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.

HORIZONS EXCHANGE TRADED FUNDS

ACTIVE ✶ BENCHMARK ✶ BETAPRO

PROSPECTUS

Initial Public Offering January 17, 2019

Horizons Equal Weight Canada REIT Index ETF (“HCRE”)
Horizons Laddered Canadian Preferred Share Index ETF (“HLPR”)
Horizons Equal Weight Canada Banks Index ETF (“HEWB”)

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

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

The Units have been conditionally approved for listing on the Toronto Stock Exchange (the “**TSX**”). Subject to satisfying the TSX’s original listing requirements on or before January 16, 2020, Units of the ETFs will be listed on the TSX. Investors will be able to buy or sell Units of the ETFs on the TSX through registered brokers and dealers in the province or territory where the investor resides.

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

Investment Objectives

Each ETF seeks to replicate, to the extent possible, the performance of its Underlying Index (as defined below), as more specifically described below.

HCRE

HCRE seeks to replicate, to the extent possible, the performance of the Solactive Equal Weight Canada REIT Index (Total Return), net of expenses. The Solactive Equal Weight Canada REIT Index (Total Return) is an equal weight index of Canadian-listed real estate investment trust equity securities.

HLPR

HLPR seeks to replicate, to the extent possible, the performance of the Solactive Laddered Canadian Preferred Share Index (Total Return), net of expenses. The Solactive Laddered Canadian Preferred Share Index (Total Return) is an index of Canadian preferred shares that generally have an adjustable dividend rate.

HEWB

HEWB seeks to replicate, to the extent possible, the performance of the Solactive Equal Weight Canada Banks Index (Total Return), net of expenses. The Solactive Equal Weight Canada Banks Index (Total Return) is an equal weight index of equity securities of diversified Canadian banks.

See “Investment Objectives”.

Each of the ETFs will comply with all requirements of National Instrument 81-102 *Investment Funds* (“**NI 81-102**”), as such requirements may be modified by exemptive relief obtained on behalf of the ETFs. Units of each 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 ETFs without regard to the control, concentration or “fund of funds” restrictions of NI 81-102. No purchase of Units of an ETF should be made solely in reliance on the above statements.

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

No Designated Broker, Dealer and/or Counterparty has been involved in the preparation of this prospectus nor has any Designated Broker, Dealer and/or Counterparty performed any review of the contents of this prospectus and the Securities Regulatory Authorities (as hereafter defined) have provided the ETFs with a decision exempting the ETFs from the requirement to include a certificate of an underwriter in the prospectus. No Designated Broker, Dealer and/or Counterparty is an underwriter of the ETFs in connection with the distribution by the ETFs of their Units under this prospectus.

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

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

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

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

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

TABLE OF CONTENTS

TABLE OF CONTENTS
(continued)

PROSPECTUS SUMMARY

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

The ETFs	The ETFs are open-end mutual fund trusts established under the laws of Ontario. See "Overview of the Legal Structure of the ETFs".
Investment Objectives	Each ETF seeks to replicate, to the extent possible, the performance of its Underlying Index, as more specifically described below. *HCRE* HCRE seeks to replicate, to the extent possible, the performance of the Solactive Equal Weight Canada REIT Index (Total Return), net of expenses. The Solactive Equal Weight Canada REIT Index (Total Return) is an equal weight index of Canadian-listed real estate investment trust equity securities. *HLPR* HLPR seeks to replicate, to the extent possible, the performance of the Solactive Laddered Canadian Preferred Share Index (Total Return), net of expenses. The Solactive Laddered Canadian Preferred Share Index (Total Return) is an index of Canadian preferred shares that generally have an adjustable dividend rate. *HEWB* HEWB seeks to replicate, to the extent possible, the performance of the Solactive Equal Weight Canada Banks Index (Total Return), net of expenses. The Solactive Equal Weight Canada Banks Index (Total Return) is an equal weight index of equity securities of diversified Canadian banks. See "Investment Objectives".
Investment Strategies	In order to achieve their investment objectives and obtain direct or indirect exposure to securities of their Underlying Index's constituent issuers, the ETFs may use equity securities and derivatives, including swap agreements provided that the use of such derivative instruments is in compliance with NI 81-102 and is consistent with the investment objective of that ETF. Each of the ETFs has entered into or will enter into a Swap with a Counterparty or Counterparties pursuant to which each ETF seeks to gain exposure to the performance of its Underlying Index. Each Swap is a total return swap (which expression shall include a price return swap that results in the receipt of a total return) under which the ETFs will pay the Counterparty or Counterparties a floating amount based on prevailing short-term market interest rates and an equity amount based upon any negative return of the value of the reference assets and, in return, the Counterparty or Counterparties will pay the ETFs an equity amount based upon any positive return of the value of the reference assets. The ETFs also each intend to invest the net proceeds of Unit subscriptions in cash and short-term debt obligations to earn prevailing short-term market interest rates. Each of the ETFs may also invest in and hold the securities of Constituent

Issuers in substantially the same proportion as they are reflected in the applicable Underlying Index, or an ETF may invest in and hold index participation units of exchange traded funds that are based on the applicable Underlying Index. The ETFs will remain fully invested in or exposed to the markets at all times. The ETFs may also invest in futures contracts and forward agreements in order to provide exposure for other cash held by the ETFs and may also hold money market instruments, securities of money market funds or cash to meet their current obligations.

Under a Swap, the daily marked-to-market value of the exposure of an ETF to any one Counterparty will, generally, not exceed 10% of the net asset value of that ETF and will, at all times, be in accordance with NI 81-102. An ETF may replace a Counterparty at any time or engage additional Counterparties at any time. The daily marked-to-market value of a Swap is or will be based upon the daily performance of the applicable Underlying Index.

See “Investment Strategies”.

Offering

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

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

Investors will be able to purchase or sell Units of the ETFs 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 ETFs 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 an ETF at the net asset value per Unit of the ETF.

See “Attributes of the Securities”.

Special Considerations for Purchasers

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

The ETFs, as mutual funds subject to NI 81-102, are exempt from the so-called “early warning” requirements set out in Canadian securities legislation in connection with the acquisition of Units of an ETF. In addition, the ETFs have obtained exemptive relief from the Securities Regulatory Authorities to permit a Unitholder to acquire more than 20% of the Units of an ETF through purchases on the TSX without regard to the takeover bid requirements of applicable Canadian securities legislation.

Units of each ETF are “tracking property” such that if such Units are “fair value property” of a Unitholder, the Units will be “mark-to-market property” of the Unitholder (in each case, for purposes of the “mark-to-market” rules in the Tax Act). These rules require taxpayers that are financial institutions within the meaning of the rules to recognize annually on income account any accrued gains and losses on securities that are “mark-to-market property”.

See "Purchases of Units".

Conflicts of Interest

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

Distribution Policy

The ETFs will not make regular distributions. An ETF will, only when necessary, distribute income and/or net realized capital gains, if any, in the form of a distribution in Units or reinvested into Units of the ETF at the end of a taxation year, except as noted below. The Units of the ETF will then be consolidated so that the number of Units held by an investor after such a distribution will be equal to the number of Units they held the moment before the distribution. In the case of a non-resident Unitholder, if tax has to be withheld in respect of the distribution, the Unitholder's dealer will invoice or debit the Unitholder's account directly.

As long as a Swap is used as the sole investment strategy of the ETFs, the Manager anticipates that, prior to termination of the Swap, an ETF should only realize net income for purposes of the Tax Act in a taxation year if the Swap has to be partially settled as a result of a redemption of Units. If this occurs, then the Manager intends, on behalf of the ETF, to allocate and make payable for purposes of the Tax Act any income realized by the ETF from such partial settlement in a taxation year to the Unitholders who redeemed their Units in the taxation year. Based on the foregoing, provided a Unitholder does not redeem his or her Units while the applicable ETF uses a Swap as its sole investment strategy, the Unitholder is not expected to receive any distributions of income for purposes of the Tax Act in a taxation year throughout which the Swap is in effect.

Prior to the end of the calendar year in which a taxation year ends, an ETF will ensure that the net income and net realized capital gains, if any, of the ETF have been paid or made payable to Unitholders of the ETF to such an extent that the ETF will not be liable for non-refundable income tax thereon. To the extent that an ETF has not paid or made payable the full amount of its net income and net capital gains in cash in any taxation year, the difference between such amount and the amount actually paid or made payable by the ETF in cash will be paid or made payable as a "reinvested distribution" or distributed in Units. Reinvested distributions will be reinvested automatically in additional Units of an ETF at a price, or Units of an ETF will be distributed at a price, equal to the net asset value per Unit of the ETF and the Units of the ETF will be immediately consolidated such that the number of outstanding Units of the ETF following the distribution will equal the number of Units of the ETF outstanding prior to the distribution. In the case of a non-resident Unitholder, if tax has to be withheld in respect of the distribution, the Unitholder's dealer will invoice or debit the Unitholder's account directly.

See "Distribution Policy".

Purchase Options	All orders to purchase Units directly from an ETF must be placed by a Designated Broker or Dealer. Each ETF reserves the absolute right to reject any subscription order placed by a Designated Broker or Dealer. No fees will be payable by an ETF to a Designated Broker or Dealer in connection with the issuance of Units. On any Trading Day, a Designated Broker or Dealer may place a subscription order for the PNU or multiple PNU of an ETF. See "Purchases of Units".
Redemptions of Units	Unitholders of an ETF may redeem a PNU (or a whole multiple thereof) on any Trading Day for cash equal to the net asset value of that number of Units. Unitholders of an ETF may also, at the sole discretion of the Manager, redeem a PNU (or a whole multiple thereof) on any Trading Day in exchange for a combination of securities and cash equal to the net asset value of that number of Units. Unitholders of an ETF may also redeem Units of the ETF for cash at a redemption price per Unit equal to 95% of the closing price for the applicable Units in the appropriate currency 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. Unitholders of an ETF will generally be able to sell (rather than redeem) Units of the ETF 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. See "Redemption of Units".
Termination	The ETFs do not have a fixed termination date, but an ETF may be terminated by Horizons in accordance with applicable law and the Trust Declaration on not less than 60 days' notice to Unitholders of the ETF. See "Termination of the ETFs".
Income Tax Considerations	A Unitholder of an ETF who is resident in Canada will generally be required to include, in computing income for a taxation year, the amount of income (including any net realized taxable capital gains) that is paid or becomes payable to the Unitholder by that ETF in that year (including such income that is paid in Units or reinvested in additional Units of the ETF). A Unitholder of an ETF who disposes of a Unit of that ETF that is held as capital property, including on a redemption or otherwise, will realize a capital gain (or capital loss) to the extent that the proceeds of disposition (other than any amount payable by the ETF which represents income or capital gains allocated and designated to the redeeming Unitholder), net of costs of disposition, exceed (or are less than) the adjusted cost base of the Unit disposed of. As long as a Swap is used as the sole investment strategy of the ETFs, the Manager anticipates that, prior to termination of the Swap, an ETF should only realize net income for purposes of the Tax Act in a taxation year if the Swap has to be partially settled as a result of a redemption of Units. If this occurs, then the Manager intends, on behalf of the ETF, to allocate and make payable for purposes of the Tax Act any income realized by the ETF from such partial settlement in a taxation year to the Unitholders who redeemed their Units in the taxation year. Based on the foregoing, provided a Unitholder does not redeem his or her Units while the applicable ETF uses a Swap as its

sole investment strategy, the Unitholder is not expected to receive any distributions of income for purposes of the Tax Act in a taxation year throughout which the Swap is in effect.

