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

PROSPECTUS

Initial Public Offering | May 17, 2019

BetaPro Marijuana Companies 2x Daily Bull ETF ("HMJU")
(the "Double ETF")

BetaPro Marijuana Companies Inverse ETF ("HMJI")
(the "Inverse ETF" and together with the Double ETF, the "ETFs" and each an "ETF")

The ETFs are open-end alternative mutual funds established under the laws of Ontario. Class A units ("**Units**") of each ETF are being offered for sale on a continuous basis by this prospectus and there is no maximum number of Units of an ETF that may be issued. The Units of each ETF are offered for sale at a price equal to the net asset value of such Units next determined following the receipt of a subscription order.

The Units have been conditionally approved for listing on the Toronto Stock Exchange (the "**TSX**"). Subject to satisfying the TSX's original listing requirements, Units of the ETFs will be listed on the TSX. Investors can buy or sell Units of an ETF on the TSX through registered brokers and dealers in the province or territory where the investor resides. Investors will incur customary brokerage commissions in buying or selling Units.

The manager, investment manager and trustee of the ETFs is Horizons ETFs Management (Canada) Inc. ("**Horizons**", the "**Manager**" or the "**Trustee**"). See "Organization and Management Details of the ETFs".

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

The Double ETF uses leverage and is riskier than funds that do not.

The Double ETF, before fees and expenses, does not and should not be expected to return two times (i.e., +200%) the return of its Underlying Index (as hereinafter defined) over any period of time other than daily.

The returns of the Double ETF over periods longer than one day will, under most market conditions, differ in amount and possibly direction from the performance of its Underlying Index for the same period. This effect becomes more pronounced as the volatility of HMJU's Underlying Index and/or the period of time increases.

The Inverse ETF, before fees and expenses, does not and should not be expected to return the inverse (i.e., -100%) of the return of its Underlying Index over any period of time other than daily.

The returns of the Inverse ETF over periods longer than one day will, under most market conditions, be in the opposite direction from the performance of its Underlying Index for the same period. However, the deviation of returns of the Inverse ETF from the inverse performance of its Underlying Index can be expected to become more pronounced as the volatility of HMJI's Underlying Index, and/or the period of time, increases.

Hedging costs charged to an ETF reduce the value of the forward price payable to that ETF under the Forward Documents (as defined). Due to the high cost of borrowing the securities of marijuana companies, the hedging costs charged to HMJI and indirectly borne by Unitholders are anticipated to be material. Although the hedging costs of HMJI are assessed on a monthly basis to reflect then-current market conditions, these hedging costs are expected to materially reduce the returns of HMJI to Unitholders and to materially impair the ability of HMJI to meet its investment objectives. Currently, the Manager anticipates that, in respect of HMJI, based on existing market conditions, the hedging costs charged to HMJI and indirectly borne by Unitholders will be between 15.00% and 35.00% per annum of the aggregate notional exposure of HMJI's Forward Documents, as applicable. The hedging costs of HMJI may increase above this range. At the end of each month, the Manager and the Counterparty will negotiate a fixed hedging cost for the upcoming month, based on then-current market conditions. The Manager will publish the updated fixed hedging cost for the month at the beginning of each month on the Manager's website at www.HorizonsETFs.com. See "Fees and Expenses – Forward Documents Expenses – Hedging Cost".

Although the Manager does not, as of the date of this prospectus, anticipate suspending subscriptions for new Units, it is possible that due to a Counterparty's difficulties and costs associated with shorting the securities of constituent issuers, including the potential inability of a Counterparty to borrow securities of constituent issuers in order to "short" such issuers, HMJI will be subject to the risk that one or more Counterparties could refuse to increase the ETF's existing notional exposure under the current Forward Documents. If the ETF cannot increase its notional exposure under the Forward Documents, the Manager will accordingly suspend new subscriptions for Units of HMJI until such time as the Manager can increase the notional exposure under the Forward Documents. During a period of suspended subscriptions, investors should note that Units of HMJI are expected to trade at a premium or substantial premium to NAV. In such cases, investors are strongly discouraged from purchasing Units of HMJI on a stock exchange. Any suspension of subscriptions will be announced by press release and on the Manager's website. The suspension of subscriptions, if any, will not affect the ability of existing Unitholders to sell their Units in the secondary market at a price reflective of the NAV per Unit. See "Significant Hedging Cost Risk and Risk of Suspended Subscriptions (HMJI)".

Investors should monitor their investment in an ETF daily.

The ETFs will not directly invest in, or knowingly be exposed to, any issuers that have exposure to the medical or recreational marijuana market in the United States, unless and until such time as it becomes legal. If a constituent issuer becomes delisted from the TSX or TSX Venture exchange due to non-compliance by that issuer with the rules and policies of the exchange, including, without limitation, the requirement that issuers do not engage in ongoing business activities that violate U.S. Federal law regarding marijuana, or if the Manager determines that the activities of any constituent issuer are not in compliance such rules and policies, the Manager will remove the direct of indirect exposure to the securities of that constituent issuer from applicable ETF's portfolio. However,

certain constituent issuers may, without the knowledge of the Manager, from time to time have a limited degree of exposure to the medical and/or recreational cannabis industry in certain U.S. states where cannabis use has been legalized by state law (e.g. Alaska, California, Colorado, Maine, Massachusetts, Nevada, Oregon and Washington), notwithstanding that the use, possession, sale, cultivation and transportation of cannabis remains illegal under U.S. Federal Law. Despite the permissive regulatory environment regarding cannabis in certain U.S. states, cannabis continues to be listed as a Schedule I substance under the U.S. Controlled Substances Act of 1970 (the "US Controlled Substances Act"). As a result of the conflicting laws between state legislatures and the federal government regarding cannabis, investments in U.S. cannabis businesses may be subject to inconsistent regulation and enforcement. Unless and until the U.S. Congress amends the US Controlled Substances Act with respect to cannabis, there is a risk that federal authorities may enforce current U.S. Federal Law against issuers that operate, whether on a substantial or limited basis, in the U.S. cannabis industry, which may adversely affect the market price of any constituent issuers that have exposure to the U.S. cannabis industry, and therefore the market price of the units of the ETFs. Accordingly, the ETFs and the constituent issuers in which it is exposed may be subject to a higher degree of regulatory oversight and regulatory action, which may include a restriction on the types of issuers that the ETFs may obtain exposure to at any time.

The ETFs are exposed to companies that are involved in the legal recreational marijuana market in Canada. Canada has regulated the use of medical marijuana since 2001. Commercial activity relating to marijuana production was permitted in 2014 under the Marihuana for Medical Purposes Regulations and in 2016 under the subsequent Access to Cannabis for Medical Purposes Regulations. The Cannabis Act came into force on October 17, 2018 and now governs both the medical and adult use marijuana regimes in Canada. The ETFs are not and will not be directly engaged in the manufacture, importation, possession, use, sale or distribution of cannabis in the cannabis marketplace in Canada.

The Double ETF is designed to **provide daily investment results**, before fees, expenses, distributions, brokerage commissions and other transaction costs, that endeavour to correspond to a two times multiple of the daily performance of its Underlying Index. **The Double ETF does not seek to achieve its stated investment objective over a period of time greater than one day.**

The Inverse ETF is designed to **provide daily investment results**, before fees, expenses, distributions, brokerage commissions and other transaction costs, that endeavour to correspond to the single inverse (opposite) of the daily performance of its Underlying Index. **The Inverse ETF does not seek to achieve its stated investment objective over a period of time greater than one day.**

In order to achieve its investment objective, each ETF may invest in equity securities, interest bearing accounts and T-Bills (as hereinafter defined) and/or other financial instruments, including derivatives. The ETFs currently seek to achieve their investment objectives through the Forward Documents (as hereinafter defined). See "Forward Documents".

The Double ETF employs absolute leverage that will generally not exceed 2.0 times the net asset value of that ETF. See "Investment Strategies".

Investors are, or will be, able to buy or sell Units of each ETF 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 and/or selling Units of an ETF. Unitholders may redeem Units of an ETF in any number for cash, subject to a redemption discount, or may redeem a prescribed number of Units (a "**PNU**") of an ETF or a multiple PNU of the ETF for cash equal to the net asset value of that number of Units of the ETF, subject to any administrative charge. See "Redemption of Units".

Each ETF issues Units directly to its Designated Broker and Dealers (each as hereinafter defined).

No Designated Broker, Dealer and/or Counterparty (as hereinafter defined) 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. The securities regulatory authorities (as hereinafter defined) have provided the ETFs with a decision exempting the ETFs from the requirement to include a certificate of an underwriter in the prospectus. No Designated Broker, Dealer and/or Counterparty is an underwriter of the ETFs in connection with the distribution by the ETFs of their Units under this prospectus.

THESE BRIEF STATEMENTS DO NOT DISCLOSE ALL OF THE RISKS AND OTHER SIGNIFICANT ASPECTS OF INVESTING IN THE ETFs. AN INVESTOR SHOULD CAREFULLY READ THIS PROSPECTUS, INCLUDING THE DESCRIPTION OF THE PRINCIPAL RISK FACTORS OF THE ETFs, BEFORE INVESTING IN THE ETFs. For a discussion of the risks associated with an investment in Units of an ETF, see "Risk Factors".

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

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

You can get a copy of these documents at your request, and at no cost, by calling the Manager at 416-933-5745 or toll-free at 1-866-641-5739, or from your dealer. These documents are also available on the Manager's website at www.HorizonsETFs.com, or by contacting the Manager by e-mail at info@HorizonsETFs.com. These documents and other information about the ETFs are also available on the website of SEDAR (the System for Electronic Document Analysis and Retrieval) at www.sedar.com.

Horizons ETFs Management (Canada) Inc.
55 University Avenue, Suite 800
Toronto, Ontario M5J 2H7
Tel: 416-933-5745
Fax: 416-777-5181
Toll Free: 1-866-641-5739

TABLE OF CONTENTS

TABLE OF CONTENTS

PROSPECTUS SUMMARY

The following is a summary of the principal features of this distribution and should be read together with the more detailed information 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 ETFs

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

Based on the way each ETF seeks to track its specified Underlying Index, the ETFs offered in this prospectus can be divided into two categories: the Double ETF and the Inverse ETF.

Double ETF

Investment Objectives

The Double ETF is designed to **provide daily investment results**, before fees, expenses, distributions, brokerage commissions and other transaction costs, that endeavour to correspond to a two times multiple of the daily performance of the North American MOC Marijuana Index (NTR). The Double ETF does not seek to achieve its stated investment objective over a period of time greater than one day.

In order to achieve its investment objective, the Double ETF may invest in equity securities, interest bearing accounts and T-Bills and/or other financial instruments, including derivatives.

Inverse ETF

Investment Objectives

The Inverse ETF is designed to **provide daily investment results**, before fees, expenses, distributions, brokerage commissions and other transaction costs, that endeavour to correspond to the single inverse (opposite) of the daily performance of the North American MOC Marijuana Index (TR). The Inverse ETF does not seek to achieve its stated investment objective over a period of time greater than one day.

In order to achieve its investment objective, the Inverse ETF may invest in equity securities, interest bearing accounts and T-Bills and/or other financial instruments, including derivatives.

Risk Factors

Investing in Units of the ETFs can be speculative, can involve a high degree of risk and may only be suitable for persons who are able to assume the risk of losing their entire investment. Prospective investors should therefore consider the following risks, among others, before subscribing for Units of the ETFs.

- Equity Risk
- Leverage Risk
- Long Term Performance Risk
- Price Volatility Risk
- Tracking Error Risk
- Significant Hedging Cost Risk and Risk of Suspended Subscriptions (HMJI)
- Historic Volatility
- Concentration Risk
- Aggressive Investment Technique Risk
- Trading in Derivatives is Highly Leveraged
- Corresponding Net Asset Value Risk
- Counterparty Risk
- Correlation Risk
- Inverse Correlation Risk (HMJI)
- Liquidity Risk
- Market Risk
- Sector Risk
- Marijuana Sector Risk
- Early Closing Risk
- Unit Consolidation and Unit Split Risk
- Regulatory Risk
- No Assurance of Meeting Investment Objective
- Tax Risk
- Conflicts of Interest
- Liability of Unitholders
- Reliance on the Manager
- Reverse Repurchase Transaction Risk
- Designated Broker/Dealer Risk
- Exchange Risk
- Changes to the Underlying Index
- Foreign Exchange Risk
- Exchange Rate Risk
- Securities Lending Risk

See "Risk Factors".

Investment Strategies

The ETFs currently seek to achieve their investment objectives through the Forward Documents. Each ETF is rebalanced every day on which a session of the TSX is held.

Forward Documents

Each of the ETFs will enter into one or more Forward Documents with a Counterparty or Counterparties. The ETFs will enter into Forward Documents that will provide positive exposure to their Underlying Index and may enter into Forward Documents that will provide negative exposure to their Underlying Index. Each ETF seeks to achieve its investment objective through the net exposure of its respective Forward Documents. Each ETF invests some or all of the net proceeds of Unit subscriptions in interest bearing accounts and T-Bills to earn prevailing short-term market interest rates. An ETF has the ability to replace a Counterparty or engage additional Counterparties at any time. The reference asset of each Forward Document is a notional amount of positive or negative exposure to the applicable Underlying Index. A Counterparty or its guarantor must have a designated rating within the meaning of NI 81-102.

The amount payable by a Counterparty under the Forward Documents is based upon:

(i) in respect of HMJU, a two times multiple of the daily performance of the its Underlying Index; or

(ii) in respect of HMJI, a one times inverse (opposite) multiple of the daily performance of its Underlying Index;

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

See "Forward Documents".

Leverage

Each ETF measures leverage in terms of the total underlying notional value of the securities and/or financial derivative positions as a ratio of the total assets held by such ETF.

The ETFs are permitted to lever their assets: that is, the aggregate underlying market exposure of all derivatives held by an ETF calculated on a daily mark-to-market basis can exceed that ETFs' cash and cash equivalents, including cash held as margin on deposit to support that ETFs' derivatives trading activities.

The Double ETF will generally not use absolute leverage in excess of 2.0 times its net asset value. If the Double ETF uses absolute leverage in excess of 2.0 times its net asset value, it shall generally reduce its leverage to such amount within 10 business days.

Offering

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

The Units have been conditionally approved for listing on the TSX. Subject to satisfying the TSX's original listing requirements, Units of the ETFs will be listed on the TSX.

See "Attributes of the Securities".

Special Considerations for Purchasers

The provisions of the so-called "early warning" requirements set out in Canadian securities legislation do not apply in connection with the acquisition of Units of an ETF. In addition, each ETF has obtained exemptive relief from the securities regulatory authorities to permit a Unitholder of that ETF to acquire more than 20% of the Units of that ETF through purchases on the TSX without regard to the takeover bid requirements of applicable Canadian securities legislation.

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

Distributions and Automatic Reinvestment

To the extent required, each ETF will pay or make payable prior to the end of each taxation year, sufficient net income (including net realized capital gains) for a year that has not previously been paid or made payable in that year so that the ETF will not be liable for non-refundable income tax thereon. All distributions, net of any applicable withholding tax, will be paid in Units of the applicable ETF or automatically be reinvested on behalf of each Unitholder in additional Units of the applicable ETF and, in each case, then consolidated, so that the number of Units outstanding after the distribution is the same as the number of Units before the distribution.

Under the current rules of the Tax Act, the Manager does not anticipate that any material amount of distributions will be made on Units in the current year. However, based on certain Tax Amendments proposed in the 2019 Budget, distributions of income on Units of each ETF could be materially higher once these Tax Amendments take effect in respect of the ETFs than they would be in the absence of such amendments (if enacted as proposed, such Tax Amendments would apply to the current taxation year of the ETFs). See “Risk Factors – Tax Risk”. Distributions of an ETF are expected to consist primarily of ordinary income for income tax purposes. Currently, the level of distributions paid by an ETF to its Unitholders will depend upon payments received by the ETF under the Forward Documents. If the Forward Documents are terminated, the level and characterization of distributions paid by an ETF to its Unitholders in respect of the period following such termination will depend on the replacement investment strategy adopted by the ETF.

See “Distribution Policy”.

Redemptions

In addition to the ability to sell Units of an ETF on the TSX, Unitholders of an ETF may redeem Units of that ETF on any Trading Day in any number for cash, subject to a redemption discount, or may redeem a PNU or a multiple PNU of an ETF for cash equal to the net asset value of that number of Units, subject to any administrative charge.

See “Redemption of Units”.

Income Tax Considerations

A Unitholder of an ETF who is resident in Canada will generally be required to include, in computing income for a taxation year, the amount of income (including any net realized taxable capital gains) that is paid or becomes payable to the Unitholder by the ETF in that year (including such income that is reinvested in additional Units of the ETF or paid in Units of the ETF).

A Unitholder of an ETF who disposes of a Unit of an ETF that is held as capital property, including on a redemption or otherwise, will generally realize a capital gain (or capital loss) to the extent that the proceeds of disposition (other than any amount payable by the ETF which represents income or capital gains allocated and designated to the redeeming Unitholder), net of reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the Unit of the ETF.

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

A purchaser of Units may be purchasing Units of an ETF which may have large unrealized gains pursuant to its Forward Documents. The settlement of Forward Documents, in part or in full, at any time could result in accrued gains being realized by the ETF and distributed to Unitholders of the ETF as ordinary income.

