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PROSPECTUS

Continuous Offering

April 10, 2019

Horizons US Dollar Currency ETF (“Horizons DLR”)
Horizons Canadian Midstream Oil & Gas Index ETF (“Horizons HOG”)
Horizons Cdn Insider Index ETF (“Horizons HII”)
Horizons Canadian Dollar Currency ETF (“Horizons CAN”)
Horizons Marijuana Life Sciences Index ETF (“Horizons HMMJ”)
Horizons Inovestor Canadian Equity Index ETF (“Horizons INOC”)
Horizons Robotics and Automation Index ETF (“Horizons RBOT”)
Horizons Blockchain Technology & Hardware Index ETF (“Horizons BKCH”)
Horizons Global Sustainability Leaders Index ETF (“Horizons ETHI”)
Horizons Industry 4.0 Index ETF (“Horizons FOUR”)

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

The Horizons ETFs are open-end mutual funds established under the laws of Ontario. Class A units of each ETF are being offered for sale on a continuous basis by this prospectus (the “Units”). There is no minimum number of Units that may be issued. The Units of each ETF are offered, or will 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.

Horizons DLR, Horizons HMMJ, Horizons RBOT and Horizons BKCH currently make their Units available in both Canadian dollars (“Cdn\$ Units”) and U.S. dollars (“US\$ Units”). The base currency of the Units of each of Horizons HMMJ, Horizons RBOT and Horizons BKCH is Canadian dollars. The base currency of Horizons DLR is U.S. dollars. No currency hedging is employed specifically in respect of any US\$ Units, however, Horizons RBOT and Horizons BKCH each seek to hedge the U.S. dollar value of their respective portfolios to the Canadian dollar at all times.

Subscriptions for US\$ Units can be made in either U.S. or Canadian currency. Holders of US\$ Units may request that their redemption proceeds be paid in either U.S. or Canadian currency.

Units of each ETF are currently listed and trading on the Toronto Stock Exchange (the “TSX”).

The manager, investment manager and trustee of the ETFs is Horizons ETFs Management (Canada) Inc. (“Horizons”, the “Manager” or the “Trustee”). See “Organization and Management Details of the ETFs”. The Manager has engaged Inovestor Asset Management (“IAM”) to act as a sub-advisor to Horizons INOC. See “Organization and Management Details of the ETFs”.

Investment Objectives

Horizons DLR

Horizons DLR seeks to reflect the reference value in Canadian dollars (in respect of the Cdn\$ Units) and U.S. dollars (in respect of the US\$ Units) of the U.S. dollar, net of expenses, by investing primarily in cash and Cash Equivalents that are denominated in the U.S. dollar.

Horizons HOG

Horizons HOG seeks to replicate, to the extent possible, the performance of the Solactive Canadian Midstream Oil & Gas Index, net of expenses. The Solactive Canadian Midstream Oil & Gas Index is designed to provide exposure to equity securities of certain Canadian oil and gas companies in the Midstream Sector (as hereinafter defined).

Horizons HII

Horizons HII seeks to replicate, to the extent possible, the performance of the INK Canadian Insider Index, net of expenses. The INK Canadian Insider Index is designed to provide exposure to the performance of 50 TSX-listed growth and value stocks with significant insider buying and ownership.

Horizons CAN

Horizons CAN seeks to reflect, in Canadian dollars and net of expenses, the performance of the Canadian dollar relative to the U.S. dollar. Horizons CAN will generally hold Canadian dollar denominated cash and will primarily use forward currency agreements and/or futures contracts to seek to deliver the performance of the Canadian dollar relative to the U.S. dollar.

Horizons HMMJ

Horizons HMMJ seeks to replicate, to the extent possible, the performance of the North American Marijuana Index, net of expenses. The North American Marijuana Index is designed to provide exposure to the performance of a basket of North American publicly listed companies with significant business activities in the marijuana industry.

Horizons INOC

Horizons INOC seeks to replicate, to the extent possible, the performance of the Nasdaq Inovestor Canada Index, net of expenses. The Nasdaq Inovestor Canada Index is a large capitalization equity index of diversified constituents which are selected largely from the Canadian equity universe.

Horizons RBOT

Horizons RBOT seeks to replicate, to the extent possible, the performance of the Indxx Global Robotics & Artificial Intelligence Thematic Index, net of expenses. The Indxx Global Robotics & Artificial Intelligence Thematic Index is designed to provide exposure to the performance of equity securities of companies that are involved in the development of robotics and/or artificial intelligence. Horizons RBOT seeks to hedge the U.S. dollar value of its portfolio to the Canadian dollar at all times.

Horizons BKCH

Horizons BKCH seeks to replicate, to the extent possible, the performance of the Solactive Blockchain Technology & Hardware Index, net of expenses. The Solactive Blockchain Technology & Hardware Index tracks a portfolio of global companies focusing directly on blockchain innovation and development as well as companies providing hardware and hardware-related services used in blockchain applications.

Horizons ETHI

Horizons ETHI seeks to replicate, to the extent possible, the performance of the Nasdaq Future Global Sustainability Leaders Index, net of expenses. The Nasdaq Future Global Sustainability Leaders Index is designed to provide exposure to the performance of a basket of large-cap equity securities of companies that are global climate change leaders (as measured by their relative carbon efficiency), and are not materially engaged in activities deemed inconsistent with responsible investment considerations. Horizons ETHI seeks to hedge the U.S. dollar value of its portfolio to the Canadian dollar at all times.

Horizons FOUR

Horizons FOUR seeks to replicate, to the extent possible, the performance of the Solactive Industry 4.0 Index, net of expenses. The Solactive Industry 4.0 Index is designed to provide exposure to the performance of equity securities of companies that are involved in the transformation of manufacturing and the industrial market through the development or implementation of new technologies and innovations. Horizons FOUR seeks to hedge the U.S. dollar value of its portfolio to the Canadian dollar at all times.

See “Investment Objectives”.

The ETFs are subject to certain investment restrictions. See “Investment Restrictions”.

Additional Considerations

Horizons DLR is a money market fund within the definition set out in National Instrument 81-102 *Investment Funds* (“**NI 81-102**”) and complies with all applicable requirements of NI 81-102.

Investors can buy or sell Units of each ETF on the TSX through registered brokers and dealers in the province or territory where the investor resides. Investors will incur customary brokerage commissions in buying and/or selling Units of an ETF. The Manager, on behalf of each ETF, has entered or will enter into agreements with registered dealers (each, a “**Designated Broker**” or “**Dealer**”) which, amongst other things, enables or will enable such Dealers and Designated Brokers to purchase and redeem Units in the applicable currency directly from the ETFs. Holders of Units of an ETF (the “**Unitholders**”) may dispose of their Units in three ways: (i) by selling their Units on the TSX at the full market price, less any customary brokerage commissions and expenses; (ii) by redeeming or exchanging a prescribed number of Units (a “**PNU**”) for cash; or (iii) by redeeming Units for cash at a redemption price per Unit of 95% of the closing price for the applicable Units on the effective day of redemption. 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. Holders of US\$ Units of Horizons DLR, Horizons HMMJ and Horizons RBOT may request that their redemption proceeds be paid in U.S. or Canadian dollars. Unitholders are advised to consult their brokers or investment advisers before redeeming Units for cash. Each ETF also offers additional redemption options which are available where a Dealer, Designated Broker or Unitholder redeems or exchanges a PNU. See “Purchases of Units” and “Exchange and Redemption of Units”.

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 and the Securities Regulatory Authorities (as hereafter defined) have provided the ETFs with a decision exempting the ETFs from the requirement to include a certificate of an underwriter in the prospectus. No Designated Broker or Dealer is an underwriter of the ETFs in connection with the distribution by the ETFs of their Units under this prospectus.

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.

Additional information about an ETF is or will be available in its most recently filed annual financial statements together with the accompanying independent auditors’ report, any interim financial statements of that ETF filed after

these annual financial statements, its most recently filed annual and interim management reports of fund performance, and the most recently filed ETF Facts of that ETF. These documents are or will be incorporated by reference into this prospectus which means that they legally form part of this prospectus. For further details, see “Documents Incorporated by Reference”.

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

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Horizons HMMJ will not knowingly invest in any Constituent Issuers (as defined in the Glossary) that have exposure to the medical or recreational marijuana market in the United States, unless and until such time as it becomes legal. If a Constituent Issuer becomes delisted from the TSX or TSX Venture exchange due to non-compliance by that Constituent Issuer with the rules and policies of the exchange, including, without limitation, the requirement that issuers do not engage in ongoing business activities that violate U.S. Federal law regarding marijuana, or if the Manager determines that the activities of any Constituent Issuer are not in compliance with such rules and policies, the Manager will remove the securities of that Constituent Issuer from Horizons HMMJ’s portfolio. However, certain Constituent Issuers of Horizons HMMJ may, without the knowledge of the Manager, the from time to time have a limited degree of exposure to the medical and/or recreational cannabis industry in certain U.S. states where cannabis use has been legalized by state law (e.g. Alaska, California, Colorado, Maine, Massachusetts, Nevada, Oregon and Washington), notwithstanding that the use, possession, sale, cultivation and transportation of cannabis remains illegal under U.S. Federal Law. Despite the permissive regulatory environment regarding cannabis in certain U.S. states, cannabis continues to be listed as a Schedule I substance under the U.S. Controlled Substances Act of 1970 (the “US Controlled Substances Act”). As a result of the conflicting laws between state legislatures and the federal government regarding cannabis, investments in U.S. cannabis businesses may be subject to inconsistent regulation and enforcement. Unless and until the U.S. Congress amends the US Controlled Substances Act with respect to cannabis, there is a risk that federal authorities may enforce current U.S. Federal Law against businesses operating in the U.S. cannabis industry, which may adversely affect the market price of any Constituent Issuers that have exposure to the U.S. cannabis industry, and therefore the market price of Horizons HMMJ. Accordingly, Horizons HMMJ and the Constituent Issuers in which it invests may be subject to a higher degree of regulatory oversight and regulatory action, which may include a restriction on the types of Constituent Issuers that Horizons HMMJ may invest at any time.

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

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PROSPECTUS SUMMARY

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

The ETFs

The Horizons ETFs are open-end mutual funds established under the laws of Ontario. See “Overview of the Legal Structure of the ETFs”.

Investment Objectives

Horizons DLR

Horizons DLR seeks to reflect the reference value in Canadian dollars (in respect of the Cdn\$ Units) and U.S. dollars (in respect of the US\$ Units) of the U.S. dollar, net of expenses, by investing primarily in cash and Cash Equivalents that are denominated in the U.S. dollar.

Horizons HOG

Horizons HOG seeks to replicate, to the extent possible, the performance of the Solactive Canadian Midstream Oil & Gas Index, net of expenses. The Solactive Canadian Midstream Oil & Gas Index is designed to provide exposure to equity securities of certain Canadian oil and gas companies in the Midstream Sector.

Horizons HII

Horizons HII seeks to replicate, to the extent possible, the performance of the INK Canadian Insider Index, net of expenses. The INK Canadian Insider Index is designed to provide exposure to the performance of 50 TSX-listed growth and value stocks with significant insider buying and ownership.

Horizons CAN

Horizons CAN seeks to reflect, in Canadian dollars and net of expenses, the performance of the Canadian dollar relative to the U.S. dollar. Horizons CAN will generally hold Canadian dollar denominated cash and will primarily use forward currency agreements and/or futures contracts to seek to deliver the performance of the Canadian dollar relative to the U.S. dollar.

Horizons HMMJ

Horizons HMMJ seeks to replicate, to the extent possible, the performance of the North American Marijuana Index, net of expenses. The North American Marijuana Index is designed to provide exposure to the performance of a basket of North American publicly listed companies with significant business activities in the marijuana industry.

Horizons INOC

Horizons INOC seeks to replicate, to the extent possible, the performance of the Nasdaq Inovestor Canada Index, net of expenses. The Nasdaq Inovestor Canada Index is a large capitalization equity index of diversified constituents which are selected largely from the Canadian equity universe.

Horizons RBOT

Horizons RBOT seeks to replicate, to the extent possible, the performance of the Indxx Global Robotics & Artificial Intelligence Thematic Index, net of expenses. The Indxx Global Robotics & Artificial Intelligence Thematic Index is designed to provide exposure to the performance of equity securities of companies that are involved in the development of robotics and/or artificial intelligence. Horizons RBOT seeks to hedge the U.S. dollar value of its portfolio to the Canadian dollar at all times.

Horizons BKCH

Horizons BKCH seeks to replicate, to the extent possible, the performance of the Solactive Blockchain Technology & Hardware Index, net of expenses. The Solactive Blockchain Technology & Hardware Index tracks a portfolio of global companies focusing directly on blockchain innovation and development as well as companies providing hardware and hardware-related services used in blockchain applications.

Horizons ETHI

Horizons ETHI seeks to replicate, to the extent possible, the performance of the Nasdaq Future Global Sustainability Leaders Index, net of expenses. The Nasdaq Future Global Sustainability Leaders Index is designed to provide exposure to the performance of a basket of large-cap equity securities of companies that are global climate change leaders (as measured by their relative carbon efficiency), and are not materially engaged in activities deemed inconsistent with responsible investment considerations. Horizons ETHI seeks to hedge the U.S. dollar value of its portfolio to the Canadian dollar at all times.

Horizons FOUR

Horizons FOUR seeks to replicate, to the extent possible, the performance of the Solactive Industry 4.0 Index, net of expenses. The Solactive Industry 4.0 Index is designed to provide exposure to the performance of equity securities of companies that are involved in the transformation of manufacturing and the industrial market through the development or implementation of new technologies and innovations. Horizons FOUR seeks to hedge the U.S. dollar value of its portfolio to the Canadian dollar at all times.

See “Investment Objectives”.

Investment Strategies

Horizons DLR

In order to achieve its investment objective Horizons DLR will invest in cash and/or Cash Equivalents that are denominated in the U.S. dollar. When investing in Cash Equivalents, Horizons DLR generally invests in Cash Equivalents with maturities of 90 days or less.

Horizons DLR is a money market fund within the definition set out in NI 81-102 and complies with all applicable requirements of NI 81-102.

In order to achieve its investment objective, Horizons DLR may also, subject to regulatory approval, invest in money market mutual funds, exchange traded

funds, or exchange traded notes.

Horizons HOG

To achieve Horizons HOG's investment objectives, Horizons HOG invests and holds the equity securities of the Constituent Issuers in substantially the same proportion as its Underlying Index.

Horizons HOG's Underlying Index is ordinarily rebalanced on a quarterly basis at the close of trading on each Rebalancing Date. The Constituent Issuers of its Underlying Index will be weighted equally on each Rebalancing Date.

Horizons HOG is fully invested in or exposed to its Underlying Index at all times.

Horizons HII

To achieve Horizons HII's investment objectives, Horizons HII invests and holds the equity securities of the Constituent Issuers in substantially the same proportion as its Underlying Index.

Horizons HII's Underlying Index is ordinarily rebalanced on a semi-annual basis at the close of trading on each Rebalancing Date. The Constituent Issuers of its Underlying Index will be weighted equally on each Rebalancing Date.

Horizons HII is fully invested in or exposed to its Underlying Index at all times.

Horizons CAN

In order to achieve its investment objective, Horizons CAN will be invested in Canadian dollar denominated cash and will use derivative instruments such as short-term (less than three months) forward currency agreements and/or futures contracts to gain its long exposure to the Canadian dollar relative to the U.S. dollar.

When the Canadian dollar appreciates relative to the U.S. dollar, the value of Horizons CAN is expected to increase. When the Canadian dollar depreciates relative to the U.S. dollar, the value of Horizons CAN is expected to decrease.

Horizons HMMJ

To achieve Horizons HMMJ's investment objectives, Horizons HMMJ invests and holds the equity securities of the Constituent Issuers in substantially the same proportion as its Underlying Index. These securities, which could include ADRs, will be listed on stock exchanges in North America, and will be equity securities of life sciences companies, and other companies, with significant business activities in the marijuana industry.

Horizons HMMJ's Underlying Index is ordinarily rebalanced on a quarterly basis at the close of trading on each Rebalancing Date. The Constituent Issuers of its Underlying Index will be market capitalization-weighted on each Rebalancing Date, subject to a cap for each Constituent Issuer of a maximum of 10% of the net asset value of Horizons HMMJ on each Rebalancing Date,

with the remainder of the Constituent Issuers' weights to be increased proportionately.

