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PROSPECTUS

Initial Public Offering and Continuous Offering

June 15, 2021

**Horizons Global Lithium Producers Index ETF (“HLIT”)
Horizons Global Hydrogen Index ETF (“HYDR”)
Horizons Global Semiconductor Index ETF (“CHPS”)**

(the “ETFs” and each, individually, an “ETF”)

The ETFs are exchange traded mutual fund trusts established under the laws of Ontario. Class A units (“Units”) of each ETF are offered for sale on a continuous basis by this prospectus and there is no minimum number of Units of an ETF that may be issued. Units of CHPS are offered for sale on a continuous basis in Canadian dollars (“Cdn\$ Units”) and U.S. dollars (“US\$ Units”) by this prospectus. Initially, only Cdn\$ Units of HLIT and HYDR are offered for sale on a continuous basis by this prospectus. HLIT and HYDR may also make their Units available in U.S. dollars (“US\$ Units”). The base currency of each ETF is Canadian dollars. The Units of each ETF are offered for sale at a price equal to the net asset value of such Units in the applicable currency next determined following the receipt of a subscription order. The Manager will issue a news release announcing the listing of US\$ Units of HLIT or HYDR on or prior to the applicable listing date.

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

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

Investment Objectives

HLIT

HLIT seeks to replicate, to the extent possible and net of expenses, the performance of an index that is designed to provide exposure to the performance of global, publicly listed companies engaged in the mining and/or production of lithium, lithium compounds, or lithium related components. Currently, HLIT seeks to replicate the performance of the Solactive Global Lithium Producers Index, net of expenses. HLIT seeks to hedge the U.S. dollar value of its portfolio to the Canadian dollar at all times.

HYDR

HYDR seeks to replicate, to the extent possible and net of expenses, the performance of an index that is designed to provide exposure to the performance of global, publicly listed companies engaged in the development and production of fuel cell technology and equipment, as well as infrastructure, components, and systems for hydrogen generation, storage, and transportation. Currently, HYDR seeks to replicate the performance of the Solactive Global Hydrogen Industry Index, net of expenses. HYDR seeks to hedge the U.S. dollar value of its portfolio to the Canadian dollar at all times.

CHPS

CHPS seeks to replicate, to the extent possible and net of expenses, the performance of an index that is designed to provide exposure to the performance of global, publicly listed companies engaged in the production and development of semiconductors and semiconductor equipment. Currently, CHPS seeks to replicate the performance of the Solactive Capped Global Semiconductor Index, net of expenses. CHPS seeks to hedge the U.S. dollar value of its portfolio to the Canadian dollar at all times.

See “Investment Objectives”.

Units of the ETFs have been conditionally approved for listing on the Toronto Stock Exchange (“TSX”). Subject to satisfying the TSX’s original listing requirements on or before June 11, 2022, Units of the ETFs will be listed on the TSX. Investors can buy or sell Units of an ETF on the TSX through registered brokers and dealers in the province or territory where the investor resides. Investors will incur customary brokerage commissions in buying or selling Units.

The Manager, on behalf of each ETF, has entered into and may enter into agreements with registered dealers (each a “**Designated Broker**” or “**Dealer**”) which, amongst other things, enables a Designated Broker or Dealer to purchase and redeem Units directly from the ETFs. 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 ETFs with a decision exempting the ETFs from the requirement to include a certificate of an underwriter in the prospectus. The Designated Broker and the Dealers of the ETFs are not underwriters of the ETFs in connection with the distribution by the ETFs of their Units under this prospectus.

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

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

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

Although the ETFs are mutual funds under Canadian securities legislation and each ETF is considered to be a separate mutual fund under such legislation, certain provisions of such legislation and the policies of the Canadian Securities Administrators applicable to conventional mutual funds and designed to protect investors who purchase securities of mutual funds, do not apply. Each ETF has also been granted exemptive relief from certain provisions of Canadian securities legislation applicable to conventional mutual funds.

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

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

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TABLE OF CONTENTS

<p>PROSPECTUS SUMMARY.....1</p> <p>GLOSSARY8</p> <p>OVERVIEW OF THE LEGAL</p> <p style="padding-left: 20px;">STRUCTURE OF THE ETFS12</p> <p>INVESTMENT OBJECTIVES12</p> <p>INVESTMENT STRATEGIES.....12</p> <p>INVESTMENT RESTRICTIONS16</p> <p style="padding-left: 20px;"><i>Tax Related Investment Restrictions</i>16</p> <p>FEES AND EXPENSES16</p> <p style="padding-left: 20px;">Fees and Expenses Payable by the ETFS.....16</p> <p style="padding-left: 20px;">Fees and Expenses Payable Directly by the Unitholders.....17</p> <p>RISK FACTORS17</p> <p style="padding-left: 20px;">No Assurance of Meeting Investment Objectives17</p> <p style="padding-left: 20px;">Stock Market Risk.....17</p> <p style="padding-left: 20px;">Specific Issuer Risk.....18</p> <p style="padding-left: 20px;">Legal and Regulatory Risk.....18</p> <p style="padding-left: 20px;">Exchange Traded Funds Risk.....18</p> <p style="padding-left: 20px;">Reliance on Historical Data Risk19</p> <p style="padding-left: 20px;">Corresponding Net Asset Value Risk.....19</p> <p style="padding-left: 20px;">Designated Broker/Dealer Risk.....19</p> <p style="padding-left: 20px;">Cease Trading of Securities Risk20</p> <p style="padding-left: 20px;">Exchange Risk.....20</p> <p style="padding-left: 20px;">Early Closing Risk20</p> <p style="padding-left: 20px;">Tax Risk20</p> <p style="padding-left: 20px;">Securities Lending, Repurchase and Reverse Repurchase Transaction Risk.....22</p> <p style="padding-left: 20px;">Loss of Limited Liability.....22</p> <p style="padding-left: 20px;">Reliance on Key Personnel.....23</p> <p style="padding-left: 20px;">Distributions Risk.....23</p> <p style="padding-left: 20px;">Conflicts of Interest.....23</p> <p style="padding-left: 20px;">No Ownership Interest23</p> <p style="padding-left: 20px;">Market for Units.....23</p> <p style="padding-left: 20px;">Foreign Currency Risk24</p> <p style="padding-left: 20px;">Risk of Difference between Quoted and Actionable Market Price24</p> <p style="padding-left: 20px;">Systems and Operational Complexity24</p> <p style="padding-left: 20px;">No Guaranteed Return.....24</p> <p style="padding-left: 20px;">Foreign Stock Exchange Risk24</p> <p>DISTRIBUTION POLICY25</p> <p style="padding-left: 20px;">Distributions25</p> <p>PURCHASES OF UNITS26</p> <p style="padding-left: 20px;">Issuance of Units of an ETF26</p> <p style="padding-left: 20px;">Buying and Selling Units of an ETF27</p> <p>EXCHANGE AND REDEMPTION OF UNITS27</p> <p style="padding-left: 20px;">Book-Entry Only System29</p> <p style="padding-left: 20px;">Short-Term Trading.....30</p> <p>PRIOR SALES.....30</p> <p>INCOME TAX CONSIDERATIONS.....31</p> <p style="padding-left: 20px;">Status of the ETFS32</p> <p style="padding-left: 20px;">Taxation of the ETFS.....32</p> <p style="padding-left: 20px;">Taxation of Holders.....34</p>	<p style="padding-left: 20px;">Taxation of Registered Plans.....35</p> <p style="padding-left: 20px;">Tax Implications of the ETFS’ Distribution Policy36</p> <p>ORGANIZATION AND MANAGEMENT</p> <p style="padding-left: 20px;">DETAILS OF THE ETFS36</p> <p style="padding-left: 20px;">Manager of the ETFS.....36</p> <p style="padding-left: 20px;">Officers and Directors of the Manager.....36</p> <p style="padding-left: 20px;">Ownership of Securities of the Investment Fund and of the Manager37</p> <p style="padding-left: 20px;">Duties and Services to be Provided by the Manager38</p> <p style="padding-left: 20px;">Designated Broker.....39</p> <p style="padding-left: 20px;">Conflicts Of Interest39</p> <p style="padding-left: 20px;">Independent Review Committee40</p> <p style="padding-left: 20px;">The Trustee.....40</p> <p style="padding-left: 20px;">Custodian.....41</p> <p style="padding-left: 20px;">Valuation Agent41</p> <p style="padding-left: 20px;">Auditors.....41</p> <p style="padding-left: 20px;">Registrar and Transfer Agent41</p> <p style="padding-left: 20px;">Promoter.....41</p> <p style="padding-left: 20px;">Securities Lending Agents.....42</p> <p style="padding-left: 20px;">Accounting and Reporting.....42</p> <p>CALCULATION OF NET ASSET VALUE42</p> <p style="padding-left: 20px;">Valuation Policies and Procedures of the ETFS ...42</p> <p style="padding-left: 20px;">Reporting of Net Asset Value44</p> <p>ATTRIBUTES OF THE SECURITIES44</p> <p style="padding-left: 20px;">Description of the Securities Distributed44</p> <p style="padding-left: 20px;">Exchange of Units for Baskets of Securities44</p> <p style="padding-left: 20px;">Redemption of PNU(s) for Cash45</p> <p style="padding-left: 20px;">Redemptions of Units for Cash45</p> <p style="padding-left: 20px;">Modification of Terms45</p> <p style="padding-left: 20px;">Voting Rights in the Portfolio Securities.....45</p> <p>UNITHOLDER MATTERS45</p> <p style="padding-left: 20px;">Meetings of Unitholders45</p> <p style="padding-left: 20px;">Matters Requiring Unitholder Approval45</p> <p style="padding-left: 20px;">Amendments to the Trust Declaration.....46</p> <p style="padding-left: 20px;">Reporting to Unitholders47</p> <p style="padding-left: 20px;">Non-Resident Unitholders.....47</p> <p>TERMINATION OF THE ETFS.....48</p> <p style="padding-left: 20px;">Procedure on Termination.....49</p> <p>PLAN OF DISTRIBUTION49</p> <p>BROKERAGE ARRANGEMENTS.....49</p> <p>RELATIONSHIP BETWEEN ETFS AND DEALERS.....49</p> <p>PRINCIPAL HOLDERS OF UNITS OF THE ETFS.....50</p> <p>PROXY VOTING DISCLOSURE FOR PORTFOLIO UNITS HELD50</p> <p>MATERIAL CONTRACTS50</p> <p>LEGAL AND ADMINISTRATIVE PROCEEDINGS.....51</p> <p>EXPERTS.....51</p> <p>EXEMPTIONS AND APPROVALS51</p>
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TABLE OF CONTENTS
(continued)

**PURCHASERS' STATUTORY RIGHTS OF
WITHDRAWAL AND RESCISSION51**
**DOCUMENTS INCORPORATED BY
REFERENCE52**
FORWARD-LOOKING STATEMENTS52
INDEPENDENT AUDITORS REPORT.....F-1
**CERTIFICATE OF THE ETFS, MANAGER
AND PROMOTER..... C-1**

PROSPECTUS SUMMARY

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

The ETFs The ETFs are exchange traded mutual fund trusts established under the laws of Ontario. See “Overview of the Legal Structure of the ETFs”.

Investment Objectives

HLIT

HLIT seeks to replicate, to the extent possible and net of expenses, the performance of an index that is designed to provide exposure to the performance of global, publicly listed companies engaged in the mining and/or production of lithium, lithium compounds, or lithium related components. Currently, HLIT seeks to replicate the performance of the Solactive Global Lithium Producers Index, net of expenses. HLIT seeks to hedge the U.S. dollar value of its portfolio to the Canadian dollar at all times.

HYDR

HYDR seeks to replicate, to the extent possible and net of expenses, the performance of an index that is designed to provide exposure to the performance of global, publicly listed companies engaged in the development and production of fuel cell technology and equipment, as well as infrastructure, components, and systems for hydrogen generation, storage, and transportation. Currently, HYDR seeks to replicate the performance of the Solactive Global Hydrogen Industry Index, net of expenses. HYDR seeks to hedge the U.S. dollar value of its portfolio to the Canadian dollar at all times.