Tax Amendments proposed in the 2019 Budget that are applicable to trusts that are “mutual fund trusts” for purposes of the Tax Act throughout the taxation year would, effective for taxation years beginning on or after March 19, 2019, prohibit an ETF from deducting in the computation of the ETFs income, the portion of an amount paid to redeeming Unitholders of the ETF that is considered to be paid out of the income of the ETF, and limit the ability of an ETF to deduct taxable capital gains allocated to redeeming Unitholders as described above. If such Tax Amendments are enacted in their current form, such income (including any taxable capital gains) may be made payable to non-redeeming Unitholders so that the ETF will not be liable for non-refundable income tax thereon. Accordingly, the amounts and taxable component of distributions to non-redeeming Unitholders of an ETF may be greater than they would have been in the absence of such amendments.

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

See "Income Tax Considerations".

Eligibility for Investment

Provided that the Units of an ETF are listed on a "designated stock exchange" within the meaning of the Tax Act or the ETF qualifies as a ''mutual fund trust'' within the meaning of the Tax Act, Units of the ETF, if issued on the date hereof, would be on such date qualified investments under the Tax Act for a trust governed by a registered retirement savings plan, a registered retirement income fund, a registered disability savings plan, a deferred profit sharing plan, a registered education savings plan or a tax-free savings account.

Documents Incorporated by Reference

Additional information about the ETFs is or will be available in the most recently filed annual and interim financial statements of each ETF, the most recently filed annual and interim management report of fund performance of each ETF, and the most recently filed ETF Facts document of that ETF. 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 publicly available on the website of the ETFs at www.HorizonsETFs.com and may be obtained upon request, at no cost, by calling toll-free 1-866-641-5739 or by contacting your dealer. These documents and other information about the ETFs are also publicly available at www.sedar.com. See "Documents Incorporated by Reference".

Termination

The ETFs do not have a fixed termination date but may be terminated at the discretion of the Manager in accordance with the terms of the Trust Declaration. See "Termination of the ETFs".

Organization and Management of the ETFs

The Manager, Investment Manager and Trustee

Horizons ETFs Management (Canada) Inc., a corporation existing under the laws of Canada, is the manager, investment manager and trustee of each ETF. The Manager is responsible for providing or arranging for the provision of administrative services required by the ETFs. The Manager also provides investment advisory and investment management services to the ETFs.

The principal office of Horizons is 55 University Avenue, Suite 800, Toronto, Ontario, M5J 2H7. Horizons exists under the laws of Canada and was primarily organized for the purpose of managing investment products, including the ETFs.

Horizons and its subsidiaries are an innovative financial services organization distributing the Horizons family of leveraged, inverse leveraged, inverse, index and actively managed exchange traded funds. Horizons is a 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 ETFs – Manager of the ETFs”.

Custodian CIBC Mellon Trust is the custodian of the ETFs and is independent of the Manager. CIBC Mellon Trust provides custodial services to the ETFs and is located in Toronto, Ontario. See “Organization and Management Details of the ETFs – Custodian”.

Auditors KPMG LLP is responsible for auditing the annual financial statements of each 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 ETFs – Auditors”.

Valuation Agent CIBC Mellon Global has been retained to provide accounting valuation services to the ETFs. CIBC Mellon Global is located in Toronto, Ontario. See “Organization and Management Details of the ETFs – Valuation Agent”.

Registrar and Transfer Agent TSX Trust Company, at its principal offices in Toronto, Ontario is the registrar and transfer agent for Units of the ETFs pursuant to registrar and transfer agency agreements. TSX Trust Company is independent of the Manager. See “Organization and Management Details of the ETFs – Registrar and Transfer Agent”.

Promoter Horizons is also the promoter of the ETFs. Horizons took the initiative in founding and organizing the ETFs and is, accordingly, the promoter of the ETFs within the meaning of securities legislation of certain provinces and territories of Canada. See “Organization and Management Details of the ETFs – Promoter”.

Securities Lending Agent NBF is the securities lending agent of the ETFs. NBF is located in Toronto, Ontario. See “Organization and Management Details of the ETFs – Securities Lending Agent”.

Summary of Fees and Expenses

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

Fees and Expenses Payable by the ETFs

Type of Charge	**Description**
Management Fee	Each ETF pays an annual management fee to the Manager equal to 1.45% of the net asset value of that ETF, together with applicable Sales Tax. The Management Fee is calculated and accrued daily and payable monthly in arrears. *Management Fee Distributions* The Manager may, at its discretion, agree to charge a reduced fee as compared to the fee it would otherwise be entitled to receive from an ETF with respect to large investments in the ETF by Unitholders. Such a reduction will be dependent upon a number of factors, including the amount invested, the total assets of the ETF under administration and the expected amount of account activity. In such cases, an amount equal to the difference between the fee otherwise chargeable and the reduced fee will be distributed to the

applicable Unitholders by the ETF as Management Fee Distributions.

See “Fees and Expenses”.

Operating Expenses

Each ETF will, unless otherwise waived or reimbursed by the Manager, pay all of its operating expenses, including but not limited to: Management Fees, audit fees; trustee and custodial expenses; valuation, accounting and record keeping costs; legal expenses; permitted prospectus preparation and filing expenses; costs associated with delivering documents to Unitholders; listing and annual stock exchange fees; index licensing fees, CDS fees; bank related fees and interest charges; extraordinary expenses; Unitholder reports and servicing costs; registrar and transfer agent fees; costs of the independent review committee; income taxes; sales tax; brokerage expenses and commissions; and withholding taxes.

See “Fees and Expenses”.

Forward Documents Expenses

Expenses payable by an ETF under its Forward Documents are incurred by way of a reduction in the forward price payable to the ETF by a Counterparty.

Currently, with respect to HMJU, it is anticipated that the value of the forward price payable to the ETF under its Forward Documents will be reduced by an amount equal to 0.30% per annum of the notional exposure of the ETF’s Forward Documents, calculated and applied daily in arrears, plus hedging costs (see below), if any, that are charged to HMJU. The aggregate notional exposure of HMJU’s Forward Documents will typically be approximately two times its total assets.

Currently, with respect to HMJI, it is anticipated that the value of the forward price payable to the ETF under its Forward Documents will be reduced by an amount equal to 0.60% per annum of the notional exposure of the ETF’s Forward Documents, calculated and applied daily in arrears, plus hedging costs (see below) that are charged to HMJI. The aggregate notional exposure of HMJI’s Forward Documents will typically be approximately one times its total assets.

The actual forward expenses charged to an ETF may change at any time.

Hedging Cost

Hedging costs charged to an ETF are similar in nature to portfolio transaction costs that are incurred by an investment fund that holds portfolio securities directly.

Although the Manager currently anticipates that based on existing market conditions there will be no actual hedging costs charged to HMJU, the Manager anticipates that hedging costs, if any, could potentially increase up to 0.75% per annum of the aggregate notional exposure of HMJU’s Forward Documents in the future. This is based on the Manager’s estimate only, and the actual hedging costs, if any, may increase above this range.

Currently, the Manager anticipates that, in respect of HMJI, based on existing market conditions, the hedging costs charged to HMJI and indirectly borne by Unitholders will be between 15.00% and 35.00% per annum of the aggregate notional exposure of HMJI’s Forward Documents, as applicable. This is based on the Manager’s estimate only, and the actual hedging costs may increase above this range. **At the end of each month, the Manager and the Counterparty will negotiate a fixed hedging cost for the upcoming month, based on then-current market conditions. The Manager will publish the updated fixed hedging cost for the month at the beginning of each month on the Manager’s website at www.HorizonsETFs.com. See also “Significant Hedging Cost Risk and Risk of Suspended Subscriptions (HMJI)”.**

Additionally, any security imbalances caused by material rebalances or trading halts can affect the marked to market value of the Forward Documents negatively on any given day in relation to the closing level of the applicable Underlying Index.

The actual hedging costs that may be charged to an ETF may, depending on market conditions, be greater than the amounts described above and can change at any time. See "Forward Looking Statements".

Each party to the Forward Documents was responsible for its own start-up costs relating to the Forward Documents. The Forward Documents may be amended or replaced at any time and the forward expenses incurred in respect of those forward agreements may increase or decrease according to their terms.

Expenses of the Issue Apart from the initial organizational cost of the ETFs, all expenses related to the issuance of Units are borne by the ETFs.

See "Fees and Expenses".

Fees and Expenses Payable Directly by Unitholders

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

See "Redemption of Units".

GLOSSARY

The following terms have the following meaning:

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

"**Acceptable Counterparty**" means a Canadian chartered bank, or an affiliate of a Canadian chartered bank whose obligations are guaranteed by a Canadian chartered bank;

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

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

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

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

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

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

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

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

"**Counterparties**" means NBC in respect of the Forward Documents, and any other Acceptable Counterparty with which an ETF may enter into a forward agreement, and "**Counterparty**" means any one of them;

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

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

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

"**Custodian Agreement**" means the second amended and restated master custodial services agreement dated September 1, 2013, as amended from time to time, between the Manager, in its capacity as manager and trustee of the ETFs, CIBC Mellon Trust, The Bank of New York Mellon, Canadian Imperial Bank of Commerce and CIBC Mellon Global;

"**Daily Objective**" means the daily investment objective of an ETF which is either: (i) in respect of HMJU, a two times multiple of the daily performance of its Underlying Index; or (ii) in respect of HMJI, the single inverse (opposite) of the daily performance of its Underlying Index;

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

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

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

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

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

“**distribution record date**” means a date determined by the Manager as a record date for the determination of Unitholders of an ETF entitled to receive a distribution from the ETF;

“Double ETF” means HMJU;

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

“**ETFs**” mean together, the Double ETF and the Inverse ETF, and “**ETF**” means one of them, as applicable;

“**Forward Documents**” means agreements evidencing cash-settled forward transactions related to the specific Underlying Index that an ETF has entered into or may enter into with a Counterparty which are collateralized through an interest-bearing cash account and T-Bills;

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

“**Horizons**” means Horizons ETFs Management (Canada) Inc., the manager, investment manager, trustee and promoter of the ETFs;

“**IGA**” has the meaning ascribed to that term under the heading “Unitholder Matters – Exchange of Tax Information”;

“**interest bearing account**” means a credit balance in an interest bearing bank or securities account;

“Inverse ETF” means HMJI;

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

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

“**Management Fee**” means the annual management fee paid by each ETF to the Manager, equal to a percentage of the net asset value of the ETF, calculated and accrued daily and payable monthly, in arrears;

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

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

“**Mirae Asset**” means Mirae Asset Global Investments Co., Ltd.;

“**NBC**” means National Bank of Canada, a Canadian chartered bank;

“**NBF**” means National Bank Financial Inc.;

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

“**NI 81-102**” means National Instrument 81-102 *Investment Funds,* 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;

“**Plan**” has the meaning ascribed to that term under the heading “Income Tax Considerations – Taxation of Registered Plans”;

“**PNU**” in relation to Units of an ETF, means the prescribed number of Units of that ETF determined by the Manager from time to time, whereby a dealer or a Unitholder may subscribe for, and/or redeem Units of an ETF or for such other purposes as the Manager may determine;

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

“**Registrar and Transfer Agent**” means TSX Trust Company;

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

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

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

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

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

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

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

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

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

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

"**Trading Day**" for an ETF means a day on which (i) a session of the TSX is held; (ii) the principal exchange for the securities held by the ETF is open for trading; and (iii) it is not a Bank Holiday;

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

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

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

"**Underlying Index**" means the North American MOC Marijuana Index, calculated as a net total return index (North American MOC Marijuana Index (NTR)) in respect of HMJU, and a gross total return index (North American MOC Marijuana Index (TR)) in respect of HMJI;

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

"**Units**" means the class A units of an ETF, and "**Unit**" means one of them;

"**Valuation Day**" for an ETF means a day upon which a session of the TSX is held; and

"**Valuation Time**" means 4:00 p.m. (EST) on a Valuation Day.

OVERVIEW OF THE LEGAL STRUCTURE OF THE ETFs

The ETFs are open-end alternative mutual funds established under the laws of Ontario. The manager, investment manager and trustee of the ETFs is Horizons ETFs Management (Canada) Inc. ("**Horizons**", the "**Manager**" or the "**Trustee**"). The ETFs that are offered pursuant to this prospectus are:

	Name of ETF	**Abbreviated Name and TSX Ticker Symbol**
Double ETF	BetaPro Marijuana Companies 2x Daily Bull ETF	HMJU
Inverse ETF	BetaPro Marijuana Companies Inverse ETF	HMJI

The ETFs were created pursuant to the Trust Declaration. The head office of the Manager and the ETFs is 55 University Avenue, Suite 800, Toronto, Ontario, M5J 2H7. While each ETF is a mutual fund under the securities legislation of certain provinces and territories of Canada, each has been granted exemptive relief from certain provisions of Canadian securities legislation applicable to conventional mutual funds.

The Units have been conditionally approved for listing on the TSX. Subject to satisfying the TSX's original listing requirements, Units of the ETFs will be listed on the TSX.

INVESTMENT OBJECTIVES

The ETFs are designed to **provide daily investment results**, before fees, expenses, distributions, brokerage commissions and other transaction costs, that endeavour to correspond to either: (i) in respect of HMJU, a two times multiple of the daily performance of its Underlying Index; or (ii) in respect of HMJI, the single inverse (opposite) of the daily performance of its Underlying Index. The ETFs do not seek to achieve their stated investment objective over a period of time greater than one day. In order to achieve its investment objective, each ETF may invest in equity securities, interest bearing accounts and T-Bills and/or other financial instruments, including derivatives.

The fundamental investment objective of an ETF may not be changed except with the approval of Unitholders of the ETF.

HMJU

Investment Objective

HMJU seeks **daily investment results**, before fees, expenses, distributions, brokerage commissions and other transaction costs, that endeavour to correspond to two times (200%) the daily performance of the North American MOC Marijuana Index (NTR).

If HMJU is successful in meeting its investment objective, its net asset value should gain approximately twice as much, on a percentage basis, as its Underlying Index when the Underlying Index rises on a given day. Conversely, HMJU's net asset value should lose approximately twice as much, on a percentage basis, as its Underlying Index when the Underlying Index declines on a given day. Dividends of constituent issuers in HMJU's Underlying Index are reinvested net of withholding taxes.

Principal Investment Strategy

HMJU invests in financial instruments that have similar daily return characteristics as two times (200%) the North American MOC Marijuana Index (NTR). In order to achieve this objective, the total underlying notional value of these instruments will typically not exceed two times the total assets of the ETF. As such, HMJU employs leverage. Assets not invested in financial instruments may be invested in debt instruments or money market instruments with a term not to exceed 365 days, or reverse repurchase agreements with a term not to exceed 30 days.

Value of the Underlying Index

HMJU typically uses the price of the North American MOC Marijuana Index (NTR) as determined at approximately 4:00 p.m. (EST) as the reference for its daily investment objective. See "Description of the Underlying Index" below.

HMJI

Investment Objective

HMJI seeks **daily investment results**, before fees, expenses, distributions, brokerage commissions and other transaction costs, that endeavour to correspond to one times (100%) the inverse (opposite) of the daily performance of the North American MOC Marijuana Index (TR).

If HMJI is successful in meeting its investment objective, its net asset value should gain approximately as much, on a percentage basis, as its Underlying Index when the Underlying Index declines on a given day. Conversely, HMJI's net asset value should lose approximately as much, on a percentage basis, as its Underlying Index when the Underlying Index rises on a given day. Dividends of constituent issuers in HMJU's Underlying Index are reinvested gross of withholding taxes.

Principal Investment Strategy

HMJI takes positions in financial instruments that, in combination, should have similar daily return characteristics as one times (100%) the inverse (opposite) of the North American MOC Marijuana Index (TR). In order to achieve this objective, the total underlying notional value of these instruments and/or securities will typically not exceed one times the total assets of the ETF. Assets not invested in financial instruments may be invested in debt instruments or money market instruments with a term not to exceed 365 days, or reverse repurchase agreements with a term not to exceed 30 days.

Value of the Underlying Index

HMJI typically uses the North American MOC Marijuana Index (TR) as determined at approximately 4:00 p.m. (EST) as the reference for its daily investment objective. See "Description of the Underlying Index" below.

DESCRIPTION OF THE UNDERLYING INDEX

North American MOC Marijuana Index (NTR) and North American MOC Marijuana Index (TR)

The ETFs use the North American MOC Marijuana Index as their Underlying Index.

In respect of HMJU, the Underlying Index is distributed and calculated as a net total return index (North American MOC Marijuana Index (NTR)) under the Bloomberg Ticker "BAMMARN". In respect of North American MOC Marijuana Index (NTR), dividends of constituent issuers are reinvested net of withholding tax.

In respect of HMJI, the Underlying Index is distributed and calculated as a gross total return index (North American MOC Marijuana Index (TR)) under the Bloomberg Ticker BAMMART. In respect of North American MOC Marijuana Index (TR), dividends of constituent issuers are reinvested gross of withholding tax.

