

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



**AMENDMENT NO. 2 DATED JULY 4, 2018 TO THE PROSPECTUS DATED APRIL 3, 2018, AS
AMENDED BY AMENDMENT NO. 1 DATED MAY 1, 2018**

FOR

HORIZONS ROBOTICS AND AUTOMATION INDEX ETF

(the “ETF” or “Horizons RBOT”)

The prospectus of the ETF dated April 3, 2018, as amended by amendment no. 1 dated May 1, 2018, (the “**Prospectus**”) is hereby amended and is to be read subject to the additional information set forth below. Corresponding changes reflecting this amendment are hereby made to any applicable disclosure throughout the Prospectus. In all other respects, the disclosure in the Prospectus is not revised.

All capitalized terms not defined in this Amendment No. 2 have the respective meanings set out in the Prospectus.

Terms

References to “**Horizons ROBO**” are replaced with “**Horizons RBOT**”.

References to “**ROBO Global Robotics and Automation Index**” are replaced with “**Indxx Global Robotics & Artificial Intelligence Thematic Index**”.

The Index Provider of the ETF is changed from “**ROBO Global LLC**” to “**Indxx, LLC**”.

Investment Objectives

As approved by Unitholders on June 8, 2018, the investment objectives of the ETF on the cover page, and in the “Investment Objectives” section of the Prospectus Summary and Prospectus is replaced with the following:

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.

Investment Strategies

The investment strategies of the ETF in the “Investment Strategies” section of the Prospectus Summary and the first two paragraphs under the “Overview of the Investment Strategy of Horizons ROBO” section in the Prospectus is replaced with the following:

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.

Management Fee

The management fee of the ETF in the “Fees and Expenses” section of the Prospectus Summary and Prospectus is reduced from 0.75% to 0.68% of net asset value, plus applicable Sales Tax.

Ticker Symbol

The ticker symbols of the ETF in the “Overview of the Legal Structure of the ETFs” section of the Prospectus is amended (i) from “ROBO” to “RBOT” in respect of the Cdn Units, and (ii) from “ROBO.U” to “RBOT.U” in respect of the US\$ Units.

Underlying Index Description

The “Proposed Change to Underlying Index of Horizons ROBO” subsection is deleted in its entirety from the “Overview of the Legal Structure of the ETFs” section.

The description of the Underlying Index of the ETF in the “Investment Objectives – The Underlying Indexes of the Index ETFs” section, and the “Overview of the Sectors that the ETFs Invest In – Horizons ROBO” section of the Prospectus, is replaced with the following:

The Indxx Global Robotics & Artificial Intelligence Thematic Index, the Underlying Index of Horizons RBOT, is designed to provide exposure to exchange-listed companies that are involved in the development of robotics and/or artificial intelligence, including companies involved in developing industrial robots and production systems, automated inventory management, unmanned vehicles, voice/image/text recognition, and medical robots or robotic instruments (collectively, “**Robotics & Artificial Intelligence Companies**”), as defined by the Index Provider.

The eligible universe of the Underlying Index includes among the most liquid and investable companies in accordance with the standard market capitalization and liquidity criteria associated with developed markets, as defined by the Index Provider. As of January 31, 2018, 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. As of January 31, 2018, components from the following countries were eligible for inclusion in the Underlying Index: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, South Korea, Spain, Sweden, Switzerland, Taiwan, the United Kingdom, and the United States.

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. As of January 31, 2018, 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, 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/indices.php?id=240>.

Disclaimer

In the “Other Material Facts – Horizons ROBO - Disclaimer” section of the Prospectus, the disclaimer is replaced with the following:

Horizons RBOT – Disclaimer

Indxx is a service mark of Indxx, LLC (“**Indxx**”) and may be licensed for use for certain purposes by the Manager. Horizons RBOT is not sponsored, endorsed, sold or promoted by Indxx. Indxx makes no representation or warranty, express or implied, to the owners of Horizons RBOT or any member of the public regarding the advisability of investing in securities generally or in Horizons RBOT particularly. Indxx has no obligation to take the needs of the Manager or the Unitholders of Horizons RBOT into consideration in determining, composing or calculating the Indxx Global Robotics & Artificial Intelligence Thematic Index. Indxx is not responsible for and has not participated in the determination of the timing, amount or pricing of the Units to be issued or in the determination or calculation of the equation by which the Units are to be converted into cash. Indxx has no obligation or liability in connection with the administration, marketing or trading of Horizons RBOT.

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.

**HORIZONS ROBOTICS AND AUTOMATION INDEX ETF
(the “ETF”)**

CERTIFICATE OF THE ETFs, MANAGER AND PROMOTER

Dated: July 4, 2018

The prospectus dated April 3, 2018, as amended by amendment no. 1 dated May 1, 2018 and this amendment no. 2 dated July 4, 2018, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the prospectus dated April 3, 2018, as amended by amendment no. 1 dated May 1, 2018 and this amendment no. 2 dated July 4, 2018 as required by the securities legislation of all of the provinces and territories of Canada.

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

(signed) “*Taeyong Lee*”

Taeyong Lee
Executive Chairman and
Co-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) “*Steven J. Hawkins*”

Steven J. Hawkins
Director

(signed) “*Thomas Park*”

Thomas Park
Director

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



**AMENDMENT NO. 1 DATED MAY 1, 2018 TO THE PROSPECTUS DATED
APRIL 3, 2018**

FOR

HORIZONS ROBOTICS AND AUTOMATION INDEX ETF

(the “ETF”)

The prospectus of the ETF dated April 3, 2018 (the “**Prospectus**”) is hereby amended and is to be read subject to the additional information set forth below. Corresponding changes reflecting this amendment are hereby made to any applicable disclosure throughout the Prospectus. In all other respects, the disclosure in the Prospectus is not revised.

All capitalized terms not defined in this Amendment No. 1 have the respective meanings set out in the Prospectus.

Special Meeting of Unitholders to Consider Change in Investment Objectives

Further to the announcement by Horizons ETFs Management (Canada) Inc. (the “**Manager**”) on April 3, 2018, a special meeting of Unitholders of the ETF (the “**Meeting**”) will be held on June 8, 2018 to approve a change to the investment objective of the ETF. Subject to the approval of Unitholders at the Meeting, the ETF will amend its investment objective to be substantially as follows:

The ETF seeks to replicate, to the extent possible, the performance of the Indxx Global Robotics & Artificial Intelligence Thematic Index (the “**Proposed 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. The ETF seeks to hedge the U.S. dollar value of its portfolio to the Canadian dollar at all times.

The Proposed Index is designed to provide exposure to public companies that are involved in industrial robotics and automation, artificial intelligence, unmanned vehicles and drones, and non-industrial robotics.

If approved, in connection with this proposed change, the management fee of the ETF will be reduced from 0.75% of net asset value plus applicable Sales Tax to 0.68% of net asset value plus applicable Sales Tax, and the ticker symbol is expected to change from “ROBO” to “RBOT”. If the proposed changes are approved, the Manager currently anticipates that the ETF will amend the investment objectives on or about June 15, 2018, subject to receipt of necessary regulatory and third party approvals, if any.

The independent review committee (“**IRC**”) of the ETF has reviewed the potential conflict of interest matters related to the proposed investment objective change, and has advised the Manager that, after reasonable inquiry, in the IRC’s opinion, the proposed investment objective change achieves a fair and reasonable result for the ETF

Additional details of the proposed changes will be outlined in a management information circular that will be prepared and delivered on or about May 7, 2018 to Unitholders of record as of April 27, 2018 (as amended from the previously anticipated record date of April 18, 2018). The management information circular will be available on the manager’s website at http://www.HorizonsETFs.com/horizons/media/pdfs/misc/201806_SpecialMeeting.pdf and on the internet at www.sedar.com.

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.

**HORIZONS ROBOTICS AND AUTOMATION INDEX ETF
(the “ETF”)**

CERTIFICATE OF THE ETFs, MANAGER AND PROMOTER

Dated: May 1, 2018

The prospectus dated April 3, 2018, as amended by this amendment no. 1 dated May 1, 2018 together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the prospectus dated April 3, 2018, as amended by this amendment no. 1 dated May 1, 2018 as required by the securities legislation of all of the provinces and territories of Canada.

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

(signed) “*Taeyong Lee*”

Taeyong Lee
Executive Chairman and
Co-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) “*Steven J. Hawkins*”

Steven J. Hawkins
Director

(signed) “*Thomas Park*”

Thomas Park
Director

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PROSPECTUS

Initial Public Offering

November 7, 2017

Horizons Robotics and Automation Index ETF (“Horizons ROBO” or the “ETF”)

The Horizons ETFs are open-end mutual fund trusts established under the laws of Ontario, one of which is offered pursuant to this prospectus. Class A units (“**Units**”) of the ETF are offered for sale on a continuous basis by this prospectus and there is no minimum number of Units of the ETF that may be issued. The Units are offered for sale at a price equal to the net asset value of such Units next determined following the receipt of a subscription order.

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

Investment Objective

The ETF seeks to replicate, to the extent possible, the performance of the ROBO Global[®] Robotics and Automation Index (the “**Underlying Index**”), net of expenses. The Underlying Index is designed to provide exposure to the performance of equity securities of robotics-related and/or automation-related companies. Horizons ROBO seeks to hedge its U.S. currency exposure to the Canadian dollar at all times. See “Investment Objective”.

The Units have been conditionally approved for listing on the Toronto Stock Exchange (the “**TSX**”). Listing of the Units will be subject to the ETF fulfilling all of the listing requirements of the TSX on or before November 6, 2018. Investors will be able to buy or sell Units of the ETF on the TSX through registered brokers and dealers in the province or territory where the investor resides.

The Manager, on behalf of the ETF, has entered into and may enter into agreements with registered dealers (each a “**Designated Broker**” or “**Dealer**”) which, amongst other things, enable such Designated Brokers and Dealers to purchase and redeem Units directly from the ETF. No Designated Broker or Dealer has been involved in the preparation of this prospectus nor has any Designated Broker or Dealer performed any review of the contents of this prospectus. The securities regulatory authorities have provided the ETF with a decision exempting the ETF from the requirement to include a certificate of an underwriter in the prospectus. The Designated Broker and the Dealers of the ETF are not underwriters of the ETF in connection with the distribution by the ETF of their Units under this prospectus.

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

The ETF will comply with all requirements of National Instrument 81-102 *Investment Funds* (“**NI 81-102**”), or an exemption therefrom. Units of the ETF are, in the opinion of the Manager, index participation units within the meaning of NI 81-102. Accordingly, in the opinion of the Manager, mutual funds may purchase Units of the ETF

without regard to the control, concentration or “fund of funds” restrictions of NI 81-102. No purchase of Units of the ETF should be made solely in reliance on the above statements.