CHPS

CHPS seeks to replicate, to the extent possible and net of expenses, the performance of an index that is designed to provide exposure to the performance of global, publicly listed companies engaged in the production and development of semiconductors and semiconductor equipment. Currently, CHPS seeks to replicate the performance of the Solactive Capped Global Semiconductor Index, net of expenses. CHPS seeks to hedge the U.S. dollar value of its portfolio to the Canadian dollar at all times.

See “Investment Objectives”.

The Underlying Indexes

Solactive Global Lithium Producers Index (HLIT)

The Solactive Global Lithium Producers Index, the Underlying Index of HLIT, is designed to provide exposure to the performance of global, publicly listed companies engaged in the mining and/or production of lithium, lithium compounds, or lithium related components. Lithium, the world’s lightest metal, is sometimes referred to as “white petroleum” due to its color and common usage in state-of-the-art batteries that power a range of devices and vehicles. Lithium-ion is generally lighter, more efficient, and more durable than competing battery chemistries. This makes lithium a desirable choice for energy storage, particularly in vehicles and consumer electronics where weight and heavy usage are significant considerations. These applications can include electric and hybrid vehicles, scooters, smart phones, laptops, power tools and cameras, among other things. Lithium is an essential material used in lithium-ion batteries, which play

an increasingly important role in areas like electric vehicles and renewable energy storage. The growth of these industries and their dependence on batteries is driving unprecedented demand for lithium, causing lithium miners to rapidly scale operations.

Constituent Issuers will be drawn from publicly listed companies in developed and emerging markets, and may include small-, mid-, and large-capitalization companies. The Underlying Index will not include shares of companies that trade on the Shanghai and Shenzhen Connect exchanges, but may include securities of those companies which have Hong-Kong listed shares or ADRs. Constituent Issuers are determined using ARTIS, which is a proprietary software tool of the Index Provider, built to identify thematic exposure in corporations using unconventional data sources. In addition, a company must meet minimum trading, liquidity and market capitalization requirements to be considered for inclusion.

At each Rebalancing Date, the universe of the Underlying Index will be ranked by ARTIS score, and then reviewed to ensure relevance to the lithium production industry based on business operation. The Underlying Index is ordinarily rebalanced on a quarterly basis at the close of trading on each Rebalancing Date and reweighting date. The Underlying Index is a modified market capitalization-weighted index. Constituent Issuers with the largest market capitalization will receive higher index weights in proportion to other constituents in the index. The Underlying Index will implement an index weighting cap at the time of rebalance. These caps are implemented on Rebalancing Days.

The value of the Underlying Index is, or will be, published by Bloomberg L.P. under the Bloomberg ticker symbol SOLGLITN. The value of the Underlying Index will be published in U.S. dollars. The Index Provider is not affiliated with HLIIT or the Manager. The methodology for the Underlying Index is, or will be, available on the Index Provider's website at www.solactive.com.

Solactive Global Hydrogen Industry Index (HYDR)

The Solactive Global Hydrogen Industry Index, the Underlying Index of HYDR, is designed to provide exposure to the performance of global, publicly listed companies engaged in the development and production of fuel cell technology and equipment, as well as infrastructure, components, and systems, for hydrogen generation, storage, and transportation.

Constituents Issuers will be drawn from publicly listed companies in developed and emerging markets, and may include small-, mid-, and large-capitalization companies. The Underlying Index will not include shares that trade on the Shanghai and Shenzhen Connect exchanges but may include those securities which have Hong-Kong listed shares or ADRs. In addition, a company must meet minimum trading, liquidity and market capitalization requirements to be considered for inclusion.

Constituent Issuers are determined using ARTIS, which is a proprietary software tool of the Index Provider, built to identify thematic exposure in corporations using unconventional data sources. At each Rebalancing Date, the universe of the Underlying Index will be ranked by ARTIS score, and then reviewed to ensure relevance to the development of hydrogen technologies, equipment, and infrastructure and will generally include industrial, technology, and utility companies. Constituent Issuers will be divided into "pure-play" and "non-pure-play" companies based on whether or not their primary business activity is in another industry, but that they are still expected to have material involvement in

the growth of the hydrogen industry. Examples of such companies would include industrial machinery, specialty chemical companies, and electrical products. The Underlying Index is ordinarily rebalanced on a quarterly basis at the close of trading on each Rebalancing Date and reweighting date.

The Underlying Index is a modified market capitalization-weighted. Constituent Issuers with the largest market capitalization will receive higher index weights in proportion to other constituents in the index. The Underlying Index will implement an index weighting cap at the time of rebalance. “Pure-play” constituents and “non-pure-play” constituents will have caps of 10% and 4% respectively at the time of rebalance. These caps are implemented on rebalancing days.

The value of the Underlying Index is, or will be, published by Bloomberg L.P. under the Bloomberg ticker symbol SOGHYDRN. The value of the Underlying Index will be published in U.S. dollars. The Index Provider is not affiliated with HYDR or the Manager. The methodology for the Underlying Index is, or will be, available on the Index Provider’s website at www.solactive.com.

Solactive Capped Global Semiconductor Index (CHPS)

The Solactive Capped Global Semiconductor Index is the Underlying Index of CHPS. The Solactive Capped Global Semiconductor Index is a capped market capitalization index designed to provide exposure to the performance of global, publicly listed equity securities of companies engaged in the development or production of semiconductors and semiconductor equipment. Publicly listed equity securities of companies with a minimum market capitalization of US\$ 1 billion, that derive a substantial amount of revenue from the production or development of semi-conductors or semi-conductor equipment, will be eligible for inclusion.

The Solactive Capped Global Semiconductor Index will hold publicly listed securities in developed and emerging markets, as long as the securities meet the minimum index inclusion criteria, except for A-Shares securities listed on the Shenzhen or Shanghai Connect exchanges. If an ADR or Hong-Kong listed alternative to one of these securities exists, it may be eligible for index inclusion.

The Solactive Capped Global Semiconductor Index will hold the 50 largest globally listed issuers (excluding any aforementioned Chinese-listed A-shares issuers) as determined using a capped market capitalization methodology. Stocks with the largest market capitalization will receive higher index weights in proportion to other constituents in the Solactive Capped Global Semiconductor Index. The Solactive Capped Global Semiconductor Index includes an index weighting cap, so that no Constituent Issuer can exceed 10% of the index portfolio at the time of rebalance.

At the time of rebalance, all index Constituent Issuers with an index weight below that 10% cap will be weighted in correspondence to their relative market-capitalization.

The Solactive Capped Global Semiconductor Index is rebalanced on a quarterly basis.

The value of the Underlying Index is, or will be, published by Bloomberg L.P. under the Bloomberg ticker symbol SOCGSEMN. The value of the Underlying Index will be published in U.S. dollars. The Index Provider is not affiliated with CHPS or the Manager. The methodology for the Underlying Index is, or will be,

available on the Index Provider's website at www.solactive.com.

See "Investment Objective – The Underlying Index".

General Investment Strategies

To achieve an ETF's investment objective, an ETF generally invests and holds equity securities of the Constituent Issuers in substantially the same proportion as its Underlying Index. An ETF may also invest in ADRs or GDRs representing equity securities of Constituent Issuers of its Underlying Index. To the extent permitted, each ETF will generally be fully invested in or exposed to its respective Underlying Index at all times.

As each ETF is seeking to replicate the performance of its respective Underlying Index, the Manager does not invest the assets the ETFs on a discretionary basis or select securities based on the Manager's view of the investment merit of a particular security or company, except to the extent it may select securities of issuers in the course of employing a stratified sampling strategy to seek to closely match the investment characteristics of an ETF's portfolio with its Underlying Index.

Stratified Sampling

Each ETF may, in certain circumstances, employ a "stratified sampling" strategy. Under this stratified sampling strategy, an ETF may not hold all of the Constituent Issuers of its Underlying Index, but instead will hold a portfolio of securities, which may include securities of investment funds, that closely matches the aggregate investment characteristics of the securities included in its Underlying Index. Examples of when an ETF may employ stratified sampling include, but are not limited to, tax optimization strategies, liquidation strategies, inability to trade a Constituent Issuer due to a pending corporate action or jurisdictional limitations, cease trade order, other event affecting a constituent security or compliance with applicable law, including NI 81-102.

Investments in Underlying Funds

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

See "Investment Strategies".

Offering

Each ETF offers class A units (the "Units"). Units of each ETF are offered for sale on a continuous basis by this prospectus, and there is no minimum number of Units of an ETF that may be issued. Units of CHPS are offered for sale on a continuous basis in Canadian dollars ("Cdn\$ Units") and U.S. dollars ("US\$ Units") by this prospectus. Initially, only Cdn\$ Units of HLIT and HYDR are offered for sale on a continuous basis by this prospectus. HLIT and HYDR may also make their Units available in U.S. dollars ("US\$ Units"). The base currency of each ETF is Canadian dollars. The Units of each ETF are offered for sale at a price equal to the net asset value of such Units in the applicable currency

next determined following the receipt of a subscription order. The Manager will issue a news release announcing the listing of US\$ Units of HLIT or HYDR on or prior to the applicable listing date.

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

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

See "Plan of Distribution".

Special Considerations for Purchasers

Units of the ETFs 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 an ETF without regard to the control, concentration or "fund of funds" restrictions of NI 81-102. No purchase of Units of an 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 an ETF. In addition, each ETF is entitled to rely on exemptive relief from the securities regulatory authorities to permit a Unitholder of that ETF to acquire more than 20% of the Units of that ETF through purchases on the TSX without regard to the takeover bid requirements of applicable Canadian securities legislation.

See "Attributes of the Securities - Description of the Securities Distributed".

Distribution Policy

Distributions, if any, to Unitholders of an ETF will be made annually, at the discretion of the Manager. Such distributions, if any, to Unitholders of an ETF will be paid in Canadian dollars, and will be paid in cash. Distributions are not fixed or guaranteed.

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

See "Distribution Policy" and "Tax Implications of an ETF's Distribution Policy"

Redemptions

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

Holders of US\$ Units or Cdn\$ Units of an ETF will be able to request that the cash portion of any redemption proceeds be paid in either U.S. or Canadian currency.

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

The ETFs will also offer additional redemption or exchange options which are available where a Dealer, Designated Broker or Unitholder redeems or exchanges a PNU or a multiple PNU.

See “Exchange and Redemption of Units”.

Income Tax Considerations

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

A Unitholder of an ETF who disposes of a Unit of that ETF that is held as capital property, including on a redemption or otherwise, will realize a capital gain (or capital loss) to the extent that the proceeds of disposition (other than any amount payable by 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, an ETF may allocate and designate any income or capital gains realized by the ETF as a result of any disposition of property of the ETF undertaken to permit or facilitate the redemption of Units to a Unitholder whose Units are being redeemed. In addition, each ETF has the authority to distribute, allocate and designate any income or capital gains of the ETF to a Unitholder who has redeemed Units of the ETF during a year in an amount equal to the Unitholder’s share, at the time of redemption, of the ETF’s income and capital gains for the year or such other amount that is determined by the ETF to be reasonable. Any such allocations and designations will reduce the redemption price otherwise payable to the redeeming Unitholder, but, for greater certainty, will not reduce the amount of cash or the value of the property that the Unitholder will receive in respect of the redemption.

Proposed Tax Amendments would, upon taking effect, prohibit an ETF (provided that it is a “mutual fund trust” for purposes of the Tax Act throughout its taxation year) from claiming a deduction in respect of income allocated to redeeming Unitholders and limit the ability of an 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, and once such Tax Amendments come into effect, the amounts and taxable component of distributions to non-redeeming Unitholders may be adversely affected. As currently proposed, such Tax Amendments would apply to the ETF in its current and subsequent taxation years, in the case of allocations of income, and for each taxation year that begins after December 15, 2021, in the case of allocations of capital gains.

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

See “Income Tax Considerations”.

Eligibility for Investment

Provided that an ETF qualifies as a “mutual fund trust” within the meaning of the Tax Act, Units of that ETF, if issued on the date hereof, would be on such date qualified investments under the Tax Act for a trust governed by a registered retirement savings plan, a registered retirement income fund, a registered disability savings plan, a deferred profit sharing plan, a registered education savings plan or a tax-free savings account. Alternatively, provided the Cdn\$ Units or the US\$ Units of the ETF are listed on a “designated stock exchange” within the meaning of the Tax Act, such Cdn\$ Units (or US\$ Units, respectively) will be qualified investments under the Tax Act for a trust governed by a registered retirement savings plan, a registered retirement income fund, a registered disability savings plan, a deferred profit sharing plan, a registered education savings plan or a tax-free savings account.

