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PROSPECTUS

Initial Public Offering and Continuous Offering

May 21, 2021

Horizons S&P Green Bond Index ETF (the “ETF”)

The ETF is an open-end mutual fund trust established under the laws of Ontario. Class A units (“Units”) of the ETF are offered for sale on a continuous basis in Canadian dollars, the base currency of the ETF, by this prospectus and there is no minimum number of Units of the ETF that may be issued. Units of the ETF are offered for sale on a continuous basis in Canadian dollars (“Cdn\$ Units”) and U.S. dollars (“US\$ Units”) by this prospectus. The base currency of the ETF is Canadian dollars. No currency hedging is employed specifically in respect of the US\$ Units, however, the ETF seeks to hedge the U.S. dollar value of its portfolio to the Canadian dollar at all times. The Units 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.

Subscriptions for US\$ Units or Cdn\$ Units of the ETF are available in either U.S. or Canadian currency. Holders of US\$ Units or Cdn\$ Units of the ETF may request that the cash portion of any redemption proceeds be paid in either U.S. or Canadian currency.

Units of the ETF have been conditionally approved for listing on the Toronto Stock Exchange (“TSX”). Subject to satisfying the TSX’s original listing requirements on or before May 10, 2022, Units of the ETF will be listed on the TSX. Investors can buy or sell Units of the 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 ETF is Horizons ETFs Management (Canada) Inc. (“Horizons”, the “Manager” or the “Trustee”). The Manager has engaged Mirae Asset Global Investments (USA) LLC (“Mirae Asset USA”), an affiliate of the Manager, to act as a sub-advisor to the ETF. See “Organization and Management Details of the ETF”.

Investment Objective

The ETF seeks to replicate, to the extent possible and net of expenses, the performance of a market index that is designed to provide exposure to the performance of global green-labeled bonds issued in U.S. dollars that are subject to stringent eligibility criteria to fund projects that have positive environmental or climate benefits. Currently, the ETF seeks to replicate the performance of the S&P Green Bond US Dollar Select Index, net of expenses. The ETF seeks to hedge the U.S. dollar value of its portfolio to the Canadian dollar at all times. See “Investment Objective”.

The Manager, on behalf of the ETF, has entered into and may enter into agreements with registered dealers (each a “Designated Broker” or “Dealer”) which, amongst other things, enable a Designated Broker and Dealers to purchase and redeem Units directly from the ETF. No Designated Broker or Dealer has been involved in the preparation of this prospectus nor has any Designated Broker or Dealer performed any review of the contents of this prospectus. The securities regulatory authorities have provided the ETF with a decision exempting the ETF from the requirement to include a certificate of an underwriter in this prospectus. The Designated Broker and the Dealers of

the ETF are not underwriters of the ETF in connection with the distribution by the ETF of their Units under this prospectus.

Holders of Units (“**Unitholders**”) will be able to redeem Units in any number for cash at a redemption price per Unit of 95% of the closing price for the Units on the TSX on the effective day of redemption. Unitholders are advised to consult their brokers or investment advisers before redeeming Units for cash. The ETF will also offer additional redemption or exchange options which are available where a Dealer, Designated Broker or Unitholder redeems or exchanges a prescribed number of Units (a “**PNU**”). See “Exchange and Redemption of Units”.

The ETF will comply with all requirements of National Instrument 81-102 *Investment Funds* (“**NI 81-102**”), or an exemption therefrom. Units of the ETF are, in the opinion of the Manager, index participation units within the meaning of NI 81-102. Accordingly, in the opinion of the Manager, mutual funds may purchase Units of the ETF without regard to the control, concentration or “fund of funds” restrictions of NI 81-102. No purchase of Units of the ETF should be made solely in reliance on the above statements.

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

Provided that the Units of the ETF are listed on a “designated stock exchange” for purposes of the *Income Tax Act* (Canada) (together with the regulations thereunder, the “**Tax Act**”), which currently includes the TSX, or the ETF qualifies as a “mutual fund trust” under the Tax Act, the Units of the ETF would, if issued on the date hereof, 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 deferred profit sharing plan, a registered disability savings plan, a registered education savings plan or a tax-free savings account.

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

Additional information about the 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 the ETF filed after these annual financial statements, its most recently filed annual and interim management reports of fund performance, and its most recently filed ETF Facts. These documents are or will be incorporated by reference into this prospectus which means that they legally form part of this 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 or will also be available on the Manager’s website at www.HorizonsETFs.com, or by contacting the Manager by e-mail at info@HorizonsETFs.com. These documents and other information about the ETF are or will also be available on the website of SEDAR (the System for Electronic Document Analysis and Retrieval) at www.sedar.com.

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TABLE OF CONTENTS

<p>PROSPECTUS SUMMARY..... 1</p> <p>GLOSSARY 1</p> <p>OVERVIEW OF THE LEGAL STRUCTURE OF THE ETF.....5</p> <p>INVESTMENT OBJECTIVE5</p> <p>INVESTMENT STRATEGIES6</p> <p>OVERVIEW OF THE SECTORS THAT THE ETF INVESTS IN8</p> <p>INVESTMENT RESTRICTIONS8</p> <p>FEES AND EXPENSES8</p> <p>Fees and Expenses Payable by the ETF..... 8</p> <p>Management Fee..... 8</p> <p>Management Fee Distributions..... 8</p> <p>Operating Expenses 9</p> <p>Expenses of the Issue..... 9</p> <p>RISK FACTORS10</p> <p>DISTRIBUTION POLICY19</p> <p>PURCHASES OF UNITS20</p> <p>Initial Investment 20</p> <p>Issuance of Units of the ETF 20</p> <p>Buying and Selling Units of the ETF..... 21</p> <p>Non-Resident Unitholders 22</p> <p>Special Considerations for Unitholders 22</p> <p>EXCHANGE AND REDEMPTION OF UNITS.....22</p> <p>Suspension of Redemptions..... 24</p> <p>Allocations of Income and Capital Gains to Redeeming Unitholders 24</p> <p>Book-Entry Only System..... 24</p> <p>Short-Term Trading..... 25</p> <p>PRIOR SALES.....25</p> <p>INCOME TAX CONSIDERATIONS.....25</p> <p>ORGANIZATION AND MANAGEMENT DETAILS OF THE ETF30</p> <p>Manager of the ETF..... 30</p> <p>Officers and Directors of the Manager 30</p> <p>Ownership of Securities of the Manager 32</p> <p>Duties and Services to be Provided by the Manager..... 32</p> <p>The Sub-Advisor..... 33</p> <p>Designated Broker 34</p> <p>Conflicts of Interest 35</p> <p>Independent Review Committee..... 36</p> <p>The Trustee 37</p> <p>Custodian 37</p> <p>Valuation Agent..... 37</p> <p>Auditors 38</p> <p>Registrar and Transfer Agent..... 38</p> <p>Promoter 38</p> <p>Securities Lending Agents..... 38</p> <p>CALCULATION OF NET ASSET VALUE38</p> <p>Valuation Policies and Procedures of the ETF 38</p>	<p>Reporting of Net Asset Value..... 40</p> <p>ATTRIBUTES OF THE SECURITIES40</p> <p>Description of the Securities Distributed..... 40</p> <p>Redemptions of Units for Cash..... 41</p> <p>Modification of Terms 41</p> <p>UNITHOLDER MATTERS41</p> <p>Meetings of Unitholders 41</p> <p>Matters Requiring Unitholder Approval..... 41</p> <p>Amendments to the Trust Declaration 42</p> <p>Reporting to Unitholders 43</p> <p>Exchange of Tax Information 44</p> <p>TERMINATION OF THE ETF44</p> <p>Procedure on Termination 44</p> <p>PLAN OF DISTRIBUTION45</p> <p>RELATIONSHIP BETWEEN THE ETF AND DEALERS.....45</p> <p>PRINCIPAL HOLDERS OF UNITS OF THE ETF45</p> <p>PROXY VOTING DISCLOSURE FOR PORTFOLIO UNITS HELD.....45</p> <p>MATERIAL CONTRACTS46</p> <p>LEGAL AND ADMINISTRATIVE PROCEEDINGS46</p> <p>EXPERTS.....46</p> <p>EXEMPTIONS AND APPROVALS47</p> <p>OTHER MATERIAL FACTS.....47</p> <p>Index Provider Disclaimer 47</p> <p>PURCHASERS’ STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION48</p> <p>DOCUMENTS INCORPORATED BY REFERENCE48</p> <p>Statement of Financial Position F-1</p> <p>Notes to the Financial Statements..... F-2</p> <p>CERTIFICATE OF THE ETF, THE MANAGER AND PROMOTERC-1</p>
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PROSPECTUS SUMMARY

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

The ETF The ETF is an open-end mutual fund trust established under the laws of Ontario. See “Overview of the Legal Structure of the ETF”.

Investment Objective The ETF seeks to replicate, to the extent possible and net of expenses, the performance of a market index that is designed to provide exposure to the performance of global green-labeled bonds issued in U.S. dollars that are subject to stringent eligibility criteria to fund projects that have positive environmental or climate benefits. Currently, the ETF seeks to replicate the performance of the S&P Green Bond US Dollar Select Index, net of expenses. The ETF seeks to hedge the U.S. dollar value of its portfolio to the Canadian dollar at all times. See “Investment Objective”.

The Underlying Index *S&P Green Bond U.S. Dollar Select Index*

The S&P Green Bond U.S. Dollar Select Index, the Underlying Index of the ETF, is a sub-index of the S&P Green Bond Index and is a market value-weighted index designed to measure the performance of green-labeled bonds issued globally in U.S. Dollars. Bonds must be flagged as “green” by Climate Bonds Initiative (CBI) to be eligible for inclusion in the Underlying Index. For a bond to be flagged green the issuer must clearly indicate the bond’s “green” label and the rationale behind it, such as the intended use of proceeds. CBI uses company disclosures to make the “green” determination. Such disclosures must be made in sources that are credible and related to the company, and may include a company’s website, public filings, sustainability report, legal disclosures, and independent second opinions. These bonds carry the credit risk of the issuer, however, they differ from traditional bonds in that the proceeds from these bonds are earmarked for investments in projects that have environmental benefits.

The Underlying Index generally undergoes a rebalancing process once a month, with the intent of keeping the Underlying Index current. Each bond must have at least 12 months to final maturity at the time of issuance to be included, and have at least one month remaining until maturity at each rebalancing date. No bond matures in the Underlying Index.

The complete details of the criteria applied in this selection process are provided in the Methodology for the S&P Green Bond U.S. Dollar Select Index (index ticker: SPGRUSS) available on the S&P Dow Jones Indices website at <https://ca.spindices.com>.

Investment Strategies To achieve the ETF’s investment objective, because of the practical difficulties and expense of purchasing securities of all of the Constituent Issuers, the ETF will employ a “stratified sampling” strategy. Under this stratified sampling strategy, the ETF will not hold securities of all of the Constituent Issuers of its Underlying Index, but instead will hold a portfolio of securities that closely matches the aggregate investment characteristics of the Constituent Issuers of its Underlying Index. The ETF generally will seek to track the performance of the Underlying Index by investing at least 90% the value of its portfolio in the Constituent Issuers of its Underlying Index, and in investments that have characteristics that are substantially similar to the characteristics of the Constituent Issuers of its Underlying Index. The ETF may invest up to 10% of its portfolio in bonds or bond exchange traded funds

not included in the Underlying Index, but which the Manager believes will help the ETF track its Underlying Index, as well as other securities including cash and high-quality, liquid short-term instruments.

The ETF currently uses the S&P Green Bond U.S. Dollar Select Index as its Underlying Index. The S&P Green Bond U.S. Dollar Select Index is a sub-index of the S&P Green Bond Index and is a market value-weighted index designed to measure the performance of green-labeled bonds issued globally in U.S. dollars. Bonds must be flagged as “green” by Climate Bonds Initiative (CBI) to be eligible for index inclusion. The ETF seeks to hedge the U.S. dollar value of its portfolio to the Canadian dollar at all times.

As noted above, the ETF may, in certain circumstances, employ a “stratified sampling” strategy. Under this stratified sampling strategy, the ETF may not hold all of the Constituent Issuers of the Underlying Index, but instead will hold a portfolio of securities that closely matches the aggregate investment characteristics of the securities included in the Underlying Index. Examples of when the ETF may employ stratified sampling include, but are not limited to, the practical difficulties and expense of purchasing securities of all of the Constituent Issuers, tax optimization strategies, inability to trade a Constituent Issuer due to a pending corporate action, or compliance with applicable law, including NI 81-102.

See “Investment Strategies”.

Offering

Class A units (“Units”) of the ETF are offered for sale on a continuous basis in Canadian dollars by this prospectus and there is no minimum number of Units of the ETF that may be issued. The Units 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.

Cdn\$ Units of the ETF are denominated and trade in Canadian dollars, and US\$ Units of the ETF are denominated and trade in U.S. dollars. No currency hedging is employed specifically in respect of the US\$ Units, however, the ETF seeks to hedge the U.S. dollar value of its portfolio to the Canadian dollar at all times. Subscriptions for US\$ Units of the ETF can be made in either U.S. or Canadian dollars.