The North American MOC Marijuana Index tracks the performance of a basket of North American publicly listed companies with significant businesses in the marijuana industry that are listed on any of the following exchanges: Toronto Stock Exchange, TSX Venture Exchange, New York Stock Exchange, NYSE American, NYSE Arca, NASDAQ, or any successor, where those stocks are eligible for the market-on-close trading facility. A company is deemed to be eligible for inclusion if the company is a producer and/or supplier of cannabis, a biotechnology company engaged in research and development of cannabinoids or a company with investment focus on the cannabis sector.

In order to be eligible for inclusion, issuers must satisfy the following minimum criteria: (i) have a minimum market capitalization of at least $200 million, (ii) have an average daily value traded over the past 30 trading days of at least $1,500,000, and (iii) a minimum share price of at least $1.00. The North American MOC Marijuana Index is ordinarily rebalanced on a quarterly basis in February, May, August and November of each year. On each rebalancing, each constituent issuer is weighted according to its market capitalization, subject to a maximum weighting of 10% for any individual issuer.

The North American MOC Marijuana Index is published in Canadian dollars, and is an index provided by Solactive AG and is calculated and distributed by Solactive AG. Additional details of the criteria applied in this selection process are provided in the guidelines available at www.solactive.com.

INVESTMENT STRATEGIES

Overview

The ETFs currently seek to achieve their investment objectives through the Forward Documents.

In seeking to achieve an ETF's investment objective, each ETF:

- has, in respect of the Forward Documents, invested in an interest bearing account and T-Bills. An ETF may from time to time be significantly exposed to the credit risk associated with its Counterparty or Counterparties, as applicable. A Counterparty, or its guarantor, must have a designated rating within the meaning of NI 81-102. The amount payable under the Forward Documents is based upon: (i) in respect of HMJU, a two times multiple of the daily performance of its Underlying Index; or (ii) in respect of HMJI, a one times inverse (opposite) multiple of the daily performance of its Underlying Index.

- may take positions in equity securities and/or derivatives and/or forward contracts and/or other financial instruments, including investment contracts whose value is derived from the value of an underlying asset, interest rate, equity, commodity, index or currency that the Manager believes, in combination, should simulate either: (i) in respect of HMJU, the two times multiple of the daily performance of its Underlying Index; or (ii) in respect of HMJI, the single inverse (opposite) multiple of the daily performance of its Underlying Index; or

- may seek to remain fully invested at all times in equity securities, derivatives, forward contracts and/or other financial instruments that provide exposure to its Underlying Index without regard to market conditions, trends or direction and does not take temporary defensive positions.

The ETFs do not invest assets in equity securities based on any view of the investment merit of a particular security or company, nor do the ETFs conduct or rely on conventional stock research or analysis, or forecast stock market movement or trends.

If appropriate in view of an ETF's investment objective, such ETF may hold a representative sample of the components in its Underlying Index. The sampling process typically involves selecting a representative sample of securities in its Underlying Index, principally to enhance liquidity and reduce transaction costs while seeking to maintain high correlation with, and similar aggregate characteristics (e.g., market capitalization and industry weightings) to, its Underlying Index. In addition, an ETF may obtain exposure to components not included in its Underlying Index, invest in securities that are not included in its Underlying Index or may overweight or underweight certain components contained in its Underlying Index.

The investments of an ETF may include, without limitation, securities, futures contracts, options on futures contracts, forward contracts, swap agreements, options on securities and indices, money market instruments, reverse repurchase agreements or a combination of the foregoing. Currently, each ETF seeks to achieve its investment objective by means of a forward contract.

If the Manager reasonably expects that an ETF will still achieve its stated investment objective, an ETF may hold futures or swaps that refer to an underlying contract that is different from the ETF's Underlying Index.

In order to ensure that each Unitholder's risk is limited to the capital invested, all ETFs are rebalanced. Each ETF is rebalanced every day on which a session of the TSX is held.

AN ETF DOES NOT SEEK TO PROVIDE CORRELATION WITH ITS UNDERLYING INDEX OVER A PERIOD OF TIME OTHER THAN DAILY.

Daily rebalancing, like leverage (see below), can magnify the gains or losses that an investor realizes by investing in the Double ETF. To fully understand the effect of daily rebalancing, investors are encouraged to review the examples that are included in "Risk Factors - Leverage Risk", "Long Term Performance Risk", "Price Volatility Risk – Double ETF" and "Price Volatility Risk – Inverse ETF", which illustrate the impact of daily rebalancing and volatility, particularly when, in respect of the Double ETF, it is coupled with the impact of leverage and the effect of daily compounding.

The Double ETF employs absolute leverage that will generally not exceed 2.0 times the net asset value of the Double ETF. Using leverage involves special risks and should be considered to be speculative. Leverage exists when an ETF achieves the right to a return on its capital base that exceeds the amount the ETF has invested. The Double ETF using leverage creates the potential for greater gains or losses for its Unitholders. Leverage increases the volatility of the Double ETF's net asset value as compared to its Underlying Index.

Daily rebalancing of leverage can also work to an investor's advantage, such as during periods of steady increases or steady declines of the Underlying Index. However, it is unlikely that the Double ETF will provide two times (i.e., +200%) the performance of its Underlying Index over periods longer than one day.

The ETFs will not directly invest in, or knowingly be exposed to, any issuers that have exposure to the medical or recreational marijuana market in the United States, unless and until such time as it becomes legal. If a constituent issuer becomes delisted from the TSX or TSX Venture exchange due to non-compliance by that issuer with the rules and policies of the exchange, including, without limitation, the requirement that issuers do not engage in ongoing business activities that violate U.S. Federal law regarding marijuana, or if the Manager determines that the activities of any constituent issuer are not in compliance such rules and policies, the Manager will remove exposure to the securities of that constituent issuer from applicable ETF's portfolio. However, certain constituent issuers may, without the knowledge of the Manager, the from time to time have a limited degree of exposure to the medical and/or recreational cannabis industry in certain U.S. states where cannabis use has been legalized by state law (e.g. Alaska, California, Colorado, Maine, Massachusetts, Nevada, Oregon and Washington), notwithstanding that the use, possession, sale, cultivation and transportation of cannabis remains illegal under U.S. Federal Law. Despite the permissive regulatory environment regarding cannabis in certain U.S. states, cannabis continues to be listed as a Schedule I substance under the U.S. Controlled Substances Act of 1970 (the "US

Controlled Substances Act”). As a result of the conflicting laws between state legislatures and the federal government regarding cannabis, investments in U.S. cannabis businesses may be subject to inconsistent regulation and enforcement. Unless and until the U.S. Congress amends the US Controlled Substances Act with respect to cannabis, there is a risk that federal authorities may enforce current U.S. Federal Law against businesses operating in the U.S. cannabis industry, which may adversely affect the market price of any constituent issuers that have exposure to the U.S. cannabis industry, and therefore the market price of the units of the ETFs. Accordingly, the ETFs and the constituent issuers in which it is exposed may be subject to a higher degree of regulatory oversight and regulatory action, which may include a restriction on the types of issuers that the ETFs may obtain exposure to at any time.

General Investment Strategies

Leverage

Each ETF measures leverage in terms of the total underlying notional value of the securities and/or financial derivative positions as a ratio of the total assets held by such ETF.

The ETFs are permitted to lever their assets: that is, the aggregate underlying market exposure of all derivatives held by an ETF calculated on a daily mark-to-market basis can exceed that ETFs’ cash and cash equivalents, including cash held as margin on deposit to support that ETFs’ derivatives trading activities.

The Double ETF will generally not use absolute leverage in excess of 2.0 times its net asset value. If the Double ETF uses absolute leverage in excess of 2.0 times its net asset value, it shall generally reduce its leverage to such amount within 10 business days.

The following is a general discussion of the more common derivatives likely to be employed by the ETFs, but it is not an exhaustive discussion of all derivatives in which the ETFs may invest.

Derivatives

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

Forward Documents

Each of the ETFs will enter into one or more Forward Documents with a Counterparty or Counterparties. The ETFs will enter into Forward Documents that will provide positive exposure to their Underlying Index and may enter into Forward Documents that will provide negative exposure to their Underlying Index. Each ETF seeks to achieve its investment objective through the net exposure of its respective Forward Documents. Each ETF invests the net proceeds of Unit subscriptions in interest bearing accounts and T-Bills to earn prevailing short-term market interest rates. The reference asset of each Forward Document is a notional amount of positive or negative exposure to the applicable Underlying Index. A Counterparty or its guarantor must have a designated rating within the meaning of NI 81-102.

In respect of the Forward Documents, an ETF has the ability to replace a Counterparty or engage additional Acceptable Counterparties at any time.

As collateral for its obligations under the Forward Documents, each ETF, for the Counterparty or Counterparties, has pledged substantially all of its respective interest bearing account and T-Bills to such Counterparty or Counterparties. The daily marked-to-market value of a Forward Document is based upon the performance of a notional investment in the applicable Underlying Index.

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

As described above, each ETF has entered into multiple Forward Documents with at least one Counterparty to gain exposure to its Underlying Index. Each Forward Document with a Counterparty, in which the ETF is provided with exposure that corresponds positively with the exposure to its Underlying Index set forth in its investment objective, requires the applicable ETF to pay the Counterparty an agreed notional amount. In return, the Counterparty pays the applicable ETF the value of the notional investment, plus an amount based upon any increase or decline in its Underlying Index. Each Forward Document with a Counterparty, in which the ETF is provided with exposure that corresponds negatively with the exposure to its Underlying Index set forth in its investment objective, requires the Counterparty to pay the applicable ETF an agreed notional amount. In return, the applicable ETF pays the Counterparty the value of the notional investment, plus an amount based upon any increase or decline in its Underlying Index. Each ETF will invest the net proceeds of Unit subscriptions in interest bearing accounts and T-Bills to earn short-term money-market interest rates. The terms of the Forward Documents require each ETF, for any applicable Counterparty, to pledge substantially all of its respective interest bearing account and T-Bills to the Counterparty to secure the payment of that ETF's payment obligations under the Forward Documents.

A Forward Document may be amended or replaced at any time and the expenses incurred by the applicable ETF in respect of a Forward Document may increase or decrease according to its terms.

Each Forward Document has a remaining term to maturity at any point in time of less than five (5) years which, with the consent of the applicable ETF and the applicable Counterparty, will be extended annually for a fixed number of years and, provided no default or event of default and no unresolved hedging event or disruption event has occurred and is continuing, each ETF has the ability to request the termination of its exposure under a Forward Document, in whole or in part, at any time. Events of default and/or termination events under the Forward Documents include, among others: (i) a failure by a party to make a payment or perform an obligation when due under the Forward Document which is not cured within any applicable grace period; (ii) fundamental changes are made to the applicable ETF or the ETF's material contracts which have a material adverse effect on a party to the Forward Document; (iii) a party makes a representation which is incorrect or misleading in any material respect; (iv) a party defaults in respect of a specified transaction having a value in excess of a specified threshold, which default is not cured within any applicable grace period; (v) certain events related to the bankruptcy or insolvency of a party; (vi) a party consolidates, amalgamates or merges with or into, or transfers substantially all its assets to, another entity and the resulting, surviving or transferee entity fails to assume the obligations of such party under the Forward Document; (vii) any proposed change in law that prohibits or renders the transactions under the Forward Document unlawful; (viii) the occurrence or existence at any time of any event or condition arising from any transaction that results in a material adverse tax consequence to a party under the Forward Document, the Trustee, the applicable ETF or the Unitholders of that ETF; (ix) failure of the applicable ETF to comply with its governing documents; (x) the inability of the Counterparty to the Forward Document to hedge its exposure to the securities or other property subject to the Forward Document or an increase in the cost of such hedging that the applicable ETF is unwilling to assume; (xi) the Counterparty or its guarantor ceases to have a designated rating within the meaning of NI 81-102, as the case may be; or (xii) certain regulatory, market disruption, credit or legal events occur which affect a party.

The obligations of a Counterparty to an ETF under a Forward Document are determined by reference to the performance of a notional investment in units of the applicable Underlying Index. A Counterparty may hedge its exposure under a Forward Document; however, there is no assurance that the Counterparty will maintain a hedge or will do so with respect to the full exposure or term of a Forward Document.

No Counterparty has been involved in the preparation of this prospectus or has approved any contents of this prospectus. No Counterparty assumes any liability in connection with the administration, marketing or trading of the ETFs. The ETFs are not sponsored, endorsed, sold or promoted by any Counterparty. No

Counterparty makes any representation or warranty, express or implied, to the Unitholders of the ETFs regarding the advisability of investing in the ETFs or the ability of the applicable ETF to track its Underlying Index.

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

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

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

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

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

Futures Contracts and Related Options

Futures contracts are standardized contracts entered into on domestic or foreign exchanges which call for the future delivery of specified quantities of various agricultural commodities, industrial commodities, currencies, stock indexes, 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 the 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 quantity and 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 a futures contract is sold or purchased and the price paid for the offsetting purchase or sale, after allowance 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 a long or a short position by an offsetting sale or purchase, respectively, the trader's outstanding contracts are known as "open trades" or "open positions". The aggregate number of open trades or open positions held by traders in a particular contract is referred to as the "open interest" in such contract.

An option on a futures contract gives the buyer of the option the right to take a position at a specified price (the "striking", "strike" or "exercise" price) in the underlying futures contract. The buyer of a "call" option acquires the right to take a long position in the underlying futures contract, and the buyer of a "put" option acquires the right to take a short position in the underlying futures contract.

The ETFs may purchase or sell stock index futures contracts and options thereon as a substitute for a comparable market position in the underlying interest or to satisfy regulatory requirements. A futures contract generally obligates the seller to deliver (and the purchaser to take delivery of) the specified commodity on the expiration date of the contract. A stock index futures contract obligates the seller to deliver (and the purchaser to accept) an amount of cash equal to a specific dollar amount (the contract multiplier) multiplied by the difference between the final settlement price of a specific stock index futures contract and the price at which the agreement is made. The underlying stocks in the index are not physically delivered.

The ETFs generally choose to engage in closing or offsetting transactions before final settlement wherein a second identical futures contract is sold to offset a long position (or bought to offset a short position). In such cases the obligation is to deliver (or take delivery of) cash equal to a specific dollar amount (the contract multiplier) multiplied by the difference between the price of the offsetting transaction and the price at which the original contract was entered into. If the original position entered into is a long position (futures contract purchased) there will be a gain (loss) if the offsetting sell transaction is carried out at a higher (lower) price, inclusive of commissions. If the original position entered into is a short position (futures contract sold) there will be a gain (loss) if the offsetting buy transaction is carried out at a lower (higher) price, inclusive of commissions.

When an ETF purchases a put or call option on a futures contract, the ETF pays a premium for the right to sell or purchase the underlying futures contract for a specified price upon exercise. By writing (selling) a put or call option on a futures contract, an ETF receives a premium in return for granting to the purchaser of the option the right to sell to or buy from the ETF the underlying futures contract for a specified price upon exercise at any time during the option period.

Whether an ETF realizes a gain or loss from futures activities depends generally upon movements in the underlying security, commodity, economic indicator, index or financial instrument. The extent of an ETF's loss from an unhedged short position in futures contracts or from writing options on futures contracts is potentially unlimited. An ETF may engage in related closing transactions with respect to options on futures contracts.

Index Options

An ETF may purchase and write options on stock indexes to create investment exposure consistent with its investment objective, hedge or limit the exposure of its positions, or create synthetic money market positions in accordance with the investment restrictions imposed by NI 81-102.

A stock index fluctuates with changes in the market values of the stocks included in the index. Options on stock indexes give the holder the right to receive an amount of cash upon the exercise of the option. Receipt of this cash amount depends upon the closing level of the stock index upon which the option is based being greater than (in the case of a call) or less than (in the case of a put) the exercise price of the option. The amount of cash received, if any, will be the difference between the closing price of the index and the exercise price of the option, multiplied by a specified dollar multiple. The writer (seller) of the option is obligated, in return for the premiums received from the purchaser of the option, to make delivery of this amount to the purchaser. All settlements of index options transactions are in cash.

Investment in Reverse Repurchase Transactions

Each ETF may enter into reverse repurchase transactions. The Manager has adopted policies and practice guidelines applicable to the ETFs to manage the risks associated with investments in reverse repurchase transactions. Such policies and practice guidelines require that:

- investments in reverse repurchase transactions be consistent with an ETF's investment objectives 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 an ETF and that such parameters comply with applicable securities legislation;
- the operational, monitoring and reporting procedures in place ensure that all reverse repurchase transactions are completely and accurately recorded, in accordance with their approved use, and within the limits and regulatory restrictions prescribed for each 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.

Securities Lending

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

In carrying out securities lending, the ETFs engage a lending agent with experience and expertise in completing such transactions. The ETFs may engage affiliates of a Counterparty as lending agents for the ETFs.

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

Overview of the Investment Structure

A description of the investment structure of the ETFs is provided above under the heading "Investment Strategies – Overview".

OVERVIEW OF THE SECTOR THAT THE ETFS INVEST IN

The ETFs use the North American MOC Marijuana Index as their Underlying Index. The North American MOC Marijuana Index tracks the performance of a basket of North American publicly listed companies with significant businesses in the marijuana industry that are listed on any of the following exchanges: Toronto Stock Exchange, TSX Venture Exchange, New York Stock Exchange, NYSE American, NYSE Arca, NASDAQ, or any successor, where those stocks are eligible for the market-on-close trading facility. A company is deemed to be eligible for inclusion if the company is a producer and/or supplier of cannabis, a biotechnology company engaged in research and development of cannabinoids or a company with investment focus on the cannabis sector.