Documents Incorporated by Reference

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

Risk Factors

There are certain risk factors that are common to an investment in the ETFs. See “Risk Factors”.

Organization and Management of the ETFs

The Manager, Trustee and Investment Manager

Horizons, a corporation incorporated under the laws of Canada, is the manager, investment manager and trustee of the ETFs. The Manager is responsible for providing or arranging for the provision of administrative services, investment advisory and portfolio management services required by the ETFs. The principal office of Horizons is 55 University Avenue, Suite 800, Toronto, Ontario, M5J 2H7.

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

Custodian

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

Valuation Agent

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

Auditors

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

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

Promoter The Manager is also the promoter of the ETFs. The Manager took the initiative in founding and organizing the ETFs and is, accordingly, the promoter of the ETFs within the meaning of securities legislation of certain provinces and territories of Canada.

Securities Lending Agents Canadian Imperial Bank of Commerce (“**CIBC**”) or CIBC Mellon Trust may act as securities lending agents for the ETFs. CIBC and CIBC Mellon Trust are located in Toronto, Ontario. CIBC and CIBC Mellon Trust are independent of the Manager.

See “Organization and Management Details of the ETFs”.

Summary of Fees and Expenses

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

Fees and Expenses Payable by the ETFs

Type of Charge

Description

Management Fees

Each ETF pays annual management fees (the “**Management Fees**”) to the Manager equal to an annual percentage of the net asset value of the Units of that ETF, together with applicable Sales Tax. The Management Fees of each ETF are as follows:

ETF	Management Fees
HLIT	0.75% of the net asset value of the Units of HLIT
HYDR	0.75% of the net asset value of the Units of HYDR
CHPS	0.45% of the net asset value of the Units of CHPS

See “Fees and Expenses”.

Underlying Fund Fees

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

See “Fees and Expenses”.

Operating Expenses

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

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

See “Fees and Expenses”.

Expenses of the Issue

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

See “Fees and Expenses”.

Fees and Expenses Payable Directly by Unitholders

Administration Charges

As may be agreed between the Manager and a Designated Broker or Dealer, the Manager may charge the Designated Broker and Dealers of an 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 Payable Directly by the Unitholders”.

GLOSSARY

The following terms have the following meaning:

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

“**Bank Holiday**” means any business day that deposit taking banks in Canada are not open for business;

“**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 an ETF that is paid in full in cash;

“**Cdn\$ Units**” means Units of an 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 an ETF on behalf of beneficial owners of those Units;

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

“**CIBC Mellon Trust**” means CIBC Mellon Trust Company;

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

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

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

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

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

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

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

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

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

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

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

“**ETFs**” means the exchange-traded mutual funds offered under this prospectus, and “**ETF**” means any one of them;

“**GDR**” means Global Depositary Receipt;

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

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

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

“**Index Provider**” means Solactive;

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

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

“**Management Fee**” means the annual management fee paid by an ETF to the Manager, equal to a percentage of the net asset value of that 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 an ETF quarterly in cash to Unitholders of the ETF who hold large investments in that ETF;

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

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

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

“**net asset value**” means the net asset value of an 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;

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

“**NRT Rules**” has the meaning ascribed to such term under the heading “Risk Factors – Tax Related Risks”;

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

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

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

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

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

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

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

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

“**SIFT Rules**” means the provisions of the Tax Act providing for a tax on certain income earned by a “SIFT trust” or “SIFT partnership”, as those are defined in the Tax Act;

“**Solactive**” means Solactive AG;

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

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

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

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

“**Trading Day**” means, as applicable, 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 (if any) is open for trading; (iii) the Index Provider calculates and publishes data relating to the Underlying Index; and (iv) it is not a Bank Holiday.

“**Trust Declaration**” means the amended and restated declaration of trust establishing the ETFs dated June 15, 2021, as supplemented, amended or amended and restated from time to time;

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

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

“**Underlying Index**” means the index tracked by an ETF as stated in its investment objectives, or a replacement or alternative benchmark or index that applies substantially similar criteria to those currently used by the Index Provider for the benchmark or index, or a successor index that is substantially comprised of or would be substantially comprised of the same Constituent Issuers or similar contracts or instruments, which is used by the ETF in relation to that ETF’s investment objective, and “**Underlying Indexes**” means more than one of them;

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

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

“**US\$ Units**” means the Units of an ETF, if any, that are denominated in U.S. dollars, and “**US\$ Unit**” means one of them;

“**Valuation Agent**” means CIBC Mellon Global;

“**Valuation Day**” for the ETFs 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 an ETF.

OVERVIEW OF THE LEGAL STRUCTURE OF THE ETFs

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

The Units of the ETFs that are offered pursuant to this prospectus, and their applicable ticker symbols, are:

Name of ETF	Currency	Ticker Symbol
Horizons Global Lithium Producers Index ETF	Canadian dollar (Cdn\$ Units)	HLIT
	U.S. dollar (US\$ Units) (if offered)	HLIT.U
Horizons Global Hydrogen Index ETF	Canadian dollar (Cdn\$ Units)	HYDR
	U.S. dollar (US\$ Units) (if offered)	HYDR.U
Horizons Global Semiconductor Index ETF	Canadian dollar (Cdn\$ Units)	CHPS
	U.S. dollar (US\$ Units)	CHPS.U

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

Units of CHPS are offered for sale on a continuous basis in Canadian dollars (“**Cdn\$ Units**”) and U.S. dollars (“**US\$ Units**”) by this prospectus. Initially, only Cdn\$ Units of HLIT and HYDR are offered for sale on a continuous basis by this prospectus. HLIT and HYDR may also make their Units available in U.S. dollars (“**US\$ Units**”). The base currency of each ETF is Canadian dollars. The Units of each ETF are offered for sale at a price equal to the net asset value of such Units in the applicable currency next determined following the receipt of a subscription order. The Manager will issue a news release announcing the listing of US\$ Units of HLIT or HYDR on or prior to the applicable listing date.

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

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

INVESTMENT OBJECTIVES

HLIT

HLIT seeks to replicate, to the extent possible and net of expenses, the performance of an index that is designed to provide exposure to the performance of global, publicly listed companies engaged in the mining and/or production

of lithium, lithium compounds, or lithium related components. Currently, HLIT seeks to replicate the performance of the Solactive Global Lithium Producers Index, net of expenses. HLIT seeks to hedge the U.S. dollar value of its portfolio to the Canadian dollar at all times.

HYDR

HYDR seeks to replicate, to the extent possible and net of expenses, the performance of an index that is designed to provide exposure to the performance of global, publicly listed companies engaged in the development and production of fuel cell technology and equipment, as well as infrastructure, components, and systems for hydrogen generation, storage, and transportation. Currently, HYDR seeks to replicate the performance of the Solactive Global Hydrogen Industry Index, net of expenses. HYDR seeks to hedge the U.S. dollar value of its portfolio to the Canadian dollar at all times.

CHPS

CHPS seeks to replicate, to the extent possible and net of expenses, the performance of an index that is designed to provide exposure to the performance of global, publicly listed companies engaged in the production and development of semiconductors and semiconductor equipment. Currently, CHPS seeks to replicate the performance of the Solactive Capped Global Semiconductor Index, net of expenses. CHPS seeks to hedge the U.S. dollar value of its portfolio to the Canadian dollar at all times.

The fundamental investment objective of an ETF may not be changed except with the approval of its Unitholders. See “Unitholder Matters” for additional descriptions of the process for calling a meeting of Unitholders and requirements of Unitholder approval.

The Underlying Indexes

Solactive Global Lithium Producers Index (HLIT)

The Solactive Global Lithium Producers Index, the Underlying Index of HLIT, is designed to provide exposure to the performance of global, publicly listed companies engaged in the mining and/or production of lithium, lithium compounds, or lithium related components. Lithium, the world’s lightest metal, is sometimes referred to as “white petroleum” due to its color and common usage in state-of-the-art batteries that power a range of devices and vehicles. Lithium-ion is generally lighter, more efficient, and more durable than competing battery chemistries. This makes lithium a desirable choice for energy storage, particularly in vehicles and consumer electronics where weight and heavy usage are significant considerations. These applications can include electric and hybrid vehicles, scooters, smart phones, laptops, power tools and cameras, among other things. Lithium is an essential material used in lithium-ion batteries, which play an increasingly important role in areas like electric vehicles and renewable energy storage. The growth of these industries and their dependence on batteries is driving unprecedented demand for lithium, causing lithium miners to rapidly scale operations.

Constituent Issuers will be drawn from publicly listed companies in developed and emerging markets, and may include small-, mid-, and large-capitalization companies. The Underlying Index will not include shares of companies that trade on the Shanghai and Shenzhen Connect exchanges, but may include securities of those companies which have Hong-Kong listed shares or ADRs. Constituent Issuers are determined using ARTIS, which is a proprietary software tool of the Index Provider, built to identify thematic exposure in corporations using unconventional data sources. In addition, a company must meet minimum trading, liquidity and market capitalization requirements to be considered for inclusion.

At each Rebalancing Date, the universe of the Underlying Index will be ranked by ARTIS score, and then reviewed to ensure relevance to the lithium production industry based on business operation. The Underlying Index is ordinarily rebalanced on a quarterly basis at the close of trading on each Rebalancing Date and reweighting date. The Underlying Index is a modified market capitalization-weighted index. Constituent Issuers with the largest market capitalization will receive higher index weights in proportion to other constituents in the index. The Underlying Index will implement an index weighting cap at the time of rebalance. These caps are implemented on Rebalancing Days.

The value of the Underlying Index is, or will be, published by Bloomberg L.P. under the Bloomberg ticker symbol SOLGLITN. The value of the Underlying Index will be published in U.S. dollars. The Index Provider is not affiliated with HLIT or the Manager. The methodology for the Underlying Index is, or will be, available on the Index Provider's website at www.solactive.com.

Solactive Global Hydrogen Industry Index (HYDR)

The Solactive Global Hydrogen Industry Index, the Underlying Index of HYDR, is designed to provide exposure to the performance of global, publicly listed companies engaged in the development and production of fuel cell technology and equipment, as well as infrastructure, components, and systems, for hydrogen generation, storage, and transportation.

Constituents Issuers will be drawn from publicly listed companies in developed and emerging markets, and may include small-, mid-, and large-capitalization companies. The Underlying Index will not include shares that trade on the Shanghai and Shenzhen Connect exchanges but may include those securities which have Hong-Kong listed shares or ADRs. In addition, a company must meet minimum trading, liquidity and market capitalization requirements to be considered for inclusion.

Constituent Issuers are determined using ARTIS, which is a proprietary software tool of the Index Provider, built to identify thematic exposure in corporations using unconventional data sources. At each Rebalancing Date, the universe of the Underlying Index will be ranked by ARTIS score, and then reviewed to ensure relevance to the development of hydrogen technologies, equipment, and infrastructure and will generally include industrial, technology, and utility companies. Constituent Issuers will be divided into "pure-play" and "non-pure-play" companies based on whether or not their primary business activity is in another industry, but that they are still expected to have material involvement in the growth of the hydrogen industry. Examples of such companies would include industrial machinery, specialty chemical companies, and electrical products. The Underlying Index is ordinarily rebalanced on a quarterly basis at the close of trading on each Rebalancing Date and reweighting date.

The Underlying Index is a modified market capitalization-weighted. Constituent Issuers with the largest market capitalization will receive higher index weights in proportion to other constituents in the index. The Underlying Index will implement an index weighting cap at the time of rebalance. "Pure-play" constituents and "non-pure-play" constituents will have caps of 10% and 4% respectively at the time of rebalance. These caps are implemented on rebalancing days.

The value of the Underlying Index is, or will be, published by Bloomberg L.P. under the Bloomberg ticker symbol SOGHYDRN. The value of the Underlying Index will be published in U.S. dollars. The Index Provider is not affiliated with HYDR or the Manager. The methodology for the Underlying Index is, or will be, available on the Index Provider's website at www.solactive.com.

