounting and Reporting

The Reference Fund's fiscal year is the calendar year. As trustee of the Reference Fund, Horizons ensures that the Reference Fund complies with all applicable reporting and administrative requirements. In such capacity, Horizons keeps adequate books and records reflecting the activities of the Reference Fund. A unitholder of the Reference Fund or his or her duly authorized representative has the right to examine the books and records of the Reference Fund during normal business hours at the offices of Horizons. Notwithstanding the foregoing, a unitholder of the Reference Fund shall not have access to any information which, in the opinion of Horizons, should be kept confidential in the interest of the Reference Fund.

CALCULATION OF NET ASSET VALUE

The net asset value of the ETFs and the Reference Fund on a particular date will be equal to the aggregate value of the assets of an ETF or the Reference Fund, as applicable, less the aggregate value of the liabilities of the ETF or the Reference Fund, as applicable, including any income, net realized capital gains or other amounts payable to unitholders of the applicable fund on or before such date, expressed in Canadian dollars at the applicable exchange rate on such date.

The net asset value per unit of an ETF and the Reference Fund on any day will be obtained by dividing the net asset value of that fund on such day by the number of units of that fund then issued and outstanding. The net asset value per unit of an ETF and the Reference Fund so determined will be adjusted to the nearest cent per unit and will remain in effect until the time at which the next determination of the net asset value per unit of that fund is made. The net asset value per unit of an ETF and the Reference Fund will be calculated on each Valuation Date.

Typically, the net asset value per unit of the ETFs and the Reference Fund will be calculated as of 4:00 p.m. (Toronto time) on each Valuation Date or such other time determined appropriate by Horizons. The net asset value per unit of an ETF and/or the Reference Fund may be determined at an earlier time if the TSX and/or the principal exchange for the securities held by that fund closes earlier on that Valuation Date.

Valuation Policies and Procedures of the ETF

In determining the net asset value of an ETF or the Reference Fund, as applicable, at any time, the ETF or the Reference Fund, as applicable, will take into account the following:

(a) 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 Valuation Agent 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 Valuation Agent determines to be the reasonable value thereof;

(b) bonds, debentures, notes, money market instruments and other debt securities shall be valued by taking the average of the bid and ask prices at the Valuation Time on the Valuation Date. Short term investments including notes and money market instruments shall be valued at cost plus accrued interest;

(c) any security that is listed or dealt in on a stock exchange shall be valued at the sale price (or such other value as the Canadian Securities Administrators may permit) last reported at the Valuation Time on the Valuation Date on the principal stock exchange on which such security is traded, or, if no sale price is available at that time, the last closing price quoted for the security, but if bid and ask quotes are available, at the average of the latest bid and asked prices rather than at the last quoted closing price;

(d) in the case of securities not traded on that Valuation Date, a price estimated to be the true value thereof by the Valuation Agent, 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;

(e) any security purchased, the purchase price of which has not been paid, shall be included for valuation purposes as a security held, and the purchase price, including brokers' commissions and other expenses, shall be treated as a liability of the ETF or Reference Fund, as applicable; any security sold but not delivered, pending receipt of the proceeds, shall be valued at the net sale price;

(f) illiquid securities shall be valued at the lesser of the value thereof based on reported quotations in common use and that percentage of the market value of securities of the same class, the trading of which is not restricted or limited by reason of any representation, undertaking or agreement or by law, equal to the percentage that the ETF's or the Reference Fund's, as applicable, acquisition cost was of the market value of such securities at the time of acquisition; provided that a gradual taking into account of the actual value of such securities may be made where the date on which the restriction will be lifted is known;

(g) the value of any futures contract or forward contract or swap shall be the gain or loss with respect thereto that would be realized if, on the Valuation Date, the position in the futures contract, or the forward contract, as the case may be, were to be closed out unless daily limits are in effect in which case fair value shall be based on the current market value of the underlying interest;

(h) 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 Valuation Agent, where applicable, in accordance with the principles described in paragraph (d) above except that the Valuation Agent may use, for the purpose of determining the sale price or the asked and bid prices of such security or interest, any public quotations in common use which may be available, or where such principles are not applicable, the Valuation Agent shall make such valuation as it considers reasonable;

(i) the value of all assets of the ETF or the Reference Fund, as applicable, quoted or valued in terms of foreign currency, the value of all funds on deposit and contractual obligations payable to the ETF or the Reference Fund, as applicable, in foreign currency and the value of all liabilities and contractual obligations payable by the ETF or the Reference Fund, as applicable, in foreign currency shall be determined using the applicable rate of exchange current at, or as nearly as practicable to, the applicable date on which the net asset value is being determined; and

(j) estimated operating expenses payable by the ETF or the Reference Fund, as applicable, shall be accrued to the date as of which the net asset value is being determined.

