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

HORIZONS ETFs by Mirae Asset

PROSPECTUS

Initial Public Offering and Continuous Offering July 20, 2020

Horizons ReSolve Adaptive Asset Allocation ETF ("**HRAA**" or the "**ETF**")

Horizons ETF Corp. (the "**Company**") is a mutual fund corporation established under the federal laws of Canada. The authorized capital of the Company includes an unlimited number of non-cumulative, redeemable, non-voting classes of shares (each, a "**Corporate Class**"), issuable in an unlimited number of series, and one class of voting shares designated as "Class J Shares". Each Corporate Class is a separate investment fund having specific investment objectives and is specifically referable to a separate portfolio of investments. The ETF will be a separate Corporate Class. The ETF currently consists of a single series of exchange traded fund shares ("**ETF Shares**").

The ETF is an exchange traded mutual fund established under the laws of Ontario. The ETF is an "alternative mutual fund" as defined in National Instrument 81-102 *Investment Funds* ("**NI-81-102**"). An unlimited number of ETF Shares are being offered for sale on a continuous basis in Canadian dollars ("**Cdn$ Shares**") and may also be offered for sale on a continuous basis in U.S. dollars ("**US$ Shares**"). The ETF Shares are offered for sale at a price equal to the net asset value of such ETF Shares in the applicable currency next determined following the receipt of a subscription order. To the extent Cdn$ Shares and US$ Shares are listed for trading on the TSX, subscriptions for US$ Shares of the ETF can be made in either U.S. or Canadian dollars.

Horizons ETFs Management (Canada) Inc. (the "**Manager**" or "**Horizons**"), a corporation existing under the federal laws of Canada, is the manager and investment manager of the ETF. The Manager is responsible for providing or arranging for the provision of administrative services. The Manager also provides investment advisory and investment management services to the ETF. See "Organization and Management Details of the ETF". The Manager is also responsible for engaging the services of ReSolve Asset Management Inc., to act as sub-advisor (the "**Sub-Advisor**") to the ETF.

The investment objective of the ETF is to seek long-term capital appreciation by investing, directly or indirectly, in major global asset classes including but not limited to equity indexes, fixed income indexes, interest rates, commodities and currencies. See "Investment Objectives".

The ETF Shares have been conditionally approved for listing on the Toronto Stock Exchange ("**TSX**"). Subject to satisfying the TSX's original listing requirements, the ETF Shares will be listed on the TSX. Investors will be able to buy or sell ETF Shares on the TSX through registered brokers and dealers in the province or territory where the investor resides.

Additional Considerations

The Company also offers other Corporate Classes pursuant to other prospectuses, each of which is a separate investment fund having specific investment objectives and will be specifically referable to a separate portfolio of investments.

The ETF is an alternative mutual fund within the meaning of National Instrument 81-102 *Investment Funds* ("**NI 81-102**"), and is 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 ETF's investment objectives and strategies, during certain market conditions they may accelerate the risk that an investment in the ETF Shares decreases in value. The ETF will comply with all requirements of NI 81-102, as such requirements may be modified by exemptive relief obtained on behalf of the ETF.

The Manager, on behalf of the ETF, has entered into or will enter into agreements with registered dealers (each, a "**Designated Broker**" or "**Dealer**"), which among other things, enables or will enable such Dealers and the Designated Broker to purchase and redeem ETF Shares directly from the ETF. Holders of ETF Shares (the "**Shareholders**") may dispose of their ETF Shares in three ways: (i) by selling their ETF Shares on the TSX at the full market price, less any customary brokerage commissions and expenses; (ii) by redeeming or exchanging a prescribed number of ETF Shares (a "**PNS**") for cash; or (iii) by redeeming ETF Shares for cash at a redemption price per ETF Share of 95% of the closing price in the appropriate currency on the TSX on the effective day of redemption, subject to a maximum redemption price per ETF Share equal to the net asset value per ETF Share on the effective day of redemption. Holders of US$ Shares may request that their redemption proceeds be paid in U.S. or Canadian dollars. Shareholders are advised to consult their brokers or investment advisers before redeeming ETF Shares for cash. The ETF will also offer additional redemption options which are available where a Dealer or Designated Broker redeems or exchanges a PNS. See "Purchases of ETF Shares" and "Redemption and Switching of ETF Shares".

The ETF will issue ETF Shares directly to the Designated Broker and to Dealers. No Designated Broker, Dealer and/or counterparty has been involved in the preparation of this prospectus nor has any Designated Broker, Dealer and/or counterparty performed any review of the contents of this prospectus and the Securities Regulatory Authorities (as hereafter defined) have provided the ETF with a decision exempting it from the requirement to include a certificate of an underwriter in the prospectus. No Designated Broker, Dealer and/or counterparty is an underwriter of the ETF in connection with the distribution of its ETF Shares under this prospectus.

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

Provided that the Company qualifies as a "mutual fund corporation" within the meaning of the Tax Act, or the ETF Shares are listed on a "designated stock exchange" within the meaning of the Tax Act (which currently includes the TSX), the ETF Shares, if issued on the date hereof, would be on such date qualified investments under the Tax Act for a trust governed by a RRSP, RRIF, RDSP, DPSP, RESP or TFSA (each as defined below).

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

Additional information about the 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 (as defined below). These documents are or will be incorporated by reference into this prospectus which means that they legally form part of this prospectus. You can get a copy of these documents at your request, and at no cost, by calling the Manager at 416-933-5745 or 1-866-641-5739 (toll-free), by e-mail at info@HorizonsETFs.com or from your dealer. These documents are or will also be available on the Manager's website at www.HorizonsETFs.com. These documents and other information about the ETF is or will also be available on the website of SEDAR (the System for Electronic Document Analysis and Retrieval) at www.sedar.com. For further details, see "Documents Incorporated by Reference".

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GLOSSARY

The following terms have the following meaning:

"**Adjusted NAV per ETF Share**" has the meaning ascribed to such term under the heading "Fees and Expenses – Fees and Expenses Payable by the ETF – Performance Fee";

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

"**business day**" means a day upon which sessions of the TSX and applicable Reference Markets, as appliable, 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 Dividend**" has the meaning ascribed thereto under the heading "Income Tax Considerations – Taxation of the Company";

"**Capital Gains Redemption**" has the meaning ascribed thereto under the heading "Income Tax Considerations – Taxation of the Company";

"**Cash Redemption**" has the meaning ascribed to such term under the heading "Redemption and Switching of Shares – Redemption – Redemption of ETF Shares for Cash";

"**Cash Subscription**" means a subscription order for ETF Shares that is paid in full in the applicable currency;

"**Cdn$ Shares**" has the meaning ascribed to such term on the face page hereof;

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

"**CDS Participant**" means a participant in CDS that holds ETF Shares on behalf of beneficial owners of those ETF Shares;

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

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

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

"**Class J Shares**" means the voting, non-participating Class J shares of the Company;

"**Company**" means Horizons ETF Corp.;

"**Corporate Class**" has the meaning ascribed to such term on the face page hereof;

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

"**CRS Rules**" has the meaning ascribed to such term under the heading "Other Material Facts – Exchange of Tax Information";

"**Custodian**" means CIBC Mellon Trust Company, in its capacity as custodian of the ETF 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 the ETF;

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

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

"**derivatives**" means an instrument, agreement or security, the market price, value or payment obligations of which is derived from, referenced to or based on an underlying interest;

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

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

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

"**Distribution Record Date**" means a date determined by the Manager as a record date for the determination of holders of ETF Shares entitled to receive a distribution;

"**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**");

"**ETF**" or "**HRAA**" means Horizons ReSolve Adaptive Asset Allocation ETF;

"**ETF Facts**" means the ETF Facts document prescribed by Canadian securities legislation in respect of an exchange traded fund, which summarizes certain features of the exchange traded fund and which is publicly available at www.sedar.com and provided or made available to registered dealers for delivery to purchasers of securities of an exchange-traded mutual fund;

"**ETF Shares**" means the non-voting, exchange-traded fund series of shares of the ETF and "**ETF Share**" means any one of them;

"**ETF Switch Date**" means the date upon which Switches between Corporate Classes of the Company are permitted, as determined by the Manager;

"**forward contracts**" means agreements between two parties to buy or sell an asset at a specified point of time in the future at a predetermined price;

"**Fund Administration Agreement**" means the amended and restated fund administration services agreement between the Manager and CIBC Mellon Global, as may be further supplemented, amended and/or amended and restated from time to time;

"**futures contracts**" means standardized contracts entered into on domestic or foreign exchanges which call for the future delivery of specified quantities of various assets such as stocks, bonds, agricultural commodities, industrial commodities, currencies, financial instruments, energy products or metals at a specified time and place. The terms and conditions of futures contracts of a particular commodity are standardized and as such, are not subject to any negotiation between the buyer and seller. The contractual obligations, depending upon whether one is a buyer or a seller, may be satisfied either by taking or making, as the case may be, physical delivery of an approved grade of commodity or by making an offsetting sale or purchase of an equivalent but opposite futures contract on the same exchange prior to the designated date of delivery. The difference between the price at which the futures contract is sold or purchased and the price paid for brokerage commissions, constitutes the profit or loss to the trader. In market terminology, a trader who purchases a futures contract is "long" in the market and a trader who sells a futures contract is "short" in the market. Before a trader closes out his or her long or short position by an offsetting sale or purchase, his or her outstanding contracts are known as "open trades" or "open positions". The aggregate amount of open long or short positions held by traders in a particular contract is referred to as the "open interest" in such contract;

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

"**High Water Mark**" has the meaning ascribed to such term under the heading "Fees and Expenses – Fees and Expenses Payable by the ETF – Performance Fee";

"**Holder**" has the meaning ascribed to such term under "Income Tax Considerations";

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

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

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

"**Leveraged ETFs**" means the leveraged exchange traded funds managed by Horizons that are designed to provide daily investment results, before fees and other expenses, that endeavour to correspond to twice the daily performance of, the inverse (opposite) of, or twice the inverse (opposite) daily performance of, a specified underlying index;

"Listed Funds" means exchange traded funds that issue index participation units, or exchange traded funds in respect of which the Manager has obtained exemptive relief from certain of the control, concentration or "fund of fund" restrictions of NI 81-102";

"**Management Agreement**" means the master management agreement between the Company and the Manager, as amended;

"**Management Fee**" has the meaning ascribed to such term under the heading "Summary of Fees and Expenses – Fees and Expenses Payable by the ETF";

"**Management Fee Rebate**" has the meaning ascribed to such term under the heading "Summary of Fees and Expenses – Fees and Expenses Payable by the ETF";

"**Manager**" means Horizons ETFs Management (Canada) Inc., in its capacity as investment fund manager of the ETF;

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

"**NAV**" or "**net asset value**" means the applicable net asset value calculated at the Valuation Time on each Valuation Date;

"**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 ETF;

"**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;

"**Ordinary Dividends**" has the meaning ascribed to such term under the heading "Income Tax Considerations – Taxation of Holders of ETF Shares";

"**Performance Fee**" has the meaning ascribed to such term under the heading "Fees and Expenses – Fees and Expenses Payable by the ETF – Performance Fee";

"**Permitted Merger**" has the meaning ascribed to such term under the heading "Shareholder Matters";

"**PNS**" means, in relation to the ETF, the prescribed number of ETF Shares of that ETF determined by the Manager from time to time for the purpose of subscription orders, redemptions or for other purposes;

"**Promoter**" means Horizons, in its capacity as promoter of the ETF;

"**Proxy Voting Policy**" has the meaning ascribed to such term under the heading "Proxy Voting Disclosure for Portfolio Securities Held";

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

"**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;

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

"**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, value added or goods and services taxes, including GST/HST;

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

"**Securities Subscription**" means a subscription order for ETF Shares in the applicable currency that is paid in full with a combination of securities and cash;

"**Shareholder**" means the holder of an ETF Share of the ETF;

"**Switch**" means a switch of shares of one Corporate Class of the Company to shares of another Corporate Class of the Company;

"**Switch NAV Price**" means the NAV per share of the relevant series of shares of the relevant Corporate Class of the Company on the applicable ETF Switch Date;

"**Switched Shares**" has the meaning ascribed to such term under the heading "Redemption and Switching of ETF Shares – Switches";

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

"**Sub-Advisor**" means ReSolve Asset Management Inc., in its capacity as sub-advisor of the ETF;

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

"**Tax Amendments**" means proposed amendments to the Tax Act publicly announced by the Minister of Finance (Canada) prior to the date hereof;

"**Tax Treaties**" has the meaning ascribed to such term under the heading "Risk Factors – Tax-Related Risks";

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

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

"**Trading Day**" means a day on which a session of the TSX and New York Stock Exchange is held;

"**Transfer Agent and Registrar**" means TSX Trust Company;

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

"**US$ Shares**" has the meaning ascribed to such term on the face page hereof;

"**Valuation Agent**" means CIBC Mellon Global, who the Manager has retained to provide accounting and valuation services in respect of the ETF;

"**Valuation Date**" means a day upon which a session of the TSX is held and such other date determined appropriate by the Manager; and

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

PROSPECTUS SUMMARY

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

The ETF

Horizons ReSolve Adaptive Asset Allocation ETF ("**HRAA**")

The ETF is an "alternative mutual fund" as defined in NI-81-102. See "Overview of the Legal Structure of the ETF".

Offering

Horizons ETF Corp. (the "**Company**") is a mutual fund corporation established under the federal laws of Canada. The authorized capital of the Company includes an unlimited number of non-cumulative, redeemable, non-voting classes of shares (each, a "**Corporate Class**"), issuable in an unlimited number of series, and one class of voting shares designated as "Class J Shares". Each Corporate Class is a separate investment fund having specific investment objectives and is specifically referable to a separate portfolio of investments. The ETF will be a separate Corporate Class. The ETF currently consists of a single series of exchange traded fund shares ("**ETF Shares**").

An unlimited number of ETF Shares are being offered for sale on a continuous basis in Canadian dollars ("**Cdn$ Shares**") and may also be offered for sale on a continuous basis in U.S. dollars ("**US$ Shares**"). The ETF Shares are offered for sale at a price equal to the net asset value of such ETF Shares in the applicable currency next determined following the receipt of a subscription order. Subscriptions for US$ Shares of the ETF can be made in Canadian dollars or U.S. dollars.

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

Investment Objectives

The investment objective of the ETF is to seek long-term capital appreciation by investing, directly or indirectly, in major global asset classes including but not limited to equity indexes, fixed income indexes, interest rates, commodities and currencies.

See "Investment Objectives".

Investment Strategies

The ETF provides exposure to major global asset classes including equity indexes, fixed income indexes, interest rates, commodities and currencies. The ETF gains exposure to these asset classes by investing in derivatives and securities. Derivative instruments may include futures contracts and forward agreements.

The ETF may invest in instruments that provide exposure to both domestic and foreign markets, including emerging markets. The ETF will also hold a large portion of its assets in cash, money market mutual funds, U.S. treasury securities, or other cash equivalents, some or all of which will serve as margin or collateral for the ETF's investments. The ETF's strategy aims to achieve capital appreciation over the long-term.

The ETF's sub-advisor, ReSolve Asset Management Inc. (the "**Sub-Advisor**"), uses traditional quantitative methods as well as advanced machine learning tools to create a portfolio of instruments which emphasize a variety of characteristics such as, but not limited to, total return momentum, trends, seasonal patterns, carry measures, mean reversion, and others, while simultaneously maximizing diversification based on regularly updated estimates of volatility and correlations. The ETF will take long or short positions in asset classes such as equity index and fixed income asset classes, commodities, currencies, volatility indexes and other alternative asset classes.

The Sub-Advisor's trading systems determine asset allocations based on multi-factor quantitative market information and explicitly seek opportunities to reduce portfolio volatility through diversification. The trading systems analyze these factors over a broad time spectrum which may range from several days to multiple years. The Sub-Advisor analyzes a number of additional factors in determining how the asset classes are allocated in the portfolio including, but not limited to: intermediate-term profitability of an asset class or market, liquidity of a particular market, desired diversification among markets and asset classes, transaction costs, exchange regulations and depth of market. The allocations are reviewed daily, although changes may occur less frequently.

Target Volatility

The ETF is actively managed to keep volatility at or below 12% annualized volatility, although there is no guarantee that this objective can be met in all market conditions. Volatility is a statistical measure of the average magnitude of changes in the ETF's returns without regard to the direction of the returns. The ETF's actual volatility level for longer or shorter periods may be materially higher or lower than the target level depending on market conditions, and therefore the ETF's risk exposure may be materially higher or lower than the level targeted by the Sub-Advisor. As portfolio weights, and estimates of volatility and correlations change through time, the Sub-Advisor will increase and decrease the ETF's gross exposure to underlying assets in order to maintain its target level of portfolio volatility. During periods of high volatility and high correlations, the ETF may have lower exposure to underlying assets to maintain the target level of portfolio volatility. Conversely, during periods of low volatility and low correlations, the ETF may require greater exposure to underlying assets to maintain its target level of portfolio volatility.