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

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

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

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

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

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

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PROSPECTUS SUMMARY

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

The ETF

The Horizons ETFs are open-end mutual fund trusts established under the laws of Ontario, one of which is offered pursuant to this prospectus. See “Overview of the Legal Structure of the ETF”.

Investment Objective

The ETF seeks to replicate, to the extent possible, the performance of the ROBO Global® Robotics and Automation Index (the “**Underlying Index**”), net of expenses. The Underlying Index is designed to provide exposure to the performance of equity securities of robotics-related and/or automation-related companies. Horizons ROBO seeks to hedge its U.S. currency exposure to the Canadian dollar at all times.

See “Investment Objective”.

Investment Strategies

To achieve the ETF’s investment objective, Horizons ROBO 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 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”.

Offering

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

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

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

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

Special Considerations for Purchasers

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

The ETF, as a mutual fund subject to NI 81-102, is exempt from the so-called “early warning” requirements set out in Canadian securities legislation in

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

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

Conflicts of Interest

The ETF is subject to certain conflicts of interest. See “Organization and Management Details of the ETF – Conflicts of Interest” and “Relationship between the ETF and Dealers”.

Distribution Policy

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

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

See “Distribution Policy”.

Purchase Options

All orders to purchase Units directly from the ETF must be placed by a Designated Broker or Dealer. The ETF reserves the absolute right to reject any subscription order placed by a Designated Broker or Dealer. No fees will be payable by the ETF to a Designated Broker or Dealer in connection with the issuance of Units.

On any Trading Day, a Designated Broker or Dealer may place a subscription order for the PNU or multiple PNU of the ETF.

See “Purchases of Units”.

Redemptions of Units

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

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

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

Income Tax Considerations

See “Redemption of Units”.

A Unitholder of the 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 the ETF in that year (including such income that is paid in Units or reinvested in additional Units of the ETF).

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

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

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

See “Income Tax Considerations”.

Eligibility for Investment

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

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

Documents Incorporated by Reference

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

Risk Factors

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

- General Risks of Investments
- General Risks of Investing in an Index Fund and Passive Investment Risk
- Geographic Risk
- Japan Risk
- Derivatives Risk and Counterparty Risk
- Risks Relating to Index Replication Strategies
- Calculation of Index Level and Termination of an Underlying Index
- The Underlying Index
- Licence to use the Underlying Index Risk
- Risk that Units Will Trade at Prices Other than Net Asset Value per Unit
- Issuer-Specific Risk
- Index Adjustments
- Liquidity Risk
- Borrowing Risk
- Currency Risk
- Hedging Risk
- Robotics and Automation Companies Risk
- Foreign Securities Risk
- Small and Mid-Capitalization Risk
- Risks Relating to Tax Changes
- Regulatory and Tax-Related Risks
- Foreign Stock Exchange Risk
- Cease Trading of Securities Risk
- General Risks of Equity Investments
- Voting of Index Securities Risk
- Exchange Risk
- Distributions Risk
- No Ownership Interest
- Market for Units
- Redemption Price
- Net Asset Value Fluctuation
- Liability of Unitholders
- No Operating History
- Restrictions on Certain Unitholders
- Reliance on Key Personnel
- Securities Lending

See “Risk Factors”.

Organization and Management of the ETF

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

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

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

Custodian

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

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

Valuation Agent

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

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

Auditors

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

Promoter

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

Registrar and Transfer Agent

AST Trust Company (Canada) is the registrar and transfer agent for the Units of the ETF pursuant to registrar and transfer agency agreements entered into by the ETF. AST Trust Company (Canada) is independent of the Manager. AST Trust Company (Canada) is located in Toronto, Ontario. See “Organization and Management Details of the ETF – Transfer Agent and Registrar”.

Securities Lending Agents

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

NBCN Inc. (“**NBCN**”) is also a securities lending agent for the ETF. NBCN is located in Toronto, Ontario.

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

Summary of Fees and Expenses

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

Fees and Expenses Payable by the ETF

Type of Charge	Description
Management Fee	<p>The ETF pays an annual Management Fee to the Manager equal to 0.75% of the net asset value of the ETF, together with applicable Sales Tax.</p> <p>The Management Fee is calculated and accrued daily and payable monthly in arrears in consideration for the services provided by the Manager to the ETF as set out under “Organization and Management Details of the ETF – Duties and Services to be Provided by the Manager”.</p> <p><i>Management Fee Distributions</i></p> <p>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 the ETF with respect to large investments in the ETF by Unitholders. Such a reduction will be dependent upon a number of factors, including the amount invested, the total assets of the ETF under administration and the expected amount of account activity. In such cases, an amount equal to the difference between the fee otherwise chargeable and the reduced fee will be distributed to the applicable Unitholders by the ETF as Management Fee Distributions.</p>
Underlying Fund Fees	<p>The ETF may, in accordance with applicable Canadian securities legislation, invest in exchange traded funds, mutual funds or other public investment funds which may be managed by the Manager, its affiliates or independent fund managers. There are fees and expenses payable by these underlying funds in addition to the fees and expenses payable by the ETF. With respect to such investments, no management fees or incentive fees are payable by the ETF that, to a reasonable person, would duplicate a fee payable by such underlying fund for the same service. Further, no sales fees or redemption fees are payable by the ETF in relation to purchases or redemptions of the securities of the underlying funds in which it invests if these funds are managed by the Manager or an affiliate or associate of the Manager.</p>
Operating Expenses	<p>Unless otherwise waived or reimbursed by the Manager, the ETF will pay all of its operating expenses, including but not limited to: Management Fees; audit fees; trustee and custodial expenses; valuation, accounting and record keeping costs; legal expenses; permitted prospectus preparation and filing expenses; 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.</p>
Expenses of the Issue	<p>All expenses related to the issuance of Units of the ETF shall be borne by the Manager.</p>

Fees and Expenses Payable Directly by Unitholders

Redemption Charge

The Manager may charge Unitholders of the 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”.

Annual Returns, Management Expense Ratios and Trading Expense Ratios

As the ETF is newly established, information relating to annual returns, management expense ratios and trading expense ratios for the ETF is not yet available.

GLOSSARY

The following terms have the following meaning:

“**ADR**” means an American Depositary Receipt;

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

“**Canadian securities legislation**” means the securities laws in force in each province and territory of Canada, all regulations, rules, orders and policies made thereunder and all multilateral and national instruments adopted by the Securities Regulatory Authorities in such jurisdictions;

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

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

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

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

“**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 the Underlying Index as selected by the Index Provider;

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

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

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

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

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

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

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

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

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

“**ETF**” or “**Horizons ROBO**” means Horizons Robotics and Automation Index ETF;

“**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 ETF;

“**Index Level**” means the level of the Underlying Index as calculated by an Index Provider from time to time;

“**Index Provider**” means ROBO Global LLC, with which, or with an affiliate of which, Horizons has entered into licensing arrangements to use such Underlying Index and certain trademarks in connection with the operation of the ETF;

“**Index Securities**” means, with respect to the ETF, the securities of the Constituent Issuers included in the Underlying Index;

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

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

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

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

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

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

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

“**NI 81-102**” means National Instrument 81-102 *Investment Funds*, as it may be amended from time to time;

“**NI 81-107**” means National Instrument 81-107 *Independent Review Committee for Investment Funds*, as it may be amended from time to time;

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

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

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

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

“**Registrar and Transfer Agent**” means AST Trust Company (Canada);

“**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;

“**Securities Subscription**” means a subscription order for Units of the ETF that is paid in full with a combination of securities and cash;

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

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

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

“**Trading Day**” means a day on which (i) a session of the TSX is held; and (ii) the Index Provider calculates and publishes data relating to the Underlying Index;

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

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

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

“**Underlying Index**” means the ROBO Global® Robotics and Automation Index;

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

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

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

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

“Valuation Time” means 4:00 p.m. (EST) on a Valuation Day.

OVERVIEW OF THE LEGAL STRUCTURE OF THE ETF

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

Horizons Robotics and Automation Index ETF is offered pursuant to this prospectus.

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

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

INVESTMENT OBJECTIVE

The fundamental investment objective of the ETF is to seek to replicate, to the extent possible, the performance of the ROBO Global® Robotics and Automation Index (the “**Underlying Index**”), net of expenses. The Underlying Index is designed to provide exposure to the performance of equity securities of robotics-related and/or automation-related companies. Horizons ROBO seeks to hedge its U.S. currency exposure to the Canadian dollar at all times.

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

See “Overview of the Sectors that the ETF Invests In”.

INVESTMENT STRATEGIES

To achieve the ETF’s investment objective, the ETF 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 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.

Stratified Sampling

The ETF may, in certain circumstances, employ a “stratified sampling” strategy. Under this stratified sampling strategy, the ETF may not hold all of the Constituent Issuers of 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. Examples of when the ETF may employ stratified sampling include tax optimization strategies or inability to trade a Constituent Issuer due to a pending corporate action.

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, the Horizons ROBO may also invest in one or more other investment funds, including other investment funds managed by the Manager, provided that no management fees or incentive fees are payable by the ETF that, to a reasonable person, would duplicate a fee payable by the underlying fund for the same service. The ETF’s allocation to investments in other investment funds, if any, will vary from time

to time depending on the relative size and liquidity of the investment fund, and the ability of the Manager to identify appropriate investment funds that are consistent with the ETF's investment objectives and strategies.

Use of Derivatives

Horizons ROBO 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 ROBO seeks to hedge its U.S. currency exposure to the Canadian dollar at all times. Exposure to foreign currencies other than the U.S. dollar will not be hedged back to the Canadian dollar. As of October 16, 2017, the currency exposure of the Underlying Index was approximately 49% U.S. dollar, 49% non-U.S./non-Canadian foreign currency, and 2% Canadian dollar.

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

Securities Lending

The ETF may lend securities to brokers, dealers and other financial institutions and other borrowers desiring to borrow securities provided that such securities lending qualifies as a "securities lending arrangement" for the purposes of the Tax Act. Securities lending may allow the ETF to earn additional income to offset its costs and help ensure the investment results of the ETF more closely correspond to its Underlying Index. All additional income earned by the ETF through securities lending will accrue to the ETF.

If the ETF carries out securities lending, the ETF will engage a lending agent with experience and expertise in completing such transactions. The ETF may engage affiliates of NBF as a lending agent of the ETF.

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

OVERVIEW OF THE SECTORS THAT THE ETF INVESTS IN

ROBO Global® Robotics and Automation Index

The Underlying Index is designed to measure the performance of robotics-related and/or automation-related companies. Companies eligible for inclusion in the Underlying Index will derive a portion of revenues and profits from robotics-related and/or automation-related products and/or services, as determined by the Index Provider ("Robotics and Automation Companies"). Such products and/or services include any technology, service or device that supports, aids or contributes, in any capacity, to any type of robot, robotic action and/or automation system process, software or management. Examples of such products and/or services include unmanned vehicles, software that enables virtualized product design and implementation, three-dimensional printers, navigation systems, and medical robots or robotic instruments.