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

Investors may trade Units of the ETF in the same way as other securities listed on the TSX, including by using market orders and limit orders. Investors will incur customary brokerage commissions when buying or selling Units on the TSX. Dealers may purchase a PNU from the ETF at the net asset value per Unit of the ETF.

See “Plan of Distribution” and “Attributes of the Securities”.

Special Considerations for Purchasers

The provisions of the so-called “early warning” requirements set out in Canadian securities legislation do not apply in connection with the acquisition of Units of the ETF. In addition, the ETF has obtained exemptive relief from the Securities Regulatory Authorities to permit a Unitholder to acquire more than 20% of the Units of the ETF through purchases on the TSX without

regard to the takeover bid requirements of applicable Canadian securities legislation. See “Purchases of Units – Buying and Selling Units of the ETF”, “Attributes of the Securities - Description of the Securities Distributed” and “Exemptions and Approvals”.

Distribution Policy

It is anticipated that the ETF will make distributions to its Unitholders on a quarterly basis, at the discretion of the Manager. Such distributions will be paid in cash, unless a Unitholder is participating in the Reinvestment Plan.

To the extent required, the ETF will also make payable, after December 15 but on or before December 31 of that calendar year, sufficient net income (including net capital gains) that has not previously been paid or made payable so that the ETF will not be liable for ordinary income tax in any given year and such distributions will be automatically reinvested in Units of the ETF or paid in Units of the ETF, and in each case the Units will then 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 that distribution.

See “Distribution Policy” and “Income Tax Considerations - Tax Implications of the ETF’s Distribution Policy”.

Redemptions of Units

In addition to the ability to sell Units of the ETF on the TSX, Unitholders of the ETF may redeem Units for cash at a redemption price per Unit equal to 95% of the closing price for the Units on the TSX on the effective day of the redemption, where the Units being redeemed are not equal to a PNU or a multiple PNU.

Holders of US\$ Units of the ETF may request that their redemption proceeds be paid in U.S. or Canadian dollars.

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

The ETF will also offer additional redemption or exchange options which are available where a Dealer, Designated Broker or Unitholder redeems or exchanges a PNU. See “Exchange and Redemption of Units”.

Income Tax Considerations

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

A Unitholder who disposes of a Unit of the ETF that is held as capital property, including on a redemption or otherwise, generally will 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 any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the Unit disposed of.

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

Proposed Tax Amendments would, upon taking effect, prohibit the ETF (provided that it is a "mutual fund trust" for purposes of the Tax Act throughout its taxation year) from claiming a deduction in respect of income allocated to redeeming Unitholders and limit the ability of the ETF to claim a deduction in respect of capital gains allocated to redeeming Unitholders in the manner described above. If such Tax Amendments are enacted in their current form, the amounts and taxable component of distributions to non-redeeming Unitholders may be adversely affected.

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

See "Income Tax Considerations".

Eligibility for Investment

Provided that the Units of the ETF are listed on a "designated stock exchange" for purposes of the Tax Act (which includes the TSX) or the ETF qualifies as a "mutual fund trust" under the Tax Act, the Units of the ETF would, if issued on the date hereof, be on such date qualified investments under the Tax Act for Registered Plans.

See "Income Tax Considerations – Status of the ETF".

Documents Incorporated by Reference

Additional information about the ETF is or will be available in its most recently filed annual and interim financial statements, its most recently filed annual and interim management report of fund performance, and its most recently filed ETF Facts. These documents are or will be incorporated by reference into this prospectus. Documents incorporated by reference into this prospectus legally form part of this prospectus just as if they were printed as part of this prospectus. These documents are, or will be, publicly available on the website of the ETF at www.HorizonsETFs.com and may be obtained upon request, at no cost, by calling toll-free 1-866-641-5739 or by contacting your dealer. These documents and other information about the ETF are also publicly available at www.sedar.com.

See "Documents Incorporated by Reference".

Risk Factors

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

Organization and Management of the ETF

The Manager, Investment

Horizons ETFs Management (Canada) Inc., a corporation existing under the

Manager and Trustee

laws of Canada, is the manager, investment manager and trustee of the ETF. The Manager is responsible for providing or arranging for the provision of administrative services required by the ETF. The Manager will also provide investment advisory and portfolio management services to the ETF. The principal office of Horizons is located at 55 University Avenue, Suite 800, Toronto, Ontario, M5J 2H7.

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 Global Investments Co., Ltd. (“**Mirae Asset**”).

Mirae Asset is the Korea-based asset management entity of Mirae Asset Financial Group, one of the world’s largest investment managers in emerging market equities.

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

Sub-Advisor

Mirae Asset USA, an affiliate of the Manager, is a Sub-Advisor of the ETF. The principal office of Mirae Asset USA is located in New York City, New York.

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

Custodian

CIBC Mellon Trust Company is the custodian of the ETF and is independent of the Manager. CIBC Mellon Trust Company will provide custodial services to the ETF and is located in Toronto, Ontario.

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

Valuation Agent

CIBC Mellon Global Securities Services Company has been retained to provide accounting valuation services to the ETF. CIBC Mellon Global Securities Services Company is located in Toronto, Ontario.

See “Organization and Management Details of the ETF– Valuation Agent”.

Auditors

KPMG LLP is responsible for auditing the financial statements of the ETF. The auditors are independent of the Manager. The office of the auditors is located in Toronto, Ontario.

See “Organization and Management Details of the ETF – Auditors”.

Promoter

Horizons is also the promoter of the ETF. Horizons took the initiative in founding and organizing the ETF and is, accordingly, the promoter of the ETF within the meaning of securities legislation of certain provinces and territories of Canada.

See “Organization and Management Details of the ETF – Promoter”.

Registrar and Transfer Agent

TSX Trust Company is the registrar and transfer agent for the Units of the ETF pursuant to registrar and transfer agency agreements entered into between the ETF and the Registrar and Transfer Agent. The Registrar and Transfer Agent is independent of the Manager. The Registrar and Transfer Agent is located in Toronto, Ontario.

See “Organization and Management Details of the ETF – Registrar and Transfer Agent”.

Securities Lending Agents

NBF is a securities lending agent for the ETF. NBF is located in Toronto, Ontario. Canadian Imperial Bank of Commerce (“**CIBC**”) may also act as a securities lending agent for the ETF. CIBC is located in Toronto, Ontario. CIBC is independent of the Manager.

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

Summary of Fees and Expenses

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

Fees and Expenses Payable by the ETF

Type of Charge

Description

Management Fee

The ETF pays an annual Management Fee to the Manager equal to 0.45% of the net asset value of the ETF, together with applicable Sales Tax.

The Management Fee is calculated and accrued daily and payable monthly in arrears in consideration for the services provided by the Manager to the ETF as set out under “Organization and Management Details of the ETF – Duties and Services to be Provided by the Manager”.

Management Fee Distributions

The Manager may, at its discretion, agree to charge a reduced fee as compared to the fee that it would otherwise be entitled to receive from the 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.

Underlying Fund Fees

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

Operating Expenses

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

Expenses of the Issue

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

Fees and Expenses Payable Directly by Unitholders

Administration Charge

As may be agreed between the Manager and a Designated Broker or Dealer, the Manager may charge the Designated Broker and Dealers of the ETF, at its discretion, an issue, exchange or redemption charge to offset certain transaction costs associated with the issuance, exchange or redemption of Units. Administration charges are variable, and the Manager will publish the current administration charges, if any, on its website, www.HorizonsETFs.com. These administrative charges do not apply to Unitholders who buy and sell their Units on a stock exchange.

See “Fees and Expenses - Fees and Expenses Payable Directly by the Unitholders - Redemption Charge”.

GLOSSARY

The following terms have the following meaning:

“**ADRs**” means American depositary receipts;

“**Basket of Securities**” means a group of shares or other securities, including but not limited to one or more exchange traded funds or securities, as determined by the Manager from time to time for the purpose of subscription orders, exchanges, redemptions or for other purposes;

“**Basket Subscription**” means a subscription consisting of cash or cash and Cash Equivalents, determined to be acceptable to Horizons from time to time for the purpose of subscription orders;

“**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;

“**Cash Equivalents**” means an evidence of indebtedness that has a remaining term of maturity of 365 days or less and that is issued, or fully and unconditionally guaranteed as to principal and interest, by (a) the government of Canada or the government of a province or territory of Canada, (b) the government of the United States of America, the government of one of the states of the United States of America, the government of another sovereign state or a permitted supranational agency, if, in each case, the evidence of indebtedness has a designated rating, or (c) a Canadian financial institution, or a financial institution that is not incorporated or organized under the laws of Canada or of a jurisdiction if, in either case, evidences of indebtedness of that issuer or guarantor that are rated as short term debt by a designated rating organization or its DRO affiliate (each within the meaning of NI 81-102) have a designated rating;

“**Cash Subscription**” means a subscription order for Units of the ETF that is paid in full in cash;

“**Cdn\$ Units**” means the class A units of the ETF that are denominated in Canadian dollars, and “**Cdn\$ Unit**” means one of them;

“**CDS**” means CDS Clearing and Depository Services Inc.;

“**CDS Participant**” means a participant in CDS that holds security entitlements in Units of the ETF on behalf of beneficial owners of those Units;

“**Constituent Issuers**” means the issuers that from time to time are included in the Underlying Index as determined by the Index Provider and “**Constituent Issuer**” means any one of them;

“**CRA**” means the Canada Revenue Agency;

“**Custodian**” means CIBC Mellon Trust Company in its capacity as custodian of the 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 ETF, CIBC Mellon Trust, The Bank of New York Mellon, Canadian Imperial Bank of Commerce and CIBC Mellon Global;

“**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 the ETF, pursuant to which the Dealer may subscribe for Units of the ETF as described under “Purchases of Units”;

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

“**Designated Broker**” means a registered dealer that has entered into a Designated Broker Agreement pursuant to which the Designated Broker agrees to perform certain duties in relation to the ETF;

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

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

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

“**ETF**” means Horizons S&P Green Bond Index ETF;

“**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 ETF;

“**Index Provider**” means S&P Opco, LLC;

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

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

“**Management Fee Distribution**” means an amount equal to the difference between the Management Fees 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 the ETF quarterly in cash to Unitholders of the ETF who hold large investments in the ETF;

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

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

“**Mirae Asset USA**” means Mirae Asset Global Investments (USA) LLC;

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

“**net asset value**” means the net asset value of the ETF as calculated on each Valuation Day in accordance with the Trust Declaration and “**NAV**” shall have the same meaning;

“**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;

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

“**Rebalancing Dates**” means the third Friday in each of January, April, July and October;

“**Registered Plans**” means trusts governed by RDSPs, RESPs, RRIFs, RRSPs, DPSPs and TFSAs;

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

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

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

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

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

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

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

“**Sub-Advisor**” means **Mirae Asset USA**;

“**Sub-Advisory Agreement**” means the sub-advisory agreement in respect of the ETF among Mirae Asset USA and the Manager, as supplemented, amended, or amended and restated from time to time;

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

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

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

“**Trading Day**” means a day on which (i) a session of the TSX is held; (ii) the principal exchange for the securities to which the ETF is exposed is open for trading; and (iii) the Index Provider calculates and publishes data relating to the Underlying Index.

“**Trust Declaration**” means the amended and restated declaration of trust establishing the ETF dated May 21, 2021, as supplemented, amended or amended and restated from time to time;

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

“**TSX**” means Toronto Stock Exchange;

“**Underlying Index**” means the underlying index which is used by the ETF in relation to its investment objective;

“**Unitholder**” means a holder of Units of the ETF;

“**Units**” means class A units of the ETF, and “**Unit**” means any one of them;

“**US\$ Units**” means Class A units of the ETF that are denominated in U.S. dollars;

“**Valuation Agent**” means CIBC Mellon Global Securities Services Company;

“**Valuation Day**” for the 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 or such other time as may be deemed appropriate by Horizons, as trustee of the ETF.

OVERVIEW OF THE LEGAL STRUCTURE OF THE ETF

The ETF is an open-end mutual fund trust established under the laws of Ontario. The manager, investment manager and trustee of the ETF is Horizons ETFs Management (Canada) Inc. (“**Horizons**”, the “**Manager**” or the “**Trustee**”).

The ETF is created pursuant to the Trust Declaration. The head office of the Manager and the ETF is located at 55 University Avenue, Suite 800, Toronto, Ontario, M5J 2H7. While the ETF is or will be a mutual fund under the securities legislation of certain provinces and territories of Canada, the ETF is entitled to rely on exemptive relief from certain provisions of Canadian securities legislation applicable to conventional mutual funds.

Units are currently offered pursuant to this prospectus under the following ticker symbols:

Name of ETF	Unit Currency	Ticker Symbol
Horizons S&P Green Bond Index ETF	Cdn\$ Units	HGGB
Horizons S&P Green Bond Index ETF	US\$ Units	HGGB.U

INVESTMENT OBJECTIVE

The ETF seeks to replicate, to the extent possible and net of expenses, the performance of a market index that is designed to provide exposure to the performance of global green-labeled bonds issued in U.S. dollars that are subject to stringent eligibility criteria to fund projects that have positive environmental or climate benefits. Currently, the ETF seeks to replicate the performance of the S&P Green Bond US Dollar Select Index, net of expenses. The ETF seeks to hedge the U.S. dollar value of its portfolio to the Canadian dollar at all times.