Solactive Capped Global Semiconductor Index (CHPS)

The Solactive Capped Global Semiconductor Index is the Underlying Index of CHPS. The Solactive Capped Global Semiconductor Index is a capped market capitalization index designed to provide exposure to the performance of global, publicly listed equity securities of companies engaged in the development or production of semiconductors and semiconductor equipment. Publicly listed equity securities of companies with a minimum market capitalization of US\$ 1 billion, that derive a substantial amount of revenue from the production or development of semiconductors or semi-conductor equipment, will be eligible for inclusion.

The Solactive Capped Global Semiconductor Index will hold publicly listed securities in developed and emerging markets, as long as the securities meet the minimum index inclusion criteria, except for A-Shares securities listed on the Shenzhen or Shanghai Connect exchanges. If an ADR or Hong-Kong listed alternative to one of these securities exists, it may be eligible for index inclusion.

The Solactive Capped Global Semiconductor Index will hold the 50 largest globally listed issuers (excluding any aforementioned Chinese-listed A-shares issuers) as determined using a capped market capitalization methodology.

Stocks with the largest market capitalization will receive higher index weights in proportion to other constituents in the Solactive Capped Global Semiconductor Index. The Solactive Capped Global Semiconductor Index includes an index weighting cap, so that no Constituent Issuer can exceed 10% of the index portfolio at the time of rebalance.

At the time of rebalance, all index Constituent Issuers with an index weight below that 10% cap will be weighted in correspondence to their relative market-capitalization.

The Solactive Capped Global Semiconductor Index is rebalanced on a quarterly basis.

The value of the Underlying Index is, or will be, published by Bloomberg L.P. under the Bloomberg ticker symbol SOCGSEM. The value of the Underlying Index will be published in U.S. dollars. The Index Provider is not affiliated with CHPS or the Manager. The methodology for the Underlying Index is, or will be, available on the Index Provider's website at www.solactive.com.

Change of an Underlying Index

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

Termination of an Underlying Index

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

Use of the Underlying Indexes

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

INVESTMENT STRATEGIES

To achieve an ETF's investment objective, an ETF generally invests and holds equity securities of the Constituent Issuers in substantially the same proportion as its Underlying Index. An ETF may also invest in ADRs or GDRs representing equity securities of Constituent Issuers of its Underlying Index. To the extent permitted, each ETF will generally be fully invested in or exposed to its respective Underlying Index at all times.

As each ETF is seeking to replicate the performance of its respective Underlying Index, the Manager does not invest the assets the ETFs on a discretionary basis or select securities based on the Manager's view of the investment merit of a particular security or company, except to the extent it may select securities of issuers in the course of employing a stratified sampling strategy to seek to closely match the investment characteristics of an ETF's portfolio with its Underlying Index.

Stratified Sampling

Each ETF may, in certain circumstances, employ a "stratified sampling" strategy. Under this stratified sampling strategy, an ETF may not hold all of the Constituent Issuers of its Underlying Index, but instead will hold a portfolio of securities, which may include securities of investment funds, that closely matches the aggregate investment characteristics of the securities included in its Underlying Index. Examples of when an ETF may employ stratified sampling include, but are not limited to, tax optimization strategies, liquidation strategies, inability to trade a

Constituent Issuer due to a pending corporate action or jurisdictional limitations, cease trade order, other event affecting a constituent security or compliance with applicable law, including NI 81-102.

Investments in Underlying Funds

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

Use of Derivatives

An ETF may use derivative instruments for various purposes, including hedging, 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

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

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

All reverse repurchase transactions must be completed within 30 days.

Securities Lending

An ETF may lend securities to brokers, dealers and other financial institutions and other borrowers desiring to borrow securities provided that such securities lending qualifies as a "securities lending arrangement" for the purposes of the Tax Act. Securities lending will allow an ETF to earn additional income to offset its costs. In

carrying out securities lending, an ETF will engage a lending agent with experience and expertise in completing such transactions.

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

OVERVIEW OF THE SECTORS THAT THE ETFS INVEST IN

See “Investment Objectives – The Underlying Indexes”.

INVESTMENT RESTRICTIONS

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

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

FEES AND EXPENSES

Management Fees

Each ETF pays an annual management fee to the Manager equal to a percentage of the ETF’s net asset value, plus applicable Sales Tax, as follows:

ETF	Management Fees
HLIT	0.75% of the net asset value of the Units of HLIT
HYDR	0.75% of the net asset value of the Units of HYDR
CHPS	0.45% of the net asset value of the Units of CHPS

Each Management Fee is calculated and accrued daily and is payable monthly in arrears.

The Management Fees are paid to the Manager in consideration for the services the Manager provides to the ETFs. Such services include, but are not limited to: negotiating contracts with certain third-party service providers, including, but not limited to, investment managers, counterparties, custodians, registrars, transfer agents, valuation agents, Designated Brokers, Dealers, auditors and printers; authorizing the payment of operating expenses incurred on behalf of the ETFs; ensuring the maintenance of accounting records for the ETFs; preparing the reports to Unitholders of the ETFs and to the applicable Securities Regulatory Authorities; calculating the amount and determining the frequency of distributions by the ETFs; preparing financial statements, income tax returns and financial and accounting information as required by the ETFs; ensuring that Unitholders of each ETF are provided

with financial statements and other reports as are required from time to time by applicable law; ensuring that each ETF complies with all other regulatory requirements including the continuous disclosure obligations of such ETF under applicable securities laws; administering purchases, redemptions and other transactions in Units of each ETF; arranging for any payments required upon termination of an ETF; and dealing and communicating with Unitholders of the ETFs. The Manager will provide office facilities and personnel to carry out these services, if not otherwise furnished by any other service provider to the ETFs. The Manager will also monitor the investment strategy of each ETF to ensure that each ETF complies with its investment objective, investment strategies and investment restrictions and practices.

To encourage very large investments in an ETF and to ensure Management Fees are competitive for these investments, the Manager may at its discretion agree to charge a reduced fee as compared to the fee it otherwise would be entitled to receive from an ETF with respect to investments in such 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 such 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 that ETF as Management Fee Distributions.

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

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

Underlying Fund Fees

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

Operating Expenses

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

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

Expenses of the Issue

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

Fees and Expenses Payable Directly by the 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 an 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

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

Stock Market Risk

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

Specific Issuer Risk

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

Sector Concentration

An ETF may, in following its investment objective of seeking to replicate the performance of its Underlying Index, have more of its net assets invested in one or more issuers than is permitted for many investment funds. To the extent that an ETF's investments are concentrated in a small number of issuers, the ETF may be susceptible to loss due to adverse occurrences affecting those issuers.

Each ETF may also be concentrated to a significant degree in securities of issuers or underlying funds focused in a single industry or sector. If an ETF concentrates its investments in an industry or sector, the ETF faces more risks than if it were diversified broadly over numerous industries or sectors, with the result that the NAV of the ETF may be more volatile and may fluctuate more over short periods of time than the NAV of a more broadly diversified investment fund. In addition, this may increase the liquidity risk of these ETFs which may, in turn, have an effect on

the ETFs' ability to satisfy redemption requests. Industry-based risks, any of which may adversely affect the issuers in which the ETF invests, may include, but are not limited to, the following: general economic conditions or cyclical market patterns that could negatively affect supply and demand in a particular industry; competition for resources, adverse labour relations, political, economic or world events; obsolescence of technologies; and increased competition or new product introductions that may affect the profitability or viability of companies in an industry. In addition, at times, such industry or sector may be out of favor and underperform other industries or the market as a whole.

Risks Relating to Use of Derivatives

An ETF may use derivative instruments to achieve its investment objectives. The use of derivative instruments involves risks different from, and possibly greater than, the risks associated with investing in conventional securities. Derivatives are subject to a number of risks, such as liquidity risk, interest rate risk, market risk, credit risk, leverage risk and counterparty risk. They also involve the risk of mispricing or improper valuation and the risk that changes in the value of a derivative may not correlate perfectly with the underlying asset, rate or index. An ETF or another party to a derivatives transaction may not be able to obtain or close out a derivative contract when the Manager believes it is desirable to do so, which may prevent an ETF from making a gain or limiting a loss. The low margin deposits normally required in trading derivatives (typically between 2% and 15% of the value of the derivatives purchased) can permit a degree of leverage. Accordingly, at the time of buying a derivative, a percentage of the price of the derivative is deposited as margin and a decrease in the price of the contract equal to such percentage will result in a total loss of the margin deposit. A decrease of more than the percentage deposited will result in a loss of more than the total margin deposit. An ETF is subject to credit risk with respect to the amounts expected to be received from counterparties to derivatives instruments entered into by an ETF. If a counterparty becomes bankrupt or otherwise fails to perform its obligations under a derivative instrument, the net asset value per unit of an ETF may decline.

Securities Lending, Repurchase and Reverse Repurchase Transaction Risk

Each ETF is authorized to enter into securities lending, repurchase and reverse repurchase transactions in accordance with NI 81-102. In a securities lending transaction, an 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, an 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, an 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, an 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, an 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, an 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.

ETFs may also engage in securities lending. When engaging in securities lending, an 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.

Geographic Risk

Investment funds, such as the ETFs, that are less diversified across countries or geographic regions are generally riskier than more geographically diversified funds. For example, a fund that focuses on a single country (e.g., Canada) is more exposed to that country's or region's economic cycles, currency exchange rates, stock market valuations and political risks compared with a more geographically diversified fund. A natural or other disaster could occur in a geographic region in which the ETF invests, which could affect the economy or particular business operations of companies in the specific geographic region, causing an adverse impact on investments made in the affected region.

Currency Risk

While each ETF seeks to hedge the U.S. dollar value of its portfolio to the Canadian dollar at all times, as a portion of the portfolio of an ETF may be invested primarily in securities traded in foreign currencies other than the U.S. dollar, the net asset value, when measured in Canadian dollars, will be affected by changes in the value of the foreign currency relative to the Canadian dollar.

The base currency of each ETF is Canadian dollars. An investor buying US\$ Units of an ETF may therefore experience a gain or loss due to a fluctuation in the relative value between the U.S. dollar and the Canadian dollar on any given day. A Unitholder buying or selling US\$ Units of an ETF on the TSX may also experience currency gains or losses due to differences in the exchange rates used in determining the net asset value of the ETF in Canadian dollars.

Hedging Risk

Each ETF will hedge the U.S. dollar value of its portfolio to the Canadian dollar at all times. Although there is no assurance that this currency hedging strategy will be effective, the Manager expects the currency hedging to be substantially effective. However, some deviations from the returns of the applicable Underlying Index will occur as a result of this currency hedging strategy.

The effectiveness of an ETF's currency hedging strategy may, in general, be affected by the volatility of the applicable Underlying Index, the volatility of the currency in which the Units of the ETF are denominated relative to other currencies, and the amount of subscription/redemption activity of an ETF. Increased volatility may reduce the effectiveness of the currency hedging strategy. The effectiveness of this currency hedging strategy may also be affected by any significant difference between the Canadian dollar and other currencies' interest rates.

Technology Sector Risk

Each ETF will invest in the equity securities of technology companies and, as such, will be particularly sensitive to risks to those types of companies. These risks include, but are not limited to, small or limited markets for such securities, changes in business cycles, world economic growth, technological progress, rapid obsolescence, and government regulation. Securities of technology, especially smaller, start-up companies, tend to be more volatile than securities of companies that do not rely heavily on technology. Rapid change to technologies that affect a company's products could have a material adverse effect on such company's operating results. Technology companies may rely on a combination of patents, copyrights, trademarks and trade secret laws to establish and protect their proprietary rights in their products and technologies. There can be no assurance that the steps taken by these companies to protect their proprietary rights will be adequate to prevent the misappropriation of their technology or that competitors will not independently develop technologies that are substantially equivalent or superior to such companies' technology.

Risks Related to Investing in the Lithium Industry (HLIT)

Securities in the portfolio of HLIT engaged in the manufacturing of lithium-ion batteries are subject to the effects of price fluctuations of traditional and alternative sources of energy, developments in battery and alternative energy technology, the possibility that government subsidies for alternative energy will be eliminated and the possibility that lithium-ion technology is not suitable for widespread adoption.