Eligible Underlying Index components are equity securities of Robotics and Automation Companies that have a market capitalization exceeding \$200 million at the time of inclusion on the Underlying Index and a minimum trailing 3 month average daily volume of \$1,000,000. Underlying Index components are selected from a proprietary database of Robotics and Automation Companies that are organized into two general categories: technologies and applications. Robotics and Automation Companies are categorized as technologies if they manufacture or provide services related to any machinery, equipment, devices or sensors supporting a robot performing its task. Robotics and Automation Companies are also categorized as technologies if they provide key-enabling software and processing technologies used to advance the conversion to autonomous systems. Robotics and Automation Companies are categorized as applications if they incorporate multiple robotic and automation technologies into their product or manufacturing process to improve efficiency in traditional business lines as well as the development of entirely new business propositions. Each category's representation in the Underlying Index varies. The

Underlying Index consists of a mix of “bellwether” stocks, securities which the Index Provider believes are indicative of the performance of Robotics and Automation Companies as a whole, and “nonbellwether” stocks, securities of companies that have a distinct segment of their business involved in robotics-related and/or automation-related products and/or services, that the Index Provider believes will drive higher revenues as such products and/or services expand. Underlying Index components are generally weighted 40% bellwether stocks and 60% non-bellwether stocks at the time of the Underlying Index rebalance. The Underlying Index consists of securities of both U.S. and foreign issuers, including securities of issuers located in emerging market countries. The Index Provider expects, under normal circumstances, at least 40% of the Underlying Index components to represent securities of non-U.S. issuers. As of the date of this prospectus, a significant portion of the Underlying Index consists of securities of Japanese issuers. The Underlying Index is rebalanced and additions are made quarterly. Deletions from the Underlying Index may be made at any time due to changes in business, mergers, acquisitions, bankruptcies, suspensions, de-listings and spin-offs, or for other reasons as determined at the sole discretion of the Index Provider. The Underlying Index is unmanaged and cannot be invested in directly.

The Index Provider is not affiliated with Horizons ROBO or the Manager. The Index Provider developed the methodology for determining the securities to be included in the Index and for the ongoing maintenance of the Index. The methodology for the Underlying Index is available on the Index Provider’s website at <http://www.roboglobal.com/us-index>.

The Index is calculated by Solactive A.G., which is not affiliated with the ETF or the Manager.

Change of Underlying Index

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

Termination of the Underlying Index

The Index Provider calculates, determines and maintains the Underlying Index. If the Index Provider ceases to calculate the Index, or the applicable license agreement is terminated, the Manager may choose to: terminate the ETF; change the ETF’s investment objective or to seek to replicate an alternative index (subject to any Unitholder approval required by the Trust Declaration or required by applicable law); or make such other arrangements as the Manager considers appropriate and in the best interests of Unitholders in the circumstances.

Use of the Underlying Index

The ETF is permitted by the Index Provider to use the Underlying Index and to use certain trademarks in connection with their operation. The ETF does not accept responsibility for or guarantee the accuracy or completeness of the Underlying Index or any data included in the Underlying Index.

INVESTMENT RESTRICTIONS

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

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

FEES AND EXPENSES

Fees and Expenses Payable by the ETF

Management Fee

The ETF pays an annual Management Fee to the Manager equal to 0.75% of the net asset value of the ETF, together with applicable Sales Tax.

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

Management Fee Distributions

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

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

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

Underlying Fund Fees

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

Operating Expenses

Unless otherwise waived or reimbursed by the Manager, the ETF will pay all of its operating expenses, including but not limited to: Management Fees; audit fees; trustee and custodial expenses; valuation, accounting and record keeping costs; legal expenses; permitted prospectus preparation and filing expenses; costs associated with delivering documents to Unitholders; listing and annual stock exchange fees; index licensing fees, if applicable; CDS fees;

bank related fees and interest charges; extraordinary expenses; Unitholder reports and servicing costs; Registrar and Transfer Agent fees; costs associated with the IRC; income taxes; Sales Tax; brokerage expenses and commissions; and withholding taxes.

Expenses of the Issue

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

Fees and Expenses Payable Directly by the Unitholders

Redemption Charge

The Manager may charge Unitholders of the 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 on its website, www.HorizonsETFs.com.

ANNUAL RETURNS, MANAGEMENT EXPENSE RATIO AND TRADING EXPENSE RATIO

As the ETF is newly established, information relating to annual returns, management expense ratios and trading expense ratios for the ETF is not yet available.

RISK FACTORS

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

General Risks of Investments

An investment in the ETF should be made with an understanding that the value of the Index Securities for the ETF may fluctuate in accordance with changes in the financial condition of the Constituent Issuers of the Underlying Index (particularly those that are more heavily weighted in the Underlying Index). The value may also fluctuate in accordance with the condition of equity, bond and currency markets generally and other factors. The identity and weighting of the applicable Constituent Issuers and Index Securities may also change from time to time.

General Risks of Investing in an Index Fund and Passive Investment Risk

Investments in the ETF should be made with an understanding that the Index Level of the Underlying Index may fluctuate in accordance with the financial condition of the its Constituent Issuers (particularly those that are more heavily weighted), the value of the securities generally and other factors.

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

Geographic Risk

Investment funds, such as the ETF, 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

A significant portion of the Underlying Index 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.

Derivatives Risk and Counterparty Risk

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

- in the case of over-the-counter options and forward contracts, there is no guarantee that a market will exist for these investments when the ETF wants to close out its position; in the case of exchange traded options and futures contracts, there may be a risk of a lack of liquidity when the ETF wants to close out its position;
- futures exchanges may impose daily trading limits on certain derivatives, which could prevent the ETF from closing out its position;
- if the other party to the derivative, in the case of over-the-counter transactions, is unable to fulfil its obligations, the ETF could experience a loss or fail to realize a gain;
- if a derivative is based on a market index and trading is halted on a substantial number of securities in the index, or if there is a change in the composition of the index, it could have an adverse effect on the derivative; and
- the ETF is subject to credit risk with respect to the amount the ETF expects to receive from counterparties to financial instruments entered into by the ETF or held by special purpose or structured vehicles. Additionally, the ETF could experience a loss of margin deposits with a counterparty who goes bankrupt. If a counterparty becomes bankrupt or otherwise fails to perform its obligations due to financial difficulties, the value of an investor's investment in Units of the ETF may decline. The ETF may experience significant delays in obtaining any recovery in a bankruptcy or other reorganization proceeding. The ETF may obtain only limited recovery or may obtain no recovery in such circumstances.

Risks Relating to Index Replication Strategies

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

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

As the ETF makes direct investments in Index Securities, a deviation could also occur in the tracking of the Underlying Index due to timing differences with respect to corporate actions (such as mergers and spin-offs), index adjustments, and other timing variances.

Calculation of Index Level and Termination of an Underlying Index

The Underlying Index is maintained and calculated by the Index Provider. Trading in Units of the ETF may be suspended for a period of time if, for whatever reason, the calculation of the Index Level is delayed. In the event the Index Level ceases to be calculated or is discontinued, the Manager may choose to: terminate the ETF; change the ETF's investment objective or to seek to replicate an alternative index (subject to any Unitholder approval required by the Trust Declaration or required by applicable law); or make such other arrangements as the Manager considers appropriate and in the best interests of Unitholders in the circumstances.

The Underlying Index

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

Licence to use the Underlying Index Risk

The ETF may not be able to fulfil its objective and may be terminated if the agreement between the Manager and the Index Provider is terminated. The ETF may also be terminated if the Underlying Index ceases to be compiled or published and there is no replacement Underlying Index using the same or substantially similar formula for the method of calculation as used in calculating the Underlying Index.

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

The Units may trade below, at, or above their net asset value. The net asset value per Unit will fluctuate with changes in the market value of the ETF's holdings. The trading prices of the Units 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 the Designated Broker or the Dealers may subscribe for a PNU at the net asset value per Unit, the Manager believes that large discounts or premiums to the net asset value per Unit of the ETF should not be sustained.

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

Issuer-Specific Risk

The value of an individual security or particular type of security may be more volatile than the market as a whole and may perform differently from the value of the market as a whole. Changes in the financial condition or credit rating of an issuer of a security may cause the value of the security to decline. Shares will change in value, and you could lose money by investing in the ETF. The ETF may not achieve its investment objective.

Index Adjustments

Adjustments to the Underlying Index will require corresponding adjustments to the portfolio assets to which the ETF is exposed. Such adjustments could cause a minor deviation in the tracking of the Index Level by the ETF.

Adjustments to the portfolio to which the ETF is exposed necessitated by adjustments to the Underlying Index will depend on the ability of the Manager to match these adjustments. To achieve this, the ETF may be required to sell or purchase, as the case may be, applicable Index Securities in the market.

Liquidity Risk

Under certain circumstances, such as a market disruption, the ETF may not be able to dispose of its investments quickly or at prices that represent the fair market value of such investments. Securities held by the ETF or securities

to which the ETF is exposed may be illiquid, which may prevent the ETF from being able to limit its losses or realize gains.

Borrowing Risk

From time to time, the 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 the ETF. The ETF is limited to borrowing up to the amount of the unpaid distribution and, in any event, not more than five percent of the net assets of the ETF. There is a risk that the ETF will not be able to repay the borrowed amount because it is unable to collect the distribution from the applicable issuer. Under these circumstances, the ETF would be required to repay the borrowed amount by disposing of portfolio assets.

Currency Risk

As a portion of the portfolio of the ETF 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.

Horizons ROBO seeks to hedge its U.S. currency exposure to the Canadian dollar at all times. Exposure to foreign currencies other than the U.S. dollar will not be hedged back to the Canadian dollar.

Hedging Risk

Horizons ROBO seeks to hedge its U.S. currency exposure to the Canadian dollar at all times. Exposure to foreign currencies other than the U.S. dollar will not be hedged back to the Canadian dollar.

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

Robotics and Automation Companies Risk

The ETF 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.

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 the ETF 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.

Risks Relating to Tax Changes

There can be no assurance that changes will not be made to the tax rules affecting the taxation of the ETF, the ETF's investments or the Unitholders, or in the administration of such tax rules.