There is no guarantee that the ETF will successfully achieve or maintain the target volatility level. The ETF's target volatility level is not a total return performance target – the ETF does not expect, nor does it represent, that its total return performance will be within any specified range. It is possible that the ETF could achieve its target volatility level while having negative performance returns. Also, efforts to achieve and maintain a target volatility level can be expected to limit the ETF's gains in rising markets, may expose the ETF to costs to which it would otherwise not have been exposed and, if unsuccessful, may result in substantial losses.

The ETF actively trades its portfolio investments, which may lead to higher transaction costs that may affect the ETF's performance.

See "Investment Strategies".

Use of Leverage

The ETF may use leverage. Leverage may be created through the use of cash borrowings, short sales and derivatives. The 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 ETF does not currently anticipate borrowing cash, but may do so in the future.

The ETF's aggregate gross exposure, to be calculated as the sum of the following, must not exceed 300% of the 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.

The aggregate market exposure of all instruments held directly or indirectly by the ETF, calculated daily on a mark-to-market basis, can exceed the ETF's net asset value, and can exceed the amount of cash and securities held as margin on deposit to support the derivatives trading activities of the ETF. Under normal market conditions, the maximum amount of leverage used, directly or indirectly, by the ETF will generally not exceed 300% of net asset value.

See "Investment Strategies".

Dividend Policy

The Company does not currently intend to pay regular dividends or returns of capital on the ETF Shares. Notwithstanding the foregoing, any decision to pay dividends or returns of capital on the ETF Shares in the future will be at the discretion of the Manager and will depend on, among other things, the Company's and the ETF's results of operations, current and anticipated cash requirements and surplus, financial condition, any future contractual restrictions, solvency tests imposed by corporate law and other factors that the Manager may deem relevant.

If, in any taxation year, the Company would otherwise be liable for tax on net realized capital gains, the Company intends to pay, to the extent possible, by the last day of that year, a special Capital Gains Dividend to ensure that the Company will not be liable for income tax on such amounts under the Tax Act (after taking into account all available deductions, credits and refunds). Such distributions may be paid in the form of ETF Shares and/or cash which is automatically reinvested in ETF Shares. Any such distributions payable in ETF Shares or reinvested in ETF Shares will increase the aggregate adjusted cost base of a Shareholder's ETF Shares. Immediately following payment of such a special distribution in ETF Shares or reinvestment in ETF Shares, the number of ETF Shares outstanding will be automatically consolidated such that the number of ETF Shares outstanding after such distribution will be equal to the number of ETF Shares outstanding immediately prior to such distribution, except where there are non-resident Shareholders to the extent tax is required to be withheld in respect of the distribution.

Given the expected investment and operating policies of the Company, the Manager does not currently expect to pay a material amount of special Capital Gains Dividends.

See "Income Tax Considerations".

Special Considerations for Purchasers

The ETF is exempt from the so-called "early warning" requirements set out in Canadian securities legislation in connection with the acquisition of ETF Shares. In addition, the ETF has obtained exemptive relief from the Securities Regulatory Authorities to permit a Shareholder to acquire more than 20% of the ETF Shares 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".

Purchase Options

All orders to purchase ETF Shares directly from the ETF must be placed by a Designated Broker or Dealer in the applicable currency. To the extent Cdn$ Shares and US$ Shares are listed for trading on the TSX, subscriptions for US$ Shares can be made in either U.S. or Canadian dollars. The ETF reserves the absolute right to reject any subscription order placed by a Designated Broker or Dealer. No fees will be payable by the ETF to a Designated Broker or Dealer in connection with the issuance of ETF Shares.

On any Trading Day, a Designated Broker or Dealer may place a subscription order for the PNS or multiple PNS of the ETF. See "Purchases of ETF Shares".

Switches

A Shareholder may switch ETF Shares for shares of another Corporate Class of the Company (a "**Switch**") through the facilities of CDS by contacting their financial advisor or broker. ETF Shares may be switched on any date designated by the Manager as a switch date ("**ETF Switch Date**") by delivering written notice to the Transfer Agent and Registrar and surrendering such ETF Shares through the facilities of CDS by 4:00 p.m. (Toronto time) at least one business day prior to the ETF Switch Date. Written notice must contain the name of the ETF, the TSX ticker symbol of the ETF Shares and the number of ETF Shares to be switched, and the name of the Corporate Class and the TSX ticker symbol of the shares of the Corporate Class to which the Shareholder wishes to Switch. The Manager may, in its discretion, change the frequency with which ETF Shares may be switched at any time upon 30 days' notice by way of press release.

Under the Tax Act, a Switch of ETF Shares held as capital property for purposes of the Tax Act ("**Switched Shares**") to shares of a different Corporate Class of the Company will constitute a disposition of such Switched Shares at fair market value for the purposes of the Tax Act. See "Income Tax Considerations".

Redemptions

Shareholders may redeem a PNS (or a whole multiple thereof) on any Trading Day for cash equal to the net asset value of that number of ETF Shares in the applicable currency, subject to any administrative charge.

Shareholders may redeem ETF Shares for cash at a redemption price per ETF Share equal to 95% of the closing price for such ETF Share on the TSX on the effective day of the redemption, subject to a maximum redemption price per ETF Share equal to the net asset value per ETF Share on the effective day of redemption. Holders of US$ Shares of the ETF may request that their redemption proceeds be paid in U.S. or Canadian dollars.

Shareholders will generally be able to sell (rather than redeem) ETF Shares at the full market price on the TSX through a registered broker or dealer subject only to customary brokerage commissions. Therefore, Shareholders are advised to consult their brokers, dealers or investment advisors before redeeming their ETF Shares for cash.

As noted above, administrative charges may apply upon the redemption of ETF Shares. However, no fees or expenses will be paid by a Shareholder of the ETF to the Manager or the ETF in connection with selling ETF Shares on the TSX. See "Redemption and Switching of ETF Shares".

Income Tax Considerations

This summary of Canadian federal income tax considerations for the ETF and for Canadian resident Shareholders is subject in its entirety to the qualifications, limitations and assumptions set out under the heading "Income Tax Considerations".

A holder of ETF Shares who is resident in Canada for purposes of the Tax Act will be required to include in his or her income the amount of any dividends paid on such ETF Shares, other than Capital Gains Dividends, whether received in cash or reinvested in additional ETF Shares. The dividend gross-up and tax credit treatment normally applicable to taxable dividends (including eligible dividends) paid by a taxable Canadian corporation to an individual resident in Canada will generally apply to such dividends. Capital Gains Dividends will be paid by the Company to holders of ETF Shares in respect of any net capital gains realized by the Company. The amount of a Capital Gains Dividend will be treated as a capital gain in the hands of the holder of such ETF Shares. If the Company pays a return of capital, such amount will generally not be taxable but will reduce the adjusted cost base of the holder's ETF Shares. Where such reductions would result in the adjusted cost base becoming a negative amount, that amount will be treated as a capital gain realized by the holder of the shares and the adjusted cost base of the shares will be nil immediately thereafter.

Given the expected investment and operating policies of the Company, the Manager does not currently expect to pay a material amount of dividends (including Capital Gains Dividends).

A Shareholder who disposes of an ETF Share that is held as capital property, including on a redemption or otherwise, will realize a capital gain (or capital loss) to the extent that the proceeds of disposition, net of costs of disposition, exceed (or are less than) the adjusted cost base of the ETF Share disposed of.

Each investor should satisfy himself or herself as to the federal and provincial tax consequences of an investment in ETF Shares by obtaining advice from his or her tax advisor. See "Income Tax Considerations".

Eligibility for Investment

Provided that the Company qualifies as a "mutual fund corporation" within the meaning of the Tax Act, or the ETF Shares are listed on a "designated stock exchange" within the meaning of the Tax Act (which currently includes the TSX), the ETF Shares, if issued on the date hereof, would be on such date qualified investments under the Tax Act for a trust governed by a RRSP, RRIF, RDSP, DPSP, RESP or TFSA. See "Income Tax Considerations" and "Eligibility for Investment".

Documents Incorporated by Reference

Additional information about the 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 Manager's website 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 ETF is or will also be publicly available at www.sedar.com. See "Documents Incorporated by Reference".

Risk Factors

There are certain risk factors inherent to an investment in the ETF. See "Risk Factors."

Organization and Management of the ETF

The Manager	Horizons ETFs Management (Canada) Inc., a corporation existing under the federal laws of Canada, is the manager and investment manager of the ETF. The Manager is responsible for providing or arranging for the provision of administrative services required by the ETF. The Manager also provides investment advisory and investment management services to the ETF. The principal office of Horizons is 55 University Avenue, Suite 800, Toronto, Ontario, M5J 2H7. Horizons is a financial services organization distributing the Horizons family of leveraged, inverse leveraged, inverse, index and actively managed exchange traded funds. Horizons is a subsidiary of Mirae Asset Global Investments Co., Ltd. ("**Mirae Asset**"). Mirae Asset is the Korea-based asset management entity of Mirae Asset Financial Group, one of the world's largest investment managers in emerging market equities. See "Organization and Management Details of the ETF – Manager".
Sub-Advisor	ReSolve Asset Management Inc., is the Sub-Advisor of the ETF. The Sub-Advisor is a corporation incorporated under the federal laws of Canada. The principal office of the Sub-Advisor is located in Toronto, Ontario. See "Organization and Management Details of the ETF – The Sub-Advisor".
Custodian	CIBC Mellon Trust Company is the Custodian of the ETF and is independent of the Manager. CIBC Mellon Trust Company will provide custodial services to the ETF and is located in Toronto, Ontario. See "Organization and Management Details of the ETF – Custodian".
Valuation Agent	CIBC Mellon Global has been retained to provide accounting valuation services to the ETF. CIBC Mellon Global is located in Toronto, Ontario. See "Organization and Management Details of the ETF – Valuation Agent".
Auditors	KPMG LLP is responsible for auditing the annual financial statements of the ETF. The auditors are independent of the Manager. The head office of the auditors is located in Toronto, Ontario. See "Organization and Management Details of the ETF – Auditors".
Promoter	Horizons is also the promoter of the ETF. Horizons took the initiative in founding and organizing the ETF and is, accordingly, the promoter of the ETF within the meaning of securities legislation of certain provinces and territories of Canada. See "Organization and Management Details of the ETF – Promoter".
Transfer Agent and Registrar	TSX Trust Company is the Transfer Agent and Registrar for the ETF Shares of the ETF. TSX Trust Company is independent of the Manager. TSX Trust Company is located in Toronto, Ontario. See "Organization and Management Details of the ETF – Transfer Agent and Registrar".
Securities Lending Agent	Canadian Imperial Bank of Commerce ("**CIBC**") is a securities lending agent for the ETF. 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 ETF – Securities Lending Agents".

Summary of Fees and Expenses

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

Fees and Expenses Payable by the ETF

Type of Fee	**Amount and Description**
Management Fee	The ETF will pay an annual management fee (the "**Management Fee**") to the Manager equal to an annual percentage of the net asset value of the ETF, together with applicable Sales Tax, calculated and accrued daily and payable monthly in arrears. The Management Fee will be 0.85% of the net asset value of the ETF. See "Fees and Expenses".
Management Fee Rebates	To achieve an effective and competitive Management Fee, the Manager may reduce the fee borne by certain Shareholders who have signed an agreement with the Manager. The Manager will pay out the amount of the reduction in the form of a management fee rebate (a "**Management Fee Rebate**") directly to the eligible Shareholder. Management Fee Rebates are reinvested in ETF Shares, unless otherwise requested. The decision to pay Management Fee Rebates will be in the Manager's discretion and will be dependent on a number of factors, including the size of the investment and a negotiated fee agreement between the Manager and the Shareholder. The Manager reserves the right to discontinue or change Management Fee Rebates at any time. See "Fees and Expenses".
Operating Expenses	The ETF will, unless otherwise waived or reimbursed by the Manager, pay all of its operating expenses, including but not limited to: audit fees; custodial expenses; valuation, accounting and record keeping costs; legal expenses; permitted prospectus preparation and filing expenses; costs associated with delivering documents to Shareholders; listing and annual stock exchange fees; CDS fees; bank related fees and interest charges; extraordinary expenses; Shareholder 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. See "Fees and Expenses".
Expenses of the Issue	All expenses related to the issuance of ETF Shares shall be borne by the Manager. See "Fees and Expenses".
Performance Fee	The ETF shall also pay the Manager a performance fee (the "**Performance Fee**"). 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 Sales Taxes. The ETF shall pay to the Manager a Performance Fee, if any, equal to 15% of the amount by which the performance of the ETF, at any date on which the Performance Fee is payable, (i) exceeds the greater of: (a) the initial net asset value per ETF Share; and (b) the highest net asset value per ETF Share previously utilized for the purposes of calculating a Performance Fee that was paid (the "**High Water Mark**") and (ii) is greater than an annualized return of 3%.

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

$15\% \times (A - (B \times C)) \times D$

where:

A equals the net asset value per ETF Share, as at the last day of the period in respect of which the calculation is being made, without giving effect to the accrual of any Performance Fee, plus the aggregate amount of all distributions previously declared on a per ETF Share basis, if any (the "**Adjusted NAV per ETF Share**");

B equals the High Water Mark;

C equals 1 plus an annualized return of 3% pro-rated for the number of days in the period; and

D equals the number of ETF Shares 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.

Fees and Expenses Payable Directly by Shareholders

Type of Fee	**Amount and Description**
Administrative Charges	As may be agreed between the Manager and a Designated Broker or Dealer, the Manager may charge Shareholders, at its discretion, an issue, exchange or redemption charge to offset certain transaction costs associated with the issuance, exchange or redemption of ETF Shares. The Manager will publish the current administrative charge, if any, on its website, www.HorizonsETFs.com. No fees or expenses will be paid by a Shareholder to the Manager or the ETF in connection with selling ETF Shares on the TSX.
Switch Fees	Shareholders may have to pay their financial advisor, investment advisor or broker a transfer fee based on the value of the ETF Shares that are switched. See "Fees and Expenses" and "Redemption and Switching of ETF Shares – Switches".

OVERVIEW OF THE LEGAL STRUCTURE OF THE ETF

Horizons ETF Corp. (the "**Company**") is a mutual fund corporation established under the federal laws of Canada. The authorized capital of the Company includes an unlimited number of non-cumulative, redeemable, non-voting classes of shares (each, a "**Corporate Class**"), issuable in an unlimited number of series, and one class of voting shares designated as "Class J Shares". Each Corporate Class is a separate investment fund having specific investment objectives and is specifically referable to a separate portfolio of investments. The ETF will be a separate Corporate Class. The ETF currently consists of a single series of exchange traded fund shares ("**ETF Shares**") being offered for sale on a continuous basis by this prospectus.

The ETF is an open-end alternative mutual fund under Canadian securities legislation.

An unlimited number of ETF Shares of the ETF are being offered for sale on a continuous basis in Canadian dollars ("**Cdn$ Shares**") and may also be offered for sale on a continuous basis in U.S. dollars ("**US$ Shares**").

Horizons ETFs Management (Canada) Inc., a corporation existing under the federal laws of Canada, is the manager and investment manager of the ETF. The Manager is responsible for providing or arranging for the provision of administrative services required by the ETF. The Manager also provides investment advisory and investment management services to the ETF. The Manager is also responsible for engaging the services of ReSolve Asset Management Inc., to act as the Sub-Advisor to the ETF. The head office of the Manager and the ETF is 55 University Avenue, Suite 800, Toronto, Ontario, M5J 2H7. The fiscal year end of the Company is December 31.

The following chart sets out the full legal name as well as the TSX ticker symbol(s) for the ETF:

Name of ETF	Share Currency	TSX Ticker Symbol
Horizons ReSolve Adaptive Asset Allocation ETF	Canadian dollar	HRAA
	U.S. dollar	HRAA.U

The Manager will issue a news release announcing the listing of the US$ Shares of the ETF on or prior to the applicable listing date.

The Company also offers other ETFs pursuant to other prospectuses, each of which is a separate investment fund having specific investment objectives and will be specifically referable to a separate portfolio of investments.

INVESTMENT OBJECTIVES

The ETF is an alternative mutual fund within the meaning of NI 81-102, and is 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 ETF.

The investment objective of the ETF is to seek long-term capital appreciation by investing, directly or indirectly, in major global asset classes including but not limited to equity indexes, fixed income indexes, interest rates, commodities and currencies.