Lithium demand is heavily reliant on the demand for electric vehicles and other industrial applications. There is a material risk that lithium demand could be inhibited by a slowdown in the usage/adoption of electric vehicles, related to a slowdown in economic growth, technological advancements leading to a reduction in lithium usage for those applications, or the emergence of alternative technologies and substitutes, which could lead to excess supply and adversely affect the performance of impacted companies.

Companies in the materials sector are affected by commodity price volatility, exchange rates, import controls and worldwide competition. At times, worldwide production of industrial materials has exceeded demand, leading to poor investment returns or outright losses. Issuers in the materials sector are at risk of depletion of resources, technological progress, labor relations, governmental regulations and environmental damage and product liability claims.

Although HLIT invests a large percentage of its assets in the securities of companies that are active in the exploration and/or mining of lithium, these companies may derive a significant percentage of their profits from other business activities including, for example, mining activities in other materials, including but not limited to, gold, copper, uranium, iron ore, nickel, manganese, and graphite. Further, companies may have significant business activity in the production of fertilizers and/or specialty and industrial chemicals. As a result, the performance of these markets and the profits of these companies from such activities may significantly impact the performance of HLIT.

Risk of Investing in Hydrogen and Fuel Cell Companies (HYDR)

HYDR's investments will be concentrated in an industry or group of industries. As such, the value of Units of HYDR may rise and fall more than the value of securities of a fund that invests in securities of companies in a broader range of industries. HYDR is expected to be concentrated in hydrogen and fuel cell companies. Such companies may depend largely on the availability of hydrogen gas, certain key third-party suppliers for components in their products, and a small number of customers may represent a significant portion of their overall business. Hydrogen and fuel cell companies are also subject to risks related to the obsolescence of existing technology, short product cycles, falling prices and profits, competition from new market entrants, and general economic conditions that significantly affect the hydrogen, fuel cell, and overall energy industry. HYDR may also be sensitive to risks associated with companies, which are developing hydrogen technologies, but that are primarily involved in other business activities in related industries such as industrial machinery, chemicals, and utilities.

There is significant risk that clean hydrogen, which is currently more expensive than alternatives, in particular fossil fuels, will not be widely adopted and that competing technologies could end up being substantially equivalent or superior. Risks associated with hazardous materials, fluctuations in energy prices and supply and demand of alternative energy, and government regulations can also significantly affect this industry. In some political jurisdictions, companies developing and producing clean hydrogen technologies may be heavily reliant on significant subsidies and other incentives, and consequently changes in government support and regulations could have a material adverse effect on such company's operating results. Securities in the companies involved in this industry may be significantly more volatile than shares of companies operating in other, more established industries.

Risk of Investing in the Semiconductor Industry (CHPS)

CHPS will be sensitive to, and its performance may depend to a greater extent on, the overall condition of the semiconductor industry. Competitive pressures may have a significant effect on the financial condition of companies in the semiconductor industry. CHPS is subject to the risk that companies that are in the semiconductor industry may be similarly affected by particular economic or market events. As product cycles shorten and manufacturing capacity increases, these companies may become increasingly subject to aggressive pricing, which hampers profitability. Semiconductor companies are vulnerable to wide fluctuations in securities prices due to rapid product obsolescence.

Many semiconductor companies may not successfully introduce new products, develop and maintain a loyal customer base or achieve general market acceptance for their products, and failure to do so could have a material adverse effect on their business, results of operations and financial condition. Reduced demand for end-user products, underutilization of manufacturing capacity, and other factors could adversely impact the operating results

of companies in the semiconductor industry. Semiconductor companies typically face high capital costs and such companies may need additional financing, which may be difficult to obtain. They also may be subject to risks relating to research and development costs and the availability and price of components. Moreover, they may be heavily dependent on intellectual property rights and may be adversely affected by loss or impairment of those rights. Some of the companies involved in the semiconductor industry are also engaged in other lines of business unrelated to the semiconductor business, and they may experience problems with these lines of business, which could adversely affect their operating results.

The stock prices of companies in the semiconductor industry have been and will likely continue to be extremely volatile compared to the overall market.

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.

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 an 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 an ETF does not price the Units and, therefore, the value of the securities in the portfolios of the ETF may change on days when investors will not be able to purchase or sell Units. Also, some foreign securities markets may be volatile, lack liquidity, or have higher transaction and custody costs than those of the TSX. Securities of issuers held by an 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 an ETF's portfolio will not be reflected in the value of an 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 an 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 an ETF's portfolio and the market price of a Unit of that ETF on the TSX may increase. Under certain circumstances, the Manager may need to "fair value" foreign securities that an 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, an ETF's fair valuation of those securities may be incorrect.

Income Trust Investment Risk

Real estate, royalty, income and other investment trusts are investment vehicles in the form of trusts, rather than corporations. To the extent that claims, whether in contract, in tort, or as a result of tax or statutory liability, against an investment trust are not satisfied by a trust, investors in an investment trust could be held liable for such obligations. Investment trusts generally seek to make this risk remote in the case of contract by including provisions in their agreements that the obligations of the investment trust will not be binding on investors personally. However, investment trusts could still have exposure to damage claims such as personal injury and environmental claims. Certain jurisdictions have enacted legislation to protect investors in investment trusts from the possibility of such liability.

Underlying Index Risk

Adjustments may be made to the Underlying Index, or the Underlying Index may cease to be calculated without regard to an 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.

Each Underlying Index is maintained and calculated by Solactive.

Trading in Units of the ETF may be suspended for a period of time if, for whatever reason, the calculation of its 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); (iii) or 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 calculating (or causing to be calculated) the Underlying Index, without regard to the particular interests of an ETF, the Unitholders of an ETF, Designated Brokers or Dealers, but rather solely with a view to the original purpose of the applicable Underlying Index.

Passive Index Risk

Investments in the ETF should be made with an understanding that its 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 an ETF is to replicate the performance of its 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.

Stratified Sampling Risk

An 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, other public investment funds, ADRs or GDRs, 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.

Index Replication Risk

An investment in an ETF should be made with an understanding that the ETF will not replicate exactly the performance of its Underlying Index. The total return generated by the securities held directly or indirectly by an 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 applicable Underlying Index.

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

A deviation could also occur in the tracking of an ETF with its 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 of the Constituent Issuers for more than the takeover bid proceeds). An ETF may not replicate exactly the composition of its Underlying Index, which may also lead to differences between the performance of the ETF and the performance of its Underlying Index. In addition, an ETF's use of stratified sampling may cause the ETF to not be as well correlated with the return of its Underlying Index as would be the case if the ETF purchased all of the securities in its Underlying Index in the proportions in which they are represented in its Underlying Index.

Underlying Funds Risk

An ETF may invest in other investment funds, including exchange traded funds managed by the Manager, that seek to provide returns similar to the performance of a particular market index, industry sector index or investment strategy. Any such investment fund may not achieve the same return as its benchmark or industry sector index due to differences in the actual weightings of securities held in the fund versus the weightings in the relevant index, if any, and due to the operating and administrative expenses of the fund.

The securities of underlying funds in which an ETF invests, whether directly or indirectly, may trade below, at or above their respective NAVs per security. The NAV 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 NAV per security, as well as market supply and demand on the stock exchanges on which those funds are listed.

If an 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 NAV per security or sells a security at a time when the market price of that security is at a discount to the NAV per security, the ETF may sustain a loss.

No Voting of Constituent Securities of Underlying Funds

An ETF that invests in an underlying fund will not have any right to vote securities of the Constituent Issuers to which the underlying fund is exposed, while it would have the right to vote if the ETF owned the securities of the Constituent Issuers directly.

Regulatory Risk

Legal and regulatory changes may occur that may adversely affect the ETFs and which could make it more difficult, if not impossible, for the ETFs to operate or to achieve their investment objectives. To the extent possible, the Manager will attempt to monitor such changes to determine the impact such changes may have on the ETFs and what can be done, if anything, to try 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, an 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 an ETF may trade below, at, or above their net asset value. The net asset value per Unit of an ETF will fluctuate with changes in the market value of the ETF's holdings. The trading prices of the Units of an 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 an 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 an ETF will be based on the market value of the ETF's holdings. However, the trading price (including the closing trading price) of a Unit of an ETF on the TSX may be different from the actual net asset value of a Unit of the ETF. As a result, Dealers may be able to acquire a PNU of an ETF and Unitholders may be able to redeem a PNU of an ETF at a discount or a premium to the closing trading price per Unit of the ETF.

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

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

Designated Broker/Dealer Risk

As each ETF will only issue Units directly to Designated Brokers 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 applicable ETF.

Cease Trading of Securities Risk

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

Early Closing Risk

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

No Assurance of Meeting Investment Objectives

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

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 ETFs. 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 ETFs.

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.

Cyber Security Risk

Cyber security risk is the risk of harm, loss and liability resulting from a failure or breach of information technology systems. Failures or breaches of information technology systems (“**Cyber Security Incidents**”) can result from deliberate attacks or unintentional events and may arise from external or internal sources. Deliberate cyber-attacks include, but are not limited to, gaining unauthorized access to digital systems (e.g., through “hacking” or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data, equipment or systems, or causing operational disruption. Deliberate cyber-attacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users). The primary risks from the occurrence of a Cyber Security Incident include disruption in an ETF’s operations, disclosure of confidential ETF information, reputational damage to the Manager, the incurrence of regulatory penalties by the Manager, additional compliance costs associated with corrective measures, and/or financial loss. Cyber Security Incidents of an ETF’s third-party service providers (e.g., valuation agents, transfer agents or custodians) or issuers that an ETF invests in can also subject an ETF to many of the same risks associated with direct Cyber Security Incidents. The Manager cannot control the cyber security plans and systems put in place by its service providers or any other third party whose operations may affect an ETF or its Unitholders. An ETF and its Unitholders could be negatively impacted as a result.

Tax Related Risks

Each of the ETFs currently meets, or is expected to meet within its first taxation year, all the requirements to qualify as a “mutual fund trust” for the purposes of the Tax Act and (where available) has elected or will elect to be deemed to be a “mutual fund trust” from inception.

In the event an ETF were not to qualify as a “mutual fund trust” under the Tax Act at all times, the income tax considerations described under the heading “Income Tax Considerations” would be materially and adversely different in certain respects and the after-tax returns to Unitholders of that ETF may be reduced. For an ETF to qualify as a “mutual fund trust,” it must comply on a continuous basis with certain requirements relating to the qualification of its Units for distribution to the public, the number of Unitholders of the ETF and the dispersal of ownership of its Units. 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, each 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 relevant ETF for tax purposes and the taxable component of distributions to Unitholders could increase. Any such redetermination by the CRA may result in the ETF being liable for unremitted withholding taxes on prior distributions made to Unitholders who were not resident in Canada for the purposes of the Tax Act at the time of the distribution. Such potential liability may reduce the net asset value of, or trading prices of, the Units.

Proposed Tax Amendments would prohibit an ETF from allocating income to redeeming Unitholders and would limit the ability of an ETF to allocate capital gains to redeeming Unitholders. If such Tax Amendments are enacted in their current form, and once such Tax Amendments come into effect, the taxable component of distributions to non-redeeming Unitholders may increase. Pursuant to the Tax Amendments as currently proposed, such Tax Amendments would apply to each ETF in its current and subsequent taxation years, in the case of allocations of income, and for each taxation year that begins after December 15, 2021, in the case of allocations of capital gains. No assurance can be provided as to whether such proposed changes will be enacted in their current form.

The payment of expenses in a foreign currency and the conversion of a foreign currency to Canadian dollars, if required to pay expenses of an ETF, fund redemptions of Units or otherwise, are taxable events to the ETF. If an ETF realizes income for purposes of the Tax Act from such activities in a year, the ETF will allocate such income to its Unitholders without any corresponding cash distribution.