In calculating their net asset value, the ETFs and the Reference Fund, as applicable, will generally value their respective investments based on the market value of such investments at the time the net asset value is calculated. If no market value is available for an investment of an ETF or the Reference Fund, as applicable, or if the Valuation Agent determines that such value is inappropriate in the circumstances (i.e., when the value of an investment of the ETF or of the Reference Fund, as applicable, has been materially changed by events occurring after the market closes), the Valuation Agent will value such investments using methods that have generally been adopted by the marketplace. Fair valuing the investments of an ETF or the Reference Fund, as applicable, 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 or the Reference Fund, as applicable, is that the value of the investment may be higher or lower than the price that the ETF or the Reference Fund, as applicable, may be able to realize if the investment had to be sold.

In determining the net asset value of an ETF, Units subscribed for will be deemed to be outstanding and an asset of such ETF after (and not before) the close of business and the striking of the current day valuation on the day on which the subscription order for such Units of the ETF 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 and the striking of the current day valuation on the day on which the redemption order for such Units of the ETF is received and accepted by the Manager, and the redemption proceeds thereafter, until paid, will be a liability of such ETF.

For the purposes of financial statement reporting, an ETF is required to calculate net asset value in accordance with IFRS and NI 81-106.

Reporting of Net Asset Value

Persons or companies that wish to be provided with the most recent NAV 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 pursuant to this prospectus, each of which represents an equal, undivided interest in the net assets of an ETF.

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 public 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 of the same class 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 are entitled to require the ETF to redeem their Units as outlined under the heading "Redemption of Units".

Redemptions of Units for Cash

On any Trading Day, Unitholders may redeem Units of an ETF 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. A cash redemption request will be subject to a maximum redemption price payable to a Unitholder of the net asset value per unit of the ETF. See "Redemption of Units".

Redemption of PNU(s) for Cash

Unitholders may redeem a 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".

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 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 that creates a new class of Units of an ETF will not require notice to existing Unitholders of the ETF 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 an ETF, or the termination of a class of the ETF, which has an effect on a Unitholder's holdings will only become effective after 30 days' notice to Unitholders of the applicable classes of the ETF.

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

Voting Rights in the Portfolio Securities

Holders of Units of an ETF will not have any voting rights in respect of the securities in an ETF's portfolio or in the Reference Fund.

UNITHOLDER MATTERS

Meetings of Unitholders

Meetings of Unitholders of an ETF or any class of an ETF will be held if called by the Manager or upon the written request to the Manager of Unitholders holding not less than 25% of the then outstanding Units of such ETF or the class, as applicable.

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 Unitholders present in person or by proxy except for the purpose of any meeting called to consider item (iv) below under "Unitholder Matters – Matters Requiring Unitholder Approval" in which case the quorum shall be at least two Unitholders holding 25% of the outstanding Units. 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 (d), will be terminated and otherwise may be adjourned for not less than 48 hours and at the adjourned meeting the Unitholders then present in person or represented by proxy will form the necessary quorum. At any meeting of Unitholders of an ETF, each Unitholder will be entitled to one 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 the ETF or directly to its Unitholders by the ETF or the Manager in connection with the holding of Units 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 NAV 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 becoming securityholders in the other mutual fund, unless:

(A) the IRC 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 the ETF may not be changed unless:

(i) the IRC 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 Unitholders of the ETF 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 of each ETF affected by the proposed amendment in circumstances where:

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

(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 of that ETF, so that it is equitable to give Unitholders of that ETF advance notice of the proposed change.