Horizons HMMJ will be fully invested in or exposed to its Underlying Index at all times. Horizons HMMJ could have substantial exposure to US-listed securities, and Horizons HMMJ will not hedge any currency exposure from those securities.

Horizons INOC

To achieve the Horizons INOC's investment objective, Horizons INOC invests and holds the equity securities of the Constituent Issuers in substantially the same proportion as its Underlying Index.

The Underlying Index is ordinarily rebalanced on a quarterly basis at the close of trading on each Rebalancing Date. The Constituent Issuers of its Underlying Index will be weighted equally on each Rebalancing Date. See "Investment Strategies" and "Investment Restrictions".

Horizons RBOT

To achieve Horizons RBOT's investment objective, Horizons RBOT will be primarily invested in equity securities of the Constituent Issuers of the Underlying Index, or in ADRs or GDRs representing equity securities of Constituent Issuers of the Underlying Index.

The Underlying Index is weighted according to a modified capitalization weighting methodology and is reconstituted and rebalanced annually.

Horizons BKCH

To achieve Horizons BKCH's investment objective, Horizons BKCH invests and holds the equity securities of the Constituent Issuers in substantially the same proportion as its Underlying Index. Horizons BKCH may also, in certain circumstances, employ a "stratified sampling" strategy. Under this stratified sampling strategy, Horizons BKCH may not hold all of the Constituent Issuers of its Underlying Index, but instead will hold a portfolio of securities that closely matches the aggregate investment characteristics of the securities included in the Underlying Index.

Although Horizons BKCH may provide exposure to cryptocurrency miners, cryptocurrency exchanges and other companies which may themselves have exposure to cryptocurrency miners, cryptocurrency exchanges and/or cryptocurrency, Horizons BKCH will not have direct exposure to crypto-assets and/or cryptocurrencies such as bitcoin or initial coin offerings, and Horizons BKCH will not be directly involved in cryptocurrency mining.

It is intended that Horizons BKCH will be fully invested in or exposed to the Underlying Index at all times. The majority of the value of the Underlying Index (and the net asset value of Horizons BKCH) will be invested in companies primarily involved in blockchain innovation and development and/or companies providing hardware and hardware-related services used in blockchain applications. Horizons BKCH will have substantial exposure to US-listed securities as well as securities listed in other foreign countries. Generally, Horizons BKCH seeks to hedge the U.S. dollar value of its portfolio to the Canadian dollar at all times.

Horizons BKCH may use derivative instruments for currency hedging purposes or other purposes. Any use of derivative instruments, including futures contracts and forward contracts, will be consistent with the investment objective of Horizons BKCH, and will be in accordance with NI 81-102.

Horizons ETHI

To achieve Horizons ETHI's investment objective, Horizons ETHI will be generally invested in equity securities of the Constituent Issuers of its Underlying Index, which may include ADRs or GDRs representing equity securities of Constituent Issuers of the Underlying Index.

The Underlying Index was designed as a passively managed portfolio of global stocks which takes account of key environmental, social and governance (ESG) concerns. The Underlying Index is structured to limit exposure to the fossil fuel industry and climate change risk, and to invest in companies considered to be "climate leaders".

The Underlying Index identifies climate leaders as companies that have a carbon impact which is substantially lower than the average carbon impact for a company's industry, or companies that are otherwise superior performers in relation to "Scope 4" carbon emissions, also known as "avoided emissions".

The Underlying Index is ordinarily rebalanced on an annual basis at the close of trading on each Rebalancing Date.

Horizons FOUR

To achieve Horizons FOUR's investment objective, Horizons FOUR will be primarily invested in equity securities of the Constituent Issuers of the Underlying Index, or in ADRs or GDRs representing equity securities of Constituent Issuers of the Underlying Index.

The Underlying Index tracks the performance of companies that are operating in any of the following segments: Advanced Robotics, Augmented Reality & 3D Printing, Cloud & Big Data, Cyber Security and "Internet of Things" (together, the "Index Categories").

Constituent Issuers must have a market capitalization of at least USD 200 million and an average daily value traded of at least USD 2 million over both the preceding 1-month and 6-months periods. Generally, other than for the Internet of Things Index Category, the top 10 companies in terms of market capitalization in each of the Index Categories are selected. In order to identify the most innovative companies in the Internet of Things Index Category, Constituent Issuers in the Internet of Things Index Category are selected based on their R&D to Sales Ratio, and only the top 10 companies by this measurement are eligible for inclusion.

Each of the five Index Categories, and the respective Constituent Issuers within an Index Category, are weighted equally.

The Underlying Index is ordinarily rebalanced on a quarterly basis at the close of trading on each Rebalancing Date.

See "Investment Strategies", "Overview of the Sectors that the ETFs Invest

In”, and “Investment Restrictions”.
See “Investment Strategies”, “Overview of the Sectors that the ETFs Invest In”, and “Investment Restrictions”.

Offering

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 an ETF are offered, or will be offered, for sale at a price equal to the net asset value of the Units of the ETF in the applicable currency next determined following the receipt of a subscription order. Cdn\$ Units of the ETFs are denominated and trade in Canadian dollars, and US\$ Units of Horizons DLR, Horizons HMMJ, Horizons RBOT and Horizons BKCH are denominated and trade in U.S. dollars. No currency hedging is employed specifically in respect of the US\$ Units, however, Horizons RBOT and Horizons BKCH each seek to hedge the U.S. dollar value of their respective portfolios to the Canadian dollar at all times. Subscriptions for US\$ Units of Horizons DLR, Horizons HMMJ and Horizons RBOT can be made in either U.S. or Canadian dollars. See “Plan of Distribution”.

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

Investors are or will be able to purchase or sell Units of each ETF on the TSX through a registered broker or dealer in the province or territory where the investor resides. Accordingly, investors may trade Units of an ETF in the applicable currency in the same way as other securities listed on the TSX, including by using market orders and limit orders. Investors will incur customary brokerage commissions when buying or selling Units in the applicable currency on the TSX. Dealers may purchase a PNU from an ETF in the applicable currency at the net asset value per Unit of such ETF.

See “Attributes of the Securities”.

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 “Purchases of Units – Buying and Selling Units of an ETF”, “Attributes of the Securities - Description of the Securities Distributed” and “Exemptions and Approvals”.

Conflicts of Interest

The ETFs are subject to certain conflicts of interest. Units of an ETF may be sold by dealers that are related to the Manager. See “Organization and Management Details of the ETFs - Conflicts of Interest” and “Relationship between the ETFs and Dealers”.

Distribution Policy

Horizons DLR

Distributions, if any, to Unitholders of Horizons DLR of income earned on cash and Cash Equivalents, net of fees and expenses, will be made on a quarterly basis, at the discretion of the Manager. Such distributions, if any, to Unitholders of Horizons DLR will be paid in U.S. dollars, and will be paid in cash, unless a Unitholder is participating in the Reinvestment Plan.

Horizons CAN

Distributions, if any, to Unitholders of Horizons CAN of income earned on cash and Cash Equivalents or Horizons CAN's derivatives activity, net of fees and expenses, will be made on a quarterly basis, at the discretion of the Manager. Such distributions, if any, to Unitholders of Horizons CAN will be paid in Canadian dollars, and will be paid in cash, unless a Unitholder is participating in the Reinvestment Plan.

Horizons HII and Horizons HOG

It is anticipated that each of Horizons HII and Horizons HOG will make distributions to its respective Unitholders on a quarterly basis. Such distributions will be paid in cash, unless a Unitholder is participating in the Reinvestment Plan.

Horizons HMMJ

Distributions, if any, to Unitholders of Horizons HMMJ of income earned from securities lending activities and/or dividends, net of fees and expenses, will be made on a quarterly basis, at the discretion of the Manager. Such distributions, if any, to Unitholders of Horizons HMMJ will be paid in Canadian dollars, and will be paid in cash, unless a Unitholder is participating in the Reinvestment Plan.

Horizons INOC

It is anticipated that Horizons INOC will make distributions to Unitholders on a quarterly basis. Distributions are not fixed or guaranteed. Such distributions will be paid in cash, unless a Unitholder is participating in the Reinvestment Plan.

Horizons RBOT

Horizons RBOT is not expected to make regular cash distributions. Cash distributions, if any, to Unitholders of Horizons RBOT, net of fees and expenses, will be made at the discretion of the Manager. Such distributions, if any, to Unitholders of Horizons RBOT will be paid in Canadian dollars.

Horizons BKCH

Horizons BKCH is not expected to make regular cash distributions. Cash distributions, if any, to Unitholders of the ETF, net of fees and expenses, will be made at the discretion of the Manager. Such distributions, if any, to Unitholders of the ETF will be paid in Canadian dollars.

Horizons ETHI

It is anticipated that Horizons ETHI may make distributions to its Unitholders on a quarterly basis, at the discretion of the Manager. Such distributions will

be paid in cash, unless a Unitholder is participating in the Reinvestment Plan.

Horizons FOUR

Horizons FOUR is not expected to make regular cash distributions. Cash distributions, if any, to Unitholders of Horizons FOUR, net of fees and expenses, will be made at the discretion of the Manager. Such distributions, if any, to Unitholders of Horizons FOUR will be paid in Canadian dollars.

All ETFs

To the extent required, each ETF will also make payable after December 15 but on or before December 31 of that calendar year (in the case of a taxation year that ends on December 15), or prior to the end of each taxation year (in any other case), sufficient net income (including net 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”.

Distribution Reinvestment

At any time, a Unitholder of an ETF other than Horizons RBOT, Horizons BKCH and Horizons FOUR may elect to participate in the Reinvestment Plan by contacting the CDS Participant(s) through which the Unitholder holds its Units. Under the Reinvestment Plan, cash distributions will be used to acquire additional Units of the applicable Index ETF held by the Unitholder in the market and will be credited to the account of the Unitholder through CDS.

See “Distribution Policy – Distribution Reinvestment Plan”.

Redemptions of Units

On any Trading Day, Unitholders, Dealers and Designated Brokers may redeem: (i) Units for cash at a redemption price per Unit equal to 95% of the closing price for the applicable Units on the effective day of redemption, where the Units being redeemed are not equal to a PNU or a multiple PNU or (ii) less any applicable redemption charges, a PNU or a multiple PNU of an ETF for cash equal to the net asset value of that number of Units. A cash redemption request will be subject to a maximum redemption price payable to a Unitholder of the NAV per Unit of the applicable ETF. Holders of US\$ Units of Horizons DLR, Horizons HMMJ, Horizons RBOT and Horizons BKCH may request that their redemption proceeds be paid in U.S. or Canadian dollars. As Unitholders will generally be able to sell (rather than redeem) Units at the applicable full market price on the TSX through a registered broker or dealer subject only to customary brokerage commissions, unless they are redeeming a PNU, Unitholders are advised to consult their brokers, dealers or investment advisors before redeeming such Units for cash. No fees or expenses are paid by a Unitholder of an ETF to Horizons or the respective ETF in connection with selling Units of the ETF on the TSX. Each ETF will also offer additional redemption options which are available where a Dealer, Designated Broker or Unitholder redeems a PNU.

See “Exchange and Redemption of Units”.

Termination

The ETFs do not have a fixed termination date but an ETF may be terminated by Horizons on not less than 60 days’ notice to Unitholders of the ETF.

See “Termination of the ETFs”.

Income Tax Considerations

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

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

Tax Amendments proposed in the Federal Budget released on March 19, 2019 (the “**2019 Budget**”) that are applicable to trusts that are “mutual fund trusts” for purposes of the Tax Act throughout the taxation year would, effective for taxation years beginning on or after March 19, 2019, prohibit an ETF from allocating income to redeeming Unitholders and limit the ability of an ETF to allocate capital gains to redeeming Unitholders as described above. If such Tax Amendments are enacted in their current form, the taxable component of distributions to non-redeeming Unitholders may increase.

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 Units of an ETF are listed on a “designated stock exchange” or the ETF qualifies as a “mutual fund trust” under the Tax Act, then Units of such ETF would, if issued on the date hereof, be on such date qualified investments under the Tax Act for Registered Plans. See “Risk Factors – Tax Risk” and “Income Tax Considerations – Taxation of Registered Plans”.

See “Income Tax Considerations – Status of the ETFs”.

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 or will also be publicly available at www.sedar.com.

See “Documents Incorporated by Reference”.

Risk Factors

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

- price fluctuations of the U.S. dollar;
- foreign exchange rate risk;
- concentration risk;
- derivatives risk (Horizons CAN only);
- substantial sales of U.S. dollars; and
- borrowing risk.

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

- stock market risk;
- specific issuer risk;
- sector concentration risk (Horizons HOG, Horizons HMMJ, Horizons RBOT, Horizons BKCH, Horizons FOUR);
- marijuana sector risk (Horizons HMMJ);
- regulation of marijuana in Canada risk (Horizons HMMJ);
- risks of transacting on smaller exchanges (Horizons HMMJ);
- currency price fluctuations (Horizons HMMJ, Horizons BKCH, Horizons RBOT);
- geographic risk;
- Japan risk (Horizons RBOT);
- currency risk (Horizons RBOT, Horizons BKCH, Horizons ETHI, Horizons FOUR);
- hedging risk (Horizons RBOT, Horizons BKCH, Horizons ETHI, Horizons FOUR);
- robotics and automation companies risk (Horizons RBOT);
- blockchain sector risk (Horizons BKCH);
- ethical investment risk (Horizons ETHI);
- technology sector risk (Horizons RBOT and Horizons FOUR);
- foreign securities risk;
- small and mid-capitalization risk;
- foreign stock exchange risk;

- income trust investment risk;
- underlying index risk;
- passive index risk; and
- index replication risk.

There are certain risk factors that are common to an investment in each of the ETFs. These risks relate to the following factors:

- regulatory risk;
- reliance on historical data risk;
- liquidity risk;
- corresponding net asset value risk;
- risk that Units will trade at prices other than the net asset value per Unit;
- designated broker/dealer risk;
- cease trading of securities risk;
- exchange risk;
- early closing risk;
- no assurance of meeting investment objectives;
- tax related risk;
- risks related to tax changes;
- securities lending, repurchase and reverse repurchase transaction risk;
- liability of Unitholders; and
- reliance on key personnel.

See “Risk Factors”.

Organization and Management of the ETFs

The Manager, Investment Manager and Trustee

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

Horizons and its subsidiaries are an innovative financial services organization distributing the Horizons family of leveraged, inverse leveraged, inverse, index and actively managed exchange traded funds. Horizons is a wholly-owned subsidiary of Mirae Asset Global Investments Co., Ltd. (“**Mirae Asset**”).

Mirae Asset is the Korea-based asset management entity of Mirae Asset Financial Group, one of the world’s largest investment managers in emerging market equities. See “Organization and Management Details of the ETFs – Manager of the ETFs”.

Sub-Advisor

IAM, a corporation existing under the laws of Canada, is the Sub-Advisor of the ETF, and will provide investment sub-advisory services to Horizons INOC. The principal office of IAM is located in Montreal, Quebec.

Custodian

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

the ETFs – Custodian”.

Valuation Agent

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

Auditors

KPMG LLP is responsible for auditing the financial statements of the ETFs. The auditors are independent of the Manager. The office of the auditors is located in Toronto, Ontario. See “Organization and Management Details of the ETFs – Auditors”.

Promoter

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

Registrar and Transfer Agent

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

Securities Lending Agents

NBF is a securities lending agent for the Index ETFs. NBF is located in Toronto, Ontario.

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

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

Summary of Fees and Expenses

Set out below is a summary of the fees and expenses payable by the ETFs, and 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 Fee

Horizons DLR pays an annual management fee to the Manager equal to 0.45% of the net asset value of Horizons DLR, plus applicable Sales Tax.

Horizons HOG pays an annual management fee to the Manager equal to 0.55% of the net asset value of Horizons HOG, plus applicable Sales Tax.

Horizons HII pays an annual management fee to the Manager equal to 0.65% of the net asset value of Horizons HII, plus applicable Sales Tax.

Horizons CAN pays an annual management fee to the Manager equal to 0.45% of the net asset value of Horizons CAN, plus applicable Sales Tax.

Horizons HMMJ pays an annual management fee to the Manager equal to

0.75% of the net asset value of Horizons HMMJ, plus applicable Sales Tax.