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

Pursuant to rules in the Tax Act, an ETF that experiences a “loss restriction event” (“**LRE**”) (i) will be deemed to have a year-end for tax purposes (which would result in an unscheduled distribution of the ETF’s net income and net realized capital gains, if any, at such time to Unitholders so that the ETF is not liable for income tax on such amounts under Part I of the Tax Act), and (ii) will become subject to the LRE rules generally applicable to a corporation that experiences an acquisition of control, including a deemed realization of any unrealized capital losses and restrictions on its ability to carry forward losses. Generally, an ETF will be subject to an LRE if a Unitholder of the ETF alone or together with affiliated persons or partnerships (or group of persons) acquires (or becomes a holder of) more than 50% of the fair market value of all the interests in the income or capital, as the case may be, of the ETF. Please see “Income Tax Considerations – Taxation of Unitholders” for the tax consequences of an unscheduled or other distribution to Unitholders. Trusts that qualify as “investment funds” as defined in the rules in the Tax Act relating to LREs are generally excepted from the application of such rules. An “investment fund” for

this purpose includes a trust that meets certain conditions, including satisfying certain of the conditions necessary to qualify as a “mutual fund trust” for purposes of the Tax Act, not holding any property that it uses in the course of carrying on a business and complying with certain asset diversification requirements. If an ETF were not to qualify as an “investment fund”, it could potentially have an LRE and thereby become subject to the related tax consequences described above.

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

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

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 ETFs or the ETFs’ investments, or in the administration of such tax rules.

Liability of Unitholders

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

Reliance on Key Personnel

Unitholders will be dependent on the abilities of: (i) the Manager in providing recommendations and advice in respect of the ETFs; and (ii) the Manager to effectively manage the ETFs in a manner consistent with their investment objectives, investment strategies and investment restrictions. Implementation of an 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 an ETF will continue to be employed by the Manager.

Limited Operating History and Absence of an Active Market

The ETFs are newly organized investment trusts with no previous operating history. Although the ETFs may be listed on the TSX, there is no assurance that an active public market for the Units of the ETFs will develop or be sustained.

Risk Ratings of the ETFs

The investment risk level of each ETF is required to be determined in accordance with a standardized risk classification methodology that is based on the historical volatility of the ETF, as measured by the 10-year standard deviation of the returns of the ETF. As the ETFs are fewer than 10 years old, the Manager calculates the investment risk level of each ETF using a reference index that is expected to reasonably approximate the standard deviation of the ETF. Once an ETF has 10 years of performance history, the methodology will calculate the standard deviation of the ETF using the return history of the ETF rather than that of the reference index. In each case, the ETFs are assigned an investment risk rating in one of the following categories: low, low to medium, medium, medium to high or high risk.

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

ETF	Reference Index
HLIT	Solactive Global Lithium Producers Index
HYDR	Solactive Global Hydrogen Industry Index
CHPS	PHLX Semiconductor Sector Index and Solactive Capped Global Semiconductor Index

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

DISTRIBUTION POLICY

Distributions, if any, to Unitholders of an ETF will be made annually, at the discretion of the Manager. Such distributions, if any, to Unitholders of an ETF will be paid in Canadian dollars, and will be paid in cash. Distributions are not fixed or guaranteed.

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

The Manager reserves the right to make additional distributions for any ETF in any year if determined to be appropriate. The tax treatment to Unitholders of 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 an ETF will be greater than the ETF's fees and expenses, there is no guarantee that an ETF will distribute any income to its Unitholders.

PURCHASES OF UNITS

Initial Investment in the ETFs

In compliance with NI 81-102, no Units of an ETF will be issued to the public unless subscriptions aggregating not less than \$500,000 have been received and accepted by the ETF from investors other than persons or companies related to the Manger or its affiliates.

Issuance of Units of the ETFs

To Designated Brokers and Dealers

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

On any Trading Day (such Trading Day, “**T-1**”), a Designated Broker or a Dealer may place a subscription order for a PNU or multiple PNU of an ETF. The purchase price for the Units to be issued is based on the closing net asset value per Unit of an ETF on the first Trading Day after T-1 on which the subscription is accepted by the Manager (the “**Trade Date**” or “**T**”). If a subscription order is received by an ETF by 12:00 p.m. (Toronto time) on T-1, the ETF will issue to the Designated Broker or Dealer the number of Units of the ETF subscribed for generally on the second Trading Day after the Trade Date, provided that payment for such Units has been received. Notwithstanding the foregoing, the Manager may, in its sole discretion, elect to accept subscription orders on the Trade Date.

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

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

Buying and Selling Units of an ETF

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

Investors may incur customary brokerage commissions when buying or selling Units of an ETF.

Non-Resident Unitholders

At no time may (i) non-residents of Canada, (ii) partnerships that are not Canadian partnerships or (iii) a combination of non-residents of Canada and such partnerships (all as defined in the Tax Act) be the beneficial owners of a majority of the Units of an ETF (on either a number of Units or fair market value basis) at any time during which more than 10% of the property of such ETF consists of property that would be “taxable Canadian property” if the definition of such term in the Tax Act were read without reference to paragraph (b) thereof. None of the initial properties of an ETF should be considered such property. If the Manager expects or believes that more than 10% of an ETF’s property may consist of such property, the ETF and the Manager may inform the Registrar and Transfer Agent of such ETF of the restriction on who may be a beneficial owner of a majority of its Units.

If the Manager believes that more than 10% of an ETF’s property is property that would be “taxable Canadian property” if the definition of such term in the Tax Act were read without reference to paragraph (b) thereof and if the Manager determines that more than 40% of the Units of such ETF (on either a number of Units or fair market value basis) are beneficially held by non-residents and/or partnerships that are not Canadian partnerships, the Manager

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

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

Special Considerations for Unitholders

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

EXCHANGE AND REDEMPTION OF UNITS

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

Unitholders of an ETF may exchange the applicable PNU (or a whole multiple thereof) of the ETF on any Trading Day for a Basket of Securities and/or cash, in the sole discretion of the Manager, subject to the requirement that a minimum PNU be exchanged. The Manager will, upon receipt of the exchange request, advise the Unitholder submitting the request as to whether a Basket of Securities and/or cash will be delivered to satisfy the request.

On any Trading Day (“**T-1**”), Unitholders of an ETF may request to redeem: (i) Units of the ETF for cash at a redemption price per Unit equal to 95% of the closing price for Units of the ETF on the TSX on the effective day of the redemption, subject to a maximum redemption price per Unit equal to the net asset value per Unit on the effective day of redemption, which will be the next Trading Day after T-1 (the “**Redemption Date**” or “**T**”); or (ii) a PNU or a multiple PNU of the ETF for a Basket of Securities and/or cash, in the sole discretion of the Manager, equal to the net asset value of that number of Units on the Redemption Date. Because Unitholders of an ETF are generally able to sell their Units of the ETF at the market price on the TSX through a registered broker or dealer subject only to customary brokerage commissions, Unitholders are advised to consult their brokers, dealers or investment advisors before redeeming such Units for cash unless they are redeeming a PNU of the ETF. Notwithstanding the foregoing, the Manager may, in its sole discretion, elect to accept redemption requests on the Redemption Date.

An exchange request, in the form prescribed by the Manager from time to time, must be delivered to the Manager with respect to an ETF at its head office by 12:00 p.m. (Toronto time) 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 an ETF on each Trading Day. Payment of the redemption price will generally be made on the second Trading Day (“**T+2**”) after the Redemption Date.

As may be agreed between the Manager and a Designated Broker or Dealer, the Manager may charge the Designated Broker and Dealers of an 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.

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

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

Suspension of Redemptions

The Manager may suspend the redemption of any Class of Units of an ETF or may postpone the date of payment upon redemption: (i) during any period when normal trading is suspended on a stock exchange or other market on which securities owned by the ETF are listed and traded, if these securities represent more than 50% by value or underlying market exposure of the total assets of the ETF, without allowance for liabilities, and if these securities are not traded on any other exchange that represents a reasonably practical alternative for the ETF; (ii) with the consent of the securities regulatory authorities; or (iii) when required or permitted to do so under any exemptive relief granted by the securities regulatory authorities from Securities Legislation. The suspension may apply to all requests for 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, an ETF may allocate and designate any income or capital gains realized by such ETF as a result of any disposition of property of the ETF undertaken to permit or facilitate the redemption of Units of the ETF to a Unitholder of such ETF whose Units are being redeemed. In addition, an ETF has the authority to distribute, allocate and designate any income or capital gains of such ETF to a Unitholder of such ETF who has redeemed Units of the ETF during a year in an amount equal to the Unitholder's share, at the time of redemption, of the ETF's income and capital gains for the year or such other amount that is determined by the ETF to be reasonable. Any such allocations will reduce the redemption price otherwise payable to the redeeming Unitholder, but, for greater certainty, will not reduce the amount of cash that the Unitholder will receive in respect of the redemption.

Proposed Tax Amendments would, upon taking effect, prohibit an ETF that is a "mutual fund trust" for purposes of the Tax Act throughout its taxation year from allocating income to redeeming Unitholders and limit the ability of an ETF to allocate capital gains to redeeming Unitholders in the manner described above. Pursuant to the Tax Amendments as currently proposed, such Tax Amendments would apply to each ETF in its current and subsequent taxation years, in the case of allocations of income, and for each taxation year that begins after December 15, 2021, in the case of allocations of capital gains.

Book-Entry Only System

Registration of interests in, and transfers of, Units of an ETF will be made only through the book-entry only system of CDS. Units of an ETF must be purchased, transferred and surrendered for redemption only through a CDS Participant. All rights of an owner of Units of an ETF must be exercised through, and all payments or other property

to which such owner is entitled will be made or delivered by, CDS or the CDS Participant through which the owner holds such Units of the ETF. Upon buying Units of an ETF, the owner will receive only the customary confirmation. References in this prospectus to a holder of Units of an ETF means, unless the context otherwise requires, the owner of the beneficial interest of such Units.

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

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

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

Short-Term Trading

The Manager does not believe that it is necessary to impose any short-term trading restrictions on the ETFs at this time as: (i) the ETFs are exchange traded funds that are primarily traded in the secondary market; and (ii) the few transactions involving Units of an ETF that do not occur on the secondary market involve Designated Brokers and 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

As the ETFs are new, trading price and volume information is not yet available.

INCOME TAX CONSIDERATIONS

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

Generally, Units of an ETF will be considered to be capital property to a Holder provided that the Holder does not hold such Units in the course of carrying on a business of buying and selling securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Assuming that an ETF is a "mutual fund trust" for purposes of the Tax Act, certain Holders who might not otherwise be considered to hold Units as capital property may, in certain circumstances, be entitled to have such Units and all other "Canadian securities" owned or subsequently acquired by them treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. This summary does not apply to a Holder who has entered or will enter into a "derivative forward agreement" within the meaning of the Tax Act with respect to Units.

This summary is based on the assumption that each ETF will qualify at all times as a "unit trust" within the meaning of the Tax Act, that each ETF will qualify or be deemed to qualify at all times as a "mutual fund trust" within the meaning of the Tax Act and that each ETF will not be subject to the tax for "SIFT trusts" under the Tax Act. For an ETF to qualify as a "mutual fund trust", it must comply on a continuous basis with certain requirements relating to the qualification of its Units for distribution to the public, the number of Unitholders of the ETF and the dispersal of

ownership of its Units. In the event an ETF were not to qualify as a “mutual fund trust” under the Tax Act at all times, the income tax consequences described below would, in some respects, be materially different than would be the case if it were a mutual fund trust.

This summary is also based on the assumptions that (i) none of the issuers of the securities in the portfolio of an ETF will be foreign affiliates of the ETF or of any Unitholder, (ii) none of the securities in the portfolio of an ETF will be a “tax shelter investment” within the meaning of section 143.2 of the Tax Act, (iii) none of the securities in the portfolio of an ETF will be an offshore investment fund property (or an interest in a partnership that holds such property) that would require the ETF to include significant amounts in the ETF’s income pursuant to section 94.1 of the Tax Act or an interest in a trust (or a partnership which holds such an interest) which would require the ETF (or the partnership) to report significant amounts of income in connection with such interest pursuant to the rules in section 94.2 of the Tax Act, or an interest in a non-resident trust other than an “exempt foreign trust” (or a partnership which holds such interest), and (iv) none of the ETFs will enter into any arrangement (including the acquisition of securities for an ETF’s portfolio) where the result is a “dividend rental arrangement” for purposes of the Tax Act. This summary further assumes that each ETF will comply with its investment restrictions, and that no ETF will earn any “designated income” as defined for the purpose of Part XII.2 of the Tax Act.

