PROSPECTUS

Continuous Offering July 19, 2018

HORIZONS EXCHANGE TRADED FUNDS

ACTIVE ✷ BENCHMARK ✷ BETAPRO

Horizons Gold ETF ("HUG")
Horizons Silver ETF ("HUZ")
Horizons Crude Oil ETF ("HUC")
Horizons Natural Gas ETF ("HUN")

(together, the "ETFs" and each an "ETF")

The ETFs are open-end mutual fund trusts established under the laws of Ontario. Class A units ("**Units**") of each ETF are offered for sale on a continuous basis by this prospectus and there is no maximum number of Units of an ETF that may be issued. The ETFs are commodity pools. 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.

Units of the ETFs are listed and trade on the Toronto Stock Exchange (the "**TSX**").

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

Investors should monitor their investment in an ETF daily.

Each ETF is designed to provide investment results, before fees, expenses, distributions, brokerage commissions and other transaction costs, that endeavour to correspond to the performance of a specified Referenced Futures Index) as hereinafter defined).

These ETFs track the performance of the Referenced Futures Indexes that track specified futures contracts that are for delivery in the future (e.g., for a subsequent delivery month). None of the ETFs invest in the physical spot commodity market.

In order to achieve its investment objective, each ETF may invest in interest bearing accounts, T-Bills (as hereinafter defined) and/or other financial instruments, including derivatives. See "Investment Objectives". Each ETF currently seeks to achieve its investment objective through the Forward Documents (as hereinafter defined). See "Investment Strategies - General Investment Strategies - Forward Documents".

Investors are 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 may incur customary brokerage commissions in buying and/or selling Units of an ETF. Unitholders may redeem Units of an ETF in any number for cash, subject to a redemption discount, or may redeem a prescribed number of Units (a "**PNU**") of an ETF or a multiple PNU of the ETF for cash equal to the net asset value of that number of Units of the ETF, subject to any redemption charge. See "Redemption of Units".

Each ETF issues Units directly to its Designated Broker and Dealers (as each is hereinafter defined).

No Designated Broker, Dealer and/or Counterparty (as hereinafter defined) 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. The securities regulatory authorities (as hereinafter 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.

Each investor should carefully consider whether their financial condition and/or retirement savings objectives permit them to buy Units of an ETF. Units of the ETFs are highly speculative and involve a high degree of risk, some not traditionally associated with mutual funds. No ETF by itself constitutes a balanced investment plan. An investor may lose a portion or even all of the money that he or she places in an ETF.

The risk of loss in trading derivatives can be substantial. In considering whether to buy Units of an ETF, the investor should be aware that trading derivatives can quickly lead to large losses as well as large gains. Such trading losses can sharply reduce the net asset value of an ETF and consequently the value of an investor's Units in the ETF. Market conditions may also make it difficult or impossible for an ETF to liquidate a position.

The ETFs are subject to certain conflicts of interest. An ETF is subject to the charges payable by it as described in this prospectus that must be offset by revenues and trading gains before an investor is entitled to a return on his or her investment. It may be necessary for an ETF to make substantial trading profits to avoid depletion or exhaustion of its assets before an investor is entitled to a return on his or her investment.

Participation in transactions by an ETF may involve the execution and clearing of trades on or subject to the rules of a foreign market. None of the Canadian securities regulatory authorities or Canadian exchanges regulates activities of any foreign markets, including the execution, delivery and clearing of transactions, or has the power to compel enforcement of the rule of a foreign market or any applicable foreign law. Generally, any foreign transaction will be governed by applicable foreign laws. This is true even if the foreign market is formally linked to a Canadian market so that a position taken on a market may be liquidated by a transaction on another market. Moreover, such laws or regulations will vary depending on the foreign country in which the transaction occurs. For these reasons, entities such as the ETFs may not be afforded certain of the protective measures provided by Canadian legislation or Canadian exchanges. In particular, funds received from investors for transactions by an ETF on foreign exchanges may not be provided the same protection as funds received in respect of transactions by an ETF on Canadian exchanges.

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

THESE BRIEF STATEMENTS DO NOT DISCLOSE ALL OF THE RISKS AND OTHER SIGNIFICANT ASPECTS OF INVESTING IN THE ETFs. AN INVESTOR SHOULD CAREFULLY READ THIS PROSPECTUS, INCLUDING THE DESCRIPTION OF THE PRINCIPAL RISK FACTORS OF THE ETFs, BEFORE INVESTING IN THE ETFs. For a discussion of the risks associated with an investment in Units of an ETF, see "Risk Factors".

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

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

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

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TABLE OF CONTENTS

TABLE OF CONTENTS

PROSPECTUS SUMMARY

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

The ETFs

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

Investment Objectives

Each ETF is designed to provide investment results, before fees, expenses, distributions, brokerage commissions and other transaction costs, that endeavour to correspond to the performance of its specified Referenced Futures Index.

In order to achieve its investment objective, each ETF may invest in interest bearing accounts, T-Bills and/or other financial instruments, including derivatives. None of the ETFs invest in the physical spot commodity market.

ETF	Referenced Futures Index	Investment Objective
HUG	Solactive Gold Front Month MD Rolling Futures Index ER	the performance of its Referenced Futures Index
HUZ	Solactive Silver Front Month MD Rolling Futures Index ER	the performance of its Referenced Futures Index
HUC	Solactive Light Sweet Crude Oil Winter MD Rolling Futures Index ER	the performance of its Referenced Futures Index
HUN	Solactive Natural Gas Winter MD Rolling Futures Index ER	the performance of its Referenced Futures Index

Risk Factors

Investing in Units of an ETF can be speculative, can involve a high degree of risk and may only be suitable for persons who are able to assume the risk of losing their entire investment. Prospective investors should therefore consider the following risks, among others, before subscribing for Units of an ETF.

- Commodity Risk
- Spot v. Futures Risk
- Aggressive Investment Technique Risk
- Concentration Risk
- Trading in Derivatives is Highly Leveraged
- Corresponding Net Asset Value Risk
- Counterparty Risk
- Correlation Risk
- Liquidity Risk
- Market Risk

- Early Closing Risk
- Unit Consolidation and Unit Split Risk
- Regulatory Risk
- Commodity Market Risk
- No Assurance of Meeting Investment Objective
- Tax Risk
- Conflicts of Interest
- Price Limit Risk
- Liability of Unitholders
- Reliance on the Manager
- Reverse Repurchase Transaction Risk
- Designated Broker/Dealer Risk
- Exchange Risk
- Borrowing Risk
- Changes to a Referenced Futures Index
- Foreign Exchange Risk
- Exchange Rate Risk
- Securities Lending Risk

See "Risk Factors".

Investment Strategies

Forward Documents

Each ETF currently seeks to achieve its investment objective through the Forward Documents. Each ETF employs Forward Documents, interest bearing accounts and T-Bills to achieve its investment objective.

An ETF may be exposed to the credit risk associated with its Counterparty or Counterparties, as applicable. See "Risk Factors – Counterparty Risk".

These ETFs do not employ leverage to achieve their investment objectives.

Each ETF will be rebalanced every day on which a session of the TSX and the New York Stock Exchange are both open and provided it is not a bank holiday.

These ETFs are subject to certain investment restrictions. See "Investment Strategies" and "Investment Restrictions".

A Counterparty is entitled to advance the settlement date of the Forward Documents upon the occurrence of certain specified events of default or termination events.

Forward Documents

Each of the ETFs has entered into multiple Forward Documents with a Counterparty or Counterparties. Each ETF seeks to achieve its investment objective through the net exposure of its respective Forward Documents. Each ETF invests the net proceeds of Unit subscriptions in interest bearing accounts and T-Bills to earn prevailing short-term market interest rates. An ETF has the ability to replace a Counterparty or engage additional Acceptable Counterparties at any time. The reference asset of each Forward Document is a notional amount of positive or negative exposure to the applicable Referenced Futures Index. A Counterparty or its guarantor must have a designated rating within the meaning of NI 81-102. The amount payable by a Counterparty under the Forward Documents is based upon the performance of the applicable Referenced Futures Index.

Each ETF is entitled to pre-settle the Forward Documents in whole or in part from time to time as needed to fund Unit redemptions and market repurchases of Units, pay administrative expenses, meet other liquidity needs and such other purposes as that ETF may determine.

See "Investment Strategies - General Investment Strategies - Forward Documents".

Offering

Units of each ETF are offered for sale on a continuous basis by this prospectus, and there is no minimum or 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.

Units of each ETF are currently trading on the TSX.

See "Attributes of the Securities".

Special Considerations for Purchasers

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

Other than as a result of any applicable exemptive relief obtained from the securities regulatory authorities, each ETF will comply with all applicable requirements of NI 81-102 and NI 81-104.

See "Attributes of the Securities - Description of the Securities Distributed" and "Exemptions and Approvals".

Distributions and Automatic Reinvestment

Prior to the end of each taxation year, the ETFs will distribute sufficient net income (including net capital gains) so that no ETF will be liable for non-refundable income tax in any given taxation year. Distributions on Units of an ETF, if any, are expected to be made at the end of each taxation year where necessary. All distributions will be paid in Units of the applicable ETF or automatically be reinvested on behalf of each Unitholder in additional Units of the applicable ETF and, in each case, then consolidated, so that the number of Units outstanding after the distribution is the same as the number of Units before the distribution.

The Manager does not anticipate that any material amount of distributions will be made on Units in the current year. Distributions of an ETF are expected to consist primarily of ordinary income in respect of the Forward Documents. Currently, the level of distributions paid by an ETF to its Unitholders will depend upon payments received by the ETF under the Forward Documents. If the Forward Documents are terminated, the level and characterization of distributions paid by an ETF to its Unitholders in respect of the periods following such termination will depend on the replacement investment strategy adopted by the ETF.

See "Distribution Policy".