Horizons INOC pays an annual management fee to the Manager equal to 0.50% of the net asset value of Horizons INOC, plus applicable Sales Tax. The Sub-Advisor of Horizons INOC is paid a fee, as negotiated between the Manager and the Sub-Advisor, out of the Management Fee.

Horizons RBOT pays an annual management fee to the Manager equal to 0.68% of the net asset value of Horizons RBOT, plus applicable Sales Tax.

Horizons BKCH pays an annual management fee to the Manager equal to 0.65% of the net asset value of Horizons BKCH, plus applicable Sales Tax.

Horizons ETHI pays an annual management fee to the Manager equal to 0.65% of the net asset value of Horizons ETHI, plus applicable Sales Tax.

Horizons FOUR pays an annual management fee to the Manager equal to 0.65% of the net asset value of Horizons FOUR, plus applicable Sales Tax.

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

The Manager may, at its discretion, agree to charge a reduced fee as compared to the fee it would otherwise be entitled to receive from an ETF with respect to large investments in that ETF by Unitholders. Such a reduction will be dependent upon a number of factors, including the amount invested, the total assets of the ETF under administration and the expected amount of account activity. In such cases, an amount equal to the difference between the fee otherwise chargeable and the reduced fee will be distributed by that ETF, at the discretion of the Manager, to the applicable Unitholders as Management Fee Distributions.

See “Fees and Expenses”.

Operating Expenses

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

See “Fees and Expenses”.

Expenses of the Issue

Apart from the initial organizational costs of an ETF, all expenses related to the issuance of Units of the ETF are borne by the ETF.

See “Fees and Expenses”.

Fees and Expenses Payable Directly by Unitholders

Creation Charge – Currency ETFs

In respect of each Currency ETF, cash subscriptions by Dealers or Designated Brokers made in Canadian Dollars, may, at the sole discretion of the Manager, be subject to a creation charge of up to 0.05% of the value of the cash subscription order, payable to the applicable Currency ETF. The Manager will publish the creation charges, if any, on its website, www.HorizonsETFs.com.

Redemption Charge

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

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

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

GLOSSARY

The following terms have the following meaning:

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

“**Basket 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 the class A 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”;

“**Currency ETFs**” means together, Horizons DLR and Horizons CAN; and “**Currency ETF**” means either one of them;

“**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;

“**designated rating**” has the meaning ascribed to that term in NI 81-102;

“**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, collectively, Horizons DLR, Horizons HOG, Horizons HII, Horizons CAN, Horizons HMMJ; Horizons INOC, Horizons RBOT, Horizons BKCH, Horizons ETHI and Horizons FOUR, and “**ETF**” means any one of them;

“**Floating Rate Evidence of Indebtedness**” means an evidence of indebtedness that has a floating rate of interest determined over the term of the obligation by reference to a commonly used benchmark interest rate and that satisfies any of the following:

- (a) if the evidence of indebtedness was issued by a person or company other than a government or a permitted supranational agency, it has a designated rating;
- (b) if the evidence of indebtedness was issued by a government or a permitted supranational agency, it has its principal and interest fully and unconditionally guaranteed by any of the following:
 - (i) the government of Canada or the government of a jurisdiction of Canada;
 - (ii) 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;

“**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;

“**Horizons BKCH**” means Horizons Blockchain Technology & Hardware Index ETF;

“**Horizons CAN**” means Horizons Canadian Dollar Currency ETF;

“**Horizons DLR**” means Horizons US Dollar Currency ETF;

“**Horizons ETHI**” means Horizons Global Sustainability Leaders Index ETF;

“**Horizons FOUR**” means Horizons Industry 4.0 Index ETF;

“**Horizons HII**” means Horizons Cdn Insider Index ETF;

“**Horizons HMMJ**” means Horizons Marijuana Life Sciences Index ETF;

“**Horizons HOG**” means Horizons Canadian Midstream Oil & Gas Index ETF;

“**Horizons INOC**” means Horizons Inovestor Canadian Equity Index ETF;

“**Horizons RBOT**” means Horizons Robotics and Automation Index ETF;

“**IAM**” means Inovestor Asset Management;

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

“**Index ETFs**” means, collectively, Horizons HOG, Horizons HII, Horizons HMMJ, Horizons INOC, Horizons RBOT, Horizons BKCH, Horizons ETHI and Horizons FOUR; and “**Index ETF**” means any one of them;

“**Index Provider**” means Solactive in respect of Horizons HOG; Horizons HMMJ, Horizons BKCH and Horizons FOUR; INK in respect of Horizons HII; Nasdaq, Inc. in respect of Horizons INOC and Horizons ETHI; and RBOT Global LLC in respect of Horizons RBOT; and “**Index Providers**” means all of them;

“**INK**” means INK Research Corp.;

“**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;

“**Midstream Sector**” is as described under “Investment Objectives – The Underlying Indexes of the Index ETFs” and includes the securities of companies who are involved in the transportation, storage, and wholesale marketing of crude oil, natural gas and other refined petroleum products;

“**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”;

“**Payment Date**” has the meaning ascribed to such term under the heading “Distribution Policy – Distribution Reinvestment Plan”;

“**Plan Agent**” means TSX Trust Company, plan agent for the Reinvestment Plan;

“**Plan Participant**” has the meaning ascribed to such term under the heading “Distribution Policy – Distribution Reinvestment Plan”;

“**Plan Units**” has the meaning ascribed to such term under the heading “Distribution Policy – Distribution Reinvestment Plan”;

“**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;

“**QARP**” has the meaning ascribed to such term under the heading “Investment Objectives – The Underlying Indexes of the Index ETFs”;

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

“**Rebalancing Date**” means, in respect of Horizons HOG and Horizons HMMJ, the third Friday in each of March, June, September and December; in respect of Horizons HII, the third Friday in each of May and November; in respect of Horizons INOC and Horizons BKCH, the third Friday in each of January, April, July and October; in respect of Horizons ETHI, the last trading day in April; and in respect of Horizons FOUR, the third Wednesday in each of February, May, August and November;

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

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

“**Reinvestment Plan**” means the distribution reinvestment plan for each ETF except for Horizons RBOT, Horizons BKCH and Horizons FOUR, as described under the heading “Distribution Policy – Distribution Reinvestment Plan”;

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

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

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

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

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

“**Sub-Advisor**” means IAM;

“**Sub-Advisory Agreement**” means the portfolio sub-advisory agreement in respect of Horizons INOC among IAM and the Manager, as supplemented, amended, or amended and restated from time to time;

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

“**Tax Amendment**” means a proposed amendment to the 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 a day on which a session of the TSX is held;

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

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

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

“**Underlying Index**” means the Solactive Canadian Midstream Oil & Gas Index in respect of Horizons HOG, the INK Canadian Insider Index in respect of Horizons HII, the North American Marijuana Index in respect of Horizons HMMJ, the Nasdaq Inovestor Canada Index in respect of Horizons INOC, the Indxx Global Robotics & Artificial Intelligence Thematic Index in respect of Horizons RBOT, the Solactive Blockchain Technology & Hardware Index in respect of Horizons BKCH, the Nasdaq Future Global Sustainability Leaders Index in respect of Horizons ETHI, and the Solactive Industry 4.0 Index in respect of Horizons FOUR; and “**Underlying Indexes**” means all of them;

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

“**Units**” means, together, the Cdn\$ Units and US\$ Units, if any, of an ETF, and “**Unit**” means one of them;

“**US\$ Units**” means Class A units of Horizons DLR, Horizons HMMJ, Horizons RBOT and Horizons BKCH that are denominated in U.S. dollars;

“**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 4:15 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 Manager has engaged Inovestor Asset Management (“**IAM**”) to act as a sub-advisor to Horizons INOC.

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

Name of ETF	Abbreviated Name	Currency	Ticker Symbol
Horizons US Dollar Currency ETF	Horizons DLR	Canadian dollar	DLR
		U.S. dollar	DLR.U
Horizons Canadian Midstream Oil & Gas Index ETF	Horizons HOG	Canadian dollar	HOG
Horizons Cdn Insider Index ETF	Horizons HII	Canadian dollar	HII
Horizons Canadian Dollar Currency ETF	Horizons CAN	Canadian dollar	CAN
Horizons Marijuana Life Sciences Index ETF	Horizons HMMJ	Canadian dollar	HMMJ
		U.S. dollar	HMMJ.U
Horizons Inovestor Canadian Equity Index ETF	Horizons INOC	Canadian dollar	INOC
Horizons Robotics and Automation Index ETF	Horizons RBOT	Canadian dollar	RBOT
		U.S. dollar	RBOT.U
Horizons Blockchain Technology & Hardware Index ETF	Horizons BKCH	Canadian dollar	BKCH
		U.S. dollar	BKCH.U
Horizons Global Sustainability Leaders Index ETF	Horizons ETHI	Canadian dollar	ETHI
Horizons Industry 4.0 Index ETF	Horizons FOUR	Canadian dollar	FOUR

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 each ETF are currently listed and trading on the TSX.

INVESTMENT OBJECTIVES

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.

Horizons DLR

Horizons DLR seeks to reflect the reference value in Canadian dollars (in respect of the Cdn\$ Units) and U.S. dollars (in respect of the US\$ Units) of the U.S. dollar, net of expenses, by investing primarily in cash and Cash Equivalents that are denominated in the U.S. dollar.

Horizons HOG

Horizons HOG seeks to replicate, to the extent possible, the performance of the Underlying Index, net of expenses. The Underlying Index is designed to provide exposure to equity securities of certain Canadian oil and gas companies in the Midstream Sector.

Horizons HII

Horizons HII seeks to replicate, to the extent possible, the performance of the INK Canadian Insider Index, net of expenses. The INK Canadian Insider Index is designed to provide exposure to the performance of 50 TSX-listed growth and value stocks with significant insider buying and ownership.

Horizons CAN

Horizons CAN seeks to reflect, in Canadian dollars and net of expenses, the performance of the Canadian dollar relative to the U.S. dollar. Horizons CAN will generally hold Canadian dollar denominated cash and will primarily use forward currency agreements and/or futures contracts to seek to deliver the performance of the Canadian dollar relative to the U.S. dollar.

Horizons HMMJ

Horizons HMMJ seeks to replicate, to the extent possible, the performance of the North American Marijuana Index, net of expenses. The North American Marijuana Index is designed to provide exposure to the performance of a basket of North American publicly listed companies with significant business activities in the marijuana industry.

Horizons INOC

Horizons INOC seeks to replicate, to the extent possible, the performance of the Nasdaq Inovestor Canada Index, net of expenses. The Nasdaq Inovestor Canada Index is a large capitalization equity index of diversified constituents which are selected largely from the Canadian equity universe.

Horizons RBOT

Horizons RBOT seeks to replicate, to the extent possible, the performance of the Indxx Global Robotics & Artificial Intelligence Thematic Index, net of expenses. The Indxx Global Robotics & Artificial Intelligence Thematic Index is designed to provide exposure to the performance of equity securities of companies that are involved in the development of robotics and/or artificial intelligence. Horizons RBOT seeks to hedge the U.S. dollar value of its portfolio to the Canadian dollar at all times.

Horizons BKCH

Horizons BKCH seeks to replicate, to the extent possible, the performance of the Solactive Blockchain Technology & Hardware Index, net of expenses. The Solactive Blockchain Technology & Hardware Index tracks a portfolio of global companies focusing directly on blockchain innovation and development as well as companies providing hardware and hardware-related services used in blockchain applications.

Horizons ETHI

Horizons ETHI seeks to replicate, to the extent possible, the performance of the Nasdaq Future Global Sustainability Leaders Index, net of expenses. The Nasdaq Future Global Sustainability Leaders Index is designed to provide exposure to the performance of a basket of large-cap equity securities of companies that are global climate change leaders (as measured by their relative carbon efficiency), and are not materially engaged in activities deemed inconsistent with responsible investment considerations. Horizons ETHI seeks to hedge the U.S. dollar value of its portfolio to the Canadian dollar at all times.

Horizons FOUR

Horizons FOUR seeks to replicate, to the extent possible, the performance of the Solactive Industry 4.0 Index, net of expenses. The Solactive Industry 4.0 Index is designed to provide exposure to the performance of equity securities of companies that are involved in the transformation of manufacturing and the industrial market through the development or implementation of new technologies and innovations. Horizons FOUR seeks to hedge the U.S. dollar value of its portfolio to the Canadian dollar at all times.

A change to the fundamental investment objective of an ETF would require the approval of Unitholders of that ETF. See “Unitholder Matters – Matters Requiring Unitholder Approval”.

The Underlying Indexes of the Index ETFs

Solactive Canadian Midstream Oil & Gas Index

Horizons HOG uses the Solactive Canadian Midstream Oil & Gas Index as its Underlying Index. This Underlying Index is a rules-based index which is designed to measure the performance of equity securities of certain Canadian oil and gas companies in the Midstream Sector listed on the TSX. The details of the criteria applied in this selection process are provided in the guidelines for this Underlying Index available on the Solactive website at www.solactive.com. The universe of eligible securities is composed of companies listed on the TSX with significant business operations in the Canadian oil and gas services industry. The number of Constituent Issuers is determined by how many securities meet the size and liquidity thresholds. The minimum number of Constituent Issuers is ten. The Constituent Issuers of this Underlying Index are selected by Solactive based on size and liquidity. This Underlying Index is ordinarily rebalanced on a quarterly basis at the close of trading on each Rebalancing Date. The Constituent Issuers of this Underlying Index will be weighted equally on each Rebalancing Date. The Index Provider is not affiliated with Horizons HOG or the Manager. Further information about the Underlying Index is available from the Index Provider on its website at www.solactive.com.

Overview of the Canadian Oil and Gas Midstream Sector

The Canadian oil and gas midstream sector includes the securities of issuers which are involved in the transportation, storage, and wholesale marketing of crude oil, natural gas and other refined petroleum products (collectively, the “**Midstream Sector**”). Pipelines and other transportation systems can be used to move these petroleum products from production sites from the upstream exploration and production companies to the downstream refineries and various refined product distributors. Specific service company types in the Midstream Sector include but are not limited to: pipeline transportation companies; barge companies; railroad companies; trucking and hauling companies; logistics and technology companies; transloading companies and terminal developers and operators.

INK Canadian Insider Index

Horizons HII uses the INK Canadian Insider Index as its Underlying Index. This Underlying Index is a rules based index which is designed to measure the performance of 50 TSX listed growth and value stocks with significant insider buying and ownership, selected in accordance with the three INK categories described below. The universe of eligible securities for the INK Canadian Insider Index is TSX-listed equities which meet minimum size, liquidity, and insider holding disclosure requirements, which are further described below.

The Constituent Issuer selection process for this Underlying Index is to identify 50 stocks within the universe of eligible securities based on the percentile ranking of each factor within the three INK categories: value, insider commitment and price momentum. In calculating a stock's overall rank, each category is equally weighted. Additionally, the factors used for the ranking within each category are also equally ranked. The factors in each category are as follows:

Value Ranking

- Trailing 12 month price/earnings ratio;
- Trailing 12 month price-to-book ratio;
- Trailing 12 month price-to-sales ratio;
- Trailing 12 month enterprise value to earnings before interest, taxes, depreciation, and amortization ratio;
- Trailing 12 month price-to-cash flow or price-to-cash; and
- Shareholder yield (trailing 12 month buyback yield plus dividend yield).

Insider Commitment Ranking

- Recent net dollar officer and director buying;
- Officer & Director beneficial holdings of equity securities; and
- Insider intensity based on the number of insiders with net buying.

Price Momentum Ranking

- 3 month price return;
- 6 month price return; and
- One year price return.

To be included in this Underlying Index, a stock must have: (i) an outstanding market capitalization of at least \$250 million and a floating market capitalization of \$100 million at time of inclusion; (ii) an average monthly trading value of more than or at least \$2 million over the past year and in the month prior to a rebalance; (iii) a minimum share price of \$3.00; and (iv) no more than a maximum of 10 non-trading days in the previous 6 months, excluding days temporarily halted for a valid reason such as the dissemination of news.

The Index Provider is not affiliated with Horizons HII or the Manager. Further details of the criteria applied in the selection process are provided in the guidelines for this Underlying Index available on the INK website at index.inkresearch.com and on the Solactive website at www.solactive.com. Constituent Issuers are equally weighted at each rebalancing and this Underlying Index is rebalanced semi-annually at the close of trading on each Rebalance Date.