This summary is based on the current provisions of the Tax Act and an understanding of the current published administrative policies and assessing practices of the CRA made publicly available prior to the date hereof. This summary takes into account the Tax Amendments. This description is not exhaustive of all Canadian federal income tax consequences and does not take into account or anticipate changes in the law 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 in this prospectus. There can be no assurance that the Tax Amendments will be enacted in the form publicly announced, or at all.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Units of an ETF. This summary does not address the deductibility of interest on any funds borrowed by a Unitholder to purchase Units of an ETF. The income and other tax consequences of investing in Units will vary depending on an investor’s particular circumstances. Accordingly, this summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any holder of Units of an ETF. Prospective investors should consult their own tax advisors with respect to the income tax consequences to them of an acquisition of Units of an ETF based on their particular circumstances and review the risk factors related to tax set out above. Please see “Risk Factors – Tax Risk”.

Status of the ETFs

As noted above, this summary assumes that each ETF is a “unit trust” and qualifies or will be deemed to qualify at all times as a “mutual fund trust” for purposes of the Tax Act.

Provided an ETF qualifies as a “mutual fund trust” within the meaning of the Tax Act, Units of such ETF will be qualified investments under the Tax Act for Registered Plans. Alternatively, if the Cdn\$ Units or the US\$ Units of an ETF are listed on a “designated stock exchange” (within the meaning of the Tax Act), such Cdn\$ Units (and US\$ Units, respectively) will be qualified investments under the Tax Act for Registered Plans.

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

For certain tax consequences of holding Units in a Registered Plan, see “Income Tax Considerations – Taxation of Registered Plans”.

Taxation of the ETFs

Based on information provided by the Manager, each ETF has elected or will elect to have a taxation year that ends on December 15 of each calendar year.

Each 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 (or deemed to be paid or payable) to its Unitholders, in the year. An amount will be considered to be payable to a Unitholder of an ETF in a taxation year if it is paid to the Unitholder in that year by the ETF or if the Unitholder is entitled in that year to enforce payment of the amount. The Trust Declaration for the ETFs requires that sufficient amounts be paid or made payable each taxation year so that no ETF is liable for any non-refundable income tax under Part I of the Tax Act.

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

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

In general, gains and losses realized by an ETF from derivative transactions will be on income account except where such derivatives are used to hedge portfolio securities held on capital account provided there is sufficient linkage, subject to certain rules in the Tax Act (the “**DFA Rules**”), and will be recognized for tax purposes at the time they are realized by the ETF in accordance with the CRA’s published administrative practice. The DFA Rules target certain financial arrangements (referred to as “derivative forward agreements”) that seek to reduce tax by converting, through the use of derivative contracts, the return on an investment that would otherwise have the character of ordinary income to a capital gain. The DFA Rules are broadly drafted and could apply to other agreements or transactions. If the DFA Rules were to apply to derivatives used by an ETF, returns realized in respect of the property underlying such derivatives would be treated as ordinary income or losses rather than capital gains and capital losses.

Each ETF is 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 on a disposition of property that is not denominated in Canadian dollars.

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

Under the SIFT Rules, each issuer in the portfolio of an ETF that is a “SIFT trust” as defined under the SIFT Rules (which generally includes income trusts, other than certain real estate investment trusts, the units of which are listed or traded on a stock exchange or other public market) is subject to a special tax in respect of (i) income from business carried on in Canada, and (ii) certain income and capital gains respecting “non-portfolio properties”

(collectively, “**Non-Portfolio Earnings**”). Non-Portfolio Earnings that are distributed by a SIFT trust to its unitholders are taxed at a rate that is equivalent to the federal general corporate tax rate plus a prescribed amount on account of provincial tax. Any Non-Portfolio Earnings that become payable by a SIFT trust are taxed as a taxable dividend from a taxable Canadian corporation and are deemed to be an “eligible dividend” eligible for the enhanced gross-up and tax credit rules under the Tax Act.

In general, an ETF will realize a capital gain (or capital loss) upon a disposition of its property to the extent the proceeds of disposition received on such disposition net of any amounts included as interest on the disposition of the property and any reasonable costs of disposition exceed (or are less than) the adjusted cost base of such property (all computed in Canadian dollars at the relevant time using the relevant exchange rate for purposes of the Tax Act) 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 property in a transaction or transactions considered to be an adventure or concern in the nature of trade. Each ETF is acquiring and holding its property for the purpose of earning income and such properties will only be disposed of, to the extent necessary, to pay expenses of the ETF, to fund redemptions of Units which cannot be satisfied out of the income earned by its property, and to rebalance its portfolio to align it with the Underlying Index. In addition, each ETF that holds “Canadian securities” (as defined in the Tax Act) will make an election in accordance with subsection 39(4) of the Tax Act to have each of its Canadian securities treated as capital property. On the foregoing basis, each ETF takes the position that gains and losses realized on the disposition of its properties are capital gains and capital losses.

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

Each ETF will be entitled for each taxation year throughout which it is a “mutual fund trust” to reduce (or receive a refund in respect of) its liability, if any, for tax on its net realized capital gains by an amount determined under the Tax Act based on the redemption of its Units during the year (“**Capital Gains Refund**”). In certain circumstances, the Capital Gains Refund in a particular taxation year may not completely offset the tax liability of an ETF for such taxation year.

An ETF is 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 ratably over a five-year period subject to reduction in any taxation year which is less than three hundred and sixty-five (365) days. In computing its income under the Tax Act, an ETF may deduct reasonable administrative and other expenses incurred to earn income from property or a business in accordance with the detailed rules in the Tax Act. An ETF may not deduct interest on borrowed funds that are used to fund redemptions of its Units. Losses incurred by an ETF in a taxation year cannot be allocated to Unitholders of such ETF, but may be deducted by the ETF in future years in accordance with the detailed rules in the Tax Act.

In certain situations, if an ETF disposes of property and would otherwise realize a capital loss, the loss will be deemed to be a “suspended loss” as such term is defined in the Tax Act. This may occur if the ETF disposes of and acquires property (a “substituted property”) that is the same as, or identical to the property disposed of, during the period that begins 30 days before and ends 30 days after the disposition of the original property and holds the substituted property at the end of that period. If a loss is suspended, the ETF cannot deduct the capital loss from the ETF’s capital gains until the substituted property is sold and not reacquired by the ETF or affiliated person within 30 days before and 30 days after the sale.

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

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

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

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

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

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

Pursuant to the Trust Declaration, an ETF may allocate and designate any income or capital gains realized by such ETF as a result of any disposition of property of the ETF undertaken to permit or facilitate the redemption of Units to a Unitholder whose Units are being redeemed. In addition, each ETF has the authority to distribute, allocate and designate any income or capital gains of such ETF to a Unitholder of such ETF who has redeemed Units of the ETF during a year in an amount equal to the Unitholder's share, at the time of redemption, of the ETF's income and capital gains for the year or such other amount that is determined by the ETF to be reasonable. Any such allocations and designations will reduce the redemption price otherwise payable to the redeeming Unitholder, but, for greater certainty, will not reduce the amount of cash that the Unitholder will receive in respect of the redemption. Proposed Tax Amendments that are applicable to trusts that are "mutual fund trusts" for purposes of the Tax Act throughout the taxation year would prohibit an ETF from allocating income to redeeming Holders and limit the ability of an ETF to allocate capital gains to redeeming Holders as described above. If such Tax Amendments are enacted in their current form, and once such Tax Amendments come into effect, the taxable component of distributions to non-redeeming Holders may increase. Pursuant to the Tax Amendments as currently proposed, such Tax Amendments would apply to each ETF in its current and subsequent taxation years, in the case of allocations of income, and for each taxation year that begins after December 15, 2021, in the case of allocations of capital gains.

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

A Holder will be required to compute all amounts, including distributions, adjusted cost base of Units of the applicable ETF and proceeds of disposition, in Canadian dollars for purposes of the Tax Act in accordance with the detailed rules in the Tax Act in that regard and may, as a result, realize foreign exchange gains or losses.

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

Taxation of Registered Plans

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

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

In the case of an exchange of Units of an ETF for a Basket of Securities, the investor may receive securities that may or may not be qualified investments under the Tax Act for Registered Plans or registered pension 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 or registered pension plans.

Tax Implications of an ETF's Distribution Policy

The net asset value per Unit of an ETF will, in part, reflect any income and gains of the ETF that have accrued or have been realized, but have not been made payable at the time the Units of the ETF were acquired. Accordingly, a Holder who acquires Units of the ETF, including on a reinvestment of distributions or a distribution paid in Units, may become taxable on the Holder's share of such income and gains of the ETF, notwithstanding that such amounts will have been reflected in the price paid by the Holder for the Units. In particular, an investor who acquires Units of an ETF shortly before a distribution is paid or made payable will have to pay tax on the entire distribution (to the extent it is a taxable distribution) regardless of the fact that the investor only recently acquired such Units. Further, in the case of an ETF that has validly elected to have a December 15 taxation year end, 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.

ORGANIZATION AND MANAGEMENT DETAILS OF THE ETFs

Manager of the ETFs

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

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

Mirae Asset is the 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:

Name and Municipality of Residence	Date Individual became a Director	Position with Manager	Principal Occupation
Thomas Park, New York, New York	November 14, 2011	Director and Chief Corporate Development Officer	Director, Horizons (since 2011); Chief Corporate Development Officer, Horizons (since 2015); 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 Contoller, 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).

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

Ownership of Securities of the Manager

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

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

Duties and Services to be Provided by the Manager

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

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

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

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

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

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

Designated Brokers

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

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

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

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

Conflicts of Interest

The Manager and its respective principals and affiliates (each, an "ETF Manager") do not devote their time exclusively to the management of the ETFs. The ETF Managers perform similar or different services for others and may sponsor or establish other investment funds (public and private) during the same period that they act on behalf

of the ETFs. The ETF Managers therefore will have conflicts of interest in allocating management time, services and functions to the ETFs and the other persons for which they provide similar services.

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

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

In evaluating these conflicts of interest, potential investors should be aware that the ETF Managers have a responsibility to the Unitholders to exercise good faith and fairness in all dealings affecting the ETFs. In the event that a Unitholder believes that one of the ETF Managers has violated its duty to such Unitholder, the Unitholder may seek relief for itself or on behalf of an ETF to recover damages from or to require an accounting by such ETF Manager. Unitholders should be aware that the performance by each ETF Manager of its responsibilities to an ETF will be measured in accordance with (i) the provisions of the agreement by which such ETF Manager has been appointed to its position with such ETF; and (ii) applicable laws.

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

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

NBF’s potential roles as a Designated Broker and a Dealer of the ETFs will not be as an underwriter of an ETF in connection with the primary distribution of Units of an ETF under this prospectus. NBF has not been involved in the preparation of this prospectus nor has it performed any review of the contents of this prospectus. NBF in its role as Designated Broker may, from time to time, reimburse the Manager for certain expenses incurred by the Manager in the normal course of its business.

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

Independent Review Committee

NI 81-107 requires that all publicly offered investment funds, such as the ETFs, establish an IRC and that the Manager must refer all conflict of interest matters in respect of the ETFs for review or approval by the IRC. NI 81-107 also requires the Manager to establish written policies and procedures for dealing with conflict of interest matters, to maintain records in respect of these matters and to provide the IRC with guidance and assistance in carrying out its functions and duties. According to NI 81-107, the IRC must be comprised of a minimum of three (3) independent members, and is subject to requirements to conduct regular assessments of its members and provide reports, at least annually, to 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 ETFs;
- considers and, if deemed appropriate, approves the Manager's decision on a conflict of interest matter that the Manager refers to the IRC for approval; and
- performs such other duties as may be required of the IRC under applicable securities laws.

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

The Trustee

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

The Trustee is required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of the ETFs, and to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Trust Declaration provides that the Trustee will not be liable in carrying out its duties under the Trust Declaration as long as the Trustee has adhered to its standard of care set out above. In

addition, the Trust Declaration contains other customary provisions limiting the liability of the Trustee and indemnifying the Trustee in respect of certain liabilities incurred by it in carrying out its duties.

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

Custodian

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

Valuation Agent

The Manager has retained CIBC Mellon Global to provide accounting and valuation services to the ETFs.