Regulatory and Tax-Related Risks

If the ETF fails to or ceases to qualify as a mutual fund trust under the Tax Act, the income tax considerations described under the heading "Income Tax Considerations" would be materially and adversely different in certain respects. For the ETF to qualify as a "mutual fund trust," it must comply on a continuous basis with certain requirements relating to the qualification of its Units for distribution to the public, the number of Unitholders of the ETF and the dispersal of ownership of its Units. A trust will be deemed not to be a mutual fund trust if it is established or maintained primarily for the benefit of non-residents of Canada unless, at that time, all or substantially all of its property is property other than property that would be "taxable Canadian property" (if the definition of such term in the Tax Act were read without reference to paragraph (b) thereof). The current law does not provide any means of rectifying a loss of mutual fund trust status if this requirement is not met.

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

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

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

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

Pursuant to rules in the Tax Act, if the ETF experiences a "loss restriction event" ("LRE"), it (i) will be deemed to have a year-end for tax purposes (which would result in an unscheduled distribution of the ETF's net income and net realized capital gains, if any, at such time to Unitholders so that the ETF is not liable for income tax on such

amounts under Part I of the Tax Act), and (ii) will become subject to the LRE rules generally applicable to a corporation that experiences an acquisition of control, including a deemed realization of any unrealized capital losses and restrictions on its ability to carry forward losses. Generally, the ETF will be subject to an LRE if a Unitholder of the ETF alone or together with affiliated persons or partnerships (or group of persons) acquires (or becomes a holder of) more than 50% of the fair market value of all the interests in the income or capital, as the case may be, of the ETF. Please see “Income Tax Considerations – Taxation of Holders” for the tax consequences of an unscheduled or other distribution to Unitholders. Trusts that qualify as “investment funds” as defined in the rules in the Tax Act relating to LREs are generally excepted from the application of such rules. An “investment fund” for this purpose includes a trust that meets certain conditions, including satisfying certain of the conditions necessary to qualify as a “mutual fund trust” for purposes of the Tax Act, not holding any property that it uses in the course of carrying on a business and complying with certain asset diversification requirements. If the ETF were not to qualify as an “investment fund”, it could potentially have an LRE and thereby become subject to the related tax consequences described above.

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

Foreign Stock Exchange Risk

Investments in foreign securities may involve risks not typically associated with investing in Canada. Foreign exchanges may be open on days when the ETF does not price the Units and, therefore, the value of the securities 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 the ETF may be traded on days when the foreign exchange is open and the TSX is not. In those circumstances, changes in the value of the securities making up the ETF’s portfolio will not be reflected in the value of the ETF and the spread or difference between the value of the securities in the ETF’s portfolio and the market price of a Unit of the ETF on the TSX may increase. Also, in the event that the TSX is open on a day that a foreign exchange is closed, the spread or difference between the value of the securities in the ETF’s portfolio and the market price of a Unit of that ETF on the TSX may increase. Under certain circumstances, the Manager may need to “fair value” foreign securities that the ETF holds at other than their official closing prices. While the Manager will, in such circumstances, use all the reasonably available resources to determine the fair value of the foreign securities, the ETF’s fair valuation of those securities may be incorrect.

Cease Trading of Securities Risk

Whenever the ETF makes direct investments in Index Securities, if the Index Securities are cease-traded by order of a securities regulatory authority or are halted from trading by the relevant exchanges, the ETF may halt trading in its units. Thus, Units of the ETF bear the risk of cease trading orders against all Constituent Issuers of its Underlying Index.

If Units of the ETF are cease-traded by order of a securities regulatory authority, if normal trading is suspended on the relevant exchange, or if for any reason it is likely there will be no closing bid price for Units of the ETF, the ETF may suspend the right to redeem Units of the ETF for cash, subject to prior regulatory approval. If the right to redeem Units for cash is suspended, the ETF will return redemption requests to its Unitholders who have submitted them.

General Risks of Equity Investments

The ETF is exposed to equity securities. Holders of equity securities of any given issuer incur more risk than holders of debt obligations of such issuer because shareholders, as owners of such issuer, have generally inferior rights to receive payments from such issuer in comparison with the rights of creditors of, or holders of debt obligations issued

by, such issuer. Further, unlike debt securities, which typically have a stated principal amount payable at maturity (whose value, however, will be subject to market fluctuations prior thereto), equity securities have neither a fixed principal amount nor a maturity.

In the case of the ETF, distributions on the Units of the ETF will generally depend upon the declaration of dividends or distributions on the applicable Index Securities. The declaration of such dividends or distributions generally depends upon various factors, including the financial condition of the applicable Constituent Issuers and general economic conditions. Therefore, there can be no assurance that the Constituent Issuers will pay dividends or distributions on Index Securities.

The risks inherent in investments in equity securities (whether held directly or indirectly) include the risk that the financial condition of Constituent Issuers may become impaired or that the general condition of the stock market may deteriorate (either of which may cause a decrease in the value of the Underlying Index and thus in the value of Units of the ETF). Equity securities are susceptible to general stock market fluctuations and the financial condition of the issuer. These investor perceptions are based on various and unpredictable factors, including expectations regarding government, economic, monetary and fiscal policies; inflation and interest rates; economic expansion or contraction; and global or regional political, economic and banking crises.

Voting of Index Securities Risk

Unitholders will not have any right to vote Index Securities to which the ETF is exposed, while they would have the right to vote if they owned the Index Securities directly.

Exchange Risk

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

Distributions Risk

Distributions of income and gains by the ETF may be distributed in Units or reinvested in Units of the ETF, and following such distributions, the Units of the ETF may be automatically consolidated. Income or taxable capital gains distributed to a Unitholder in Units or reinvested in Units of the ETF are nevertheless required to be included in the Unitholder's income even though no cash will be distributed to fund any resulting tax payment.

No Ownership Interest

An investment in Units of the ETF does not constitute an investment by Unitholders in the securities held by the ETF. Unitholders will not own the securities held by the ETF.

Market for Units

There can be no assurance that an active public market for Units of the ETF will be sustained.

Redemption Price

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

Net Asset Value Fluctuation

The value of the investments of the ETF will change from day-to-day, reflecting changes of various factors including but not limited to general economic conditions, fluctuations in the securities markets, international developments and company news. The net asset value of the Units will fluctuate with changes in the market value of the ETF's investments. As a result, the value of an investment in the ETF may be more or less at the time of redemption than at the time of purchase.

Liability of Unitholders

The Trust Declaration provides that no Unitholder of the 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 the 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 the ETF for liabilities which cannot be satisfied out of the assets of the ETF.

No Operating History

Although all the persons involved in the management and administration of the ETF, including the service providers to the ETF, have significant experience in their respective fields of specialization, the ETF has no operating or performance history upon which prospective investors can evaluate the ETF's performance.

Restrictions on Certain Unitholders

At no time may non-residents of Canada be the beneficial owner of a majority of Units of the ETF. This restriction may limit the rights of certain unitholders of the ETF, including non-residents of Canada. This restriction may also limit the demand for Units of the ETF by certain investors and thereby adversely affect the liquidity and market value of the Units of the ETF that are held by other investors.

Reliance on Key Personnel

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

Securities Lending

The ETF may engage in securities lending. Although the ETF will receive collateral in excess of the value of the securities on loan in connection with all loans of securities, and such collateral is marked to market, the ETF would be exposed to the risk of loss should a borrower default on its obligation to return the borrowed securities and the collateral is insufficient to reconstitute the portfolio of loaned securities. In addition, the ETF will bear the risk of loss of any investment of cash collateral.

Risk Ratings of the ETF

The investment risk level of the ETF is required to be determined in accordance with a standardized risk classification methodology that is based on the historical volatility of the ETF, as measured by the 10-year standard deviation of the returns of the ETF. As the ETF is new, the Manager calculates the investment risk level of the ETF using a reference index that is expected to reasonably approximate the standard deviation of the ETF. Once the ETF has 10 years of performance history, the methodology will calculate the standard deviation of the ETF using the

return history of the ETF rather than that of the reference index. The ETF is assigned an investment risk rating in one of the following categories: low, low to medium, medium, medium to high or high risk.

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

Horizons ETF	Reference Index
Horizons Robotics and Automation Index ETF	ROBO Global® Robotics and Automation Index – the index is comprised of companies that derive a portion of revenues and profits from robotics-related and/or automation-related products and/or services. See “Overview of the Sectors that the ETF Invests In – ROBO Global® Robotics and Automation 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 rating of the ETF set out below is reviewed annually and anytime it is no longer reasonable in the circumstances. A more detailed explanation of the risk classification methodology used to identify the risk rating of the ETF is available on request, at no cost, by calling toll-free 1-866-641-5739 or by writing to the ETF at 55 University Avenue, Suite 800, Toronto, Ontario, M5J 2H7.

Horizons ETF	Risk Rating
Horizons Robotics and Automation Index ETF	Medium to High

DISTRIBUTION POLICY

The ETF 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.

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

PURCHASES OF UNITS

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

Issuance of Units of the ETF

To Designated Broker and Dealers

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

A subscription order may be a Securities Subscription or, at the sole discretion of the Manager, a Cash Subscription.

On any Trading Day (“**T-1**”), a Designated Broker or a Dealer may place a Securities Subscription or, at the sole discretion of the Manager, a Cash Subscription, order for a PNU or multiple PNU of the ETF. The purchase price for the Units to be issued is based on the closing net asset value per Unit of the ETF on the first Trading Day after T-1 on which the subscription is accepted by the Manager (the “**Trade Date**” or “**T**”). If a subscription order is received by the ETF by 12:00 p.m. (Toronto time) on T-1, the ETF will issue to the Designated Broker or Dealer the number of Units of the ETF subscribed for generally on the 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.

Under certain circumstances, certain securities in a Basket of Securities may need to be settled on a cash-in-lieu basis. The Manager will provide details of any required cash-in-lieu settlement in its trade confirmation on the Trade Date.

Unless the Manager shall otherwise agree, or the Trust Declaration shall otherwise provide, as payment for a PNU of the ETF a Dealer or Designated Broker must deliver a Securities Subscription or, at the sole discretion of the Manager, a Cash Subscription, in an amount sufficient so that the cash and/or securities delivered is equal to the net asset value of the PNU of the ETF determined at the close of the Trading Day following Trading Day on which the Manager received the subscription order. The value of a Securities Subscription accepted by the Manager will be determined as at the close of business on the Trade Date.

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

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

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

Buying and Selling Units of the ETF

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

An investor may buy or sell such Units on the TSX only through a registered broker or dealer in the province or territory where the investor resides. Investors will incur customary brokerage commissions when buying or selling such Units.