The fundamental investment objective of the ETF may not be changed except with the approval of its Unitholders. See “Unitholder Matters”.

The Underlying Index

S&P Green Bond U.S. Dollar Select Index

The S&P Green Bond U.S. Dollar Select Index, the Underlying Index of the ETF, is a sub-index of the S&P Green Bond Index and is a market value-weighted index designed to measure the performance of green-labeled bonds issued globally in U.S. Dollars. Bonds must be flagged as “green” by Climate Bonds Initiative (CBI) to be eligible for inclusion in the Underlying Index. For a bond to be flagged green the issuer must clearly indicate the bond’s “green” label and the rationale behind it, such as the intended use of proceeds. CBI uses company disclosures to make the “green” determination. Such disclosures must be made in sources that are credible and related to the company, and may include a company’s website, public filings, sustainability report, legal disclosures, and independent second opinions. These bonds carry the credit risk of the issuer, however, they differ from traditional bonds in that the proceeds from these bonds are earmarked for investments in projects that have environmental benefits.

The Underlying Index generally undergoes a rebalancing process once a month, with the intent of keeping the Underlying Index current. Each bond must have at least 12 months to final maturity at the time of issuance to be included, and have at least one month remaining until maturity at each rebalancing date. No bond matures in the Underlying Index.

The complete details of the criteria applied in this selection process are provided in the Methodology for the S&P Green Bond U.S. Dollar Select Index (index ticker: SPGRUSS) available on the S&P Dow Jones Indices website at <https://ca.spindices.com>.

Change of the Underlying Index

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

Termination of the Underlying Index

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

Use of the Underlying Index

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

See "Overview of the Sectors that the ETF Invests In".

INVESTMENT STRATEGIES

To achieve the ETF's investment objective, because of the practical difficulties and expense of purchasing securities of all of the Constituent Issuers, the ETF will employ a "stratified sampling" strategy. Under this stratified sampling strategy, the ETF will not hold securities of all of the Constituent Issuers of its Underlying Index, but instead will hold a portfolio of securities that closely matches the aggregate investment characteristics of the Constituent Issuers of its Underlying Index. The ETF generally will seek to track the performance of the Underlying Index by investing at least 90% the value of its portfolio in the Constituent Issuers of its Underlying Index, and in investments that have characteristics that are substantially similar to the characteristics of the Constituent Issuers of its Underlying Index. The ETF may invest up to 10% of its portfolio in bonds or bond exchange traded funds not included in the Underlying Index, but which the Manager believes will help the ETF track its Underlying Index, as well as other securities including cash and high-quality, liquid short-term instruments.

The ETF uses the S&P Green Bond U.S. Dollar Select Index as its Underlying Index. The S&P Green Bond U.S. Dollar Select Index is a sub-index of the S&P Green Bond Index and is a market value-weighted index designed to measure the performance of green-labeled bonds issued globally in U.S. dollars. Bonds must be flagged as "green" by Climate Bonds Initiative (CBI) to be eligible for index inclusion. The ETF seeks to hedge the U.S. dollar value of its portfolio to the Canadian dollar at all times.

Additional Investment Strategies

Stratified Sampling

As noted above, the ETF may, in certain circumstances, employ a "stratified sampling" strategy. Under this stratified sampling strategy, the ETF may not hold all of the Constituent Issuers of the Underlying Index, but instead will hold a portfolio of securities that closely matches the aggregate investment characteristics of the securities included in the Underlying Index. Examples of when the ETF may employ stratified sampling include, but are not

limited to, the practical difficulties and expense of purchasing securities of all of the Constituent Issuers, tax optimization strategies, inability to trade a Constituent Issuer due to a pending corporate action, or compliance with applicable law, including NI 81-102.

Investment in other Investment Funds

In accordance with applicable securities legislation, as part of its investment strategy and as an alternative to or in conjunction with investing in and holding securities directly, the ETF may invest in one or more other investment funds or exchange traded funds listed on a stock exchange in Canada or the United States, including other investment funds managed by the Manager or an affiliate. In such case, there shall be no management fees or incentive fees that are payable by the ETF that, to a reasonable person, would duplicate a fee payable by the underlying exchange traded fund for the same service. In the event that the ETF invests in another investment fund and the management fee payable by the other fund is higher than that of the ETF, the ETF may pay the higher management fee on the portion of the ETF's assets invested in the other fund, regardless of whether the fund is managed by the Manager or an affiliate of the Manager.

The ETF's allocation to investments in other investment funds or exchange traded funds, if any, will vary from time to time depending on the relative size and liquidity of the investment fund or exchange traded fund, and the ability of the Manager to identify appropriate investment funds or exchange traded funds that are consistent with the ETF's investment objectives and strategies.

Use of Derivatives

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

Reverse Repurchase Transactions

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

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

All reverse repurchase transactions must be completed within 30 days.

Securities Lending

The 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 will allow the ETF to earn additional income to offset its costs. All additional income earned by the ETF through securities lending will accrue to the ETF. In carrying out securities lending, the ETF will engage a lending agent with experience and expertise in completing such transactions. The ETF has received exemptive relief from the limitations in NI 81-102 so that the ETF may engage affiliates of the National Bank of Canada as a lending agent of the ETF.

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 the 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 SECTORS THAT THE ETF INVESTS IN

The ETF provides exposure to the performance of a market index that is designed to provide exposure to the performance of global green-labeled bonds issued in U.S. dollars that are subject to stringent eligibility criteria to fund projects that have positive environmental or climate benefits. See “Investment Objectives” and “Investment Strategies”.

INVESTMENT RESTRICTIONS

The ETF is subject to certain restrictions and practices contained in Canadian securities legislation, including NI 81-102 and NI 81-107. The ETF is managed in accordance with these restrictions and practices, except as otherwise permitted by exemptions provided by the Securities Regulatory Authorities or as permitted by NI 81-107. See “Exemptions and Approvals”.

The ETF will not make an investment that would result in the ETF failing to qualify as a “unit trust” or “mutual fund trust” within the meaning of the Tax Act or that would result in the ETF becoming subject to the tax for “SIFT trusts” within the meaning of the Tax Act. In addition, the ETF will not make or hold any investment in property that would be “taxable Canadian property” (if the definition of such term in the Tax Act were read without reference to paragraph (b) thereof) if more than 10% of the ETF’s property consisted of such property.

FEES AND EXPENSES

Fees and Expenses Payable by the ETF

Management Fee

The ETF pays an annual Management Fee to the Manager equal to 0.45% of the net asset value of the ETF, together with applicable Sales Tax.

The Management Fee is calculated and accrued daily and payable monthly in arrears in consideration for the services provided by the Manager to the ETF as set out under “Organization and Management Details of the ETF – Duties and Services to be Provided by the Manager”.

Management Fee Distributions

To encourage very large investments in the ETF and to ensure Management Fees are competitive for these investments, the Manager may at its discretion agree to charge a reduced fee as compared to the fee it 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 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 ETF will be distributed quarterly in cash by the ETF to the Unitholders of the ETF as Management Fee Distributions.

The availability and amount of Management Fee Distributions with respect to Units of the ETF will be determined by the Manager. Management Fee Distributions for the ETF will generally be 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 will be available only to beneficial owners of Units of the ETF and not to the holdings of Units of the ETF by dealers, brokers or other CDS Participants that hold Units of the ETF on behalf of beneficial owners. In order to receive a Management Fee Distribution for any applicable period, a beneficial owner of Units of the 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 the ETF generally will be borne by the Unitholders of the ETF receiving these distributions from the ETF.

Underlying Fund Fees

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

Operating Expenses

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

Expenses of the Issue

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

Administration Charge

As may be agreed between the Manager and a Designated Broker or Dealer, the Manager may charge the Designated Broker and Dealers of the ETF, at its discretion, an issue, exchange or redemption charge to offset certain transaction costs associated with the issuance, exchange or redemption of Units. Administration charges are variable, and the Manager will publish the current administration charges, if any, on its website, www.HorizonsETFs.com. These administrative charges do not apply to Unitholders who buy and sell their Units on a stock exchange.

RISK FACTORS

There are certain risk factors inherent to an investment in the ETF. These risks include the following:

Credit Risk

The ETF may gain exposure to fixed-income securities or currencies directly or through the use of futures and other derivative contracts. The value of fixed-income securities depends, in part, on the perceived ability of the government or company which issued the securities to pay the interest and to repay the original investments. Securities issued by issuers that have a low credit rating are considered to have a higher credit risk than securities issued by issuers with a high credit rating. Although generally considered less volatile than equity markets, certain types of fixed-income securities and certain market conditions may result in significant volatility in the value of one or more fixed-income investments to which the ETF may be exposed. In addition, from time to time investors may re-evaluate risk and, as a result, re-price risk in the credit market. Generally, the interest rate paid on corporate debt is higher than the interest rates paid on floating-rate debt and fixed-income debt. Any re-pricing of risk in the credit market could increase the spread between the interest rates paid on corporate debt securities, fixed-income securities and floating-rate securities. As a result, the market value of the fixed-income securities held by the ETF may be negatively impacted by an increase in the spread between the interest payable on corporate debt and floating-rate debt.

High Yield Bond Risk and Risks of other Lower Rated Investments

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

Interest Rate Risk

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

Floating-rate bonds act differently than traditional fixed-income securities when interest rates change. Generally, in periods when there are increases in short-term lending rates, the coupon payments of a floating-rate bond, which are linked to these rates, will increase while the market value will remain unchanged, all else equal. Conversely, in periods when short-term lending rates decrease, the coupon payments of a floating-rate bond will decrease while the market value will remain unchanged, all else equal.

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

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

Changes in interest rates may also affect the value of dividend paying equity securities and preferred shares, which will experience a drop in market value as interest rates go up, and an increase in market value as interest rates go down, all else equal.

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

Foreign Securities Risk

Investments in foreign securities involve certain risks that may not be present with investments in Canadian securities. For example, investments in foreign securities may be subject to risk of loss due to foreign currency fluctuations or to expropriation, nationalization or adverse political or economic developments. Foreign securities may have relatively low market liquidity and decreased publicly available information about issuers. Investments in foreign securities also may be subject to withholding or other taxes and may be subject to additional trading, settlement, custodial, and operational risks. Foreign issuers may also be subject to inconsistent and potentially less stringent accounting, auditing, financial reporting and investor protection standards than Canadian issuers. These and other factors can make investments in an ETF that invests in foreign securities more volatile and potentially less liquid than other types of investments.

Small and Mid-Capitalization Risk

The small and mid-capitalization companies in which the ETF invests may be more vulnerable to adverse business or economic events than larger, more established companies, and may underperform other segments of the market or the equity market as a whole. Securities of small and mid-capitalization companies generally trade in lower volumes, are often more vulnerable to market volatility, and are subject to greater and more unpredictable price changes than larger capitalization stocks or the stock market as a whole.

Foreign Stock Exchange Risk

Investments in foreign securities may involve risks not typically associated with investing in Canada. Foreign exchanges may be open on days when the ETF does not price the Units and, therefore, the value of the securities of the Constituent Issuers may change on days when investors will not be able to purchase or sell Units. Also, some foreign securities markets may be volatile, lack liquidity, or have higher transaction and custody costs than those of the TSX or other Canadian exchanges. Securities of issuers held by the ETF may be traded on days when the foreign exchange is open and the TSX is not. In those circumstances, changes in the value of the securities making up the ETF's portfolio will not be reflected in the value of the ETF and the spread or difference between the value of the securities in the ETF's portfolio and the market price of a Unit of the 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 the ETF on the TSX may increase. Under certain circumstances, the Manager may need to "fair value" foreign securities that the ETF holds at other than their official closing prices. While the Manager will, in such circumstances, use all the reasonably available resources to determine the fair value of the foreign securities, the ETF's fair valuation of those securities may be incorrect.

Specific Issuer Risk

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

Market Disruptions Risk

War and occupation, terrorism and related geopolitical risks may in the future lead to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally, including U.S., Canadian and other economies and securities markets. Recently the spread of coronavirus disease (COVID-19) has caused a slowdown in the global economy, and has caused volatility in global financial markets. Coronavirus disease or any other disease outbreak may adversely affect the performance of the ETF. The effects of future terrorist acts (or threats thereof), military action or similar unexpected disruptive events on the economies and

securities markets of countries cannot be predicted. These events could also have an acute effect on individual issuers or related groups of issuers. These risks could also adversely affect securities markets, inflation and other factors relating to value of the portfolio of the ETF.

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

Cybersecurity Risk

The Manager uses information technology and the internet to streamline business operations and to improve client and advisor experience. However, with the use of information technology and the internet, the Manager and the ETF are exposed to information technology events, through cybersecurity breaches, which could potentially have an adverse impact on their business. In general, a cybersecurity breach can result from either a deliberate attack or an unintentional event, and may arise from external or internal sources. Cybersecurity breaches include, but are not limited to, unauthorized access of the Manager's or the ETF's digital information systems (ex. through "hacking" or other malicious software code) for the purpose of misappropriating assets or sensitive information (ex. personal information), corrupting data, equipment, or systems, or causing operational disruption. Cyber incidents affecting the ETF's service providers (including, but not limited to, the portfolio manager, consultant(s), transfer agent, and custodian) have the ability to interfere with the ETF's ability to calculate its NAV, and impede trading, the ability of Unitholders to transact business with the ETF, and the ability of the ETF to process transactions including redemptions. Cybersecurity breaches could cause the ETF to be in violation of applicable privacy and other laws, and incur regulatory penalties, reputational damage, additional compliance costs associated with corrective measures or reimbursement, and/or financial loss.