INVESTMENT RESTRICTIONS

The ETFs are subject to certain restrictions and practices contained in securities legislation, including NI 81-102, which are designed in part to ensure that the investments of the ETFs are diversified and relatively liquid and to ensure the proper administration of the ETFs. Securities legislation distinguishes between the use of derivatives for hedging purposes and for non-hedging purposes. “Hedging” refers to investments that are intended to offset or reduce a specific risk associated with all or a portion of an existing investment.

The investment restrictions and practices applicable to the ETFs which are contained in securities legislation, including NI 81-102, may not be deviated from without the prior consent of the Canadian securities regulatory authorities having jurisdiction over the ETFs. See “Exemptions and Approvals”.

Tax Related Investment Restrictions

No ETF will make an investment that would in itself result in that ETF failing to qualify as a “unit trust” or “mutual fund trust” within the meaning of the Tax Act or that would result in that ETF becoming subject to the tax for “SIFT trusts” within the meaning of the Tax Act. In addition, no ETF will make or hold any investment in property that would be “taxable Canadian property” (if the definition of such term in the Tax Act were read without reference to paragraph (b) thereof) if more than 10% of that ETF’s property consisted of such property. The Manager intends to monitor the activities of any ETF that is not a mutual fund trust throughout a taxation year so as to ensure that such ETF does not earn any designated income for purposes of the Tax Act in that year.

FEES AND EXPENSES

Fees and Expenses Payable by the ETFs

Management Fees

Each ETF pays an annual management fee to the Manager equal to 1.45% of the net asset value of that ETF, together with applicable Sales Tax. The Management Fee is calculated and accrued daily and payable monthly in arrears.

Management Fee Distributions

To encourage very large investments in an ETF and to ensure that the Management Fee is competitive for these investments, the Manager may at its discretion agree to charge a reduced fee as compared to the fee it otherwise would be entitled to receive from the ETF with respect to investments in the ETF by Unitholders that hold, on average during any period specified by the Manager from time to time (currently a quarter), Units of the ETF having a minimum specified aggregate value. Such a reduction will be dependent upon a number of factors, including the amount invested, the total assets of the ETF under administration and the expected amount of account activity. An amount equal to the difference between the fee otherwise chargeable and the reduced fee of the applicable ETF will be distributed quarterly in cash by the ETF to those Unitholders of the ETF as Management Fee Distributions.

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

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

Operating Expenses

Each ETF will, unless otherwise waived or reimbursed by the Manager, pay all of its operating expenses, including but not limited to: Management Fees, audit fees; trustee and custodial expenses; valuation, accounting and record keeping costs; legal expenses; permitted prospectus preparation and filing expenses; costs associated with delivering documents to Unitholders; listing and annual stock exchange fees; index licensing fees, CDS fees; bank related fees and interest charges; extraordinary expenses; Unitholder reports and servicing costs; registrar and transfer agent fees; costs of the independent review committee; income taxes; sales tax; brokerage expenses and commissions; and withholding taxes.

Forward Documents Expenses

Expenses payable by an ETF under its Forward Documents are incurred by way of a reduction in the forward price payable to the ETF by a Counterparty.

Currently, with respect to HMJU, it is anticipated that the value of the forward price payable to the ETF under its Forward Documents will be reduced by an amount equal to 0.30% per annum of the notional exposure of the ETF's Forward Documents, calculated and applied daily in arrears, plus hedging costs (see below), if any, that are charged to HMJU. The aggregate notional exposure of HMJU's Forward Documents will typically be approximately two times its total assets.

Currently, with respect to HMJI, it is anticipated that the value of the forward price payable to the ETF under its Forward Documents will be reduced by an amount equal to 0.60% per annum of the notional exposure of the ETF's Forward Documents, calculated and applied daily in arrears, plus hedging costs (see below) that are charged to HMJI. The aggregate notional exposure of HMJI's Forward Documents will typically be approximately one times its total assets.

The actual forward expenses charged to an ETF may change at any time.

Hedging Cost

Hedging costs charged to an ETF are similar in nature to portfolio transaction costs that are incurred by an investment fund that holds portfolio securities directly.

Although the Manager currently anticipates that based on existing market conditions there will be no actual hedging costs charged to HMJU, the Manager anticipates that hedging costs, if any, could potentially increase up to 0.75% per annum of the aggregate notional exposure of HMJU's Forward Documents in the future. This is based on the Manager's estimate only, and the actual hedging costs, if any, may increase above this range.

Currently, the Manager anticipates that, in respect of HMJI, based on existing market conditions, the hedging costs charged to HMJI and indirectly borne by Unitholders will be between 15.00% and 35.00% per annum of the aggregate notional exposure of HMJI's Forward Documents, as applicable. This is based on the Manager's estimate only, and the actual hedging costs may increase above this range. **At the end of each month, the Manager and the Counterparty will negotiate a fixed hedging cost for the upcoming month, based on then-current market conditions. The Manager will publish the updated fixed hedging cost for the month at the beginning of each month on the Manager's website at www.HorizonsETFs.com.**

Additionally, any security imbalances caused by material rebalances or trading halts can affect the marked to market value of the Forward Documents negatively on any given day in relation to the closing level of the Underlying Index.

The actual hedging costs that may be charged to an ETF may, depending on market conditions, be greater than the amounts described above and can change at any time.

In respect of HMJI, although the Manager does not, as of the date of this prospectus, anticipate suspending subscriptions for new Units, it is possible that due to a Counterparty's difficulties and costs associated with shorting the securities of constituent issuers, including the potential inability of a Counterparty to borrow securities of constituent issuers in order to "short" such issuers, HMJI will be subject to the risk that one or more Counterparties could refuse to increase the ETF's existing notional exposure under the current Forward Documents. If the ETF cannot increase its notional exposure under the Forward Documents, the Manager will accordingly suspend new subscriptions for Units of HMJI until such time as the Manager can increase the notional exposure under the Forward Documents. During a period of suspended subscriptions, investors should note that Units of HMJI are expected to trade at a premium or substantial premium to NAV. In such cases, investors are strongly discouraged from purchasing Units of HMJI on a stock exchange. Any suspension of subscriptions will be announced by press release and on the Manager's website. The suspension of subscriptions, if any, will not affect the ability of existing Unitholders to sell their Units in the secondary market at a price reflective of the NAV per Unit. See "Forward Looking Statements" and "Significant Hedging Cost Risk and Risk of Suspended Subscriptions (HMJI)".

Each party to the Forward Documents was responsible for its own start-up costs relating to the Forward Documents. The Forward Documents may be amended or replaced at any time and the forward expenses incurred in respect of those forward agreements may increase or decrease according to their terms.

Expenses of the Issue

Apart from the initial organizational cost of the ETFs, all expenses related to the issuance of Units shall be borne by the ETFs.

Fees and Expenses Payable Directly by the Unitholders

Administrative Charge

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

RISK FACTORS

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

Equity Risk

The equity markets are volatile, and the value of securities, futures, options contracts and other instruments correlated with the equity markets may fluctuate dramatically from day-to-day. This volatility may cause the value of an investment in an ETF to decrease. An ETF designed solely to match the inverse of its Underlying Index respond differently to these risks than positively correlated ETFs.

Leverage Risk

Leverage offers a means of magnifying market movements into larger changes in an investment's value and provides greater investment exposure than an unleveraged investment. Leverage should cause an ETF to lose more money in market environments adverse to its daily investment objective than an ETF that does not employ leverage.

Using leverage involves special risks and should be considered to be speculative. Leverage exists when an ETF achieves the right to a return on a capital base that exceeds the amount the ETF has invested. An ETF using leverage creates the potential for greater gains to its Unitholders during favourable market conditions and the risk of magnified losses during adverse market conditions. Leverage should increase the volatility of the net asset value of an ETF. Leverage may involve the creation of a liability that does not entail any interest costs or the creation of a liability that requires an ETF to pay interest, which decreases the ETF's total return to its Unitholders. If an ETF achieves its investment objective, during adverse market conditions, Unitholders of the ETF may experience a loss greater than they would have incurred had the ETF not been leveraged.

The Double ETF employs absolute leverage that will generally not exceed 2.0 times the net asset value of the Double ETF and that leverage is **<u>rebalanced daily</u>** in order to ensure each Unitholder's risk is limited to the capital invested.

It is also important to understand the effects of compounding when investing in any mutual fund, especially funds, like the Double ETF, which use **<u>daily rebalanced leverage</u>** as part of their investment strategy.

Due to the compounding of **<u>daily returns</u>** and **<u>daily rebalancing</u>**, the returns of the Double ETF over periods longer than one day will likely differ in amount and possibly direction from the performance or inverse performance, as applicable, of its Underlying Index for the same period. This effect becomes more pronounced as the volatility of the Underlying Index and/or the period of time increases.

The returns of the Inverse ETF over periods longer than one day will, under most market conditions, be in the opposite direction from the performance of its Underlying Index for the same period. However, the deviation of returns of the Inverse ETF from the inverse performance of its Underlying Index can be expected to become more pronounced as the volatility of the Underlying Index, and/or the period of time, increases.

Investors should monitor their holdings daily to ensure that it remains consistent with their own investment strategies.

The following examples provide illustration. Each example is calculated without taking into account fees and expenses.

Examples A, B and C each assume that:

a) on the first day the underlying index is up 10%; and

b) on the next day the underlying index is down 10%.

Example D assumes that:

a) on the first day the underlying index is down 10%; and

b) on the next day the underlying index is up 10%.

The two-day sequence results in the underlying index being cumulatively down over this two-day period:

Example A, No Leverage (i.e., Traditional) Index Exchange-traded Fund: Assume you invest $100 in ETF A, a typical index fund that seeks to match the performance of its underlying index. If the underlying index increases 10% on day one, the value of your investment in ETF A would be expected to increase $10 (10% of $100) to $110. The next day, if the underlying index decreases 10%, the value of your investment in ETF A would be expected to decrease $11 (10% of $110) to $99, which results in a -1% cumulative 2-day period return. Thus the performance of the one times index fund matches the initial daily return of the index and is only slightly less than the return of the index on the second day and on a period return basis.

Example B, Leveraged, Not Rebalanced Daily (such as with a typical margin account usage): Assume you invest $100 in ETF B, a fund that takes investments only on day 1 and seeks to return 200% the period performance of the index from that day forward. If the index increases 10% on day one, the value of your investment in ETF B would be expected to increase $20 (20% of $100) to $120. The next day, if the index decreases 10%, cumulatively after day two, ETF B would be expected to be down 2% (200% of the -1% period return), which means it should fall only 18.3% ($120 to $98) on day 2. Thus, this structure would be expected to provide two times the period return of the index, but could not provide two times the daily performance of the index.

Example C, Leveraged, Rebalanced Daily (i.e., the Double ETF): Assume you invested $100 in ETF C, a fund that seeks to return 200% of the daily performance of its underlying index. If the underlying index increases 10% on day one, the value of your investment in ETF C would be expected to increase $20 (20% of $100) to $120. The next day, if the underlying index decreases 10%, the value of your investment in the daily rebalanced leveraged fund would be expected to decrease $24 (20% of $120) to $96, for a -4% cumulative two-day return. So while in this example the double index fund has succeeded in meeting its 200% daily investment objective, it does not and should not be expected to return 200% of the underlying index over any period of time other than daily.

Example D, Inverse ETF, No Leverage, Rebalanced Daily (i.e., the Inverse ETF): Assume you invest $100 in ETF D, an inverse index fund that seeks to match the inverse daily performance of its underlying index. If the underlying index decreases 10% on day one, the value of your investment in ETF D would be expected to increase $10 (10% of $100) to $110. The next day, if the underlying index increases 10%, the value of your investment in ETF D would be expected to decrease $11 (10% of $110) to $99, which results in a -1% cumulative 2-day period return. So while in this example the inverse index fund has succeeded in meeting its -100% daily investment objective it does not and should not be expected to return -100% of the index over any period of time other than daily.

Because of the effect of compounding, the value of the investor's investment in the Double ETF or the Inverse ETF declined over the two-day period even though the underlying index, after two days, had a net change of 0%. **The negative effect of compounding is more pronounced when combined with leverage and daily rebalancing in volatile markets.**

This effect is caused by compounding. In general, during periods of higher index volatility, compounding will cause longer term results of the Double ETF to be less than +200% of the return of its Underlying

Index. This effect becomes more pronounced as volatility, and/or the period of time, increases. Conversely, in periods of lower index volatility, results for longer periods for the Double ETF can be higher than +200% of the return of its Underlying Index. Actual results for a particular period for the Double ETF, before fees and expenses, will also be dependent on the magnitude of its Underlying Index's return in addition to the Underlying Index's volatility.

During periods of higher index volatility, compounding will cause longer term results of the Inverse ETF to be less than -100% of the return of its Underlying Index. This effect becomes more pronounced as volatility, and/or the period of time, increases. Conversely, in periods of lower index volatility, results for longer periods for the Inverse ETF can be higher than -100% of the return of its Underlying Index. Actual results for a particular period for the Inverse ETF, before fees and expenses, will also be dependent on the magnitude of its Underlying Index's return in addition to the Underlying Index's volatility.

Long Term Performance Risk

Investors considering buying units of an ETF should understand that each ETF is designed to provide either: (i) in respect of HMJU, +200% of the performance of the Underlying Index; or (iii) in respect of HMJI, -100% of the performance of the Underlying Index, in each case **on a daily basis and not for greater periods of time**.

The Double ETF, before fees and expenses, does not and should not be expected to return two times (i.e., +200%) the return of its Underlying Index over any period of time other than daily.

The Inverse ETF, before fees and expenses, does not and should not be expected to return the inverse (i.e., -100%) of the return of its Underlying Index over any period of time other than daily.

Investors should also recognize that the degree of volatility that the Underlying Indexes the ETFs are tracking can have a dramatic effect on the ETFs' long term performance. The greater the volatility of the Underlying Index, the greater the downside deviation will be of the applicable ETF's long-term performance from:

- in respect of HMJU, two times (i.e., +200%) the long-term performance of its Underlying Index; or
- in respect of HMJI, negative one times (i.e., -100%) the long-term performance of its Underlying Index.

It is even possible that the Inverse ETF, designed to return -100% of the performance of its Underlying Index may, over a period of time in a highly volatility environment, move in the same direction as the Underlying Index. However, under most market conditions, based on historical performance, the returns of the Inverse ETF over periods longer than one day will be in the opposite direction from the performance of its Underlying Index for the same period.

Accordingly, investors should monitor their holdings daily to ensure their investment in an ETF continues to be consistent with their own investment strategies.

If an investor wants to achieve two times (i.e., +200%) or negative one times (i.e., -100%)**,** as applicable, the performance of the applicable Underlying Index of an ETF, for periods greater than one day, the investor must monitor the performance of their investment daily and be prepared to invest additional funds or redeem a portion of their investment each day to achieve this objective. Such a strategy will incur additional transaction fees and will need to be carefully monitored to achieve this result.

If an investor is not prepared to adopt such a strategy, the investor should not expect the performance of an ETF to be two times (i.e., +200%) or negative one times (i.e., -100%), as applicable, the performance of the applicable Underlying Index **except on a daily basis**.

Price Volatility Risk – Double ETF

The Double ETF is subject to increased volatility as it seeks to achieve the two times multiple of the daily performance of its Underlying Index. The Double ETF may therefore experience greater volatility than securities comprising its Underlying Index and thus has the potential for greater losses.

While the investment objective of the Double ETF is designed to correspond to a two times multiple of the daily performance of its Underlying Index, it should be noted that, when comparing benchmark returns of the Double ETF over any period other than daily, the volatility of the Underlying Index is a significant factor as a result of the rebalancing process. **The Double ETF experiences comparatively more price volatility risk than the Inverse ETF**.

The table below illustrates the impact of two factors, benchmark volatility and benchmark performance, on a leveraged fund's period performance. Benchmark volatility is a statistical measure of the magnitude of fluctuations in the returns of a benchmark and is calculated as the standard deviation of the natural logarithms of one plus the benchmark return (calculated daily), multiplied by the square root of the number of trading days per year (assumed to be 252). The table shows estimated fund returns for a number of combinations of benchmark performance and benchmark volatility over a one year period. Assumptions used in the table include: a) no fund expenses and b) borrowing/lending rates (to obtain leverage) of zero percent. If fund expenses were included, the fund's performance would be lower than shown. The table below shows an example in which a leveraged fund has an investment objective to correspond to twice (200%) of the daily performance of a benchmark. The leveraged fund could be expected to achieve a 40% return on a yearly basis if the benchmark performance was 20%, absent any costs or the correlation risk or other factors described in this section of the prospectus. However, as the table shows, with a benchmark volatility of 25%, such a fund would return about 35.3%, again absent any costs or other associated risks or other factors.

Estimated Fund Return Over One Year When the Fund Objective Is To Seek Daily Results, Before Fees and Expenses, That Correspond to Twice (200%) of the Daily Performance of a Benchmark.