Redemptions

In addition to the ability to sell Units of an ETF on the TSX, Unitholders of an ETF may redeem Units of that ETF on any Trading Day in any number for cash, subject to a redemption discount, or may redeem a PNU or a multiple PNU of an ETF for cash equal to the net asset value of that number of Units, subject to any administrative charge.

Exemptive relief has been obtained from the securities regulatory authorities to permit each ETF to borrow up to 15% of its net asset value under an overdraft facility, and in each case to provide a security interest over its portfolio assets in connection therewith. The purpose of entering into an overdraft facility is to accommodate redemptions of PNUs (or multiple thereof) by Dealers or a Designated Broker which require exceeding the 5% borrowing threshold in applicable Canadian securities legislation.

Notwithstanding the foregoing, the Manager does not anticipate any ETF borrowing in the near future. The Manager will advise affected Unitholders if an ETF is required to borrow more than 10% of its net asset value.

See “Redemption of Units”.

Income Tax Considerations

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

A Unitholder of an ETF who disposes of a Unit of the ETF that is held as capital property, including on a redemption or otherwise, will generally 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 of the ETF.

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

A purchaser of Units may be purchasing Units of an ETF which may have large unrealized gains pursuant to its Forward Documents. The settlement of its Forward Documents in part or in full at any time could result in accrued gains being realized by the ETF and distributed to Unitholders of the ETF as ordinary income.

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

See “Income Tax Considerations”.

Eligibility for Investment

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

Documents Incorporated by Reference	Additional information about the ETFs is or will be available in the most recently filed annual and interim financial statements of each ETF and the most recently filed annual and interim management report of fund performance of each ETF. 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”.
Termination	The ETFs do not have a fixed termination date but may be terminated at the discretion of the Manager in accordance with the terms of the Trust Declaration. See “Termination of the ETFs”.

Organization and Management of the ETFs

The Manager, Investment Manager and Trustee	Horizons ETFs Management (Canada) Inc., a corporation existing under the laws of Canada, is the manager, investment manager and trustee of 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 provides custodial services to the ETFs and is located in Toronto, Ontario. See “Organization and Management Details of the ETFs – Custodian”.
Auditors	KPMG LLP is responsible for auditing the annual financial statements of each ETF. 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”.
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”.
Registrar and	AST Trust Company (Canada) is the registrar and transfer agent for the Units of the ETFs

Transfer Agent	pursuant to registrar and transfer agency agreements entered into by each ETF. AST Trust Company (Canada) is independent of the Manager. AST Trust Company (Canada) is located in Toronto, Ontario. See “Organization and Management Details of the ETFs – Registrar and Transfer Agent”.
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”.
Securities Lending Agent	NBF is the securities lending agent of the ETFs. NBF is located in Toronto, Ontario. 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 the ETFs, and the fees and expenses that Unitholders may have to pay if they invest in an ETF. Unitholders may have to pay some of these fees and expenses directly. Alternatively, an ETF may have to pay some of these fees and expenses, which will therefore reduce the value of an investment in the ETF.

Fees and Expenses Payable by the ETFs

Type of Charge — **Description**

Management Fees

The ETFs pay the following annual management fees to the Manager.

ETF	Management Fee
HUG	0.65% of the net asset value of HUG, together with applicable Sales Tax
HUZ	0.65% of the net asset value of HUZ, together with applicable Sales Tax
HUC	0.75% of the net asset value of HUC, together with applicable Sales Tax
HUN	0.75% of the net asset value of HUN, together with applicable Sales Tax

The Management Fees is calculated and accrued daily and payable monthly in arrears.

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

Each ETF will, unless otherwise waived or reimbursed by the Manager, pay all of its operating expenses, including but not limited to: Management Fees, audit fees; trustee and custodial expenses; valuation, accounting and record keeping costs; legal expenses;

permitted prospectus preparation and filing expenses; costs associated with delivering documents to Unitholders; listing and annual stock exchange fees; index licensing fees, if applicable; CDS fees; bank related fees and interest charges; extraordinary expenses; Unitholder reports and servicing costs; registrar and transfer agent fees; costs of the independent review committee; income taxes; sales tax; brokerage expenses and commissions; and withholding taxes.

See “Fees and Expenses”.

Forward Documents Expenses

Expenses payable by an ETF under its Forward Documents are incurred by way of a reduction in the forward price payable to the ETF by a Counterparty. Currently, in respect of each ETF, under the Forward Documents, the value of the forward price payable to an ETF under its Forward Documents will be reduced by an amount equal to 0.35% per annum of the aggregate notional exposure of such ETF’s Forward Documents, calculated and applied daily in arrears, plus hedging costs (see below) incurred by the Counterparty. The aggregate notional exposure of an ETF’s Forward Documents will typically be approximately equal to the amount of total assets of such ETF.

Hedging costs incurred by a Counterparty and charged to an ETF are similar in nature to portfolio transaction costs that are incurred by an investment fund that holds portfolio securities directly. Currently, the Manager anticipates that, based on existing market conditions, the hedging costs, if any, for an ETF will be between 0.00% and 0.40% per annum of the aggregate notional exposure of the ETF’s Forward Documents. The actual hedging costs that may be incurred by a Counterparty and charged to an ETF may, depending on market conditions, be greater than described above and can change at any time.

Each party to the Forward Documents was responsible for its own start-up costs relating to the Forward Documents. The Forward Documents may be amended or replaced at any time and the forward expenses incurred in respect of the Forward Documents may increase or decrease according to their terms.

See “Fees and Expenses”.

Expenses of the Issue

Apart from the initial organizational cost of the ETFs, all expenses related to the issuance of Units are borne by the ETFs.

See “Fees and Expenses”.

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, or an affiliate of a Canadian chartered bank whose obligations are guaranteed by a Canadian chartered bank;

"**allowable capital loss**" has the meaning ascribed to that term under the heading "Income Tax Considerations – Taxation of Holders";

"**Bank Holiday**" means, any business day that deposit taking banks in the United States or Canada are not open for business;

"**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";

"**CDS**" means CDS Clearing and Depository Services Inc.;

"**CDS Participant**" means a participant in CDS that holds security entitlements in Units on behalf of beneficial owners of those Units;

"**CFTC**" means the U.S. Commodity Futures Trading Commission;

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

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

"**Counterparties**" means NBC and any other Acceptable Counterparty with which an ETF may enter into Forward Documents, and "**Counterparty**" means any one of them;

"**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 each ETF pursuant to the Custodian Agreement;

"**Custodian Agreement**" means the second amended and restated master custodial services agreement dated September 1, 2013 as amended from time to time, between the Manager, in its capacity as manager and trustee of the 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 an ETF, pursuant to which the Dealer may subscribe for Units of that ETF as described under "Purchases of Units";

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

“**Designated Broker**” means a registered dealer that has entered into a Designated Broker Agreement with the Manager, on behalf of an ETF pursuant to which the Designated Broker agrees to perform certain duties in relation to that ETF;

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

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

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

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

“**ETFs**” mean, collectively, HUG, HUZ, HUC, and HUN and “**ETF**” means any one of them;

“**Forward Documents**” means agreements evidencing cash-settled forward transactions related to a Referenced Futures Index that an ETF has entered into with a Counterparty which are collateralized through an interest-bearing cash account and T-Bills;

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

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

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

“**Index Provider**” means Solactive AG;

“**interest bearing account**” means a credit balance in an interest bearing bank or securities account;

“**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 the ETF, calculated and accrued daily and payable monthly, in arrears;

“**Management Fee Distribution**”, as described under “Fees and Expenses”, 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;

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

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

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

"**NI 81-104**" means National Instrument 81-104 *Commodity Pools*, 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 an ETF or for such other purposes as the Manager may determine;

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

"**Referenced Futures Contract**" and "Referenced Futures Contracts" means, in respect of: (i) HUG, the gold futures contract "GC" traded on the Chicago Mercantile Exchange; (ii) HUZ, the silver futures contract "SI" traded on the Chicago Mercantile Exchange; (iii) HUC, the December WTI light sweet crude oil futures contract "CL" traded on the Chicago Mercantile Exchange; (iv) HUN, the January natural gas futures contract "NG" traded on the Chicago Mercantile Exchange;

"**Referenced Futures Index**" means for each ETF, the index as set out in the table under the heading "Investment Objectives";

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

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

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

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

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

"**securities regulatory authorities**" means the securities commission or similar regulatory authority in each province and territory of Canada that is responsible for administering the Canadian securities legislation in force in such jurisdictions;

"**T-Bills**" means short-term Canadian federal or provincial treasury bills;

"**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**" for an ETF means a day on which (i) a session of the TSX is held; (ii) the principal exchange for the securities held by the ETF is open for trading; and (iii) it is not a Bank Holiday;

"**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;

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

"**Units**" means the class A units of an ETF, and "**Unit**" means one of them;

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

"**Valuation Time**" in respect of: (i) HUG means 1:30 p.m. (EST) on a Valuation Day; HUZ means 1:25 p.m. (EST) on a Valuation Day; (iii) HUC means 2:30 p.m. (EST) on a Valuation Day; and (iv) HUN means 2:30 p.m. (EST) on a Valuation Day.

OVERVIEW OF THE LEGAL STRUCTURE OF HORIZONS ETFs

The Horizons ETFs are open-end mutual fund trusts established under the laws of Ontario, four of which are offered pursuant to this prospectus. Each ETF is also a commodity pool. 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	Abbreviated Name and TSX Ticker Symbol
Horizons Gold ETF	HUG
Horizons Silver ETF	HUZ
Horizons Crude Oil ETF	HUC
Horizons Natural Gas ETF	HUN

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

Units of each of the ETFs are currently listed on the TSX.