Ethical Investment Risk

There is no assurance that an index that uses environmental, social and ethical criteria to select and weight securities will outperform a traditional index that is based on market capitalization or any other methodology for constructing an index, over any period of time.

Emerging Markets Risk

The risks of foreign investments are typically greater in less developed countries, which are sometimes referred to as emerging markets. For example, political and economic structures in these countries may be changing rapidly, which can cause instability and greater risk of loss. These countries are also more likely to experience higher levels of inflation, deflation or currency devaluation, which could hurt their economies and securities markets. For these and other reasons, investments in emerging markets are often considered speculative.

Currency Risk

As the ETF will be invested primarily in securities traded in foreign currencies, the net asset value, when measured in Canadian dollars, will, to the extent this has not been hedged against, be affected by changes in the value of the foreign currency relative to the Canadian dollar. The ETF seeks to hedge the U.S. dollar value of its portfolio to the Canadian dollar at all times.

Hedging Risk

The ETF seeks to hedge the U.S. dollar value of their respective portfolios to the Canadian dollar at all times.

However, there can be no assurance that hedging transactions will be effective. The value of an investment in the ETF could be significantly and negatively impacted if foreign currencies represented in the portfolio securities appreciate at the same time that the value of the ETF's holdings fall. While this approach is designed to minimize the impact of currency fluctuations on fund returns, it does not necessarily eliminate exposure to all currency

fluctuations. Changes in currency exchange rates may affect returns of the ETF's Units even when the hedge works as intended.

Currency Price Fluctuations

Several factors may affect the relative value between the Canadian dollar and other currencies to which the ETF is exposed, including, but not limited to: debt level and trade deficit; inflation and interest rates; investors' expectations concerning inflation or interest rates; and global or regional political, economic or financial events and situations.

A Unitholder buying or selling US\$ Units on the TSX, or holding US\$ Units, may also experience currency gains or losses due to the differences in the exchange rates used in determining the net asset value of the ETF in Canadian dollars.

Underlying Index Risk

Adjustments may be made to the Underlying Index, or the Underlying Index may cease to be calculated without regard to the ETF or its Unitholders. In the event the Underlying Index is changed or ceases to be calculated, subject to all necessary approvals, including that of Unitholders, the Manager may change the investment objective of the 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.

Trading in Units of the ETF may be suspended for a period of time if, for whatever reason, the calculation of the Underlying Index is delayed. In the event the Underlying Index ceases to be calculated or is discontinued, the Manager may choose to: (i) terminate the ETF; (ii) change the ETF's investment objective to invest primarily in underlying securities or to seek to replicate an alternative index (subject, where applicable, to Unitholder and any other required approvals in accordance with the Trust Declaration); or (iii) make such other arrangements as the Manager considers appropriate and in the best interests of Unitholders of the ETF in the circumstances.

The Index Provider has reserved the right to make adjustments to the Underlying Index, or to cease or causing to be calculated the Underlying Index, without regard to the particular interests of the ETF, the Unitholders of the ETF, or the Designated Broker and Dealers, but rather solely with a view to the original purpose of the Underlying Index.

Passive Index Risk

Investments in the ETF should be made with an understanding that the Underlying Index may fluctuate in accordance with the financial condition of the Constituent Issuers, the value of the securities generally and other factors.

Because the investment objective of the ETF is to replicate the performance of the Underlying Index, the ETF is not actively managed by traditional methods, and the Manager will not attempt to take defensive positions in declining markets. Therefore, the adverse financial condition of a Constituent Issuer represented in the Underlying Index will not necessarily result in the elimination of exposure to its securities, whether direct or indirect, by the ETF unless the relevant securities of a Constituent Issuer are removed from the Underlying Index.

Index Replication Risk

An investment in the ETF should be made with an understanding that the ETF will not replicate exactly the performance of the Underlying Index. The total return generated by the securities held directly or indirectly by the ETF will be reduced by any costs and expenses borne by the ETF, whereas costs and expenses are not included in the calculation of the returns of the Underlying Index.

It is possible that the ETF may not fully replicate the performance of the Underlying Index due to extraordinary circumstances or the temporary unavailability of certain securities or instruments in the secondary market or otherwise. It is also possible that the ETF will not fully replicate the performance of the Underlying Index where the ETF's expenses exceed income received from the applicable underlying securities.

A deviation could also occur in the tracking of the ETF with the Underlying Index due to timing differences with respect to corporate actions (such as mergers and spin-offs), index adjustments, and other timing variances (for example, where the ETF tenders under a successful takeover bid for less than all securities of a Constituent Issuer where the applicable Constituent Issuer is not taken out of the Underlying Index and the ETF buys replacement securities for more than the takeover bid proceeds). The ETF also may not replicate exactly the composition of the Underlying Index, which may also lead to differences between the performance of such ETF and the performance of the Underlying Index.

Sampling Risk

The ETF may employ a sampling methodology or may hold an exchange traded fund that employs a sampling methodology. A sampling methodology involves seeking to replicate the performance of the Underlying Index by holding a subset of the Constituent Securities or a portfolio of some or all of the Constituent Securities and other securities, including derivatives, securities of other exchange traded funds, mutual funds or other public investment funds or ADRs, selected by the Manager such that the aggregate investment characteristics of the portfolio are reflective of the aggregate investment characteristics of, or a representative sample of, the Underlying Index. It is possible that the use of a sampling methodology may result in a greater deviation in performance relative to the Underlying Index than a replication strategy in which only the Constituent Securities are held in the portfolio in approximately the same proportions as they are represented in the Underlying Index. In certain circumstances, exposure to one or more securities may be obtained through the use of derivatives.

Underlying Investment Funds Risk

The securities in which the ETF invests, whether directly or indirectly, may trade below, at or above their respective net asset values per security. The net asset value per security will fluctuate with changes in the market value of that investment fund's holdings. The trading prices of the securities of those investment funds will fluctuate in accordance with changes in the applicable fund's net asset value per security, as well as market supply and demand on the stock exchanges on which those funds are listed.

If the ETF purchases a security of an underlying investment fund at a time when the market price of that security is at a premium to the net asset value per security or sells a security at a time when the market price of that security is at a discount to the net asset value per security, the ETF may sustain a loss.

General Regulatory Risk

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

Reliance on Historical Data Risk

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

Liquidity Risk

Under certain circumstances, such as a market disruption, the ETF may not be able to dispose of its investments quickly or at prices that represent the fair market value of such investments. In certain circumstances, the holdings of the ETF may be illiquid, which may prevent the ETF from being able to limit its losses or realize gains.

Risk that Units Will Trade at Prices Other than the Net Asset Value per Unit

The Units of the ETF may trade below, at, or above their net asset value. The net asset value per Unit of the ETF will fluctuate with changes in the market value of the ETF's holdings. The trading prices of the Units of the ETF will fluctuate in accordance with changes in the ETF's net asset value per Unit, as well as market supply and demand on the TSX. However, given that Unitholders may subscribe for a PNU at the net asset value per Unit, the Manager believes that large discounts or premiums to the net asset value per Unit of the ETF should not be sustained.

If a Unitholder purchases Units at a time when the market price of such Units is at a premium to the net asset value per Unit or sells Units at a time when the market price of such Units is at a discount to the net asset value per Unit, the Unitholder may sustain a loss.

Corresponding Net Asset Value Risk

The net asset value per Unit of the 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 the 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 the ETF and Unitholders may be able to redeem a PNU of the ETF at a discount or a premium to the closing trading price per Unit of the ETF.

Such a difference between the trading price of the ETF and its net asset value may be due, in large part, to supply and demand factors in the secondary trading market for Units of the 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 ETF should not be sustainable.

Designated Broker/Dealer Risk

As the ETF will only issue Units directly to the 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 will be borne by the ETF.

Cease Trading of Securities Risk

If the securities of a Constituent Issuer are cease-traded by order of the relevant securities regulatory authority or are halted from trading by the relevant stock exchange, the ETF may halt trading in its securities. Accordingly, Units of the ETF bear the risk of cease-trading orders against all of its Constituent Issuers, not just one. If securities of the ETF are cease-traded by order of a securities regulatory authority, if normal trading is suspended on the relevant exchange, or if for any reason it is likely there will be no closing bid price for securities, the ETF may suspend the right to redeem Units for cash, subject to any required prior regulatory approval. If the right to redeem Units for cash is suspended, the ETF may return redemption requests to Unitholders who have submitted them. If securities are cease-traded, they may not be delivered on an exchange of a PNU for securities until such time as the cease trade order is lifted.

Exchange Risk

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

Early Closing Risk

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

No Assurance of Meeting Investment Objective

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

Tax Related Risks

If the ETF fails to or ceases to qualify as a mutual fund trust under the Tax Act, the income tax considerations described under the heading “Income Tax Considerations” would be materially and adversely different in certain respects. For the 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. A trust 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” (if the definition of such term in the Tax Act were read without reference to paragraph (b) thereof). The current law does not provide any means of rectifying a loss of mutual fund trust status if this requirement is not met.

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

Proposed Tax Amendments would, upon taking effect, prohibit the ETF (provided that it is a “mutual fund trust” for purposes of the Tax Act throughout its taxation year) from claiming a deduction in respect of income allocated to redeeming Unitholders and limit the ability of the ETF to claim a deduction in respect of capital gains allocated to redeeming Unitholders in the manner described above. If such Tax Amendments are enacted in their current form, the amounts and taxable component of distributions to non-redeeming Unitholders may be adversely affected.

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

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

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 ETF as long as the ETF adheres to its investment restriction in this regard. If these rules apply to the ETF, 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, if the ETF experiences a “loss restriction event” (“**LRE**”), it (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 prohibitions and/or restrictions on its ability to carry forward losses. Generally, the ETF will be subject to an LRE if a Unitholder 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. If the 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 ETF will be exposed to foreign equity securities. Many foreign countries preserve their right under domestic tax laws and applicable tax conventions with respect to taxes on income and on capital (“**Tax Treaties**”) to impose tax on dividends and other distributions paid or credited to persons who are not resident in such countries. While the ETF intends to make investments in such a manner as to minimize the amount of foreign taxes incurred under foreign tax laws and subject to any applicable Tax Treaties, investments in global equity securities may subject the ETF to foreign taxes on dividends and other distributions paid or credited to them or any gains realized on the disposition of such securities. Any foreign taxes incurred by the ETF will generally reduce the value of its portfolio.

Risks Relating to Tax Changes

There can be no assurance that changes will not be made to the tax rules, including the administrative policies and assessing practices of the CRA, affecting the taxation of the ETF or the ETF’s investments, or in the administration of such tax rules.

Securities Lending, Repurchase and Reverse Repurchase Transaction Risk

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

- when entering into securities lending, repurchase and reverse repurchase transactions, the ETF is subject to the credit risk that the counterparty may default under the agreement and the ETF would be forced to make a claim in order to recover its investment;
- when recovering its investment on default, the ETF could incur a loss if the value of the portfolio securities loaned (in a securities lending transaction) or sold (in a repurchase transaction) has increased in value relative to the value of the collateral held by the ETF; and

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

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

Liability of Unitholders

The Trust Declaration provides that no Unitholder 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 the ETF must indemnify and hold each Unitholder 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 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 for liabilities which cannot be satisfied out of the assets of the ETF.

Limited Operating History

Although all the persons involved in the management and administration of the ETF, including the service providers to the ETF, have significant experience in their respective fields of specialization, the ETF has limited or no operating or performance history upon which prospective investors can evaluate the ETF's performance. The ETF has limited or no operating history. Although the ETF may be listed on the TSX, there is no assurance that an active public market for the Units of the ETF will develop or be sustained.

Reliance on Key Personnel

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

Risk Ratings of the ETF

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

The reference index used for the ETF is the S&P Green Bond U.S. Dollar Select Index.

In certain instances, the methodology described above may produce an investment risk level which the Manager believes may be too low and not indicative of the ETF's future volatility. As a result, in addition to using the standardized risk classification methodology described above, the Manager may increase the ETF's investment risk level if it determines that to be reasonable in the circumstances by taking into account other qualitative factors

including, but not limited to, economic climate, portfolio management styles, sector concentration and types of investments made by the ETF.

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 rating of the ETF is 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 ETF is available on request, at no cost, by calling toll-free 1-866-641-5739 or by writing to the Manager at 55 University Avenue, Suite 800, Toronto, Ontario, M5J 2H7.

DISTRIBUTION POLICY

It is anticipated that the ETF will make distributions to its respective Unitholders on a quarterly basis, at the discretion of the Manager. Such distributions will be paid in cash, unless a Unitholder is participating in the Reinvestment Plan.