One Year Benchmark Performance	200% One Year Benchmark Performance	Benchmark Volatility			
		0%	25%	50%	75%
-40%	-80%	-64.0%	-66.2%	-72.0%	-79.5%
-20%	-40%	-36.0%	-39.9%	-50.2%	-63.5%
0%	0%	0.0%	-6.1%	-22.1%	-43.0%
20%	40%	44.0%	35.3%	12.1%	-18.0%
40%	80%	96.0%	84.1%	52.6%	11.7%

Per the above, it can be concluded that for any given benchmark return, increased volatility will negatively impact the relative period performance of the Double ETF to the Underlying Index. As such, if the Underlying Index has high historic volatility, then it can be expected that the Double ETF will be impacted by this mathematical result more than if the Double ETF tracked an underlying index with low historic volatility.

Price Volatility Risk – Inverse ETF

The Inverse ETF is subject to volatility as it seeks to achieve the single inverse (opposite) of the daily performance of its Underlying Index. The Inverse ETF may experience greater volatility than securities comprising its Underlying Index and thus have the potential for greater losses. While the investment objectives of the Inverse ETF are designed to correspond to the single inverse (opposite) of its Underlying Index, it should be noted that, when comparing benchmark returns of the Inverse ETF over any period other than daily, volatility of the Underlying Index is a significant factor as a result of the rebalancing process. While the returns of the Inverse ETF can, based on historical returns, generally be expected to be substantially similar to the inverse performance of its Underlying Index for the same period, the deviation of returns of the Inverse ETF from the inverse performance of its Underlying Index can be expected to become more pronounced as the volatility of the Underlying Index, and/or the period of time, increases.

The table below illustrates the impact of two factors, benchmark volatility and benchmark performance, on an inverse fund's period performance. Benchmark volatility is a statistical measure of the magnitude of fluctuations in the returns of a benchmark and is calculated as the standard deviation of the natural logarithms of one plus the benchmark return (calculated daily), multiplied by the square root of the number of trading days per year (assumed to be 252). The table shows estimated fund returns for a number of combinations of benchmark performance and benchmark volatility over a one year period. Assumptions used in the table include no fund expenses. If fund expenses were included, the fund's performance would be lower than shown.

Estimated Fund Return Over One Year When the Fund Objective Is To Seek Daily Results, Before Fees and Expenses, That Correspond to the Inverse (-100%) of the Daily Performance of a Benchmark.

One Year Benchmark Performance	-100% One Year Benchmark Performance	Benchmark Volatility			
		0%	25%	50%	75%
-40%	40%	66.7%	56.6%	29.8%	-5.0%
-20%	20%	25.0%	17.4%	-2.6%	-28.8%
0%	0%	0.0%	-6.1%	-22.1%	-43.0%
20%	-20%	-16.7%	-21.7%	-35.1%	-52.5%
40%	-40%	-28.6%	-32.9%	-44.4%	-59.3%

See also "Significant Hedging Cost Risk and Risk of Suspended Subscriptions (HMJI)" below.

Tracking Error Risk

The difference between the performance of an ETF on a given day and the performance of the applicable Underlying Index on a given day is generally called "tracking error". The performance of an ETF on a given day may not replicate the intended multiple of the applicable Underlying Index on that given day. Tracking error may occur due to management fees, operating costs, forward expenses, hedging costs (including the effect of corporate actions or trading halts on a Counterparty's hedging activities), index adjustments including rebalances, valuation timing variances, or due to other extraordinary circumstances.

In particular, the hedging costs of HMJI are expected to materially reduce the daily returns of HMJI to Unitholders and to materially impair the ability of HMJI to meet its investment objectives. See "Significant Hedging Cost Risk and Risk of Suspended Subscriptions (HMJI)" below.

Significant Hedging Cost Risk and Risk of Suspended Subscriptions (HMJI)

The hedging costs charged to an ETF reduces the value of the forward price payable by a Counterparty to an ETF under the Forward Documents (as defined).

Due to the high cost of borrowing the securities of marijuana companies, the hedging costs charged to HMJI and indirectly borne by Unitholders are anticipated to be material. Although the hedging costs of HMJI are assessed on a monthly basis to reflect then-current market conditions, these hedging costs are expected to materially reduce the returns of HMJI to Unitholders and to materially impair the ability of HMJI to meet its investment objectives.

Although the Manager does not, as of the date of this prospectus, anticipate suspending subscriptions for new Units, it is possible that due to a Counterparty's difficulties and costs associated with shorting the securities of constituent issuers, including the potential inability of a Counterparty to borrow securities of constituent issuers in order to "short" such issuers, HMJI will be subject to the risk that one or more Counterparties could refuse to increase the ETF's existing notional exposure under the current Forward Documents. If the ETF cannot increase its notional exposure under the Forward Documents, the Manager will accordingly suspend new subscriptions for Units of HMJI until such time as the Manager can increase the notional exposure under the Forward Documents. During a period of suspended subscriptions, investors should note that Units of HMJI are expected to trade at a premium or substantial premium to NAV. In such cases, investors are strongly discouraged from purchasing Units of HMJI on a stock exchange. Any suspension of subscriptions will be announced by press release and on the Manager's website. The suspension of subscriptions, if any, will not affect the ability of existing Unitholders to sell their Units in the secondary market at a price reflective of the NAV per Unit.

See also "Fees and Expenses – Forward Documents Expenses – Hedging Costs".

Historic Volatility

Due to the compounding of daily returns and daily rebalancing, the returns of the Double ETF over periods longer than one day will likely differ in amount and possibly direction from the performance of its Underlying Index for the same period. This effect becomes more pronounced as the volatility of the Underlying Index, and/or the period of time, increases.

The deviation of returns of the Inverse ETF from the inverse performance of its Underlying Index can be expected to become more pronounced as the volatility of the Underlying Index, and/or the period of time, increases.

Concentration Risk

The Underlying Indexes are concentrated in terms of the number of securities represented. Concentration in fewer underlying securities may result in a greater degree of volatility in the applicable Underlying Index and as result, the net asset value of the ETFs under specific market conditions and over time. See "Exemptions and Approvals".

Aggressive Investment Technique Risk

The ETFs use investment techniques and financial instruments that may be considered aggressive, including the use of futures contracts, options on futures contracts, securities and indices, forward contracts, swap agreements and similar instruments. Such techniques, particularly when used to create leverage, may expose an ETF to potentially dramatic changes (losses) in the value of the instruments and imperfect correlation between the value of the instruments and relevant security or index. An ETF's investment in financial instruments may involve a small investment relative to the amount of risk assumed. Financial instruments are subject to a number of risks described elsewhere in this prospectus, such as liquidity risk, credit risk and counterparty risk. The use of aggressive investment techniques also exposes an ETF to risks different from, or possibly greater than, the risks associated with investing directly in the securities comprising its Underlying Index, including: 1) the risk that an instrument is temporarily mispriced; 2) credit, performance or documentation risk on the amount the ETF expects to receive from a counterparty; 3) the risk that securities prices, interest rates and currency markets will move adversely and the ETF will incur significant losses; 4) imperfect correlation between the price of the financial instruments and movements in the prices of the underlying securities; 5) the risk that the cost of holding a financial instrument might exceed its total return; and 6) the possible absence of a liquid secondary market for any particular instrument and possible exchange imposed price fluctuation limits, both of which may make it difficult or impossible to adjust the ETF's position in a particular instrument when desired.

Trading in Derivatives is Highly Leveraged

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

Corresponding Net Asset Value Risk

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

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

Because Unitholders may acquire or redeem a PNU, the Manager expects that large discounts or premiums to the net asset value per Unit of the ETFs should not be sustainable.

Counterparty Risk

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

A Counterparty of the ETFs may also be adversely affected by regulatory or market changes which may make it difficult or impossible for the Counterparty to hedge its obligations to an ETF, which may adversely affect the ETF's ability to achieve its investment objective.

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

In respect of HMJI, it is possible that due to a Counterparty's difficulties and costs associated with shorting the securities of constituent issuers, including the potential inability of a Counterparty to borrow securities of constituent issuers in order to “short” such issuers, HMJI will be subject to the risk that one or more Counterparties could refuse to increase the ETF’s existing notional exposure under the current Forward Documents. If the ETF cannot increase its notional exposure under the Forward Documents, the Manager will accordingly suspend new subscriptions for Units of HMJI until such time as the Manager can increase the notional exposure under the Forward Documents. See “Significant Hedging Cost Risk and Risk of Suspended Subscriptions (HMJI)”.

Correlation Risk

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

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

Inverse Correlation Risk

An ETF that seeks investment results that correspond to the inverse of the daily performance of its Underlying Index may lose value as the index or security comprising the Underlying Index increases in value. Such a result is the opposite of most traditional mutual funds.

Liquidity Risk

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

Market Risk

Each ETF is subject to market risks that affect the value of its investments, including general economic and market conditions, as well as developments that impact specific economic sectors, industries or companies. Each ETF, other than an ETF designed solely to match the inverse of its Underlying Index, normally loses value on days when the index, or security comprising its Underlying Index declines (i.e., an adverse market condition for these ETFs). Each ETF designed solely to match the inverse of its Underlying Index normally loses value on days when the index or security comprising the equity markets are volatile, and the value of securities, futures, options contracts and other instruments correlated with the equity markets may fluctuate dramatically from day-to-day. This volatility may cause the value of an investment in an ETF to decrease. An ETF designed solely to match the inverse of its Underlying Index responds differently to these risks than a positively correlated ETF (i.e., an adverse market condition for these ETFs). Each ETF intends to remain fully invested regardless of market conditions.

Sector Risk

Investing in one specific sector of the stock market entails greater risk than investing in all sectors of the stock market. If a sector declines or falls out of favour, the share values of most or all of the companies in that sector will generally fall faster than the market as a whole. A sector can be significantly affected by, among other things, supply and demand, speculation, international political and economic developments, energy conservation, environmental issues, increased competition from other providers of services, commodity prices, regulation by government authorities, government regulation of rates charged to customers, service interruption due to environmental, operational or other mishaps, changes in laws, regulatory policies and accounting standards, and general changes in market sentiment.

Exposure to equity securities that have exposure to commodity markets may entail greater volatility than traditional securities. The value of securities exposed to commodity markets may be affected by commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity.

Marijuana Sector Risk

The marijuana industry is subject to various laws, regulations and guidelines relating to the manufacture, management, transportation, storage and disposal of marijuana, as well as those relating to health and safety, the conduct of operations and the protection of the environment. The regulatory environment governing the medical and adult use marijuana industries in the U.S. is, and will continue to be, subject to evolving regulation by governmental authorities. Accordingly, there are a number of risks associated with investing in businesses in an evolving regulatory environment, including, without limitation, increased industry competition, rapid consolidation of industry participants and potential insolvency of industry participants.

The Cannabis Act, along with the related provincial and territorial legislation regulating adult use distribution and sales, came into force on October 17, 2018. This implemented a legal framework in Canada for the production, distribution, sale and possession of both medical and adult use marijuana.

Unlike Canada, which has federal legislation uniformly governing the cultivation, distribution, sale and possession of medical cannabis under the Access to Cannabis for Medical Purposes Regulations, the United States largely regulates cannabis at the state level. To the Manager's knowledge, the majority of states, plus the District of Columbia, Puerto Rico and Guam that have regulated medical cannabis in some form. Notwithstanding the permissive regulatory environment of medical cannabis at the state level, marijuana remains a Schedule I drug under the Controlled Substances Act making it illegal under U.S. federal law to cultivate, distribute or possess marijuana in the United States. Furthermore, financial transactions involving proceeds generated by, or intended to promote, marijuana-related business activities in the U.S. may form the basis for prosecution under applicable U.S. federal money laundering legislation. Violations of any U.S. federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted by either the federal government or private citizens, or criminal charges, including, but not limited to, disgorgement of profits, cessation of business activities or divestiture. This could have a material adverse effect on the ETFs and the Manager, including its reputation and ability to conduct business, its direct or indirect holding of, or exposure to, issuers that have obtained medical cannabis licenses in the United States, the listing of its securities on various stock exchanges, its financial position, operating results, profitability or liquidity or the market price of its publicly traded shares. In addition, it is difficult for the Manager to estimate the time or resources that would be needed for the investigation of any such matters or its final resolution because, in part, the time and resources that may be needed are dependent on the nature and extent of any information requested by the applicable authorities involved, and such time or resources could be substantial. For the reasons set forth above, any future indirect investments in the United States may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in Canada. As a result, the ETFs may be subject to significant direct and indirect interaction with public officials. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on the ETFs, or its ability to retain certain third party service providers.

The Manager and the ETFs are also subject to a variety of laws and regulations domestically and in the United States that relate to money laundering, financial recordkeeping and proceeds of crime, including the

Currency and Foreign Transactions Reporting Act of 1970 (commonly known as the Bank Secrecy Act), as amended by Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA PATRIOT Act), the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada), as amended and the rules and regulations thereunder, the Criminal Code (Canada) and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in the United States and Canada. In February 2014, the Financial Crimes Enforcement Network ("**FCEN**") of the Treasury Department issued a memorandum providing instructions to banks seeking to provide services to cannabis-related businesses. The FCEN memo states that in some circumstances, it is permissible for banks to provide services to cannabis-related businesses without risking prosecution for violation of federal money laundering laws. It refers to supplementary guidance that Deputy Attorney General Cole issued to federal prosecutors relating to the prosecution of money laundering offenses predicated on cannabis-related violations of the CSA. It is unclear whether the current administration will follow the guidelines of the FCEN memo. In the event that any ETF's investments, or any proceeds thereof, any dividends or distributions therefrom, or any profits or revenues accruing from such investments in the United States were found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds of crime under one or more of the statutes noted above or any other applicable legislation. This could restrict or otherwise jeopardize the ability of the ETFs to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada.

To the extent the ETFs remain listed on the TSX, the Manager will continue to seek to comply with all applicable listing requirements of the TSX.

However, there can be no assurance that Canadian or U.S. federal, provincial, territorial or state laws regulating marijuana will not be repealed or overturned, that proposed laws regulating marijuana will become law, or that governmental authorities will not limit the application of such laws within their respective jurisdictions. If governmental authorities begin to enforce certain laws relating to marijuana in jurisdictions where the sale and use of marijuana is currently legal or regulated, or if existing laws are repealed or curtailed, the ETFs investments in such businesses may be materially and adversely affected notwithstanding the fact that the ETFs are not directly engaged in the sale or distribution of marijuana. Actions by governmental authorities against any individual or entity engaged in the marijuana industry, or a substantial repeal or amendment of any marijuana-related legislation, could adversely affect the ETFs and their investments.

The industry is subject to extensive controls and regulations, which may significantly affect the financial condition of market participants. The marketability of any product may be affected by numerous factors that are beyond the control of the portfolio issuers and which cannot be predicted, such as changes to government regulations, including those relating to taxes and other government levies which may be imposed. Changes in government levies, including taxes, could reduce a portfolio issuer's earnings and could make future capital investments or the portfolio issuer's operations uneconomic. The industry is also subject to numerous legal challenges, which may significantly affect the financial condition of market participants and which cannot be reliably predicted.

The issuers included in the portfolio may incur ongoing costs and obligations related to licensure and regulatory compliance. Failure to comply with such obligations may result in additional costs for corrective measures, significant penalties or in restrictions of operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the issuers and, therefore, on the ETFs' prospective returns.

As a result of perceived reputational risk, companies in the marijuana industry may have difficulty establishing or maintaining bank accounts, accessing public and private capital, or establishing desired or necessary business relationships. Failure to establish or maintain business relationships or could have a material adverse effect on companies in this industry. The Manager has not obtained and does not obtain any ongoing legal advice regarding the compliance of the underlying companies in which ETFs may be exposed from time to time with applicable laws.

Regulation of Marijuana in Canada Risk

The cultivation, distribution and sale and disposal of marijuana, among other things, remains subject to extensive regulatory oversight under the Cannabis Act. Such extensive controls and regulations may significantly affect the financial condition of market participants, and prevent the realization of such market participants of any benefits from an expanded market for recreational marijuana products.

Early Closing Risk

Unanticipated early closings of a stock exchange on which securities held by an ETF are listed may result in that ETF being unable to sell or buy securities on that day. If an exchange closes early on a day when an ETF needs to execute a high volume of securities trades late in the trading day, the ETF may incur substantial trading losses. In the event of early (late) exchange closings, it is expected that the ETFs will also close early (late).

Unit Consolidation and Unit Split Risk

The Manager may, from time to time, split or consolidate Units of an ETF when the trading price of an ETF's Units reaches certain thresholds. A consolidation is a reduction in the number of Units of an ETF, and a corresponding increase in the net asset value per Unit and in the investor's average cost per Unit. A split is an increase in the number of Units of an ETF, and a corresponding decrease in the net asset value per Unit and in the investor's average cost per Unit. A split or consolidation has no effect on the net asset value of an investor's overall position. Splits and consolidations are announced publicly, in advance, by a press release that is posted on SEDAR and on the Manager's website.

While the Manager works closely with major brokerage firms in respect of splits and consolidations of Units, and provides these firms with complete and timely information regarding such splits and consolidations, it can take up to 3-5 business days for an investor's holdings to be properly updated in their brokerage account.

Under such circumstances, with certain brokers or custodians, splits and consolidations can disrupt an investor's ability to engage in the normal trading of units on the TSX. It is advisable to take extra care and contact your broker prior to trading Units of an ETF during the first 3-5 business days following a split or consolidation of an ETF's units.