INVESTMENT OBJECTIVES

The ETFs are designed to provide investment results, before fees, expenses, distributions, brokerage commissions and other transaction costs, that endeavour to correspond to the performance of a Referenced Futures Index. In order to achieve its investment objective, each ETF may invest in interest bearing accounts, T-Bills and/or other financial instruments, including derivatives. None of the ETFs invest in the physical spot commodity market.

The following table sets out the Referenced Futures Index and Investment Objective of each ETF. A more detailed description of the specific investment objective and strategies of each ETF follows this summary. The fundamental investment objective of an ETF may not be changed except with the approval of Unitholders of the ETF.

ETF	Referenced Futures Index	Investment Objective
HUG	Solactive Gold Front Month MD Rolling Futures Index ER	the performance of its Referenced Futures Index
HUZ	Solactive Silver Front Month MD Rolling Futures Index ER	the performance of its Referenced Futures Index
HUC	Solactive Light Sweet Crude Oil Winter MD Rolling Futures Index ER	the performance of its Referenced Futures Index

HUN	Solactive Natural Gas Winter MD Rolling Futures Index ER	the performance of its Referenced Futures Index

HUG

Investment Objective

HUG seeks investment results, before fees, expenses, distributions, brokerage commissions and other transaction costs, that endeavour to correspond to the performance of its Referenced Futures Index. HUG is denominated in Canadian dollars. Any U.S. dollar gains or losses as a result of the ETF's investment will be hedged back to the Canadian dollar to the best of the ETF's ability.

If HUG is successful in meeting its investment objective, its net asset value should gain approximately as much on a given day, on a percentage basis, as its Referenced Futures Index rises on that day. Conversely, HUG's net asset value should lose approximately as much on a given day, on a percentage basis, as its Referenced Futures Index declines on that day.

Principal Investment Strategy

HUG invests in financial instruments that have similar return characteristics as the performance of its Referenced Futures Index, which tracks a rolling position in its Referenced Futures Contract for a subsequent delivery month. In order to achieve this objective, the total underlying notional value of these instruments will typically not exceed one times the total assets of the ETF. Assets not invested in financial instruments may be invested in debt instruments or money market instruments with a term not to exceed 365 days, or repurchase agreements with a term not to exceed 30 days.

Value of the Referenced Futures Contract

HUG's Referenced Futures Index will use, in its closing calculation on any Trading Day, the closing price of its Referenced Futures Contract for a subsequent delivery month. The Referenced Futures Contract trades on the Chicago Mercantile Exchange and the daily settlement price is determined at 1:30 p.m. (EST) on a normal business day. The settlement price is typically not publicly available until at least 15 minutes after the settlement price is determined. The performance of the Referenced Futures Index will be based on a rolling position of the Referenced Futures Contract for a subsequent delivery month. On a periodic basis, the Referenced Futures Index rolls positions in a Referenced Futures Contract specifying delivery on a nearby date, which means the position must be sold, and a different position in a Referenced Futures Contract that has not yet reached the delivery period must be purchased. The details of the roll methodology of the Referenced Futures Index are set out below under "Investment Strategies - General Investment Strategies - Roll Methodology for the Referenced Futures Indexes". See "Other Material Facts".

HUZ

Investment Objective

HUZ seeks investment results, before fees, expenses, distributions, brokerage commissions and other transaction costs, that endeavour to correspond to the performance of its Referenced Futures Index. HUZ is denominated in Canadian dollars. Any U.S. dollar gains or losses as a result of the ETF's investment will be hedged back to the Canadian dollar to the best of the ETF's ability.

If HUZ is successful in meeting its investment objective, its net asset value should gain approximately as much on a given day, on a percentage basis, as its Referenced Futures Index rises on that day. Conversely, HUZ's net asset value should lose approximately as much on a given day, on a percentage basis, as its Referenced Futures Index declines on that day.

Principal Investment Strategy

HUZ invests in financial instruments that have similar return characteristics as its Referenced Futures Index, which tracks a rolling position in its Referenced Futures Contract for a subsequent delivery month. In order to achieve this objective, the total underlying notional value of these instruments will typically not exceed one times the total assets of the ETF. Assets not invested in financial instruments may be invested in debt instruments or money market instruments with a term not to exceed 365 days, or repurchase agreements with a term not to exceed 30 days.

Value of the Referenced Futures Contract

HUZ's Referenced Futures Index will use, in its closing calculation on any Trading Day, the closing price of its Referenced Futures Contract for a subsequent delivery month. The Referenced Futures Contract trades on the Chicago Mercantile Exchange and the daily settlement price is determined at 1:25 p.m. (EST) on a normal business day. The settlement price is typically not publicly available until at least 15 minutes after the settlement price is determined. The performance of the Referenced Futures Index will be based on a rolling position of the Referenced Futures Contract for a subsequent delivery month. On a periodic basis, the Referenced Futures Index rolls positions in a Referenced Futures Contract specifying delivery on a nearby date, which means the position must be sold, and a different position in a Referenced Futures Contract that has not yet reached the delivery period must be purchased. The details of the roll methodology of the Referenced Futures Index are set out below under "Investment Strategies - General Investment Strategies - Roll Methodology for the Referenced Futures Indexes". See "Other Material Facts".

HUC

Investment Objective

HUC seeks investment results, before fees, expenses, distributions, brokerage commissions and other transaction costs, that endeavour to correspond to the performance of its Referenced Futures Index. HUC is denominated in Canadian dollars. Any U.S. dollar gains or losses as a result of the ETF's investment will be hedged back to the Canadian dollar to the best of the ETF's ability.

If HUC is successful in meeting its investment objective, its net asset value should gain approximately as much on a given day, on a percentage basis, as its Referenced Futures Index rises on that day. Conversely, HUC's net asset value should lose approximately as much on a given day, on a percentage basis, as its Referenced Futures Index declines on that day.

Principal Investment Strategy

HUC invests in financial instruments that have similar return characteristics to its Referenced Futures Index, which tracks a rolling position in its Referenced Futures Contract for the next December delivery month. In order to achieve this objective, the total underlying notional value of these instruments will typically not exceed one times the total assets of the ETF. Assets not invested in financial instruments may be invested in debt instruments or money market instruments with a term not to exceed 365 days, or repurchase agreements with a term not to exceed 30 days.

Value of the Referenced Futures Contract

HUC's Referenced Futures Index will use, in its closing calculation on any Trading Day, the closing price of its Referenced Futures Contract. The Referenced Futures Contract trades on the Chicago Mercantile Exchange and the daily settlement price is determined at 2:30 p.m. (EST) on a normal business day. The settlement price is typically not publicly available until at least 15 minutes after the settlement price is determined. The performance of the Referenced Futures Index will be based on a rolling position of the Referenced Futures Contract. On a periodic basis, the Referenced Futures Index rolls positions in a Referenced Futures Contract specifying delivery on a nearby date, which means the position must be sold, and a different position in a Referenced Futures Contract that has not yet reached the delivery period must be purchased. The details of the roll methodology of the Referenced Futures Index are set out below under “Investment Strategies - General Investment Strategies - Roll Methodology for the Referenced Futures Indexes”. See “Other Material Facts”.

HUN

Investment Objective

HUN seeks investment results, before fees, expenses, distributions, brokerage commissions and other transaction costs, that endeavour to correspond to the performance of its Referenced Futures Index. HUN is denominated in Canadian dollars. Any U.S. dollar gains or losses as a result of the ETF’s investment will be hedged back to the Canadian dollar to the best of the ETF’s ability.

If HUN is successful in meeting its investment objective, its net asset value should gain approximately as much on a given day, on a percentage basis, as its Referenced Futures Index rises on that day. Conversely, HUN’s net asset value should lose approximately as much on a given day, on a percentage basis, as its Referenced Futures Index declines on that day.

Principal Investment Strategy

HUN invests in financial instruments that have similar return characteristics to its Referenced Futures Index, which tracks a rolling position in its Referenced Futures Contract for the next January delivery month. In order to achieve this objective, the total underlying notional value of these instruments will typically not exceed one times the total assets of the ETF. Assets not invested in financial instruments may be invested in debt instruments or money market instruments with a term not to exceed 365 days, or repurchase agreements with a term not to exceed 30 days.

Value of the Referenced Futures Contract

HUN’s Referenced Futures Index will use, in its closing calculation on any Trading Day, the closing price of its Referenced Futures Contract. The Referenced Futures Contract trades on the Chicago Mercantile Exchange and the daily settlement price is determined at 2:30 p.m. (EST) on a normal business day. The settlement price is typically not publicly available until at least 15 minutes after the settlement price is determined. The performance of the Referenced Futures Index will be based on a rolling position of the Referenced Futures Contract. On a periodic basis, the Referenced Futures Index rolls positions in a Referenced Futures Contract specifying delivery on a nearby date, which means the position must be sold, and a different position in a Referenced Futures Contract that has not yet reached the delivery period must be purchased. The details of the roll methodology of the Referenced Futures Index are set out below under “Investment Strategies - General Investment Strategies - Roll Methodology for the Referenced Futures Indexes”. See “Other Material Facts”.

INVESTMENT STRATEGIES

Overview

Each ETF currently employs Forward Documents, interest bearing accounts and T-Bills to achieve its investment objective.

In seeking to achieve an ETF’s investment objective, each ETF:

- has, in respect of the Forward Documents with a Counterparty, invested in an interest bearing account and T-Bills. As of the date of this prospectus, NBC is the Counterparty for the Forward Documents. A Counterparty may be replaced or additional Counterparties may be added from time to time. An ETF may from time to time be significantly exposed to the credit risk associated with its Counterparty or Counterparties, as applicable. See “Risk Factors – Counterparty Risk”. A Counterparty, or its guarantor, must have a designated rating within the meaning of NI 81-102. The amount payable under the Forward Documents is based upon the performance of the applicable Referenced Futures Index in respect of that ETF. Each ETF has the option of electing to cash settle its obligations under the Forward Documents;

- may take positions in interest bearing accounts, T-Bills and/or other financial instruments, including derivatives, that the Manager believes, in combination, should simulate the performance of the applicable Referenced Futures Index;

- may use a forward contract that is based on a monthly rolling futures position; or

- may seek to remain fully invested at all times in interest bearing accounts, T-Bills and/or other financial instruments, including derivatives that provide exposure to its Referenced Futures Index without regard to market conditions, trends or direction and does not take temporary defensive positions.