To the extent required, the ETF will also make payable, after December 15 but on or before December 31 of that calendar year, sufficient net income (including net capital gains) for a year that has not previously been paid or made payable in that year so that the ETF will not be liable for ordinary income tax in any given year and such distributions will be automatically reinvested in Units of the ETF or paid in Units of the ETF, and in each case the Units will then 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 that distribution. In the case of a Unitholder that is a non-resident of Canada, if tax has to be withheld in respect of the distribution, the Unitholder's dealer will invoice or debit the Unitholder's account directly.

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

Although there may be reasonable expectation that any income generated by the ETF will be greater than the ETF's fees and expenses, there is no guarantee that the ETF will distribute any income to its Unitholders.

Distribution Reinvestment Plan

At any time, a Unitholder of the ETF may elect to participate in the Manager's distribution reinvestment plan (the "**Reinvestment Plan**") by contacting the CDS Participant through which the Unitholder holds its Units. Under the Reinvestment Plan, cash distributions will be used to acquire additional Units of the ETF (the "**Plan Units**") in the market and will be credited to the account of the Unitholder (the "**Plan Participant**") through CDS.

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

Fractional Units

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

Amendments, Suspension or Termination of the Reinvestment Plan

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

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

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

Other Provisions

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

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

PURCHASES OF UNITS

Initial Investment

In compliance with NI 81-102, the ETF will not issue Units to the public until subscriptions aggregating not less than \$500,000 was received and accepted from investors other than persons or companies related to the Manager or its affiliates.

Issuance of Units of the ETF

To the Designated Broker and Dealers

All orders to purchase Units directly from the ETF must be placed by the Designated Broker and/or Dealer in the applicable currency. As applicable, subscriptions for US\$ Units may be made in either U.S. or Canadian dollars. The ETF reserves the absolute right to reject any subscription order placed by the Designated Broker and/or a Dealer. The Manager reserves the absolute right to reject any subscription order placed by the Designated Broker and/or a Dealer for Units, including, without limitation, if (a) the order is not in proper form; (b) the acceptance of the order would otherwise, in the sole discretion of the Manager, have an adverse effect on the ETF or the rights of beneficial

owners of Units; (c) the acceptance or receipt of the order would, in the opinion of counsel to the ETF, be unlawful; or (d) circumstances outside the control of the Manager, the Custodian, and/or the Transfer Agent and Registrar exist which make processing of the subscription order for all practical purposes not feasible. No fees are payable by the ETF to the Designated Broker or a Dealer in connection with the issuance of Units of the ETF.

On any Trading Day, the Designated Broker and/or Dealer may place a Cash Subscription order or Basket Subscription order for the PNU or multiple PNU of the ETF. In respect of the ETF, a subscription order may be a securities subscription or, at the sole discretion of the Manager, a cash subscription. Subscriptions for US\$ Units, as applicable, can be made in either U.S. or Canadian dollars. If a subscription order is received by the ETF by 12:00 p.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 will be 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 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.

The Manager will, for each Trading Day, make available to the Designated Broker and the Dealers throughout the Trading Day information as to which securities will be accepted in respect of a securities subscription. The Manager may change the securities which will be accepted in respect of a securities subscription at any time throughout a Trading Day, in its sole discretion. The Manager publishes the PNU for the ETF on its website, www.HorizonsETFs.com. The Manager may, at its discretion, increase or decrease the PNU of the ETF from time to time.

The number of Units issued will be based on the net asset value per Unit, in the applicable currency, at the close of the Trading Day on which the subscription is accepted by the Manager, provided that payment in full for such Units has been received.

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

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

Buying and Selling Units of the ETF

Units are currently offered pursuant to this prospectus under the following ticker symbols:

Name of ETF	Unit Currency	Ticker Symbol
Horizons S&P Green Bond Index ETF	Cdn\$ Units	HGGB
Horizons S&P Green Bond Index ETF	US\$ Units	HGGB.U

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

Investors will be able to buy or sell Units on the TSX through registered brokers and dealers in the province or territory where the investor resides. Accordingly, investors may trade Units of the ETF in the same way as other securities listed on the TSX, including by using market orders and limit orders. Investors will incur customary brokerage commissions when buying or selling such Units.

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 the ETF (on either a number of Units or fair market value basis) and the Manager shall inform the registrar and transfer agent of the ETF of this restriction. The Manager may require declarations as to the jurisdictions in which a beneficial owner of Units is resident and, if a partnership, its status as a Canadian partnership. If the Manager becomes aware, as a result of requiring such declarations as to beneficial ownership or otherwise, that the beneficial owners of 40% of the Units then outstanding (on either a number of Units or fair market value basis) are, or may be, non-residents and/or partnerships that are not Canadian partnerships, or that such a situation is imminent, the Manager may make a public announcement thereof. If the Manager determines that more than 40% of the Units (on either a number of Units or fair market value basis) are beneficially held by non-residents and/or partnerships that are not Canadian partnerships, the Manager may send a notice to such non-residents and/or partnerships, chosen in inverse order to the order of acquisition or in such manner as the Manager may consider equitable and practicable, requiring them to sell their Units or a portion thereof within a specified period of not less than 30 days. If the Unitholders receiving such notice have not sold the specified number of Units or provided the Manager with satisfactory evidence that they are not non-residents or partnerships other than Canadian partnerships within such period, the Manager may, on behalf of such Unitholders, sell such Units and, in the interim, shall suspend the voting and distribution rights attached to such Units. Upon such sale, the affected holders shall cease to be beneficial holders of Units and their rights shall be limited to receiving the net proceeds of sale of such Units.

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

Special Considerations for Unitholders

Units of the ETF are, in the opinion of the Manager, index participation units within the meaning of NI 81-102. Accordingly, in the opinion of the Manager, mutual funds may purchase Units of the ETF without regard to the control, concentration or “fund of funds” restrictions of NI 81-102. No purchase of Units of the ETF should be made solely in reliance on the above statements.

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 the ETF. In addition, the ETF has obtained exemptive relief from the Securities Regulatory Authorities to permit a Unitholder to acquire more than 20% of the Units of the ETF through purchases on the TSX without regard to the takeover bid requirements of applicable Canadian securities legislation.

EXCHANGE AND REDEMPTION OF UNITS

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

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

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

available to Dealers and the Designated Broker the applicable PNU to redeem Units of the ETF on each Trading Day.

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

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

As described below under “Book-Entry Only System”, registration of interests in, and transfers of, Units will be made only through the book-entry only system of CDS. The redemption rights described above must be exercised through the CDS Participant through which the owner holds Units. Beneficial owners of Units 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 for Cash

On any Trading Day, Unitholders of the ETF may redeem:

1. 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, where the Units being redeemed are not equal to a PNU or a multiple PNU; or
2. a PNU or a multiple PNU of the ETF for cash equal to the net asset value of that number of Units, less any applicable redemption charge as determined by the Manager in its sole discretion from time to time.

Holders of Cdn\$ Units or US\$ Units, as applicable, of the ETF may request that their redemption proceeds be paid in either or Canadian or U.S. currency.

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

In order for a cash redemption to be effective on a Trading Day, a cash redemption request in the form prescribed by the Manager from time to time must be delivered to the Manager with respect to the 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 second Trading Day after the effective day of the redemption.

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

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

As described below under “Book-Entry Only System”, registration of interests in, and transfers of, Units will be made only through the book-entry only system of CDS. The redemption rights described above must be exercised through the CDS Participant through which the owner holds Units. Beneficial owners of Units 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.

Suspension of Redemptions

The Manager may suspend the redemption of Units of the ETF or payment of redemption proceeds of the ETF: (i) during any period when normal trading is suspended on a stock exchange or other market on which securities owned by the ETF are listed and traded, if these securities represent more than 50% by value or underlying market exposure of the total assets of the ETF, without allowance for liabilities, and if these securities are not traded on any other exchange that represents a reasonably practical alternative for the ETF; or (ii) with the prior permission of the Securities Regulatory Authorities where required, for any period not exceeding 30 days during which the Manager determines that conditions exist which render impractical the sale of assets of the ETF or which impair the ability of the Valuation Agent to determine the value of the assets of the ETF. The suspension may apply to all requests for redemptions received prior to the suspension but as to which payment has not been made, as well as to all requests received while the suspension is in effect. All 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 ETF, any declaration of suspension made by the Manager shall be conclusive.

Allocations of Income and Capital Gains to Redeeming Unitholders

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

Proposed Tax Amendments would, upon taking effect, prohibit the ETF (provided that it is a "mutual fund trust" for purposes of the Tax Act throughout its taxation year) from claiming a deduction in respect of income allocated to redeeming Unitholders and limit the ability of the ETF to claim a deduction in respect of capital gains allocated to redeeming Unitholders in the manner described above.

Book-Entry Only System

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

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

The ability of a beneficial owner of Units of the 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.

The 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 ETF at this time as: (i) the ETF is an exchange traded fund that is primarily traded in the secondary market; and (ii) the few transactions involving Units of the ETF that do not occur on the secondary market involve the Designated Broker and the Dealers, who can only purchase or redeem Units in a PNU, and on whom the Manager may impose a redemption fee.

PRIOR SALES

Trading Price and Volume

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

INCOME TAX CONSIDERATIONS

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

Generally, Units 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 the ETF is a "mutual fund trust" for purposes of the Tax Act, certain Holders who might not otherwise be considered to hold Units as capital property may, in certain circumstances, be entitled to have such Units and all other "Canadian securities" owned or subsequently acquired by them treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. This summary does not apply to a Holder who has entered or will enter into a "derivative forward agreement" within the meaning of the Tax Act with respect to Units, or who holds both Cdn\$ Units and US\$ Units.

This summary is based on the assumption that the ETF will qualify at all times as a "mutual fund trust" and will at no time be a "SIFT Trust", all within the meaning of the Tax Act. For the 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 and the dispersal of ownership of its Units. There can be no assurance that the ETF will maintain its status as a "mutual fund trust". **In the event that the ETF were not to qualify or cease to qualify as a mutual fund trust under the Tax Act at any time or is a SIFT Trust, the income tax consequences described below would, in some respects, be materially different.**

This summary is also based on the assumptions that (i) none of the issuers of the securities in the portfolio will be foreign affiliates of the ETF or of any Unitholder, or "SIFT trusts" or "SIFT partnerships" within the meaning of the Tax Act, (ii) none of the securities in the portfolio 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 will be an offshore investment fund property (or an interest in a partnership that holds such property) that would require the ETF to include significant amounts in the ETF's income pursuant to section 94.1 of the Tax Act or an interest in a trust (or a partnership which holds such an

interest) which would require the ETF (or the partnership) to report significant amounts of income in connection with such interest pursuant to the rules in section 94.2 of the Tax Act, or an interest in a non-resident trust other than an “exempt foreign trust” (or a partnership which holds such interest) and (iv) the ETF will not enter into any arrangement (including the acquisition of securities for the ETF’s portfolio) where the result is a “dividend rental arrangement” for purposes of the Tax Act. This summary further assumes that the ETF will comply with its investment restrictions.

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

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Units. This summary does not address the deductibility of interest on any funds borrowed by a Unitholder to purchase Units. 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. Prospective investors should consult their own tax advisors with respect to the income tax consequences to them of an acquisition of Units based on their particular circumstances, and review the tax related risk factors set out above.

Status of the ETF

As noted above, this summary assumes that the ETF will qualify at all times as a “mutual fund trust” for purposes of the Tax Act, and will at no time be a “SIFT trust” for purposes of the Tax Act.

Provided the Units are listed on a “designated stock exchange” (within the meaning of the Tax Act), which includes the TSX, or the ETF qualifies as a “mutual fund trust” within the meaning of the Tax Act, the Units of the ETF will be qualified investments under the Tax Act for a trust governed by a Registered Plan. See “Taxation of Registered Plans” below.

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

Taxation of the ETF

The ETF intends to elect to have a taxation year that ends on December 15 of each calendar year. The ETF must pay tax on its net income (including net realized taxable capital gains) for a taxation year, less the portion thereof that it deducts in respect of the amount paid or payable to its Unitholders in the year. An amount will be considered to be payable to a Unitholder 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 requires that sufficient amounts be paid or made payable each year so that the ETF is not liable for any income tax under Part I of the Tax Act.

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

To the extent the ETF holds trust units issued by a trust resident in Canada that is not at any time in the relevant taxation year a “SIFT trust” and held as capital property for purposes of the Tax Act, the ETF will be required to

include in the calculation of its income the net income, including net taxable capital gains, paid or payable to the ETF by such trust in the year, notwithstanding that certain of such amounts may be reinvested in additional units of the trust. Provided that appropriate designations are made by such trust, net taxable capital gains realized by the trust, foreign source income of the trust and taxable dividends from taxable Canadian corporations received by the trust that are paid or payable by the trust to the ETF will effectively retain their character in the hands of the ETF. The ETF will be required to reduce the adjusted cost base of units of such trust by any amount paid or payable by the trust to the ETF except to the extent that the amount was included in calculating the income of the ETF or was the ETF's share of the non-taxable portion of capital gains of the trust, the taxable portion of which was designated in respect of the ETF. If the adjusted cost base to the ETF of such units becomes a negative amount at any time in a taxation year of the ETF, that negative amount will be deemed to be a capital gain realized by the ETF in that taxation year and the ETF's adjusted cost base of such units will be increased by the amount of such deemed capital gain to zero.