See "Income Tax Considerations".

Eligibility for Investment	Provided that Units of an 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 Units of such ETF would, if issued on the date hereof, be on such date qualified investments under the Tax Act for Registered Plans. See "Income Tax Considerations – Status of the ETFs".
Documents Incorporated by Reference	Additional information about each ETF is or will be available in its most recently filed annual and interim financial statements, its most recently filed annual and interim management report of fund performance, and its most recently filed ETF Facts documents. These documents are or will be incorporated by reference into this prospectus. Documents incorporated by reference into this prospectus legally form part of this prospectus just as if they were printed as part of this prospectus. These documents are, or will be, publicly available on the website of the ETFs at www.HorizonsETFs.com and may be obtained upon request, at no cost, by calling toll-free 1-866-641-5739 or by contacting your dealer. These documents and other information about the ETFs are also publicly available at www.sedar.com. See "Documents Incorporated by Reference".

Risk Factors

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

- general risks of investments;
- general risks of investing in an index fund and passive investment risk;
- risks relating to index replication strategies;
- calculation of Index Levels and termination of an Underlying Index;
- the Underlying Indexes;
- derivative investments;
- risk that Units will trade at prices other than net asset value per Unit;
- issuer concentration risk;
- sector risk;
- interest rate risk;
- credit risk;
- real estate investments risk (HCRE)
- fixed income risk (HLPR);
- preferred share risk;
- counterparty risk;
- index adjustments;
- liquidity risk;
- borrowing risk;
- risks relating to tax changes;
- regulatory and tax-related risks;
- cease trading of securities risk;
- general risks of equity investments;
- voting of Index Securities;
- investment trust investments risks;
- exchange risk;
- liability of unitholders;
- reliance on key personnel; and
- securities lending.

See “Risk Factors”.

Organization and Management of the ETFs

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 each ETF. The Manager is responsible for providing or arranging for the provision of administrative services required by the ETFs. The Manager also provides investment advisory and investment management services to the ETFs.

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

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

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

	market equities. See "Organization and Management Details of the ETFs".
Custodian	CIBC Mellon Trust is the custodian of the ETFs and is independent of the Manager. CIBC Mellon Trust will provide custodial services to the ETFs and is located in Toronto, Ontario. Pursuant to the Sub-Custodian Agreements, CIBC Mellon Trust, with the consent of Horizons on behalf of the ETFs, has appointed RBC Investor Services and NBF as sub-custodians of the ETFs. The sub-custodians are also independent of the Manager and are both located in Toronto, Ontario. See "Organization and Management Details of the ETFs – Custodian".
Valuation Agent	CIBC Mellon Global has been retained to provide accounting valuation services to the ETFs. CIBC Mellon Global is located in Toronto, Ontario. See "Organization and Management Details of the ETFs – Valuation Agent".
Auditors	KPMG LLP is responsible for auditing the annual financial statements of the ETFs. The auditors are independent of the Manager. The head office of the auditors is located in Toronto, Ontario. See "Organization and Management Details of the ETFs – Auditors".
Promoter	Horizons is also the promoter of the ETFs. Horizons took the initiative in founding and organizing the ETFs and is, accordingly, the promoter of the ETFs within the meaning of securities legislation of certain provinces and territories of Canada. See "Organization and Management Details of the ETFs – Promoter".
Registrar and Transfer Agent	TSX Trust Company is the registrar and transfer agent for the Units of the ETFs pursuant to registrar and transfer agency agreements entered into by each ETF. TSX Trust Company is independent of the Manager. TSX Trust Company is located in Toronto, Ontario. See "Organization and Management Details of the ETFs – Transfer Agent and Registrar".
Securities Lending Agent	The ETFs may engage NBF as a securities lending agent. NBF is located in Toronto, Ontario. NBF is not an affiliate of the Manager. See "Organization and Management Details of the ETFs – Securities Lending Agent".

Summary of Fees and Expenses

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

Fees and Expenses Payable by the ETFs

Type of Charge	Description
Management Fees	HCRE will pay an annual Management Fee to the Manager equal to 0.50% of the net asset value of HCRE, together with applicable Sales Tax. HLPR will pay an annual Management Fee to the Manager equal to 0.40% of the net asset value of HLPR, together with applicable Sales Tax. HEWB will pay an annual Management Fee to the Manager equal to 0.45% of the net asset value of HEWB, together with applicable Sales Tax.

	The Management Fees are calculated and accrued daily and payable monthly in arrears in consideration for the services provided by the Manager to the ETFs as set out under “Organization and Management Details of the ETFs – Duties and Services to be Provided by the Manager”.
	Management Fee Distributions
	The Manager may, at its discretion, agree to charge a reduced fee as compared to the fee it would otherwise be entitled to receive from an ETF with respect to large investments in the ETF by Unitholders. Such a reduction will be dependent upon a number of factors, including the amount invested, the total assets of the ETF under administration and the expected amount of account activity. In such cases, an amount equal to the difference between the fee otherwise chargeable and the reduced fee will be distributed to the applicable Unitholders by the ETF as Management Fee Distributions.
	See “Fees and Expenses”.
Operating Expenses	The Trust Declaration requires that the Manager pay all the expenses of an ETF other than the Management Fee, any Sales Taxes on the applicable Management Fee and any Swap costs as may be applicable. As a result, an ETF does not have, or will not have, any operating expenses other than the Management Fee, any Sales Taxes on the Management Fee and any Swap costs as may be applicable.
	See “Fees and Expenses”.
Expenses of the Issue	All expenses related to the issuance of Units of the ETFs shall be borne by the Manager.
	See “Fees and Expenses”.
Swap Costs	The Manager currently anticipates that each ETF will not make any fee payments to a Counterparty in respect of the value of its Swap.
	A Swap may be amended or replaced at any time and the expenses incurred by an ETF in respect of a Swap may increase or decrease according to its terms.

Fees and Expenses Payable Directly by Unitholders

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

GLOSSARY

The following terms have the following meaning:

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

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

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

"**Cash Redemption**" has the meaning ascribed to that term under "Redemptions of Units";

"**Cash Subscription**" means a subscription order for Units of an 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 an ETF on behalf of beneficial owners of those Units;

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

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

"**Constituent Issuers**" means the issuers that from time to time are included in an Underlying Index as selected by an Index Provider;

"**Counterparty**" means NBC, and any other Acceptable Counterparty with which an ETF will enter into a Swap;

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

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

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

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

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

"**Dealer Agreement**" means an agreement between the Manager, on behalf of the ETFs, and a Dealer;

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

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

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

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

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

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

"**ETFs**" means, together, HCRE, HLPR and HEWB; and "**ETF**" means any one of them;

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

"HCRE" means Horizons Equal Weight Canada REIT Index ETF;

"**HEWB**" means Horizons Equal Weight Canada Banks Index ETF;

"**HLPR**" means Horizons Laddered Canadian Preferred Share Index ETF;

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

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

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

"**Index Provider**" means Solactive;

"**Index Securities**" means, with respect to an ETF, the securities of: (i) the Constituent Issuers included in its Underlying Index; or (ii) the exchange traded funds that issue index participation units and that are based on its Underlying Index;

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

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

"**Management Fee Distribution**" 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 an ETF to Unitholders of the ETF who hold large investments in that ETF;

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

"**Mirae Asset**" means Mirae Asset Global Investments Co., Ltd.;

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

"**NBF**" means National Bank Financial Inc.;

"**NBF Sub-Custodian Agreement**" means the sub-custodial services agreements made between the Manager, in its capacity as manager of the ETFs, the Custodian, CIBC Mellon Global, and NBF;

"**net asset value**" means the net asset value of an ETF as calculated on each Valuation Day for such ETF in accordance with the Trust Declaration and will be quoted in both Canadian and U.S. dollars, as applicable, and "**NAV**" shall have the same meaning;

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

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

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

"**RBC Investor Services**" means RBC Investor Services Trust;

"**RBC Investor Services Sub-Custodian Agreement**" means the amended and restated sub-custodial services agreements made between the Manager, in its capacity as manager of the ETFs, the Custodian, CIBC Mellon Global, and RBC Investor Services;

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

"**Redemption Non-Standard Adjustment**" has the meaning ascribed to that term under "Redemptions of Units";

"**REIT**" has the meaning ascribed to that term under "Risk Factors – Real Estate Investments Risk (HCRE)";

"**REOC**" has the meaning ascribed to that term under "Risk Factors – Real Estate Investments Risk (HCRE)";

"**reference assets**" has the meaning ascribed to that term under "Investment Strategies";

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

"**Registrar and Transfer Agent**" means TSX Trust Company;

"**Relative Weight**" means in respect of an Underlying Index, the quoted market value of an individual Constituent Issuer or a potential Constituent Issuer of such Underlying Index, as applicable, divided by the aggregate quoted market value of that Underlying Index;

"**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 Redemption**" has the meaning ascribed to that term under "Redemptions of Units";

"**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 an ETF that is paid in full with a combination of securities and cash;

"**Solactive**" means Solactive AG, the Index Provider for Underlying Indexes of the ETFs;

"**Sub-Custodian Agreements**" means, together, the RBC Investor Services Sub-Custodian Agreement and the NBF Sub-Custodian Agreement, and "**Sub-Custodian Agreement**" means any one of them;

"**Sub-Custodians**" means, together, RBC Investor Services and NBF, each in their capacities as sub-custodians of Horizons the ETFs pursuant to the applicable Sub-Custodian Agreement, and "**Sub-Custodian**" means either one of them;

"**Subscription Non-Standard Adjustment**" has the meaning ascribed to that term under "Purchases of Units";