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

The Trustee may amend the Trust Declaration, without the approval of, or prior notice to, any Unitholders, 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 ETF or that the proposed amendment is necessary to:

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

(b) 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 ETF, the Trustee or its agents;

(c) make any change or correction in the applicable 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) facilitate the administration of the ETF as a mutual fund trust 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 ETF or its Unitholders; or

(e) for the purposes of protecting the Unitholders of the ETF.

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 financial position, a statement of comprehensive income, a statement of changes in financial position, a statement of cash flows and a schedule of investments.

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 Date 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 or the Units are regularly traded on an “established securities market” (which currently includes the TSX), the ETFs should not have any “U.S. reportable accounts” and, as a result, an ETF should not be required to provide information to the CRA in respect of its Unitholders. However, dealers through which Unitholders hold their Units of an ETF 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 or otherwise identify “U.S. reportable accounts”. If a Unitholder is a U.S. person (including a U.S. citizen), Units are otherwise “U.S. reportable accounts” 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.

Part XIX of the Tax Act implements the Organization for Economic Cooperation and Development CRS Rules (the "**CRS Rules**"). Pursuant to the CRS Rules, "Canadian financial institutions" (as defined in the CRS Rules) are 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 is exchanged on a reciprocal, bilateral basis with countries that have agreed to a bilateral information exchange with Canada under the Common Reporting Standard and in which the account holders or such controlling persons are resident. Under the CRS Rules, Unitholders are required to provide certain information regarding their investment in an ETF to their dealer for the purpose of such information exchange, where applicable, unless the investment is held within a Plan.

TERMINATION OF THE ETF

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 applicable 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 administrative 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 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 are offered for sale at a price equal to the net asset value of such Units in the applicable currency next determined following the receipt of a subscription order.

Units of each Existing ETF are currently listed and trade on the TSX.

The Units of HURA have been conditionally approved for listing on the TSX. Subject to satisfying the TSX's original listing requirements, the Units of HURA will be listed on the TSX and investors will be able to buy or sell such Units on the TSX through registered brokers and dealers in the province or territory where the investor resides.

RELATIONSHIP BETWEEN THE ETF 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 Horizons, 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 Horizons.

NBF acts or may act as a Designated Broker, a Dealer and/or a registered trader (market maker). NBF's potential role as a 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 ETF

CDS & Co., the nominee of CDS, is the registered owner of the Units of the ETFs, which it holds for various brokers and other persons on behalf of their clients and others. From time to time, the 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 all securities voting in respect of securities held by the ETFs and exercising responsibility with the best economic interests of the ETFs and the Unitholders of the ETFs. The Manager has established proxy voting policies, procedures and guidelines (the "Proxy Voting Policy") for securities held by the ETFs to which voting rights are attached. The Proxy Voting Policy is intended to provide for the exercise of such voting rights in accordance with the best interests of the ETFs and the Unitholders of the ETFs, while intending to defend, reflect and promote decisions or actions which meet generally accepted standards of Environmental, Social, and Governance ("ESG") criteria established by the Manager, or are expected to move a company closer to these goals.

The Manager believes in taking an active role in the corporate governance of the underlying investments of the ETFs, through the corporate proxy and voting processes of those underlying investments. When voting the proxies relating to the companies that are the underlying investments of the ETFs, Horizons will, among other things, be focused on supporting and promoting the options that, in the Manager's view, reflect the Manager's pre-determined ESG standards and also achieve the best result for the ETFs and the Unitholders of the ETFs. ESG refers to the three central factors in measuring the sustainability and ethical impact of a company or business. As a general matter, the Proxy Voting Policies of the Manager promote companies that (i) engage in activities or changes that can result in a decrease in pollution and carbon footprint, sustaining biodiversity, improving waste disposal and forest management and more effective land management, (ii) implement employment practices and policies that promote women in management and on boards of directors, promote equality, inclusion and that protect members of the public regardless of age, sex, marital status, colour, race, ethnicity, sexual orientation, gender or gender identity, religion or disability of any nature, and (iii) practice "good governance", including through compliance, promotion of fair and impartial rules, consensus oriented management, principles of transparency, accountability, effective risk management and efficient management and processes.