The ETFs do not invest assets in securities based on any view of the investment merit of a particular security, nor do the ETFs conduct or rely on conventional research or analysis, or forecast market movement or trends.

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

The investments of an ETF may include, without limitation, securities, futures contracts, options on futures contracts, forward contracts, swap agreements, options on securities and indexes, money market instruments, reverse repurchase agreements or a combination of the foregoing. Currently, each ETF seeks to achieve its investment objective by means of forward contracts. None of the ETFs invest in the physical spot commodity market.

Unlike equities, which provide holders a continuing interest in a corporation, commodities futures like the Referenced Futures Contracts specify a delivery date for the underlying physical commodity. In order to avoid delivery and `maintain a futures position, nearby contracts must be sold and contracts that have not yet reached the delivery period must be purchased. This process is known as “rolling” a futures position. The performance of an ETF will be based on a rolling futures position on the applicable commodity for the next, or a subsequent, delivery month. See “Investment Strategies - General Investment Strategies - Roll Methodology for the Referenced Futures Indexes”.

If the Manager reasonably expects that an ETF will still achieve its stated investment objective, an ETF may hold futures or swaps that refer to an underlying contract that is different from the Referenced Futures Contracts that comprise the ETF’s Referenced Futures Index.

In order to ensure that each Unitholder’s risk is limited to the capital invested, all ETFs are rebalanced. Each ETF will be rebalanced on each day that the TSX and the New York Stock Exchange are both open and provided it is not a Bank Holiday.

General Investment Strategies

The following is a general discussion of the more common derivatives likely to be employed by the ETFs, but it is not an exhaustive discussion of all derivatives in which the ETFs may invest.

Derivatives

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.

Forward Documents

Each of the ETFs has entered into multiple Forward Documents with a Counterparty. Each ETF has entered into Forward Documents that will provide positive exposure to its Referenced Futures Index and/or Forward Documents that will provide negative exposure to its Referenced Futures Index. Each ETF seeks to achieve its investment objective through the net exposure of its respective Forward Documents. Each ETF invests the net proceeds of Unit subscriptions in interest bearing accounts and T-Bills to earn prevailing short-term market interest rates. The reference asset of each Forward Document is a notional amount of positive or negative exposure to the applicable Referenced Futures Index. A Counterparty or its guarantor must have a designated rating within the meaning of NI 81-102.

In respect of the Forward Documents, an ETF has the ability to replace a Counterparty or engage additional Acceptable Counterparties at any time.

As collateral for its obligations under the Forward Documents, each ETF, for any applicable Counterparty, pledges substantially all of its respective interest bearing account and T-Bills to such Counterparty. The daily marked-to-market value of a Forward Document is based upon the performance of a notional investment in the applicable Referenced Futures Index.

Subject to the terms and conditions of the applicable Forward Documents, each ETF is entitled to increase or decrease its notional exposure to the applicable Referenced Futures Index 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 an ETF may determine.

As described above, each ETF has entered into multiple Forward Documents with a Counterparty to gain exposure to a Referenced Futures Index. Each Forward Document with a Counterparty in which an ETF is provided with positive exposure to its Referenced Futures Index requires the ETF to pay the Counterparty an agreed notional amount. In return, the Counterparty pays the applicable ETF the value of the notional investment, plus an amount based upon any increase in the Referenced Futures Index. Each Forward Document with a Counterparty in which an ETF is provided with negative exposure to its Referenced Futures Index requires the Counterparty to pay the ETF an agreed notional amount. In return, such ETF pays the Counterparty the value of the notional investment, plus an amount based upon any decline in the Referenced Futures Index. Each ETF also invests the net proceeds of Unit subscriptions in interest bearing accounts and T-Bills to earn short-term money-market interest rates. The terms of the Forward Documents require each ETF, for any applicable Counterparty, to pledge a corresponding portion of its respective interest bearing account and T-Bills to the Counterparty to secure the payment of that ETF's payment obligations under the Forward Documents.

A Forward Document may be amended or replaced at any time and the expenses incurred by an ETF in respect of a Forward Document may increase or decrease according to its terms.

Each Forward Document has a remaining term to maturity at any point in time of less than five (5) years which, with the consent of the applicable ETF and the applicable Counterparty, will be extended annually for a fixed number of 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 request the termination of its exposure under a Forward Document, in whole or in part, at any time. Events of default and/or termination events under the Forward Documents include, among others: (i) a failure by a party to make a payment or perform an obligation when due under the Forward Document 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 Forward Document; (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 Forward Document; (vii) any proposed change in law that prohibits or renders the transactions under the Forward Document 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 Forward Document, the Trustee, the applicable ETF or the Unitholders of that ETF; (ix) failure of the applicable ETF to comply with its governing documents; (x) the inability of the Counterparty to the Forward Document to hedge its exposure to the securities or other property subject to the Forward Document or an increase in the cost of such hedging that the applicable ETF is unwilling to assume; (xi) the Counterparty or its guarantor ceases to have a designated rating within the meaning of NI 81-102, 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 Forward Document are determined by reference to the performance of a notional investment in units of a Referenced Futures Index. A Counterparty may hedge its exposure under a Forward Document; however, there is no assurance that a Counterparty will maintain a hedge or will do so with respect to the full exposure or term of a Forward Document.

No Counterparty has been involved in the preparation of this prospectus or has approved any 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 Unitholders of the ETFs regarding the advisability of investing in the ETFs or the ability of the applicable ETF to track its Referenced Futures Contract.

No Counterparty has any obligation to take the needs of an ETF or the Unitholders of the ETF into consideration.

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

As noted above, each of the ETFs have entered into multiple Forward Documents for the purpose of achieving its investment objective. If a Forward Document is terminated, the applicable ETF may either pursue the same or other alternative investment strategies with an Acceptable Counterparty, or make direct investments in the Referenced Futures Index or securities that provide a similar investment return to investing in the Referenced Futures Index. There is no assurance that an ETF will be able to replace a Forward Document if the Forward Document is terminated.

In addition to assisting in the pursuit of an ETF's investment objective, total return swaps and forward agreements may be entered into as a substitute for investing directly in securities (or shorting securities), or to hedge a position. In general, swaps and forward 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 "swap" or "forward" transaction, two parties agree to exchange the returns (or differentials in rates of return) earned or realized 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". For example, the return on or increase in the value of a particular dollar amount invested in a "basket" of securities.

Most swap and forward agreements entered into by an ETF calculate and settle the obligations of the parties to the agreement on a "net basis" with a single payment. Consequently, an ETF's current obligations (or rights) under a swap or forward agreement is generally only equal to the net amount to be paid or received under the agreement based on the relative values of such obligations (or rights).

Futures Contracts and Related Options

Futures contracts are standardized contracts entered into on domestic or foreign exchanges which call for the future delivery of specified quantities of various agricultural commodities, industrial commodities, currencies, financial instruments, energy products or metals at a specified time and place. The terms and conditions of futures contracts of a particular commodity are standardized and, as such, are not subject to any negotiation between the buyer and the seller. The contractual obligations, depending upon whether one is a buyer or a seller, may be satisfied either by taking or making, as the case may be, physical delivery of an approved quantity and grade of commodity or by making an offsetting sale or purchase of an equivalent but opposite futures contract on the same exchange prior to the designated date of delivery. The difference between the price at which a futures contract is sold or purchased and the price paid for the offsetting purchase or sale, after allowance for brokerage commissions, constitutes the profit or loss to the trader. In market terminology, a trader who purchases a futures contract is "long" in the market and a trader who sells a futures contract is "short" in the market. Before a trader closes out a long or a short position by an offsetting sale or purchase, respectively, the trader's outstanding contracts are known as "open trades" or "open positions". The aggregate number of open trades or open positions held by traders in a particular contract is referred to as the "open interest" in such contract.

An option on a futures contract gives the buyer of the option the right to take a position at a specified price (the "striking", "strike" or "exercise" price) in the underlying futures contract. The buyer of a "call" option acquires the right to take a long position in the underlying futures contract, and the buyer of a "put" option acquires the right to take a short position in the underlying futures contract.

The ETFs generally choose to engage in closing or offsetting transactions before final settlement wherein a second identical futures contract is sold to offset a long position (or bought to offset a short position). In such cases the obligation is to deliver (or take delivery of) cash equal to a specific dollar amount (the contract multiplier) multiplied by the difference between the price of the offsetting transaction and the price at which the original contract was entered into. If the original position entered into is a long position (futures contract purchased) there will be a gain (loss) if the offsetting sell transaction is carried out at a higher (lower) price, inclusive of commissions. If the original position entered into is a short position (futures contract sold) there will be a gain (loss) if the offsetting buy transaction is carried out at a lower (higher) price, inclusive of commissions.

When an ETF purchases a put or call option on a futures contract, the ETF pays a premium for the right to sell or purchase the underlying futures contract for a specified price upon exercise. By writing (selling) a put or call option on a futures contract, an ETF receives a premium in return for granting to the purchaser of the option the right to sell to or buy from the ETF the underlying futures contract for a specified price upon exercise at any time during the option period.

Whether an ETF realizes a gain or loss from futures activities depends generally upon movements in the underlying security, commodity, economic indicator, index or financial instrument. The extent of an ETF's loss from an unhedged short position in futures contracts or from writing options on futures contracts is potentially unlimited. An ETF may engage in related closing transactions with respect to options on futures contracts.