"**Swap**" means a total return swap (which expression shall include a price return swap that results in the receipt of a total return) between an Acceptable Counterparty and an ETF, as applicable, pursuant to which such ETF seeks to gain exposure to the performance of its Underlying Index;

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

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

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

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

"**Trading Day**" means, a day on which (i) a session of the TSX is held; (ii) the principal exchange for the securities to which the ETFs are exposed is open for trading; and (iii) an Index Provider calculates and publishes data relating to the applicable Underlying Index;

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

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

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

"**Underlying Index**" means the Solactive Equal Weight Canada REIT Index (Total Return) in respect of HCRE, the Solactive Laddered Canadian Preferred Share Index (Total Return) in respect of HLPR and the Solactive Equal Weight Canada Banks Index (Total Return) in respect of HEWB, and "**Underlying Indexes**" means all of them. Also see "Overview of the Sectors that the ETFs Invest In" and "Other Material Facts – Index Information";

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

"**Units**" means Class A units of an ETF, as applicable, and "**Unit**" means a Class A unit of an ETF, as the context requires;

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

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

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

OVERVIEW OF THE LEGAL STRUCTURE OF THE ETFs

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

The ETFs that are offered pursuant to this prospectus are:

Name of ETF	Ticker Symbol
Horizons Equal Weight Canada REIT Index ETF	HCRE
Horizons Laddered Canadian Preferred Share Index ETF	HLPR
Horizons Equal Weight Canada Banks Index ETF	HEWB

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

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

INVESTMENT OBJECTIVES

Each ETF seeks to replicate, to the extent possible, the performance of its Underlying Index, as more specifically described below. The fundamental investment objective of an ETF may not be changed except with the approval of Unitholders of that ETF. See "Unitholder Matters" for additional descriptions of the process for calling a meeting of Unitholders and requirements of Unitholder approval.

HCRE

HCRE seeks to replicate, to the extent possible, the performance of the Solactive Equal Weight Canada REIT Index (Total Return), net of expenses. The Solactive Equal Weight Canada REIT Index (Total Return) is an equal weight index of Canadian-listed real estate investment trust equity securities.

HLPR

HLPR seeks to replicate, to the extent possible, the performance of the Solactive Laddered Canadian Preferred Share Index (Total Return), net of expenses. The Solactive Laddered Canadian Preferred Share Index (Total Return) is an index of Canadian preferred shares that generally have an adjustable dividend rate.

HEWB

HEWB seeks to replicate, to the extent possible, the performance of the Solactive Equal Weight Canada Banks Index (Total Return), net of expenses. The Solactive Equal Weight Canada Banks Index (Total Return) is an equal weight index of equity securities of diversified Canadian banks.

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

INVESTMENT STRATEGIES

Overview of the Investment Structure

In order to achieve its investment objective and obtain direct or indirect exposure to securities of its Underlying Index's Constituent Issuers, the ETFs will follow the investment strategies set out below.

As each ETF is seeking to replicate the performance of an Underlying Index, the Manager does not invest the assets of the ETFs on a discretionary basis or select securities based on the Manager's view of the investment merit of a particular security or company, nor does it conduct conventional stock research or analysis, or forecast stock market movement or trends in managing the assets of the ETF.

The ETFs may use equity securities and derivatives, including swap agreements provided that the use of such derivative instruments is in compliance with NI 81-102 and is consistent with the investment objective of these ETFs.

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

Each of the ETFs has entered into, or will enter into, a Swap with a Counterparty or Counterparties pursuant to which each ETF seeks to gain exposure to the performance of its Underlying Index and invests the net proceeds of Unit subscriptions in cash and short-term debt obligations to earn prevailing short-term market interest rates. In respect of the Swap each has entered into, the ETFs may replace a Counterparty or engage additional Counterparties at any time. The reference assets of a Swap are a notional number of units the value of which is based on the value of the applicable index to which the ETF seeks to gain exposure pursuant to the Swap.

An ETF may also invest in and hold the securities of the issuers contained in its Underlying Index in substantially the same proportion as they are reflected in the Underlying Index or an ETF may invest in and hold index participation units of exchange traded funds that are based on its Underlying Index. The ETFs will remain fully invested in or exposed to the markets at all times. The ETFs may also invest in futures contracts and forward agreements in order to provide market exposure for other cash held by the ETFs and may also hold money market instruments, securities of money market funds or cash to meet its current obligations.

As collateral for its obligations under the applicable Swap, each of the ETFs pledges its cash and short-term debt obligations to the Counterparty. The daily marked-to-market value of a Swap is based upon the performance of the applicable index to which the ETF seeks to gain exposure pursuant to the Swap.

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

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

The Swap Agreements

Each of the ETFs has entered into, or will enter into, a Swap with a Counterparty or Counterparties pursuant to which each ETF seeks to gain exposure to the performance of its Underlying Index. Each Swap is a total return swap under which the applicable ETF will pay the Counterparty a floating amount based upon prevailing short-term market interest rates computed upon an agreed notional amount and an equity amount based upon any decline in value of a notional investment in a notional number of units the value of each of which will equal the value of the applicable index to which the ETF seeks to gain exposure pursuant to the Swap (the "**reference assets**"). In return, the Counterparty or Counterparties will pay the applicable ETF an equity amount based upon any increase in value of the reference assets. The total return will be comprised of notional income which would be earned on a notional investment in the reference assets (which, by virtue of the operation of the Swap, will be notionally reinvested in further reference assets) plus any notional appreciation in the value of the reference assets or, as the case may be, minus any reduction in the value of the reference assets. Each of the ETFs also currently invests, or will invest, the net proceeds of Unit subscriptions in cash and short-term debt obligations to earn short-term market interest rates. The terms of each Swap are expected to require the ETFs to pledge their cash in Canadian dollars and short-term debt obligations to the Counterparty to secure the payment of their payment obligations under the applicable Swap. The income earned on the cash in Canadian dollars and short-term debt obligations is expected to continue to be sufficient to fund the required floating payments by the applicable ETF under the Swaps.

For information regarding Swap fees, please see "Fees and Expenses".

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

The obligations of a Counterparty to an ETF under a Swap are determined by reference to the performance of the reference assets, the value of each of which will equal the value of the applicable index to which the ETF seeks to gain exposure pursuant to the Swap. A Counterparty may hedge its exposure under a Swap to Index Securities. There is no assurance that a Counterparty will maintain a hedge or will do so with respect to the full amount or term of a Swap.

No Counterparty has been involved in the preparation of this prospectus or has performed any review of the contents of this prospectus. No Counterparty assumes any liability in connection with the administration, marketing or trading of the ETFs. The ETFs are not sponsored, endorsed, sold or promoted by any Counterparty. No Counterparty makes any representation or warranty, express or implied, to the holders of the units of the ETFs regarding the advisability of investing in the ETF or the ability of the applicable ETF to track its Underlying Index. No Counterparty has any obligation to take the needs of the ETF or Unitholder into consideration.

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

Each of the ETFs has entered into, or will enter into, a Swap for the purpose of achieving its investment objective. If a Swap is terminated, the applicable ETF may either pursue the same or other alternative investment strategies with an Acceptable Counterparty, or make direct investments in Index Securities. There is no assurance that an ETF will be able to replace its Swap if the Swap is terminated.

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

Swap agreements entered into by an ETF will generally calculate and settle the obligations of the parties to the agreement on a "net basis" with a single payment. Consequently, an ETF's obligations (or rights) under a Swap will generally only equal the net amount to be paid or received under the agreement based on the relative values of such obligations (or rights). A Counterparty or an affiliate thereof may, from time to time, reimburse the Manager for certain expenses incurred by the Manager in the normal course of its business.

Direct Investment in the Index Securities

Each of the ETFs may, as an alternative to a Swap, invest directly in Index Securities. Securities of applicable Constituent Issuers may be held by an ETF in substantially the same proportion based on Relative Weight as such securities are reflected in the Underlying Index of such ETF.

An ETF may invest in futures contracts and forward agreements in order to provide market exposure for cash held by that ETF and may also hold money market instruments, securities of money market funds or cash to meet its current obligations.

Additional Investment Strategies of the ETFs

Each ETF may also employ a "stratified sampling" strategy. Under this stratified sampling strategy, an ETF may not hold all of the securities that are included in its Underlying Index, but instead will hold a portfolio of securities that closely matches the aggregate investment characteristics of the securities included in such Underlying Index.

Investment in Reverse Repurchase Transactions

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

- investments in reverse repurchase transactions be consistent with the ETF's investment objective and policies;

- the risks associated with reverse repurchase transactions be adequately described in the ETF's prospectus;

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

All reverse repurchase transactions must be completed within 30 days.

Securities Lending

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

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

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

OVERVIEW OF THE SECTORS THAT THE ETFs INVEST IN

HCRE

HCRE uses the Solactive Equal Weight Canada REIT Index (Total Return) as its Underlying Index. The Solactive Equal Weight Canada REIT Index (Total Return) includes TSX-listed securities that are classified within the Real Estate Investment Trust industry classification. Constituents are subject to minimum market capitalization and liquidity screens. Constituent Issuers are equally weighted at each rebalancing and this Underlying Index is rebalanced semi-annually in March and September. Further information about the Solactive Equal Weight Canada REIT Index (Total Return) and its Constituent Issuers is available from Solactive on its website at www.solactive.com. The value of this Underlying Index will be published after the close of trading on each business day by Bloomberg L.P. under the ticker symbol SOLCREW.

HLPR

HLPR uses the Solactive Laddered Canadian Preferred Share Index (Total Return) as its Underlying Index. The Solactive Laddered Canadian Preferred Share Index (Total Return) includes TSX-listed preferred shares that generally have an adjustable dividend rate and are laddered using equal weights in annual reset term buckets. Securities are market capitalization weighted within the annual term buckets. Constituent Issuers are rebalanced on a monthly basis, and are subject to minimum market capitalization, quality and liquidity screens. Further information about Solactive Laddered Canadian Preferred Share Index (Total Return) and its Constituent Issuers is available from Solactive on its website at www.solactive.com. The value of this Underlying Index will be published after the close of trading on each business day by Bloomberg L.P. under the ticker symbol SOLADPRF.

HEWB

HEWB uses the Solactive Equal Weight Canada Banks Index (Total Return) as its Underlying Index. The Index includes TSX-listed common shares of Canadian banks. Constituent Issuers are subject to minimum market capitalization and liquidity screens. Constituent Issuers are equally weighted at each rebalancing and this Underlying Index is rebalanced semi-annually in March and September. Further information about the Solactive Equal Weight Canada Banks Index (Total Return) and its Constituent Issuers is available from Solactive on its website at www.solactive.com. The value of this Underlying Index will be published after the close of trading on each business day by Bloomberg L.P. under the ticker symbol SOLCBEW.