Regulatory Risk

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

For example, the regulation of futures transactions is a rapidly changing area of law and is subject to modification by government and judicial action. The effect of any future regulatory changes on the ETFs is impossible to predict, but could be substantial and adverse. To the extent possible, the Manager attempts to monitor such changes to determine the impact such changes may have on the ETFs and what can be done, if anything, to try and limit such impact.

Draft legislation has also been introduced, and legislation has been enacted, which will change or has changed how over-the-counter derivatives transactions are regulated in the United States. This legislation may have an impact on the ETFs and their counterparties.

No Assurance of Meeting Investment Objective

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

Tax Risk

An ETF will recognize income under a Forward Document when it is realized by such ETF upon partial settlements or upon maturity of the Forward Document, unless the ETF is a “financial institution” subject to the mark-to-market property rules (“mark-to-market rules”) discussed below. Whether such income is recognized when realized or on an annual mark-to-market basis in accordance with the mark-to-market rules, this may result in significant gains being realized by the ETF at such times and such gains would be taxed as ordinary income. To the extent such income is not offset by any available deductions, it would be distributed to applicable Unitholders in the taxation year in which it is recognized and included in such Unitholder’s income for the year. In addition, it is possible that particular settlements under the Forward Documents may result in the Counterparty returning pledged collateral in the form of cash from the interest bearing account or T-Bills to the ETF in a taxation year but no income being recognized by the ETF under the Tax Act in such taxation year. This will result in more accrued gains in the particular ETF which, when recognized, will be distributed to Unitholders at such time as ordinary income.

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

Notwithstanding that an ETF may satisfy the requirements to qualify as a mutual fund trust prior to the 91st day after the end of its first taxation year, it is not currently expected that such ETF will make the election to qualify under the Tax Act as a mutual fund trust from inception, in which case such ETF will not qualify as a mutual fund trust until the requirements for qualification are satisfied.

Tax Amendments proposed in the 2019 Budget effective for taxation years beginning on or after March 19, 2019 would prohibit an ETF (provided that it is a “mutual fund trust” for purposes of the Tax Act throughout its taxation year) from deducting in the computation of the ETFs income, the portion of an amount paid to redeeming Unitholders of the ETF that is considered to be paid out of the income of the ETF, and limit the ability of an ETF to deduct taxable capital gains allocated to redeeming Unitholders. If such Tax Amendments are enacted in their current form, such income (including any taxable capital gains) may be made payable to non-redeeming Unitholders so that the ETF will not be liable for non-refundable income tax thereon. Accordingly, the amounts and taxable component of distributions to non-redeeming Unitholders of the ETF may be greater than they would have been in the absence of such amendments.

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

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

Pursuant to rules in the Tax Act, an ETF that experiences a "loss restriction event" ("LRE") (i) will be deemed to have a year-end for tax purposes (which would result in an unscheduled distribution of the ETF's net income and net realized capital gains, if any, at such time to Unitholders so that the ETF is not liable for income tax on such amounts under Part I of the Tax Act), and (ii) will become subject to the LRE rules generally applicable to a corporation that experiences an acquisition of control, including a deemed realization of any unrealized capital losses and restrictions on its ability to carry forward losses. Generally, an ETF will be subject to an LRE if a Unitholder of the ETF alone or together with affiliated persons or partnerships (or group of persons) acquires (or becomes a holder of) more than 50% of the fair market value of all the interests in the income or capital, as the case may be, of the ETF. Please see "Income Tax Considerations – Taxation of Holders" for the tax consequences of an unscheduled or other distribution to Unitholders. Trusts that qualify as "investment funds" as defined in the rules in the Tax Act relating to LREs are generally excepted from the application of such rules. An "investment fund" for this purpose includes a trust that meets certain conditions, including satisfying certain of the conditions necessary to qualify as a "mutual fund trust" for purposes of the Tax Act, not holding any property that it uses in the course of carrying on a business and complying with certain asset diversification requirements. There can be no assurance that an ETF will qualify as an investment fund for these purposes. If an ETF were not to qualify as an "investment fund", it could potentially have an LRE and thereby become subject to the related tax consequences described above.

The Tax Act provides for a special tax on the designated income of certain trusts (other than a trust that was throughout the taxation year a mutual fund trust) that have designated beneficiaries. The Manager intends to monitor the activities of any ETF that is not a mutual fund trust throughout a taxation year so as to ensure that such ETF does not earn any designated income for purposes of the Tax Act in that year. On this basis, it is anticipated that the ETFs will not have any material liability with respect to this special tax. However, if an ETF is considered to be carrying on business in respect of any of its investing activities, the income related thereto may be designated income and may be subject to the above-noted special tax.

Each of the ETFs may be subject to alternative minimum tax under the Tax Act for a taxation year if such ETF is not a mutual fund trust under the Tax Act throughout the taxation year.

If an ETF does not qualify as a mutual fund trust under the Tax Act and more than 50% of the fair market value of all interests in the ETF are held by holders that are "financial institutions", as such term is defined for purposes of the mark-to-market rules in the Tax Act, the ETF will be a "financial institution" for purposes of these rules. In that event, gains and losses of such ETF on property that is "mark-to-market property" for purposes of these rules will be fully included in/deducted from income on an annual mark-to-market basis.

A trust that becomes or ceases to be a financial institution for the above purposes will be deemed to have a year-end for tax purposes at such time, and will be deemed to have disposed of certain properties at their fair market value and to have reacquired them immediately thereafter. A deemed taxation year-end would result in an unscheduled distribution of the ETF's net income and net realized capital gains, if any, at such time to Unitholders so that the ETF is not liable for income tax on such amounts under Part I of the Tax Act. Please see "Income Tax Considerations – Taxation of Holders" for the tax consequences of a distribution to Unitholders.

As of the date hereof, each ETF that is not a mutual fund trust is a financial institution, but may cease to be a financial institution.

The ETFs are generally required to pay GST/HST on any management fees and most of the other fees and expenses that they have to pay. There may be changes to the way that the GST/HST and provincial Sales Taxes apply to fees and expenses incurred by mutual funds such as the ETFs, and there may be changes to the rates of such taxes, which, accordingly, may affect the costs borne by each ETF and its Unitholders.

Conflicts of Interest

The ETFs are subject to certain conflicts of interest. See "Organization and Management Details of the ETFs - Conflicts of Interest".

Liability of Unitholders

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

Reliance on the Manager

No assurance can be given that systems and strategies utilized by the Manager, including, without limitation, investment strategies the Manager, will prove successful under all or any market conditions.

Reverse Repurchase Transaction Risk

Each ETF may from time to time engage in reverse repurchase transactions. A reverse repurchase transaction takes place when an ETF buys a security at one price and agrees to sell it back later to the same party at a higher price. Reverse repurchase transactions come with certain risks. If the other party to a reverse repurchase transaction cannot complete the transaction, an ETF may be left with a security it may not want. An ETF may lose money if the value of the security rises or drops depending on the circumstances. To minimize the risks of these transactions, the buyer of securities must provide collateral which is worth at least 102% of the value of the reverse repurchase transactions and which is of the type permitted by the Canadian securities regulators. The value of the securities is monitored daily and the collateral adjusted appropriately by the Custodian.

All reverse repurchase transactions must be completed within 30 days.

Designated Broker/Dealer Risk

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

In addition, in respect of HMJI, it is possible that due to a Counterparty's difficulties and costs associated with shorting the securities of constituent issuers, including the potential inability of a Counterparty to borrow securities of constituent issuers in order to "short" such issuers, HMJI will be subject to the risk that one or more Counterparties could refuse to increase the ETF's existing notional exposure under the current Forward Documents. If the ETF cannot increase its notional exposure under the Forward Documents, the Manager will accordingly suspend new subscriptions for Units of HMJI from being placed by the Designated Broker and Dealers until such time as the Manager can increase the notional exposure under the Forward Documents. See "Significant Hedging Cost Risk and Risk of Suspended Subscriptions (HMJI)".

Exchange Risk

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

Changes to the Underlying Index

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

Foreign 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 ETFs do not price the Units and, therefore, the value of the securities in the portfolios of an ETF may change on days when investors are unable to purchase or sell Units. Also, some foreign securities markets may be volatile, lack liquidity, or have higher transaction and custody costs than those of the TSX. Also, securities of some Canadian issuers are inter-listed on a Canadian and a foreign exchange and may be traded on days when the foreign exchange is open and the TSX is not. In those circumstances changes in the value of those constituent securities in the Underlying Index 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 a Unit of that ETF on the TSX may increase. Also in the event that the TSX is open on a day that a foreign exchange is closed, the spread or difference between the value of the securities in the ETF's portfolio and the market price of a Unit of that ETF on the TSX may increase.

Exchange Rate Risk

Changes in foreign currency exchange rates may affect the value of an ETF's investments. Generally, when the Canadian dollar appreciates in value against a foreign currency, an investment in that country loses value because that currency is worth fewer Canadian dollars. Devaluation of a currency by a country's government or banking authority will also have a significant impact on the value of any investments denominated in that currency. Currency markets generally are not as regulated as securities markets.

Securities Lending Risk

The ETFs may engage in securities lending and have received exemptive relief from the securities regulatory authorities to allow an ETF to lend 100% of its investment portfolio to qualified borrowers. Although an ETF that engages in securities lending 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. In addition, an ETF will bear the risk of loss of any investment of cash collateral.

Risk Ratings of the ETFs

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

The reference index used for HMJU is the North American MOC Marijuana Index (NTR), and the reference index used for HMJI is the North American MOC Marijuana Index (TR).

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

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

DISTRIBUTION POLICY

To the extent required, each ETF will pay or make payable prior to the end of each taxation year, sufficient net income (including net realized capital gains) for a year that has not previously been paid or made payable in that year so that the ETF will not be liable for non-refundable income tax thereon. Any such amount distributed by the ETF will be paid in Units of the applicable ETF or as a "reinvested distribution". Reinvested distributions on Units of an ETF will be reinvested automatically in additional Units of the ETF at a price, or Units will be distributed at a price, equal to the net asset value per Unit of the ETF on such day and the Units of the ETF, in each case, will be immediately consolidated such that the number of outstanding Units of the ETF held by each Unitholder on such day following the distribution will equal the number of Units of the ETF held by the Unitholder prior to the distribution. In the case of a Unitholder that is not resident in Canada, if tax is required to be withheld in respect of the distribution, the Unitholder's dealer will invoice or may debit their account directly for any such required withholding tax. The tax treatment to Unitholders of the ETF of reinvested distributions and distributions paid in Units is discussed under the heading "Income Tax Considerations".

Under the current rules of the Tax Act, the Manager does not anticipate that any material amount of distributions will be made on Units in the current year. However, based on certain Tax Amendments proposed in the 2019 Budget, distributions of income on Units of each ETF could be materially higher once these Tax Amendments take effect in respect of the ETFs than they would be in the absence of such amendments (if enacted as proposed, such Tax Amendments would apply to the current taxation year of the ETFs). See "Risk Factors – Tax Risk". Distributions of an ETF are expected to consist primarily of ordinary income for income tax purposes. Currently, the level of distributions paid by an ETF to its Unitholders will depend upon payments received by the ETF under the Forward Documents. If the Forward Documents are terminated, the level and characterization of distributions paid by an ETF to its Unitholders in respect of the period following such termination will depend on the replacement investment strategy adopted by the ETF.

PURCHASES OF UNITS

Issuance of Units of an ETF

To Designated Brokers and Dealers

All orders to purchase Units directly from an ETF must be placed by a Designated Broker and/or Dealers. The ETFs reserve the absolute right to reject any subscription order placed by a Designated Broker and/or a Dealer. No fees are payable by an ETF to a Designated Broker or a Dealer in connection with the issuance of Units of the ETF.

On any Trading Day, a Designated Broker or a Dealer may place a subscription order for the PNU or multiple PNU of an ETF. If a subscription order is received by an ETF by 9:30 a.m. (Toronto time) on a Trading Day, the ETF will issue to the Designated Broker or Dealer the number of Units of the ETF subscribed for generally on the first Trading Day after the date on which the subscription order is accepted, provided that payment for such Units has been received. The number of Units issued is based on the net asset value per Unit of the ETF on the Trading Day on which the subscription is accepted by the Manager. Notwithstanding the foregoing, the ETF will issue to the Designated Broker or Dealer the number of Units of the ETF subscribed for no later than the second Trading Day after the date on which the subscription order was accepted, provided that payment for such Units has been received.

In issuing Units of an ETF to a Designated Broker or Dealer, the Designated Broker or Dealer must deliver cash in exchange for the Units in an amount equal to the net asset value of such Units next determined following the receipt of the subscription order.

The Manager publishes the PNU for each ETF on its website, www.HorizonsETFs.com. The Manager may, at its discretion, increase or decrease the PNU of an ETF from time to time.

To Unitholders of an ETF as Reinvested Distributions or Distributions Paid in Units

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

Buying and Selling Units of an ETF

The Units have been conditionally approved for listing on the TSX. Subject to satisfying the TSX’s original listing requirements, Units of the ETFs will be listed on the TSX.

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

Non-Resident Unitholders

At no time may (i) non-residents of Canada, (ii) partnerships that are not Canadian partnerships or (iii) a combination of non-residents of Canada and such partnerships (all as defined in the Tax Act) be the beneficial owners of a majority of the Units of an ETF (on either a number of Units or fair market value basis) at any time during which more than 10% of the property of such ETF consists of 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. None of the property held by the ETF should be considered such property. If the Manager expects or believes that more than 10% of an ETF’s property may consist of such property at any time, the ETF and the Manager may inform the Registrar and Transfer Agent of such ETF of the restriction on who may be a beneficial owner of a majority of its Units.

If the Manager believes that more than 10% of an ETF'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 Units of such ETF (on either a number of Units or fair market value basis) are beneficially held by non-residents and/or partnerships that are not Canadian partnerships, the Manager may send a notice to such non-residents and/or partnerships, chosen in inverse order to the order of acquisition or in such manner as the Manager may consider equitable and practicable, requiring them to sell their Units of such ETF in the applicable currency or a portion thereof within a specified period of not less than 30 days. If the Unitholders receiving such notice have not sold the specified number of Units or provided the Manager with satisfactory evidence that they are not non-residents or partnerships other than Canadian partnerships within such period, the Manager may on behalf of such Unitholders sell such Units and, in the interim, shall suspend the voting and distribution rights attached to such Units. Upon such sale, the affected holders shall cease to be beneficial holders of Units of such ETF and their rights shall be limited to receiving the net proceeds of sale of such Units.

Notwithstanding the foregoing, the Manager may determine not to take any of the actions described above if the Manager has been advised by legal counsel that the failure to take any of such actions would not adversely impact the status of the applicable ETF as a mutual fund trust for purposes of the Tax Act or, alternatively, may take such other action or actions as may be necessary to maintain the status of such ETF as a mutual fund trust for purposes of the Tax Act, where desired. See also "Purchases of Units – Non-Resident Unitholders".

Special Considerations for Unitholders

The provisions of the so-called "early warning" requirements set out in Canadian securities legislation do not apply in connection with the acquisition of Units of an ETF. In addition, each ETF has obtained exemptive relief from the securities regulatory authorities to permit a Unitholder of that ETF to acquire more than 20% of the Units of that ETF through purchases on the TSX without regard to the takeover bid requirements of applicable Canadian securities legislation.

REDEMPTION OF UNITS

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

Redemption of Units of an ETF for Cash

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

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

Investors that redeem their Units of an ETF prior to the distribution record date for any distribution will not be entitled to receive that distribution.

In connection with the redemption of Units of an ETF, the ETF will generally dispose of securities or other financial instruments. In accordance with the Trust Declaration, an ETF may redeem any Units of a Unitholder resident in a foreign jurisdiction if the redemption of the Units is considered necessary by the Manager to ensure that the ETF complies with the provisions of the Tax Act or to ensure that the ETF does not become subject to the legislation of a foreign jurisdiction. See “Purchases of Units – Non-Resident Unitholders”.

Suspension of Redemptions

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

Costs Associated with Issuances, Exchanges or Redemptions

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

Allocations of Income and Capital Gains to Redeeming Unitholders

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

Tax Amendments proposed in the 2019 Budget would, upon taking effect, prohibit an ETF (provided that it is a "mutual fund trust" for purposes of the Tax Act throughout its taxation year) from deducting in the computation of the ETFs income, the portion of an amount paid to redeeming Unitholders of the ETF that is considered to be paid out of the income of the ETF, and limit the ability of an ETF to deduct taxable capital gains allocated to redeeming Unitholders. If such Tax Amendments are enacted in their current form, such income (including any taxable capital gains) may be made payable to all Unitholders of the ETF rather than being allocated to redeeming Unitholders of the ETF.

Book-Entry Only System

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

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

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

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

Short-Term Trading

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

PRIOR SALES

Trading Price and Volume

As the ETFs are newly established, information relating to the trading price ranges and volume of Units of the ETFs is not yet available.