In general, the ETF will realize a capital gain (or capital loss) upon the actual or deemed disposition of a security included in its portfolio to the extent the proceeds of disposition net of any reasonable costs of disposition exceed (or are less than) the adjusted cost base of such security unless the ETF were considered to be trading or dealing in securities or otherwise carrying on a business of buying and selling securities or the ETF has acquired the security in a transaction or transactions considered to be an adventure or concern in the nature of trade. The ETF takes the position that gains and losses realized on the disposition of its securities are capital gains and capital losses. In addition, the ETF has made an election under subsection 39(4) of the Tax Act so that all securities held by the ETF that are "Canadian securities" (as defined in the Tax Act), if any, are deemed to be capital property to the ETF.

The ETF is entitled for each taxation year throughout which it is a mutual fund trust for purposes of the Tax Act to reduce (or receive a refund in respect of) its liability, if any, for tax on its net realized capital gains by an amount determined under the Tax Act based on the redemptions of Units during the year (the "**Capital Gains Refund**"). The Capital Gains Refund in a particular taxation year may not completely offset the tax liability of the ETF for such taxation year which may arise upon the sale or other disposition of securities included in the portfolio in connection with the redemption of Units.

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

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

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

The ETF will be required to compute all amounts in Canadian dollars for purposes of the Tax Act in accordance with the detailed rules in the Tax Act in that regard and accordingly may realize gains or losses by virtue of the fluctuation in the value of the foreign currencies relative to Canadian dollars.

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

If the ETF does not qualify as a “mutual fund trust” under the Tax Act throughout a taxation year, among other things, the ETF may be liable to pay an alternative minimum tax under the Tax Act and tax under Part XII.2 of the Tax Act. If the ETF is not a “mutual fund trust” it may be subject to the “mark-to-market” rules in the Tax Act if more than 50% of the fair market value of its units are held by “financial institutions”.

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 for that particular taxation year, including the taxable portion of any net realized capital gains, as is paid or becomes payable to the Holder in the year, including any Management Fee Distributions (whether in cash or whether such amount is paid in Units or automatically reinvested in additional Units). Provided the ETF elects to have a December 15 taxation year-end, amounts paid or payable by the ETF to a Holder after December 15 and before the end of the calendar year are deemed to have been paid or become payable to the Holder on December 15. The non-taxable portion of the 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 the ETF for a taxation year that is paid or becomes payable to the Holder in the year (i.e. a return 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. To the extent that the adjusted cost base of a Unit would otherwise be 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 the ETF, such portion of the net realized taxable capital gains of the ETF, the taxable dividends received or deemed to be received by the ETF on shares of taxable Canadian corporations and the foreign source income of the ETF as is paid or becomes payable to a Holder will effectively retain its character and be treated as such in the hands of the Holder for purposes of the Tax Act. To the extent that amounts are designated as taxable dividends from taxable Canadian corporations, the gross-up and dividend tax credit rules will apply including the enhanced gross-up and dividend tax credit rules in respect of “eligible dividends”. Where the ETF makes designations in respect of its foreign source income, for the purpose of computing any foreign tax credit that may be available to a Holder, the Holder will generally be deemed to have paid as tax to the government of a foreign country that portion of taxes paid by the ETF to that country that is equal to the Holder’s share of the ETF’s income from sources in that country, subject to the specific limitations in the Tax Act.

Any loss of the 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, the 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 the ETF, but not deducted by the ETF, will not be included in the Holder’s income. However, the adjusted cost base of a Holder’s Units in the ETF will be reduced by such amount.

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

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

Pursuant to the Trust Declaration, the ETF may allocate and designate any income or capital gains realized by the ETF as a result of any disposition of property of the ETF undertaken to permit or facilitate the redemption of Units to a Unitholder whose Units are being redeemed. In addition, the ETF has the authority to distribute, allocate and designate any income or capital gains of the ETF to a Unitholder who has redeemed Units during a year in an amount equal to the Unitholder's share, at the time of redemption, of the ETF's income and capital gains for the year or such other amount that is determined by the ETF to be reasonable. Any such allocations and designations will reduce the redemption price otherwise payable to the redeeming Unitholder, but, for greater certainty, will not reduce the amount of cash or the value of the property that the Unitholder will receive in respect of the redemption. Proposed Tax Amendments would, upon taking effect, prohibit the ETF (provided that it is a "mutual fund trust" for purposes of the Tax Act throughout its taxation year) from claiming a deduction in respect of income allocated to redeeming Unitholders and limit the ability of the ETF to claim a deduction in respect of capital gains allocated to redeeming Unitholders in the manner described above. If such Tax Amendments are enacted in their current form, the amounts and taxable component of distributions to non-redeeming Unitholders may be adversely affected.

In general, one-half of any capital gain (a "**taxable capital gain**") realized by a Holder on the disposition of Units or designated by the ETF in respect of the Holder in a taxation year will be included in computing the Holder's income for that year and one-half of any capital loss (an "**allowable capital loss**") realized by the Holder on the disposition of Units 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.

A Holder will be required to compute all amounts, including the adjusted cost base of Units of the ETF and proceeds of disposition, in Canadian dollars in accordance with the detailed rules in the Tax Act. For example, if a Holder acquires US\$ Units, the Holder may realize a foreign exchange gain or loss if the exchange rate between the Canadian and U.S. dollar at the time of purchase of US\$ Units differs from the exchange rate at the time such US\$ Units are disposed of.

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

Taxation of Registered Plans

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

Notwithstanding the foregoing, the holder of a TFSA or RDSP, the annuitant of an RRSP or RRIF or the subscriber of an RESP will be subject to a penalty tax in respect of Units held by such Registered Plan if such Units are a "prohibited investment" for such Registered Plan for the purposes of the Tax Act. The Units will not be a "prohibited investment" for a trust governed by such a Registered Plan unless the holder of the TFSA or RDSP, the annuitant of the RRSP or RRIF or the subscriber of the RESP, as applicable, (i) does not deal at arm's length with the ETF for purposes of the Tax Act, or (ii) has a "significant interest" as defined in the Tax Act in the ETF. Generally, a holder, annuitant or subscriber, as the case may be, will not have a significant interest in the ETF unless the holder, annuitant or subscriber, as the case may be, owns Units that have a fair market value of 10% or more of

the fair market value of all Units of the ETF, either alone or together with persons and partnerships with which the holder, annuitant or subscriber, as the case may be, does not deal at arm's length. In addition, the Units will not be a prohibited investment if such Units are "excluded property" as defined in the Tax Act for trusts governed by such a Registered Plan.

Tax Implications of the ETF's Distribution Policy

The NAV per Unit 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 were acquired. Accordingly, a Holder who acquires Units, 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. In particular, an investor who acquires Units at any time in the year but 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 and such amounts may have been reflected in the price paid by the Holder for the Units. Further, where a Holder acquires Units in a calendar year after December 15 of such year, such Holder may become taxable on income earned or capital gains realized in the taxation year ending on December 15 of such calendar year but that had not been made payable before the Units were acquired, if the ETF elects to have a December 15 year-end.

ORGANIZATION AND MANAGEMENT DETAILS OF THE ETF

Manager of the ETF

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

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 asset management entity of the Mirae Asset Financial Group, a global financial group providing comprehensive services to clients worldwide – including asset management, wealth management, investment banking, life insurance and venture capital. With over 12,500 employees, the Mirae Asset Financial Group has a presence in America, Australia, Brazil, Canada, China, Colombia, Hong Kong, India, Indonesia, Japan, Mongolia, Singapore, the United Kingdom and Vietnam. Headquartered in Seoul, South Korea, the Mirae Asset Financial Group is one of the largest independent financial groups in Asia and manages approximately US\$510 billion in assets globally as of September 30, 2020.

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:

<u><i>Name and Municipality of Residence</i></u>	<u><i>Date Individual became a Director</i></u>	<u><i>Position with the Manager</i></u>	<u><i>Principal Occupation</i></u>
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<i>Name and Municipality of Residence</i>	<i>Date Individual became a Director</i>	<i>Position with the Manager</i>	<i>Principal Occupation</i>
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); President, Mirae Asset Global Investments (USA) (Since 2020); Executive Managing Director, Mirae Asset Global Investments (2008-2020); Associate, Goldman Sachs International (2006, 2007-2008); Senior Consultant, KPMG Consulting (Bearing Point) (2001-2005).
Wan Youn Cho, Toronto, Ontario	February 20, 2020	Director and Chief Governance Officer	Director, Horizons (since 2020); Chief Governance Officer, Horizons (since 2020); Director and Managing Director, Mirae Asset Global Investments (Hong Kong) Ltd. (2009-2020).
Jooyoung Yun, Tokyo, Japan	February 20, 2020	Director	CIO and Head of Investment Solutions Department, Global X Japan (since 2020); Head of ETF Management Division, Mirae Asset Global Investments (2011-2020).
Steven J. Hawkins, Toronto, Ontario	February 8, 2016	Director, Chief Executive Officer, President and Ultimate Designated Person	Chief Executive Officer and President, Horizons (since 2009); Director, Horizons (since 2016).
Kevin S. Beatson, Oakville, Ontario	N/A	Chief Operating Officer and Chief Compliance Officer	Chief Operating Officer and Chief Compliance Officer, Horizons (since 2009).
Julie Stajan, Oakville, Ontario	N/A	Chief Financial Officer	Chief Financial Officer, Horizons (since 2015); Senior Vice President, Finance and Controller, Horizons (since 2012); Senior Vice President, Finance & Investment Funds, Horizons Investment Management Inc. (2011-2012).
Jaime P.D. Purvis, Toronto, Ontario	N/A	Executive Vice President	Executive Vice President, Horizons (since 2006).

<i>Name and Municipality of Residence</i>	<i>Date Individual became a Director</i>	<i>Position with the Manager</i>	<i>Principal Occupation</i>
Jasmit Bhandal Toronto, Ontario	N/A	Executive Vice President, Business Operations	Executive Vice President, Business Operations, Horizons (since 2020); Vice-President, Head of Canada ETF Product Strategy & Development, Invesco Canada (2017-2020); Vice-President, ETFs, Mackenzie Investments (2015-2016).
Jeff Lucyk, Toronto, Ontario	N/A	Senior Vice President, Head of Retail Sales	Senior Vice President, Head of Retail Sales, Horizons (since 2016); Senior Vice President, Vice President, National Sales Manager, Norrep Capital Management Ltd. (2009-2016).
McGregor Sainsbury, Toronto, Ontario	N/A	General Counsel and Secretary	General Counsel and Secretary, Horizons (since 2011).

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

Ownership of Securities of the Manager

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

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

Duties and Services to be Provided by the Manager

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

The Manager is entitled to the Management Fee in consideration of the services it provides to the ETF. Such services include negotiating contracts with certain third-party service providers, including, but not limited to, investment managers, counterparties, custodians, registrars, transfer agents, valuation agents, the Designated Broker, Dealers, auditors and printers; authorizing the payment of operating expenses; preparing the reports to Unitholders of the ETF and to the applicable Securities Regulatory Authorities; calculating the amount and determining the frequency of distributions by the ETF; preparing financial statements, income tax returns and financial and accounting information as required by the ETF; ensuring that Unitholders of the ETF are provided with financial statements and other reports as are required from time to time by applicable law; ensuring the maintenance of accounting records for the ETF; ensuring that the ETF complies with all other regulatory requirements including the continuous disclosure obligations of the ETF under applicable securities laws; administering purchases, redemptions and other transactions in Units of the ETF; arranging for any payments required upon termination of the ETF; and dealing and communicating with Unitholders of the ETF. The Manager will provide office facilities and personnel to carry out these services, if not otherwise furnished by any other service provider to the ETF. The Manager will also monitor the investment strategy of the ETF to ensure that the 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 ETF, and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Trust Declaration provides that the Manager will not be liable to the ETF or to any Unitholder 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 the 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 the ETF, the Manager is entitled to receive a Management Fee from the ETF.

The Manager has also serves as the investment manager to the ETF. The Manager operates as a portfolio manager under the *Securities Act* (Ontario) and in certain other provinces pursuant to applicable legislation. The Manager also operates as a commodity trading manager under the *Commodity Futures Act* (Ontario). The principal office of the Manager is located at 55 University Avenue, Suite 800, Toronto, Ontario, M5J 2H7. The Manager provides investment advisory and portfolio management services to the ETF. The senior officers of the Manager principally responsible for providing investment advice to the ETF are Steven J. Hawkins and David Kunselman. David Kunselman is the Vice President, Product Management of the Manager.

The Sub-Advisor

Established in 2008, Mirae Asset USA, an affiliate of the Manager, is an investment adviser registered with the United States Securities and Exchange Commission. Mirae Asset USA focuses on investing in the emerging markets with active, bottom-up strategies that leverage the firm's emerging market expertise and on-the-ground presence to deliver high-conviction portfolios and quality long-term performance. As of December 31, 2020, Mirae Asset USA had assets under management of approximately USD 6.9 billion.