INVESTMENT STRATEGIES

Specific Investment Strategies of the ETF

The ETF provides exposure to major global asset classes including equity indexes, fixed income indexes, interest rates, commodities and currencies. The ETF gains exposure to these asset classes by investing in derivatives and other securities. Derivative instruments may include futures contracts and forward agreements.

The ETF may invest in instruments that provide exposure to both domestic and foreign markets, including emerging markets. The ETF will also hold a large portion of its assets in cash, money market mutual funds, U.S. treasury securities, or other cash equivalents, some or all of which will serve as margin or collateral for the ETF's investments. The ETF's strategy aims to achieve capital appreciation over the long-term.

The ETF's Sub-Advisor uses traditional quantitative methods as well as advanced machine learning tools to create a portfolio of instruments which emphasize a variety of characteristics such as, but not limited to, total return momentum, trends, seasonal patterns, carry measures, mean reversion, and others, while simultaneously maximizing diversification based on regularly updated estimates of volatility and correlations. The ETF will take long or short positions in asset classes such as equity index and fixed income asset classes, commodities, currencies, volatility indexes and other alternative asset classes.

The Sub-Advisor's trading systems determine asset allocations based on multi-factor quantitative market information and explicitly seek opportunities to reduce portfolio volatility through diversification. The trading systems analyze these factors over a broad time spectrum which may range from several days to multiple years. The Sub-Advisor analyzes a number of additional factors in determining how the asset classes are allocated in the portfolio including, but not limited to: intermediate-term profitability of an asset class or market, liquidity of a particular market, desired diversification among markets and asset classes, transaction costs, exchange regulations and depth of market. The allocations are reviewed daily, although changes may occur less frequently.

Target Volatility

The ETF is actively managed to keep volatility at or below 12% annualized volatility, although there is no guarantee that this objective can be met in all market conditions. Volatility is a statistical measure of the average magnitude of changes in the ETF's returns without regard to the direction of the returns. The ETF's actual volatility level for longer or shorter periods may be materially higher or lower than the target level depending on market conditions, and therefore the ETF's risk exposure may be materially higher or lower than the level targeted by the Sub-Advisor. As portfolio weights and estimates of volatility and correlations change through time, the Sub-Advisor will increase or decrease the ETF's gross exposure to underlying assets as necessary in order to maintain its target level of portfolio volatility. During periods of high volatility and high correlations, the ETF may have lower exposure to underlying assets to maintain the target level of portfolio volatility. Conversely, during periods of low volatility and low correlations, the ETF may require greater exposure to underlying assets to maintain its target level of portfolio volatility.

There is no guarantee that the ETF will successfully achieve or maintain the target volatility level. The ETF's target volatility level is not a total return performance target – the ETF does not expect, nor does it represent, that its total return performance will be within any specified range. It is possible that the ETF could achieve its target volatility level while having negative performance returns. Also, efforts to achieve and maintain a target volatility level can be expected to limit the ETF's gains in rising markets, may expose the ETF to costs to which it would otherwise not have been exposed and, if unsuccessful, may result in substantial losses.

The ETF actively trades its portfolio investments, which may lead to higher transaction costs that may affect the ETF's performance.

General Investment Strategies of the ETF

The ETF invests in a variety of portfolio securities and instruments which may include, but are not limited to, equity and equity related, or debt securities of Canadian companies, directly, or through investments in securities of other investment funds, including exchange traded funds and will not invest in Leveraged ETFs.

Equity related securities held by the ETF include, but are not limited to, convertible debentures, income trust units, single issuer equity option, preferred shares and warrants. The portfolio of the ETF may, from time to time, also include a significant amount of cash and/or cash equivalents.

The ETF 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 the ETF. With respect to such investments, no Management Fee or incentive fees are payable by the ETF 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 the 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.

Use of Leverage

The ETF may use leverage. Leverage may be created through the use of cash borrowings, short sales and derivatives. The 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 ETF does not currently anticipate borrowing cash, but may do so in the future.

The ETF's aggregate gross exposure, to be calculated as the sum of the following, must not exceed 300% of the 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.

The aggregate market exposure of all instruments held directly or indirectly by the ETF, calculated daily on a mark-to-market basis, can exceed the ETF's net asset value, and can exceed the amount of cash and securities held as margin on deposit to support the derivatives trading activities of the ETF. Under normal market conditions, the maximum amount of leverage used, directly or indirectly, by the ETF will generally not exceed 300% of net asset value.

Use of Derivatives

The ETF invests in its own actively managed portfolio of investments. 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 (if any) back to the Canadian dollar. The ETF may also use derivative instruments to reduce transaction costs and increase the liquidity and efficiency of trading, in accordance with the ETF's investment restrictions. The ETF may use various hedging activities to manage portfolio and currency risk. Any use of derivatives will be in accordance with NI 81-102.

Securities Lending

In order to generate additional returns, the 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

The ETF may enter into reverse repurchase transactions. The Manager has adopted policies and practice guidelines applicable to the 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 the ETF's investment objective and policies;

- the risks associated with reverse repurchase transactions be adequately described in the ETF's prospectus;
- authorized officers or directors of the Manager approve the parameters, including transaction limits, under which reverse repurchase transactions are permitted for the 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 the 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 ETF INVESTS IN

Please see "Investment Objectives" and "Investment Strategies" for additional information on the sectors applicable to the ETF.

The ETF will be exposed to various global currencies.

INVESTMENT RESTRICTIONS

The ETF is subject to certain investment restrictions and practices contained in Canadian securities legislation, including NI 81-102, applicable to alternative mutual funds. The investment restrictions and practices applicable to the ETF 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 ETF.

Alternative mutual funds 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 ETF, during certain market conditions they may accelerate the risk that an investment in ETF Shares decreases in value.

Subject to the following, and the exemptive relief that has been obtained, the ETF is managed in accordance with the investment restrictions and practices set out in the applicable Canadian securities legislation, including NI 81-102.

Tax Related Investment Restrictions

The Company will not make an investment or conduct any activity that would result in the Company failing to qualify as a "mutual fund corporation" within the meaning of the Tax Act. In addition, the Company will not make or hold any investment in property that would be "taxable Canadian property" (if the definition of such term in the Tax Act were read without reference to paragraph (b) thereof) if more than 10% of the Company's property consisted of such property.

FEES AND EXPENSES

Fees and Expenses Payable by the ETF

Management Fee

The ETF will pay an annual Management Fee to the Manager equal to an annual percentage of the net asset value of the ETF, together with applicable Sales Tax, calculated and accrued daily and payable monthly in arrears. The Management Fee will be 0.85% of the net asset value of the ETF.

Management Fee Rebates

To achieve an effective and competitive Management Fee, the Manager may reduce the fee borne by certain Shareholders who have signed an agreement with the Manager. The Manager will pay out the amount of the reduction in the form of a Management Fee Rebate directly to the eligible Shareholder. Management Fee Rebates are reinvested in ETF Shares, unless otherwise requested. The decision to pay Management Fee Rebates will be in the Manager's discretion and will be dependent on a number of factors, including the size of the investment and a negotiated fee agreement between the Manager and the Shareholder.

The Manager reserves the right to discontinue or change Management Fee Rebates at any time.

Operating Expenses

The ETF will, unless otherwise waived or reimbursed by the Manager, pay all of its operating expenses, including but not limited to: audit fees; custodial expenses; valuation, accounting and record keeping costs; legal expenses; permitted prospectus preparation and filing expenses; costs associated with delivering documents to Shareholders; listing and annual stock exchange fees; CDS fees; bank related fees and interest charges; extraordinary expenses; Shareholder 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.

Expenses of the Issue

All expenses related to the issuance of ETF Shares shall be borne by the Manager.

Performance Fee

The ETF shall also pay the Manager a performance fee (the "**Performance Fee**"). 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 Sales Taxes.

The ETF shall pay to the Manager a Performance Fee, if any, equal to 15% of the amount by which the performance of the ETF, at any date on which the Performance Fee is payable, (i) exceeds the greater of: (a) the initial net asset value per ETF Share; and (b) the highest net asset value per ETF Share previously utilized for the purposes of calculating a Performance Fee that was paid (the "**High Water Mark**") and (ii) is greater than an annualized return of 3%.

The Performance Fee will be determined in accordance with the following formula: 15% x (A – (B x C)) x D where:

A equals the net asset value per ETF Share, as at the last day of the period in respect of which the calculation is being made, without giving effect to the accrual of any Performance Fee, plus the aggregate amount of all distributions previously declared on a per ETF Share basis, if any (the "**Adjusted NAV per ETF Share**");

B equals the High Water Mark;

C equals 1 plus an annualized return of 3% pro-rated for the number of days in the period; and

D equals the number of ETF Shares 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.

Fees and Expenses Payable Directly by Shareholders

Administrative Charges for Issuance, Exchange and Redemption Costs

As may be agreed between the Manager and a Designated Broker or Dealer, the Manager may charge Shareholders, at its discretion, an issue, exchange or redemption charge to offset certain transaction costs associated with the issuance, exchange or redemption of ETF Shares. The Manager will publish the current administrative charge, if any, on its website, www.HorizonsETFs.com. No fees or expenses will be paid by a Shareholder to the Manager or the ETF in connection with selling ETF Shares on the TSX.

Switch Fees

Shareholders may have to pay their financial advisor, investment advisor or broker a transfer fee based on the value of the ETF Shares that are switched.

RISK FACTORS

In addition to the considerations set out elsewhere in this prospectus, the following are certain considerations relating to an investment in the ETF Shares which prospective investors should consider before purchasing such ETF Shares.

Stock Market Risk

The value of most securities, in particular equity securities, change with stock market conditions. These conditions are affected by general economic and market conditions.

Specific Issuer Risk

The value of all securities will vary positively or negatively with developments within the specific companies or governments that issue such securities.

Legal and Regulatory Risk

Legal and regulatory changes may occur that may adversely affect the ETF and which could make it more difficult, if not impossible, for the ETF to operate or to achieve its investment objectives. To the extent possible, the Manager will attempt to monitor such changes to determine the impact such changes may have on the ETF and what can be done, if anything, to try to limit such impact.

For example, the 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 ETF and there may be changes in the rates of such taxes, which, accordingly, may affect the costs borne by the ETF and its Shareholders.

Exchange Traded Funds Risk

The ETF may invest in Listed Funds. Certain Listed Funds may issue index participation units. These Listed Funds seek to provide returns similar to the performance of a particular market index, industry sector index or index related to an investment in a particular commodity or commodities. These Listed Funds may not achieve the same return as their corresponding benchmark market or industry sector indices (if applicable) due to differences in the actual weightings of securities held in the Listed Fund versus the weightings in the relevant index and due to the operating and administrative expenses of the Listed Fund. Commodity-based Listed Funds may not achieve the same return as their corresponding commodity benchmark market indices due to differences in the actual investments of physical commodities held in a commodity-based exchange traded fund versus the investments in the applicable commodity benchmark index and due to the operating and management expenses of the commodity-based exchange traded funds.

Reliance on Historical Data Risk

Past trends may not be repeated in the future. The accuracy of the historical data used by the Manager and Sub-Advisor for research and development, which is often provided by third parties, cannot be guaranteed by the Manager and Sub-Advisor. The Manager and Sub-Advisor only seek to obtain such data from companies that they believe to be highly reliable and of high reputation.

Corresponding Net Asset Value Risk

The net asset value per ETF Share will be based on the market value of the ETF's holdings. However, the trading price (including the closing trading price) of an ETF Share on the TSX may be different from the actual net asset value of an ETF Share. As a result, Dealers may be able to acquire a PNS of the ETF and Shareholders may be able to redeem a PNS at a discount or a premium to the closing trading price per ETF Share.

Such difference between the trading price of the ETF and its net asset value may be due, in large part, to supply and demand factors in the secondary trading market for ETF Shares being similar, but not identical, to the same forces influencing the price of the underlying constituents of the ETF at any point in time.

Because Shareholders may acquire or redeem a PNS, the Manager expects that large discounts or premiums to the net asset value per ETF Share should not be sustainable.

Designated Broker/Dealer Risk

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

Cease Trading of Securities Risk

If securities held by the 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 securities. Accordingly, ETF Shares bear the risk of cease-trading orders against all of the securities held by the ETF, not just one. If securities of the 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 ETF Shares for cash, subject to any required prior regulatory approval. If the right to redeem ETF Shares for cash is suspended, the ETF may return redemption requests to Shareholders who have submitted them. If securities are cease-traded, they may not be delivered on an exchange of a PNS for a Basket of Securities until such time as the cease trade order is lifted.

Exchange Risk

In the event that the TSX closes early or unexpectedly on any day that it is normally open for trading, Shareholders will be unable to purchase or sell ETF Shares 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 ETF Shares may be suspended until the TSX reopens.

Early Closing Risk

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

No Assurance of Meeting Investment Objectives

The success of the ETF will depend on a number of conditions that are beyond the control of the ETF. There is a substantial risk that the investment objectives of the ETF will not be met.

Tax-Related Risks

If the Company ceases to qualify as a "mutual fund corporation" under the Tax Act, the income tax considerations described under the heading "Income Tax Considerations" would be materially and adversely different in certain respects. The Company will be deemed not to be a mutual fund corporation 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 corporation status if this requirement is not met.

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

The Company will recognize income or gain under a forward or futures contract (or other derivative) when it is realized upon partial settlement or termination. This may result in significant gains being realized by the Company at such times and such gains would be taxed as ordinary income, unless the forward or futures contract property is used to hedge capital property and there is sufficient linkage, subject to the DFA Rules discussed under the heading *Income Tax Considerations – Taxation and Status of the Company – Taxation of the Company.*. To the extent not offset by any available expenses or other deductions of the Company, such income or gain would be taxable to the Company.

The ETF is also generally required to pay GST/HST on any Management Fees and most of the other fees and expenses that it may pay, if any. There may be changes to the way that the GST/HST and provincial Sales Taxes apply to fees and expenses incurred by mutual fund corporations such as the Company and there may be changes in the rates of such taxes, which, accordingly, may affect the costs borne by the ETF and its Shareholders.

The ETF 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 Company intends 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 ETF 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 the Company in respect of the ETF will generally reduce the value of its portfolio.

If, in any taxation year, the Company would otherwise be liable for tax on net realized capital gains, the Company generally intends to pay, to the extent possible, by the last day of that year, a special Capital Gains Dividend to ensure that the Company will not be liable for income tax on such amounts under the Tax Act (after taking into account all available deductions, credits and refunds). Such dividend may be paid in ETF Shares or in cash that is automatically reinvested in such ETF Shares (in which case the Shareholder may need to fund any tax liability from other sources, or sell sufficient shares to fund the tax). The Company may not have adequate information to correctly ascertain the quantum of capital gains it realizes in time to make such capital gains payable (as a Capital Gains Dividend) to Shareholders who were Shareholders at the time such capital gains were realized, in which case the Company may choose not to distribute such gains to shareholders as a Capital Gains Dividend, or may distribute such gains some time after their realization by the Company to shareholders of the applicable Corporate Class (including the ETF where applicable) at that time, who may not have been shareholders at the time of realization. To the extent that any capital gains are realized by the Company and not distributed to shareholders as a Capital Gains Dividend, such capital gains will be subject to tax within the Company (net of any deductions that may be available to the Company for purposes of computing its income). Any such tax would be attributed to the applicable Corporate Class (including the ETF where applicable) and be indirectly borne by the shareholders of that class. While any such tax may be fully or partially refundable in subsequent years upon the payment by the Company of sufficient Capital Gains Dividends and/or Capital Gains Redemptions, there can be no assurances in this regard.

Securities Lending, Repurchase and Reverse Repurchase Transaction Risk

The ETF is authorized to enter into securities lending, repurchase and reverse repurchase transactions in accordance with NI 81-102. In a securities lending transaction, the ETF lends its portfolio securities through an authorized agent to another party (often called a "**counterparty**") in exchange for a fee and a form of acceptable collateral. In a repurchase transaction, the ETF sells its portfolio securities for cash through an authorized agent while at the same time assuming an obligation to repurchase the same securities for cash (usually at a higher price) at a later date. In a reverse repurchase transaction, the ETF buys portfolio securities for cash while at the same time agreeing to resell the same securities for cash (usually at a higher price) at a later date. The following are some examples of the risks associated with securities lending, repurchase and reverse repurchase transactions:

- when entering into securities lending, repurchase and reverse repurchase transactions, the ETF is subject to the credit risk that the counterparty may default under the agreement and the ETF would be forced to make a claim in order to recover its investment;

- when recovering its investment on default, the ETF could incur a loss if the value of the portfolio securities loaned (in a securities lending transaction) or sold (in a repurchase transaction) has increased in value relative to the value of the collateral held by the ETF; and

- similarly, the ETF could incur a loss if the value of the portfolio securities it has purchased (in a reverse repurchase transaction) decreases below the amount of cash paid by the ETF to the counterparty.