Investment in Reverse Repurchase Transactions

Each ETF may enter into reverse repurchase transactions. The Manager has adopted policies and practice guidelines applicable to the ETFs 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 an ETF's investment objectives 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 an ETF and that such parameters comply with applicable securities legislation;
- the operational, monitoring and reporting procedures in place ensure that all reverse repurchase transactions are completely and accurately recorded, in accordance with their approved use, and within the limits and regulatory restrictions prescribed for each 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 allows an ETF to earn additional income to offset its costs and help ensure the investment results of the ETF more closely correspond to its Referenced Futures Index. All additional income earned by an ETF through securities lending accrues to the ETF. The ETFs have received exemptive relief from the limitations in NI 81-102 so that an ETF may lend 100% of its investment portfolio to qualified borrowers.

In carrying out securities lending, the ETFs will engage a lending agent with experience and expertise in completing such transactions. The ETFs may engage affiliates of NBC as a lending agent of the ETFs.

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.

Roll Methodology for the Referenced Futures Indexes

The ETFs each seek investment results, before fees, expenses, distributions, brokerage commissions and other transaction costs, that endeavour to correspond to the performance (100%) of a Referenced Futures

Index that tracks its respective Futures Contract (i) for a subsequent delivery month for HUG and HUZ, (ii) for the next December delivery month in the case of HUC, and (iii) for the next January delivery month in the case of HUN.

Futures contracts must be rolled from the specified delivery month to the next applicable delivery month before the contract requires the holder to accept delivery of a physical commodity on maturity. As part of its roll process, a Referenced Futures Index will refer to a primary futures contract and a secondary futures contract in different weightings over the period of time the roll is implemented. As contracts reach that delivery date at the end of the expiring contract month, the secondary contract for the next applicable delivery month becomes the primary futures contract. During periods where a roll is not being implemented, the primary contract and secondary contract are the same. The Referenced Futures Indexes of the ETFs will track the futures contracts according to the following roll schedule, which remains the same as the current roll schedule employed by the ETFs. As described in further detail below, the roll methodology is subject to change by the Manager and the Index Provider, and any changes will be posted on the Manager's website at HorizonsETFs.com.

	Referenced Futures Index of HUG		**Referenced Futures Index of HUZ**		**Referenced Futures Index of HUC**		**Referenced Futures Index of HUN**	
Current Month	**Primary Contract**	**Secondary Contract**	**Primary Contract**	**Secondary Contract**	**Primary Contract**	**Secondary Contract**	**Primary Contract**	**Secondary Contract**
January	February	April	March	N/A	December (11 months forward)	N/A	January (12 months forward)	N/A
February	April	N/A	March	May	December (10 months forward)	N/A	January (11 months forward)	N/A
March	April	June	May	N/A	December (9 months forward)	N/A	January (10 months forward)	N/A
April	June	N/A	May	July	December (8 months forward)	N/A	January (9 months forward)	N/A
May	June	August	July	N/A	December (7 months forward)	N/A	January (8 months forward)	N/A
June	August	N/A	July	September	December (6 months forward)	December (18 months forward)	January (7 months forward)	N/A
July	August	December	September	N/A	December (17 months forward)	N/A	January (6 months forward)	N/A
August	December	N/A	September	December	December (16 months forward)	N/A	January (5 months forward)	N/A
September	December	N/A	December	N/A	December (15 months forward)	N/A	January (4 months	N/A

	Referenced Futures Index of HUG		Referenced Futures Index of HUZ		Referenced Futures Index of HUC		Referenced Futures Index of HUN	
Current Month	**Primary Contract**	**Secondary Contract**	**Primary Contract**	**Secondary Contract**	**Primary Contract**	**Secondary Contract**	**Primary Contract**	**Secondary Contract**
							forward)	
October	December	N/A	December	N/A	December (14 months forward)	N/A	January (3 months forward)	N/A
November	December	February	December	March	December (13 months forward)	N/A	January (2 months forward)	January (14 months forward)
December	February	N/A	March	N/A	December (12 months forward)	N/A	January (13 months forward)	N/A

The roll dates for the Referenced Futures Index of HUG and HUZ are currently from the 7th last to 4th last (inclusive) Trading Day of each month in which a roll is made. The allocation between the primary and secondary futures contracts during a roll for the Referenced Futures Index of HUG and HUZ is currently as follows:

Referenced Futures Index of HUG and HUZ		
Trading Day(s)[1]	Primary Contract	Secondary Contract
8th last	100%	0%
7th last	75%	25%
6th last	50%	50%
5th last	25%	75%
4th last	0%	100%

The roll dates for the Referenced Futures Index of HUC and HUN are currently from the 10th to 17th (inclusive) Trading Day of each month in which a roll is made. The allocation between the primary and secondary futures contracts during a roll for the Referenced Futures Index of HUC and HUN is currently as follows:

Referenced Futures Index of HUC and HUN		
Roll Month Trading Day(s)[1]	Primary Contract	Secondary Contract
1-9	100%	0%
10	87.5%	12.5%
11	75.0%	25.0%

[1] A Trading Day on which:

(a) the contract settlement price is not published by the primary exchange for the contract by 4:00 pm, Eastern Time;

(b) the contract settlement price is erroneous, in the reasonable judgment of Horizons, and such error is not corrected by 4:00 pm, Eastern Time;

(c) the contract settlement price is a limit price (See "Price Limit Risk");

(d) trading in the relevant contract is disrupted during the trading day and does not trade for at least 30 minutes prior to the scheduled closing time (or rescheduled closing time if the contract closing time is rescheduled);

will not be treated as a Trading Day, will not be counted in the dates that are counted during the roll dates and may result in the postponement of or adjustment to these roll dates.

12	62.5%	37.5%
13	50.0%	50.0%
14	37.5%	62.5%
15	25.0%	75.0%
16	12.5%	87.5%
17	0%	100%

All Referenced Futures Indexes

The roll methodology for a Referenced Futures Index (which includes roll dates, the primary and secondary futures contracts, and the allocation between the primary and secondary futures contract) may be changed at any time by the Manager and the Index Provider in their sole discretion based on, among other things, liquidity for the underlying primary and secondary futures contracts as the primary futures contract's expiry approaches. The Manager posts the current roll methodology for each Referenced Futures Index on its website, www.HorizonsETFs.com. The current index methodology for each Referenced Futures Index, including the current roll methodologies, is posted on the Index Provider's website at www.solactive.com.

Overview of the Investment Structure

A description of the investment structure of the ETFs is provided above under the heading "Investment Strategies – Overview".

OVERVIEW OF THE SECTORS THAT THE ETFS INVEST IN

Certain ETFs invest, or intend to invest in, specific sectors, commodities or financial instruments. A brief description of these specific sectors, commodities and financial instruments is provided below.

Solactive Gold Front Month MD Rolling Futures Index ER

HUG uses the Solactive Gold Front Month MD Rolling Futures Index ER as its Referenced Futures Index. The Referenced Futures Index is licensed by HUG from the Index Provider, and is calculated and distributed by the Index Provider. The Referenced Futures Index tracks the performance of its Referenced Futures Contract for a subsequent delivery month, and rolls the exposure as described under "Investment Strategies - Roll Methodology for the Referenced Futures Indexes" above. The Referenced Futures Index is published in Reuters under the code <.SOLCGCER> and in Bloomberg under the code <SOLCGCER Index>. The full index methodology is available at www.Solactive.com.

Solactive Silver Front Month MD Rolling Futures Index ER

HUZ uses the Solactive Silver Front Month MD Rolling Futures Index ER as its Referenced Futures Index. The Referenced Futures Index is licensed by HUZ from the Index Provider, and is calculated and distributed by the Index Provider. The Referenced Futures Index tracks the performance of its Referenced Futures Contract for a subsequent delivery month, and rolls the exposure as described under "Investment Strategies - Roll Methodology for the Referenced Futures Indexes" above. The Referenced Futures Index is published in Reuters under the code <.SOLCSIER> and in Bloomberg under the code <SOLCSIER Index>. The full index methodology is available at www.Solactive.com.

Solactive Light Sweet Crude Oil Winter MD Rolling Futures Index ER

HUC uses the Solactive Light Sweet Crude Oil Winter MD Rolling Futures Index ER as its Referenced Futures Index. The Referenced Futures Index is licensed by HUC from the Index Provider, and is calculated and distributed by the Index Provider. The Referenced Futures Index tracks the performance of its Referenced Futures Contract, and rolls the exposure as described under "Investment Strategies - Roll Methodology for the Referenced Futures Indexes" above. The Referenced Futures Index is published in Reuters under the code <.SOLCCLZ1> and in Bloomberg under the code <SOLCCLZ1 Index>. The full index methodology is available at www.Solactive.com.

Solactive Natural Gas Winter MD Rolling Futures Index ER

HUN uses the Solactive Natural Gas Winter MD Rolling Futures Index ER as its Referenced Futures Index. The Referenced Futures Index is licensed by HUN from the Index Provider, and is calculated and distributed by the Index Provider. The Referenced Futures Index tracks the performance of its Referenced Futures Contract, and rolls the exposure as described under "Investment Strategies - Roll Methodology for the Referenced Futures Indexes" above. The Referenced Futures Index is published in Reuters under the code <.SOLCNGF1> and in Bloomberg under the code <.SOLCNGF1 Index>. The full index methodology is available at www.Solactive.com.

Futures Contracts v. Spot

The ETFs each track a Referenced Futures Index that tracks the performance of a Referenced Futures Contract that is a contract for the delivery of a commodity in the future (e.g., for a subsequent delivery month). **None of the ETFs invest in the physical spot commodity market.**

A futures contract is a standardized financial contract where the parties agree to exchange currencies, financial instruments or other physical commodities at a future date at a future price. The future market is not a ready market like a spot market (see below), does not involve primary activity and is speculative in nature. In the future market, deals are struck at forward prices and give the holder the obligation to buy or sell the underlying asset. The futures date is called the delivery date and a final settlement date, and the pre-set price is called the futures price. The future price of the underlying asset is based on the forward expected spot price of such asset which is derived from the current spot price of the asset including, but not limited to, other factors such as expected future demand and supply, interest rates and storage costs. The future market is fluid until the transaction is completed. The price of the underlying asset on the delivery date is called the settlement price.