Underlying Indexes

The Index Provider has the discretion to change the Constituent Issuers of an Underlying Index, including, but not limited to, adjustments made from time to time because of various events affecting Index Securities. These adjustments may require removing a Constituent Issuer from an Underlying Index and substituting a new Constituent Issuer while at the same time, if necessary, changing the number of Index Securities, thereby effectively increasing or decreasing the Relative Weight of the Constituent Issuer in this Underlying Index. These adjustments to an Underlying Index are expected to be made in such a way that the Index Levels will not be affected. If such events occur, the applicable ETF may implement these changes such that the direct or indirect exposure of such ETF to the Index Levels will match, as closely as possible, the Constituent Issuers in its Underlying Index with the overall goal of continuing to manage that ETF and meet its investment objective.

Change of an Underlying Index

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

Termination of an Underlying Index

The Index Provider calculates, determines and maintains the applicable Underlying Index. If the Index Provider ceases to calculate an Index, or the applicable license agreement is terminated, the Manager may choose to: terminate the applicable ETF; change the applicable 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 applicable Unitholders in the circumstances.

Use of the Underlying Indexes

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

INVESTMENT RESTRICTIONS

The ETFs are subject to certain restrictions and practices contained in securities legislation, including NI 81-102 and NI 81-107. The ETFs are 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".

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

FEES AND EXPENSES

Fees and Expenses Payable by the ETFs

Management Fees

HCRE will pay an annual Management Fee to the Manager equal to 0.50% of the net asset value of HCRE, together with applicable Sales Tax.

HLPR will pay an annual Management Fee to the Manager equal to 0.40% of the net asset value of HLPR, together with applicable Sales Tax.

HEWB will pay an annual Management Fee to the Manager equal to 0.45% of the net asset value of HEWB, together with applicable Sales Tax.

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

Management Fee Distributions

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

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

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

Operating Expenses

The Trust Declaration requires that the Manager pay all the expenses of an ETF other than the Management Fee, any Sales Taxes on the applicable Management Fee and any Swap costs as may be applicable. As a result, an ETF does not have, or will not have, any operating expenses other than the Management Fee, any Sales Taxes on the Management Fee and any Swap costs as may be applicable.

Expenses of the Issue

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

Swap Costs

The Manager currently anticipates that each ETF will not make any fee payments to a Counterparty in respect of the value of its Swap.

A Swap may be amended or replaced at any time and the expenses incurred by an ETF in respect of a Swap may increase or decrease according to its terms. The Manager will publish the swap fees of the ETFs, if any, on its website, www.HorizonsETFs.com. A Counterparty or an affiliate thereof may, from time to time, reimburse the Manager for certain expenses incurred by the Manager in the normal course of its business.

Fees and Expenses Payable Directly by the Unitholders

Administrative Charge

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

RISK FACTORS

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

General Risks of Investments

An investment in an ETF should be made with an understanding that the value of the Index Securities for such ETF (whether held directly or indirectly) may fluctuate in accordance with changes in the financial condition of the Constituent Issuers of the applicable Underlying Index (particularly those that are more heavily weighted in such 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.

The risks inherent in investments in equity and bond 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 an Underlying Index and thus in the value of Units of a related 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.

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

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

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

Risks Relating to Index Replication Strategies

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

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

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

Calculation of Index Level and Termination of an Underlying Index

An Underlying Index is maintained and calculated by an Index Provider. Trading in Units of an ETF may be suspended for a period of time if, for whatever reason, the calculation of an Index Level is delayed. An ETF's subscription and redemption activity may also be suspended for a period of time if, for whatever reason, the calculation of an Index Level is delayed, provided that any such suspension would be in accordance with NI 81-102. In the event an Index Level ceases to be calculated or is discontinued, the Manager may choose to: terminate the applicable ETF; change the applicable 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 applicable Unitholders in the circumstances.

The Underlying Indexes

Each Index Provider has reserved the right to make adjustments to its Underlying Index or to cease calculating the Index Level without regard to the particular interests of the applicable 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.

Derivative Investments

Currently, each ETF invests or will invest in derivatives to provide indirect exposure to the securities of its Underlying Index.

The ability of an ETF to close out its positions may also be affected by daily trading limits imposed by futures exchanges on certain derivatives. If an ETF is unable to close out a position, it will be unable to realize its profits or limit its losses until such time as the contract becomes exercisable, expires or matures, as the case may be. The inability to close out swap, futures and forward positions also could have an adverse impact on an ETF's ability to use derivative instruments to effectively implement its investment strategy.

There is no assurance that an ETF's use of derivatives will be effective. There may be an imperfect historical correlation between the behaviour of the derivative instrument and the underlying investment. Any historical correlation may not continue for the period during which the derivative instrument is used.

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

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

If a Unitholder of an ETF purchases Units of such ETF 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 such 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 Concentration Risk

Each ETF may invest more of its net assets in one or more issuers than is permitted for actively managed mutual funds. Consequently, an ETF's portfolio may be less diversified when compared to a less concentrated investment portfolio. This may increase the liquidity risk of an ETF which may, in turn, have an effect on such ETF's ability to satisfy redemption requests. Also, the NAV of an ETF may be more volatile than that of a more broadly-diversified portfolio and may fluctuate substantially over short periods of time.

Sector Risk

As the ETFs are each invested in a certain economic sector, the values of the ETFs may be more volatile than those of an investment fund with a more broadly diversified portfolio. This concentration of assets in a single sector also makes the ETFs subject to the risk that economic, political or other conditions that have a negative effect on that sector will negatively impact an ETF to a greater extent than if the assets of these ETFs were invested in a wider variety of sectors.

The profitability of financial sector issuers to which HLPR and HEWB, in particular, are exposed depends, among other factors, on the availability and cost of capital funds, level of sector competition, fluctuation of asset values, and stability of interest rates. Losses resulting from bad loans can negatively impact financial sector issuers. Further, the comprehensive governmental regulation of the financial sector can affect financial sector issuer profitability.

Real Estate Investments Risk (HCRE)

Investments in real estate investment trusts ("**REITs**"), real estate operating corporations ("**REOCs**") and other real estate issuers are subject to the general risks associated with real property investments. Real property investments are affected by various factors, including changes in general economic conditions (such as the levels of interest rates and the availability of long term mortgage financing) and in local conditions (such as oversupply of space or a reduction in demand for real estate in the area), the attractiveness of the properties to tenants, competition from other available space and various other factors. The value of real property and any improvements thereto may also depend on the credit and financial stability of the tenants. The income of a REIT, REOC or other real estate issuer that is available for payment to its unitholders or shareholders, as the case may be, would be adversely affected if a significant number of tenants were to become unable to meet their obligations to the REIT, REOC or other real estate issuer, or if the REIT, REOC or other real estate issuer was unable to lease a significant amount of available space in its properties on economically favourable lease terms.

Fixed Income Risk

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

The value of fixed-income securities depends, in part, on the perceived ability of the government or company which issued the securities to pay the interest and to repay the original investments. This ability will be affected by such factors as general economic conditions and the creditworthiness of the issuer. Securities issued by issuers that have a low credit rating are considered to have a higher credit risk than securities issued by issuers with a high credit rating. Although generally considered less volatile than equity markets, certain types of fixed-income securities and certain market conditions may result in significant volatility in the value of one or more fixed-income investments to which an ETF may be exposed. In addition, from time to time investors may re-evaluate risk and, as a result, re-price risk in the credit market. Generally, the interest rates paid on corporate debt is higher than the interest rates paid on government debt, and corporate debt is generally considered a riskier investment than government debt. Any re-pricing of risk in the credit market could increase the spread between the interest rates paid on corporate debt securities and government-issued fixed-income securities, and may lead to more volatile returns for an ETF.

Preferred Share Risk (HLPR)

Investments in HLPR should be made with an understanding that the value of the underlying securities will be affected by changes in the general level of interest rates. Generally, preferred shares will decrease in value when interest rates rise and will increase in value when interest rates decline. Securities with longer durations tend to be more interest rate sensitive, which may make them more volatile than securities with shorter durations. The NAV of HLPR will fluctuate with interest rate changes and the corresponding changes in the value of the securities to which HLPR is exposed. The value of the securities to which HLPR is exposed may be affected by price changes due to a change in general economic conditions.

During periods of falling interest rates, an issuer of a callable security may repay a security prior to its stated maturity, which may result in HLPR being exposed to a security at a lower dividend rate.

During periods of rising interest rates, an issuer may, if it has such rights, exercise its right to pay the redemption amount on preferred shares later than expected. Under these circumstances, the value of the preferred shares will decrease and HLPR's performance may suffer from its inability to be exposed to higher yielding securities.

The possibility that any Constituent Issuer of HLPR's Underlying Index could have its credit rating downgraded or that it could default by failing to make scheduled dividend payments or payments of redemption proceeds could potentially reduce HLPR's NAV.

Counterparty Risk

Each ETF will be subject to credit risk with respect to the amount an ETF expects to receive from counterparties to financial instruments entered into by the ETF or held by special purpose or structured vehicles. In accordance with NI 81-102, the marked-to-market value of the exposure of an ETF to any one counterparty will not exceed, for a period of 30 days or more, 10% of the net asset value of such ETF. If a counterparty becomes bankrupt or otherwise fails to perform its obligations due to financial difficulties, the value of an investor's investment in Units of an ETF may decline. An ETF may experience significant delays in obtaining any recovery in a bankruptcy or other reorganization proceeding.

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

Index Adjustments

Adjustments to the Underlying Index of an ETF will require corresponding adjustments to the portfolio assets held by such ETF, directly or indirectly. Such adjustments could cause a minor deviation in the tracking of the Index Level by the ETF.

Adjustments to the portfolio held directly or indirectly by an ETF necessitated by adjustments to its Underlying Index will depend on the ability of the Manager to match these adjustments. To achieve this, an 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, an ETF may not be able to dispose of its investments quickly or at prices that represent the fair market value of such investments. Certain securities or derivatives held by an ETF may be illiquid, which may prevent the ETF from being able to limit its losses or realize gains.

Borrowing Risk

From time to time, an 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. An 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 such ETF. There is a risk that an 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, an ETF would be required to repay the borrowed amount by disposing of portfolio assets.