The ETF may also engage in securities lending. When engaging in securities lending, the ETF will receive collateral in excess of the value of the securities loaned and, although such collateral is marked-to-market, the ETF may be exposed to the risk of loss should a borrower default on its obligations to return the borrowed securities and the collateral is insufficient to reconstitute the portfolio of loaned securities.

Reliance on Key Personnel

Shareholders will be dependent on the abilities of: (i) the Manager and the Sub-Advisor in providing recommendations and advice in respect of the ETF; and (ii) the Manager to effectively manage the ETF in a manner consistent with its investment objectives, investment strategies and investment restrictions. Implementation of the ETF'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 the ETF 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 the ETF. Moreover, no assurance can begiven that the trading systems and strategies utilized by a Sub-Advisor or its successor will prove successful under all, or any, market conditions.

Distributions Risk

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

Conflicts of Interest

The Manager and the Sub-Advisor, 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 the ETF. Although officers, directors and professional staff of the Manager and the Sub-Advisor will devote as much time to the ETF 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 the ETF, and the other funds managed by the Manager or the Sub-Advisor.

No Ownership Interest

An investment in ETF Shares does not constitute an investment by Shareholders in the securities held by the ETF. Shareholders will not own the securities held by the ETF.

Absence of an Active Market for the ETF Shares and Lack of Operating History Risk

The ETF has no operating history as an exchange traded class of shares of the Company. Although the ETF Shares may be listed on the TSX, there can be no assurance that an active public market for the ETF Shares will develop or be sustained.

Redemption Price

Shareholders will not know in advance of giving a notice of redemption the price at which the ETF Shares will be redeemed. In the period after a notice of redemption for ETF Shares has been given and before the applicable redemption date, the net asset value per ETF Share or the trading price for an ETF Share and therefore the redemption amount which will be payable to the Shareholder in respect of the ETF Shares being redeemed may change substantially due to market movements. Shareholders are not entitled to withdraw a request for redemption unless a suspension of redemptions has been declared. In various circumstances, the redemption of ETF Shares and the payment of redemption proceeds may be suspended.

Fluctuations in NAV and Market Price of the ETF Shares Risk

The ETF Shares may trade in the market at a premium or discount to their NAV and there can be no assurance that the ETF Shares will trade at a price equal to their NAV. Whether Shareholders will realize gains or losses upon a sale of ETF Shares will depend not upon the NAV of the ETF Shares but entirely upon whether the market price of the ETF Shares at the time of sale is above or below the Shareholder's purchase price for the ETF Shares. The market price of the ETF Shares will be determined by factors in addition to NAV such as relative supply of and demand for the ETF Shares in the market, general market and economic conditions, and other factors.

Restrictions on Certain Shareholders

At no time may non-residents of Canada, partnerships that are not Canadian partnerships, or a combination of non-residents and such partnerships (all as defined in the Tax Act) be the beneficial owner of a majority of the shares of the Company. This restriction may limit the rights of certain Shareholders, including non-residents of Canada. This restriction may also limit the demand for ETF Shares by certain investors and thereby adversely affect the liquidity and market value of the ETF Shares that are held by other investors.

Highly Volatile Markets

The profitability of the ETF's investment program may depend to a great extent on correct assessments of the future course of price movements of securities and other investments. There can be no assurance that the Sub-Advisor will be able to accurately predict these price movements. The securities markets have in recent years been characterized by great volatility and unpredictability. The investments of the ETF may be influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The ETF is therefore exposed to some, and at times a substantial, degree of market risk.

Market Disruptions Risk

War and occupation, terrorism and related geopolitical risks may in the future lead to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally, including U.S., Canadian and other economies and securities markets. For example, the recent spread of a coronavirus disease (COVID-19) has caused volatility in the global financial markets and a slowdown in the global economy. COVID-19 or any other disease outbreak may adversely affect the performance of the ETF. The effects of future terrorist acts (or threats thereof), military action or similar unexpected disruptive events on the economies and securities markets of countries cannot be predicted. These events could also have an acute effect on individual issuers or related groups of issuers. These risks could also adversely affect securities markets, inflation and other factors relating to the value of the portfolio of the ETF.

Upon the occurrence of a natural disaster such as flood, hurricane, or earthquake, or upon an incident of war, riot or civil unrest or disease outbreak, the impacted country may not efficiently and quickly recover from such event, which could have a materially adverse effect on borrowers and other developing economic enterprises in such country.

No Guaranteed Return

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

Derivatives Risk and Counterparty Risk

Any use of derivatives will be in accordance with the investment restrictions and practices of NI 81-102. The use of derivatives does not guarantee that there will not be a loss or that there will be a gain. The following are some examples of the risks associated with the use of derivatives by the ETF:

- in the case of over-the-counter options and forward contracts, there is no guarantee that a market will exist for these investments when the ETF wants to close out its position; in the case of exchange traded options and futures contracts, there may be a risk of a lack of liquidity when the ETF wants to close out its position;futures exchanges may impose daily trading limits on certain derivatives, which could prevent the ETF from closing out its position;

- if the other party to the derivative, in the case of over-the-counter transactions, is unable to fulfil its obligations, the ETF could experience a loss or fail to realize a gain;

- if a derivative is based on a market index and trading is halted on a substantial number of securities in the index, or if there is a change in the composition of the index, it could have an adverse effect on the derivative; and the ETF is subject to credit risk with respect to the amount the ETF expects to receive from counterparties to financial instruments entered into by the ETF or held by special purpose or structured vehicles. Additionally, the ETF could experience a loss of margin deposits with a counterparty who goes bankrupt. If a counterparty becomes bankrupt or otherwise fails to perform its obligations due to financial difficulties, the value of an investor's investment in ETF Shares may decline. The ETF may experience significant delays in obtaining any recovery in a bankruptcy or other reorganization proceeding. The ETF may obtain only limited recovery or may obtain no recovery in such circumstances.

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.

Floating-rate bonds act differently than traditional fixed-income securities when interest rates change. Generally, in periods when there are increases in short-term lending rates, the coupon payments of a floating-rate bond, which are linked to these rates, will increase while the market value will remain unchanged, all else equal. Conversely, in periods when short-term lending rates decrease, the coupon payments of a floating-rate bond will decrease while the market value will remain unchanged, 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 value of dividend paying equity securities and preferred shares, which will experience a drop in market value as interest rates go up, and an increase in market value as interest rates go down, all else equal.

Changes in interest rates may also affect the relative value of foreign currencies.

Foreign Currency Risk

The portfolio of the ETF may include a significant proportion of securities valued in U.S. dollars or other foreign currencies. Accordingly, the net asset value per ETF Share, 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. No assurance can be given that the ETF will not be adversely impacted by changes in foreign exchange rates or other factors, regardless of whether the ETF attempts to hedge against the impact of such changes.

Emerging Markets Risk

Investments in emerging markets are subject to heightened risk as compared to investments in developed markets.

The value of the 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; and
- currency volatility.

Credit Risk

The ETF may gain exposure to fixed-income securities or currencies 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. 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. In addition, from time to time investors may re-evaluate risk and, as a result, re-price risk in the credit market. Generally, the interest rate paid on corporate debt is higher than the interest rates paid on floating-rate debt and fixed-income debt. Any re-pricing of risk in the credit market could increase the spread between the interest rates paid on corporate debt securities, fixed-income securities and floating-rate securities. As a result, the market value of the fixed-income securities held by the ETF may be negatively impacted by an increase in the spread between the interest payable on corporate debt and floating-rate debt.

Income Trust Investments Risks

The value of income trusts and the stability of distributions from income trusts may fluctuate in accordance with changes in the financial conditions of those income trusts, the condition of equity markets generally, economic conditions, interest rates and other factors.

Generally, the declaration of trust or trust agreement under which an income trust is governed provides that no unitholder of such income trust shall be subject to any liability whatsoever to any person in connection with a holding of units of such income trust. In addition, legislation in force in the provinces of Ontario, Alberta, British Columbia, Manitoba, Saskatchewan and Québec provides that the holders of units of an income trust that is (i) governed under the laws of such province and (ii) a reporting issuer under the securities laws of such province are not, as beneficiaries, liable for any act, default, obligation or liability of the income trust. However, there remains a risk that, if the ETF holds units in an income trust that is governed under the laws of a jurisdiction other than the Provinces of Ontario, Alberta, British Columbia, Manitoba, Saskatchewan or Québec, the ETF could be held liable for the obligations of such income trust to the extent that claims are not satisfied out of the assets of the income trust. Generally, income trusts publicly disclose that the risk of such liability is remote and undertake to manage their affairs to seek to minimize such risk wherever possible.

Foreign Stock Exchange Risk

Investments in foreign securities may involve risks not typically associated with investing in Canada. Foreign exchanges may be open on days when the ETF does not price the ETF Shares and, therefore, the value of the securities in the portfolios of the ETF may change on days when investors will not be able to purchase or sell ETF Shares. Also, some foreign securities markets may be volatile, lack liquidity, or have higher transaction and custody costs than those of the TSX. Securities of some Canadian issuers are inter-listed on a Canadian and a foreign exchange and may be traded on days when the foreign exchange is open and the TSX is not. In those circumstances, changes in the value of the securities making up the ETF's portfolio will not be reflected in the value of the ETF and the spread or difference between the value of the securities in the ETF's portfolio and the market price of an ETF Share on the TSX may increase. Also, in the event that the TSX is open on a day that a foreign exchange is closed, the spread or difference between the value of the securities in the ETF's portfolio and the market price of an ETF Share on the TSX may increase.

High Yield Bond Risk and Risks of other Lower Rated Investments

The ETF may invest in high yield bonds (commonly referred to as “junk bonds”) and other lower rated investments. These investments that are rated below investment grade include those bonds rated lower than “BBB- ” by Standard & Poor’s® Rating Services, a division of The McGraw-Hill Companies, Inc., and Fitch Rating Service Inc. or “Baa3” by Moody’s® Investor’s Services, Inc.), or are unrated but judged to be of comparable quality, at the time of purchase, may be more volatile than higher-rated securities of similar maturity. Investments rated below investment grade and comparable unrated investments have speculative characteristics because of the credit risk associated with their issuers. Changes in economic conditions or other circumstances typically have a greater effect on the ability of issuers of lower rated investments to make principal and interest payments than they do on issuers of higher rated investments. An economic downturn generally leads to a higher non-payment rate, and a lower rated investment may lose significant value before a default occurs. Lower rated investments typically are subject to greater price volatility and illiquidity than higher rated investments.

Call Risk

During periods of falling interest rates, an issuer of a callable bond may “call” or repay a security before its stated maturity, which may result in the ETF (or an underlying investment of the ETF) having to reinvest the proceeds at lower interest rates, resulting in a decline in the ETF’s income.

Risk of Difference between Quoted and Actionable Market Price

In the case of certain less conventional instruments, such as loans, the prices quoted by dealers for informational purposes may materially exceed the prices at which the same dealers are willing actually to enter into transactions. This discrepancy can cause material disruptions and unexpected net asset value declines when a fund is required to sell a position which it had been valuing based on the quoted prices of dealers.

Commodity Price Volatility Risk

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

(a) global supply and demand, which is influenced by such factors as: forward selling by commodity producers, purchases made by commodity producers to unwind hedge positions, central bank purchases and sales, the investment and trading activities of hedge funds and commodity funds, and production and cost levels in major commodity-producing countries;

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

(c) interest rate volatility; and

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

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

Alternative Mutual Fund Risk

Alternative mutual funds 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 ETF, during certain market conditions they may accelerate the risk that an investment in ETF Shares decreases in value.

Leverage Risk

When the 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 the 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 the ETF's liquidity and may cause the ETF to liquidate positions at unfavourable times. The ETF is subject to a gross aggregate exposure limit of 300% of its NAV which is measured on a daily basis.

Fund Corporation and Multi-Class/Series Structure Risk

The ETF is a series of a separate class of shares of the Company. Each class could become available in more than one series. Each class and series of the Company has its own fees and expenses which are tracked separately. Those fees and expenses will be deducted in calculating the NAV of that class or series, thereby reducing the NAV of the relevant class or series. The liabilities of each class of shares of a Company are liabilities of the Company as a whole. If one class or series is unable to pay its expenses or liabilities, the Company is legally responsible to pay those expenses and as a result, the NAV of the other classes or series may also be reduced. Similarly, if the liabilities of a class of shares of the Company are greater than its assets, the other classes of shares of the Company may be responsible for those liabilities.

A mutual fund corporation is permitted to flow through certain income to investors in the form of dividends, specifically capital gains and dividends from taxable Canadian corporations. However, a mutual fund corporation cannot flow through other income including income realized in respect of derivative transactions that are not otherwise treated as capital property, interest, trust income and foreign income, including foreign-source dividends. If this type of income, calculated for the Company as a whole, is greater than the expenses or other deductions from income or taxable income available to the Company (including any available losses and loss carryforwards to the extent deductible), the Company would generally become taxable. The Manager will track the income and expenses of each class or series of shares of the Company separately, so that if the Company becomes taxable, the Manager would usually allocate the tax to those classes or series whose taxable income exceeded available expenses or other deductions.

If the Company has taxable net income, this could be disadvantageous for two types of investors: (a) investors in a Registered Plan and (b) investors with a lower marginal tax rate than the Company. Investors in Registered Plans do not immediately pay income tax on income received, therefore income that a fund is permitted to flow through to a Registered Plan will not be subject to any immediate income tax. If the Company cannot distribute or deduct the income, investors in a Registered Plan will indirectly bear the income tax incurred by the Company. With regard to investors described in (b) above, the corporate tax rate applicable to mutual fund corporations is higher than some personal income tax rates, depending on the province or territory in which an investor resides and depending on the investor's marginal tax rate. If income is taxed inside the Company rather than distributed to the investor (such that the investor pays the tax), the investor may indirectly bear a higher rate of tax on that income.

Given the expected investment, operating and distribution policies of the Company, and taking into account the deduction of expenses and other deductions (including any available losses and loss carryforwards to the extent deductible), the Company does not expect to be subject to any significant amount of non-refundable Canadian income tax, although no assurances can be given in this regard.

Aggressive Investment Technique Risk

The ETF uses 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 and similar instruments. Such techniques, particularly when used to create leverage, may expose the 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. The 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 the 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.

Short Selling Risk

In compliance with NI 81-102 or an exemption therefrom, the ETF may engage in short selling. A "short sale" will occur when the 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 gain 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 gain for the ETF, and securities sold short may instead appreciate in value. The ETF may also experience difficulties repurchasing and returning the borrowed securities if a liquid market for the securities does not exist. Also, 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.

If the 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. If 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.

INVESTMENT RISK CLASSIFICATION METHODOLOGY

Risk Rating of the ETF

The investment risk level of the 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. If the ETF is fewer than 10 years old, the Manager calculates the investment risk level of the ETF using the return history of the ETF, and, for the remainder of the 10-year period, the return history of a reference index (set out in the table below) that is expected to reasonably approximate the standard deviation of the ETF. Once the 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 ETF is 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 the ETF is disclosed in its ETF Facts document. The risk rating set forth in the ETF Facts document does 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 the reference index used for the ETF's for the portion of the 10-year calculation period during which the ETF did not exist:

ETF	Reference Index
HRAA	S&P Global Low Volatility Index

In certain instances, the methodology described above may produce an investment risk level for the 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 the 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.

Shareholders 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 rating of the ETF set out above is reviewed annually and any time it is no longer reasonable in the circumstances. A more detailed explanation of the risk classification methodology used to identify the risk rating of the ETF 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.

DIVIDEND POLICY

The Company does not currently intend to pay regular dividends or returns of capital on the ETF Shares. Notwithstanding the foregoing, any decision to pay dividends or returns of capital on the ETF Shares in the future will be at the discretion of the Manager and will depend on, among other things, the Company's and the ETF's results of operations, current and anticipated cash requirements and surplus, financial condition, any future contractual restrictions, solvency tests imposed by corporate law and other factors that the Manager may deem relevant.

If, in any taxation year, the Company would otherwise be liable for tax on net realized capital gains, the Company intends to pay, to the extent possible, by the last day of that year, a special Capital Gains Dividend to ensure that the Company will not be liable for income tax on such amounts under the Tax Act (after taking into account all available deductions, credits and refunds). Such distributions may be paid in the form of ETF Shares and/or cash which is automatically reinvested in ETF Shares. Any such distributions payable in ETF Shares or reinvested in ETF Shares will increase the aggregate adjusted cost base of a Shareholder's ETF Shares. Immediately following payment of such a special distribution in ETF Shares or reinvestment in ETF Shares, the number of ETF Shares outstanding will be automatically consolidated such that the number of ETF Shares outstanding after such distribution will be equal to the number of ETF Shares outstanding immediately prior to such distribution, except where there are non-resident Shareholders to the extent tax is required to be withheld in respect of the distribution.