The Proxy Voting Policy sets out the guidelines and procedures that the Manager will follow to determine whether and how to vote on any matter for which the ETF receives proxy materials. Issuers' proxies most frequently contain routine proposals to elect directors, to appoint independent auditors, establish independent compensation committees, to approve executive compensation and stock-based compensation plans and to amend the capitalization structure of the issuer. Specific details on the Manager's consideration of these routine matters are discussed in greater detail in the Proxy Voting Policy, which is available upon request at no cost by calling or emailing the Manager as further described below. Other issues, including those business issues specific to the issuer or those raised by shareholders of the issuer, are assessed by the Manager on a case-by-case basis with a focus on the potential impact of the vote on the Proxy Voting Policy's ESG objectives and the best interests of the ETFs and the Unitholders of the ETFs.

If the potential for conflict of interest arises in connection with proxy voting and if deemed advisable to maintain impartiality, the Proxy Voting Policy provides that the Manager may choose to seek out and follow the voting recommendation of an independent proxy search and voting service.

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. The proxy voting record of the ETFs for the annual period from July 1 to June 30 will be available free of charge to any investor of the ETFs upon request at any time after August 31 following the end of that annual period. The proxy voting record of the ETFs 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) Reference Fund Investment Management Agreement. For additional disclosure related to the Reference Fund Investment Management Agreement, including relevant termination provisions and other key terms of the agreement, see "Organization and Management Details of the Reference Fund – Details of the Reference Fund 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";

(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"; and

(e) Forward Documents. For additional disclosure related to the Forward Documents, see "Investment Strategies – Specific Investment Strategies of the ETFs – HHF".

Copies of these agreements may be examined at the head office of the Manager of the ETFs, 55 University Avenue, Suite 800, Toronto, Ontario, M5J 2H7, 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 any of the ETFs.

EXPERTS

KPMG LLP, the auditors of the ETFs, has consented to the use of their reports dated March 13, 2019 to the Unitholders of the Existing ETFs, and, in respect of HURA, has consented to the use of their report dated May 9, 2019, to the board of directors of the Manager. KPMG LLP has 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;

(b) relieve the ETFs from the requirement that the prospectus of the ETFs include an underwriter's certificate;

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

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

(e) permit the ETFs to lend securities with a lending agent that is not the Custodian;

(f) relieve the ETFs and the Reference Fund from certain other requirements of NI 81-102; and

(g) to allow HHF to gain exposure to the Reference Fund by means of one or more forward purchase and sale agreements in order to achieve its investment objective and to permit HHF to invest in Exchange Traded Products that issue Commodity Participation Units including Exchange Traded Products managed by the Manager or its affiliates.

OTHER MATERIAL FACTS

Index Information

Solactive Global Uranium Pure-Play Index

The ETFs are not sponsored, promoted, sold or supported in any other manner by Solactive nor does Solactive offer any express or implicit guarantee or assurance either with regard to the results of using the Underlying Index and/or its trade mark or prices at any time or in any other respect. The Underlying Index is calculated and published by Solactive. Solactive uses its best efforts to ensure that the Underlying Index is calculated correctly. Irrespective of its obligations towards the ETFs or the Manager, Solactive has no obligation to point out errors in the Underlying Index to third parties including but not limited to investors and/or financial intermediaries of the ETFs. Neither publication of the Underlying Index by Solactive nor the licensing of the Underlying Index or its trade mark for the purpose of use in connection the ETF constitutes a recommendation by Solactive to invest capital in the ETFs nor does it in any way represent an assurance or opinion of Solactive with regard to any investment in the ETFs.

Morningstar Broad Hedge Fund Index

The Hedge Fund Index is a rules-based, asset-weighted index based on the largest and broadest hedge fund database in the hedge fund industry. The Hedge Fund Index is designed to capture the performance and behaviour of the most liquid hedge funds offering exposure to a wide spectrum of core and category hedge fund strategies.

Morningstar Nexus Hedge Fund Replication Index

The Replication Index replicates as closely as possible the risk-return profile of the Hedge Fund Index by using futures contracts, money market instruments, exchange traded funds and cash.