INCOME TAX CONSIDERATIONS

The following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations under the Tax Act that generally apply to the acquisition, holding and disposition of Units of an ETF by a Unitholder of the ETF who acquires Units of the ETF pursuant to this prospectus. This summary only applies to a prospective Unitholder of an ETF who is an individual (other than a trust) resident in Canada for purposes of the Tax Act, who deals at arm's length with the ETF, a Designated

Broker and the Dealers, who is not affiliated with the ETF, any Designated Broker or any Dealer, and who holds Units of the ETF as capital property, all within the meaning of the Tax Act (a "**Holder**").

Generally, Units of an ETF will be considered to be capital property to a Holder provided that the Holder does not hold such Units in the course of carrying on a business of buying and selling securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Assuming that an ETF is a "mutual fund trust" for purposes of the Tax Act, certain Holders who might not otherwise be considered to hold Units of that ETF as capital property may, in certain circumstances, be entitled to have such Units and all other "Canadian securities" owned or subsequently acquired by them treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. This election will not be available if an ETF does not qualify as a mutual fund trust within the meaning of the Tax Act. Accordingly, there can be no assurance regarding the availability of such election. This summary does not apply to a Holder who has entered or will enter into a "derivative forward agreement" within the meaning of the Tax Act with respect to Units.

This summary is based on the assumptions that each ETF will qualify at all times as a "unit trust" and will not be a "SIFT trust" within the meaning of the Tax Act. Except as indicated otherwise, this summary is also based on the assumption that each ETF qualifies at all times as a "mutual fund trust" within the meaning of the Tax Act. For an ETF to qualify as a "mutual fund trust", among other things, it must comply on a continuous basis with certain requirements relating to the qualification of its Units for distribution to the public, the number of Unitholders of the ETF and the dispersal of ownership of its Units. **In the event an ETF were not to qualify or be deemed to qualify as a mutual fund trust under the Tax Act at all times or is a "SIFT trust", the income tax consequences described below would, in some respects, be materially different than would be the case if it were a mutual fund trust.**

This summary is further based on the assumptions that (i) none of the issuers of the securities in the portfolio of an ETF will be foreign affiliates of an ETF or of any Unitholder, or "SIFT trusts" or "SIFT partnerships" within the meaning of the Tax Act, (ii) none of the securities in the portfolio of an ETF will be a "tax shelter investment" within the meaning of section 143.2 of the Tax Act, (iii) none of the securities in the portfolio of an ETF will be an offshore investment fund property (or an interest in a partnership that holds such property) that would require the ETF (or the partnership) to include significant amounts in income pursuant to section 94.1 of the Tax Act or an interest in a trust (or a partnership which holds such an interest) which would require the ETF (or the partnership) to report significant amounts of income in connection with such interest pursuant to the rules in section 94.2 of the Tax Act, or an interest in a non-resident trust other than an "exempt foreign trust" (or a partnership which holds such interest), and (iv) none of the ETFs will enter into any arrangement (including the acquisition of securities for an ETF's portfolio) where the result is a "dividend rental arrangement" for purposes of the Tax Act. This summary further assumes that each ETF will comply with its investment restrictions and no ETF that is not a mutual fund trust throughout a taxation year will earn any "designated income" as defined for purposes of Part XII.2 of the Tax Act in that year.

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

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Units of an ETF. This summary does not address the deductibility of interest on any funds borrowed by a Unitholder to purchase Units of an ETF. The income and other tax consequences of investing in Units will vary depending on an investor's particular circumstances including the province or territory in which the investor resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to be, nor should it be construed to be,

legal or tax advice to any holder of Units of an ETF. Prospective investors should consult their own tax advisors with respect to the income tax consequences to them of an acquisition of Units of an ETF based on their particular circumstances, and review the tax related risk factors in this prospectus.

Status of the ETFs

As noted above, this summary assumes that each ETF will qualify at all times as a "unit trust" for purposes of the Tax Act and, except as indicated otherwise, that each ETF qualifies at all times as a "mutual fund trust" within the meaning of the Tax Act. Notwithstanding that an ETF may satisfy the requirements to qualify as a mutual fund trust prior to the 91st day after the end of its first taxation year, it is not currently expected that such ETF will make the election to qualify under the Tax Act as a mutual fund trust from inception, in which case such ETF will not qualify as a mutual fund trust until the requirements for qualification are satisfied.

If an ETF does not qualify as a mutual fund trust under the Tax Act and more than 50% of the fair market value of all interests in the ETF are held by holders that are "financial institutions", as such term is defined in the Tax Act, the ETF will be a "financial institution" within the meaning of the Tax Act. In that event, gains and losses of such ETF on property that is "mark-to-market property" for purposes of these rules will be fully included in/deducted from income on an annual mark-to-market basis.

An ETF that becomes or ceases to be a financial institution for the above purposes will be deemed to have a year-end for tax purposes at such time, and will be deemed to have disposed of certain properties at their fair market value and to have reacquired them immediately thereafter. A deemed taxation year-end would result in an unscheduled distribution of the ETF's net income and net realized capital gains, if any, at such time to Unitholders so that the ETF is not liable for income tax on such amounts under Part I of the Tax Act.

As of the date hereof, each ETF that is not a mutual fund trust is a financial institution, but may cease to be a financial institution.

Provided the Units of an ETF are listed on a "designated stock exchange" (within the meaning of the Tax Act) or the ETF qualifies as a "mutual fund trust" within the meaning of the Tax Act, Units of that ETF will be qualified investments under the Tax Act for a trust governed by a RRSP, a RRIF, a DPSP, a RDSP, a RESP or a TFSA. For certain tax consequences of holding Units in these registered plans, see "Income Tax Considerations – Taxation of Registered Plans".

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

Taxation of the ETFs

Each ETF will have a taxation year that ends on December 31 of each calendar year. An ETF must pay tax on its net income (including net realized taxable capital gains) for a taxation year, less the portion thereof that it deducts in respect of the amount paid or payable to its Unitholders, whether in cash or in Units, in the year. An amount will be considered to be paid or payable to a Unitholder of an ETF in a taxation year if it is paid to the Unitholder in that year by the ETF or if the Unitholder is entitled in that year to enforce payment of the amount. The Trust Declaration for the ETFs requires that sufficient amounts be paid or made payable each taxation year so that no ETF is liable for any non-refundable income tax under Part I of the Tax Act.

In general, gains and losses realized by an ETF from derivative transactions will be on income account, except where such derivatives are used to hedge portfolio securities held on capital account provided the ETF is not a financial institution and there is sufficient linkage, subject to the DFA Rules discussed below, and an ETF will recognize such gains or losses for tax purposes at the time they are realized by the ETF subject to the possible application of the mark-to-market rules as discussed below.

It is expected that each ETF will not realize any income for purposes of the Tax Act upon entering into a Forward Document. Payments received or paid by an ETF under a Forward Document will be on income account and, provided the ETF is not a financial institution, the ETF will recognize such income or loss when it is realized by such ETF upon partial settlements or upon maturity of the Forward Document.

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 ETF, returns realized in respect of the property underlying such derivatives would be treated as ordinary income or losses rather than capital gains and capital losses.

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

An ETF will be entitled for each taxation year throughout which it is a mutual fund trust to reduce (or receive a refund in respect of) its liability, if any, for tax on its net realized capital gains by an amount determined under the Tax Act based on the redemption of its Units during the year ("**capital gains refund**"). The capital gains refund in a particular taxation year may not completely offset the tax liability of an ETF for such taxation year which may arise upon the sale or other dispositions of investments in the ETF in connection with the redemption of Units. As the ETFs will not be mutual fund trusts throughout the current taxation year, this election will not be available to an ETF in respect of the current taxation year.

In computing its income under the Tax Act, an ETF may deduct reasonable administrative and other expenses incurred to earn income from property or a business. An ETF may not deduct interest on borrowed funds that are used to fund redemptions of its Units. Each ETF will be required to compute all amounts in Canadian dollars in accordance with the detailed rules in the Tax Act and accordingly may realize gains or losses by virtue of the fluctuation in the value of the foreign currencies relative to Canadian dollars.

Losses incurred by an ETF in a taxation year cannot be allocated to Unitholders of the ETF, but may be deducted by the ETF in future years in accordance with the Tax Act.

In certain situations, where an ETF disposes of property and would otherwise realize a capital loss, the loss will be deemed to be a "suspended loss". This may occur, for example, if the ETF disposes of and the ETF, or a person affiliated with the ETF, 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 owns it at the end of that period.

The Tax Act provides for a special tax on the designated income of certain trusts (other than a trust that was throughout the taxation year a mutual fund trust) that have designated beneficiaries. The Manager intends to monitor the activities of any ETF that is not a mutual fund trust throughout a taxation year so as to ensure that such ETF does not earn any designated income for purposes of the Tax Act in that year. On this basis, it is anticipated that the ETFs will not have any material liability with respect to this special tax. However, if an ETF is considered to be carrying on business in respect of any of its investing activities, the income related thereto may be designated income and may be subject to the above-noted special tax.

If an ETF does not qualify as a mutual fund trust under the Tax Act throughout a taxation year, among other things, (a) the ETF may be liable to pay an alternative minimum tax under the Tax Act, (b) it may be subject to the "mark-to-market" rules in the Tax Act discussed above if more than 50% of the fair market value of its units are held by "financial institutions", and (c) it may be subject to the "anti-straddle" rules which would defer the ability to claim certain losses. As noted above, notwithstanding that an ETF may satisfy the requirements to qualify as a mutual fund trust prior to the 91st day after the end of its first taxation year, it is not currently expected that such ETF will make the election to qualify under the Tax Act as a mutual fund trust from inception, in which case such ETF will not qualify as a mutual fund trust throughout its first taxation year. Also as noted above, as of the date hereof, the ETFs are financial institutions, but may cease to be financial institutions.

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

Taxation of Holders

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

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

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

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

An ETF may have a large unrealized gain upon maturity of a Forward Document. Therefore, there may be significant accrued gains in an ETF prior to the settlement of its Forward Documents on or about the termination of such Forward Documents. In addition, it is possible that particular settlements under the Forward Documents could result in a Counterparty returning pledged collateral in the form of cash from the interest bearing account or T-Bills to the ETF in a taxation year but no income being realized by the ETF under the Tax Act in such taxation year. This will result in more accrued gains in the particular ETF which, when realized, will be distributed to Unitholders at such time as ordinary income.

An ETF will partially settle its Forward Documents in each taxation year in order to fund operating expenses and other liabilities of the ETF. A partial settlement may result in the ETF realizing net ordinary income from payments received under the Forward Documents. If this occurs, Holders of the ETF will be allocated their share of such income in respect of the taxation year through a special distribution payable in Units without any corresponding distribution of cash.

On the disposition or deemed disposition of a Unit of an ETF, including on a redemption, a Holder will realize a capital gain (or capital loss) to the extent that the Holder's proceeds of disposition (other than any amount payable by the ETF on the redemption which represents income or capital gains allocated and designated to the redeeming Holder), net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the Unit of the ETF. For the purpose of determining the adjusted cost base of a Holder's Units of an ETF, when additional Units of the ETF are acquired by the Holder, the cost of the newly acquired Units of the ETF will be averaged with the adjusted cost base of all Units of the ETF owned by the Holder as capital property immediately before that time. For this purpose, the cost of Units of the ETF that have been issued on a distribution or issued on a reinvested distribution will generally be equal to the amount of the distribution. A consolidation of Units of an ETF as described under "Distribution Policy" following a distribution paid in the form of additional Units of the ETF or a reinvested distribution will not be regarded as a disposition of Units of the ETF and will not affect the aggregate adjusted cost base to a Holder. Any additional Units acquired by a Holder on the reinvestment of distributions will generally have a cost equal to the amount reinvested.

Pursuant to the Trust Declaration, an ETF may distribute, allocate and designate any income or capital gains realized by the ETF as a result of any disposition of property of the ETF undertaken to permit or facilitate the redemption of Units of the ETF to a Holder of the ETF whose Units are being redeemed. In addition, each ETF has the authority to distribute, allocate and designate any net income or net realized capital gains of the ETF to a Holder of the ETF who has redeemed Units of the ETF during a year in an amount equal to the Holder's share, at the time of redemption, of the ETF's net income and net realized capital gains for the year or such other amount that is determined by the ETF to be reasonable. Any such allocations and designations will reduce the redemption price otherwise payable to the redeeming Holder, but, for greater certainty, will not reduce the amount of cash that the Holder will receive in respect of the redemption. Tax Amendments proposed in the 2019 Budget that are applicable to trusts that are "mutual fund trusts" for purposes of the Tax Act throughout the taxation year would, effective for taxation years beginning on or after March 19, 2019, prohibit the ETF from deducting in the computation of the ETFs income, the portion of an amount paid to redeeming Holders of the ETF that is considered to be paid out of the income of the ETF, and limit the ability of an ETF to deduct taxable capital gains allocated to redeeming Holders as described above. If such Tax Amendments are enacted in their current form, such income (including any taxable capital gains) may be made payable to non-redeeming Holders so that the ETF will not be liable for non-refundable income tax thereon. Accordingly,the amounts and taxable component of distributions to non-redeeming Holders may be greater than they would have been in the absence of such amendments.

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

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

Taxation of Registered Plans

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

Notwithstanding the foregoing, if the Units are "prohibited investments" for the purposes of a TFSA, RDSP, RRSP, RRIF or RESP, a Unitholder who is a holder of such TFSA or RDSP, annuitant of such RRSP or RRIF or subscriber of such RESP, that holds Units will be subject to a penalty tax as set out in the Tax Act. A "prohibited investment" includes a unit of a trust which does not deal at arm's length with the holder, annuitant or subscriber, or in which the holder, annuitant or subscriber has a significant interest, which, in general terms, means the ownership of 10% or more of the fair market value of an ETF's outstanding Units by the holder, annuitant or subscriber, either alone or together with persons and partnerships with whom the holder, annuitant or subscriber does not deal at arm's length. Unitholders are advised to consult their own tax advisors regarding the application of the "prohibited investment" rules in their particular circumstances.

Tax Implications of the Fund's Distribution Policy

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

In particular, an investor who acquires Units at any time in the year prior to a distribution being paid or made payable will have to pay tax on the entire distribution (to the extent it is a taxable distribution), regardless of the fact that the investor only recently acquired such Units. In addition, as noted above, there may be significant accrued gains in an ETF prior to the settlement of its Forward Documents.

ORGANIZATION AND MANAGEMENT DETAILS OF THE ETFs

Manager of the ETFs

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

Horizons and its subsidiaries are an innovative financial services organization distributing the Horizons family of leveraged, inverse leveraged, inverse, index and actively managed exchange traded funds. Horizons is a wholly-owned subsidiary of Mirae Asset.

Mirae Asset is the Korea-based asset management entity of Mirae Asset Financial Group, one of the world's largest investment managers in emerging market equities. With over 12,700 employees, including more than 175 investment professionals (as of December 31 2018), Mirae Asset Financial Group has a presence in Australia, Brazil, Canada, China, Colombia, Hong Kong, India, Korea, the United Kingdom, the United States, and Vietnam. Headquartered in Seoul, South Korea, Mirae Asset Financial Group manages approximately US$377 billion in assets globally as of December 31, 2018.

Officers and Directors of the Manager

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

Name and Municipality of Residence	Date Individual became a Director	Position with Manager	Principal Occupation
Thomas Park, New York, New York	November 14, 2011	Director and Chief Corporate Development Officer	Director, Horizons (since 2011); Chief Corporate Development Officer, Horizons (since 2015); Executive Managing Director, Mirae Asset MAPS Global Investments (since 2008); Associate, Goldman Sachs International (2006, 2007-2008); Senior Consultant, KPMG Consulting (Bearing Point) (2001-2005).
Peter Lee, North Bergen, New Jersey	August 31, 2018	Director	Chief Executive Officer and Chief Investment Officer, Mirae Asset Global Investments (USA) LLC (since 2016); Chief Investment Officer, Global Equities, Mirae Asset Global Investments (since 2012); Director, Horizons (Since 2018).
Steven J. Hawkins, Toronto, Ontario	February 8, 2016	Director, Chief Executive Officer, President and Ultimate Designated Person	Chief Executive Officer and President, Horizons (since 2009); Director, Horizons (since 2016).
Kevin S. Beatson, Oakville, Ontario	N/A	Chief Operating Officer and Chief Compliance Officer	Chief Operating Officer and Chief Compliance Officer, Horizons (since 2009).
Julie Stajan, Oakville, Ontario	N/A	Chief Financial Officer	Chief Financial Officer, Horizons (since 2015); Senior Vice President, Finance and Controller, Horizons (since 2012); Senior Vice President, Finance & Investment Funds, Horizons Investment Management Inc. (2011-2012).

Name and Municipality of Residence	Date Individual became a Director	Position with Manager	Principal Occupation
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 sets out only the current or most recently held position or positions held at that company, and the start dates refer to the date of the first position held or the first of the listed positions held by the person at that company. Each director will hold his or her position until the next annual general meeting of the Manager at which time he/she may be re-elected.

Ownership of Securities of the Manager

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

For a description of the compensation arrangements of the independent review committee of the ETFs, see "Organization and Management Details of the ETFs – Independent Review Committee".

Duties and Services Provided by the Manager

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

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

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

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

The Manager may resign upon 90 days' prior written notice to the Trustee or upon such lesser notice period as the Trustee may accept. The Manager may also be removed by the Trustee on at least 90 days' written notice to the Manager. The Trustee shall make every effort to select and appoint a successor manager prior to the effective date of the Manager's resignation. As compensation for the management services it provides to each ETF, the Manager is entitled to receive a Management Fee from that ETF. See "Fees and Expenses".