Given the expected investment and operating policies of the Company, the Manager does not currently expect to pay a material amount of special Capital Gains Dividends.

PURCHASES OF ETF SHARES

Issuance of ETF Shares

ETF Shares are being issued and sold on a continuous basis and there is no maximum number of ETF Shares that may be issued. The ETF will not issue ETF Shares to the public until subscriptions aggregating not less than

$500,000 have been received and accepted by the ETF from investors other than persons or companies related to the Manager or its affiliates.

To Designated Brokers and Dealers

All orders to purchase ETF Shares directly from the ETF must be placed by a Designated Broker or Dealer in the applicable currency. To the extent Cdn$ Shares and US$ Shares are listed for trading on the TSX, subscriptions for US$ Shares can be made in either U.S. or Canadian dollars. The ETF reserves the absolute right to reject any subscription order placed by the Designated Broker and/or a Dealer for ETF Shares, including, without limitation, if (a) the order is not in proper form; (b) the acceptance of the order would otherwise, in the sole discretion of the Manager, have an adverse effect on the ETF or the rights of beneficial owners of ETF Shares; (c) the acceptance or receipt of the order would, in the opinion of counsel to the ETF, be unlawful; or (d) circumstances outside the control of the Manager, the Custodian, and/or the Transfer Agent and Registrar exist which make processing of the subscription order for all practical purposes not feasible. No fees will be payable by the ETF to the Designated Broker or a Dealer in connection with the issuance of ETF Shares.

The Manager will publish the PNS for the ETF in each applicable currency following the close of business on each Trading Day on its website, www.HorizonsETFs.com. The Manager may, at its sole discretion, increase or decrease the PNS of the ETF from time to time.

On any Trading Day (such Trading Day, "**T-1**"), a Designated Broker or a Dealer may place a subscription order for a PNS or multiple PNS in the applicable currency. The purchase price for the ETF Shares to be issued is based on the closing net asset value per ETF Share 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, the ETF will issue in the appropriate currency to the Designated Broker or Dealer the number of ETF Shares 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 ETF Shares has been received.

Unless the Manager shall otherwise agree, as payment for a PNS of the ETF, a Dealer or Designated Broker must deliver a Cash Subscription or a Securities Subscription, as applicable, in the appropriate currency in an amount sufficient so that the cash and/or securities delivered is equal to the net asset value of the PNS of the ETF in that currency next determined following the receipt of the subscription order. To the extent Cdn$ Shares and US$ Shares are listed for trading on the TSX, subscriptions for US$ Shares of the ETF can be made in either U.S. or Canadian dollars. The value of a Securities Subscription accepted by the Manager will be determined as at the close of business on the date the applicable subscription order is accepted.

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 ETF Shares subscribed), an additional amount equal to the amount of cash per ETF Share of that distribution must be delivered in cash to the ETF in respect of each issued ETF Share.

To Shareholders as Reinvested Distributions or Distributions Paid in ETF Shares

ETF Shares may be issued to Shareholders on the automatic reinvestment of distributions or on a distribution paid in ETF Shares, in each case, in accordance with the distribution policy of the ETF. See "Dividend Policy".

Administrative Charges

As may be agreed between the Manager and a Designated Broker or Dealer, the Manager may charge Shareholders, at its discretion, an issue, exchange or redemption charge to offset certain transaction costs associated with the issuance, exchange or redemption of ETF Shares. The Manager will publish the current administrative charge, if any, on its website, www.HorizonsETFs.com. No fees or expenses will be paid by a Shareholder to the Manager or the ETF in connection with selling ETF Shares on the TSX.

Buying and Selling ETF Shares

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

Special Considerations for Shareholders

The ETF, as a mutual fund subject to NI 81-102, is exempt from the so-called "early warning" requirements set out in Canadian securities legislation in connection with the acquisition of ETF Shares. In addition, the ETF has obtained exemptive relief from the Securities Regulatory Authorities to permit a Shareholder to acquire more than 20% of the ETF Shares of the ETF through purchases on the TSX without regard to the takeover bid requirements of applicable Canadian securities legislation.

REDEMPTION AND SWITCHING OF ETF SHARES

Redemption

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

Exchange of ETF Shares at Net Asset Value per ETF Share for Baskets of Securities and/or Cash

Shareholders may exchange the applicable PNS (or a whole multiple thereof) of the ETF on any Trading Day for a Basket of Securities and/or cash, subject to the requirement that a minimum PNS 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 PNS next determined following the receipt of the exchange request. The Manager will, upon receipt of the exchange request, advise the Shareholder 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 ETF Shares, a Shareholder 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 the PNS 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 ETF Shares will be redeemed in the exchange. The Manager will also make available to Dealers and the Designated Broker the applicable PNS to redeem ETF Shares 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.

Redemption of ETF Shares for Cash

On any Trading Day, Shareholders may redeem: (i) ETF Shares for cash at a redemption price per ETF Share equal to 95% of the closing price for the ETF Shares in the applicable currency on the TSX on the effective day of the redemption, subject to a maximum redemption price per ETF Share equal to the net asset value per ETF Share on the effective day of redemption, or (ii) at the sole discretion of the Manager, a PNS or a whole multiple PNS for cash in the applicable currency equal to the net asset value of that number of ETF Shares in such currency next determined following the receipt of the redemption request (a "**Cash Redemption**") or (iii) at the sole discretion of the Manager, a PNS or a whole multiple PNS in exchange for securities and cash in the applicable currency equal to the net asset value of that number of ETF Shares in such currency following the receipt of the redemption request (a "**Securities Redemption**"), provided that a Securities Redemption may be subject to redemption charges at the sole discretion of the Manager. Holders of US$ Shares of the ETF may request that the cash portion of their redemption proceeds be paid in U.S. or Canadian dollars. As Shareholders will generally be able to sell their ETF Shares at the market price in the applicable currency on the TSX through a registered broker or dealer subject only to customary brokerage commissions, unless they are redeeming a PNS, Shareholders advised to consult their brokers, dealers or investment advisors before redeeming such ETF Shares for cash.

In order for a redemption in the applicable currency, whether it is a Cash Redemption or a Securities Redemption, to be effective on a Trading Day when the principal exchange or market for the securities to which the ETF is exposed does not close early, a redemption request in the form prescribed by the Manager from time to time must be delivered to the ETF at its head office by 12:00 p.m. (Toronto time) on that day. If a redemption request is not received by 12:00 p.m. (Toronto time) on a Trading Day, the redemption order will be effective only on the next Trading Day. Payment of the redemption price in the applicable currency will generally be made on the third Valuation Date after the effective day of the redemption. The redemption request forms may be obtained from any registered broker or dealer. On days when the principal exchange or market for the securities to which the ETF is exposed closes early, the earlier deadline for redemption requests in respect of the ETF will be made available to the Designated Broker and the Dealers.

Shareholders that have delivered a redemption request prior to the Distribution Record Date for any distribution will not be entitled to receive that distribution.

The Manager will, for each Trading Day, make available to the Designated Broker and the Dealers throughout the Trading Day information as to which securities will be delivered in respect of a Securities Redemption. The Manager may change the securities which will be delivered in respect of a Securities Redemption at any time throughout a Trading Day, in its sole discretion.

Suspension of Redemptions

The Manager may suspend the redemption of ETF Shares or payment of redemption proceeds of the 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 the ETF are traded; (iii) during any period over which one or more of the components of the portfolio of the ETF cease existing or if their respective market value is considered not representative of reality; or (iv) 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 redemptions 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 Shareholders making such requests shall be advised by the Manager of the suspension and that the redemption in the applicable currency will be effected at a price determined on the first Valuation Date following the termination of the suspension. All such Shareholders shall have and shall be advised that they have the right to withdraw their requests for redemption. The suspension shall terminate in any event on the first day on which the condition giving rise to the suspension has ceased to exist, provided that no other condition under which a suspension is authorized then exists. To the extent not inconsistent with official rules and regulations promulgated by any government body having jurisdiction over the ETF, any declaration of suspension made by the Manager shall be conclusive.

Switches

A Shareholder may switch ETF Shares for shares of another Corporate Class of the Company (a "**Switch**") through the facilities of CDS by contacting their financial advisor or broker. ETF Shares may be switched on any date designated by the Manager as a switch date ("**ETF Switch Date**") by delivering written notice to the Transfer Agent and Registrar and surrendering such ETF Shares through the facilities of CDS by 4:00 p.m. (Toronto time) at least one business day prior to the ETF Switch Date. Written notice must contain the name of the ETF, the TSX ticker symbol of the ETF Shares and the number of ETF Shares to be switched, and the name of the Corporate Class and the TSX ticker symbol of the shares of the Corporate Class to which the Shareholder wishes to Switch. The Manager may, in its discretion, change the frequency with which ETF Shares may be switched at any time upon 30 days' notice by way of press release.

A Shareholder will receive from the Company that whole number of shares of the Corporate Class into which they have switched equal to the Switch NAV Price per ETF Share switched from, divided by the Switch NAV Price per share of the Corporate Class switched to. As no fraction of a share will be issued upon any Switch, any remaining fractional ETF Share out of which a Shareholder has switched will be redeemed in cash at the Switch NAV Price of such ETF Share. The Company will, following the ETF Switch Date, forward a cash payment to CDS equal to such amount**.** Generally, Shareholders may have to pay their financial advisor, investment advisor or broker a transfer fee based on the value of the ETF Shares that are switched.

Under the Tax Act, a Switch of ETF Shares held as capital property for purposes of the Tax Act ("**Switched Shares**") to shares of a different Corporate Class of the Company will constitute a disposition of such Switched Shares at fair market value for the purposes of the Tax Act. See "Income Tax Considerations".

Costs Associated with Switches

A Shareholder may have to pay their financial advisor, investment advisor or broker a transfer fee based on the value of the ETF Shares that are switched.

Suspension and Restrictions on Switches

The Manager has the right to decline any Switch request. Switches will only be transacted if the following conditions are met: (i) the minimum size of any Switch is equal to or greater than 2,500 shares; (ii) the ETF Switch Date does not occur between the ex-date and the record date of a dividend payable by the exchange-traded fund on the shares; and (iii) the Switch will not result in the exchange-traded fund failing to meet the TSX minimum listing requirements.

Book-Entry Only System

Registration of interests in, and transfers of, ETF Shares will be made only through the book-entry only system of CDS. ETF Shares must be purchased, transferred and surrendered for redemption only through a CDS Participant. All rights of an owner of ETF Shares 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 through which the owner holds such ETF Shares. Upon buying ETF Shares, the owner will receive only the customary confirmation. References in this prospectus to a holder of ETF Shares means, unless the context otherwise requires, the owner of the beneficial interest of such ETF Shares.

Neither the ETF nor the Manager will have any liability for: (i) records maintained by CDS relating to the beneficial interests in ETF Shares 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 ETF Shares to pledge such ETF Shares or otherwise take action with respect to such owner's interest in such ETF Shares (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

The ETF has the option to terminate registration of ETF Shares through the book-entry only system in which case certificates for ETF Shares in fully registered form will be issued to beneficial owners of such ETF Shares 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 ETF at this time as: (i) the ETF is an exchange traded fund that is primarily traded in the secondary market; and (ii) the few transactions involving ETF Shares that do not occur on the secondary market involve the Designated Broker and the Dealers, who can only purchase or redeem ETF Shares in a PNS.

PRIOR SALES

Trading Price and Volume

The ETF will enter into a merger transaction with a predecessor exchange traded fund (the "**Predecessor Fund**") pursuant to which the Predecessor Fund, currently structured as a trust, will merge into the ETF as a Corporate Class of ETF Shares of the Company.

Information on trading price and volume of the ETF Shares is not yet available because the ETF is new.

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 ETF Shares by a Shareholder who acquires ETF Shares pursuant to this prospectus. This summary only applies to a prospective Shareholder 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 Company and the Designated Broker or Dealer and is not affiliated with the Company or the Designated Broker or Dealer and who holds ETF Shares as capital property (a "**Holder**").

Generally, ETF Shares will be considered to be capital property to a Holder provided that the Holder does not hold such ETF Shares 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. Certain Holders who might not otherwise be considered to hold ETF Shares as capital property may, in certain circumstances, be entitled to have such ETF Shares and all other "Canadian securities" owned or subsequently acquired by them treated as capital property by making the irrevocable election contemplated by subsection 39(4) of the Tax Act. Holders who may not otherwise hold their ETF Shares as capital property should consult with their own tax advisors regarding the availability and desirability of making such an election in their particular circumstances. This summary does not apply to a Holder who has entered or will enter into a "derivative forward agreement" as that term is defined in the Tax Act with respect to the ETF Shares or any securities disposed of in exchange for ETF Shares.

This summary is based on the facts disclosed herein, and assumes that at all times the Company will comply with its investment restrictions. This summary is also based on the assumptions that (i) none of the issuers of the securities in the portfolio of the ETF will be foreign affiliates of the ETF or of any Shareholder, or "SIFT trusts" or "SIFT partnerships" within the meaning of the Tax Act, (ii) none of the securities in the portfolio of the 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 the 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 the ETF's (or the partnership's) income pursuant to section 94.1 of the Tax Act or an interest in a trust (or a partnership which holds such an interest) which would require the ETF (or the partnership) to report significant amounts of income in connection with such interest pursuant to the rules in section 94.2 of the Tax Act, or an interest in a non-resident trust other than an "exempt foreign trust" (or a partnership which holds such interest), (iv) that the Company will not enter into any arrangement (including the acquisition of securities in the ETF's portfolio) where the result is a "dividend rental arrangement" for the purposes of the Tax Act, and (v) the Company will not engage in securities lending that does not constitute a "securities lending arrangement" for purposes of the Tax Act.

This summary is based on the current provisions of the Tax Act and an understanding of the current publicly available administrative policies and assessing practices of the CRA published in writing 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 in administrative policy or assessing practice, whether by legislative, governmental or judicial decisions or 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.

For purposes of the Tax Act, all amounts relating to the computation of the income of the ETF, or to the acquisition, holding or disposition of ETF Shares, must be expressed in Canadian dollars. Amounts denominated in another currency generally must be converted into Canadian dollars based on the exchange rate quoted by the Bank of Canada on the date such amounts arise or such other rate of exchange as is acceptable to the CRA.

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

Taxation and Status of the Company

Status of the Company

The Company intends at all relevant times to qualify as a "mutual fund corporation" as defined in the Tax Act. To qualify as a mutual fund corporation: (i) the Company must be a "Canadian corporation" that is a "public corporation" for purposes of the Tax Act; (ii) the only undertaking of the Company must be (a) the investing of its funds in property (other than real property or interests in real property or immovables or real rights in immovables), (b) the acquiring, holding, maintaining, improving, leasing or managing of any real property (or interest in real property) or of any immovable (or real right in immovables) that is capital property of the Company, or (c) any combination of the activities described in (a) and (b); and (iii) at least 95% of the fair market value of all of the issued shares of the capital stock of the Company must be redeemable at the demand of the holders of those shares. In addition, the Company must not reasonably at any time be considered to be established or maintained primarily for the benefit of non-resident persons unless, throughout the period that begins on the date of the Company's incorporation and ends at that time, substantially all of its property consists of property other than property that would be "taxable Canadian property" within the meaning of the Tax Act (if the definition of such term were read without reference to paragraph (b) of that definition).

If the Company were not to qualify as a mutual fund corporation at all relevant times, the income tax considerations described below would, in some respects, be materially and adversely different.

Taxation of the Company

The ETF will be a separate class of shares of the Company. Although the Company may issue shares in any number of classes, in any number of series, it will be required (like any other mutual fund corporation with a multi-class structure) to compute its income and net capital gains for tax purposes as a single entity. All of the Company's revenues, deductible expenses, non-capital losses, capital gains and capital losses in connection with all of its investment portfolios, and other items relevant to its tax position (including the tax attributes of all of its assets), will be taken into account in determining the income (and taxable income) or loss of the Company and applicable taxes payable by the Company as a whole. For example, expenses, tax deductions and losses arising from the Company's investments and activities in respect of one Corporate Class (including the ETF) may be deducted or offset against income or gains arising from the Company's investments and activities in respect of other Corporate Classes (including the ETF), including Corporate Classes not offered pursuant to this Prospectus. As a result of the Company being required to calculate its income as a single entity and not being able to flow all of its income through to its shareholders, the overall result for a Holder will differ from what would be the case if the Holder had invested in a mutual fund trust, or a single-class mutual fund corporation, that made the same investments as the ETF.