In contrast, a market in which securities or commodities are sold for ready cash at current prices and delivered immediately is known as a spot market. It is a spot market as transactions take place on the spot (i.e., a real time market for the instant sale of the particular security or commodity). The contract entered into in the spot market becomes effective immediately and the purchaser accepts delivery of, or immediately, resells the asset. **As stated above**, **none of the ETFs invest in the physical spot commodity market.**

INVESTMENT RESTRICTIONS

The ETFs are subject to certain restrictions and practices contained in securities legislation, including NI 81-102, which are designed in part to ensure that the investments of the ETFs are diversified and relatively liquid and to ensure the proper administration of the ETFs. The ETFs are managed in accordance with these restrictions and practices set out in NI 81-102, except as otherwise permitted by NI 81-104. Securities legislation distinguishes between the use of derivatives for hedging purposes and for non-hedging purposes. "Hedging" refers to investments that are intended to offset or reduce a specific risk associated with all or a portion of an existing investment. Commodity pools, such as the ETFs, are accorded greater flexibility to invest using derivatives for non-hedging purposes than mutual funds that are not subject to NI 81-104.

The investment restrictions and practices applicable to the ETFs which are contained in securities legislation, including NI 81-102, as modified by NI 81-104, may not be deviated from without the prior consent of the Canadian securities regulatory authorities having jurisdiction over the ETFs. See “Exemptions and Approvals”.

Unitholder approval is required in order to change the investment objectives of an ETF. See “Unitholder Matters”.

Tax Related Investment Restrictions

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

The ETFs pay the following annual management fees to the Manager:

ETF	**Management Fee**
HUG	0.65% of the net asset value of HUG, together with applicable Sales Tax
HUZ	0.65% of the net asset value of HUZ, together with applicable Sales Tax
HUC	0.75% of the net asset value of HUC, together with applicable Sales Tax
HUN	0.75% of the net asset value of HUN, together with applicable Sales Tax

The Management Fees are calculated and accrued daily and payable monthly in arrears.

Management Fee Distributions

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

The availability and amount of Management Fee Distributions with respect to Units of an ETF is determined by the Manager. Management Fee Distributions for an ETF are generally calculated and applied based on a Unitholder's average holdings of Units of the ETF over each applicable period as specified by the Manager from time to time. Management Fee Distributions are 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 the ETF on behalf of beneficial owners. Management Fee Distributions are paid first out of net income of the ETF then out of capital gains of the ETF and thereafter out of capital. 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 the ETF receiving these distributions from the Manager.

Operating Expenses

Each ETF will, unless otherwise waived or reimbursed by the Manager, pay all of its operating expenses, including but not limited to: Management Fees, audit fees; trustee and custodial expenses; valuation, accounting and record keeping costs; legal expenses; permitted prospectus preparation and filing expenses; costs associated with delivering documents to Unitholders; listing and annual stock exchange fees; index licensing fees, if applicable; CDS fees; bank related fees and interest charges; extraordinary expenses; Unitholder reports and servicing costs; registrar and transfer agent fees; costs of the independent review committee; income taxes; sales tax; brokerage expenses and commissions; and withholding taxes.

Forward Documents Expenses

Expenses payable by an ETF under its Forward Documents are incurred by way of a reduction in the forward price payable to the ETF by a Counterparty. Currently, in respect of each ETF, under the Forward Documents, the value of the forward price payable to an ETF under its Forward Documents will be reduced by an amount equal to 0.35% per annum of the aggregate notional exposure of such ETF's Forward Documents, calculated and applied daily in arrears, plus hedging costs (see below) incurred by the Counterparty. The aggregate notional exposure of an ETF's Forward Documents will typically be approximately equal to the amount of total assets of such ETF.

Hedging costs incurred by a Counterparty and charged to an ETF are similar in nature to portfolio transaction costs that are incurred by an investment fund that holds portfolio securities directly. Currently, the Manager anticipates that, based on existing market conditions, the hedging costs, if any, incurred by a Counterparty will be between 0.00% and 0.40% per annum of the aggregate notional exposure of the ETF's Forward Documents. The actual hedging costs that may be incurred by a Counterparty and charged to an ETF may, depending on market conditions, be greater than described above and can change at any time.

Each party to the Forward Documents was responsible for its own start-up costs relating to the Forward Documents. The Forward Documents may be amended or replaced at any time and the forward expenses incurred in respect of the Forward Documents may increase or decrease according to their terms.

Expenses of the Issue

Apart from the initial organizational cost of the ETFs, all expenses related to the issuance of Units are borne by the ETFs.

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

An investment in Units of an ETF involves certain risks. Investing in Units of an ETF can be speculative, can involve a high degree of risk and may only be suitable for persons who are able to assume the risk of losing their entire investment. Prospective investors should consider the following risks, among others, before subscribing for Units of an ETF.

Commodity Risk

An ETF which has exposure to the commodities markets may be subject to greater volatility than traditional securities. The value of commodity linked derivative instruments may be affected by changes in overall market movements, commodity index volatility, changes in interest rates, or sectors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs and international economic, political and regulatory developments.

Commodity indices replicate exposure to a defined basket of commodities futures contracts. On specified dates these futures contracts are rolled mechanically into a subsequent futures contract before the current position expires according to a defined schedule. This mechanism also allows the investor to maintain an exposure to commodities over time. The difference between the price at which the first futures contract is sold and the next futures contract is purchased is called the "roll yield" and is an important part of the return on a commodities investment. The overall return is therefore derived from fluctuations in commodities prices in addition to the shape of the commodity futures curve over time. Assuming prices and the shape of the curve remain constant, rolling futures will yield a positive return when the curve is in "backwardation", which describes a situation where the prices are lower in the distant delivery months than in the nearest delivery months, and a negative return when the curve is in "contango", which describes a situation where the prices are higher in the distant delivery months than in the nearer delivery months. The specified roll dates may change from time to time largely based on liquidity for the underlying futures contract as expiry approaches.

Spot v. Futures Risk

The Referenced Futures Indexes of the ETFs track a Referenced Futures Contract that are contracts for delivery of a commodity at some point in the future. None of the ETFs invests in the physical spot market.

The risk of investing in a futures contract is that it can be speculative in nature. A futures contract is a standardized financial contract where the parties agree to exchange currencies, financial instruments or other physical commodities at a future date at a future price. As a result, a future market is not a ready market like a spot market, does not involve primary activity and is speculative in nature as deals are struck at future prices where the holder is purchasing an obligation to buy or sell an underlying asset, which may not be the best price at the time the contract is completed, depending on what happens in the markets during the intervening period.

In contrast, in a spot market securities or commodities are sold for cash at current prices and delivered immediately. A spot market is a real time market where the contract becomes effective immediately and the purchaser accepts delivery of, or immediately, resells the asset. Unlike a futures contract, no speculation is involved as the contract is entered into and the transaction for the commodity takes place on the same "spot" in time. None of the ETFs invest in the physical spot commodity market, and the ETFs are exposed to the potential risks involved of using futures contracts which are speculative in nature.

Aggressive Investment Technique Risk

The ETFs use investment techniques and financial instruments that may be considered aggressive, including the use of futures contracts, options on futures contracts, securities and indices, forward contracts, swap agreements and similar instruments. Such techniques may expose an ETF to potentially dramatic changes (losses) in the value of the instruments and imperfect correlation between the value of the instruments and the index, security, currency or commodity. An ETF's investment in financial instruments may involve a small investment relative to the amount of risk assumed. Financial instruments are subject to a number of risks described elsewhere in this prospectus, such as liquidity risk, credit risk and counterparty risk. The use of aggressive investment techniques also exposes an ETF to risks different from, or possibly greater than, the risks associated with investing directly in the securities, commodity or financial instruments comprising its Referenced Futures Index including: 1) the risk that an instrument is temporarily mispriced; 2) credit, performance or documentation risk on the amount the ETF expects to receive from a counterparty; 3) the risk that securities prices, interest rates and currency markets will move adversely and the ETF will incur significant losses; 4) imperfect correlation between the price of the financial instruments and movements in the prices of the underlying securities; 5) the risk that the cost of holding a financial instrument might exceed its total return; and 6) the possible absence of a liquid secondary market for any particular instrument and possible exchange imposed price fluctuation limits, both of which may make it difficult or impossible to adjust the ETF's position in a particular instrument when desired.

Concentration Risk

The ETFs track Referenced Futures Indexes which are concentrated in terms of the number of commodities represented and are highly concentrated in a single commodity. Concentration in fewer underlying commodities may result in a greater degree of volatility in a Referenced Futures Index and as result, the net asset value of the ETF under specific market conditions and over time.

Trading in Derivatives is Highly Leveraged

The low margin deposits normally required in trading derivatives (typically between 2% and 15% of the value of the derivatives purchased) permit an extremely high degree of leverage. Accordingly, at the time of buying a derivative, a percentage of the price of the derivative is deposited as margin and a decrease in the price of the contract equal to such percentage will result in a total loss of the margin deposit. A decrease of more than the percentage deposited will result in a loss of more than the total margin deposit. Thus, like other leveraged investments, the use of derivatives may often result in losses in excess of the amount invested.

Corresponding Net Asset Value Risk

The net asset value per Unit of an ETF will be based on the market value of the ETF's holdings. However, the trading price (including the closing trading price) of a Unit of an ETF on the TSX may be different from the actual net asset value of a Unit of the ETF. As a result, Dealers may be able to acquire a PNU of an ETF and Unitholders may be able to redeem a PNU of an ETF at a discount or a premium to the closing trading price per Unit of the ETF.