Risks Relating to Tax Changes

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

Regulatory and Tax-Related Risks

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

The ETFs will each recognize income under a Swap when it is realized by such ETF upon partial settlements or upon maturity of the Swap. This may result in significant gains being realized by the ETF at such times and such gains would be taxed as ordinary income. To the extent such income is not offset by any available deductions, it would be distributed to applicable Unitholders in the taxation year in which it is realized and included in such Unitholder's income for the year.

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

For example, an 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 ETFs and there may be changes in the rates of such taxes, which, accordingly, may affect the costs borne by the ETFs and their Unitholders.

The Tax Act 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 an ETF as long as the ETF adheres to its investment restriction in this regard. If these rules apply to an 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.

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

Cease Trading of Securities Risk

Whenever an 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, such ETF may halt trading in its Units. Thus, Units of an ETF bear the risk of cease trading orders against all Constituent Issuers of its Underlying Index, as well as exchange traded funds, the securities of which are Index Securities.

If Units of an ETF are cease-traded by order of a securities regulatory authority, if normal trading is suspended on the relevant exchange, or if for any reason it is likely there will be no closing bid price for Units of such 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

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 an ETF, distributions on the Units of such 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.

Voting of Index Securities Risk

Unitholders of the ETFs will not have any right to vote Index Securities held by the ETFs, while they would have the right to vote if they owned the Index Securities directly.

Investment Trust Investments Risk

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

In addition, HCRE will gain exposure to and/or invest in REITs, which have generally been structured so as to be excepted from rules in the Tax Act that would expose a publicly traded Canadian trust to entity level taxation on income from "non-portfolio property". If such rules were to apply to one or more of the REITs to which HCRE has gained exposure or has invested in, then the performance of HCRE could be affected.

Exchange Risk

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

Liability of Unitholders

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

Reliance on Key Personnel

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

Securities Lending

Each ETF may engage in securities lending. Although an 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, an 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, an ETF will bear the risk of loss of any investment of cash collateral.

Absence of an Active Market and Lack of Operating History

The ETFs are recently organized exchange traded funds with limited or no operating history as exchange traded funds. Although the ETFs may be listed on the TSX, there is no assurance that they will do so, and there is no assurance that an active public market for the Units will develop or be sustained.

Risk Ratings of the ETFs

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

The following chart sets out the reference index or indices used for each ETF:

ETF	**Reference Index**
HCRE	Solactive Equal Weight Canada REIT Index (Total Return) and Dow Jones Canada Select Equal Weight REIT Total Return Index CAD*****
HLPR	Solactive Laddered Canadian Preferred Share Index (Total Return) and S&P/TSX Preferred Total Return Index*****
HEWB	Solactive Equal Weight Canada Banks Index (Total Return)

*****a second reference index is employed where the first-mentioned reference index did not have 10 years of history

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

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

DISTRIBUTION POLICY

The ETFs will not make regular distributions. An ETF will, only when necessary, distribute income in the form of a distribution in Units or reinvested into Units of the ETF at the end of a taxation year, except as noted below. The Units of the ETF will then be consolidated so that the number of Units held by an investor after such a distribution will be equal to the number of Units they held the moment before the distribution. In the case of a non-resident Unitholder if tax has to be withheld in respect of the distribution, the Unitholder's dealer will invoice or debit the Unitholder's account directly.

As long as a Swap is used as the sole investment strategy of the ETFs, the Manager anticipates that, prior to termination of the Swap, an ETF should only realize net income for purposes of the Tax Act in a taxation year if the Swap has to be partially settled as a result of a redemption of Units. If this occurs, then the Manager intends, on behalf of the ETF, to allocate and make payable for purposes of the Tax Act any income realized by the ETF from such partial settlement in a taxation year to the Unitholders who redeemed their Units in the taxation year. Based on the foregoing, provided a Unitholder does not redeem his or her Units while the applicable ETF uses a Swap as its sole investment strategy, the Unitholder is not expected to receive any distributions of income for purposes of the Tax Act in a taxation year throughout which the Swap is in effect.

Prior to the end of the calendar year in which a taxation year ends, an ETF will ensure that the net income and net realized capital gains of the ETF have been paid or made payable to Unitholders of the ETF to such an extent that the ETF will not be liable for non-refundable income tax thereon. To the extent that an ETF has not paid or made payable the full amount of its net income and net capital gains in cash in any taxation year, the difference between such amount and the amount actually paid or made payable by the ETF in cash will be paid or made payable as a "reinvested distribution" or distributed in Units. Reinvested distributions will be reinvested automatically in additional Units of an ETF at a price, or Units of an ETF will be distributed at a price, equal to the net asset value per Unit of the ETF and the Units of the ETF will be immediately consolidated such that the number of outstanding Units of the ETF following the distribution will equal the number of Units of the ETF outstanding prior to the distribution. In the case of a non-resident Unitholder 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

Issuance of Units of the ETFs

To the Designated Broker and Dealers

All orders to purchase Units directly from an ETF must be placed by a Designated Broker or Dealer. Each ETF reserves the absolute right to reject any subscription order placed by a Designated Broker or Dealer for Units of an ETF, including, without limitation, if (a) the order is not in proper form; (b) the investor(s), upon obtaining the Units ordered, would own 50% or more of the currently outstanding Units of the ETF; (c) the acceptance of the order would otherwise, in the sole discretion of the Manager or, if applicable, investment manager, have an adverse effect on the ETF or the rights of beneficial owners of Units; (d) the acceptance or receipt of the order would, in the opinion of counsel to the ETF, be unlawful; or (e) circumstances outside the control of the Manager, the Custodian, and/or the Registrar and Transfer Agent exist which make processing of the subscription order for all practical purposes not feasible. No fees will be payable by an ETF to a Designated Broker or Dealer in connection with the issuance of Units of an ETF.

The Manager will publish the PNU for each ETF following the close of business on each Trading Day on its website, www.HorizonsETFs.com. The Manager may, at its sole discretion, increase or decrease the PNU of an ETF from time to time.

On any Trading Day, a Designated Broker or Dealer may place a subscription order for the PNU or multiple PNUs of an ETF. A subscription order may be a Cash Subscription or, at the sole discretion of the Manager, a Securities Subscription.

The Manager will, for each Trading Day, make available to the Designated Broker and the Dealers throughout the Trading Day information as to which securities will be accepted in respect of a Securities Subscription. The Manager may change the securities which will be accepted in respect of a Securities Subscription at any time throughout a Trading Day, in its sole discretion. The Manager may also, in its sole discretion, limit the number of PNUs of an ETF which may be subscribed for pursuant to a subscription order.

If a Cash Subscription or a Securities Subscription is received by an ETF by 12:00 p.m. (Toronto time) on a Trading Day when the principal exchange or market for the securities to which an ETF is exposed does not close early, and is accepted by the ETF, that ETF will issue to the Designated Broker or Dealer the number of Units of such ETF subscribed for generally by the second Trading Day after the date on which the subscription order is accepted. The number of Units issued will be based on the net asset value per Unit of the applicable ETF, at the close of the Trading Day on which the subscription is accepted by the Manager, provided that payment in full for such Units has been received. On days when the principal exchange or market for the securities to which an ETF is exposed closes early, a revised deadline for subscription orders in respect of such ETF will be communicated to the Designated Broker and the Dealers.

Notwithstanding the foregoing, an ETF will issue to the Designated Broker or Dealer the number of Units of the applicable ETF for which the Designated Broker or Dealer subscribed by no later than the second Trading Day after the date on which the subscription order was accepted, provided that payment in full for such Units has been received.

Unless the Manager shall otherwise agree, or the Trust Declaration shall otherwise provide, as payment for a PNU of an ETF a Dealer or Designated Broker must deliver a Cash Subscription or a Securities Subscription, as applicable, 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 next determined following the receipt of the subscription order. The value of a Securities Subscription accepted by the Manager will be determined as at the close of business on the date the applicable subscription order is accepted.

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

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

Buying and Selling Units of an ETF

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

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 an ETF (on either a number of Units or fair market value basis) at any time during which more than 10% of the property of such ETF consists of property that would be “taxable Canadian property” if the definition of such term in the Tax Act were read without reference to paragraph (b) thereof. None of the properties held by an ETF, including a Swap, should be considered such property. If the Manager expects or believes that more than 10% of an ETF’s property may consist of such property at any time, the ETF and the Manager may inform the Registrar and Transfer Agent of such ETF of the restriction on who may be a beneficial owner of a majority of its Units.

If the Manager believes that more than 10% of an ETF’s property is property that would be “taxable Canadian property” if the definition of such term in the Tax Act were read without reference to paragraph (b) thereof and if the Manager determines that more than 40% of the Units of such ETF (on either a number of Units or fair market value basis) are beneficially held by non-residents and/or partnerships that are not Canadian partnerships, the Manager may send a notice to such non-residents and/or partnerships, chosen in inverse order to the order of acquisition or in such manner as the Manager may consider equitable and practicable, requiring them to sell their Units of such ETF or a portion thereof within a specified period of not less than 30 days. If the Unitholders receiving such notice have not sold the specified number of Units or provided the Manager with satisfactory evidence that they are not non-residents or partnerships other than Canadian partnerships within such period, the Manager may on behalf of such Unitholders sell such Units and, in the interim, shall suspend the voting and distribution rights attached to such

Units. Upon such sale, the affected holders shall cease to be beneficial holders of Units of such ETF and their rights shall be limited to receiving the net proceeds of sale of such Units.

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

Special Considerations for Unitholders

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

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

Units of each ETF are "tracking property" such that if such Units are "fair value property" of a Unitholder, the Units will be "mark-to-market property" of the Unitholder (in each case, for purposes of the "mark-to-market" rules in the Tax Act). These rules require taxpayers that are financial institutions within the meaning of the rules to recognize annually on income account any accrued gains and losses on securities that are "mark-to-market property".

REDEMPTION OF UNITS

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

On any Trading Day, Unitholders may redeem: (i) Units for cash at a redemption price per Unit equal to 95% of the closing price for the applicable Units on the 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, (ii) a PNU or a whole multiple PNU for cash equal to the net asset value of that number of Units in such currency next determined following the receipt of the redemption request (a "**Cash Redemption**"), or (iii) at the sole discretion of the Manager, a PNU or a whole multiple PNU in exchange for securities and cash equal to the net asset value of that number of Units in such currency following the receipt of the redemption request (a "**Securities Redemption**"). Because Unitholders will generally be able to sell (rather than redeem) Units at the applicable full market price on the TSX through a registered broker or dealer subject only to customary brokerage commissions, unless they are redeeming a PNU, Unitholders are advised to consult their brokers, dealers or investment advisors before redeeming such Units for cash.