Non-Resident Unitholders

At no time may: (i) non-residents of Canada; (ii) partnerships that are not Canadian partnerships; or (iii) a combination of non-residents of Canada and such partnerships (all as defined in the Tax Act), be the beneficial owners of a majority of the Units of the ETF (on either a number of Units or fair market value basis) and the Manager shall inform the registrar and transfer agent of the ETF of this restriction. The Manager may require declarations as to the jurisdictions in which a beneficial owner of Units is resident and, if a partnership, its status as a Canadian partnership. If the Manager becomes aware, as a result of requiring such declarations as to beneficial ownership or otherwise, that the beneficial owners of 40% of the Units then outstanding (on either a number of Units or fair market value basis) are, or may be, non-residents and/or partnerships that are not Canadian partnerships, or that such a situation is imminent, the Manager may make a public announcement thereof. If the Manager determines that more than 40% of the Units (on either a number of Units or fair market value basis) are beneficially held by non-residents and/or partnerships that are not Canadian partnerships, the Manager may send a notice to such non-residents and/or partnerships, chosen in inverse order to the order of acquisition or in such manner as the Manager may consider equitable and practicable, requiring them to sell their Units or a portion thereof within a specified period of not less than 30 days. If the Unitholders receiving such notice have not sold the

specified number of Units or provided the Manager with satisfactory evidence that they are not non-residents or partnerships other than Canadian partnerships within such period, the Manager may, on behalf of such Unitholders, sell such Units and, in the interim, shall suspend the voting and distribution rights attached to such Units. Upon such sale, the affected holders shall cease to be beneficial holders of Units and their rights shall be limited to receiving the net proceeds of sale of such Units.

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

Special Considerations for Unitholders

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

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

EXCHANGE AND REDEMPTION OF UNITS

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

Unitholders of the ETF may exchange the applicable PNU (or a whole multiple thereof) of the ETF on any Trading Day for a Basket of Securities and/or cash, 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.

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

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

Redemption of Units for Cash

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

- (a) Units of the ETF for cash at a redemption price per Unit equal to 95% of the closing price for Units of the ETF on the TSX on the effective day of the redemption, where the Units being redeemed are not equal to a PNU or a multiple PNU; or
- (b) a PNU or a multiple PNU of the ETF for cash equal to the net asset value of that number of Units, less any applicable redemption charge as determined by the Manager in its sole discretion from time to time.

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

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

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

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

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

Suspension of Redemptions

The Manager may suspend the redemption of Units of the ETF or payment of redemption proceeds of the ETF: (i) during any period when normal trading is suspended on a stock exchange or other market on which securities owned by the ETF are listed and traded, if these securities represent more than 50% by value or underlying market exposure of the total assets of the ETF, without allowance for liabilities, and if these securities are not traded on any other

exchange that represents a reasonably practical alternative for the ETF; or (ii) with the prior permission of the Securities Regulatory Authorities where required, for any period not exceeding 30 days during which the Manager determines that conditions exist which render impractical the sale of assets of the ETF or which impair the ability of the Valuation Agent to determine the value of the assets of the ETF. The suspension may apply to all requests for redemptions received prior to the suspension but as to which payment has not been made, as well as to all requests received while the suspension is in effect. All Unitholders making such requests shall be advised by the Manager of the suspension and that the redemption will be effected at a price determined on the first Valuation Day following the termination of the suspension. All such Unitholders shall have and shall be advised that they have the right to withdraw their requests for redemption. The suspension shall terminate in any event on the first day on which the condition giving rise to the suspension has ceased to exist, provided that no other condition under which a suspension is authorized then exists. To the extent not inconsistent with official rules and regulations promulgated by any government body having jurisdiction over the ETF, any declaration of suspension made by the Manager shall be conclusive.

Allocations of Income and Capital Gains to Redeeming Unitholders

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

Book-Entry Only System

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

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

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

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

Short-Term Trading

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

PRIOR SALES

Trading Price and Volume

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

INCOME TAX CONSIDERATIONS

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

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

This summary is based on the assumption that the ETF will qualify or be deemed to qualify at all times as a "mutual fund trust" and will not be a "SIFT Trust", all within the meaning of the Tax Act. For the ETF to qualify as a "mutual fund trust," among other things, it must comply on a continuous basis with certain requirements relating to the qualification of its Units for distribution to the public, the number of Unitholders and the dispersal of ownership of its Units. The ETF is expected to make an election in its first tax return so that it will qualify under the Tax Act as a mutual fund trust from the commencement of its first taxation year. There can be no assurance that the ETF, once it qualifies as a mutual fund trust, will maintain its status as a "mutual fund trust". **In the event that the 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.**

This summary is also based on the assumptions that (i) none of the issuers of the securities in the portfolio will be foreign affiliates of the ETF or of any Unitholder, or "SIFT trusts" or "SIFT partnerships" within the meaning of the Tax Act, (ii) none of the securities in the portfolio will be a "tax shelter investment" within the meaning of section 143.2 of the Tax Act, (iii) none of the securities in the portfolio will be an offshore investment fund property (or an interest in a partnership that holds such property) that would require the ETF to include significant amounts in the ETF's income pursuant to section 94.1 of the Tax Act or an interest in a trust (or a partnership which holds such an interest) which would require the ETF (or the partnership) to report significant amounts of income in connection with such interest pursuant to the rules in section 94.2 of the Tax Act, or an interest in a non-resident trust other than an "exempt foreign trust" (or a partnership which holds such interest) and (iv) the ETF will not enter into any arrangement (including the acquisition of securities for the ETF's portfolio) where the result is a "dividend rental arrangement" for purposes of the Tax Act. This summary further assumes that the ETF will comply with its investment restrictions.

This summary is based on the current provisions of the Tax Act and an understanding of the current published administrative 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 herein. There can be no assurance that the Tax Amendments will be enacted in the form publicly announced, or at all.

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

Status of the ETF

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

Provided the Units are listed on a "designated stock exchange" (within the meaning of the Tax Act) or the ETF qualifies as a "mutual fund trust" within the meaning of the Tax Act, the Units of the ETF will be qualified investments under the Tax Act for a trust governed by a Registered Plan.

In the case of an exchange of Units 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. 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 including, in the case of RESPs, revocation of such Registered Plans. However, pursuant to certain Tax Amendments, an RESP would no longer be revocable if it acquires securities that are not a qualified investment for the RESP. Investors should consult their own tax counsel for advice on whether or not such securities would be qualified investments for Registered Plans.

Taxation of the ETF

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

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

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

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

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

In general, gains and losses realized by the ETF from derivative transactions will be on income account except where such derivatives are used to hedge portfolio securities held on capital account provided there is sufficient linkage, subject to the DFA Rules discussed below, and the ETF will recognize such gains or losses for tax purposes at the time they are realized by the ETF. Pursuant to certain Tax Amendments, an election to realize gains and losses on “eligible derivatives” (as defined in such Tax Amendments) of the ETF on a mark-to-market basis may be available. The Manager will consider whether such election, if available, would be advisable for the ETF. Subject to the DFA Rules discussed below, gains or losses in respect of currency hedges entered into in respect of amounts invested in the portfolio of the ETF will constitute capital gains and capital losses to the ETF if the securities in the ETF’s portfolio are capital property to the ETF and provided there is sufficient linkage. Certain proposed amendments to the Tax Act, if enacted as proposed, would clarify that the DFA Rules generally would not apply to such foreign currency hedges.

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 (including certain forward currency contracts, subject to the proposed amendments to the Tax Act discussed in the preceding paragraph). If the DFA Rules were to apply to derivatives used by the ETF, returns realized in respect of the property underlying such derivatives would be treated as ordinary income or losses rather than capital gains and capital losses.

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

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

In computing its income under the Tax Act, the ETF may deduct reasonable administrative and other expenses incurred to earn income from property. The ETF may not deduct interest on borrowed funds that are used to fund

redemptions of its Units. The ETF is entitled to deduct an amount equal to the reasonable expenses that it incurs in the course of issuing Units of the ETF that is not reimbursed. Such issue expenses will be deductible by the ETF ratably over a five-year period subject to reduction in any taxation year which is less than three hundred and sixty-five (365) days.

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

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

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

Taxation of Holders

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

Provided that appropriate designations are made by the ETF, such portion of the net realized taxable capital gains of the ETF, the taxable dividends received or deemed to be received by the ETF on shares of taxable Canadian corporations and the foreign source income of the ETF as is paid or becomes payable to a Holder will effectively retain its character and be treated as such in the hands of the Holder for purposes of the Tax Act. To the extent that amounts are designated as taxable dividends from taxable Canadian corporations, the gross-up and dividend tax credit rules will apply including the enhanced gross-up and dividend tax credit rules in respect of “eligible dividends”. Where the ETF makes designations in respect of its foreign source income, for the purpose of computing any foreign tax credit that may be available to a Holder, the Holder will generally be deemed to have paid as tax to the government of a foreign country that portion of taxes paid by the ETF to that country that is equal to the Holder’s share of the ETF’s income from sources in that country, subject to the specific limitations in the Tax Act.

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

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

On the disposition or deemed disposition of a Unit, including on a redemption, a Holder will realize a capital gain (or capital loss) to the extent that the Holder’s proceeds of disposition (other than any amount payable by the ETF which represents income or capital gains allocated and designated to the redeeming Holder), net of any reasonable

costs of disposition, exceed (or are less than) the adjusted cost base of the Unit. For the purpose of determining the adjusted cost base of a Holder's Units, when additional Units are acquired by the Holder, the cost of the newly acquired Units will be averaged with the adjusted cost base of all Units owned by the Holder as capital property immediately before that time. For this purpose, the cost of Units that have been issued on a distribution or issued on a reinvested distribution will generally be equal to the amount of the distribution. A consolidation of Units as described under "Distribution Policy" following a distribution paid in the form of additional Units or a reinvested distribution will not be regarded as a disposition of Units and will not affect the aggregate adjusted cost base to a Holder.

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

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

In general, one-half of any capital gain (a "**taxable capital gain**") realized by a Holder on the disposition of Units or designated by the ETF in respect of the Holder in a taxation year will be included in computing the Holder's income for that year and one-half of any capital loss realized by the Holder on the disposition of Units in a taxation year generally must be deducted from taxable capital gains realized by the Holder or designated by the ETF in respect of the Holder in accordance with the detailed provisions of the Tax Act.

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

Taxation of Registered Plans

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

If Units are "prohibited investments" for a TFSA, RRSP or RRIF, a Holder who holds Units in such TFSA, RRSP or RRIF will be subject to an additional tax as set out in the Tax Act. A "prohibited investment" includes a unit of a trust which does not deal at arm's length with the holder or annuitant, or in which the holder or annuitant has a significant interest. A significant interest in the ETF, in general terms, means the ownership of 10% or more of the fair market value of the ETF's outstanding Units by the holder or annuitant, either alone or together with persons and partnerships with whom the holder or annuitant does not deal at arm's length. In addition, the Units will not be a prohibited investment if the Units are "excluded property" as defined in the Tax Act for trusts governed by a TFSA, RRSP or RRIF. Pursuant to certain Tax Amendments, the rules in respect of "prohibited investments" are also proposed to apply, effective after March 22, 2017, to (i) RDSPs and the holders thereof and (ii) RESPs and the subscribers thereof. Holders are advised to consult their own tax advisors regarding the potential application of these rules based on their own personal circumstances.