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

The value of Units of an ETF may also be influenced by the non-concurrent trading hours between the TSX and the futures exchange upon which the Referenced Futures Contract underlying its Referenced Futures Index are traded. While Units of an ETF trade on the TSX from 9:30 a.m. to 4:00 p.m. (EST), the Referenced Futures Contract underlying its Referenced Futures Index may be traded during a different time frame. Liquidity in the Referenced Futures Contract underlying its Referenced Futures Index will therefore be reduced after the close of trading of the applicable commodities exchange. As a result, during the time when the TSX is open and the applicable commodities exchange is closed, trading spreads and the resulting premium or discount on the Units of an ETF may widen. Such trading spreads may also increase the difference between the prices of Units of an ETF and the net asset value of such Units.

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

Counterparty Risk

An ETF will be subject to credit risk with respect to the amount the ETF expects to receive from counterparties to financial instruments entered into by the ETF or held by special purpose or structured vehicles. 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. An ETF may obtain only limited recovery or may obtain no recovery in such circumstances. All counterparties must meet the credit rating requirements of NI 81-102.

A Counterparty of the ETFs 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 an ETF, which may adversely affect the ETF's ability to achieve its investment objective.

Forward Documents entered into by an ETF with a Counterparty will be the sole material asset or assets of the ETF, and as such, the ETF is exposed to the credit risk associated with the Counterparty. A Counterparty may have relationships with any or all of the issuers whose securities are included in the Referenced Futures Index which could conflict with the interests of an ETF or its Unitholders. An ETF's exposure to the credit risk of a Counterparty may be significant. A Counterparty may terminate the Forward Documents in certain circumstances, in which case an ETF may not be able to meet its investment objective. Furthermore, if a Counterparty were to default on its obligations under the Forward Documents, an ETF would become an unsecured creditor of the Counterparty in respect of the obligations of the Counterparty to the ETF under the Forward Documents.

Correlation Risk

A number of factors may affect an ETF's ability to achieve a high degree of correlation (i.e., to substantially track) with its Referenced Futures Index, and there can be no guarantee that an ETF will achieve a high degree of correlation with its Referenced Futures Index. A failure to achieve a high degree of correlation may prevent an ETF from achieving its investment objective.

The following factors, including fees, expenses, and transaction costs, may adversely affect an ETF's correlation with its Referenced Futures Index and an ETF's ability to meet its investment objective: (i) use of sampling techniques; (ii) investment in securities or financial instruments not included in its Referenced Futures Index; (iii) large movements of assets; (iv) the receipt of transaction information after the relevant exchange or market closes, potentially resulting in over or under exposure to the Referenced Futures Index; (v) the early close or trading halt on an exchange or market; (vi) a restriction on security transactions, which may result in the ability to buy or sell certain securities or financial instruments; or (vii) an ETF may not have investment exposure to all securities in its Referenced Futures Index, or its weighting of investment exposure to such stocks or industries may be different from that of its Referenced Futures Index. In such circumstances, an ETF may be unable to rebalance its portfolio, accurately price its investments, and may incur substantial trading losses.

Liquidity Risk

In certain circumstances, such as the disruption of the orderly markets for securities or financial instruments in which an ETF invests, the ETF may not be able to dispose of certain holdings quickly or at prices that represent fair market value. Certain derivative instruments that are held by an ETF may also be illiquid, which may prevent the ETF from being able to limit its losses, to realize gains or from achieving a high correlation with its Referenced Futures Index.

Market Risk

Each ETF is subject to market risks that will affect the value of its investments, including general economic and market conditions, as well as developments that impact specific economic sectors, industries or companies. Each ETF will normally lose value on days when the index, security, currency or commodity comprising its Referenced Futures Index declines (i.e., an adverse market condition for these ETFs). Each ETF intends to remain fully invested regardless of market conditions.

Early Closing Risk

Unanticipated early closings of an exchange on which securities to which an ETF is exposed are listed may result in that ETF being unable to sell or buy securities on that day. If an exchange closes early on a day when an ETF (directly or indirectly) needs to execute a high volume of securities trades late in the trading day, the ETF may incur substantial trading losses. In the event of early (late) exchange closings, it is expected that the ETFs will also close early (late).

Unit Consolidation and Unit Split Risk

The Manager may, from time to time, split or consolidate Units of an ETF when the trading price of an ETF's Units reaches certain thresholds. A consolidation is a reduction in the number of Units of an ETF, and a corresponding increase in the net asset value per Unit and in the investor's average cost per Unit. A split is an increase in the number of Units of an ETF, and a corresponding decrease in the net asset value per Unit and in the investor's average cost per Unit. A split or consolidation has no effect on the net asset value of an investor's overall position. Splits and consolidations are announced publicly, in advance, by a press release that is posted on SEDAR and on the Manager's website.

While the Manager works closely with major brokerage firms in respect of splits and consolidations of Units, and provides these firms with complete and timely information regarding such splits and consolidations, it can take up to 3-5 business days for an investor's holdings to be properly updated in their brokerage account.

Under such circumstances, with certain brokers or custodians, splits and consolidations can disrupt an investor's ability to engage in the normal trading of units on the TSX. It is advisable for investors to take extra care and contact their brokers prior to trading Units of an ETF during the first 3-5 business days following a split or consolidation of an ETF.

Regulatory Risk

Legal and regulatory changes may occur which may adversely affect the ETFs that 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 attempts to monitor such changes to determine the impact such changes may have on the ETFs and what can be done, if anything, to try and limit such impact.

For example, the regulation of futures transactions is a rapidly changing area of law and is subject to modification by government and judicial action. The effect of any future regulatory changes on the ETFs is impossible to predict, but could be substantial and adverse. To the extent possible, the Manager attempts to monitor such changes to determine the impact such changes may have on the ETFs and what can be done, if anything, to try and limit such impact.

Draft legislation has also been introduced, and legislation has been enacted, which will change or has changed how over-the-counter derivatives transactions are regulated in the United States. This legislation may have an impact on the ETFs and their counterparties.

Commodity Market Risk

In the United States the CFTC has approved its final rule on speculative position limits for futures contracts in certain commodities, including futures contracts for crude oil, natural gas, silver and gold. Based on the current size of each ETF and commodity markets, these speculative limits are not currently expected to affect the ETFs or the counterparty to the ETFs. If an ETF or its counterparty exceeds a speculative position limit, the ETF's ability to seek additional exposure as a result of new subscriptions could be impaired, the ETF's ability to achieve its investment objective could be affected, and the counterparty's ability to hedge its obligations to the ETF could be impaired, and, as a result, the Manager could be required to suspend new subscriptions of the affected ETFs.

No Assurance of Meeting Investment Objective

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

Tax Risk

The ETFs will each recognize income under a Forward Document when it is realized by such ETF upon partial settlements or upon maturity of the Forward Document. 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. In addition, it is possible that particular settlements under the Forward Documents may result in the Counterparty returning pledged collateral in the form of cash from the interest bearing account or T-Bills to the ETF in a taxation year but no income being realized by the ETF under the Tax Act in such taxation year. This will result in more accrued gains in the particular ETF which, when realized, will be distributed to Unitholders at such time as ordinary income.

It is anticipated that each ETF will qualify at all times as a "mutual fund trust" within the meaning of the Tax Act. For an ETF to qualify as a "mutual fund trust," it must comply on a continuous basis with certain requirements relating to the qualification of its Units for distribution to the public, the number of Unitholders of the ETF and the dispersal of ownership of its Units. In addition, 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 "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. Each ETF has made an election in its first tax return so that it qualified under the Tax Act as a mutual fund trust from the commencement of its first taxation year. In the event an ETF were not to qualify as a mutual fund trust under the Tax Act at all times, there may be adverse tax consequences to Unitholders and the income tax considerations described under the heading "Income Tax Considerations" would be materially and adversely different in certain respects.

There can be no assurance that Canadian federal and provincial income tax laws respecting the treatment of mutual fund trusts or taxation in general will not be changed in a manner that adversely affects the Unitholders of an ETF or the ETF itself. There can be no assurances that the CRA will agree with the tax treatment adopted by an ETF in filing its tax returns (e.g., deduction of expenses or recognition of income) and the CRA could reassess an ETF on a basis that results in additional tax being paid by a Unitholder.

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

Pursuant to rules in the Tax Act, 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.

The ETFs are generally required to pay GST/HST on any management fees and most of the other fees and expenses that they have 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 to the rates of such taxes, which, accordingly, may affect the costs borne by each ETF and its Unitholders.

Conflicts of Interest

The ETFs are subject to certain conflicts of interest. See “Organization and Management Details of the ETFs - Conflicts of Interest”.

Price Limit Risk

Some futures exchanges have regulations that limit the amount of fluctuation that may occur in futures contract prices during a single business day. The maximum or minimum price on a contract on any given day as a result of these limits is referred to as a “limit price”. Once the limit price is reached on a contract, no trades may be made at a price beyond the limit. The limit price may preclude trading or force liquidation of a particular contract at potentially disadvantageous prices or times. Such circumstances could adversely affect the value of a Referenced Futures Index and the net asset value of an ETF, and could also disrupt subscription and redemption requests.

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 the Manager

No assurance can be given that trading systems and strategies utilized by the Manager, including, without limitation, investment strategies of the the Manager, will prove successful under all or any market conditions.

Reverse Repurchase Transaction Risk

Each ETF may from time to time engage in reverse repurchase transactions. A reverse repurchase transaction takes place when an ETF buys a security at one price and agrees to sell it back later to the same party at a higher price. Reverse repurchase transactions come with certain risks. If the other party to a reverse repurchase transaction cannot complete the transaction, an ETF may be left with a security it may not want. An ETF may lose money if the value of the security rises or drops depending on the circumstances. To minimize the risks of these transactions, the buyer of securities must provide collateral which is worth at least 102% of the value of the reverse repurchase transactions and which is of the type permitted by the Canadian securities regulators. The value of the securities is monitored daily and the collateral adjusted appropriately by the Custodian.