In order for a redemption, whether it is a Cash Redemption or a Securities Redemption, to be effective on a Trading Day when the principal exchange or market for the securities to which an ETF is exposed does not close early, a redemption request in the form prescribed by the Manager from time to time must be delivered to an ETF at its head office by 12:00 p.m. (Toronto time) on that day. If a redemption request is not received by 12:00 p.m. (Toronto time) on a Trading Day, the redemption order will be effective only on the next Trading Day. Payment of the redemption price will generally be made on the third Valuation Day after the effective day of the redemption. The redemption request forms may be obtained from any registered broker or dealer. On days when the principal exchange or market for the securities to which an ETF is exposed closes early, the earlier deadline for redemption requests in respect of such ETF will be made available to the Designated Broker and the Dealers.

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

The Manager will, for each Trading Day, make available to the Designated Broker and the Dealers throughout the Trading Day information as to which securities will be delivered in respect of a Securities Redemption. The Manager may change the securities which will be delivered in respect of a Securities Redemption at any time throughout a Trading Day, in its sole discretion.

Suspension of Redemptions

The Manager may suspend the redemption of Units of an ETF or payment of redemption proceeds of an ETF: (i) during any period when normal trading is suspended on a stock exchange or other market on which securities owned by such 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 such 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 such 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, each ETF may allocate and designate any income or capital gains realized by such ETF as a result of any disposition of property of the ETF undertaken to permit or facilitate the redemption of Units of the ETF to a Unitholder of such ETF whose Units are being redeemed. In addition, each ETF has the authority to distribute, allocate and designate any income or capital gains of such ETF to a Unitholder of such ETF who has redeemed Units of the ETF during a year in an amount equal to the Unitholder’s share, at the time of redemption, of the ETF’s income and capital gains for the year or such other amount that is determined by the ETF to be reasonable. Any such allocations and designations will reduce the redemption price otherwise payable to the redeeming Unitholder, but, for greater certainty, will not reduce the amount of cash or the fair market value of the securities that the Unitholder will receive in respect of the redemption.

Book-Entry Only System

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

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

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

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

Short-Term Trading

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

PRIOR SALES

Trading Price and Volume

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

INCOME TAX CONSIDERATIONS

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

Generally, Units of an ETF will be considered to be capital property to a Holder provided that the Holder does not hold such Units in the course of carrying on a business of buying and selling securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Assuming that an ETF is a "mutual fund trust" for purposes of the Tax Act, certain Holders who might not otherwise be considered to hold Units 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 securities disposed of in exchange for Units.

This summary is based on the assumption that each ETF will qualify or be deemed to qualify at all times as a "unit trust" and a "mutual fund trust", and will at no time be subject to the tax for "SIFT trusts", all within the meaning of the Tax Act. For an ETF to qualify as a "mutual fund trust", among other things, it must comply on a continuous basis with certain requirements relating to the qualification of its Units for distribution to the public, the number of Unitholders of the ETF and the dispersal of ownership of its Units. Each ETF is expected to make an election under the Tax Act in its first return of income 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 an ETF will maintain its status as a "mutual fund trust". In the event an ETF were not to qualify as a mutual fund trust under the Tax Act at all times or is a "SIFT trust", the income tax consequences described below would, in some respects, be materially different.

This summary is also based on the assumptions that (i) none of the issuers of the securities in the portfolio of an ETF will be foreign affiliates of the ETF or of any Unitholder, or “SIFT trusts” or “SIFT partnerships” within the meaning of the Tax Act, (ii) none of the securities in the portfolio of an ETF will be a “tax shelter investment” within the meaning of section 143.2 of the Tax Act and (iii) none of the securities in the portfolio of an ETF will be an offshore investment fund property (or an interest in a partnership that holds such property) that would require the ETF to include significant amounts in the ETF’s income pursuant to section 94.1 of the Tax Act or an interest in a trust (or a partnership which holds such an interest) which would require the ETF (or the partnership) to report significant amounts of income in connection with such interest pursuant to the rules in section 94.2 of the Tax Act, or an interest in a non-resident trust other than an “exempt foreign trust” (or a partnership which holds such interest). This summary further assumes that each 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 in this prospectus. There can be no assurance that the Tax Amendments will be enacted in the form publicly announced, or at all.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Units of an ETF. This summary does not address the deductibility of interest on any funds borrowed by a Unitholder to purchase Units of an ETF. This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any holder of Units of an ETF. Prospective investors should consult their own tax advisors with respect to the income tax consequences to them of an acquisition of Units of an ETF based on their particular circumstances and review the risk factors related to tax set out above.

Status of the ETFs

As noted above, this summary assumes that each ETF qualifies at all times as a “mutual fund trust” for purposes of the Tax Act and is not a “SIFT trust” for purposes of the Tax Act. Each of the ETFs will make an election in its first income tax return under subsection 132 (6.1) of the Tax Act so that it qualifies under the Tax Act as a “mutual fund trust” from the commencement of its first taxation year.

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

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

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

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

Taxation of the ETFs

Each ETF is expected to elect to have a taxation year that ends on December 15 of each calendar year. Each ETF must pay tax on its net income (including net realized taxable capital gains) for a taxation year, less the portion thereof that it deducts in respect of the amount paid or payable to its Unitholders in the year. An amount will be considered to be payable to a Unitholder of an ETF in a taxation year if it is paid to the Unitholder in that year by the ETF or if the Unitholder is entitled in that year to enforce payment of the amount. The Trust Declaration for the ETFs requires that sufficient amounts be paid or made payable each year so that no ETF is liable for any non-refundable income tax under Part I of the Tax Act.

In general, gains and losses realized by the ETFs 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 applicable ETF will recognize such gains or losses for tax purposes at the time they are realized by such ETF. Payments received by an ETF under a Swap will be on income account and the applicable ETF will recognize such income when it is realized by such ETF upon partial settlements or upon maturity of the Swap. Accordingly, an ETF may have a large unrealized gain upon maturity of an applicable Swap.

The Tax Act contains rules (the "**DFA Rules**") that target certain financial arrangements (referred to as "derivative forward agreements") that seek to reduce tax by converting, through the use of derivative contracts, the return on an investment that would otherwise have the character of ordinary income to a capital gain. The DFA Rules are broadly drafted and could apply to other agreements or transactions. If the DFA Rules were to apply to derivatives used by an ETF, returns realized in respect of the property underlying such derivatives would be treated as ordinary income or losses rather than capital gains and capital losses. The Tax Act exempts the application of the DFA Rules on currency forward contracts or certain other derivatives that are entered into in order to hedge foreign exchange risk in respect of an investment held as capital property.

In determining the income of an ETF, gains or losses realized upon dispositions of portfolio securities, if any, held by the ETF which are not the subject of short sales will constitute capital gains or capital losses of the ETF in the year realized unless the ETF is 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 securities in a transaction or transactions considered to be an adventure or concern in the nature of trade.

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

Each ETF will be required to include in its income for a taxation year all dividends received (or deemed to be received) in the year on shares of corporations that it holds in its portfolio of assets.

To the extent an ETF holds trust units issued by a trust resident in Canada that is not at any time in the relevant taxation year a "SIFT trust" and held as capital property for purposes of the Tax Act, the ETF will be required to include in the calculation of its income the net income, including net taxable capital gains, paid or payable to the ETF by such trust in the year, notwithstanding that certain of such amounts may be reinvested in additional units of the trust. Provided that appropriate designations are made by such trust, 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.

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

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 (a "**SIFT tax**"), 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 SIFT tax on an ETF since the ETFs are not expected to have any income from "non-portfolio property." If these rules apply to an ETF, the after-tax return to Unitholders could be reduced.

An ETF may not deduct interest on borrowed funds, if any, that are used to fund redemptions of its Units. Losses incurred by an ETF in a taxation year cannot be allocated to Unitholders of such ETF, but may be deducted by the ETF in future years in accordance with the Tax Act.

Each ETF is subject to the suspended loss rules contained in the Tax Act. A loss realized by an 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 to the ETF, within 30 days before and after the sale.

If an 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 an 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 of an ETF 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 paid in cash or in Units or automatically reinvested in additional Units of the ETF). Amounts paid or payable by the ETF to a Holder after December 15 and before the end of the calendar year are deemed to have been paid or become payable to the Holder on December 15. The non-taxable portion of an ETF's net realized capital gains, the taxable portion of which was designated in respect of a Holder for a taxation year, that is paid or becomes payable to the Holder in the taxation year will not be included in computing the Holder's income for the year. Any other amount in excess of a Holder's share of the net income of an ETF for a taxation year that is paid or becomes payable to the Holder in the year (i.e., returns of capital) will not generally be included in the Holder's income for the year, but will reduce the adjusted cost base of the Holder's Units of an ETF. To the extent that the adjusted cost base of a Unit of an ETF would otherwise become a negative amount, the negative amount will be deemed to be a capital gain and the adjusted cost base of the Unit to the Holder will be reset to nil.

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

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

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

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

In the case of a Securities Redemption, 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 income or 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 Securities Redemption will generally be equal to the fair market value of such property at the time of the distribution.

Pursuant to the Trust Declaration, an ETF may allocate and designate any income or capital gains realized by such ETF as a result of any disposition of property of the ETF undertaken to permit or facilitate the redemption of Units to a Unitholder whose Units are being redeemed. In addition, each ETF has the authority to distribute, allocate and designate any income or capital gains of such ETF to a Unitholder of such ETF who has redeemed Units of the ETF during a year in an amount equal to the Unitholder's share, at the time of redemption, of the ETF's income and capital gains for the year or such other amount that is determined by the ETF to be reasonable. Any such allocations and designations will reduce the redemption price otherwise payable to the redeeming Unitholder, but, for greater certainty, will not reduce the amount of cash or the fair market value of the securities 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 of an ETF or designated by an ETF in respect of the Holder in a taxation year will be included in computing the Holder's income for that year and one-half of any capital loss (an "**allowable capital loss**") realized by the Holder on the disposition of Units of an ETF in a taxation year generally must be deducted from taxable capital gains realized by the Holder or designated by the ETF in respect of the Holder in accordance with the detailed provisions of the Tax Act. Allowable capital losses for a taxation year in excess of taxable capital gains for that taxation year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against taxable capital gains in accordance with the provisions of the Tax Act.