The Company will establish a policy to determine how it allocates income, capital gains and other amounts in a tax-efficient manner among its Corporate Classes in a way that it believes is fair, consistent and reasonable for all Shareholders, with the general intent that allocations to each of the Corporate Classes track the performance of the corresponding portfolio, but subject to the foregoing paragraph. The amount of dividends, if any, paid to Shareholders will be based on this tax allocation policy.

In general, gains and losses realized by the Company from derivative transactions (including forwards and futures contracts) will be on income account, except where such derivatives are used to hedge portfolio securities held on capital account provided there is sufficient linkage, subject to the DFA Rules discussed below, and the Company will recognize such gains or losses for tax purposes at the time they are realized. Gains or losses in respect of 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 ETF's portfolio are capital property to the ETF and there is sufficient linkage.

The Tax Act contains rules (the "**DFA Rules**") that target certain financial arrangements (referred to as "derivative forward agreements") that seek to reduce tax by converting, through the use of derivative contracts, the return on an investment that would otherwise have the character of ordinary income to a capital gain. The DFA Rules are broadly drafted and could apply to other agreements or transactions. If the DFA Rules were to apply to derivatives used by the Company, returns realized in respect of any capital property underlying such derivatives would be treated as ordinary income or losses rather than capital gains and capital losses. The Tax Act exempts the application of the DFA Rules on currency forward contracts or certain other derivatives that are entered into in order to hedge foreign exchange risk in respect of an investment held as capital property.

In determining the income of the Company, gains or losses realized upon dispositions of portfolio securities held by the Company other than certain short sales undertaken on income account will constitute capital gains or capital losses of the Company in the year realized unless the Company is considered to be trading or dealing in securities or otherwise carrying on a business of buying and selling securities or the Company has acquired the securities in a transaction or transactions considered to be an adventure or concern in the nature of trade. In certain cases, the Company may have acquired securities for the account of a particular Corporate Class (such as the ETF) on a tax-deferred basis such that the Company may, in the future, realize capital gains that accrued on such securities prior to the acquisition of such securities by the Company, but any such capital gains are not intended to be allocated to Corporate Classes other than such particular Corporate Class.

As a mutual fund corporation, the Company will be entitled, in certain circumstances, to a refund of tax paid by it in respect of its net realized capital gains determined on a formula basis that is based in part on the redemption of the ETF Shares (including the switching of ETF Shares for shares of another Corporate Class) ("**Capital Gains Redemption**"). Also, as a mutual fund corporation, the Company will be entitled to maintain a capital gains dividend account in respect of its net realized capital gains and from which it may elect to pay dividends ("**Capital Gains Dividends**") which are treated as capital gains in the hands of Holders (see "Taxation of Holders of ETF Shares" below). In certain circumstances where the Company has realized a capital gain in a taxation year, it may elect not to pay Capital Gains Dividends in that taxation year in respect thereof and instead pay refundable capital gains tax, which may in the future be fully or partially refundable upon the payment of sufficient Capital Gains Dividends and/or Capital Gains Redemptions. Where the Company has realized a net capital loss in a taxation year, such capital loss cannot be allocated to Holders but the Company may carry such capital loss back three years or forward indefinitely to offset capital gains realized by the Company in accordance with the rules of the Tax Act.

With respect to indebtedness, the Company will be required to include in its income for a taxation year all interest thereon that accrues (or is deemed to accrue) to it to the end of that year (or until the disposition of the indebtedness in the year) or that has become receivable or is received by the Company before the end of that year, including on a conversion, redemption or repayment on maturity, except to the extent that such interest was included in computing the Company's income for a preceding year and excluding any interest that accrued prior to the time of the acquisition of the indebtedness by the Company.

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

The Company is expected to qualify as a "financial intermediary corporation" (as defined in the Tax Act) and, thus, will not be subject to tax under Part VI.1 of the Tax Act on dividends paid by the Company on "taxable preferred shares" (as defined in the Tax Act).

To the extent the Company holds trust units issued by a trust resident in Canada whose units are held by the Company as capital property for the purposes of the Tax Act, and that is not subject in a taxation year to the tax under the rules in the Tax Act applicable to certain publicly traded trusts and partnerships, the Company will be required to include in the calculation of its income the net income, including net taxable capital gains, paid or payable to the Company by such trust in the year, notwithstanding that certain of such amounts may be reinvested in additional units of the trust. The Company 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 Company except to the extent that the amount was included in calculating the income of the Company or was the Company's share of the non-taxable portion of capital gains of the trust, the taxable portion of which was designated in respect of the Company. If the adjusted cost base to the Company of such units becomes a negative amount at any time in a taxation year of the Company, that negative amount will be deemed to be a capital gain realized by the Company in that taxation year and the Company's adjusted cost base of such units will be increased by the amount of such deemed capital gain to zero.

To the extent that the Company earns net income (other than dividends or deemed dividends from taxable Canadian corporations and certain taxable capital gains and after available deductions), including in respect of derivative transactions that are not otherwise treated as capital property (including in respect of forwards and futures contracts), interest and income (other than, in general, taxable capital gains) paid or made payable to it by a trust resident in Canada, the Company will be subject to income tax on such net income and no refund will be available in respect thereof.

The Company may, at its option, pay special year-end dividends to Holders in the form of a Capital Gains Dividend where the Company has net taxable capital gains upon which it would otherwise be subject to tax, or in order to recover refundable tax not otherwise recoverable upon payment of regular cash distributions.

In computing its income under the Tax Act, the Company may deduct reasonable administrative and other expenses incurred to earn income and a reasonable rate of interest on funds borrowed to earn income from a business or property. In certain circumstances, the Company may not be able to deduct interest on borrowed funds that are used to fund redemptions of its shares. In addition, in certain circumstances, the portion of interest on borrowed money used by the Company to invest in a trust or other entity that may be deducted by the Company may be reduced on a pro rata basis in respect of distributions from the trust or other entity that are a return of capital and which are not reinvested for an income earning purpose. Accordingly, while the ability to deduct interest depends on all the facts, it is possible that part of the interest payable by the Company in connection with money borrowed to acquire certain securities held in the portfolio of the Company could be non-deductible where such returns of capital have occurred, increasing the net income of the Company. The Company is entitled to deduct an amount equal to the reasonable expenses that it incurs in the course of issuing ETF Shares that is not reimbursed. Such issue expenses will be deductible by the Company rateably over a five-year period subject to reduction in any taxation year which is less than three hundred and sixty-five (365) days.

Non-capital losses incurred by the Company in a taxation year cannot be allocated to shareholders of the Company, but may be carried back three years or carried forward twenty years to offset income (including taxable capital gains) in accordance with the Tax Act.

In certain situations, where the Company disposes of property and would otherwise realize a capital loss, the loss will be deemed to be a "suspended loss". This may occur if the Company disposes of and acquires the same property or an identical property during the period that begins 30 days before and ends 30 days after the disposition of property and holds it at the end of that period (for greater certainty, even if the disposition and acquisition are made by different Corporate Classes).

Given the expected investment, operating and distribution policies of the Company, and taking into account the deduction of expenses and other deductions (including losses and future loss carryforwards), the Company does not expect to be subject to any significant amount of non-refundable Canadian income tax, but no assurance can be given in this regard. To the extent that any capital gains are realized by the Company and not distributed to shareholders as a Capital Gains Dividend, such capital gains will be subject to tax within the Company (net of any deductions that may be available to the Company for purposes of computing its income). Any such tax would be attributed to the applicable Corporate Class and be indirectly borne by the shareholders of that class. While any such tax may be fully or partially refundable in subsequent years upon the payment by the Company of sufficient Capital Gains Dividends and/or Capital Gains Redemptions, there can be no assurances in this regard.

Taxation of Holders of ETF Shares

A Holder will be required to include in income the amount of any dividends other than Capital Gains Dividends ("**Ordinary Dividends**") paid on ETF Shares, whether received in cash, in the form of ETF Shares or as cash which is reinvested in additional shares. The dividend gross-up and tax credit treatment normally applicable to taxable dividends (including eligible dividends) paid by a taxable Canadian corporation will generally apply to such dividends. The treatment to Holders of Capital Gains Dividends is described below.

If the Company pays a return of capital such amount will generally not be taxable but will reduce the adjusted cost base of the Holder's ETF Shares in respect of which the return of capital was paid. However, where such returns of capital are reinvested in new ETF Shares, the Holder's overall adjusted cost base of such ETF Shares will not be reduced. In the circumstance where a reduction to the adjusted cost base of a Holder's ETF Shares would result in such adjusted cost base becoming a negative amount, that amount will be treated as a capital gain realized by the Holder of the ETF Shares and the adjusted cost base will then be zero.

Capital Gains Dividends will be paid to Holders, at the discretion of the Company's board of directors with respect to the timing and the amount in respect of any capital gains realized by the Company, including capital gains realized on the disposition of portfolio assets occurring as a result of Holders redeeming or switching their ETF Shares into shares of another Corporate Class, if applicable. The amount of a Capital Gains Dividend paid to a Holder will be treated as a capital gain in the hands of the Holder from the disposition of capital property in the taxation year in which the Capital Gains Dividend is received, and will be subject to the general rules relating to the taxation of capital gains which are described below.

Where an Ordinary Dividend or a Capital Gains Dividend is paid in ETF Shares or in cash, which is reinvested in ETF Shares, the cost of such ETF Shares will be equal to the amount of the dividend. The adjusted cost base of each ETF Share to a Holder will generally be the weighted average of the cost of the ETF Shares acquired by the Holder at a particular time and the aggregate adjusted cost base of any ETF Shares of the same class and series held as capital property immediately before the particular time.

Generally, a Holder who receives a Management Fee Rebate in a particular taxation year will include the amount of such rebate in income for that year. Shareholders should consult their own tax advisors with respect to the tax treatment of Management Fee Rebates.

Under the Tax Act, a Switch will be a disposition of the Switched Shares for purposes of the Tax Act for proceeds of disposition equal to the fair market value, at the time of the Switch, of the shares of the other Corporate Class received pursuant to the Switch. As a result, a Holder of Switched Shares may realize a capital gain or capital loss on such Switched Shares as discussed below. The cost of the shares of the other Corporate Class acquired on the Switch will be equal to the fair market value of the Switched Shares at the time of the Switch. Any redemption of fractional shares for cash proceeds as a result of a Switch will also result in a capital gain (or capital loss) to the holder of such shares.

Upon the actual or deemed disposition of an ETF Share, including the redemption of an ETF Share for cash proceeds and/or securities or on a Switch by a Holder of ETF Shares for shares of another Corporate Class, a Holder will realize a capital gain (or a capital loss) to the extent that the proceeds of disposition of the ETF Share so disposed of exceed (or are less than) the aggregate of the adjusted cost base to the Holder of such ETF Share and any reasonable costs of disposition.

In the case of a redemption for securities, a Holder's proceeds of disposition of the ETF Share would generally be equal to the aggregate of the fair market value of the distributed property and the amount of any cash received. The cost to a Holder of any property received from the Company upon the redemption will generally be equal to the fair market value of such property at the time of the distribution.

In certain situations where a Holder disposes of ETF Shares and would otherwise realize a capital loss, the loss will be denied. This may occur if the Holder, the Holder's spouse or another person affiliated with the Holder (including a corporation controlled by the Holder) has acquired shares of a Corporate Class which are considered to be "substituted property" within 30 days before or after the Holder disposed of the ETF Shares. For this purpose, all ETF Shares that are disposed of by the Holder are considered to be "substituted property" for any other ETF Shares, and under current published administrative policy of the CRA, shares of another Corporate Class of the Company may also be considered to be "substituted property" for ETF Shares. The amount of the denied capital loss will generally be added in computing the aggregate adjusted cost base to the owner of the shares which are "substituted property".

Capital gains realized and Ordinary Dividends and Capital Gains Dividends received by a Holder may result in such Holder being liable for alternative minimum tax under the Tax Act. Such Holders should consult their own tax advisors in this regard.

One-half of any capital gain (a "**taxable capital gain**") realized by a Holder on a disposition (or deemed disposition) of ETF Shares will be included in the Holder's income under the Tax Act. One-half of any capital loss (an "**allowable**

capital loss") realized by a Holder on a disposition (or deemed disposition) of ETF Shares must generally be deducted against any taxable capital gains realized by the Holder in the year of disposition. Any excess of allowable capital losses over taxable capital gains for the year may generally be carried back to the three preceding taxation years or carried forward to any subsequent taxation year and applied against net taxable capital gains in those years, subject to the detailed rules contained in the Tax Act.

Taxation of Registered Plans

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

Tax Implications of the ETF's Distribution Policy

The NAV per ETF Share will, in part, reflect any income and gains of the ETF that have accrued or been realized, but have not been distributed at the time ETF Shares were acquired. Accordingly, a Holder of an ETF who acquires ETF Shares including on a reinvestment of dividends or a dividend paid in ETF Shares, may become taxable on the Holder's share of taxable dividends and capital gains of the ETF. In particular, an investor who acquires ETF Shares shortly before an Ordinary Dividend or Capital Gains Dividend is paid will have to pay tax on the dividend in accordance with the rules in the Tax Act regardless of the fact that the investor only recently acquired such ETF Shares.

Given the expected investment and operating policies of the Company, the Manager does not currently expect to pay a material amount of Capital Gains Dividends or Ordinary Dividends to Holders.

ELIGIBILITY FOR INVESTMENT

Based on the current provisions of the Tax Act, provided the Company qualifies as a "mutual fund corporation" under the Tax Act or the ETF Shares are listed on a "designated stock exchange" for purposes of the Tax Act (which currently includes the TSX), the ETF Shares, if issued on the date hereof, would be on such date qualified investments under the Tax Act for trusts governed by Registered Plans.

Notwithstanding the foregoing, the holder of a TFSA or RDSP, the annuitant under an RRSP or RRIF or the subscriber of an RESP will be subject to a penalty tax in respect of ETF Shares held by such TFSA, RDSP, RRSP, RRIF or RESP, as the case may be, if such ETF Shares are a "prohibited investment" for such Registered Plan for the purposes of the Tax Act. The ETF Shares will not be a "prohibited investment" for trusts governed by a such a Registered Plan unless the holder of the TFSA or RDSP, the annuitant under the RRSP or RRIF or the subscriber of an RESP, as applicable, does not deal at arm's length with the Company for purposes of the Tax Act, or has a "significant interest" as defined in the Tax Act in the Company.

In addition, the ETF Shares will not be a "prohibited investment" if the ETF Shares are "excluded property" as defined in the Tax Act for trusts governed by an RRSP, RRIF, TFSA, RDSP or RESP. Holders, annuitants and subscribers should consult their own tax advisors with respect to whether the ETF Shares would be a prohibited investment in their particular circumstances, including with respect to whether the ETF Shares would be excluded property.

Securities received on the redemption of ETF Shares may not be qualified investments for trusts governed by Registered Plans.

ORGANIZATION AND MANAGEMENT DETAILS OF THE ETF

Officers and Directors of the Company

As the ETF is a class of shares in the capital of the Company, governance and management decisions are ultimately made by the board of directors of the Company. The board of directors is currently composed of 6 directors.

Directors are appointed to serve on the board of directors until such time as they retire or are removed and successors are appointed. The name, municipality of residence, position with the Company and principal occupation of each of the directors and officers of the Company are as follows:

Name and Municipality of Residence	***Date Individual became a Director***	***Position with the Company***	***Principal Occupation***
Steven J. Hawkins, Toronto, Ontario	October 10, 2019	Chief Executive Officer and Director	Chief Executive Officer and President, Horizons (since 2009); Director, Horizons (since 2016).
Kevin S. Beatson, Oakville, Ontario	October 10, 2019	Chief Operating Officer and Director	Chief Operating Officer and Chief Compliance Officer, Horizons (since 2009).
Julie Stajan, Oakville, Ontario	October 10, 2019	Chief Financial Officer and Director	Chief Financial Officer, Horizons (since 2015);
Warren Law, Toronto, Ontario	November 15, 2019	Director	Senior Vice President, Compliance and Regulatory & Stakeholder Relations, ICICI Bank Canada (since 2008).
Geoff Salmon	November 15, 2019	Director	Managing Director, Independent Review Inc. (since 2008).
McGregor Sainsbury, Toronto, Ontario	November 15, 2019	Secretary and Director	General Counsel and Secretary, Horizons (since 2011).

Where a person has held multiple positions within a company, the above table generally sets out the current or most recently-held position or positions held at that company, while the start date generally refers 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 meeting of Shareholders of the Company or until his or her successor is elected or appointed.