Auditors

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

Registrar and Transfer Agent

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

Promoter

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

Securities Lending Agents

Canadian Imperial Bank of Commerce (“**CIBC**”) or CIBC Mellon Trust may act as securities lending agents for an ETF pursuant to a securities lending agreement (the “**CIBC SLA**”). CIBC and CIBC Mellon Trust are located in Toronto, Ontario. CIBC and CIBC Mellon Trust are independent of the Manager.

The CIBC SLA requires that the collateral delivered in connection with a securities loan have an aggregate value of not less than 102% of the value of the loaned securities (or, if higher, the percentage of the aggregate market value of loaned securities in accordance with prevailing best market practices). The CIBC SLA requires CIBC and certain

CIBC affiliates to indemnify each ETF against, among other things, the failure of CIBC to perform its obligations under the CIBC SLA. A party to the CIBC SLA may terminate the CIBC SLA upon 30 days' notice.

CALCULATION OF NET ASSET VALUE

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

The net asset value per US\$ Unit (if any) of an ETF will be calculated in U.S. dollars using the Canadian dollar net asset value of the ETF at an exchange rate determined by the Manager.

Typically, the NAV per Unit of an 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 an ETF closes earlier on that Valuation Day.

Valuation Policies and Procedures of the ETFs

The following valuation procedures will be taken into account in determining the "NAV" and "NAV per Unit" of an 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;
- (v) the liabilities of an 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; and
- (vi) the exchange rates used by the ETFs will be prevailing market rates as determined by the Manager.

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

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

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

Reporting of Net Asset Value

Persons or companies that wish to be provided with the most recent net asset value per Unit of 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.

ATTRIBUTES OF THE SECURITIES

Description of the Securities Distributed

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

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

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

Each Unit of an ETF entitles the owner to one vote at meetings of Unitholders of such ETF. Each Unit of an ETF is entitled to participate equally with all other Units of such 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 an ETF are entitled to require the ETF to redeem their Units of the ETF as outlined under the heading "Exchange and Redemption of Units".

Redemptions of Units for Cash

On any Trading Day, Unitholders, Dealers and Designated Brokers may redeem Units of an ETF for cash at a redemption price per Unit equal to 95% of the closing price for the Units of such ETF on the TSX on the effective day of the redemption. Holders of US\$ Units of an ETF, if any, may request that their redemption proceeds be paid in U.S. or Canadian dollars. A cash redemption request will be subject to a maximum redemption price payable to a Unitholder of the NAV per Unit of the applicable ETF. See "Exchange and Redemption of Units".

Stock Exchange Sponsored Net Asset Value Execution Program

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

Modification of Terms

Any amendment to the Trust Declaration that creates a new class of Units of an ETF will not require notice to existing Unitholders of such ETF unless such amendment in some way affects the existing Unitholders' rights or the value of their investment. An amendment such as the re-designation of a class of an ETF, or the termination of a class of an 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 such ETF.

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

UNITHOLDER MATTERS

Meetings of Unitholders

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

Matters Requiring Unitholder Approval

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

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

Amendments to the Trust Declaration

If a Unitholder meeting is required to amend a provision of the Trust Declaration, no change proposed at a meeting of Unitholders of an ETF shall take effect until the Manager has obtained the prior approval of not less than a majority of the votes cast at a meeting of Unitholders of such 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 applicable securities legislation, the Trustee is entitled to amend the Trust Declaration by giving not less than 30 days' notice to Unitholders of the ETF affected by the proposed amendment 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 an ETF shall be bound by an amendment affecting such ETF from the effective date of the amendment.

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

- (a) ensure compliance with applicable laws, regulations or policies of any governmental authority having jurisdiction over the ETF or the distribution of Units of the ETF;
- (b) remove any conflicts or other inconsistencies which may exist between any terms of the Trust Declaration and any provisions of any applicable laws, regulations or policies affecting the ETF, the Trustee or its agents;
- (c) make any change or correction in the Trust Declaration which is a typographical correction or is required to cure or correct any ambiguity or defective or inconsistent provision, clerical omission or error contained therein;
- (d) facilitate the administration of the ETF as a mutual fund trust or make amendments or adjustments in response to any existing or proposed amendments to the Tax Act or its administration which might otherwise adversely affect the tax status of the ETF or its Unitholders; or
- (e) for the purposes of protecting the Unitholders of the ETF.

Reporting to Unitholders

The Manager, on behalf of each ETF, will in accordance with applicable laws furnish to each Unitholder of an ETF, unaudited semi-annual financial statements and an interim management report of fund performance for such ETF within 60 days of the end of each semi-annual period and audited annual financial statements and an annual management report of fund performance for the ETF within 90 days of the end of each financial year. Both the semi-annual and the annual financial statements of an ETF will contain a statement of financial position, statement of comprehensive income, statement of change in financial position, statement of cash flows and schedule of investments.

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 ETFs or such other time as required by applicable law. Neither the Manager nor the Registrar and Transfer Agent are responsible for tracking the adjusted cost base of a Unitholder's Units. Unitholders should consult with their tax or investment adviser in respect of how to compute the adjusted cost base of their Units and in particular how designations made by the ETF to a Unitholder affect the Unitholder's tax position.

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

Exchange of Tax Information

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

TERMINATION OF THE ETFs

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

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

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

PLAN OF DISTRIBUTION

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

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

RELATIONSHIP BETWEEN THE ETFs AND DEALERS

The Manager, on behalf of an ETF, has entered or will enter into various Dealer Agreements with registered dealers (that may or may not be Designated Brokers) pursuant to which the Dealers may subscribe for Units of such ETF as described under "Purchases of Units".

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

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

PRINCIPAL HOLDERS OF UNITS OF THE ETFs

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

PROXY VOTING DISCLOSURE FOR PORTFOLIO UNITS HELD

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

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

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

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

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

MATERIAL CONTRACTS

The only contracts material to the ETFs are the following:

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

- (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 ETFs – Custodian”.

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

LEGAL AND ADMINISTRATIVE PROCEEDINGS

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

EXPERTS

KPMG LLP, the auditors of the ETFs, have consented to the use of their report to the board of directors of the Manager on the statements of financial position of the ETFs dated June 15, 2021. KPMG LLP has confirmed that they are independent within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations.

EXEMPTIONS AND APPROVALS

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

- (a) permit a Unitholder to acquire more than 20% of the Units through purchases on the TSX without regard to the takeover bid requirements of applicable Canadian securities legislation; and
- (b) relieve the ETFs from the requirement that the prospectus of the ETFs include an underwriter’s certificate.

OTHER MATERIAL FACTS

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

PURCHASERS’ STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

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

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

DOCUMENTS INCORPORATED BY REFERENCE

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

- (a) the most recently filed annual financial statements of that ETF, or statement of financial position of that ETF, as applicable, together with the accompanying independent auditors' report;
- (b) any interim financial statements of that ETF filed after the most recently filed annual financial statements of that ETF;
- (c) the most recently filed annual management report of fund performance of that ETF;
- (d) any interim management report of fund performance of that ETF filed after the most recently filed annual management report of fund performance of that ETF; and
- (e) the most recently filed ETF Facts of that 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 ETFs at www.HorizonsETFs.com. These documents and other information about the ETFs will also be available on the Internet at www.sedar.com.

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

INDEPENDENT AUDITORS' REPORT

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

Re: Horizons Global Lithium Producers Index ETF
Horizons Global Hydrogen Index ETF
Horizons Global Semiconductor Index ETF

(each, an “ETF” and together, the “ETFs”)

Opinion

We have audited the financial statements of the ETFs, which comprise:

- the opening statements of financial position as at June 15, 2021
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying opening statements of financial position presents fairly, in all material respects, the financial position of the ETFs as at June 15, 2021 in accordance with International Financial Reporting Standards (“IFRS”) for such financial statements.

Basis for Opinion

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

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

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

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

Management is responsible for the preparation and fair presentation of the financial statement in accordance with International Financial Reporting Standards (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 ETFs’ ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate an ETF or to cease operations, or has no realistic alternative but to do so.

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

Auditors’ Responsibilities for the 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 ETFs' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on an 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 an 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

June 15, 2021

HORIZONS GLOBAL LITHIUM PRODUCERS INDEX ETF

Statement of Financial Position

June 15, 2021

Assets	
Cash	\$ 25
Total Assets	\$ 25
Net assets attributable to holders of redeemable units:	
Authorized:	
Unlimited Class A Units without par value issued and fully paid	
Total net assets attributable to holders of redeemable units, Class A Units	\$ 25
Issued and fully paid Class A Units	1
Net assets attributable to holders of redeemable units per Class A Unit	\$ 25

See accompanying notes to statement of financial position.

HORIZONS GLOBAL HYDROGEN INDEX ETF

Statement of Financial Position

June 15, 2021

Assets	
Cash	\$ 25
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Total Assets	\$ 25
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Net assets attributable to holders of redeemable units:	
Authorized:	
Unlimited Class A Units	
without par value issued and fully paid	
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Total net assets attributable to holders of redeemable units, Class A Units	\$ 25
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Issued and fully paid Class A Units	1
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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 GLOBAL SEMICONDUCTOR INDEX ETF

Statement of Financial Position

June 15, 2021

Assets	
Cash	\$ 25
Total Assets	\$ 25
Net assets attributable to holders of redeemable units:	
Authorized:	
Unlimited Class A Units without par value issued and fully paid	
Total net assets attributable to holders of redeemable units, Class A Units	\$ 25
Issued and fully paid Class A Units	1
Net assets attributable to holders of redeemable units per Class A Unit	\$ 25

See accompanying notes to statement of financial position.

HORIZONS GLOBAL LITHIUM PRODUCERS INDEX ETF
HORIZONS GLOBAL HYDROGEN INDEX ETF
HORIZONS GLOBAL SEMICONDUCTOR INDEX ETF

Notes to the Financial Statements

June 15, 2021

1. Establishment of the ETFs and authorized units:

The following ETFs were established on June 15, 2021 in accordance with the ETF's Trust Declaration:

Horizons Global Lithium Producers Index ETF ("HLIT")
Horizons Global Hydrogen Index ETF ("HYDR")
Horizons Global Semiconductor Index ETF ("CHPS")
(together, the "ETFs")

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

(a) Legal structure:

Horizons ETFs Management (Canada) Inc. (the "Manager" or the "Trustee") is the manager and trustee of the ETFs. The ETFs are unincorporated open-ended mutual fund trusts. The ETFs are established under the laws of the Province of Ontario by the Trust Declaration dated June 15, 2021.

(b) Statement of compliance:

The financial statements of the ETFs as at June 15, 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 of the Manager on June 15, 2021.

(c) Basis of presentation:

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

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

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

(e) Issue of units:

1 Class A Unit of each ETF was issued for cash on June 15, 2021 to the Manager.

HORIZONS GLOBAL LITHIUM PRODUCERS INDEX ETF
HORIZONS GLOBAL HYDROGEN INDEX ETF
HORIZONS GLOBAL SEMICONDUCTOR INDEX ETF

Notes to the Financial Statements

June 15, 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

HLIT will pay the Manager an annual management fee (the “Management Fee”) equal to 0.75% of the net asset value of that class of HLIT, together with Sales Tax, calculated and accrued daily and payable monthly.

HYDR will pay the Manager an annual management fee (the “Management Fee”) equal to 0.75% of the net asset value of that class of HYDR, together with Sales Tax, calculated and accrued daily and payable monthly.

CHPS will pay the Manager an annual management fee (the “Management Fee”) equal to 0.45% of the net asset value of that class of CHPS, together with Sales Tax, calculated and accrued daily and payable monthly.

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

**HORIZONS GLOBAL LITHIUM PRODUCERS INDEX ETF
HORIZONS GLOBAL HYDROGEN INDEX ETF
HORIZONS GLOBAL SEMICONDUCTOR INDEX ETF
(the “ETFs”)**

CERTIFICATE OF THE ETFs, THE MANAGER AND PROMOTER

Dated June 15, 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 ETFs**

(signed) “Steven J. Hawkins”

Steven J. Hawkins
Chief Executive Officer

(signed) “Julie Stajan”

Julie Stajan
Chief Financial Officer

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

(signed) “Wan Youn Cho”

Wan Youn Cho
Director

(signed) “Thomas Park”

Thomas Park
Director