Tax Implications of the ETF's Distribution Policy

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

ORGANIZATION AND MANAGEMENT DETAILS OF THE ETF

Manager of the ETF

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

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

Mirae Asset is the Korea-based asset management entity of Mirae Asset Financial Group, one of the world's largest investment managers in emerging market equities. With over 670 employees, including more than 152 investment professionals (as of March 31, 2017), Mirae Asset has a presence in Australia, Brazil, Canada, China, Colombia, Hong Kong, India, Indonesia, Korea, Mongolia, Singapore, Taiwan, the United Kingdom, the United States, and Vietnam. Headquartered in Seoul, South Korea, Mirae Asset manages approximately US\$325 billion in assets globally as of March 31, 2017.

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	Office	Principal Occupation
Thomas Park, Clayton, Missouri	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).
Taeyong Lee, Frederick, Maryland	November 14, 2011	Executive Chairman, Co- Chief Executive Officer and Director	Executive Chairman, Co-Chief Executive Officer and Director, Horizons (since 2011); Executive Vice President, Mirae Asset MAPS Global Investments (since 2010).

Name and Municipality of Residence	Date Individual became a Director	Office	Principal Occupation
Steven J. Hawkins, Oakville, Ontario	February 8, 2016	Director, Co-Chief Executive Officer and President	Co-Chief Executive Officer and President, Horizons (since 2009); Director, Horizons (since 2016).
Kevin S. Beatson, Oakville, Ontario	N/A	Chief Operating Officer and Chief Compliance Officer	Chief Operating Officer and Chief Compliance Officer, Horizons (since 2009).
Julie Stajan, Oakville, Ontario	N/A	Chief Financial Officer	Chief Financial Officer, Horizons (since 2015); Senior Vice President, Finance and Controller, Horizons (since 2012); Senior Vice President, Finance & Investment Funds, Horizons Investment Management Inc. (2011-2012).
Jaime P.D. Purvis, Toronto, Ontario	N/A	Executive Vice President	Executive Vice President, Horizons (since 2006).
Jeff Lucyk, Toronto, Ontario	N/A	Senior Vice President, Head of Retail Sales	Senior Vice President, Head of Retail Sales, Horizons (Since 2016); Senior Vice President, Vice President, National Sales Manager, Norrep Capital Management Ltd. (2009-2016).
McGregor Sainsbury, Toronto, Ontario	N/A	General Counsel and Secretary	General Counsel and Secretary, Horizons (since 2011).

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

Ownership of Securities of the Manager

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

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

Duties and Services to be Provided by the Manager

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

The Manager is entitled to the Management Fee in consideration of the services it provides to the ETF. Such services include negotiating contracts with certain third-party service providers, including, but not limited to, investment managers, counterparties, custodians, registrars, transfer agents, valuation agents, the Designated Broker, Dealers, auditors and printers; authorizing the payment of operating expenses; preparing the reports to Unitholders of the ETF and to the applicable Securities Regulatory Authorities; calculating the amount and determining the frequency of distributions by the ETF; preparing financial statements, income tax returns and financial and

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

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

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

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

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

Designated Broker

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

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

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

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

Conflicts of Interest

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

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

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

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

The Manager is a subsidiary of Mirae Asset. Affiliates of the Manager may earn fees and spreads in connection with various services provided to, or transactions with, the ETF, including in connection with brokerage transactions, derivatives transactions, prime brokerage services, and securities lending transactions, subject to approval or review by the IRC 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.

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

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

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

Independent Review Committee

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

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

The IRC:

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

The ETF compensates the IRC members for their participation on the IRC through member fees and, if applicable, meeting fees. Sue Fawcett and Michael Gratch receive \$10,000 per year in member fees, while Warren Law, as chairperson of the IRC, receives \$12,500 per year. The IRC's secretariat receives \$21,000 per year for administrative services. An additional fee of \$3,000 per meeting is charged by the IRC for each IRC meeting in excess of two per year. The total fees payable in respect of the IRC by the ETF is calculated by dividing the total net assets of the ETF by the total net assets of all of the mutual funds for which the IRC is responsible and then multiplying the resulting value by the total dollar value due to the IRC member by the ETF for that particular period.

The Trustee

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

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

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

The Trustee will not receive any fees from the ETF.

Custodian

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

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

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

Valuation Agent

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

Auditors

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

Transfer Agent and Registrar

AST Trust Company (Canada), at its principal offices in Toronto, Ontario is the registrar and transfer agent for Units of the ETF pursuant to registrar and transfer agency agreements. AST Trust Company (Canada) is independent of the Manager.

Promoter

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

Securities Lending Agents

Canadian Imperial Bank of Commerce (“**CIBC**”) is a securities lending agent for the ETF pursuant to a securities lending agreement (the “**CIBC SLA**”).

CIBC is located in Toronto, Ontario. CIBC is independent of the Manager. The CIBC SLA requires that the collateral delivered in connection with a securities loan have an aggregate value of not less than 102% of the value of the loaned securities (or, if higher, the percentage of the aggregate market value of loaned securities in accordance with prevailing best market practices). The CIBC SLA requires CIBC and certain CIBC affiliates to indemnify the ETF against, among other things, the failure of CIBC to perform its obligations under the CIBC SLA. A party to the CIBC SLA may terminate the CIBC SLA upon 30 days’ notice.

NBCN Inc. (“**NBCN**”) may also act as a securities lending agent for the ETF pursuant to a securities lending agency agreement (the “**NBCN SLAA**”).

NBCN is located in Toronto, Ontario. The NBCN 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 NBCN SLAA requires NBCN to indemnify the ETF against any loss suffered directly by the ETF as a result of a securities loan effected by NBCN. A party to the NBCN SLAA may terminate the NBCN SLAA upon 5 business days’ notice.

CALCULATION OF NET ASSET VALUE

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

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

Valuation Policies and Procedures of the ETF

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

- (i) the value of any cash on hand, on deposit or on call, bills and notes and accounts receivable, prepaid expenses, cash dividends to be received and interest accrued and not yet received, will be deemed to be the face amount thereof, unless the Valuation Agent determines that any such deposit, call loan, bill, note or account receivable is not worth the face amount thereof, in which event the value thereof will be deemed to be such value as the Valuation Agent determines to be the reasonable value thereof;
- (ii) the value of any security, commodity or interest therein which is listed or dealt in upon a stock exchange will be determined by:
 - (A) in the case of securities which were traded on that Valuation Day, the price of such securities as determined at the applicable Valuation Time; and
 - (B) in the case of securities not traded on that Valuation Day, a price estimated to be the true value thereof by the Valuation Agent, such price being between the closing asked and bid

prices for the securities or interest therein as reported by any report in common use or authorized as official by a stock exchange;

- (iii) long positions in clearing corporation options, options on futures, over-the-counter options, debt-like securities and listed warrants will be valued at the current market value thereof. Where a covered clearing corporation option, option on futures or over-the-counter option is written, the premium received shall be reflected as a deferred credit which shall be valued at an amount equal to the current market value of the clearing corporation option, option on futures or over-the-counter option that would have the effect of closing the position. Any difference resulting from any revaluation shall be treated as an unrealized gain or loss on investment. The deferred credit shall be deducted in arriving at the net asset value of such instrument. The securities, if any, which are the subject of a written clearing corporation option or over-the-counter option shall be valued at the current market value. The value of a future contract or a swap or forward contract shall be the gain or loss with respect thereto that will be realized if, on that Valuation Day, the position in the futures contract, or the forward contract, as the case may be, were to be closed out unless "daily limits" are in effect, in which case fair value shall be based on the current market value of the underlying interest. Margin paid or deposited in respect of futures contracts and forward contracts shall be reflected as an account receivable and margin consisting of assets other than cash shall be noted as held as margin;
- (iv) in the case of any security or property for which no price quotations are available as provided above, the value thereof will be determined from time to time by the Valuation Agent, where applicable, in accordance with the principles described in paragraph (ii) above, except that the Valuation Agent may use, for the purpose of determining the sale price or the asked and bid price of such security or interest, any public quotations in common use which may be available, or where such principles are not applicable; and
- (v) the liabilities of the ETF will include:
 - all bills, notes and accounts payable of which the ETF is an obligor;
 - all Management Fees of the ETF;
 - all contractual obligations of the ETF for the payment of money or property, including the amount of any unpaid distribution credited to Unitholders of the ETF on or before that Valuation Day;
 - all allowances of the ETF authorized or approved by the Manager for taxes (if any) or contingencies; and
 - all other liabilities of the ETF of whatsoever kind and nature.

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

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

For the purposes of financial statement reporting, the ETF is required to calculate net asset value in accordance with International Financial Reporting Standards (“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. The net asset value per Unit of the ETF will be calculated on each Valuation Day.

ATTRIBUTES OF THE SECURITIES

Description of the Securities Distributed

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

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

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

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

Redemptions of Units for Cash

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

Stock Exchange Sponsored Net Asset Value Execution Program

Subject to regulatory and other necessary third party approvals, a stock exchange sponsored execution program may become available which would allow investors to purchase and sell Units of the ETF based on transaction prices

calculated as at the end-of-day net asset value, plus any fee payable to the investor's Dealer for the Dealer's facilitation of the purchase or sale. The Manager will issue a news release announcing the details of any such stock exchange sponsored execution program.

Modification of Terms

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

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

UNITHOLDER MATTERS

Meetings of Unitholders

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

Matters Requiring Unitholder Approval

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

- (a) the basis of the calculation of a fee or expense that is charged to the ETF or its Unitholders is changed in a way that could result in an increase in charges to the ETF or to its Unitholders, except where:
 - (i) the ETF is at arm's length with the person or company charging the fee; and
 - (ii) the Unitholders have received at least 60 days' notice before the effective date of the change;
- (b) a fee or expense, to be charged to the ETF or directly to its Unitholders by the ETF or the Manager in connection with the holding of Units of the ETF that could result in an increase in charges to the ETF or its Unitholders, is introduced;
- (c) the Manager is changed, unless the new manager of the ETF is an affiliate of the Manager;
- (d) the fundamental investment objective of the ETF is changed;
- (e) the ETF decreases the frequency of the calculation of its net asset value per Unit;
- (f) the ETF undertakes a reorganization with, or transfers its assets to, another mutual fund, if the ETF ceases to continue after the reorganization or transfer of assets and the transaction results in the Unitholders of the ETF becoming securityholders in the other mutual fund, unless:
 - (i) the IRC of the ETF has approved the change in accordance with NI 81-107;
 - (ii) the ETF is being reorganized with, or its assets are being transferred to, another mutual fund to which NI 81-102 and NI 81-107 apply, and that is managed by the Manager, or an affiliate of the Manager;
 - (iii) the Unitholders have received at least 60 days' notice before the effective date of the change; and

- (iv) the transaction complies with certain other requirements of applicable securities legislation;
- (g) the ETF undertakes a reorganization with, or acquires assets from, another mutual fund, if the ETF continues after the reorganization or acquisition of assets, the transaction results in the securityholders of the other mutual fund becoming Unitholders of the ETF, and the transaction would be a material change to the ETF;
- (h) the ETF implements a restructuring into a non-redeemable investment fund or a restructuring into an issuer that is not an investment fund; or
- (i) any matter which is required by the constitutive documents of the ETF; by the laws applicable to the ETF or by any agreement to be submitted to a vote of the Unitholders of the ETF.