North American Marijuana Index

The North American Marijuana Index is designed to be a liquid and investable index of equity securities of publicly listed life sciences companies, and other companies, with business activities in the marijuana industry. These securities, which could include ADRs, are listed on North America's public equity markets with business activities that include biopharmaceuticals, medical manufacturing, distribution, bio products and other ancillary businesses to the marijuana industry. Constituents of the index are selected from both North American senior and junior exchanges that support the success of early-stage public companies. While securities may be listed on the TSX, NYSE, or Nasdaq Global Market many of these securities may trade on North American junior exchanges that include but are not limited to: the TSX Venture Exchange, Canadian Securities Exchange and the Nasdaq Capital Market. The North American Marijuana Index is a market capitalization weighted subset of the growing universe of medical marijuana companies being listed on North American exchanges. For a security to be eligible for the Index, the issuer will generally have a market capitalization of greater than CAD \$75 million, and the average monthly daily trading volume will generally be greater than 75,000 shares a day, with a trading value generally greater than \$250,000.

The Constituent Issuers of the Underlying Index will be market capitalization-weighted on each Rebalancing Date, subject to a cap for each Constituent Issuer of a maximum of 10% of the net asset value of Horizons HMMJ on each Rebalancing Date, with the remainder of the Constituent Issuers' weights to be increased proportionately.

For companies that are cross listed in Canada and the United States only a company's primary domestic listing is eligible for the Underlying Index.

The Index Provider is not affiliated with Horizons HMMJ or the Manager. Further information about the North American Marijuana Index provided by Solactive and its Constituents is available from Solactive on its web site at www.solactive.com.

Nasdaq Ino Investor Canada Index

Horizons INOC uses the Nasdaq Ino Investor Canada Index as its Underlying Index. The Underlying Index was designed by Ino Investor Inc., an affiliate of the Sub-Advisor, to reflect the returns generated over time through equally weighted notional investments in 25 large capitalization Canadian companies. The Underlying Index is designed to provide exposure to high quality companies that trade at a reasonable price (“QARP”). The index uses a quantitative bottom-up model that systematically identifies companies that have screened for high levels of “Economic Profit” while trading at attractive valuations ranked according to pre-selected factors. The “Economic Profit” of a firm is estimated by subtracting the firm’s cost of capital from the firm’s net operating profit after tax.

The selection process uses the QARP philosophy, and categorizes security selection using a multi-factor approach on the entire Ino Investor StockPointer™¹ universe, which is a Canadian equity universe of over 1,500 securities which have a minimum of three years of trading history listed on a Canadian exchange. A score card is used to evaluate companies for economic performance and risk (the “SPscore”) and an Economic Profit sector analysis is used to derive sector allocation and attributions. Some of the key performance indicators can be broadly defined per the following quality and value dimensions: profitability, growth, safety, management quality, reasonable valuations and shareholders yield.

Step-by-Step Process:

1. Top 100 securities by Economic Profit are determined using data from the end of the most recent quarter;
2. Sector weights in the Top 100 by Economic Profit are calculated;
3. Apply sector weights from Top 100 and proportionally apply to the number of securities in each sector based upon the index containing 25 securities;
4. Use SPscore screen to identify best securities in each sector (QARP);
5. If many securities share the same SPscore, identify the security (securities) that will enter the index based on value and quality factors by choosing the security that has the highest score in the most variables;
6. When rebalancing the index every quarter, the securities included are those with the top SPscores within their respective sector. Securities will remain in the index if the delta between the security’s SPscore and the #1 security’s SPscore in the same sector is less than 5%. (Ex: the index holds security A leading up to an evaluation which has an SPscore of 68% and is ranked #4 in the Financials sector. Security B is ranked #1 in the Financials sector with an SPscore of 72%. Since delta between security A and B is only 4%, security A remains in the index. If security B had an SPscore of 75%, the index would remove security A and add security B.)

The 25 securities are selected with optimal performance and risk attributes, which blends quality and value factors.

The Index is evaluated quarterly using market data through the end of March, June, September, and December. Securities meeting the criteria are included in the Index. Security additions and deletions are made effective after the close of trading on each Rebalancing Date.

Further details regarding the methodology for this Underlying Index, are available at <https://indexes.nasdaqomx.com/Index/Overview/NQICA>.

¹ StockPointer™ is a trademark of Ino Investor Inc.

The value of the Underlying Index is, or will be, published by Bloomberg L.P. under the Bloomberg ticker symbol NQICAT.

The Underlying Index was designed by Inoventor Inc., an affiliate of the Sub-Advisor, and is calculated and disseminated by the Index Provider.

Indxx Global Robotics & Artificial Intelligence Thematic Index

The Indxx Global Robotics & Artificial Intelligence Thematic Index, the Underlying Index of Horizons RBOT, is designed to provide exposure to the performance of companies listed in developed markets that are expected to benefit from the increased adoption and utilization of robotics and Artificial Intelligence (“**Robotics & Artificial Intelligence Companies**”), as defined by the Index Provider.

The Underlying Index is designed to include the most liquid and investable universe of companies listed on developed markets exchanges, as defined by the Index Provider. As of the date of this prospectus, companies must have a minimum market capitalization of \$100 million and a minimum average daily turnover for the last 6 months greater than or equal to \$2 million in order to be eligible for inclusion in the Underlying Index.

From the eligible universe, the Index Provider identifies Robotics & Artificial Intelligence Companies by applying a proprietary analysis that consists of two primary components: theme identification and company analysis. As part of the theme identification process, the Index Provider analyzes industry reports, investment research and consumer data related to the robotics and artificial intelligence industry in order to establish the themes that are expected to provide the most exposure to the growth of the robotics and artificial intelligence industry. The Index Provider has identified the following four robotics and artificial intelligence themes: (1) Industrial Robotics and Automation, (2) Unmanned Vehicles and Drones, (3) Artificial Intelligence, and (4) Non-Industrial Robotics (collectively, “Robotics & Artificial Intelligence Themes”). In order to be included in the Underlying Index, a company must be identified as having significant exposure to one of these Robotics & Artificial Intelligence Themes. In the second step of the process, companies are analyzed based on two primary criteria: revenue exposure and primary business operations. A company is deemed to have significant exposure to one of the Robotics & Artificial Intelligence Themes if (i) according to a public filing, it derives a significant portion of its revenue from one of the Robotics & Artificial Intelligence Themes, or (ii) it has stated its primary business to be in products and services focused on one of the Robotics & Artificial Intelligence Themes. Accordingly, Horizons RBOT’s assets will be concentrated in companies that provide exposure to the robotics and artificial intelligence industry.

The Underlying Index is weighted according to a modified capitalization weighting methodology and is reconstituted and rebalanced annually. At the annual rebalance, at the close of the last trading day of June of each year, a capping methodology is applied to reduce concentration in individual securities and increase diversification of the Underlying Index. The Underlying Index may include large-, mid- or small-capitalization companies, and components primarily include industrials and information technology companies.

The Underlying Index is sponsored by the Index Provider, which is an organization that is independent of the ETF and the Manager. The Index Provider determines the relative weightings of the securities in the Underlying Index and publishes information regarding the market value of the Underlying Index. The methodology for the Underlying Index is available on the internet at <https://www.indxx.com>.

Solactive Blockchain Technology & Hardware Index

The Solactive Blockchain Technology & Hardware Index, the Underlying Index of Horizons BKCH, tracks a portfolio of global companies focusing directly on blockchain innovation and development as well as companies providing hardware and hardware-related services used in blockchain applications. The Underlying Index takes a three-tier approach, selecting one third of its Constituent Issuers from companies focusing on the development of blockchain technologies (Industry Group 1), one third from the semiconductor industry (Industry Group 2), which is at the heart of much of the hardware required for blockchain technology mining, and one third from industries that directly supply other relevant hardware (e.g. memory and storage producers) or provide services increasingly

important to large-scale mining on a commercial level (e.g. data center real estate investment trusts) (Industry Group 3).

Each Industry Group is intended to represent one third of the weight of the Underlying Index, provided sufficient companies qualify in each industry group. Within each Industry Group, each individual Constituent Issuer is equally weighted, and initially capped at 5%. The Underlying Index is ordinarily rebalanced on a quarterly basis at the close of trading on each Rebalancing Date.

The Underlying Index will have a minimum of thirty constituents and a maximum of fifty.

The Index Provider is not affiliated with Horizons BKCH or the Manager. Further information about the Underlying Index will be available from the Index Provider on its website at www.solactive.com. The value of the Underlying Index is, or will be, published in USD by Bloomberg L.P. under the Bloomberg ticker symbol SOLBCTH.

Nasdaq Future Global Sustainability Leaders Index

The Nasdaq Future Global Sustainability Leaders Index, the Underlying Index of Horizons ETHI, includes 100 large global stocks from developed market countries (excluding Australia) that have been identified as “Climate Leaders” and have also passed certain eligibility screens designed to exclude companies with direct or significant exposure to the fossil fuel industry or that are engaged in other activities deemed inconsistent with responsible investment considerations.

- **Climate Leaders** are companies that have a carbon impact which is substantially lower than the average carbon impact for a company’s industry, or are otherwise superior performers in relation to “Scope 4” carbon emissions (also known as “avoided emissions”).
 - **Carbon Impact:** calculated based on the total greenhouse gas emissions from a company’s operations, fuel use, supply chain and business activities, divided by its market capitalization.
 - **Avoided Emissions:** superior performers are those companies involved in commercialising technologies that have net positive climate benefits through substantial greenhouse gas emissions reductions (e.g. primary business activities in renewable energy, energy efficiency, sustainable agricultures and land use, and carbon sequestration).
 - **Fossil Fuel Screen** is applied to the universe of Climate Leaders which removes companies with any direct investment in the fossil fuel industry, as well as companies with material indirect exposure and those with particularly high use of fossil fuels.
- **Eligibility Screens** are applied to remove companies which have exposure to other activities (listed below) deemed inconsistent with responsible investment considerations (subject to materiality thresholds):
 - Gambling
 - Tobacco
 - Armaments
 - Uranium and nuclear energy
 - Destruction of valuable environments
 - Animal Cruelty
 - Chemicals of concern
 - Mandatory detention of asylum seekers
 - Alcohol
 - Junk foods
 - Pornography
 - Recent significant fines or convictions
 - Human rights and supply chain concerns

The Underlying Index is weighted by market capitalization, with a maximum weight per security of 4% and a minimum weight of 0.5% at each annual Rebalancing Date. The Underlying Index is ordinarily rebalanced on an annual basis at the close of trading on each Rebalancing Date.

The Index Provider is not affiliated with Horizons ETHI or the Manager. The methodology for the Underlying Index is available on the Index Provider's website at <https://indexes.nasdaqomx.com/Index/Overview/NQFGSLusd>.

Solactive Industry 4.0 Index

The Solactive Industry 4.0 Index, the Underlying Index of Horizons FOUR, tracks the performance of companies that are operating in any of the following segments: Advanced Robotics, Augmented Reality & 3D Printing, Cloud & Big Data, Cyber Security and "Internet of Things" (together, the "**Index Categories**").

Constituent Issuers must have a market capitalization of at least USD 200 million and an average daily value traded of at least USD 2 million over both the preceding 1-month and 6-months periods. Generally, other than for the Internet of Things Index Category, the top 10 companies in terms of market capitalization in each of the Index Categories are selected. In order to identify the most innovative companies in the Internet of Things Index Category, Constituent Issuers in the Internet of Things Index Category are selected based on their R&D to Sales Ratio, and only the top 10 companies by this measurement are eligible for inclusion.

Each of the five Index Categories, and the respective Constituent Issuers within an Index Category, are weighted equally.

The Underlying Index is ordinarily rebalanced on a quarterly basis at the close of trading on each Rebalancing Date.

The Index Provider is not affiliated with Horizons FOUR or the Manager. The methodology for the Underlying Index is 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 that ETF is currently exposed. If the Manager changes an Underlying Index, or any index replacing such Underlying Index, the Manager will issue a press release identifying and describing the new Underlying Index and specifying the reasons for the change in the Underlying Index.

Termination of an Underlying Index

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

Use of the Underlying Indexes

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

See "Overview of the Sectors that the ETFs Invest In".

INVESTMENT STRATEGIES

Overview of the Investment Strategy of Horizons DLR

In order to achieve its investment objective Horizons DLR will invest in cash and/or Cash Equivalents that are denominated in the U.S. dollar. When investing in Cash Equivalents, Horizons DLR generally invests in Cash Equivalents with maturities of 90 days or less.

As the underlying exposure of the Cdn\$ Units and US\$ Units of Horizons DLR is the same, no currency hedging is used with respect to US\$ Units of Horizons DLR.

In order to achieve its investment objective, Horizons DLR may also, subject to regulatory approval, invest in money market mutual funds, exchange traded funds, or exchange traded notes.

Horizons does not invest the assets of Horizons DLR on a discretionary basis or select investments based on its view of the investment merit of a particular security or company, nor does it conduct conventional research or analysis, or forecast currency market movement or trends in managing the assets of Horizons DLR.

Permissible Investments

As a money market fund, Horizons DLR may only invest in: (i) cash, (ii) Cash Equivalents, (iii) an evidence of indebtedness that has a remaining term to maturity of 365 days or less and a designated rating, (iv) a Floating Rate Evidence of Indebtedness if: (A) the Floating Rate Evidence of Indebtedness is reset no later than every 185 days, and (B) the principal amount of the indebtedness will continue to have a market value of approximately par at the time of each change in the rate to be paid to the holders of the evidence of indebtedness, or (v) securities issued by one or more qualifying money market funds.

Horizons DLR has a portfolio of assets, excluding qualifying money market funds, with a dollar-weighted average term to maturity not exceeding: (i) 180 days, and (ii) 90 days when calculated on the basis that the term of a floating rate obligation is the period remaining to the date of the next rate setting. The ETF will not use derivatives or sell securities short.

Overview of the Investment Strategy of Horizons HOG

To achieve Horizons HOG's investment objectives, Horizons HOG invests and holds the equity securities of the Constituent Issuers in substantially the same proportion as its Underlying Index.

Horizons HOG's Underlying Index is ordinarily rebalanced on a quarterly basis at the close of trading on each Rebalancing Date. The Constituent Issuers of this Underlying Index will be weighted equally on each Rebalancing Date.

Horizons HOG is fully invested in or exposed to its Underlying Index at all times.

Overview of the Investment Strategy of Horizons HII

To achieve Horizons HII's investment objectives, Horizons HII invests and holds the equity securities of the Constituent Issuers in substantially the same proportion as its Underlying Index.

Horizons HII's Underlying Index is ordinarily rebalanced on a semi-annual basis at the close of trading on each Rebalancing Date. The Constituent Issuers of its Underlying Index will be weighted equally on each Rebalancing Date.

Horizons HII will be fully invested in or exposed to its Underlying Index at all times.

Overview of the Investment Strategy of Horizons CAN

In order to achieve its investment objective, Horizons CAN will be invested in Canadian dollar denominated cash and will use derivative instruments such as short-term (less than three months) forward currency agreements and/or futures contracts to gain its long exposure to the Canadian dollar relative to the U.S. dollar.

When the Canadian dollar appreciates relative to the U.S. dollar, the value of Horizons CAN is expected to increase. When the Canadian dollar depreciates relative to the U.S. dollar, the value of Horizons CAN is expected to decrease.

Overview of the Investment Strategy of Horizons HMMJ

To achieve Horizons HMMJ's investment objectives, Horizons HMMJ invests and holds the equity securities of the Constituent Issuers in substantially the same proportion as its Underlying Index. These securities, which could include ADRs, will be listed on stock exchanges in North America, and will be equity securities of life sciences companies, and other companies, with significant business activities in the marijuana industry.

Horizons HMMJ's Underlying Index is ordinarily rebalanced on a quarterly basis at the close of trading on each Rebalancing Date. The Constituent Issuers of its Underlying Index will be market capitalization-weighted on each Rebalancing Date, subject to a cap for each Constituent Issuer of a maximum of 10% of the net asset value of Horizons HMMJ on each Rebalancing Date, with the remainder of the Constituent Issuers' weights to be increased proportionately.