The Manager also serves as the investment manager to the ETFs. The Manager operates as a portfolio manager under the *Securities Act* (Ontario) and in certain other provinces pursuant to applicable legislation. The Manager also operates as a commodity trading manager under the *Commodity Futures Act* (Ontario). The Manager provides investment advisory and investment management services to the ETFs. The senior officers of the Manager principally responsible for providing investment advice to the ETFs are Steven J. Hawkins, Kevin S. Beatson, and David Kunselman. David Kunselman is the Vice President, Product Management of the Manager, and previously served as the Senior Portfolio Manager and Chief Compliance Officer of Excel Investment Counsel Inc. from 2011 to 2015.

Designated Broker

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

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

Conflicts of Interest

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

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

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

In evaluating these conflicts of interest, potential investors should be aware that the ETF Managers have a responsibility to the Unitholders to exercise good faith and fairness in all dealings affecting the ETFs. In the event that a Unitholder believes that one of the ETF Managers has violated its duty to such Unitholder, the Unitholder may seek relief for itself or on behalf of the ETFs to recover damages from or to require an accounting by such ETF Manager. Unitholders should be aware that the performance by each ETF Manager of its responsibilities to the ETFs will be measured in accordance with (i) the provisions of the agreement by which such ETF Manager has been appointed to its position with the ETFs; 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 ETFs or their service providers, including in connection with brokerage transactions, prime brokerage services and securities lending transactions, subject always to approval by the IRC of the ETFs and compliance with applicable law (or exemptive relief therefrom), and applicable internal policies and procedures. In effecting ETF portfolio transactions, the Manager places brokerage business with various broker-dealers on the basis of best execution, which includes a number of considerations such as price, speed, certainty of execution and total transaction cost. The Manager uses the same criteria in selecting all of its broker-dealers, regardless of whether the broker-dealer is an affiliate of the Manager. Subject to compliance with NI 81-102 and in accordance with the terms of the standing instructions of the IRC, to the extent that an affiliate of the Manager provides advisory services to a securities lending agent of the ETFs, 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, a registered trader (market maker) and/or a securities lending agent. These relationships may create actual or perceived conflicts of interest which investors should consider in relation to an investment in an ETF. In particular, by virtue of these relationships, NBF may profit from the sale and trading of Units. NBF, as market maker of the ETFs in the secondary market, may therefore have economic interests which differ from and may be adverse to those of Unitholders.

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

Canadian securities regulators have provided the ETFs with a decision exempting the ETFs from the requirement to include a certificate of an underwriter in this prospectus.

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

Independent Review Committee

NI 81-107 requires that all publicly offered investment funds, such as the ETFs, establish an IRC and that the Manager must refer all conflict of interest matters in respect of the ETFs 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 an ETF and to its Unitholders in respect of those functions. The most recent report prepared by the IRC is available on the Manager's website (www.horizonsetfs.com), or at a Unitholder's request at no cost, by contacting the ETFs 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 ETFs;
- considers and, if deemed appropriate, approves the Manager's decision on a conflict of interest matter that the Manager refers to the IRC for approval; and
- performs such other duties as may be required of the IRC under applicable securities laws.

The ETFs compensate the IRC members for their participation on the IRC through member fees and, if applicable, meeting fees. Sue Fawcett and Michael Gratch receive $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 an ETF is calculated by dividing the total net assets of such 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.

The Trustee

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

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

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

Custodian

CIBC Mellon Trust is the custodian of the assets of the ETFs pursuant to the Custodian Agreement. The Custodian is located in Toronto, Ontario 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 the Custodian uses in respect of its own property of a similar nature in its custody (the "**Custodial Standard of Care**"). Under the Custodian Agreement, the Manager shall pay the Custodian's fees at such rate as determined by the parties from time to time and shall reimburse the Custodian for all reasonable expenses and disbursements incurred in the performance of its duties under the Custodian Agreement. The Custodian may have recourse against the assets of an ETF if the Manager fails to pay such fees and expenses. An ETF shall indemnify the Custodian for any loss, damage, or expense it incurs in connection with the Custodian Agreement, except to the extent caused by a breach of the Custodial Standard of Care. A party may terminate the Custodian Agreement on at least 90 days' written notice or immediately in the event of certain bankruptcy events in respect of another party. The Custodian shall have no responsibility or liability for the actions or inactions of any sub-custodian appointed at the request of the Manager and which is not part of the Custodians' normal network of sub-custodians.

Auditors

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

Valuation Agent

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

Registrar and Transfer Agent

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

Promoter

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

Securities Lending Agent

NBF is the securities lending agent of the ETFs pursuant to a securities lending agency agreement (the "**SLAA**"). NBF is located in Toronto, Ontario. The 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 SLAA requires NBF to indemnify each ETF against any loss suffered directly by an ETF as a result of a securities loan effected by NBF. A party to the SLAA may terminate the SLAA upon 5 business days' notice, or immediately upon an event of default by the other party.

CALCULATION OF NET ASSET VALUE

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

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

Valuation Policies and Procedures of the ETFs

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

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

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

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

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

3. Long positions in clearing corporation options, options on futures, over-the-counter options, debt-like securities and listed warrants are 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 a swap or forward contract is the gain or loss with respect thereto that would be realized if, on that Valuation Day, the position in the futures contract, 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 is reflected as an account receivable and margin consisting of assets other than cash are noted as held as margin.

4. In the case of any security or property for which no price quotations are available as provided above, the value thereof is determined from time to time by the Manager, where applicable, in accordance with the principles described in paragraph 2(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.

5. The liabilities of an ETF include:

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

6. Each transaction of purchase or sale of a portfolio asset effected by 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 Unit of the ETF is calculated.

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

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

For the purposes of financial statement reporting, an ETF is required to calculate net asset value in accordance with International Financial Reporting Standards ("**IFRS**") and 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 Unit of an ETF may call the Manager at 416-933-5745 or at 1-866-641-5739, or check the Manager's website at www.HorizonsETFs.com.

ATTRIBUTES OF THE SECURITIES

Description of the Securities Distributed

Each ETF is authorized to issue an unlimited number of redeemable, transferable Units pursuant to this prospectus, each of which represents an equal, undivided interest in the net assets of that ETF.

The Units have been conditionally approved for listing on the TSX. Subject to satisfying the TSX's original listing requirements, Units of the ETFs will be listed on the TSX.

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

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

Modification of Terms

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

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

UNITHOLDER MATTERS

Meetings of Unitholders

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

Matters Requiring Unitholder Approval

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

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

- (A) the ETF is at arm's length with the person or company charging the fee; and
- (B) the Unitholders have received at least 60 days' notice before the effective date of the change;

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

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

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

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

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

- (A) the IRC of the ETF has approved the change in accordance with NI 81-107;
- (B) the ETF is being reorganized with, or its assets are being transferred to, another mutual fund to which NI 81-102 and NI 81-107 apply, and that is managed by the Manager, or an affiliate of the Manager;
- (C) the Unitholders have received at least 60 days' notice before the effective date of the change; and
- (D) the transaction complies with certain other requirements of applicable securities legislation;

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

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

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

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

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

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

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

Amendments to the Trust Declaration

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

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

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

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

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

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

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

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

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

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

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

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

Reporting to Unitholders

The Manager, on behalf of each ETF and in accordance with applicable laws, furnishes to each Unitholder of that ETF, unaudited semi-annual financial statements and an interim management report of fund performance for that 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 that ETF within 90 days of the end of each financial year. Both the semi-annual and the annual financial statements of each ETF contain a statement of net assets, a statement of operations, a statement of changes in net assets, a statement of cash flows and a statement of investment portfolio. The semi-annual and the annual financial statements of each ETF also disclose the minimum and maximum levels of leverage experienced by that ETF in the period covered by such statements, together with a brief explanation of how that ETF used leverage and the significance of the minimum and maximum levels of leverage to that ETF.

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

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

Exchange of Tax Information

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

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 in the CRS Rules) are required to have procedures in place to identify accounts held by residents of foreign countries (other than the U.S.) or by certain entities 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, Unitholders are required to provide certain information regarding their investment in an ETF to their dealer for the purpose of such information exchange, where applicable, unless the investment is held within a Plan.

TERMINATION OF THE ETFs

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

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

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

Procedure on Termination

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

PLAN OF DISTRIBUTION

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

The Units have been conditionally approved for listing on the TSX. Subject to satisfying the TSX's original listing requirements, Units of the ETFs will be listed on the TSX.

BROKERAGE ARRANGEMENTS

The Manager is authorized to establish, maintain, change and close brokerage accounts on behalf of the ETFs. Once such brokerage accounts are established, the Manager is authorized to negotiate commissions and fees to be paid on such brokerage transactions, subject to a continuing obligation to seek and obtain the best price, execution and overall terms.

RELATIONSHIP BETWEEN ETFs AND DEALER

The Manager, on behalf of an ETF, 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 Units of the ETF as described under "Purchases of Units".

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

NBF acts or may act as a Designated Broker, a Dealer and/or a registered trader (market maker). See "Organization and Management Details of the ETF - Conflicts of Interest".

PRINCIPAL HOLDERS OF UNITS OF THE ETFs

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

PROXY VOTING DISCLOSURE FOR PORTFOLIO UNITS HELD

The Manager is responsible for all securities voting in respect of securities held by the ETFs and exercising responsibility with the best economic interests of the ETFs and the Unitholders of the ETFs. The Manager has established proxy voting policies, procedures and guidelines (the "**Proxy Voting Policy**") for securities held by the ETFs to which voting rights are attached. The Proxy Voting Policy is intended to provide for the exercise of such voting rights in accordance with the best interests of the ETFs and the Unitholders of the ETFs, while intending to defend, reflect and promote decisions or actions which meet generally accepted standards of Environmental, Social, and Governance ("**ESG**") criteria established by the Manager, or are expected to move a company closer to these goals.

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

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

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

The Proxy Voting Policy is available on request, at no cost, by calling the Manager toll-free at 1-866-641-5739 or emailing the Manager at info@HorizonsETFs.com. The proxy voting record of the ETFs for the annual period from July 1 to June 30 will be available free of charge to any investor of the ETFs upon request at any time after August 31 following the end of that annual period. The proxy voting record of the ETFs will also be available on our Internet site at www. HorizonsETFs.com.

MATERIAL CONTRACTS

The only contracts material to the ETFs are the following:

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

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

(c) the Forward Documents. For additional disclosure related to the Forward Documents see "Investment Strategies – General Investment Strategies".

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

LEGAL AND ADMINISTRATIVE PROCEEDINGS

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

EXPERTS

KPMG LLP, the auditors of the ETFs, have consented to the use of their report dated May 17, 2019 to the board of directors of the Manager in respect of ETFs. 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 ETFs are entitled to rely on exemptive relief from the Canadian securities regulatory authorities to:

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

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

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

(d) engage an affiliate of a Counterparty, that is an investment dealer, as its securities lending agent; and

(e) to allow an ETF to lend 100% of its investment portfolio to qualified borrowers.

OTHER MATERIAL FACTS

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

PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

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

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

DOCUMENTS INCORPORATED BY REFERENCE

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

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

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

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

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

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

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

FORWARD-LOOKING STATEMENTS

This prospectus, including the documents incorporated by reference herein, may contain forward-looking statements about the ETFs including its strategy, expected financial performance and fees and expenses. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions or include words such as ‘‘expects’’, ‘‘anticipates’’, ‘‘intends’’, ‘‘plans’’, ‘‘believes’’, ‘‘estimates’’ or similar expressions. Such statements are based on the current expectations of the Manger and inherently involve numerous risks and uncertainties, both known and unknown, including economic factors generally. The preceding list is not exhaustive of all possible factors. These forward-looking statements are not guarantees of future performance and actual events and results could differ materially from those expressed or implied by forward-looking statements made by the ETFs. Prospective investors are cautioned to consider these and other factors carefully when making decisions with respect to the ETFs and to not place undue reliance on forward-looking statements. Except as may be required by applicable law, the ETFs and the Manager do not undertake any obligation to update publicly or revise any such forward-looking statements, whether as a result of new information, future events or otherwise. The information described in this prospectus are based on information available as of date hereof.

INDEPENDENT AUDITORS' REPORT

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

Re: BetaPro Marijuana Companies 2x Daily Bull ETF ("HMJU")
BetaPro Marijuana Companies Inverse ETF ("HMJI")
(collectively, the "ETFs")

Opinion

We have audited the financial statements, which comprise the statements of financial position as at May 17, 2019 of the ETFs and notes to the financial statements, including a summary of significant accounting policies (hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the ETFs as at May 17, 2019 in accordance with International Financial Reporting Standards (IFRS) for such financial statements.

Basis for Opinion

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

We are independent of the ETFs in accordance with the ethical requirements that are relevant to our audits of the financial statements 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 audits is sufficient and appropriate to provide a basis for our opinion.

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

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

In preparing the financial statements, management is responsible for assessing the ETFs' 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 ETFs or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audits of the Financial Statements

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

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

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

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 statements, 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 ETFs' 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 ETFs' 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 statements 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 ETFs to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

(Signed) "*KPMG LLP*"

Chartered Professional Accountants, Licensed Public Accountants
Toronto, Canada
May 17, 2019

BETAPRO MARIJUANA COMPANIES 2X DAILY BULL ETF

Statement of Financial Position

May 17, 2019

Assets	
Cash	$ 20
Total Assets	$ 20
Net assets attributable to holders of redeemable units: Authorized: Unlimited Class A Units without par value issued and fully paid	
Total net assets attributable to holders of redeemable units, Class A Units	$ 20
Issued and fully paid Class A Units	1
Net assets attributable to holders of redeemable units per Class A Unit	$ 20

See accompanying notes to statement of financial position.

Approved on behalf of the Board of Directors of
Horizons ETFs Management (Canada) Inc., as the Manager and
Trustee of BetaPro Marijuana Companies 2x Daily Bull ETF

(signed) "*Steven J. Hawkins*"
Steven J. Hawkins

(signed) "*Thomas Park*"
Thomas Park

BETAPRO MARIJUANA COMPANIES INVERSE ETF

Statement of Financial Position

May 17, 2019

Assets		
Cash	$	20
Total Assets	$	20
Net assets attributable to holders of redeemable units: Authorized: Unlimited Class A Units without par value issued and fully paid		
Total net assets attributable to holders of redeemable units, Class A Units	$	20
Issued and fully paid Class A Units		1
Net assets attributable to holders of redeemable units per Class A Unit	$	20

See accompanying notes to statement of financial position.

Approved on behalf of the Board of Directors of
Horizons ETFs Management (Canada) Inc., as the Manager and
Trustee of BetaPro Marijuana Companies Inverse ETF

(signed) "*Steven J. Hawkins*"
Steven J. Hawkins

(signed) "*Thomas Park*"
Thomas Park

BETAPRO MARIJUANA COMPANIES 2X DAILY BULL ETF
BETAPRO MARIJUANA COMPANIES INVERSE ETF

Notes to the Financial Statements

May 17, 2019

1. Establishment of the ETFs and authorized units:

The following ETFs were established on May 17, 2019 in accordance with the ETFs' Master Declaration of Trust:

BetaPro Marijuana Companies 2x Daily Bull ETF ("**HMJU**")
BetaPro Marijuana Companies Inverse ETF ("**HMJI**")
(collectively, the "**ETFs**)

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

(a) Legal structure:

Horizons ETFs Management (Canada) Inc. (the "Manager" or the "Trustee") is the manager and trustee of the ETFs. Each ETF is an unincorporated open-ended mutual fund trust. The ETFs are established under the laws of the Province of Ontario by a master declaration of trust.

(b) Statement of compliance:

The financial statements of the ETFs as at May 17, 2019 have been prepared in accordance with International Financial Reporting Standards for such financial statements.

The financial statements were authorized for issue by the board of directors on May 17, 2019.

(c) Basis of presentation:

The financial statements of the ETFs are expressed in Canadian dollars.

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

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

(e) Issue of units:

1 Class A Unit of each ETF was issued for cash on May 17, 2019 to the Manager.

(f) Unitholder transactions:

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

2. Management of the ETF

Each class of an ETF will pay the Manager an annual management fee (the “Management Fee”) equal to 1.45% of the net asset value of that class of the ETF, together with Sales Tax, calculated and accrued daily and payable monthly.

The Manager may reduce the Management Fee that it is entitled to charge to an ETF. Such a reduction or waiver will be dependent upon a number of factors, including the amount invested, the total assets of the ETF under administration and the expected amount of account activity.

BETAPRO MARIJUANA COMPANIES 2X DAILY BULL ETF
BETAPRO MARIJUANA COMPANIES INVERSE ETF
(THE "ETFs")

CERTIFICATE OF THE ETFs, THE MANAGER AND PROMOTER

Dated May 17, 2019

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

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

(signed) *"Steven J. Hawkins"*
Steven J. Hawkins
Chief Executive Officer

(signed) "*Julie Stajan*"
Julie Stajan
Chief Financial Officer

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

(signed) *"Peter Lee"*
Peter Lee
Director

(signed) *"Thomas Park"*
Thomas Park
Director