Each Holder who subscribes for Units under a Securities Subscription and is delivering securities will be disposing of securities in exchange for Units. Assuming that such securities are held by the Holder as capital property for purposes of the Tax Act, the Holder generally will realize a capital gain (or a capital loss) in the taxation year of the Holder in which the disposition of such securities takes place to the extent that the proceeds of disposition for such securities, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such securities to the Holder. For this purpose, the proceeds of disposition to the Holder will equal the aggregate of the fair market value of the Units received for the securities. Where the securities delivered are debt obligations, a

Holder will generally be required to include in income the amount of interest accrued (or deemed to have accrued) on the obligation from the last interest payment date to the time of transfer to the extent that such amount has not otherwise been included in the Holder's income. Such amount will be excluded in computing the Holder's proceeds of disposition of the debt obligation. The cost to a Holder of Units of an ETF acquired under a Securities Subscription will be equal to the aggregate of the cash paid (if any) to the ETF plus the fair market value of the securities disposed of in exchange for Units of such ETF at the time of disposition, which sum would generally be equal to or would approximate the fair market value of the Units received as consideration under the Securities Subscription.

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

Taxation of Registered Plans

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

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

Tax Implications of the Fund's Distribution Policy

The net asset value per Unit of an ETF will, in part, reflect any income and gains of the ETF that have accrued or been realized, but have not been made payable at the time Units of the ETF were acquired. Accordingly, a Holder of an ETF who acquires Units of the ETF, including on a reinvestment of distributions or a distribution in Units, may become taxable on the Holder's share of such income and gains of the ETF. In particular, an investor who acquires Units of an ETF shortly before a distribution is paid or made payable will have to pay tax on the entire distribution (to the extent it is a taxable distribution) regardless of the fact that the investor only recently acquired such Units. Further, where a Holder acquires Units in a calendar year after December 15 of such year, such Holder may become taxable on income earned or capital gains realized in the taxation year ending on December 15 of such calendar year but that had not been made payable before the Units were acquired. In addition, there may be significant accrued gains in a Swap held by an ETF which, unless its term is extended, will be realized by the ETF as ordinary income in any year that the Swap matures or is otherwise settled. Such income will be distributed by the applicable ETF to its Unitholders in such year.

As long as the Swap is used as the sole investment strategy by an ETF, the Manager anticipates that prior to termination of the Swap the ETF should only realize income for purposes of the Tax Act in a taxation year if the Swap has to be partially settled as a result of a redemption of Units. If this occurs, then the Manager intends, on behalf of the ETF, to allocate for purposes of the Tax Act any income realized by the ETF from such partial settlement in a taxation year to the Unitholders who redeemed their Units in the taxation year. Based on the foregoing, provided a Holder does not redeem his or her Units of an ETF that uses a Swap as its sole investment strategy, the Holder is generally not expected to receive any distributions of income for purposes of the Tax Act in a taxation year throughout which the Swap is in effect.

ORGANIZATION AND MANAGEMENT DETAILS OF THE ETFs

Manager of the ETFs

Horizons ETFs Management (Canada) Inc., a corporation existing under the laws of Canada, is the manager, investment manager and trustee of each ETF. The Manager is responsible for providing or arranging for the provision of administrative services and management functions required by the ETFs. The principal office of Horizons is 55 University Avenue, Suite 800, Toronto, Ontario, M5E 1S2. Horizons was originally incorporated under the laws of Canada under the name BetaPro Management Inc. and was primarily organized for the purpose of managing investment products, including the ETFs.

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

Mirae Asset is the Korea-based asset management entity of Mirae Asset Financial Group, one of the world's largest investment managers in emerging market equities. With over 810 employees, including more than 180 investment professionals (as of September 30, 2018), Mirae Asset Financial Group has a presence in Australia, Brazil, Canada, China, Colombia, Hong Kong, India, Korea, Taiwan, the United Kingdom, the United States, and Vietnam. Headquartered in Seoul, South Korea, Mirae Asset Financial Group manages approximately US$402 billion in assets globally as of September 30, 2018.

Officers and Directors of the Manager

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

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

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

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

Ownership of Securities of the Manager

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

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

Duties and Services to be Provided by the Manager

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

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

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

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

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

The Manager has also serves as the investment manager to the ETFs. The Manager operates as a portfolio manager under the Securities Act (Ontario) and in certain other provinces pursuant to applicable legislation. The Manager also operates as a commodity trading manager under the Commodity Futures Act (Ontario). The principal office of the Manager is at 55 University Avenue, Suite 800, Toronto, Ontario M5J 2H7. The Manager provides investment advisory and portfolio management services to the ETFs. The senior officers of the Manager principally responsible for providing investment advice to the ETFs 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 ETFs, 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 ETFs including, without limitation: (i) to subscribe for a sufficient number of Units of an ETF to satisfy the TSX's original listing requirements; (ii) to subscribe for Units of an ETF on an ongoing basis, and (iii) to post a liquid two way market for the trading of Units of an ETF on the TSX. Payment for Units of an ETF must be made by the Designated Broker, and Units of an ETF will be issued, by no later than the second Trading Day after the subscription notice has been delivered.

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

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

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

Conflicts of Interest

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

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

The ETF Managers may at times have interests that differ from the interests of the Unitholders of an 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 ETFs. In the event that a Unitholder believes that one of the ETF Managers has violated its duty to such Unitholder, the Unitholder may seek relief for itself or on behalf of an ETF to recover damages from or to require an accounting by such ETF Manager. Unitholders should be aware that the performance by each ETF Manager of its responsibilities to an ETF will be measured in accordance with (i) the provisions of the agreement by which such ETF Manager has been appointed to its position with such ETF; and (ii) applicable laws.

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

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

NBF's potential roles as a Designated Broker and a Dealer of the applicable ETF(s) will not be as an underwriter of such 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 an ETF, the issuers of securities making up the investment portfolio of an ETF, or with the Manager or any funds sponsored by the Manager or its affiliates, including by making loans, entering into derivative transactions or providing advisory or agency services. In addition, the relationship between NBF and 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 ETFs, establish an IRC and that the Manager must refer all conflict of interest matters in respect of the ETFs for review or approval by the IRC. NI 81-107 also requires the Manager to establish written policies and procedures for dealing with conflict of interest matters, to maintain records in respect of these matters and to provide the IRC with guidance and assistance in carrying out its functions and duties. According to NI 81-107, the IRC must be comprised of a minimum of three (3) independent members, and is subject to requirements to conduct regular assessments of its members and provide reports, at least annually, to an ETF and to its Unitholders in respect of those functions. The most recent report prepared by the IRC is available on the Manager's website (www.horizonsetfs.com), or at a Unitholder's request at no cost, by contacting the ETF at 55 University Avenue, Suite 800, Toronto, Ontario, M5J 2H7; telephone: 416-933-5745; toll free: 1-866-641-5739; fax: 416-777-5181.

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

The IRC:

- reviews and provides input on the Manager's written policies and procedures that deal with conflict of interest matters;

- reviews conflict of interest matters referred to it by the Manager and makes recommendations to the Manager regarding whether the Manager's proposed actions in connection with the conflict of interest matter achieves a fair and reasonable result for the ETFs;

- considers and, if deemed appropriate, approves the Manager's decision on a conflict of interest matter that the Manager refers to the IRC for approval; and

- performs such other duties as may be required of the IRC under applicable securities laws.

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

The Trustee

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

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

The Trustee will not receive any fees from the ETFs.

Custodian

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

Under the Custodian Agreement, an 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. Each 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 ETFs, as such requirements are set out in NI 81-102 and National Instrument 41-101 - *General Prospectus Requirements*.

CIBC Mellon Trust, at the direction of Horizons, on behalf of the ETFs, has appointed RBC Investor Services and NBF as sub-custodians of the ETFs. Each Sub-Custodian is qualified to act as a sub-custodian of a mutual fund pursuant to the requirements of NI 81-102. The Sub-Custodians are also independent of the Manager and are both located in Toronto, Ontario. Pursuant to the Sub-Custodian Agreements, each Sub-Custodian will be responsible for a portion of the portfolio assets of each of the ETFs and each Sub-Custodian shall exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances, or at least the same degree of care, diligence and skill that the Sub-Custodian exercises with respect to its own property of a similar kind, if this is a higher degree of care. Under the Sub-Custodian Agreements, the Manager shall pay the Sub-Custodians' fees at such rate as determined by the parties from time to time and shall reimburse the Sub-Custodians for all reasonable expenses and disbursements incurred in the performance of its duties under the applicable Sub-Custodian Agreement. Each Sub-Custodian may hold assets of an ETF until its fees are paid by Horizons.

Valuation Agent

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

Auditors

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

Transfer Agent and Registrar

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

Promoter

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

Securities Lending Agent

The ETFs may engage NBF as a securities lending agent.

NBF is located in Toronto, Ontario. NBF is not an affiliate of the Manager. If the ETFs engage NBF as a securities lending agent, it is expected that the securities lending agency agreement ("**SLAA**") would require 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). It is expected that, subject to certain exceptions, the SLAA would require NBF to indemnify each ETF against any loss suffered directly by an ETF as a result of a securities loan effected by NBF. It is expected that a party to the SLAA would be able to terminate an SLAA upon 5 business days' notice.

CALCULATION OF NET ASSET VALUE

The NAV per Unit of each ETF is computed in Canadian dollars. The NAV per Unit of an ETF will be calculated by adding up the cash, securities and other assets of such 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 hundredth of a cent per Unit and will remain in effect until the time as at which the next determination of the NAV per Unit of such ETF is made. The NAV per Unit of an ETF will be calculated on each Valuation Day. Initially, the entire net asset value of an ETF will be derived from the daily mark-to-market value of the applicable Swap, its deposits and other cash on hand.