Morningstar Disclaimer:

HHF is not sponsored, endorsed, sold or promoted by Morningstar or any of its affiliates (collectively, the "**Morningstar Group**"). The Morningstar Group makes no representation or warranty, express or implied, to Unitholders or any member of the public regarding the advisability of investing in securities generally or in HHF in particular or the ability of HHF to track general stock market performance. The Morningstar Group's only relationship to the Manager is the licensing of certain service marks and service names of the Morningstar Group and of the Replication Index which is determined, composed and calculated by Morningstar without regard to Horizons or HHF. The Morningstar Group has no obligation to take the needs of the Manager or Unitholders into consideration in determining, composing or calculating the Replication Index. The Morningstar Group is not responsible for and has not participated in the determination of the prices and amount of HHF or the timing of the issuance or sale of Units of HHF or in the determination or calculation of the equation by which Units are converted into cash. The Morningstar Group has no obligation or liability in connection with the administration, marketing or trading of HHF.

THE MORNINGSTAR GROUP DOES NOT GUARANTEE THE ACCURACY AND/OR THE COMPLETENESS OF THE HEDGE FUND INDEX, REPLICATION INDEX OR ANY DATA INCLUDED THEREIN AND THE MORNINGSTAR GROUP SHALL HAVE NO LIABILITY FOR ANY ERRORS, OMISSIONS, OR INTERRUPTIONS THEREIN. THE MORNINGSTAR GROUP MAKES NO WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY THE MANAGER, OR UNITHOLDERS OF HHF, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE HEDGE FUND INDEX, REPLICATION INDEX OR ANY DATA INCLUDED THEREIN. THE MORNINGSTAR GROUP MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE HEDGE FUND INDEX, REPLICATION INDEX OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL THE MORNINGSTAR GROUP HAVE ANY LIABILITY FOR ANY SPECIAL, PUNITIVE, INDIRECT, OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS), EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

NBC Disclaimer:

THE REPLICATION STRATEGY WAS NOT CREATED FOR THE BENEFIT OF HHF OR THE REFERENCE FUND. NBC HAS THE RIGHT TO MAKE ADJUSTMENTS TO THE REPLICATION STRATEGY OR TO CEASE MAINTAINING IT AT ANY TIME WITHOUT REGARD TO THE PARTICULAR INTERESTS OF HHF, THE REFERENCE FUND, THE MANAGER, THE UNITHOLDERS OF HHF OR THE DESIGNATED BROKER AND DEALERS, BUT RATHER SOLELY WITH A VIEW TO THE ORIGINAL PURPOSE OF THE REPLICATION STRATEGY. NBC DOES NOT GUARANTEE THE ACCURACY AND/OR THE COMPLETENESS OF THE REPLICATION STRATEGY OR ANY DATA PROVIDED TO THE MANAGER OF THE REFERENCE FUND AND NBC SHALL HAVE NO LIABILITY FOR ANY ERRORS, OMISSIONS, OR INTERRUPTIONS THEREIN. NBC MAKES NO WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY THE MANAGER, OR UNITHOLDERS, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE REPLICATION STRATEGY OR ANY DATA INCLUDED THEREIN. NBC HAS NO OBLIGATION OR LIABILITY IN CONNECTION WITH THE ADMINISTRATION, MARKETING OR TRADING OF THE REFERENCE FUND.

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 ETF securities within 48 hours after the receipt of a confirmation of a purchase of such securities. In several of the provinces and territories, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation, or non-delivery of the ETF Facts, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory.

The purchaser should refer to the applicable provisions of the securities legislation of the province or territory for the particulars of these rights or should consult with a legal adviser.

In addition, the Manager has agreed on behalf of HHF that purchasers in the Province of Québec have the right to withdraw from an agreement to purchase Units which may be exercised within two business days after receipt or deemed receipt of a prospectus of the Reference Fund.

DOCUMENTS INCORPORATED BY REFERENCE

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

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

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

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

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

(e) the most recently filed ETF Facts of the 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.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Horizons ETFs Management (Canada) Inc.

Re: Horizons Global Uranium Index ETF (the "**ETF**")

Opinion

We have audited the financial statement, which comprises the statement of financial position as at May 9, 2019 of the ETF and notes to the financial statement, including a summary of significant accounting policies (hereinafter referred to as the "financial statement").