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

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

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

Amendments to the Trust Declaration

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

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

- (a) the securities legislation requires that written notice be given to Unitholders of the ETF before the change takes effect; or
- (b) the change would not be prohibited by the securities legislation; and
- (c) the Trustee reasonably believes that the proposed amendment has the potential to adversely impact the financial interests or rights of the Unitholders of the ETF, so that it is equitable to give Unitholders of the ETF advance notice of the proposed change.

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

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

- (a) ensure compliance with applicable laws, regulations or policies of any governmental authority having jurisdiction over the ETF or the distribution of Units of the ETF;
- (b) remove any conflicts or other inconsistencies which may exist between any terms of the Trust Declaration and any provisions of any applicable laws, regulations or policies affecting the ETF, the Trustee or its agents;

- (c) make any change or correction in the Trust Declaration which is a typographical correction or is required to cure or correct any ambiguity or defective or inconsistent provision, clerical omission or error contained therein;
- (d) facilitate the administration of the ETF as a mutual fund trust or make amendments or adjustments in response to any existing or proposed amendments to the Tax Act or its administration which might otherwise adversely affect the tax status of the ETF or its Unitholders; or
- (e) for the purposes of protecting the Unitholders of the ETF.

Reporting to Unitholders

The Manager, on behalf of the ETF, will in accordance with applicable laws furnish to each Unitholder of the ETF, unaudited semi-annual financial statements and an interim management report of fund performance for the ETF within 60 days of the end of each semi-annual period and audited annual financial statements and an annual management report of fund performance for the ETF within 90 days of the end of each taxation year or such other time as required by applicable law. Both the semi-annual and the annual financial statements of the ETF will contain a statement of financial position, a statement of comprehensive income, a statement of changes in financial position, a statement of cashflows and a schedule of investment portfolio.

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

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

Exchange of Tax Information

Part XVIII of the Tax Act, which was enacted to implement the Canada-United States Enhanced Tax Information Exchange Agreement (the "IGA"), imposes due diligence and reporting obligations on "reporting Canadian financial institutions" in respect of their "U.S. reportable accounts". The ETF is a "reporting Canadian financial institution" but as long as Units continue to be registered in the name of CDS, the ETF should not have any "U.S. reportable accounts" and, as a result, the ETF should not be required to provide information to the CRA in respect of its Unitholders. However, dealers through which Unitholders hold their Units of the ETF are subject to due diligence and reporting obligations with respect to financial accounts they maintain for their clients. Accordingly, Unitholders may be requested to provide information to their dealer to identify U.S. persons holding Units. If a Unitholder is a U.S. person (including a U.S. citizen) 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 in which the account holders or such controlling persons are resident. Under the CRS Rules, Unitholders will be required to provide such information regarding their investment in the ETF to their dealer for the purpose of such information exchange, unless the investment is held within a Registered Plan.

TERMINATION OF THE ETF

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

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

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

Procedure on Termination

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

PLAN OF DISTRIBUTION

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

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

RELATIONSHIP BETWEEN THE ETF AND DEALERS

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

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

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

PRINCIPAL HOLDERS OF UNITS OF THE ETF

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

PROXY VOTING DISCLOSURE FOR PORTFOLIO UNITS HELD

The Manager is responsible for all securities voting in respect of securities held by the ETF and exercising responsibility with the best economic interests of the ETF and the Unitholders of the ETF. The Manager has established proxy voting policies, procedures and guidelines (the “**Proxy Voting Policy**”) for securities held by the ETF to which voting rights are attached. The Proxy Voting Policy is intended to provide for the exercise of such voting rights in accordance with the best interests of the ETF and the Unitholders of the ETF.

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 receive proxy materials. Issuers’ proxies most frequently contain proposals to elect corporate directors, to appoint external auditors and set their compensation, to adopt or amend management compensation plans, and to amend the capitalization of the company.

Pursuant to the Proxy Voting Policy, the Manager will generally cause the ETF to vote on these matters as follows:

- (i) **Board Of Directors** – The Manager supports establishing a majority of independent directors and independent committee chairs. Boards are required to act in the best interests of all shareholders. This can be achieved by ensuring that the majority of directors are independent. The Manager will not normally vote against a slate of directors because they are not independent. However, it will do so if corporate performance is unsatisfactory over a reasonable period of time.
- (ii) **Contested Director Elections** – In the case of contested board elections, the nominees’ qualifications and the performance of the incumbent board will be evaluated, as well as the rationale behind the dissidents’ campaign, to determine the outcome that will maximize shareholder value.
- (iii) **Classified Boards** – Proposals to declassify existing boards (whether proposed by management or shareholders) will generally be supported, and efforts by companies to adopt classified board structures, in which only part of the board is elected each year, will be resisted.
- (iv) **Director/Officer Indemnification** – Proposals to indemnify directors and officers will generally be supported to ensure the companies can recruit the most qualified individuals. Individuals may be reluctant to serve as a director or officer if they were to be personally liable for all lawsuits and legal costs.
- (v) **Director Ownership** – Proposals that will require independent directors to hold a minimum amount of company stock as individuals will generally be opposed. Such a requirement raises questions about directors’ independence, and qualified candidates may be reluctant to accept directorships in the face of such a requirement.
- (vi) **Director Qualifications** – The Manager supports establishing minimum standards for directors and disclosing the directors’ qualifications to shareholders. The Manager supports boards that consist of experienced individuals with the appropriate business and professional credentials. Elected directors should have general business acumen, company specific knowledge, and should make informed and independent judgments. The proxy circular should set out the minimum qualifications and standards for directors and a brief description of the business and professional credentials of each director.
- (vii) **Independent Advisors** – The Manager supports empowering boards, board committees and individual directors to retain (at the subject company’s expense) outside legal counsel and other advisors to assist them with their responsibilities.
- (viii) **Separation of Chair and Chief Executive Officer** – The Manager supports, where possible, separating the chair and chief executive officer roles. The board chair should be an independent executive director. Generally, the Manager will not vote against a slate of directors if the board

and management roles are not separated. However, the Manager will do so if corporate performance over a reasonable period of time is unsatisfactory or if there are continuing issues relating to corporate governance matters.

- (ix) **Approval of Independent Auditors** – The relationship between a company and its auditors should be limited primarily to the audit, although it may include certain closely related activities that do not, in the aggregate, raise any appearance of impaired independence. Management’s recommendation for the ratification of the auditors, except in instances where audit and audit-related fees make up less than 50% of the total fees paid by the company to the audit firm, will generally be supported. Instances in which the audit firm has a substantial non-audit relationship with the company (regardless of its size relative to the audit fee) will be evaluated on a case-by-case basis to determine whether there is a concern that independence has been compromised.
- (x) **Executive Compensation** – The Manager supports establishing an independent compensation committee to ensure that executive compensation is competitive and fair. Although, management should be competitively compensated, an independent compensation committee should review compensation arrangements and make recommendations to the board of directors. Shareholders should be allowed to vote on all equity based compensation plans (including option plans) because of the potential dilutive effect on their existing ownership.
- (xi) **Stock-Based Compensation Plans** – An independent compensation committee should have significant latitude to deliver varied compensation to motivate the company’s employees. However, all compensation proposals will be evaluated in the context of several factors (a company’s industry, market capitalization, competitors for talent, etc.) to determine whether a particular plan or proposal balances the perspectives of employees and the company’s other shareholders. Each proposal will be evaluated on a case-by-case basis, taking all material facts and circumstances into account.
- (xii) **Bonus Plans** – Bonus plans, which must be periodically submitted for shareholder approval, should have clearly defined performance criteria and maximum awards expressed in dollars. Bonus plans with awards that are excessive in both absolute terms and relative to a comparative group generally will not be supported.
- (xiii) **Employee Stock Purchase Plans** – The use of employee stock purchase plans to increase company stock ownership by employees will generally be supported provided that shares purchased under the plan are acquired for no less than 85% of their market value and that shares reserved under the plan comprise less than 5% of the outstanding shares.
- (xiv) **Executive severance agreements** – While executives’ incentives for continued employment should be more significant than severance benefits, there are instances, particularly in the event of a change in control, in which severance arrangements may be appropriate. The Manager will generally, without submission to shareholders, cause the ETF to vote in favour of approving severance benefits triggered by a change in control that do not exceed three times an executive’s salary and bonus. The Manager will generally not approve, without shareholder approval, any severance arrangement under which the beneficiary receives more than three times salary and bonus or where severance is guaranteed absent a change in control.
- (xv) **Shareholder rights plans** – In evaluating the approval of proposed shareholder rights plans, the following factors will be considered: the length of the plan, whether the plan requires shareholder approval for renewal, whether the plan incorporates review by a committee of independent directors at least every three years, whether the plan includes permitted bid/qualified offer features that mandate a shareholder vote in certain situations, whether the ownership trigger is reasonable and the level of independence of the board that is proposing such plan.
- (xvi) **Crown jewel defence** – The sale of assets to “friendly” companies in an effort to frustrate a takeover will generally be opposed as this action could impair shareholder value.