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

Valuation Policies and Procedures of the ETFs

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

(i) the value of any cash on hand, on deposit or on call, bills and notes and accounts receivable, prepaid expenses, cash dividends to be received and interest accrued and not yet received, will be deemed to be the face amount thereof, unless the Valuation Agent determines that any such deposit, call loan, bill, note or account receivable is not worth the face amount thereof, in which event the value thereof will be deemed to be such value as the Valuation Agent determines to be the reasonable value thereof;

(ii) the value of any security, commodity or interest therein which is listed or dealt in upon a stock exchange will be determined by:

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

(B) in the case of securities not traded on that Valuation Day, a price estimated to be the true value thereof by the Valuation Agent, such price being between the closing asked and bid prices for the securities or interest therein as reported by any report in common use or authorized as official by a stock exchange;

(iii) long positions in clearing corporation options, options on futures, over-the-counter options, debt-like securities and listed warrants will be valued at the current market value thereof. Where a covered clearing corporation option, option on futures or over-the-counter option is written, the premium received shall be reflected as a deferred credit which shall be valued at an amount equal to the current market value of the clearing corporation option, option on futures or over-the-counter option that would have the effect of closing the position. Any difference resulting from any revaluation shall be treated as an unrealized gain or loss on investment. The deferred credit shall be deducted in arriving at the net asset value of such instrument. The securities, if any, which are the subject of a written clearing corporation option or over-the-counter option shall be valued at the current market value. The value of a future contract or a swap or forward contract shall be the gain or loss with respect thereto that will be realized if, on that Valuation Day, the position in the futures contract, or the forward contract, as the case may be, were to be closed out unless "daily limits" are in effect, in which case fair value shall be based on the current market value of the underlying interest. Margin paid or deposited in respect of futures contracts and forward contracts shall be reflected as an account receivable and margin consisting of assets other than cash shall be noted as held as margin;

(iv) in the case of any security or property for which no price quotations are available as provided above, the value thereof will be determined from time to time by the Valuation Agent, where applicable, in accordance with the principles described in paragraph (ii) above, except that the Valuation Agent may use, for the purpose of determining the sale price or the asked and bid price of such security or interest, any public quotations in common use which may be available, or where such principles are not applicable; and

(v) the liabilities of an ETF will include:

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

In calculating the NAV of an 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 an 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 an ETF may be appropriate if: (i) market quotations do not accurately reflect the fair value of an investment; (ii) an investment's value has been materially affected by events occurring after the close of the exchange or market on which the investment is principally traded; (iii) a trading halt closes an exchange or market early; or (iv) other events result in an exchange or market delaying its normal close. The risk in fair valuing an investment of an ETF is that the value of the investment may be higher or lower than the price that the ETF may be able to realize if the investment had to be sold.

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

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

Reporting of Net Asset Value

Persons or companies that wish to be provided with the most recent net asset value per Unit of an ETF may call the Manager at 416-933-5745 or at 1-866-641-5739, or check the Manager's website at www.HorizonsETFs.com. The net asset value per Unit of an ETF will be calculated on each Valuation Day.

ATTRIBUTES OF THE SECURITIES

Description of the Securities Distributed

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

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

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

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

Redemptions of Units for Cash

On any Trading Day, Unitholders may redeem Units of an ETF for cash at a redemption price per Unit equal to 95% of the closing price for the Units of such ETF on the TSX on the effective day of the redemption, subject to a maximum redemption price per Unit equal to the net asset value per Unit on the effective day of 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 an 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 each ETF based on transaction prices calculated as at the end-of-day net asset value, plus any fee payable to the investor's Dealer for the Dealer's facilitation of the purchase or sale. The Manager will issue a news release announcing the details of any such stock exchange sponsored execution program.

Modification of Terms

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

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

UNITHOLDER MATTERS

Meetings of Unitholders

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

Matters Requiring Unitholder Approval

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

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

  (i) the ETF is at arm's length with the person or company charging the fee; and

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

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

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

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

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

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

  (i) the IRC of the ETF has approved the change in accordance with NI 81-107;

(ii) the ETF is being reorganized with, or its assets are being transferred to, another mutual fund to which NI 81-102 and NI 81-107 apply, and that is managed by the Manager, or an affiliate of the Manager;

(iii) the Unitholders have received at least 60 days' notice before the effective date of the change; and

(iv) the transaction complies with certain other requirements of applicable securities legislation;

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

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

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

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

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

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

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

Amendments to the Trust Declaration

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

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

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

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

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

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

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

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

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

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

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

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

Reporting to Unitholders

The Manager, on behalf of each ETF, will in accordance with applicable laws furnish to each Unitholder of an ETF, unaudited semi-annual financial statements and an interim management report of fund performance for such ETF within 60 days of the end of each semi-annual period and audited annual financial statements and an annual management report of fund performance for the ETF within 90 days of the end of each taxation year or such other time as required by applicable law. Both the semi-annual and the annual financial statements of an ETF will contain a statement of financial position, a statement of comprehensive income, a statement of changes in financial position, a statement of cash flows 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 ETFs or such other time as required by applicable law. Neither the Manager nor the Registrar and Transfer Agent are responsible for tracking the adjusted cost base of a Unitholder’s Units. Unitholders should consult with their tax or investment adviser in respect of how to compute the adjusted cost base of their Units and in particular how designations made by the ETF to a Unitholder affect the Unitholder’s tax position.

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

Exchange of Tax Information

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

Reporting obligations in the Tax Act have been enacted to implement the Organization for Economic Cooperation and Development Common Reporting Standard (the "**CRS Rules**"). Pursuant to the CRS Rules, Canadian financial institutions (as defined the CRS Rules) are required to have procedures in place to identify accounts held by residents of foreign countries (other than the U.S.) or by certain entities any of whose "controlling persons" are resident in a foreign country (other than the U.S.) and to report the required information to the CRA. Such information is exchanged on a reciprocal, bilateral basis with countries that have agreed to a bilateral information exchange with Canada under the Common Reporting Standard and in which the account holders or such controlling persons are resident. Under the CRS Rules, Unitholders are required to provide such information regarding their investment in an ETF to their dealer for the purpose of such information exchange, unless the investment is held within a Registered Plan.

TERMINATION OF THE ETFs

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

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

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

Procedure on Termination

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

PLAN OF DISTRIBUTION

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

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

RELATIONSHIP BETWEEN THE ETFs AND DEALERS

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

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

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

PRINCIPAL HOLDERS OF UNITS OF THE ETFs

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

PROXY VOTING DISCLOSURE FOR PORTFOLIO UNITS HELD

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

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

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

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

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

MATERIAL CONTRACTS

The only contracts material to the ETFs are the following:

(i) **Trust Declaration.** Horizons acts as the manager, investment manager and trustee of the ETFs 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 ETFs – The Trustee", "Organization and Management Details of the ETFs – Duties and Services to be Provided by the Manager", "Attributes of the Securities – Modification of Terms" and "Unitholder Matters – Amendments to the Trust Declaration;

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

(iii) **Sub-Custodian Agreements.** For additional disclosure related to the Sub-Custodian Agreements, including relevant termination provisions and other key terms of the agreements, see "Organization and Management Details of the ETFs – Custodian"; and

(iv) **Swaps.** For additional disclosure related to a Swap, see "Investment Strategies".

Copies of these agreements may be examined at the head office of the ETFs, 55 University Avenue, Suite 800, Toronto, Ontario, M5E 1S2, during normal business hours.

LEGAL AND ADMINISTRATIVE PROCEEDINGS

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

EXPERTS

KPMG LLP, the auditors of the ETFs, have consented to the use of their report dated January 17, 2019 to the board of directors of the Manager. KPMG LLP has confirmed that they are independent within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations.

EXEMPTIONS AND APPROVALS

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

(a) permit a Unitholder to acquire more than 20% of the Units through purchases on the TSX without regard to the takeover bid requirements of applicable Canadian securities legislation. See "Purchases of Units – Buying and Selling Units of an ETF";

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

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

OTHER MATERIAL FACTS

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

PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

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

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

DOCUMENTS INCORPORATED BY REFERENCE

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

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

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

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT

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

Re: Horizons Equal Weight Canada REIT Index ETF
Horizons Laddered Canadian Preferred Share Index ETF
Horizons Equal Weight Canada Banks Index ETF
(collectively, the "ETFs")

Opinion

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

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

Basis for Opinion

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

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

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

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

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

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

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

Auditors' Responsibilities for the Audits of the Financial Statements

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

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

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

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

We also:

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

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

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

(Signed) "*KPMG LLP*"

Chartered Professional Accountants, Licensed Public Accountants
The engagement partner on the audits resulting in this auditors' report is Paritosh Gambhir
Toronto, Canada
January 17, 2019

HORIZONS EQUAL WEIGHT CANADA REIT INDEX ETF

Statement of Financial Position

January 17, 2019

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

See accompanying notes to statement of financial position.

Approved on behalf of the Board of Directors of
Horizons ETFs Management (Canada) Inc., as the Manager and
Trustee of Horizons Equal Weight Canada REIT Index ETF

(signed) “*Steven J. Hawkins*”
Steven J. Hawkins

(signed) “*Thomas Park*”
Thomas Park

HORIZONS LADDERED CANADIAN PREFERRED SHARE INDEX ETF

Statement of Financial Position

January 17, 2019

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

See accompanying notes to statement of financial position.

Approved on behalf of the Board of Directors of
Horizons ETFs Management (Canada) Inc., as the Manager and
Trustee of Horizons Laddered Canadian Preferred Share Index ETF

(signed) “*Steven J. Hawkins*”

Steven J. Hawkins

(signed) “*Thomas Park*”

Thomas Park

HORIZONS EQUAL WEIGHT CANADA BANKS INDEX ETF

Statement of Financial Position

January 17, 2019

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

See accompanying notes to statement of financial position.

Approved on behalf of the Board of Directors of
Horizons ETFs Management (Canada) Inc., as the Manager and
Trustee of Horizons Equal Weight Canada Banks Index ETF

(signed) "*Steven J. Hawkins*"

Steven J. Hawkins

(signed) "*Thomas Park*"

Thomas Park

HORIZONS EQUAL WEIGHT CANADA REIT INDEX ETF
HORIZONS LADDERED CANADIAN PREFERRED SHARE INDEX ETF
HORIZONS EQUAL WEIGHT CANADA BANKS INDEX ETF

Notes to the Financial Statements

January 17, 2019

1. Establishment of the ETFs and authorized units:

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

Horizons Equal Weight Canada REIT Index ETF ("HCRE")
Horizons Laddered Canadian Preferred Share Index ETF ("HLPR")
Horizons Equal Weight Canada Banks Index ETF ("HEWB")

(collectively, the "ETFs")

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

(a) Legal structure:

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

(b) Statement of compliance:

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

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

(c) Basis of presentation:

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

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

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

(e) Issue of units:

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

(f) Unitholder transactions:

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

2. Management of the ETF

Each ETF will pay the Manager an annual management fee (the "Management Fee").

HCRE will pay an annual Management Fee to the Manager equal to 0.50% of the net asset value of HCRE, together with applicable Sales Tax. HLPR will pay an annual Management Fee to the Manager equal to 0.40% of the net asset value of HLPR, together with applicable Sales Tax. HEWB will pay an annual Management Fee to the Manager equal to 0.45% of the net asset value of HEWB, together with applicable Sales Tax.

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

HORIZONS EQUAL WEIGHT CANADA REIT INDEX ETF
HORIZONS LADDERED CANADIAN PREFERRED SHARE INDEX ETF
HORIZONS EQUAL WEIGHT CANADA BANKS INDEX ETF

(THE "ETFs")

CERTIFICATE OF THE ETFs, THE MANAGER AND PROMOTER

Dated: January 17, 2019

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

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

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

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

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