Manager of the ETF

Horizons ETFs Management (Canada) Inc., a corporation existing under the federal laws of Canada, is the manager and investment manager of the ETF. The Manager is responsible for providing or arranging for the provision of administrative services and management functions required by the ETF. The principal office of Horizons is 55 University Avenue, Suite 800, Toronto, Ontario, M5E 1S2. Horizons was originally incorporated under the federal laws of Canada under the name BetaPro Management Inc. and was primarily organized for the purpose of managing investment products, including the ETF.

Horizons is a 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 asset management entity of the Mirae Asset Financial Group, a global financial group providing comprehensive services to clients worldwide – including asset management, wealth management, investment banking, life insurance and venture capital. With over 12,700 employees, the Mirae Asset Financial Group has a presence in America, Australia, Brazil, Canada, China, Colombia, Hong Kong, India, Indonesia, Japan, Mongolia, Singapore, the United Kingdom and Vietnam. Headquartered in Seoul, South Korea, the Mirae Asset Financial

Group is one of the largest independent financial groups in Asia and manages approximately US$398 billion in assets globally as of December 31, 2019.

Duties and Services to be Provided by the Manager

Pursuant to the Management Agreement, the Manager has full authority and responsibility to manage and direct the business and affairs of the ETF, to make all decisions regarding the business of the ETF and to bind the ETF. 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 ETF to do so. The Manager is responsible for execution of the ETF's investment strategy and also provides and arranges for the provision of required administrative services to the ETF including, without limitation: authorizing the payment of operating expenses incurred on behalf of the ETF; preparing or causing to be prepared financial statements, financial and accounting information as required by the ETF; ensuring that the Shareholders of the ETF are provided with financial statements (including semi-annual and annual financial statements) and other reports as are required by applicable law from time to time; ensuring that the ETF complies with regulatory requirements; preparing or causing to be prepared the reports of the ETF to Shareholders and the Securities Regulatory Authorities; providing each of the Custodian and Valuation Agent with information and reports necessary for them to fulfil their responsibilities; determining the amount of distributions to be made by the ETF; and negotiating contractual agreements with third-party providers of services, including but not limited to investment advisors, custodians, valuation agents, registrars, transfer agents, distribution agents, auditors and printers.

Any directors, officers or employees of the Manager who are also officers of the Company shall be paid by the Manager for serving in such capacity and shall not receive any remuneration directly from the Company.

Details of the Management Agreement

Pursuant to the Management Agreement, the Manager shall exercise the powers and discharge the duties of its office honestly, in good faith and in the best interests of the ETF and, in connection therewith, shall exercise the degree of care, diligence and skill that a reasonably prudent manager would exercise in similar circumstances. The Management Agreement provides that the Manager will not be liable in any way for default, failure or defect in the portfolio of any ETF if it has satisfied the duties and standard of care, diligence and skill set forth above. The Manager is reimbursed by the ETF for all reasonable costs and expenses incurred by the Manager on behalf of the ETF as described above under the heading "Fees and Expenses". In addition, the Manager and each of its directors, officers, employees, shareholders and agents are indemnified by the ETF for all liabilities, costs and expenses incurred in connection with any action, suit or proceeding that is proposed or commenced, or other claim that is made against, the Manager, or any of its directors, officers, employees, shareholders or agents, in the exercise of its duties as Manager, except those resulting from the Manager's wilful misconduct, bad faith, negligence, disregard of the Manager's standard of care or material breach or default by the Manager of its obligations under the Management Agreement.

The Manager may resign as manager of the ETF upon 60 days' notice to the Shareholders and the ETF. If the Manager resigns it may appoint its successor but, unless its successor is an affiliate of the Manager, its successor must be approved by the Shareholders. If the Manager is in material default of its obligations to the ETF under the Management Agreement and such default has not been cured within 30 days after notice of same has been given to the Manager or upon certain actions relating to the bankruptcy or insolvency of the Manager, the ETF shall give notice thereof to the Shareholders and the Shareholders may remove the Manager and appoint a successor manager. The Manager may resign on 20 business days' written notice to the ETF if the ETF is in breach or default of the provisions of the Management Agreement and, if capable of being cured, such breach or default has not been cured by the ETF within 20 business days' notice of such breach or default to the ETF. The Manager is deemed to resign if an order is made or a resolution is passed or other proceeding is taken for the dissolution of the Manager, or upon certain events of insolvency or bankruptcy with respect to the Manager.

In addition, if the Manager purchases or sells portfolio securities or takes any other action with respect to the portfolio of the ETF that through inadvertence violates any investment objective, strategy or restriction applicable to the ETF as described herein set forth and the violation has or will have a material adverse effect on the portfolio of the ETF, then it will not be considered a material breach for purposes of any termination right in the Management

Agreement if the Manager takes action that returns the portfolio of the ETF to compliance with such investment objective, strategy or restriction within the cure period described above. In the event that the Manager resigns or is removed as described above, the Company shall promptly appoint a successor manager to carry out the activities of the Manager until a meeting of the Shareholders is held to confirm such appointment by extraordinary resolution. The removal or resignation of the Manager will only become effective upon the appointment of a replacement manager. If, within 90 days from the notice of resignation or removal of the Manager, the Company has not appointed a replacement manager, the ETF Shares will be redeemed and the ETF will be terminated.

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

Directors and Executive Officers of the Manager

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

Name and Municipality of Residence	***Date Individual became a Director***	***Position with the 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).
Wan Youn Cho, Toronto, Ontario	February 20, 2020	Director	Managing Director, Mirae Asset Global Investments (Hong Kong) Ltd. (since 2009).
Jooyoung Yun, Tokyo, Japan	February 20, 2020	Director	Head of ETF Management Division, Mirae Asset (since 2011).
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).

Name and Municipality of Residence	*Date Individual became a Director*	*Position with the Manager*	*Principal Occupation*
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).

Where a person has held multiple positions within a company, the above table generally sets out the current or most recently-held position or positions held at that company, while the start date generally refers 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 position until the next annual general meeting of the Manager at which time he/she may be re-elected.

Ownership of Securities of the Manager

No securities of the Manager are owned of record or beneficially by any of the directors and executive officers of the Manager. For a description of the compensation arrangements of the independent review committee of the ETF, see “Organization and Management Details of the ETF – Independent Review Committee”.

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**

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).

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 ReSolve Asset Management Inc., to act as the Sub-Advisor to the ETF.

ReSolve Asset Management Inc.

ReSolve Asset Management Inc., a corporation incorporated under the federal laws of Canada, is the Sub-Advisor of the ETF. ReSolve Asset Management Inc. is an innovative financial services company that delivers exchange traded fund managed portfolio solutions through systematic allocation across global asset classes. Though the firm was formally established in 2015, the executive team has been intact since 2006 and as of December, 2019 has over $396 million in assets under management or advisement. ReSolve Asset Management Inc.'s principal office is in Toronto, Ontario.

Key Employees of ReSolve Asset Management Inc.

Rodrigo Gordillo, CIM – President & Portolio Manager

Rodrigo has over 15 years of experience in investment management and is a Chartered Investment Manager® (CIM®). He has co-authored the book Adaptive Asset Allocation: Dynamic Global Portfolios to Profit in Good Times – and Bad (Wiley) as well several whitepapers and research focused on adding new insights to the quantitative global asset allocation space. Rodrigo began his career on the institutional side with John Hancock before transitioning to the ultra-high net worth space at a boutique wealth management firm. Subsequently, Rodrigo, along with his partners, Mike and Adam, continued to evolve their quantitatively focused investment methodology as Portfolio Managers at Macquarie Private Wealth and Dundee Goodman Private wealth before launching ReSolve Asset Management in 2015.

Adam Butler, CFA, CAIA – Chief Investment Officer

Adam has 15 years of experience in investment management, including 12 years as a Portfolio Manager, and holds Chartered Financial Analyst® (CFA®) and Chartered Alternative Investment Analyst® (CAIA®) charters. He is primarily responsible for research efforts related to the strategies implemented for all investment portfolios. He is the lead author on several public research whitepapers and has co-authored the book Adaptive Asset Allocation: Dynamic Global Portfolios to Profit in Good Times – and Bad (Wiley) focused on adding new insights to the quantitative global asset allocation space . Adam worked as a Portfolio Manager at Richardson GMP and Macquarie Private Wealth and as an Investment Advisor at BMO Nesbitt Burns. Subsequently, Adam, along with his partners, Mike and Rodrigo, continued to evolve their quantitatively focused investment methodologies as a Portfolio Manager at Dundee Goodman Private wealth before launching ReSolve Asset Management. Adam's work is published on ReSolve's research blog.

Jason Russell, CFA – Chief Operations Officer & Chief Compliance Officer

Jason has 28 years of experience in investment management. He earned his business degree from the University of Ottawa in 1991, earned his CIM (Chartered Investment Manager) in 1995 and completed his CFA in 1997. He is a member of the CFA Institute and is past Co-Chairman of the AIMA Managed Futures Committee. Jason was the founder and Chief Investment Officer of Acorn Global Investments. Acorn founded in 2005, is an alternative investment manager that identifies early stage opportunities in global futures markets. Jason has written and developed trading systems for liquid, global markets and was highlighted in the book Trend Following by Michael Covel. Prior to Acorn, Jason was a Portfolio Manager at Salida Trading, an advisor at Merrill Lynch and an equity derivatives specialist at Bankers Trust.

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 the ETF. 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 the ETF) 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 the ETF, to act honestly and in good faith with a view to the best interests of the 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 the ETF, 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 the ETF 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 the ETF to its Sub-Advisor. See "Fees and Expenses".

Designated Brokers

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

A Designated Broker may terminate a Designated Broker Agreement at any time by giving Horizons at least six months' prior written notice of such termination. Horizons may terminate a Designated Broker Agreement at any time, without prior notice, by sending a written notice of termination to the Designated Broker.

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

A Designated Broker may, from time to time, reimburse the Manager for certain expenses incurred by the Manager in the normal course of its business.

Conflicts of Interest

The Manager and its principals and affiliates (each, an "**ETF Manager**") do not devote their time exclusively to the management of the ETF. 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 ETF. The ETF Managers therefore will have conflicts of interest in allocating management time, services and functions to the ETF 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 ETF utilizing trading and investment strategies which are the same as or different from the ones to be utilized in making investment decisions for the ETF. In addition, in proprietary trading and investment, the ETF Managers may take positions the same as, different than or opposite to those of the ETF. 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, the 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 Shareholders.

In evaluating these conflicts of interest, potential investors should be aware that the ETF Managers have a responsibility to the Shareholders to exercise good faith and fairness in all dealings affecting the ETF. In the event that a Shareholder believes that one of the ETF Managers has violated its duty to such Shareholder, the Shareholder may seek relief for itself or on behalf of the ETF to recover damages from or to require an accounting by such ETF Manager. Shareholders should be aware that the performance by each ETF Manager of its responsibilities to the 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, the 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 ETF 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 the 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 the ETF. In particular, by virtue of these relationships, NBF may profit from the sale and trading of the ETF Shares. NBF, as market maker of the ETF in the secondary market, may therefore have economic interests which differ from and may be adverse to those of Shareholders.

NBF's potential roles as a Designated Broker and a Dealer of the ETF will not be as an underwriter of the ETF in connection with the primary distribution of ETF Shares 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 the ETF.

NBF and its affiliates may, at present or in the future, engage in business with the ETF, the issuers of securities making up the investment portfolio of the 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 ETF, establish an IRC and that the Manager must refer all conflict of interest matters in respect of the ETF for review or approval by the IRC. NI 81-107 also requires the Manager to establish written policies and procedures for dealing with conflict of interest matters, to maintain records in respect of these matters and to provide the IRC with guidance and assistance in carrying out its functions and duties. According to NI 81-107, the IRC must be comprised of a minimum of three (3) independent members and is subject to requirements to conduct regular assessments of its members and provide reports, at least annually, to the ETF and to its Shareholders 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 Shareholder's request at no cost, by contacting the 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 ETF compensates 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 two per year. The total fees payable in respect of the IRC by the ETF is calculated by dividing the total net assets of the 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 Company is the Custodian of the assets of the ETF pursuant to the Custodian Agreement. The Custodian is located in Toronto, Ontario and is independent of the Manager. 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, or, if higher, the degree of care, diligence and skill that each Custodian uses in respect of its own property of a similar nature in its custody (the "**Standard of Care**").

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

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

Valuation Agent

The Manager has retained CIBC Mellon Global to provide accounting and valuation services in respect of the ETF pursuant to the Fund Administration Agreement.

Auditors

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

Transfer Agent and Registrar

TSX Trust Company, at its principal offices in Toronto, Ontario, is the Transfer Agent and Registrar for the ETF Shares pursuant to registrar and transfer agency agreements. TSX Trust Company is independent of the Manager.

Promoter

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

The ETF's fiscal year is the calendar year or such other fiscal period permitted under the Tax Act as the ETF elects. The annual financial statements of the ETF shall be audited by its 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 the 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 the Company and the ETF. A Shareholder or his or her duly authorized representative will have the right to examine the applicable books and records of the Company or the ETF, as applicable, during normal business hours at the offices of the Manager or such other location as the Manager shall determine. Notwithstanding the foregoing, a Shareholder shall not have access to any information that, in the opinion of the Manager, should be kept confidential in the interests of the Company or the ETF, as applicable.

CALCULATION OF NET ASSET VALUE

The NAV per ETF Share is computed in Canadian dollars. The NAV per ETF Share will be calculated by adding up the cash, securities and other assets of such ETF, less the liabilities and dividing the value of the net assets of the ETF by the total number of ETF Shares that are outstanding. The NAV per ETF Share so determined will be adjusted to the nearest cent per ETF Share and will remain in effect until the time as at which the next determination of the NAV per ETF Share of such ETF is made. The NAV per ETF Share will be calculated on each Valuation Date.

The NAV per ETF Share will also be calculated in the applicable alternate currency based on prevailing market rates as determined by the Manager. Such market rates may be executable exchange rates provided by one or more Canadian chartered banks, or exchange rates provided by recognized sources such as Bloomberg or Reuters. Typically, the NAV per ETF Share will be calculated at the Valuation Time. The NAV per ETF Share may be determined at an earlier Valuation Time if the TSX and/or the principal exchange for the securities held by the ETF closes earlier on that Valuation Date.

Valuation Policies and Procedures of the ETF

The following valuation procedures will be taken into account in determining the "net asset value" and "net asset value per ETF Share" of the ETF on each Valuation Date:

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

(ii) the value of any security, commodity or interest therein which is listed or dealt in upon a stock exchange will be determined by:

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

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

(iii) long positions in clearing corporation options, options on futures, over-the-counter options, debt-like securities and listed warrants will be valued at the current market value thereof. Where a covered clearing corporation option, option on futures or over-the-counter option is written, the premium received shall be reflected as a deferred credit which shall be valued at an amount equal to the current market value of the clearing corporation option, option on futures or over-the-counter option that would have the effect of closing the position. Any difference resulting from any revaluation shall be treated as an unrealized gain or loss on investment. The deferred credit shall be deducted in arriving at the net asset value of such instrument. The securities, if any, which are the subject of a written clearing corporation option or over-the-counter option shall be valued at the current market value. The value of a future contract or forward contract shall be the gain or loss with respect thereto that will be realized if, on that 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. Margin paid or deposited in respect of futures contracts and forward contracts shall be reflected as an account receivable and margin consisting of assets other than cash shall be noted as held as margin;

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

(v) the liabilities of the ETF will include:

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

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

In determining the net asset value of the ETF, ETF Shares subscribed for will be deemed to be outstanding and an asset of the 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 ETF Shares is received by and accepted by the Manager. ETF Shares 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 ETF Shares is received and accepted by the Manager, and the redemption proceeds thereafter, until paid, will be a liability of the ETF.

For the purposes of reporting in connection with the ETF's financial statements, the ETF is required to calculate net asset value in accordance with IFRS and National Instrument 81-106 *Investment Fund Continuous Disclosure.*

Reporting of Net Asset Value

Persons or companies that wish to be provided with the most recent net asset value per ETF Share may call the Manager at 416-933-5745 or at 1-866-641-5739, or check the Manager's website at www.HorizonsETFs.com. The net asset value per ETF Share will be calculated on each Valuation Date.

ATTRIBUTES OF THE SECURITIES

Description of the Securities Distributed

The authorized capital of the Company includes an unlimited number of non-cumulative, redeemable, non-voting Corporate Classes, issuable in an unlimited number of series, including the ETF Shares, and one class of voting shares designated as "Class J Shares". Each Corporate Class is a separate investment fund having specific investment objectives and is specifically referable to a separate portfolio of investments. The ETF of the Company is a separate Corporate Class.