In our opinion, the accompanying financial statement presents fairly, in all material respects, the financial position of the ETF as at May 9, 2019 in accordance with International Financial Reporting Standards (IFRS) for such a financial statement.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *"Auditors' Responsibilities for the Audit of the Financial Statement"* section of our auditors' report.

We are independent of the ETF in accordance with the ethical requirements that are relevant to our audit of the financial statement in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the financial statement, management is responsible for assessing the ETF's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the ETF or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the ETF's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statement.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

- The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the ETF's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ETF's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the ETF to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statement, including the disclosures, and whether the financial statement represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

(Signed) "*KPMG LLP*"

Chartered Professional Accountants, Licensed Public Accountants
Toronto, Canada

May 9, 2019

HORIZONS GLOBAL URANIUM INDEX ETF

Statement of Financial Position

May 9, 2019

Assets

Cash	$	10
Total Assets	$	10

Represented by:

Net assets attributable to holders of redeemable units:
Authorized:
Unlimited Class A Units
without par value issued and fully paid

Total net assets attributable to holders of redeemable units, Class A Units	$	10
Issued and fully paid Class A Units		1
Net assets attributable to holders of redeemable units per Class A Unit	$	10

See accompanying notes to statement of financial position.

HORIZONS GLOBAL URANIUM INDEX ETF

Notes to the Financial Statement

May 9, 2019

1. Establishment of the ETF and authorized units:

The Horizons Global Uranium Index ETF (the "ETF") was established on May 9, 2019 in accordance with the ETF's Declaration of Trust.

The address of the ETF's registered office is:
55 University Avenue, Suite 800, Toronto, Ontario, M5J 2H7

(a) Legal structure:

Horizons ETFs Management (Canada) Inc. (the "Manager" or the "Trustee") is the manager and trustee of the ETF.

The ETF is an unincorporated open-ended alternative mutual fund trust. The ETF is established under the laws of the Province of Ontario by a declaration of trust.

(b) Statement of compliance:

The financial statement of the ETF as at May 9, 2019 has been prepared in accordance with International Financial Reporting Standards for such a financial statement.

The financial statement was authorized for issue by the board of directors on May 9, 2019.

(c) Basis of presentation:

The financial statement of the ETF is expressed in Canadian dollars.

(d) Net assets attributable to holders of redeemable units:

Units of the ETF are redeemable at the option of the holder in accordance with the provisions laid out in its prospectus. If the unitholder holds a prescribed number of units of the ETF, and if accepted by the Manager, the units of the ETF will be redeemed on the valuation day based on the net asset value of the units of the ETF on that valuation day. In accordance with IAS 32 – Financial Instruments: Presentation, the units of the ETF are classified as financial liabilities as there is a requirement to distribute net income and capital gains earned by the ETF.

(e) Issue of units:

A total of 1 Class A unit of the ETF was issued for cash on May 9, 2019 to the Manager.

(f) Unitholder transactions:

The value at which units are issued or redeemed is determined by dividing the net asset value of the class by the total number of units outstanding of that class on the Valuation Date. Amounts received on the issuance of units and amounts paid on the redemption of units are included in the statement of changes in financial position.

2. Management of the ETF

The Manager is entitled to an annual Management Fee equal to 0.75% of the net asset value of the ETF, plus applicable Sales Tax, calculated and accrued daily and payable monthly. The Manager may reduce the Management Fee that it is entitled to charge to the ETF. Such a reduction or waiver 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.

HORIZONS MORNINGSTAR HEDGE FUND INDEX ETF
HORIZONS ABSOLUTE RETURN GLOBAL CURRENCY ETF
HORIZONS SEASONAL ROTATION ETF
HORIZONS GLOBAL URANIUM INDEX ETF

(THE “ETFs”)

CERTIFICATE OF THE ETFs, THE MANAGER AND PROMOTER

Dated: May 9, 2019

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.

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

(signed) “*Steven J. Hawkins*”	(signed) “*Julie Stajan*”
Steven J. Hawkins	Julie Stajan
Chief Executive Officer	Chief Financial Officer

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

(signed) *“Peter Lee”*	(signed) *“Thomas Park”*
Peter Lee	Thomas Park
Director	Director

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