Horizons HMMJ will be fully invested in or exposed to its Underlying Index at all times. Horizons HMMJ could have substantial exposure to US-listed securities, and Horizons HMMJ will not hedge any currency exposure from those securities. No currency hedging is used with respect to US\$ Units of Horizons HMMJ. As Horizons HMMJ is seeking to replicate the performance of its Underlying Index, the Manager does not invest the assets of 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 Horizons HMMJ's portfolio with the Underlying Index.

Horizons HMMJ does not track marijuana as a commodity, but instead invests in companies involved in the production or sale of marijuana based products.

Horizons HMMJ will not knowingly invest in any Constituent Issuers that have exposure to the medical or recreational marijuana market in the United States, or the recreational marijuana market in Canada, unless and until such time as it becomes legal. If a Constituent Issuer becomes delisted from the TSX or TSX Venture exchange due to non-compliance by that Constituent Issuer with the rules and policies of the exchange, including, without limitation, the requirement that issuers do not engage in ongoing business activities that violate U.S. Federal law regarding marijuana, or if the Manager determines that the activities of any Constituent Issuer are not in compliance with such rules and policies, the Manager will remove the securities of that Constituent Issuer from Horizons HMMJ's portfolio. However, certain Constituent Issuers of Horizons HMMJ may, without the knowledge of the Manager, the from time to time have a limited degree of exposure to the medical and/or recreational cannabis industry in certain U.S. states where cannabis use has been legalized by state law (e.g. Alaska, California, Colorado, Maine, Massachusetts, Nevada, Oregon and Washington), notwithstanding that the use, possession, sale, cultivation and transportation of cannabis remains illegal under U.S. Federal Law. Despite the permissive regulatory environment regarding cannabis in certain U.S. states, cannabis continues to be listed as a Schedule I substance under the U.S. Controlled Substances Act of 1970 (the "**US Controlled Substances Act**"). As a result of the conflicting laws between state legislatures and the federal government regarding cannabis, investments in U.S. cannabis businesses may be subject to inconsistent regulation and enforcement. Unless and until the U.S. Congress amends the US Controlled Substances Act with respect to cannabis, there is a risk that federal authorities may enforce current U.S. Federal Law against businesses operating in the U.S. cannabis industry, which may adversely affect the market price of any Constituent Issuers that have exposure to the U.S. cannabis industry, and therefore the market price of Horizons HMMJ. Accordingly, Horizons HMMJ and the Constituent Issuers in which it invests may be subject to a higher degree of regulatory oversight and regulatory action, which may include a restriction on the types of Constituent Issuers that Horizons HMMJ may invest at any time.

Overview of the Investment Strategy of Horizons INOC

To achieve Horizons INOC's investment objective, Horizons INOC invests and holds the equity securities of the Constituent Issuers in substantially the same proportion as its Underlying Index.

The Underlying Index is ordinarily rebalanced on a quarterly basis at the close of trading on each Rebalancing Date. The Constituent Issuers of its Underlying Index will be weighted equally on each Rebalancing Date.

Overview of the Investment Strategy of Horizons RBOT

To achieve the Horizons RBOT's investment objective, Horizons RBOT will be primarily invested in equity securities of the Constituent Issuers of the Underlying Index, or in ADRs or GDRs representing equity securities of Constituent Issuers of the Underlying Index.

The Underlying Index is weighted according to a modified capitalization weighting methodology and is reconstituted and rebalanced annually.

Investments in Underlying Funds

In accordance with applicable securities legislation, including NI 81-102, and as an alternative to or in conjunction with investing in securities of Constituent Issuers directly, Horizons RBOT 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 Horizons RBOT that, to a reasonable person, would duplicate a fee payable by the underlying fund for the same service. Horizons RBOT'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 Horizons RBOT's investment objectives and strategies.

Use of Derivatives

Horizons RBOT may use derivative instruments for currency hedging purposes or other purposes, including to generate additional income, reduce transaction costs and increase the liquidity and efficiency of trading.

Any use of derivative instruments, including futures contracts and forward contracts, will be consistent with the investment objective of Horizons RBOT, and will be in accordance with NI 81-102.

Overview of the Investment Strategy of Horizons BKCH

To achieve Horizons BKCH's investment objective, the Horizons BKCH invests and holds the equity securities of the Constituent Issuers in substantially the same proportion as its Underlying Index. Horizons BKCH may also, in certain circumstances, employ a "stratified sampling" strategy. Under this stratified sampling strategy, the ETF may not hold all of the Constituent Issuers of its Underlying Index, but instead will hold a portfolio of securities that closely matches the aggregate investment characteristics of the securities included in the Underlying Index.

Although Horizons BKCH may provide exposure to cryptocurrency miners, cryptocurrency exchanges and other companies which may themselves have exposure to cryptocurrency miners, cryptocurrency exchanges and/or cryptocurrency, Horizons BKCH will not have direct exposure to crypto-assets and/or cryptocurrencies such as bitcoin or initial coin offerings, and Horizons BKCH will not be directly involved in cryptocurrency mining.

It is intended that Horizons BKCH will be fully invested in or exposed to the Underlying Index at all times. The majority of the value of the Underlying Index (and the net asset value of Horizons BKCH) will be invested in companies primarily involved in blockchain innovation and development and/or companies providing hardware and hardware-related services used in blockchain applications. Horizons BKCH will have substantial exposure to US-listed securities as well as securities listed in other foreign countries. Generally, Horizons BKCH seeks to hedge the U.S. dollar value of its portfolio to the Canadian dollar at all times.

Horizons BKCH may use derivative instruments for currency hedging purposes or other purposes. Any use of derivative instruments, including futures contracts and forward contracts, will be consistent with the investment objective of Horizons BKCH, and will be in accordance with NI 81-102.

Investment in other Investment Funds

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

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

Overview of the Investment Strategy of Horizons ETHI

To achieve Horizons ETHI's investment objective, Horizons ETHI will be generally invested in equity securities of the Constituent Issuers of its Underlying Index, which may include ADRs or GDRs representing equity securities of Constituent Issuers of the Underlying Index.

The Underlying Index was designed as a passively managed portfolio of global stocks which takes account of key environmental, social and governance (ESG) concerns. The Underlying Index is structured to limit exposure to the fossil fuel industry and climate change risk, and to invest in companies considered to be "climate leaders".

The Underlying Index identifies climate leaders as companies that have a carbon impact which is substantially lower than the average carbon impact for a company's industry, or companies that are otherwise superior performers in relation to "Scope 4" carbon emissions, also known as "avoided emissions".

The Underlying Index is ordinarily rebalanced on an annual basis at the close of trading on each Rebalancing Date. See "Investment Objectives – The Underlying Indexes of the Index ETFs" for further details on the Underlying Index.

Investments in Underlying Funds

In accordance with applicable securities legislation, including NI 81-102, and as an alternative to or in conjunction with investing in securities of Constituent Issuers directly, Horizons ETHI 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 Horizons ETHI that, to a reasonable person, would duplicate a fee payable by the underlying fund for the same service. Horizons ETHI'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 Horizons ETHI's investment objectives and strategies.

Use of Derivatives

Horizons ETHI may use derivative instruments for currency hedging purposes or other purposes, including to generate additional income, reduce transaction costs and increase the liquidity and efficiency of trading. Horizons ETHI seeks to hedge the U.S. dollar value of its portfolio to the Canadian dollar at all times.

Any use of derivative instruments, including futures contracts and forward contracts, will be consistent with the investment objective of Horizons ETHI, and will be in accordance with NI 81-102.

Overview of the Investment Strategy of Horizons FOUR

To achieve Horizons FOUR's investment objective, Horizons FOUR will be primarily invested in equity securities of the Constituent Issuers of the Underlying Index, or in ADRs or GDRs representing equity securities of Constituent Issuers of the Underlying Index.

The Underlying Index tracks the performance of companies that are operating in any of the following segments: Advanced Robotics, Augmented Reality & 3D Printing, Cloud & Big Data, Cyber Security and "Internet of Things" (together, the "**Index Categories**").

Constituent Issuers must have a market capitalization of at least USD 200 million and an average daily value traded of at least USD 2 million over both the preceding 1-month and 6-months periods. Generally, other than for the Internet of Things Index Category, the top 10 companies in terms of market capitalization in each of the Index Categories are selected. In order to identify the most innovative companies in the Internet of Things Index Category, Constituent Issuers in the Internet of Things Index Category are selected based on their R&D to Sales Ratio, and only the top 10 companies by this measurement are eligible for inclusion.

Each of the five Index Categories, and the respective Constituent Issuers within an Index Category, are weighted equally.

The Underlying Index is ordinarily rebalanced on a quarterly basis at the close of trading on each Rebalancing Date. See "Investment Objectives – The Underlying Indexes of the Index ETFs" for further details on the Underlying Index.

Investments in Underlying Funds

In accordance with applicable securities legislation, including NI 81-102, and as an alternative to or in conjunction with investing in securities of Constituent Issuers directly, Horizons FOUR 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 Horizons FOUR that, to a reasonable person, would duplicate a fee payable by the underlying fund for the same service. Horizons FOUR'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 Horizons FOUR's investment objectives and strategies.

Use of Derivatives

Horizons FOUR may use derivative instruments for currency hedging purposes or other purposes, including to generate additional income, reduce transaction costs and increase the liquidity and efficiency of trading. Horizons FOUR seeks to hedge the U.S. dollar value of its portfolio to the Canadian dollar at all times.

Any use of derivative instruments, including futures contracts and forward contracts, will be consistent with the investment objective of Horizons FOUR, and will be in accordance with NI 81-102.

Additional Investment Strategies – All ETFs

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 and, in respect of a Currency ETF, may help to ensure that the investment results of a Currency ETF more closely correspond to the applicable investment objective. All additional income earned by an ETF through securities lending will accrue to the ETF. In carrying out securities lending, an ETF will engage a lending agent with experience and expertise in completing such transactions. Each ETF has received exemptive relief from the limitations in NI 81-102 so that an ETF may engage affiliates of the National Bank of Canada as a lending agent of the ETF.

Under applicable securities legislation, the collateral from securities lending is required to have an aggregate value of not less than 102% of the value of the loaned securities. Any cash collateral acquired by 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.

Additional Investment Strategies – Index ETFs

Stratified Sampling

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

stratified sampling include tax optimization strategies, inability to trade a Constituent Issuer due to a pending corporate action, or, in the case of Horizon HMMJ, the business activities of a Constituent Issuer. See “Overview of the Investment Strategy of Horizons HMMJ”.

OVERVIEW OF THE SECTORS THAT THE ETFS INVEST IN

Horizons DLR

Investment Rationale

As the value of the Units is tied to the value of a foreign currency, the U.S. Dollar, it is important in understanding the investment attributes of the Units to first understand the investment attributes of such foreign currency.

Reasons for Investing in U.S. Dollars

All forms of investment carry some degree of risk. Although an investment in the ETF has certain unique risks, as described in “Risk Factors”, generally these are the same risks as investing directly in U.S. dollars. Moreover, investment in the Units may help to balance a portfolio or protect against currency swings, thereby reducing overall risk.

Investors may wish to invest in U.S. dollars in order to take advantage of short-term tactical or long-term strategic opportunities. From a tactical perspective, an investor that believes that the Canadian dollar is weakening relative to the U.S. dollar may choose to buy Units in order to capitalize on the potential movement. An investor that believes that the U.S. dollar is overvalued relative to the Canadian dollar may choose to sell Units. Sales may also include short sales that are permitted under applicable securities legislation and exchange regulations.

From a strategic standpoint, since currency movements can affect returns on cross-border investments and businesses, both individual investors and businesses may choose to hedge their currency risk through the purchase or sale of a foreign currency. For example, in the case where a Canadian investor has a portfolio consisting of equity and fixed income securities of the United States, the investor may decide to hedge the currency exposure that exists within such U.S. portfolio by selling an appropriate amount of Units. Again, such sales may include short sales in accordance with applicable securities regulations. In doing this, the Canadian investor may be able to mitigate the impact that changes in exchange rates have on the returns associated with the U.S. equity and fixed income components of the portfolio.

Similarly, a business that has currency exposure because it manufactures or sells its products abroad is exposed to exchange rate risk. Buying or selling Units in appropriate amounts can reduce the business’s exchange rate risk.

More generally, investors that wish to diversify their investment portfolios with a wider range of non-correlative investments may desire to invest in foreign currencies. Non-correlative asset classes, such as foreign currencies, are often used to enhance investment portfolios by making them more consistent and less volatile. Less volatility means lower risk and closer proximity to an expected return.

Cost-Efficient Participation in the Market for U.S. Dollars

The Units are intended to offer investors a cost efficient opportunity to participate in the market for U.S. dollars through an investment in securities. Historically, the logistics and expense of investing in a foreign currency have been a barrier to entry for many investors. This offering is aimed at overcoming these barriers to entry. A prospective purchaser of Units should not encounter any tasks or costs beyond those associated with purchasing any other publicly-traded equity security. The Units are intended to provide institutional and retail investors with a simple, cost-effective means of gaining investment benefits similar to those of holding U.S. dollars. An investment in Units is an investment that is:

Easily Accessible. Investors are able to access the market for U.S. dollars through a traditional brokerage account. The Units are bought and sold on TSX like any other exchange-listed security.

Cost-Effective. Investors and businesses wishing to buy or sell currencies in modest size can pay as much as a 3% commission to implement their transactions. Because Units are traded as securities, transaction costs are substantially reduced.

Exchange-Traded. Because they are traded on TSX, the Units provide investors with an efficient means of implementing investment tactics and strategies that involve U.S. dollars. TSX-listed securities are eligible for margin accounts. Accordingly, investors are able to purchase and hold Units with borrowed money to the extent permitted by law.

Transparent. The Units are backed by the assets of the ETF. The value of the holdings of the ETF is reported on the ETF's website, www.HorizonsETFs.com, every Valuation Day.

The U.S. Dollar

The U.S. dollar is the national currency of the United States of America and the currency of the accounts of the U.S. Federal Reserve, the central bank of the United States of America. The official currency code for the U.S. dollar is "USD". In 1971, President Richard Nixon terminated the U.S. dollar's convertibility to gold and it became the U.S. Federal Reserve's responsibility to maintain the value of the U.S. dollar in a floating market. Today the value of the U.S. dollar is determined by international currency markets and influenced by the monetary policy of the U.S. Federal Reserve, the monetary policies of America's trading partners, and prevailing market conditions.

The U.S. dollar is used as the standard unit of currency in international gold and petroleum commodity markets and non-American businesses often market their products in U.S. dollars. The U.S. dollar is the currency most used in international transactions and globally, more central banks use the U.S. dollar as their reserve currency than any single other currency. Several countries, including Ecuador and the British Virgin Islands, use the U.S. dollar instead of their own currency and other countries' currencies (like Panama's balboa), are dollarized. U.S. dollarized currencies are officially traded or used at fixed parity to the U.S. dollar.

Index ETFs

See "Investment Objectives – The Underlying Indexes of the Index ETFs" and "Investment Strategies".

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. Horizons FOUR does not currently meet all of the requirements to qualify as a "mutual fund trust" for purposes of the Tax Act. The Manager intends to monitor the activities of Horizons FOUR (and any other ETF that is not a "mutual fund trust" for purposes of the Tax Act) so as to ensure that such ETF does not have any "designated income" for purposes of the Tax Act.

Horizons DLR is a money market fund and will not use derivatives or sell securities short. Not less than 95% of the cash, Cash Equivalents, debt, Floating Rate Evidence of Indebtedness, and money market funds held by Horizons DLR are denominated in a currency that the NAV of the mutual fund is calculated. Not less than 5% of Horizons DLR's assets are invested in cash or are readily convertible into cash within one day, and not less than 15% of Horizons DLR's assets are invested in cash or are readily convertible into cash within one week.

FEES AND EXPENSES

Management Fees

Horizons DLR pays an annual management fee to the Manager equal to 0.45% of the net asset value of Horizons DLR, plus applicable Sales Tax.

Horizons HOG pays an annual management fee to the Manager equal to 0.55% of the net asset value of Horizons HOG, plus applicable Sales Tax.

Horizons HII pays an annual management fee to the Manager equal to 0.65% of the net asset value of Horizons HII, plus applicable Sales Tax.

Horizons CAN pays an annual management fee to the Manager equal to 0.45% of the net asset value of Horizons CAN, plus applicable Sales Tax.