Key Employees of Mirae Asset USA

Joon Hyuk Heo

As Head of the Global Fixed Income Investment Team at Mirae Asset USA, Joon Hyuk is responsible for the investment management of the Mirae Asset Global Investment Group's (the "Group") global fixed income strategies and supervises the investment and research analysis activities of the global fixed income investment team in the USA. Joon Hyuk first joined the Group in 1999 as a macro analyst and portfolio manager for Mirae Asset Global Investments Co., Ltd., managing fixed income strategies investing in Korea. From 2006, he started to cover global fixed income strategies. He was later promoted to lead portfolio manager of the Group's global fixed income funds in 2008, including the flagship Global Dynamic fixed income strategy. After working out of the Group's Hong Kong Office and Seoul Headquarters, he was transferred to Mirae Asset USA in 2011. Joon Hyuk was named Chief Executive Officer of Mirae Asset USA in December 2019. Joon Hyuk holds a B.A. in Economics from Seoul National University and is a CFA charterholder.

Ethan Yoon

As a portfolio manager of emerging markets corporate debt at Mirae Asset USA, Ethan is responsible for the investment management of the Group's emerging markets corporate strategies and supervises the investment and research analysis activities of emerging market corporate in the USA. Ethan first joined the Group in 2010 as a credit analyst for Mirae Asset Global Investments Co., Ltd., covering the global financial sector. He became a portfolio manager and senior credit analyst for emerging markets corporate debt in 2014. Previously, Ethan worked as an equity research analyst at Lusight Research in Toronto, responsible for analyzing the global emerging markets financial sector for four years. Prior to that, he worked at CIBC and its affiliates in various investment-related roles.

Ethan holds a B.S. in Human Biology and Economics from the University of Toronto. And he is a CFA charterholder and a CMA (Certified Management Accountant).

Young Sang Kim

As a portfolio manager of US investment grade corporate debt at Mirae Asset USA, Young Sang is responsible for the investment management of the Group's US investment grade corporate debt strategies and supervises the investment and research analysis activities of US investment grade corporate debt market in the USA. Young Sang first joined the Group in 2010 as a credit analyst for Mirae Asset Global Investments Co., Ltd., covering the global corporate sector. He became a portfolio manager and senior credit analyst for US investment grade corporate debt in 2016. Previously, Young Sang worked as a credit ratings analyst at Korea Ratings in Seoul, South Korea, responsible for analyzing the corporate credit ratings for three years. Prior to that, he worked at Industrial Bank of Korea as corporate credit analyst. Young Sang holds a B.S. in Economics from Seoul National University.

Details of the Sub-Advisory Agreement

Pursuant to the Sub-Advisory Agreement, the Sub-Advisor provides the Manager with advice on the selection of securities to assist the ETF in meeting its investment objective. The Sub-Advisor will also manage the execution of portfolio transactions. The services provided by the Sub-Advisor to the Manager are not exclusive and nothing prevents any of the Sub-Advisor from providing similar services to others (whether or not their investment objectives, strategies or criteria are similar to those of the ETF) or from engaging in other activities.

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

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

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

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

Designated Broker

The Manager, on behalf of the ETF, has entered, or will enter, into a Designated Broker Agreement with a Designated Broker pursuant to which the Designated Broker agrees to perform certain duties relating to the ETF including, without limitation: (i) to subscribe for a sufficient number of Units of the ETF to satisfy the TSX's original listing requirements; (ii) to subscribe for Units of the ETF on an ongoing basis, and (iii) to post a liquid two way market for the trading of Units of the ETF on the TSX. Payment for Units of the ETF must be made by the

Designated Broker, and Units of the ETF will be issued, by no later than the second Trading Day after the subscription notice has been delivered.

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

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

Conflicts of Interest

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

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

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

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

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

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

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

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

Independent Review Committee

NI 81-107 requires that all publicly offered investment funds, such as the ETF, establish an IRC and that the Manager must refer all conflict of interest matters in respect of the ETF for review or approval by the IRC. NI 81-107 also requires the Manager to establish written policies and procedures for dealing with conflict of interest matters, to maintain records in respect of these matters and to provide the IRC with guidance and assistance in carrying out its functions and duties. According to NI 81-107, the IRC must be comprised of a minimum of three (3) independent members, and is subject to requirements to conduct regular assessments of its members and provide reports, at least annually, to the ETF and to its Unitholders in respect of those functions. The most recent report prepared by the IRC is available on the Manager's website (www.HorizonsETFs.com), or at a Unitholder's request at no cost, by contacting the ETF at 55 University Avenue, Suite 800, Toronto, Ontario, M5J 2H7; telephone: 416-933-5745; toll free: 1-866-641-5739; fax: 416-777-5181.

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

The IRC:

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

The ETF compensates the IRC members for their participation on the IRC through member fees and, if applicable, meeting fees. Sue Fawcett and Michael Gratch receive \$12,500 per year in member fees, while Warren Law, as chairperson of the IRC, receives \$15,000 per year. The IRC's secretariat receives \$21,000 per year for administrative services. An additional fee of \$3,000 per meeting is charged by the IRC for each IRC meeting in excess of two per year. The total fees payable in respect of the IRC by the ETF is calculated by dividing the total net assets of the ETF by the total net assets of all of the mutual funds for which the IRC is responsible and then multiplying the resulting value by the total dollar value due to the IRC member by the ETF for that particular period.

The Trustee

Horizons is also the trustee of the ETF 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 ETF within 60 days thereafter for the purpose of appointing a successor trustee. If there is no manager, five Unitholders of the ETF may call a meeting of Unitholders within 31 days after notice is given or a vacancy occurs for the purpose of appointing a successor trustee. In each case, if, upon the expiry of a further 30 days, neither the Manager nor the Unitholders of the 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 ETF, and to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Trust Declaration provides that the Trustee will not be liable in carrying out its duties under the Trust Declaration as long as the Trustee has adhered to its standard of care set out above. In addition, the Trust Declaration contains other customary provisions limiting the liability of the Trustee and indemnifying the Trustee in respect of certain liabilities incurred by it in carrying out its duties.

The Trustee will not receive any fees from the ETF.

Custodian

CIBC Mellon Trust Company is the custodian of the assets of the ETF pursuant to the Custodian Agreement. The Custodian is located in Toronto, Ontario and is independent of the Manager. Pursuant to the Custodian Agreement, the Custodian is required to exercise its duties with the degree of care, diligence and skill that a reasonably prudent person would exercise in the same circumstances, or, if higher, the degree of care, diligence and skill that each Custodian uses in respect of its own property of a similar nature in its custody (the "**Standard of Care**").

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

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

Valuation Agent

The Manager has retained CIBC Mellon Global Securities Services Company to provide accounting and valuation services to the ETF.

Auditors

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

Registrar and Transfer Agent

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

Promoter

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

Securities Lending Agents

NBF is a securities lending agent for the ETF pursuant to a securities lending agency agreement (the “NBF SLAA”).

NBF is located in Toronto, Ontario. The NBF SLAA requires that the collateral delivered in connection with a securities loan have an aggregate value of not less than 102% of the value of the loaned securities (or, if higher, the percentage of the aggregate market value of loaned securities in accordance with prevailing market practice). Subject to certain exceptions, the NBF SLAA requires NBCN to indemnify the ETF against any loss suffered directly by the ETF as a result of a securities loan effected by NBF. A party to the NBF SLAA may terminate the NBF SLAA upon 5 business days’ notice. NBF or an affiliate thereof may, from time to time, reimburse the Manager for certain expenses incurred by the Manager in connection with the securities lending activities of the ETF.

Canadian Imperial Bank of Commerce (“CIBC”) may also act as a securities lending agent for the ETF pursuant to a securities lending agreement. CIBC is located in Toronto, Ontario. CIBC is independent of the Manager.

CALCULATION OF NET ASSET VALUE

The NAV per Cdn\$ Unit of the ETF will be computed in Canadian dollars by adding up the cash, securities and other assets of the ETF, and, if applicable, less the liabilities and dividing the value of the net assets of the ETF by the total number of US\$ Units that are outstanding. If applicable, the NAV per US\$ Unit so determined will be adjusted to the nearest cent per Cdn\$ Unit and will remain in effect until the time as at which the next determination of the NAV per Cdn\$ Unit of the ETF is made.

The NAV per US\$ Unit will be calculated in U.S. dollars based on prevailing market rates as determined by the Manager. Such market rates may be executable exchange rates provided by one or more Canadian chartered banks, or exchange rates provided by recognized sources such as Bloomberg or Reuters.

The NAV per Unit of the ETF will be calculated on each Valuation Day. Typically, the NAV per Unit of the ETF will be calculated at the Valuation Time. The NAV per Unit 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 ETF

The following valuation procedures will be taken into account in determining the “NAV” and “NAV per Unit” of the ETF on each Valuation Day:

- (i) the value of any cash on hand, on deposit or on call, bills and notes and accounts receivable, prepaid expenses, cash dividends to be received and interest accrued and not yet received, will be deemed to be the face amount thereof, unless the Valuation Agent determines that any such deposit, call loan, bill, note or account receivable is not worth the face amount thereof, in which event the value thereof will be deemed to be such value as the Valuation Agent determines to be the reasonable value thereof;
- (ii) the value of any security, commodity or interest therein which is listed or dealt in upon a stock exchange will be determined by:
 - (A) in the case of securities which were traded on that Valuation Day, the price of such securities as determined at the applicable Valuation Time; and
 - (B) in the case of securities not traded on that Valuation Day, a price estimated to be the true value thereof by the Valuation Agent, such price being between the closing asked and bid prices for the securities or interest therein as reported by any report in common use or authorized as official by a stock exchange;
- (iii) long positions in clearing corporation options, options on futures, over-the-counter options, debt-like securities and listed warrants will be valued at the current market value thereof. Where a covered clearing corporation option, option on futures or over-the-counter option is written, the premium received shall be reflected as a deferred credit which shall be valued at an amount equal to the current market value of the clearing corporation option, option on futures or over-the-counter option that would have the effect of closing the position. Any difference resulting from any revaluation shall be treated as an unrealized gain or loss on investment. The deferred credit shall be deducted in arriving at the net asset value of such instrument. The securities, if any, which are the subject of a written clearing corporation option or over-the-counter option shall be valued at the current market value. The value of a future contract or a swap or forward contract shall be the gain or loss with respect thereto that will 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 shall be reflected as an account receivable and margin consisting of assets other than cash shall be noted as held as margin;
- (iv) in the case of any security or property for which no price quotations are available as provided above, the value thereof will be determined from time to time by the Valuation Agent, where applicable, in accordance with the principles described in paragraph (ii) above, except that the Valuation Agent 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; and
- (v) the liabilities of the ETF will include:
 - all bills, notes and accounts payable of which the ETF is an obligor;
 - 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.

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

In determining the net asset value of the ETF, Units 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 the 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, the ETF is required to calculate net asset value in accordance with International Financial Reporting Standards 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 the 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. The net asset value per Unit of the ETF will be calculated on each Valuation Day.

ATTRIBUTES OF THE SECURITIES

Description of the Securities Distributed

The 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 the ETF.

Class A Units of the ETF are offered for sale on a continuous basis in Canadian dollars, the base currency of the ETF, and there is no minimum number of Units of the ETF that may be issued. The Units 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. US\$ Units are also be offered for sale on a continuous basis.

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

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. The ETF will be a reporting issuer under the *Securities Act* (Ontario), prior to the initial issuance of Units of the ETF, and the ETF is governed by the laws of Ontario by virtue of the provisions of the Trust Declaration.

Each Unit of the ETF entitles the owner to one vote at meetings of Unitholders of the ETF. Each Unit of the 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 will be fully paid, when issued, in accordance with the terms of the Trust Declaration. Unitholders of the ETF are entitled to require the ETF to redeem their Units of the ETF as outlined under the heading “Redemption of Units”.

Redemptions of Units for Cash

On any Trading Day, Unitholders may redeem Units of the ETF for cash at a redemption price per Unit equal to 95% of the closing price for the Units of the ETF on the TSX on the effective day of the redemption. Unitholders will generally be able to sell (rather than redeem) Units at the full market price on the TSX through a registered broker or dealer subject only to customary brokerage commissions. Therefore, Unitholders are advised to consult their brokers, dealers or investment advisors before redeeming their Units for cash. No fees or expenses are paid by a Unitholder to Horizons or the ETF in connection with selling Units on the TSX. See “Redemption of Units”.

Stock Exchange Sponsored Net Asset Value Execution Program

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

Modification of Terms

Any amendment to the Trust Declaration that creates a new class of Units of the 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 the 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 the 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 the 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 the ETF to be called to approve certain changes as follows:

- (a) 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:
 - (i) the ETF is at arm’s length with the person or company charging the fee; and
 - (ii) the Unitholders have received at least 60 days’ notice before the effective date of the change;

- (b) a fee or expense, to be charged to the ETF or directly to its Unitholders by the ETF or the Manager in connection with the holding of Units of the ETF that could result in an increase in charges to the ETF or its Unitholders, is introduced;
- (c) the Manager is changed, unless the new manager of the ETF is an affiliate of the Manager;
- (d) the fundamental investment objective of the ETF is changed;
- (e) the ETF decreases the frequency of the calculation of its net asset value per Unit;
- (f) 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:
 - (i) the IRC of the ETF has approved the change in accordance with NI 81-107;
 - (ii) 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;
 - (iii) the Unitholders have received at least 60 days' notice before the effective date of the change; and
 - (iv) the transaction complies with certain other requirements of applicable securities legislation;
- (g) 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;
- (h) the ETF implements a restructuring into a non-redeemable investment fund or a restructuring into an issuer that is not an investment fund; or
- (i) 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 the ETF may not be changed unless:

- (A) the IRC of the ETF has approved the change; and
- (B) Unitholders have received at least 60 days' notice before the effective date of the change.