- (xvii) **Cumulative voting** – Cumulative voting will generally be opposed on the basis that it allows shareholders a voice in director elections that is disproportionate to their economic investment in the corporation.
- (xviii) **Supermajority vote requirements** – Shareholders’ ability to approve or reject matters presented for a vote based on a simple majority will be supported. Accordingly, proposals to remove supermajority requirements will be supported, and proposals to impose them will be opposed.
- (xix) **Right to call meetings and act by written consent** – Shareholders’ rights to call special meetings of the board (for good cause and with ample representation) and to act by written consent will generally be supported. Proposals to grant these rights to shareholders will be supported, and proposals to abridge these rights will be opposed.
- (xx) **Confidential voting** – The integrity of the voting process is enhanced substantially when shareholders (both institutions and individuals) can vote without fear of coercion or retribution based on their votes. As such, proposals to provide confidential voting will be supported.
- (xxi) **Dual classes of stock** – Dual-class capitalization structures that provide disparate voting rights to different groups of shareholders with similar economic investments are objectionable. As such, the creation of separate classes with different voting rights will be opposed, and the dissolution of such classes will be supported.
- (xxii) **Corporate and social policy issues** – Proposals in this category, initiated primarily by shareholders, typically request that the company disclose or amend certain business practices. These are “ordinary business matters” that are primarily the responsibility of management and should be evaluated and approved solely by the corporation’s board of directors. The ETF will typically abstain from voting on these proposals absent a compelling economic impact on shareholder value (e.g., proposals to require expensing of stock options).
- (xxiii) **Increase in authorized shares** – The Manager supports only issuing additional common shares for good business reasons. Additional common shares should be issued only for sound business reasons. A 20% or greater increase in authorized common shares should be avoided unless there is a good reason for doing so.

Other issues, including those business issues specific to the issuer or those raised by shareholders of the issuer, are addressed on a case-by-case basis with a focus on the potential impact of the vote on shareholder value.

The ETF may limit its voting on foreign holdings in instances where the issues presented are unlikely to have a material impact on shareholder value, since the costs of voting (e.g., custodian fees, vote agency fees) in foreign markets may be substantially higher than for Canadian holdings.

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

The Proxy Voting Policy is available on request, at no cost, by calling the Manager toll-free at 1-866-641-5739 or emailing the Manager at info@HorizonsETFs.com.

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

MATERIAL CONTRACTS

The only contracts material to the ETF are the following:

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

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

LEGAL AND ADMINISTRATIVE PROCEEDINGS

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

EXPERTS

KPMG LLP, the auditors of the ETF, has consented to the use of their report dated November 7, 2017 to the board of directors of the Manager. KPMG LLP has confirmed that they are independent with respect to the ETF within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations.

EXEMPTIONS AND APPROVALS

The ETF is entitled to rely on exemptive relief from the 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 provided the 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 at any meeting of Unitholders. See “Purchases of Units – Buying and Selling Units of the ETF”;
- (b) permit the ETF to lend securities with a lending agent that is not the Custodian;
- (c) relieve the ETF from the requirement that the prospectus of the ETF include an underwriter’s certificate and a prescribed statement of purchasers’ statutory rights of withdrawal, and remedies for rescission, damages or revision of the purchase price; and
- (d) relieve the ETF from the dealer registration requirement provided that the Manager complies with Part 15 of NI 81-102.

OTHER MATERIAL FACTS

Disclaimer

The ETF is not sponsored, endorsed, sold or promoted by the Licensor. The Licensor makes no representation or warranty, express or implied, to the owners of the ETF or any member of the public regarding the advisability of trading in the ETF. The Licensor’s only relationship to the Manager is the licensing of certain trademarks and trade

names of the Licensor and of the ROBO Global® Robotics and Automation Index which is determined, composed and calculated by the Licensor without regard to the Manager or the ETF, the Licensor has no obligation to take the needs of the Manager and/or the owners of the ETF into consideration in determining, composing or calculating ROBO Global® Robotics and Automation Index. The Licensor is not responsible for and has not participated in the determination of the timing of, prices at, or quantities of the ETF to be listed or in the determination or calculation of the equation by which the ETF are to be converted into cash. The Licensor has no obligation or liability in connection with the administration, marketing or trading of the ETF.

THE LICENSOR DOES NOT GUARANTEE THE ACCURACY AND/OR THE COMPLETENESS OF THE ROBO GLOBAL® ROBOTICS AND AUTOMATION INDEX OR ANY DATA INCLUDED THEREIN AND THE LICENSOR SHALL HAVE NO LIABILITY FOR ANY ERRORS, OMISSIONS, OR INTERRUPTIONS THEREIN. THE LICENSOR MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY THE MANAGER, OWNERS OF THE ETF, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE ROBO GLOBAL® ROBOTICS AND AUTOMATION INDEX OR ANY DATA INCLUDED THEREIN. THE LICENSOR MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIMS ALL WARRANTIES, OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE ROBO GLOBAL® ROBOTICS AND AUTOMATION INDEX OR ANY DATA INCLUDED THEREIN, WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL THE LICENSOR HAVE ANY LIABILITY FOR ANY LOST PROFITS OR INDIRECT, PUNITIVE, SPECIAL OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS), EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES. THERE ARE NO THIRD PARTY BENEFICIARIES OF ANY AGREEMENTS OR ARRANGEMENTS BETWEEN LICENSOR AND THE MANAGER.

“ROBO Global” and ROBO Global®,” are trademarks of ROBO Global, LLC and have been licensed for use for certain purposes by the Manager. The ETF, based on the ROBO Global® Robotics and Automation Index, is not sponsored, endorsed, sold or promoted by ROBO Global, LLC or its affiliates, and neither ROBO Global, LLC nor any of its affiliates makes any representations regarding the advisability of trading in such product(s).

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 mutual fund securities offered in a distribution within two (2) business days after receipt of a prospectus and any amendment. In addition, securities legislation in certain of the provinces of Canada provides purchasers of mutual fund securities with a limited right to rescind the purchase within 48 hours after receipt of a confirmation of such purchase. If the purchase of mutual fund securities is made under a contractual plan, the time period during which the right to rescind is exercisable may be longer. In most of the provinces and territories of Canada, the securities legislation further provides a purchaser with remedies for rescission or damages, or, in Québec, revision of the price, if the prospectus and any amendment is not delivered to the purchaser, provided that the remedies for rescission, damages or revision of the price are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory.

Notwithstanding the foregoing, purchasers of Units of the ETF will not have the right to withdraw from an agreement to purchase the Units after the receipt of a prospectus and any amendment, and will not have remedies for rescission, damages or revision of the price for non-delivery of the prospectus or any amendment, if the dealer receiving the purchase order has obtained an exemption from the prospectus delivery requirement under a decision pursuant to National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions* (“NP 11-203”). However, purchasers of Units of the ETF will, in the applicable provinces of Canada, retain their right under securities legislation to rescind their purchase within 48 hours (or, if purchasing under a contractual plan, such longer time period as applicable) after the receipt of a confirmation of purchase.

In several of the provinces and territories of Canada, the securities legislation further provides a purchaser with remedies for rescission or damages if the prospectus, together with any amendment to the prospectus, contains a misrepresentation, provided that such remedies are exercised by the purchaser within the time limits prescribed by the securities legislation of the purchaser’s province or territory. Any remedies under securities legislation that a purchaser of Units may have for rescission or damages, if the prospectus and any amendment to the prospectus

contains a misrepresentation, remain unaffected by the non-delivery of the prospectus pursuant to reliance by a dealer upon the decision referred to above.

However, the Manager has obtained exemptive relief from the requirement in securities legislation to include an underwriter's certificate in the prospectus under a decision pursuant to NP 11-203. As such, purchasers of Units of the ETF will not be able to rely on the inclusion of an underwriter's certificate in the prospectus or any amendment for the statutory rights and remedies that would otherwise have been available against an underwriter that would have been required to sign an underwriter's certificate.

Purchasers should refer to the applicable provisions of the securities legislation and the decisions referred to above for the particulars of their rights or consult with a legal advisor.

DOCUMENTS INCORPORATED BY REFERENCE

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

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

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

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

INDEPENDENT AUDITORS' REPORT

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

Re: Horizons Robotics and Automation Index ETF (the "ETF")

We have audited the accompanying financial statement of the ETF, which comprises the statement of financial position of the ETF as at November 7, 2017, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statement

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

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the ETF's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the ETF's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

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

Opinion

In our opinion, the financial statement presents fairly, in all material respects, the financial position of the ETF as at November 7, 2017 in accordance with International Financial Reporting Standards.

"KPMG LLP"

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Canada
November 7, 2017

HORIZONS ROBOTICS AND AUTOMATION INDEX ETF

Statement of Financial Position

November 7, 2017

Assets

Cash	\$	25
<hr/>		
Total Assets	\$	25

Represented by:

Net assets attributable to holders of redeemable units:

Authorized:

Unlimited Class A Units
without par value issued and fully paid

Total net assets attributable to holders of redeemable units, Class A Units	\$	25
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Issued and fully paid Class A Units		1
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Net assets attributable to holders of redeemable units per Class A Unit	\$	25
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See accompanying notes to statement of financial position.

Approved on behalf of the Board of Directors of
Horizons ETFs Management (Canada) Inc., as the Manager and
Horizons Robotics and Automation Index ETF

(signed) "Steven J. Hawkins"
Steven J. Hawkins, Director

(signed) "Taeyong Lee"
Taeyong Lee, Director

HORIZONS ROBOTICS AND AUTOMATION INDEX ETF

Notes to the Financial Statement

November 7, 2017

1. Establishment of the ETF and authorized units:

The Horizons Robotics and Automation Index ETF (the “ETF”) was established on November 7, 2017 in accordance with the ETF’s Declaration of Trust.

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

(a) Legal structure:

Horizons ETFs Management (Canada) Inc. (the “Manager” or the “Trustee”) is the manager and trustee of the ETF.

The ETF is an unincorporated open-ended mutual fund trust. The ETF is established under the laws of the Province of Ontario by a declaration of trust.

(b) Statement of compliance:

The financial statement of the ETF as at November 7, 2017 has been prepared in accordance with International Financial Reporting Standards.

The financial statement was authorized for issue by the board of directors on November 7, 2017.

(c) Basis of presentation:

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

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

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

HORIZONS ROBOTICS AND AUTOMATION INDEX ETF

Notes to the Financial Statement

November 7, 2017

(e) Issue of units:

A total of one Class A unit of the ETF was issued for cash on November 7, 2017 to the Manager.

(f) Unitholder transactions:

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

2. Management of the ETF

The Manager is entitled to an annual management fee (the "Management Fee") equal to 0.75 % of the net asset value of the ETF, plus applicable sales tax, calculated and accrued daily and payable monthly. The Manager may reduce the Management Fee that it is entitled to charge to the ETF. Such a reduction or waiver will be dependent upon a number of factors, including the amount invested, the total assets of the ETF under administration and the expected amount of account activity.

**HORIZONS ROBOTICS AND AUTOMATION INDEX ETF
(the “ETF”)**

CERTIFICATE OF THE ETF, THE MANAGER AND PROMOTER

Dated: November 7, 2017

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

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

(signed) “*Taeyong Lee*”

Taeyong Lee
Executive Chairman and
Co-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) “*Steven J. Hawkins*”

Steven J. Hawkins
Director

(signed) “*Thomas Park*”

Thomas Park
Director