Horizons HMMJ pays an annual management fee to the Manager equal to 0.75% of the net asset value of Horizons HMMJ, plus applicable Sales Tax.

Horizons INOC pays an annual management fee to the Manager equal to 0.50% of the net asset value of Horizons INOC, plus applicable Sales Tax. The Sub-Advisor of Horizons INOC is paid a fee, as negotiated between the Manager and the Sub-Advisor, out of the Management Fee.

Horizons RBOT pays an annual management fee to the Manager equal to 0.68% of the net asset value of Horizons RBOT, plus applicable Sales Tax.

Horizons BKCH pays an annual management fee to the Manager equal to 0.65% of the net asset value of Horizons BKCH, plus applicable Sales Tax.

Horizons ETHI pays an annual management fee to the Manager equal to 0.65% of the net asset value of Horizons ETHI, plus applicable Sales Tax.

Horizons FOUR pays an annual management fee to the Manager equal to 0.65% of the net asset value of Horizons FOUR, plus applicable Sales Tax.

Each Management Fee is calculated and accrued daily and 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.

Operating Expenses

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

Expenses of the Issue

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

Creation Charge – Currency ETFs

In respect of each Currency ETF, cash subscriptions by Dealers or Designated Brokers made in Canadian Dollars, may, at the sole discretion of the Manager, be subject to a creation charge of up to 0.05% of the value of the cash subscription order, payable to the applicable Currency ETF. The Manager will publish the creation charges, if any, on its website, www.HorizonsETFs.com.

Redemption Charge

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

RISK FACTORS

Currency ETFs

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

Price Fluctuations of the U.S. Dollar

The Cdn\$ Units of Horizons DLR are designed to reflect the price in Canadian dollars of the U.S. dollar, plus accumulated interest, if any, less the expenses of Horizons DLR. Units of Horizons CAN are designed to reflect the performance of the Canadian dollar relative to the U.S. dollar, less the expenses of Horizons CAN. Several factors may affect the price of a foreign currency, including the debt level and trade deficit of a country; inflation and interest rates of Canada or the U.S., and investors' expectations concerning inflation and interest rates and global or regional political, economic or financial events and situations. In addition, the currency in U.S. may not maintain its long-term value in terms of purchasing power in the future. When the price of the U.S. dollar declines, the Manager expects the price of the Cdn\$ Units of Horizons DLR to decline as well. When the price of the U.S. dollar increases, the Manager expects the price of the Units of Horizons CAN to decline.

Foreign Exchange Rate Risk

Foreign exchange rates are influenced by the factors identified immediately above and may also be influenced by: changing supply and demand for a particular currency; monetary policies of governments (including exchange control programs, restrictions on local exchanges or markets and limitations on foreign investment in a country or on investment by residents of a country in other countries); changes in balances of payments and trade; trade restrictions; and currency devaluation and revaluations. Also, governments from time to time intervene in the currency markets, directly and by regulation, in order to influence prices directly. These events and actions are unpredictable and could materially and adversely affect the performance of the Units of a Currency ETF.

Concentration Risk

Horizons DLR's holdings will not be diversified and will be concentrated in cash and Cash Equivalents that are tied to the U.S. dollar. Horizons CAN's holdings will not be diversified and will be concentrated in forward currency agreements and futures contracts. The net asset value of each Currency ETF may be more volatile than the value of a more broadly diversified portfolio and may fluctuate on a regular basis.

Derivatives Risk – Horizons CAN

Horizons CAN will invest in derivatives as part of its investment strategy.

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

- in the case of over-the-counter options and forward contracts, there is no guarantee that a market will exist for these investments when the ETF wants to close out its position; in the case of exchange traded options and futures contracts, there may be a risk of a lack of liquidity when the ETF wants to close out its position;
- futures exchanges may impose daily trading limits on certain derivatives, which could prevent the ETF from closing out its position;
- if the other party to the derivative, in the case of over-the-counter transactions, is unable to fulfil its obligations, the ETF could experience a loss or fail to realize a gain; and

- if the ETF has an open position in an options, futures or forward contract with a dealer who goes bankrupt, the ETF could experience a loss and, for an open futures contract, a loss of margin deposits with that dealer.
- There is no assurance that Horizons CAN's use of derivatives will be effective. There may be an imperfect historical correlation between the behaviour of the derivative instrument and the underlying investment. Any historical correlation may not continue for the period during which the derivative instrument is used.

Substantial Sales or Purchases of U.S. Dollars

The official sector of the U.S. consists of a central bank, other governmental agencies and multi-lateral institutions that buy, sell and hold currency in the U.S., as part of its reserve assets. The official sector holds a significant amount of its country's currency that can be mobilized in the open market. In the event that future economic, political or social conditions or pressures require members of the official sector to sell the currency it holds simultaneously or in an uncoordinated manner, the demand for the country's currency might not be sufficient to accommodate the sudden increase in the supply of that country's currency to the market. Consequently, the price of the currency in the U.S. could decline, which would adversely affect an investment in Units of Horizons DLR. In the event that future economic, political or social conditions or pressures require members of the official sector to purchase a significant amount of its country's currency, the price of U.S. dollars could increase relative to the Canadian dollar, which would adversely affect an investment in Units of Horizons CAN.

Borrowing Risk

From time to time a Currency ETF may borrow cash as a temporary measure to fund the portion of any distributions payable to its Unitholders that represent amounts that have not yet been received by a Currency ETF. Each Currency ETF is limited to borrowing up to the amount of the unpaid distribution and, in any event, not more than five percent of its net assets. There is a risk that a Currency ETF would not be able to repay the borrowed amount because it is unable to collect the distribution from the applicable issuer. Under these circumstances, the applicable Currency ETF would be required to repay the borrowed amount by disposing of portfolio assets.

Index ETFs

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

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 Risk – Horizons HOG, Horizons HMMJ, Horizons RBOT, Horizons BKCH and Horizons FOUR

An Index ETF may, in following its investment objective of seeking to replicate the performance of its specified 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 Index ETF's investments are concentrated in a small number of issuers, the Index ETF may be susceptible to loss due to adverse occurrences affecting those issuers.

An Index ETF from time to time may also be concentrated to a significant degree in securities of issuers or underlying funds focused in a single industry or sector, such as Horizons HMMJ or Horizons HOG. 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.

The value of Units of Horizons HOG is expected to vary with changes in the price of oil and related commodities and/or changes in the prices of equity securities of companies in the oil and broader energy sector. Oil prices, energy prices and the prices of related commodities can change quickly. Because the energy industry is sensitive to changes in the global economy and because the economy is cyclical, the demand for energy industry products also moves in cycles which will affect the share price of issuers in this sector.

The value of Units of Horizons HMMJ is expected to vary as a result of many factors, including the cost of inputs and the legal and regulatory environments.

Marijuana Sector Risk – Horizons HMMJ

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

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

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

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

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

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

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

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

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

Regulation of Marijuana in Canada Risk

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

Risks of transacting on Smaller Exchanges – Horizons HMMJ

Certain ETFs may invest in securities of issuers listed on smaller or junior exchanges. Smaller exchanges may have different clearance and settlement procedures and may involve unique risks not typically associated with investing in securities of issuers listed on a major stock exchange. The securities of issuers listed on smaller exchanges may be more volatile or lack liquidity than the types of issuers typically listed on a major exchange, and some exchanges may have higher transaction costs or potential for delay in settlement procedures. Delays in settlement may increase risk to an ETF's portfolio, limit the ability of an ETF to reinvest the proceeds of a sale of securities, hinder the ability of an ETF to lend its portfolio securities, and potentially subject an ETF to penalties for its failure to deliver.

Currency Price Fluctuations – Horizons HMMJ, Horizons RBOT and Horizons BKCH

Several factors may affect the relative value between the U.S. dollar and Canadian dollar, including, but not limited to: debt level and trade deficit; inflation and interest rates; investors' expectations concerning inflation or interest rates; and global or regional political, economic or financial events and situations. In addition, the U.S. dollar may not maintain its long-term value in terms of purchasing power in the future.

The base currency of Horizons HMMJ, Horizons RBOT and Horizons BKCH is Canadian dollars. An investor buying US\$ Units of Horizons HMMJ, Horizons RBOT or Horizons BKCH 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 Horizons HMMJ, Horizons RBOT or Horizons BKCH on an exchange may also experience currency gains or losses due to differences in the exchange rates used in determining the net asset value of Horizons HMMJ, Horizons RBOT or Horizons BKCH in Canadian dollars.

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.

Japan Risk – Horizons RBOT

A significant portion of the Underlying Index of Horizons RBOT consists of securities of Japanese issuers. The growth of Japan's economy has historically lagged that of its Asian neighbors and other major developed economies. The Japanese economy is heavily dependent on international trade and has been adversely affected by trade tariffs, other protectionist measures, competition from emerging economies and the economic conditions of its trading partners. China has become an important trading partner with Japan, yet the countries' political relationship has become strained. Should political tension increase, it could adversely affect the economy, especially the export sector, and destabilize the region as a whole. Japan also remains heavily dependent on oil imports, and higher commodity prices could therefore have a negative impact on the economy.

Currency Risk – Horizons RBOT, Horizons BKCH, Horizons ETHI, Horizons FOUR

As a portion of the portfolio of these ETFs may be invested primarily in securities traded in foreign currencies, the net asset value, when measured in Canadian dollars, will, to the extent this has not been hedged against, be affected by changes in the value of the foreign currency relative to the Canadian dollar.

Each of these ETFs seek to hedge the U.S. dollar value of their respective portfolios to the Canadian dollar at all times.

Hedging Risk – Horizons RBOT, Horizons BKCH, Horizons ETHI, Horizons FOUR

Each of these ETFs seek to hedge the U.S. dollar value of their respective portfolios to the Canadian dollar at all times.

There can be no assurance that hedging transactions will be effective. The value of an investment in an ETF could be significantly and negatively impacted if foreign currencies represented in the portfolio securities appreciate at the same time that the value of the ETF's holdings fall. While this approach is designed to minimize the impact of currency fluctuations on fund returns, it does not necessarily eliminate exposure to all currency fluctuations. Changes in currency exchange rates may affect returns of an ETF's Units even when the hedge works as intended.

Robotics and Automation Companies Risk – Horizons RBOT

Horizons RBOT invests primarily in the equity securities of Robotics and Automation Companies and, as such, is 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 Robotics and Automation Companies, 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. Robotics and Automation 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.

Blockchain Sector Risk – Horizons BKCH

Blockchain technology is an entirely new and relatively untested technology which operates as a distributed ledger. The risks associated with blockchain technology may not emerge until the technology is widely used. Blockchain systems could be vulnerable to fraud, particularly if a significant minority of participants colluded to defraud the rest. Access to a given blockchain requires an individualized key, which, if compromised, could result in loss due to theft, destruction or inaccessibility. There is little regulation of blockchain technology other than the intrinsic public nature of the blockchain system. Any future regulatory developments could affect the viability and expansion of the use of blockchain technology. Because blockchain technology systems may operate across many national boundaries and regulatory jurisdictions, it is possible that blockchain technology may be subject to widespread and inconsistent regulation. Blockchain technology is not a product or service that provides identifiable revenue for companies that implement, or otherwise use it. Therefore, the values of the companies included in the Index may not be a reflection of their connection to blockchain technology, but may be based on other business operations. Currently, blockchain technology is primarily used for the recording of transactions in digital currency, which are extremely speculative, unregulated and volatile. Problems in digital currency markets could have a wider effect on companies associated with blockchain technology. Blockchain technology also may never be implemented to a scale that provides identifiable economic benefit to the companies included in the Index. There are currently a number of competing blockchain platforms with competing intellectual property claims. The uncertainty inherent in these competing technologies could cause companies to use alternatives to blockchain. Finally, because digital assets registered in a blockchain do not have a standardized exchange, like a stock market, there is less liquidity for such assets and greater possibility of fraud or manipulation.

Ethical Investment Risk (Horizons ETHI)

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

Technology Sector Risk (Horizons RBOT and Horizons FOUR)

Horizons RBOT and Horizons FOUR in the equity securities of technology companies and, as such, is 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.

Foreign Securities Risk

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

Small and Mid-Capitalization Risk

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

Foreign Stock Exchange Risk

Investments in foreign securities may involve risks not typically associated with investing in Canada. Foreign exchanges may be open on days when 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 the ETF and the spread or difference between the value of the securities in the ETF's portfolio and the market price of a Unit of the ETF on the TSX may increase. Also, in the event that the TSX is open on a day that a foreign exchange is closed, the spread or difference between the value of the securities in 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 (such as an Index ETF) 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 an Underlying Index, or an Underlying Index may cease to be calculated without regard to an Index ETF or its Unitholders. In the event an 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 applicable index 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.

Horizons HOG's and Horizons HMMJ's Underlying Indexes are maintained and calculated by Solactive. Horizons HII's Underlying Index is owned by INK, jointly maintained by INK and Solactive, and calculated by Solactive.

Trading in Units of an Index ETF may be suspended for a period of time if, for whatever reason, the calculation of its Underlying Index is delayed. In the event an Underlying Index ceases to be calculated or is discontinued, the Manager may choose to: (i) terminate the applicable Index ETF; (ii) change the applicable Index 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 applicable Index ETF in the circumstances.

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

Passive Index Risk

Investments in an Index 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 Index ETF is to replicate the performance of its Underlying Index, the Index ETFs are 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 an Index ETF unless the relevant securities of a Constituent Issuer are removed from the applicable Underlying Index.

Index Replication Risk

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

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

A deviation could also occur in the tracking of such Index 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 Index 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 Index ETF buys replacement Index Securities 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 such Index ETF and the performance of its Underlying Index.

All ETFs

There are certain risk factors that are common to an investment in each of the ETFs. These risks relate to the following factors:

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 Index ETF are cease-traded by order of the relevant securities regulatory authority or are halted from trading by the relevant stock exchange, the Index ETF may halt trading in its securities. Accordingly, Units of an Index 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.

Tax Related Risks

Each of the ETFs other than Horizons FOUR currently meets all the requirements to qualify as a “mutual fund trust” for the purposes of the Tax Act, and has elected or will elect to be deemed to be a “mutual fund trust” from inception. Horizons FOUR does not currently meet the requirements to qualify as a “mutual fund trust” for such purposes.

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.

Tax Amendments proposed in the 2019 Budget effective for taxation years beginning on or after March 19, 2019 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, the taxable component of distributions to non-redeeming Unitholders may increase. 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 or fund redemptions of Units, 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.

Horizons CAN takes the position that it does not use the derivative instruments held in its portfolio or any other property in the course of carrying on a business in Canada and will not be a “SIFT trust” (as defined for the purposes of the Tax Act). On that basis, it is anticipated that Horizons CAN will make sufficient distributions in each year of any income (including taxable capital gains) realized by Horizons CAN for Canadian tax purposes in the year so as to ensure that it will not be subject to non-refundable Canadian income tax on such income. However, if Horizons CAN constitutes a SIFT trust in a particular year, any “non-portfolio earnings” (as defined for the purposes of the Tax Act) will generally be subject to tax under Part I of the Tax Act at rates applicable to public corporations, even if distributed in full to Unitholders of Horizons CAN. No advance income tax ruling has been sought or obtained from the CRA in respect of the status of Horizons CAN and the CRA could seek to assess or re-assess Horizons CAN (and Unitholders of Horizons CAN) on the basis that it was a SIFT trust.

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.

The Tax Act provides for a special tax on the designated income of certain trusts (other than a trust that was throughout the year a mutual fund trust) that have designated beneficiaries. Based on the investment strategies of the ETFs described under “Investment Strategies”, the Manager does not expect any of the ETFs to earn any designated income for purposes of the Tax Act. On this basis, it is anticipated that the ETFs will not have any liability with respect to this special tax. However, if an ETF is considered to be carrying on business in respect of any of its investing activities, the income related hereto may be designated income and may be subject to the above-noted special tax.

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

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

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

As of the date hereof, Horizons FOUR is a financial institution for purposes of the Tax Act.

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.

Securities Lending, Repurchase and Reverse Repurchase Transaction Risk

The ETFs are 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.

The 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.

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. Unitholders of Horizons INOC will also be dependent on the abilities of the Sub-Advisor in respect of the foregoing.