Approval of Unitholders of the 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 the 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 the ETF in circumstances where:

- (a) the securities legislation requires that written notice be given to Unitholders of the 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 the ETF, so that it is equitable to give Unitholders of the ETF advance notice of the proposed change.

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

The Trustee may amend the Trust Declaration, without the approval of or prior notice to any Unitholders of the 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 the ETF, will in accordance with applicable laws furnish to each Unitholder, unaudited semi-annual financial statements and an interim management report of fund performance for the ETF within 60 days of the end of each semi-annual period and audited annual financial statements and an annual management report of fund performance for the ETF within 90 days of the end of each taxation year or such other time as required by applicable law. Both the semi-annual and the annual financial statements of the ETF will contain a statement of financial position, a statement of comprehensive income, a statement of changes in financial position, a statement of cashflows and a schedule of investment portfolio.

Any tax information necessary for Unitholders to prepare their annual federal income tax returns in connection with their investment in Units will also be distributed to them within 90 days after the end of each taxation year of the ETF 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 the ETF will be determined by the Manager on each Valuation Day and will usually be published daily in the financial press.

Exchange of Tax Information

Part XVIII of the Tax Act, 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”. The ETF is a “reporting Canadian financial institution” but as long as Units continue to be regularly traded on an “established securities market” (which, based on guidance issued by the CRA, includes the TSX) or are registered in the name of CDS, the ETF should not have any “U.S. reportable accounts” and, as a result, the 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 the 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 Registered Plan. The CRA is expected to provide that information to the U.S. Internal Revenue Service.

Reporting obligations in the Tax Act have been enacted to implement the Organization for Economic Cooperation and Development Common Reporting Standard (the “CRS Rules”). Pursuant to the CRS Rules, Canadian financial institutions will be required to have procedures in place to identify accounts held by residents of foreign countries (other than the U.S.) or by certain entities 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 will be 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 will be required to provide such information regarding their investment in the ETF to their dealer for the purpose of such information exchange, unless the investment is held within a Registered Plan.

TERMINATION OF THE ETF

Subject to complying with applicable securities law, the Manager may terminate the 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 the ETF is terminated, the Trustee is empowered to take all steps necessary to effect the termination of the ETF. Prior to terminating the ETF, the Trustee may discharge all of the liabilities of the ETF and distribute the net assets of the ETF to the Unitholders.

Upon termination of the ETF, each Unitholder 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 NAV per Unit for that class of Units 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 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 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 the ETF, at the date of termination of the ETF, full provision for all costs, charges, expenses, claims and demands incurred or believed by the 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. 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 the ETF are offered for sale on a continuous basis in Canadian dollars, the base currency of the ETF, and there is no minimum number of Units of the ETF that may be issued. The Units 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 US\$ Units are also be offered for sale on a continuous basis in U.S. dollars.

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

RELATIONSHIP BETWEEN THE ETF AND DEALERS

The Manager, on behalf of the ETF, may enter into various Dealer Agreements with registered dealers (that may or may not be a Designated Broker) 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 the ETF and such subscription has been accepted by Horizons.

NBF acts or may act as a Designated Broker, a Dealer, registered trader (market maker) and/or securities lending agent of the ETF. NBF or an affiliate thereof may, from time to time, reimburse the Manager for certain expenses incurred by the Manager in connection with the securities lending activities of the ETF. See "Organization and Management Details of the ETF – Conflicts of Interest".

PRINCIPAL HOLDERS OF UNITS OF THE ETF

CDS & Co., the nominee of CDS, is or will be the registered owner of the Units of the ETF, which it holds for various brokers and other persons on behalf of their clients and others. From time to time, a designated broker, dealer 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 the ETF.

PROXY VOTING DISCLOSURE FOR PORTFOLIO UNITS HELD

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

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

disability of any nature, and (iii) practice “good governance”, including through compliance, promotion of fair and impartial rules, consensus oriented management, principles of transparency, accountability, effective risk management and efficient management and processes.

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

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

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

MATERIAL CONTRACTS

The only contracts material to the ETF are the following:

- (i) **Trust Declaration.** Horizons acts as the manager, investment manager and trustee of the ETF pursuant to 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 ETF – The Trustee”, “Organization and Management Details of the ETF - Duties and Services to be Provided by the Manager”, “Attributes of the Securities – Modification of Terms” and “Unitholder Matters – Amendments to the Trust Declaration”; and
- (ii) **Custodian Agreement.** For additional disclosure related to the Custodian Agreement, including relevant termination provisions and other key terms of the agreement, see “Organization and Management Details of the ETF – Custodian”.

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

LEGAL AND ADMINISTRATIVE PROCEEDINGS

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

EXPERTS

KPMG LLP, the auditors of the ETF, has consented to the use of their report dated May 21, 2021 to the Unitholders of the ETF. KPMG LLP have confirmed that they are independent with respect to the ETF within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations.

EXEMPTIONS AND APPROVALS

The ETF is entitled to rely on exemptive relief from the Securities Regulatory Authorities to:

- (a) permit a Unitholder to acquire more than 20% of the Units through purchases on the TSX without regard to the takeover bid requirements of applicable Canadian securities legislation. See “Purchases of Units – Buying and Selling Units of the ETF”;
- (b) permit the ETF to lend securities with a lending agent that is not the Custodian;
- (c) relieve the ETF from the requirement that the prospectus of the ETF include an underwriter’s certificate; and
- (d) relieve the ETF from the dealer registration requirement provided that the Manager complies with Part 15 of NI 81-102.

OTHER MATERIAL FACTS

Index Provider Disclaimer

The S&P Green Bond U.S Dollar Select Index (“**Index**”) is a product of S&P Dow Jones Indices LLC or its affiliates (“**SPDJI**”). S&P® is a registered trademark of Standard & Poor’s Financial Services LLC (“**S&P**”); Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC (“**Dow Jones**”); and these trademarks have been licensed for use by SPDJI and sublicensed for certain purposes by the Manager. It is not possible to invest directly in an index. The ETF is not sponsored, endorsed, sold or promoted by SPDJI, Dow Jones, S&P, any of their respective affiliates (collectively, “**S&P Dow Jones Indices**”). S&P Dow Jones Indices does not make any representation or warranty, express or implied, to the owners of the ETF or any member of the public regarding the advisability of investing in securities generally or in the ETF particularly or the ability of the Index to track general market performance. Past performance of an index is not an indication or guarantee of future results. S&P Dow Jones Indices’ only relationship to the Manager with respect to the Index is the licensing of the Index and certain trademarks, service marks and/or trade names of S&P Dow Jones Indices and/or its licensors. The Index is determined, composed and calculated by S&P Dow Jones Indices without regard to the Manager or the ETF. S&P Dow Jones Indices has no obligation to take the needs of the Manager or the owners of the ETF into consideration in determining, composing or calculating the Index. S&P Dow Jones Indices are not responsible for and have not participated in the determination of the prices, and amount of the ETF or the timing of the issuance or sale of the ETF or in the determination or calculation of the equation by which the ETF is to be converted into cash, surrendered or redeemed, as the case may be. S&P Dow Jones Indices has no obligation or liability in connection with the administration, marketing or trading of the ETF. There is no assurance that investment products based on the Index will accurately track index performance or provide positive investment returns. S&P Dow Jones Indices LLC is not an investment or tax advisor. A tax advisor should be consulted to evaluate the impact of any tax-exempt securities on portfolios and the tax consequences of making any particular investment decision. Inclusion of a security within an index is not a recommendation by S&P Dow Jones Indices to buy, sell, or hold such security, nor is it considered to be investment advice.

NEITHER S&P DOW JONES INDICES NOR THIRD PARTY LICENSOR GUARANTEES THE ADEQUACY, ACCURACY, TIMELINESS AND/OR THE COMPLETENESS OF THE INDEX OR ANY DATA RELATED THERETO OR ANY COMMUNICATION, INCLUDING BUT NOT LIMITED TO, ORAL OR WRITTEN COMMUNICATION (INCLUDING ELECTRONIC COMMUNICATIONS) WITH RESPECT THERETO. S&P DOW JONES INDICES SHALL NOT BE SUBJECT TO ANY DAMAGES OR LIABILITY FOR ANY ERRORS, OMISSIONS, OR DELAYS THEREIN. S&P DOW JONES INDICES MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIMS ALL WARRANTIES, OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE OR AS TO RESULTS TO BE OBTAINED BY THE MANAGER, OWNERS OF THE ETF, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE INDEX OR WITH RESPECT TO ANY DATA RELATED THERETO. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT WHATSOEVER SHALL S&P DOW JONES INDICES BE LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL, PUNITIVE, OR CONSEQUENTIAL DAMAGES INCLUDING BUT

NOT LIMITED TO, LOSS OF PROFITS, TRADING LOSSES, LOST TIME OR GOODWILL, EVEN IF THEY HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, WHETHER IN CONTRACT, TORT, STRICT LIABILITY, OR OTHERWISE. THERE ARE NO THIRD PARTY BENEFICIARIES OF ANY AGREEMENTS OR ARRANGEMENTS BETWEEN S&P DOW JONES INDICES AND THE MANAGER, OTHER THAN THE LICENSORS OF S&P DOW JONES INDICES.

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 the ETF is or will be available in the following documents:

- (a) the most recently filed comparative annual financial statements of the ETF, together with the accompanying report of the auditor;
- (b) any interim financial statements of the ETF filed after the most recently filed annual financial statements of the ETF;
- (c) the most recently filed annual management report of fund performance of the ETF;
- (d) any interim management report of fund performance of the ETF filed after the most recently filed annual management report of fund performance of the ETF; and
- (e) the most recently filed ETF Facts of the ETF.

These documents are or will be incorporated by reference into this prospectus, which means that they will 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 Internet site of the ETF at www.HorizonsETFs.com. These documents and other information about the ETF will also be available on the Internet at www.sedar.com.

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

INDEPENDENT AUDITORS' REPORT

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

Re: Horizons S&P Green Bond Index ETF (the "ETF")

Opinion

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

- the statement of financial position as at May 21, 2021; and
- notes to the financial statement, including a summary of significant accounting policies

(hereinafter referred to as the "financial statement").

In our opinion, the accompanying financial statement presents fairly, in all material respects, the financial position of the ETF as at May 21, 2021 in accordance with International Financial Reporting Standards ("IFRS") for such a financial statement.

Basis for Opinion

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

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statement

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

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

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

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

We also:

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

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

(Signed) "KPMG LLP"

Chartered Professional Accountants, Licensed Public Accountants
Toronto, Canada
May 21, 2021

HORIZONS S&P GREEN BOND INDEX ETF

Statement of Financial Position

May 21, 2021

Assets	
Cash	\$ 25
<hr/>	
Total Assets	\$ 25
<hr/>	
Net assets attributable to holders of redeemable units:	
Authorized:	
Unlimited Class A Units	
without par value issued and fully paid	
<hr/>	
Total net assets attributable to holders of redeemable units, Class A Units	\$ 25
<hr/>	
Issued and fully paid Class A Units	1
<hr/>	
Net assets attributable to holders of redeemable units per Class A Unit	\$ 25
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See accompanying notes to statement of financial position.

HORIZONS S&P GREEN BOND INDEX ETF

*Notes to the Financial Statements*May 21, 2021

1. Establishment of the ETF and authorized units:

The following ETF was established on May 21, 2021 in accordance with the ETF's Master Declaration of Trust:

Horizons S&P Green Bond Index ETF (the "ETF")

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

(a) Legal structure:

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

(b) Statement of compliance:

The financial statements of the ETF as at May 21, 2021 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 21, 2021.

(c) Basis of presentation:

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

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

Units of the ETF are redeemable at the option of the holder in accordance with the provisions laid out in its prospectus. If the unitholder holds a prescribed number of units of the ETF, and if accepted by the Manager, the units of the ETF will be redeemed on the valuation day based on the net asset value of the units of the ETF on that valuation day. In accordance with IAS 32 – Financial Instruments: Presentation, the units of 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 the ETF was issued for cash on May 21, 2021 to the Manager.

HORIZONS S&P GREEN BOND INDEX ETF

Notes to the Financial Statements

May 21, 2021

(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

The ETF will pay the Manager an annual management fee (the “Management Fee”) equal to 0.45% 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 the ETF. Such a reduction or waiver will be dependent upon a number of factors, including the amount invested, the total assets of the ETF under administration and the expected amount of account activity.

CERTIFICATE OF THE ETF, THE MANAGER AND PROMOTER

Dated: May 21, 2021

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 ETF**

(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) "*Wan Youn Cho*"

Wan Youn Cho
Director

(signed) "*Thomas Park*"

Thomas Park
Director