An unlimited number of ETF Shares are being offered for sale on a continuous basis in Canadian dollars ("**Cdn$ Shares**") and may also be offered for sale on a continuous basis in, U.S. dollars ("**US$ Shares**").

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

Each ETF Share entitles the owner to one vote at meetings of Shareholders to which they are entitled to vote. Each Shareholder is entitled to participate equally with all other shares of the same Corporate Class or series of Corporate Class with respect to all payments made to Shareholders, other than Management Fee Rebates, including dividends and distributions and, on liquidation, to participate equally in the net assets of the Corporate Class remaining after satisfaction of any outstanding liabilities that are attributable to ETF Shares of the Corporate Class.

Redemptions of ETF Shares for Cash

On any Trading Day, Shareholders may redeem ETF Shares for cash in the applicable currency at a redemption price per ETF Share equal to 95% of the closing price for the ETF Shares on the TSX on the effective day of the redemption, subject to a maximum redemption price per ETF Share equal to the net asset value per ETF Share on the effective day of redemption. To the extent Cdn$ Shares and US$ Shares are listed for trading on the TSX, holders of US$ Shares of the ETF may request that their redemption proceeds be paid in U.S. or Canadian dollars. Shareholders will generally be able to sell (rather than redeem) ETF Shares at the full market price in the applicable currency on the TSX through a registered broker or dealer subject only to customary brokerage commissions. Therefore, Shareholders are advised to consult their brokers, dealers or investment advisors before redeeming their ETF Shares for cash. No fees or expenses will be paid by a Shareholder to Horizons or the ETF in connection with selling ETF Shares on the TSX. See "Redemption and Switching of ETF Shares".

Redemption of PNS(s) for Cash

Shareholders may redeem a PNS (or a whole multiple thereof) of the ETF on any Trading Day for cash, subject to the requirement that a minimum PNS be redeemed. See "Redemption and Switching of ETF Shares".

Switches

A Shareholder may effect a Switch through the facilities of CDS by contacting their financial advisor or broker. ETF Shares may be switched in any week on an ETF Switch Date. See "Redemption and Switching of ETF Shares – Switches".

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 ETF Shares 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

The rights attached to the ETF Shares may only be modified, amended or varied in accordance with the terms of the articles of the Company and applicable law. See "Shareholder Matters – Matters Requiring Shareholder Approval".

Voting Rights in the Portfolio Securities

Shareholders will not have any voting rights in respect of the securities in the ETF's portfolio.

SHAREHOLDER MATTERS

Meetings of Shareholders

Meetings of Shareholders of the ETF will be held if called by the Manager or upon the written request to the Manager of Shareholders holding not less than 25% of the then outstanding ETF Shares.

Matters Requiring Shareholder Approval

In addition to certain matters required by corporate law, NI 81-102 requires a meeting of Shareholders to be called to approve certain changes described in NI 81-102. In the absence of an exemption, the Manager seeks Shareholder approval for any such change. The Manager will also seek Shareholder approval of 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 Shareholders.

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

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

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

Approval of Shareholders of the ETF will be deemed to have been given if expressed by resolution passed at a meeting of Shareholders, 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.

Permitted Mergers

The ETF may, without Shareholders' approval, enter into a merger or other similar transaction which has the effect of combining the fund or its assets (a "**Permitted Merger**") with any other investment fund or funds that have investment objectives that are similar to the ETF's portfolio, subject to:

(a) approval of the merger by the ETF's IRC in accordance with NI 81-107;

(b) the ETF being reorganized with, or its assets 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) compliance with certain other requirements of applicable securities legislation; and

(d) Shareholders have received at least 60 days' notice which notice may be by way of press release, before the effective date of the Permitted Merger.

In connection with a Permitted Merger, the merging funds will be valued at their respective net asset values for the purpose of such transaction.

Reporting to Shareholders

The Manager, on behalf of the ETF, will in accordance with applicable laws furnish to each Shareholder of the ETF and the Company's board of directors, 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 equity, a statement of cash flows and a statement of investment portfolio.

Any tax information necessary for Shareholders to prepare their annual federal income tax returns will also be distributed to them within 90 days after the end of each taxation year of the ETF. Neither the Manager nor the Transfer Agent and Registrar are responsible for tracking the adjusted cost base of a Shareholder's ETF Shares. Shareholders should consult with their tax or investment adviser in respect of how to compute the adjusted cost base of their ETF Shares and in particular how designations made by the ETF to a Shareholder affect the Shareholder's tax position.

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

TERMINATION OF THE ETF

Subject to complying with applicable securities law, the ETF may be terminated (and the ETF Shares of the ETF redeemed by the Company) at the discretion of the Manager on at least 60 days advance written notice to Shareholders of the ETF of the termination and the Manager will issue a press release in advance thereof.

Upon termination of the ETF, each Shareholder of the ETF shall be entitled to receive at the Valuation Time on the termination date out of the assets of the ETF: (i) payment for that Shareholder's ETF Shares at the net asset value per ETF Share for those ETF Shares 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 Shareholder's ETF Shares that have not otherwise been paid to such Shareholder; less (iii) any applicable redemption charges and any taxes that are required to be deducted. Payment shall be made by cheque or other means of payment payable to such Shareholder and drawn on the ETF's bankers and may be mailed by ordinary post to such Shareholder's last address appearing in the register of Shareholders or may be delivered by such other means of delivery acceptable to both the Manager and such Shareholder.

The rights of Shareholders to redeem and convert ETF Shares described under the heading "Redemption and Switching of ETF Shares" will cease as and from the date of termination of the ETF.

Procedure on Termination

The Manager, on behalf of the Company, shall be entitled to retain out of any assets of the ETF, at the date of termination of the ETF, full provision for all costs, charges, expenses, claims and demands incurred or believed by the Manager 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 Shareholders. Out of the moneys so retained, the Manager is entitled to be indemnified and saved harmless against all costs, charges, expenses, claims and demands.

PLAN OF DISTRIBUTION

ETF Shares are being offered for sale on a continuous basis by this prospectus and there is no maximum number of ETF Shares that may be issued. ETF Shares shall be offered for sale at a price equal to the net asset value of the applicable series of ETF Shares determined at the Valuation Time on the effective date of the subscription order.

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

Investors may incur customary brokerage commissions in buying or selling ETF Shares. No fees will be paid by investors to the Manager or the ETF in connection with buying or selling of ETF Shares on the TSX.

Non-Resident Shareholders

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 shares of the Company (on either a number of shares or fair market value basis) at any time during which more than 10% of the property of the Company consists of property that would be "taxable Canadian property" if the definition of such property were read without reference to paragraph (b) thereof. None of the properties held by the Company should be considered such property. If the Manager expects or believes that more than 10% of the Company's property may consist of such property at any time, the Company and the Manager may inform the Transfer Agent and Registrar of the ETF of the restriction on who may be a beneficial owner of a majority of its ETF Shares.

If the Manager believes that more than 10% of the Company's property is 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 and if the Manager determines that more than 40% of the shares of the Company (on either a number of shares 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 as the Manager may consider equitable and practicable, requiring them to sell their shares in the applicable currency or a portion thereof within a specified period of not less than 30 days. If the Shareholders receiving such notice have not sold the specified number of shares 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 Shareholders sell such shares and, in the interim, shall suspend the voting and distribution rights attached to such ETF Shares. Upon such sale, the affected holders shall cease to be beneficial holders of such shares and their rights shall be limited to receiving the net proceeds of sale of such shares.

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 the Company as a mutual fund corporation 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 corporation for purposes of the Tax Act.

RELATIONSHIP BETWEEN THE ETF AND THE DEALERS

The Manager, on behalf of the ETF, and the Company may enter into various Dealer Agreements with registered dealers (that may or may not be Designated Brokers) pursuant to which the Dealers may subscribe for ETF Shares as described under the heading "Purchases of ETF Shares".

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 ETF Shares 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 the ETF will not be as an underwriter of the ETF in connection with the distribution of ETF Shares 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 ETF – Conflicts of Interest”.

PRINCIPAL HOLDERS OF ETF SHARES

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

PROXY VOTING DISCLOSURE FOR PORTFOLIO SECURITIES HELD

The Manager is responsible for all securities voting in respect of securities held by the ETF and exercising responsibility in accordance with the best economic interests of the ETF and the Shareholders of the ETF. The Manager has established proxy voting policies, procedures and guidelines (the “**Proxy Voting Policy**”) for securities held by the ETF 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 ETF and the Shareholders of the ETF, 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 ETF, 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 ETF, 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 ETF and the Shareholders of the ETF. 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 ETF and the Shareholders of the ETF.

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

MATERIAL CONTRACTS

The only contracts material to the ETF are the following:

(a) **The articles of incorporation of the Company**.

(b) **Management Agreement.** For additional disclosure related to the Management Agreement, including relevant termination provisions and other key terms of the agreement, see "Organization and Management Details of the ETF – Manager of the ETF", "Organization and Management Details of the ETF – Duties and Services to be Provided by the Manager", "Organization and Management Details of the ETF – Details of the Management Agreement", "Organization and Management Details of the ETF – Conflicts of Interest", and "Other Material Facts – Management of the ETF".

(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 ETF – 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 ETF – Custodian".

Copies of these agreements may be examined at the head office of the Manager at 55 University Avenue, Suite 800, Toronto, Ontario, M5E 1S2, during normal business hours.

LEGAL AND ADMINISTRATIVE PROCEEDINGS

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

EXPERTS

KPMG LLP, the independent auditors of the ETF, have consented to the use of their report dated July 20, 2020, to the board of directors of the Manager in respect of the ETF. KPMG LLP has confirmed that they are independent 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 ETF will rely on exemptive relief from the Securities Regulatory Authorities:

(a) to permit a Shareholder to acquire more than 20% of the ETF Shares of the ETF through purchases on the TSX without regard to the takeover bid requirements of applicable Canadian securities legislation;

(b) to relieve the ETF from the requirement that a prospectus contain a certificate of the underwriters;

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

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

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

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

(g) to permit the Manager to call meetings of the ETF using the notice-and-access procedure as permitted by the terms of relief.

The Manager has obtained exemptive relief to permit the ETF to dispense with an audit committee, pursuant to subsection 171(2) of the *Canada Business Corporations Act,* for as long as applicable securities legislation does not require the ETF to have an audit committee and, in accordance with NI 81-106, the board of directors of the

Company approve the financial statement of the ETF before such financial statement is filed or made available to investors.

OTHER MATERIAL FACTS

Exchange of Tax Information

Part XVIII of the Tax Act, which was enacted to implement the Canada-United States Enhanced Tax Information Exchange Agreement, imposes due diligence and reporting obligations on "reporting Canadian financial institutions" in respect of their "U.S. reportable accounts". The Company is a "reporting Canadian financial institution" but as long as shares of the Corporate Classes continue to be registered in the name of CDS or are "regularly traded" on an "established securities market" (which currently includes the TSX), the Company should not have any "U.S. reportable accounts" and, as a result, the Company should not be required to provide information to the CRA in respect of its shareholders. However, dealers through which Shareholders hold their ETF Shares are subject to due diligence and reporting obligations with respect to financial accounts they maintain for their clients. Accordingly, Shareholders may be requested to provide information to their dealer to identify U.S. persons holding ETF Shares or otherwise identify "US reportable accounts". If a Shareholder is a U.S. person (including a U.S. citizen), ETF Shares are otherwise "US reportable accounts" or if a Shareholder does not provide the requested information, Part XVIII of the Tax Act will generally require information about the Shareholder's investments held in the financial account maintained by the dealer to be reported to the CRA, unless the investments are held within a Registered Plan. The CRA is expected to provide that information to the U.S. Internal Revenue Service.

Reporting obligations in the Tax Act have been enacted to implement the Organization for Economic Cooperation and Development Common Reporting Standard (the "**CRS Rules**"). Pursuant to the CRS Rules, Canadian financial institutions (as defined 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 any of whose "controlling persons" are resident in a foreign country (other than the U.S.) and to report the 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, Shareholders are required to provide such information regarding their investment in the ETF to their dealer for the purpose of such information exchange, unless the investment is held within a Registered Plan.

Management of the ETF

Horizons may, at any time and without seeking approval of any Shareholder of the ETF, assign the Management Agreement to an affiliate.

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 exchange-traded mutual fund securities within 48 hours after receipt of a confirmation of a purchase of such securities. In several of the provinces and territories of Canada, 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 for 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.

DOCUMENTS INCORPORATED BY REFERENCE

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

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

(b) any interim financial statements filed after those annual financial statements;

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

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

(e) the most recently filed ETF Facts.

These documents are or will be 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 1-866-641-5739 or by contacting your dealer. These documents are or will be available on the ETF's website at www.HorizonsETFs.com. These documents and other information about the ETF will also be 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 ETF after the date of this prospectus and before the termination of the distribution of the ETF 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 ReSolve Adaptive Asset Allocation ETF (the "ETF")

Opinion

We have audited the financial statement of the ETF, which comprise:

- the statement of financial position as at July 20, 2020; 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 July 20, 2020 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 Statements*" 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 IFRS, and for such internal control as management determines is necessary to enable the preparation of a 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 is 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 represents 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
July 20, 2020

HORIZONS RESOLVE ADAPTIVE ASSET ALLOCATION ETF

Statement of Financial Position

July 20, 2020

Assets	
Cash	$ -
Total Assets	$ -
Net assets attributable to holders of redeemable ETF Shares: Authorized: Unlimited ETF Shares	
Total net assets attributable to holders of redeemable ETF Shares	$ -
Issued and fully paid ETF Shares	-
Net assets attributable to holders of redeemable shares per ETF Share	$ -

See accompanying notes to statement of financial position.

Horizons ReSolve Adaptive Asset Allocation ETF

Notes to the Financial Statement

July 20, 2020

1. Establishment of the ETF and authorized shares:

The following ETF was established on July 20, 2020, in accordance with the articles of incorporation of Horizons ETF Corp. (the “**Company**”):

Horizons ReSolve Adaptive Asset Allocation ETF (“**HRAA**” or the “**ETF**”)

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

(a) Legal structure:

Horizons ETF Corp. (the “**Company**”) is a mutual fund corporation established under the federal laws of Canada. The authorized capital of the Company includes an unlimited number of non-cumulative, redeemable, non-voting classes of shares (each, a “**Corporate Class**”), issuable in an unlimited number of series, and one class of voting shares designated as “Class J Shares”. Each Corporate Class is a separate investment fund having specific investment objectives and is specifically referable to a separate portfolio of investments. HRAA will be a separate Corporate Class. The ETF currently consists of a single series of exchange traded fund shares (“**ETF Shares**”).

Horizons ETFs Management (Canada) Inc. (the “**Manager**” or “**Horizons**”), a corporation existing under the federal laws of Canada, is the manager and investment manager of the ETF.

(b) Statement of compliance:

The financial statement of the ETF as at July 20, 2020 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 of Horizons ETFs Management (Canada) Inc. on July 20, 2020.

(c) Basis of presentation:

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

(d) Net assets attributable to holders of redeemable ETF Shares:

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

(e) Issue of ETF Shares:

No ETF Shares have been issued as of the date hereof.

(f) Shareholder transactions:

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

2. Management of the ETF

The ETF will pay an annual management fee (the "**Management Fee**") to the Manager equal to an annual percentage of the net asset value of the ETF, together with applicable Sales Tax, calculated and accrued daily and payable monthly in arrears. The Management Fee will be 0.85% of the net asset value of the ETF.

To achieve an effective and competitive Management Fee, the Manager may reduce the fee borne by certain Shareholders who have signed an agreement with the Manager. The Manager will pay out the amount of the reduction in the form of a management fee rebate (a "**Management Fee Rebate**") directly to the eligible Shareholder. Management Fee Rebates are reinvested in ETF Shares, unless otherwise requested. The decision to pay Management Fee Rebates will be in the Manager's discretion and will be dependent on a number of factors, including the size of the investment and a negotiated fee agreement between the Manager and the Shareholder.

The Manager reserves the right to discontinue or change Management Fee Rebates at any time.

CERTIFICATE OF HORIZONS ETF CORP. (ON BEHALF OF THE ETF), THE MANAGER AND PROMOTER

Dated July 20, 2020

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 ETF CORP. (ON BEHALF OF THE ETF)

(Signed) "*Steven J. Hawkins*" Chief Executive Officer	*(Signed)* "*Julie Stajan*" Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS OF HORIZONS ETF CORP. (ON BEHALF OF THE ETF)

(Signed) "Kevin S. Beatson" Director	*(Signed) "McGregor Sainsbury"* Director

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

(Signed) "*Steven J. Hawkins*" Chief Executive Officer	*(Signed)* "*Julie Stajan*" Chief Financial Officer

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

(Signed) "Wanyoun Cho" Director	*(Signed) "Thomas Park"* Director