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
Horizons DLR	U.S. Dollar in Canadian Dollar Terms
Horizons HOG	Solactive Canadian Midstream Oil & Gas Index
Horizons HII	Ink Canadian Insider Index
Horizons CAN	Canadian Dollar in U.S. Dollar Terms
Horizons HMMJ	North American Marijuana Index
Horizons INOC	NASDAQ Inoventor Canada Index
Horizons RBOT	Indxx Global Robotics & Artificial Intelligence Thematic Index
Horizons BKCH	MSCI World Small Cap Information Technology Index
Horizons ETHI	Nasdaq Future Global Sustainability Leaders Index
Horizons FOUR	Solactive Industry 4.0 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

Horizons DLR

Distributions, if any, to Unitholders of Horizons DLR of income earned on cash and Cash Equivalents, net of fees and expenses, will be made on a quarterly basis, at the discretion of the Manager. Such distributions, if any, to Unitholders of Horizons DLR will be paid in U.S. dollars, and will be paid in cash, unless a Unitholder is participating in the Reinvestment Plan.

Horizons CAN

Distributions, if any, to Unitholders of Horizons CAN of income earned on cash and Cash Equivalents or Horizons CAN's derivatives activity, net of fees and expenses, will be made on a quarterly basis, at the discretion of the Manager. Such distributions, if any, to Unitholders of Horizons CAN will be paid in Canadian dollars, and will be paid in cash, unless a Unitholder is participating in the Reinvestment Plan.

Horizons HOG and Horizons HII

It is anticipated that Horizons HOG and Horizons HII will make distributions to its respective Unitholders on a quarterly basis. Such distributions will be paid in cash, unless a Unitholder is participating in the Reinvestment Plan.

Horizons HMMJ

Distributions, if any, to Unitholders of Horizons HMMJ of income earned from securities lending activities and/or dividends, net of fees and expenses, will be made on a quarterly basis, at the discretion of the Manager. Such distributions, if any, to Unitholders of Horizons HMMJ will be paid in Canadian dollars, and will be paid in cash, unless a Unitholder is participating in the Reinvestment Plan.

Horizons INOC

It is anticipated that Horizons INOC will make distributions to Unitholders on a quarterly basis. Distributions are not fixed or guaranteed. Such distributions will be paid in cash, unless a Unitholder is participating in the Reinvestment Plan.

Horizons RBOT

Horizons RBOT is not expected to make regular cash distributions. Cash distributions, if any, to Unitholders of Horizons RBOT, net of fees and expenses, will be made at the discretion of the Manager. Such distributions, if any, to Unitholders of Horizons RBOT will be paid in Canadian dollars.

Horizons BKCH

Horizons BKCH is not expected to make regular cash distributions. Cash distributions, if any, to Unitholders of the ETF, net of fees and expenses, will be made at the discretion of the Manager. Such distributions, if any, to Unitholders of the ETF will be paid in Canadian dollars.

Horizons ETHI

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

Horizons FOUR

Horizons FOUR is not expected to make regular cash distributions. Cash distributions, if any, to Unitholders of Horizons FOUR, net of fees and expenses, will be made at the discretion of the Manager. Such distributions, if any, to Unitholders of Horizons FOUR will be paid in Canadian dollars.

All ETFs

To the extent required, each ETF will also make payable after December 15 but on or before December 31 of that calendar year (in the case of a taxation year that ends on December 15), or prior to the end of each taxation year (in any other case), sufficient net income (including net capital gains) that has not previously been paid or made payable so that each ETF will not be liable for non-refundable 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. In the case of a non-resident Unitholder, if tax has to be withheld in respect of a distribution, the Unitholder's dealer will invoice or debit the Unitholder's account directly.

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

Distribution Reinvestment Plan

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

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

Fractional Units

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

Amendments, Suspension or Termination of the Reinvestment Plan

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

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

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

Other Provisions

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

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

PURCHASES OF UNITS

Issuance of Units of the ETFs

To Designated Brokers and Dealers

All orders to purchase Units directly from an ETF must be placed by Designated Brokers and/or Dealers. Subscriptions for US\$ Units of Horizons DLR, Horizons HMMJ, Horizons RBOT and Horizons BKCH can be made in either U.S. or Canadian dollars. Subscriptions for Cdn\$ Units of an ETF can be made in Canadian dollars. However, if determined to be acceptable by the Manager, subscriptions for Cdn\$ Units of Horizons DLR may be made in U.S. dollars. Each ETF reserves the absolute right to reject any subscription order placed by a Designated Broker or Dealer. No fees will be payable by an ETF to a Designated Broker or Dealer in connection with the issuance of Units of the ETF.

On any Trading Day, a Designated Broker and/or Dealer may place a Cash Subscription order or Basket Subscription order for the PNU or multiple PNU of an ETF other than Horizons RBOT, Horizons BKCH, Horizons ETHI or Horizons FOUR, in: (a) Canadian dollars; (b) U.S. dollars in respect of US\$ Units of Horizons DLR; or (c) if determined to be acceptable by the Manager, U.S. dollars in respect of Cdn\$ Units of Horizons DLR. If a subscription order is received by an ETF by 12:00 p.m. (Toronto time) on a Trading Day, the ETF will issue to the Designated Broker or Dealer the number of Units of the ETF subscribed for generally on the first Trading Day after the date on which the subscription order is accepted, provided that payment for such Units has been received. The number of Units issued will be based on the net asset value per Unit of an ETF on the Trading Day on which the subscription is accepted by the Manager. Notwithstanding the foregoing, an ETF will issue to the Designated Broker or Dealer the number of Units of the ETF subscribed no later than the second Trading Day after the date on which the subscription order was accepted, provided that payment for such Units has been received.

For Horizons RBOT, Horizons BKCH, Horizons ETHI and Horizons FOUR, 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 Horizons RBOT. The purchase price for the Units to be issued is based on the closing net asset value per Unit of Horizons RBOT on the first Trading Day after T-1 on which the subscription is accepted by the Manager (the “**Trade Date**” or “**T**”). If a subscription order is received by the ETF by 12:00 p.m. (Toronto time) on T-1, Horizons RBOT will issue to the Designated Broker or Dealer the number of Units of the ETF subscribed for generally on the first Trading Day (“**T+1**”) after the Trade Date, and no later than the second Trading Day after the Trade Date, provided that payment for such Units has been received.

Creation Charge – Currency ETFs

In respect of each Currency ETF, cash subscriptions by Dealers or Designated Brokers made in Canadian Dollars, may, at the sole discretion of the Manager, be subject to a creation charge of up to 0.05% of the value of the cash subscription order, payable to the applicable Currency ETF. The Manager will publish the creation charges, if any, on its website, www.HorizonsETFs.com.

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

Non-Resident Unitholders

At no time may (i) non-residents of Canada, (ii) partnerships that are not Canadian partnerships or (iii) a combination of non-residents of Canada and such partnerships (all as defined in the Tax Act) be the beneficial owners of a majority of the Units of an ETF (on either a number of Units or fair market value basis) at any time during which more than 10% of the property of such ETF consists of property that would be “taxable Canadian property” if the definition of such term in the Tax Act were read without reference to paragraph (b) thereof. None of the 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

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 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 Foreign Currency

Unitholders of Horizons DLR may exchange the applicable PNU (or a whole number multiple thereof) of Horizons DLR on any Trading Day, at the sole discretion of the Manager, for U.S. dollars. To effect an exchange of Units of Horizons DLR, a Unitholder must submit an exchange request in the form prescribed by Horizons DLR from time to time to the Manager at its office by 9:30 a.m. on a Trading Day. The exchange price will be the net asset value of each PNU tendered for exchange on the effective day of the exchange request, payable by delivery of the equivalent amount in the U.S. dollars. The Units will be redeemed in the exchange. The Manager will also make available to Dealers and Designated Brokers the size of the applicable PNU of an ETF on each Trading Day.

If an exchange request is not received by 9:30 a.m. on a Trading Day, the exchange order will be effective only on the next Trading Day. Settlement of exchanges for foreign currency will generally be made on the first Trading Day after the effective day of the exchange request. Notwithstanding the foregoing, Horizons DLR will settle the exchange no later than the second Trading Day after the date on which the exchange request was accepted.

As described below under “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. The redemption rights described below must be exercised through the CDS Participant through which the owner holds Units of an ETF. Beneficial owners of Units of an ETF should ensure that they provide redemption instructions to the CDS Participant through which they hold such Units sufficiently in advance of the cut-off times described below to allow such CDS Participant to notify CDS and for CDS to notify the Manager prior to the relevant cut-off time.

ETFs Other Than Horizons RBOT, Horizons BKCH, Horizons ETHI and Horizons FOUR - Redemption of Units of an ETF for Cash

On any Trading Day, Unitholders may redeem: (i) Units for cash at a redemption price per Unit equal to 95% of the closing price for the applicable Units on the effective day of redemption, where the Units being redeemed are not equal to a PNU or a multiple PNU or (ii) less any applicable redemption charge determined by the Manager in its sole discretion from time to time, a PNU or a multiple PNU of an ETF for cash equal to the net asset value of that number of Units. A cash redemption request will be subject to a maximum redemption price payable to a Unitholder of the NAV per Unit of the applicable ETF. Holders of US\$ Units of Horizons DLR, Horizons HMMJ, Horizons RBOT or Horizons BKCH may request that their redemption proceeds be paid in U.S. or Canadian dollars. As Unitholders will generally be able to sell (rather than redeem) Units at the applicable full market price on the TSX through a registered broker or dealer subject only to customary brokerage commissions, unless they are redeeming a PNU, Unitholders are advised to consult their brokers, dealers or investment advisors before redeeming such Units for cash.

In order for a cash redemption to be effective on a Trading Day, a cash redemption request in the form prescribed by the Manager from time to time must be delivered to the Manager with respect to the applicable ETF at its head office by 12:00 p.m. (Toronto time) on that day. If a cash redemption request is not received by 12:00 p.m. (Toronto time) on a Trading Day, the cash redemption order will be effective only on the next Trading Day. Payment of the redemption price will generally be made on the first Trading Day after the effective day of the redemption. Notwithstanding the foregoing, the ETF will pay the redemption price no later than the second Trading Day after the date on which the cash redemption request was accepted, provided that the Units being redeemed have been tendered. The cash redemption request forms may be obtained from any registered broker or dealer.

Horizons RBOT, Horizons BKCH, Horizons ETHI and Horizons FOUR - Exchange of Units at Net Asset Value per Unit for Baskets of Securities and/or Cash

Unitholders of Horizons RBOT, Horizons BKCH, Horizons ETHI and Horizons FOUR 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 the 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 the 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 of the ETF are advised to consult their brokers, dealers or investment advisors before redeeming such Units for cash unless they are redeeming a PNU of the ETF.

An exchange request, in the form prescribed by the Manager from time to time, must be delivered to the Manager with respect to the ETF at its head office by 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 the 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.

All ETFs

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

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.

Tax Amendments proposed in the 2019 Budget 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.

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

Information regarding the trading price ranges and volume of Units of the ETFs for the 12 months preceding the date of this prospectus, as applicable, is set forth in the table that follows.

Horizons DLR

<u>Month</u>	<u>Unit Price Range (\$)</u>	<u>Volume of Units Traded</u>
April 2018	12.51 - 12.86	2,809,847
May 2018	12.73 - 12.99	3,508,574
June 2018	12.90 - 13.34	4,326,194
July 2018	13.00 - 13.25	3,786,942
August 2018	12.91 - 13.16	3,546,448
September 2018	12.92 - 13.19	3,209,529
October 2018	12.83 - 13.20	5,178,841
November 2018	13.12 - 13.36	2,821,925
December 2017	13.27 - 13.72	3,597,751
January 2019	13.22 - 13.66	4,082,500
February 2019	13.18 - 13.40	4,057,725
March 2019	13.39 - 13.57	4,168,236

Horizons HOG

<u>Month</u>	<u>Unit Price Range (\$)</u>	<u>Volume of Units Traded</u>
April 2018	8.39 - 8.83	44,155
May 2018	8.53 - 8.74	71,962
June 2018	8.57 - 8.79	42,053
July 2018	8.79 - 9.01	81,701
August 2018	9.02 - 9.39	46,636
September 2018	8.78 - 9.11	40,246
October 2018	8.28 - 9.01	33,440
November 2018	8.08 - 8.62	49,890
December 2017	7.34 - 8.18	85,006
January 2019	7.77 - 8.51	68,529
February 2019	8.49 - 9.05	52,041
March 2019	9.11 - 9.38	73,483

Horizons HII

<u>Month</u>	<u>Unit Price Range (\$)</u>	<u>Volume of Units Traded</u>
April 2018	12.42 - 12.77	15,265
May 2018	12.64 - 13.02	54,591
June 2018	12.79 - 13.05	37,759
July 2018	12.63 - 13.05	23,631
August 2018	12.39 - 12.76	7,526
September 2018	12.18 - 12.37	8,022
October 2018	10.97 - 12.40	17,499
November 2018	10.52 - 11.47	26,071
December 2017	9.89 - 10.77	17,363
January 2019	10.40 - 11.02	15,553
February 2019	10.99 - 11.45	5,014
March 2019	11.11 - 11.47	12,761

Horizons CAN

<u>Month</u>	<u>Unit Price Range (\$)</u>	<u>Volume of Units Traded</u>
April 2018	9.97 - 10.20	21,515
May 2018	9.83 - 10.01	116,834
June 2018	9.60 - 9.90	60,359
July 2018	9.64 - 9.82	48,215
August 2018	9.73 - 9.88	78,996
September 2018	9.68 - 9.90	20,853
October 2018	9.70 - 9.97	110,716

November 2018	9.60 - 9.76	6,296
December 2017	9.35 - 9.63	9,097
January 2019	9.40 - 9.64	30,424
February 2019	9.61 - 9.69	7,728
March 2019	9.48 - 9.59	107,676

Horizons HMMJ

<u>Month</u>	<u>Unit Price Range (\$)</u>	<u>Volume of Units Traded</u>
April 2018	14.65 - 17.02	9,245,868
May 2018	16.15 - 18.36	5,749,792
June 2018	17.70 - 20.30	9,666,807
July 2018	15.83 - 18.26	4,947,953
August 2018	14.59 - 21.68	14,483,889
September 2018	21.53 - 25.95	20,966,494
October 2018	17.07 - 26.05	21,769,278
November 2018	17.22 - 22.20	10,853,305
December 2017	14.04 - 17.07	12,931,697
January 2019	14.93 - 20.49	13,183,157
February 2019	19.75 - 22.13	14,480,672
March 2019	21.58 - 23.65	13,996,767

Horizons INOC

<u>Month</u>	<u>Unit Price Range (\$)</u>	<u>Volume of Units Traded</u>
April 2018	9.83 - 10.22	58,868
May 2018	10.01 - 10.27	72,972
June 2018	10.20 - 10.45	56,409
July 2018	10.16 - 10.50	29,082
August 2018	10.32 - 10.52	28,847
September 2018	10.20 - 10.44	18,737
October 2018	9.38 - 10.22	37,628
November 2018	9.47 - 9.76	18,845
December 2017	8.85 - 9.70	53,553
January 2019	9.25 - 9.73	35,104
February 2019	9.77 - 10.07	44,114
March 2019	9.91 - 10.14	31,159

Horizons RBOT

<u>Month</u>	<u>Unit Price Range (\$)</u>	<u>Volume of Units Traded</u>
April 2018	23.56 - 25.00	175,205
May 2018	23.17 - 24.68	217,512
June 2018	23.22 - 24.83	191,749
July 2018	22.78 - 23.90	114,001
August 2018	22.81 - 24.31	76,610
September 2018	23.09 - 24.22	234,250
October 2018	19.35 - 24.16	238,974
November 2018	19.54 - 21.56	326,812
December 2017	16.90 - 20.95	201,278
January 2019	17.47 - 19.43	74,063
February 2019	19.34 - 21.05	54,766
March 2019	19.78 - 21.00	59,921

Horizons BKCH

<u>Month</u>	<u>Unit Price Range (\$)</u>	<u>Volume of Units Traded</u>
June 2018	23.55 - 24.94	13,625
July 2018	23.70 - 24.52	9,758
August 2018	22.00 - 24.13	3,713
September 2018	22.23 - 23.27	5,149
October 2018	17.17 - 22.19	3,893
November 2018	18.35 - 18.72	2,493
December 2017	17.45 - 19.49	3,447
January 2019	17.21 - 18.20	2,014
February 2019	19.24 - 20.94	2,448
March 2019	19.91 - 21.65	4,271

Horizons ETHI

<u>Month</u>	<u>Unit Price Range (\$)</u>	<u>Volume of Units Traded</u>
October 2018	24.76 - 25.50	4,910
November 2018	N/A	67
December 2017	23.24 - 25.21	3,442
January 2019	25.59 - 26.61	27,145
February 2019	26.10 - 26.93	15,949
March 2019	24.76 - 25.50	4,910

Horizons FOUR

<u>Month</u>	<u>Unit Price Range (\$)</u>	<u>Volume of Units Traded</u>
October 2018	24.00 - 25.81	6,173
November 2018	24.08 - 24.95	2,440
December 2017	23.72 - 25.93	1,420
January 2019	26.43 - 27.94	3,655
February 2019	27.12 - 28.75	12,010
March 2019	24.00 - 25.81	6,173

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 (other than Horizons FOUR) 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 and assessing practices and policies of the CRA made publicly available prior to the date hereof. This summary takes into account the Tax Amendments. This description is not exhaustive of all Canadian federal income tax consequences and does not take into account or anticipate changes in the law whether by legislative, governmental or judicial action other than the Tax Amendments in their present form, nor does it take into account provincial, territorial or foreign tax considerations which may differ significantly from those discussed 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. 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, other than Horizons FOUR, qualifies at all times as a “mutual fund trust” for purposes of the Tax Act. Horizons FOUR does not currently qualify as a mutual fund trust for purposes of the Tax Act.

If an ETF does not qualify as a mutual fund trust under the Tax Act and more than 50% of the fair market value of all interests in the ETF are held by holders that are “financial institutions”, as such term is defined in subsection 142.2(1) of the Tax Act, the ETF will be a “financial institution” and, among other things, will be subject to the “mark-to-market” rules under the Tax Act.

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

Based on information provided by the Manager, as of the date hereof, Horizons FOUR is a financial institution for purposes of the Tax Act.

Provided the Units of an ETF are listed on a “designated stock exchange” (within the meaning of the Tax Act) or the ETF qualifies as a “mutual fund trust” within the meaning of the Tax Act, Units of such ETF 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 of the ETFs other than Horizons FOUR has elected or will elect to have a taxation year that ends on December 15 of each calendar year. An ETF that has not validly made (or, like Horizons FOUR, is not eligible to make) such election will have a taxation year that ends on December 31 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 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 the ETF is not a “financial institution”, as described above and there is sufficient linkage, subject to the DFA Rules discussed below, 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. Gains or losses in respect of currency hedges entered into in respect of amounts invested in the portfolio of an ETF will constitute capital gains and capital losses to the ETF if the securities in the ETF’s portfolio are capital property to the ETF, there is sufficient linkage and the ETF is not a financial institution.

The Tax Act contains rules (the “**DFA Rules**”) that target certain financial arrangements (referred to as “derivative forward agreements”) that seek to reduce tax by converting, through the use of derivative contracts, the return on an investment that would otherwise have the character of ordinary income to a capital gain. The DFA Rules are broadly drafted and could apply to other agreements or transactions. If the DFA Rules were to apply to derivatives used by 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. The DFA Rules generally should not apply to such foreign currency hedges.

Horizons CAN takes the position that gains and losses it realizes from derivative transactions will be on income account, and will be recognized for tax purposes at the time they are realized by Horizons CAN.

Horizons DLR only holds cash and Cash Equivalents denominated in foreign currencies and each Index ETF invests and holds equity securities of Constituent Issuers which are expected to be primarily denominated in Canadian dollars, or in the case of ETFs other than Horizons HII, Horizons HOG, Horizons CAN, in equity securities of Constituent Issuers that are denominated in Canadian dollars, U.S. dollars or other foreign currencies. 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.

At any time that an ETF is a financial institution for purposes of the “mark-to-market property” rules contained in the Tax Act, gains and losses on the disposition of “mark-to-market property” will be on income account and will be brought into, or deducted from, income for each taxation year on a mark-to-market basis. In respect of securities in the portfolio of an ETF that are not “mark-to-market properties”, or provided the ETF is not a financial institution, for these purposes, in general, an ETF (other than Horizons CAN) will realize a capital gain (or capital loss) upon a disposition of its property (including conversion of foreign currency to Canadian dollars) 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 (other than Horizons CAN) 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 (in the case of an Index ETF) to rebalance its portfolio to align it with the Underlying Index. In addition, each Index ETF that holds “Canadian securities” (as defined in the Tax Act) has made an election in accordance with subsection 39(4) of the Tax Act in its first taxation year to have each of its Canadian securities treated as capital property. Such election will affect a disposition of securities if, at the time of such disposition, the ETF is a mutual fund trust for purposes of the Tax Act or is not (i) a financial institution for purposes of the “mark-to-market property” rules in the Tax Act, or (ii) a trader or dealer in securities. On the foregoing bases, each ETF (other than Horizons CAN) takes the position that gains and losses realized on the disposition of its properties are

capital gains and capital losses, other than, where the ETF is a financial institution for purposes of the “mark-to-market property” rules, in respect of property that is “mark-to-market” property.

An ETF may be liable to pay foreign income or profits tax to foreign jurisdictions on its income earned from its investments (including Cash Equivalents). To the extent that any such foreign tax paid by the ETF exceeds 15% of the amount included in the ETF’s income from such investments, such excess may generally be deducted by the ETF in computing its net income for the purposes of the Tax Act. To the extent that any such foreign tax paid does not exceed 15% of the amount included in the ETF’s income from such investments and has not been deducted in computing the 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. Horizons FOUR is not currently a mutual fund trust and, as such, cannot make use of the capital gains refund mechanism.

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 rateably over a five-year period subject to reduction in any taxation year which is less than three hundred and sixty-five (365) days. In computing its income under the Tax Act, an ETF may deduct reasonable administrative and other expenses incurred to earn income from property or a business. An ETF may not deduct interest on borrowed funds that are used to fund redemptions of its Units. 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”. This may occur if the ETF disposes of and acquires the same property, or property identical to the property disposed of, during the period that begins 30 days before and ends 30 days after the disposition of property and holds it at the end of that period. 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.

The Tax Act provides for a special tax on the designated income of certain trusts (other than a trust that was throughout the taxation year a mutual fund trust) that have designated beneficiaries. Horizons FOUR is not currently a mutual fund trust for purposes of the Tax Act. Based on the investment strategies of the ETFs described under “Investment Strategies”, the Manager does not expect the ETFs to earn any designated income for purposes of the Tax Act. On this basis, it is anticipated that the ETFs will not have any liability with respect to this special tax. However, if an ETF is considered to be carrying on business in respect of any of its investing activities, the income related hereto may be designated income and may be subject to the above-noted special tax.

If an ETF does not qualify as a “mutual fund trust” under the Tax Act throughout a taxation year, among other things, (a) the ETF may be liable to pay an alternative minimum tax under the Tax Act, (b) it may be subject to the “mark-to-market” rules in the Tax Act if more than 50% of the fair market value of its units are held by “financial institutions”, and (c) it may be subject to the “anti-straddle” rules which would defer the ability to claim certain losses.

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 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.

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. Tax Amendments proposed in the 2019 Budget that are applicable to trusts that are "mutual fund trusts" for purposes of the Tax Act throughout the taxation year would, effective for taxation years beginning on or after March 19, 2019, prohibit an ETF from 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, the taxable component of distributions to non-redeeming Holders may increase.

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

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 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 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 Horizons RBOT 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 been realized, but have not been made payable at the time Units of the ETF were acquired. Accordingly, a Holder of an ETF 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. 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 Korea-based asset management entity of Mirae Asset Financial Group, one of the world's largest investment managers in emerging market equities. With over 12,700 employees, including more than 175 investment professionals (as of December 31, 2018), Mirae Asset Financial Group has a presence in Australia, Brazil, Canada, China, Colombia, Hong Kong, India, Korea, the United Kingdom, the United States, and Vietnam. Headquartered in Seoul, South Korea, Mirae Asset Financial Group manages approximately US\$377 billion in assets globally as of December 31, 2018.

Officers and Directors of the Manager

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

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

Name and Municipality of Residence	Date Individual became a Director	Position with Manager	Principal Occupation
Kevin S. Beatson, Oakville, Ontario	N/A	Chief Operating Officer and Chief Compliance Officer	Chief Operating Officer and Chief Compliance Officer, Horizons (since 2009).
Julie Stajan, Oakville, Ontario	N/A	Chief Financial Officer	Chief Financial Officer, Horizons (since 2015); Senior Vice President, Finance and Controller, Horizons (since 2012); Senior Vice President, Finance & Investment Funds, Horizons Investment Management Inc. (2011-2012).
Jaime P.D. Purvis, Toronto, Ontario	N/A	Executive Vice President	Executive Vice President, Horizons (since 2006).
Jeff Lucyk, Toronto, Ontario	N/A	Senior Vice President, Head of Retail Sales	Senior Vice President, Head of Retail Sales, Horizons (since 2016); Senior Vice President, Vice President, National Sales Manager, Norrep Capital Management Ltd. (2009-2016).
McGregor Sainsbury, Toronto, Ontario	N/A	General Counsel and Secretary	General Counsel and Secretary, Horizons (since 2011).

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 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.

The Sub-Advisor – Horizons INOC

IAM, a corporation existing under the laws of Canada, is the Sub-Advisor of Horizons INOC. The principal office of IAM is located in Montreal, Quebec. IAM operates as a portfolio manager under the *Securities Act* (Québec) and IAM is, or will be prior to the provision of services to Horizons INOC, registered as a portfolio manager under the *Securities Act* (Ontario). IAM will provide the Manager with advice and recommendations on the selection of securities to assist Horizons INOC in meeting its investment objective. The advice and recommendations of IAM are not subject to the oversight, approval or ratification of a committee.

Key Employees of IAM

Christian Godin is IAM's Senior Portfolio Manager. Before joining IAM, Christian was Head of Equity at Montrusco Bolton Investment were in started in 2001 as Senior Analyst. He also worked at Merrill Lynch Canada, Midland Walwyn Capital and CTI Capital. He currently sits on the boards of directors for private and public organisations. Christian holds a B.A.A. commerce from l'UQAM and a M.Sc. Finance from the HEC.

Details of the Sub-Advisory Agreement

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

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

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

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

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

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 or an affiliate thereof may also, from time to time, reimburse the Manager for certain expenses incurred by the Manager in connection with the securities lending activities of an ETF.

NBF and its affiliates may, at present or in the future, engage in business with an ETF, the issuers of securities making up the investment portfolio of an ETF, or with the Manager or any funds sponsored by the Manager or its

affiliates, including by making loans, entering into derivative transactions or providing advisory or agency services. In addition, the relationship between NBF and its affiliates, and the Manager and its affiliates may extend to other activities, such as being part of a distribution syndicate for other funds sponsored by the Manager or its affiliates.

Independent Review Committee

NI 81-107 requires that all publicly offered investment funds, such as the ETFs, establish an IRC 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

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

NBF is located in Toronto, Ontario. The NBF SLAA requires that the collateral delivered in connection with a securities loan have an aggregate value of not less than 102% of the value of the loaned securities (or, if higher, the

percentage of the aggregate market value of loaned securities in accordance with prevailing market practice). Subject to certain exceptions, the NBF SLAA requires NBF to indemnify each ETF against any loss suffered directly by an Index ETF as a result of a securities loan effected by NBF. A party to the NBF SLAA may terminate the NBF SLAA upon 5 business days' notice. NBF or an affiliate thereof may, from time to time, reimburse the Manager for certain expenses incurred by the Manager in connection with the securities lending activities of an ETF.

Canadian Imperial Bank of Commerce ("CIBC") may also act as a securities lending agent for the ETFs pursuant to a securities lending agreement (the "CIBC SLA").

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

Currency ETFs

The NAV per US\$ Unit of Horizons DLR will be computed in U.S. dollars by adding up the cash, securities and other assets of Horizons DLR, less the liabilities and dividing the value of the net assets of Horizons DLR 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 Horizons DLR is made. The NAV per Unit of Horizons DLR will be calculated on each Valuation Day.

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

The NAV per Unit of Horizons CAN will be computed in Canadian dollars by adding up the cash, securities and other assets of Horizons CAN, less the liabilities and dividing the value of the net assets of Horizons CAN 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 Horizons CAN is made. The NAV per Unit of Horizons CAN will be calculated on each Valuation Day.

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

Index ETFs

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

The NAV per Cdn\$ Unit of an Index ETF will be computed in Canadian dollars by adding up the cash, securities and other assets of the Index ETF, less the liabilities and dividing the value of the net assets of the Index 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 Index ETF is made. The NAV per Unit of each Index ETF will be calculated on each Valuation Day.

Typically, the NAV per Unit of an Index 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 Index 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 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 each ETF are currently listed and trading on the TSX.

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. 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. Holders of US\$ Units of Horizons DLR, Horizons HMMJ and Horizons RBOT may request that their redemption proceeds be paid in U.S. or Canadian dollars. 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 next determined following the receipt of a subscription order.

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

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). NBF or an affiliate thereof may, from time to time, reimburse the Manager for certain expenses incurred by the Manager in connection with the securities lending activities of an ETF. 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 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) **Sub-Advisory Agreement.** For additional disclosure related to the Sub-Advisory Agreement, including relevant termination provisions and other key terms of the agreement, see "Organization and Management Details of the ETF – Details of the Sub-Advisory Agreement"; and
- (ii) **Custodian Agreement.** For additional disclosure related to the Custodian Agreement, including relevant termination provisions and other key terms of the agreement, see "Organization and Management Details of the 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 reports dated March 13, 2019 to the Unitholders of the ETFs. KPMG LLP has confirmed that they are independent within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations.

EXEMPTIONS AND APPROVALS

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

- (a) permit a Unitholder to acquire more than 20% of the Units through purchases on the TSX without regard to the takeover bid requirements of applicable Canadian securities legislation. See “Purchases of Units – Buying and Selling Units of an ETF”;
- (b) permit the redemption of less than a PNU at a price equal to 95% of the closing price for such Units on the TSX on the effective date of redemption;
- (d) relieve the ETFs from the dealer registration requirement provided that the Manager complies with Part 15 of NI 81-102; and
- (e) engage an affiliate of National Bank of Canada, that is an investment dealer, as its securities lending agent.

OTHER MATERIAL FACTS

Horizons HOG, Horizons HMMJ, Horizons BKCH and Horizons FOUR

Horizons HOG, Horizons HMMJ, Horizons BKCH and Horizons FOUR (the “**Solactive Index 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 applicable Underlying Index 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 each Underlying Index is calculated correctly. Irrespective of its obligations towards the Solactive Index ETFs or the Manager, Solactive has no obligation to point out errors in these Underlying Indexes to third parties including but not limited to investors and/or financial intermediaries of the Solactive Index 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 Solactive Index ETFs constitutes a recommendation by Solactive to invest capital in the Solactive Index ETFs nor does it in any way represent an assurance or opinion of Solactive with regard to any investment in the Solactive Index ETFs.

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

**HORIZONS US DOLLAR CURRENCY ETF
HORIZONS CANADIAN MIDSTREAM OIL & GAS INDEX ETF
HORIZONS CDN INSIDER INDEX ETF
HORIZONS CANADIAN DOLLAR CURRENCY ETF
HORIZONS MARIJUANA LIFE SCIENCES INDEX ETF
HORIZONS INOVESTOR CANADIAN EQUITY INDEX ETF
HORIZONS ROBOTICS AND AUTOMATION INDEX ETF
HORIZONS BLOCKCHAIN TECHNOLOGY & HARDWARE INDEX ETF
HORIZONS GLOBAL SUSTAINABILITY LEADERS INDEX ETF
HORIZONS INDUSTRY 4.0 INDEX ETF**

(the “ETFs”)

CERTIFICATE OF THE ETFs, THE MANAGER AND PROMOTER

Dated: April 10, 2019

This amended and restated 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 amended and restated prospectus as required by the securities legislation of all of the provinces and territories of Canada.

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

(signed) “*Steven J. Hawkins*”

Steven J. Hawkins
Chief Executive Officer

(signed) “*Julie Stajan*”

Julie Stajan
Chief Financial Officer

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

(signed) “*Peter Lee*”

Peter Lee
Director

(signed) “*Thomas Park*”

Thomas Park
Director