All reverse repurchase transactions must be completed within 30 days.

Designated Broker/Dealer Risk

As each ETF only issues Units directly to its Designated Broker and Dealers, in the event that a purchasing Designated Broker or Dealer is unable to meet its settlement obligations, the resulting costs and losses incurred are borne by the applicable ETF.

Exchange Risk

In the event that the TSX closes early or unexpectedly on any day that it is normally open for trading, Unitholders will be unable to purchase or sell Units of the ETFs 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 ETFs will be suspended until the TSX reopens.

Borrowing Risk

Each ETF has obtained exemptive relief from the securities regulatory authorities to permit that ETF to borrow up to 15% of its net asset value under an overdraft facility. There are risks associated with such borrowing. For example, if such borrowing occurs and the securities in the portfolio of an ETF suffer a substantial decrease in value, the amount borrowed under an overdraft facility will cause a decrease in the net asset value of the ETF in excess of that which would be experienced if there were no borrowed amount owed by the ETF. In the event that the value of the portfolio decreases such that the amount borrowed exceeds 15% of the net asset value of an ETF, such ETF may be required to sell investments or partially settle the Forward Documents in order to reduce its obligations under the overdraft facility to the 15% limit. If borrowing does take place and the overdraft facility is called by the lender, an ETF may be required to liquidate its portfolio to repay the indebtedness at a time when the market for securities may be depressed, thereby forcing such ETF to incur losses.

Notwithstanding the foregoing, the Manager does not anticipate any ETF using its overdraft facility in the near future. The Manager will advise affected Unitholders if an ETF is required to borrow more than 10% of its net asset value.

Changes to a Referenced Futures Index

Adjustments may be made to a Referenced Futures Index or a Referenced Futures Index may cease to be calculated without regard to the ETFs or its Unitholders. In the event a Referenced Futures Index is changed or ceases to be calculated, subject to any necessary approvals of Unitholders, the Manager may change the investment objective of the affected ETF, seek a new underlying index, or make such other arrangements as the Manager considers appropriate and in the best interest of Unitholders in the circumstances.

Foreign Exchange Risk

Investments in foreign securities may involve risks not typically associated with investing in Canada. Foreign exchanges may be open on days when the ETFs do not price the Units and, therefore, the value of the securities to which an ETF is exposed may change on days when investors are unable to purchase or sell Units. Also, some foreign securities markets may be volatile, lack liquidity, or have higher transaction and custody costs than those of the TSX. Also, securities of some Canadian issuers are inter-listed on a Canadian and a foreign exchange and may be traded on days when the foreign exchange is open and the TSX is not. In those circumstances changes in the value of those constituent securities in a Referenced Futures Index will not be reflected in the value of the ETF and the spread or difference between the value of the securities in the ETF's portfolio and the market price of a Unit of that ETF on the TSX may increase. Also in the event that the TSX is open on a day that a foreign exchange is closed, the spread or difference between the value of the securities to which an ETF is exposed and the market price of a Unit of that ETF on the TSX may increase.

Exchange Rate Risk

Changes in foreign currency exchange rates may affect the value of an ETF's investments. Generally, when the Canadian dollar appreciates in value against a foreign currency, an investment in that country loses value because that currency is worth fewer Canadian dollars. Devaluation of a currency by a country's government or banking authority will also have a significant impact on the value of any investments denominated in that currency. Currency markets generally are not as regulated as securities markets. Changes in the relative value of the Canadian and U.S. dollar may also affect the value of an investor's Units in an ETF if the investor bought the Units in a currency other than the currency in which the ETF is denominated.

Securities Lending Risk

The ETFs may engage in securities lending and have received exemptive relief from the securities regulatory authorities to allow an ETF to lend 100% of its investment portfolio to qualified borrowers. Although an ETF that engages in securities lending will receive collateral in excess of the value of the securities loaned, and although such collateral is marked to market, the ETF may be exposed to the risk of loss should a borrower default on its obligations to return the borrowed securities and the collateral is insufficient to reconstitute the portfolio of loaned securities. In addition, an ETF will bear the risk of loss of any investment of cash collateral.

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. If the ETF is fewer than 10 years old, the Manager calculates the investment risk level of each ETF using the return history of the ETF, and, for the remainder of the 10 year period, the return history of 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 ETF and 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 used for each ETF for the portion of the 10 year calculation period during which an ETF did not exist:

ETF	**Reference Index**
HUG	Solactive Gold Front Month MD Rolling Futures Index ER
HUZ	Solactive Silver Front Month MD Rolling Futures Index ER
HUC	Solactive Light Sweet Crude Oil Winter Md Rolling Futures Index ER
HUN	Solactive Natural Gas Winter MD Rolling Futures Index ER

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 set out below are reviewed annually and anytime it is no longer reasonable in the circumstances. A more detailed explanation of the risk classification methodology used to identify the risk ratings of the ETFs is available on request, at no cost, by calling toll-free 1-866-641-5739 or by writing to the Manager at 55 University Avenue, Suite 800, Toronto, Ontario, M5J 2H7.

DISTRIBUTION POLICY

Distributions on Units of an ETF, if any, are expected to be made at the end of each taxation year of the ETF where necessary.

On or prior to the last day of each taxation year of an ETF, each ETF will be required to pay or make payable the net income and net realized capital gains of the ETF to Unitholders to such an extent that the ETF will not be liable for non-refundable income tax thereon. Any such amount distributed by the ETF will be paid in Units of the applicable ETF or as a "reinvested distribution". Reinvested distributions on Units of an ETF will be reinvested automatically in additional Units of the ETF at a price, or Units will be distributed at a price, equal to the net asset value per Unit of the ETF on such day and the Units of the ETF, in each case, will be immediately consolidated such that the number of outstanding Units of the ETF held by each Unitholder on such day following the distribution will equal the number of Units of the ETF held by the Unitholder prior to the distribution. In the case of a Unitholder that is not resident in Canada, if tax has to be withheld in respect of the distribution, the Unitholder's custodian may debit their account for any such required withholding tax. The tax treatment to Unitholders of the ETF of reinvested distributions and distributions paid in Units is discussed under the heading "Income Tax Considerations".

The Manager does not anticipate that any material amount of distributions will be made on Units in the current year. Distributions of an ETF are expected to consist primarily of ordinary income in respect of the Forward Documents. Currently, the level of distributions paid by an ETF to its Unitholders will depend upon payments received by the ETF under the Forward Documents. If the Forward Documents are terminated, the level and characterization of distributions paid by an ETF to its Unitholders in respect of the periods following such termination will depend on the replacement investment strategy adopted by the ETF.

PURCHASES OF UNITS

Issuance of Units of an ETF

To Designated Brokers and Dealers

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

On any Trading Day, a Designated Broker or a Dealer may place a subscription order for the PNU or multiple PNU of an ETF. If a subscription order is received by an ETF by 9:30 a.m. (Toronto time) on a Trading Day, the ETF will issue to the Designated Broker or Dealer the number of Units of the ETF subscribed for generally on the first Trading Day after the date on which the subscription order is accepted, provided that payment for such Units has been received. The number of Units issued is based on the net asset value per Unit of the ETF on the Trading Day on which the subscription is accepted by the Manager. Notwithstanding the foregoing, the ETF will issue to the Designated Broker or Dealer the number of Units of the ETF subscribed for no later than the second Trading Day after the date on which the subscription order was accepted, provided that payment for such Units has been received.

In issuing Units of an ETF to a Designated Broker or Dealer, the Designated Broker or Dealer must deliver cash in exchange for the Units in an amount equal to the net asset value of such Units next determined following the receipt of the subscription order.

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

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

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

Buying and Selling Units of an ETF

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

Non-Resident Unitholders

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

ETF and the Manager may inform the Registrar and Transfer Agent of such ETF of the restriction on who may be a beneficial owner of a majority of its Units.

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

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

Special Considerations for Unitholders

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

Other than as a result of any applicable exemptive relief obtained from the securities regulatory authorities, each ETF will comply with all applicable requirements of NI 81-102 and NI 81-104. See "Exemptions and Approvals".

REDEMPTION OF UNITS

As described below under "Book-Entry Only System", registration of interests in, and transfers of, Units of an ETF are 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 the 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.

Redemption of Units of an ETF for Cash

On any Trading Day, Unitholders of an ETF may redeem: (i) Units of the ETF for cash at a redemption price per Unit equal to 95% of the closing price for Units of the ETF on the TSX on the effective day of the redemption; or (ii) less any applicable administrative charge determined by the Manager, in its sole discretion from time to time, a PNU or a multiple PNU of the ETF for cash equal to the net asset value of that number of Units. Because Unitholders of an ETF are generally able to sell their Units of the ETF at the market price on the TSX through a registered broker or dealer subject only to customary brokerage commissions, Unitholders of the ETF are advised to consult their brokers, dealers or investment advisors before redeeming such Units for cash unless they are redeeming a PNU or a multiple PNU of the ETF.

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

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

In connection with the redemption of Units of an ETF, the ETF will generally dispose of securities or other financial instruments. In accordance with the Trust Declaration, an ETF may redeem any Units of a Unitholder resident in a foreign jurisdiction if the redemption of the Units is considered necessary by the Manager to ensure that the ETF complies with the provisions of the Tax Act or to ensure that the ETF does not become subject to the legislation of a foreign jurisdiction. See "Purchases of Units – Non-Resident Unitholders".

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 the ETF are listed and traded, if these securities represent more than 50% by value or underlying market exposure of the total assets of the ETF, without allowance for liabilities, and if these securities are not traded on any other exchange that represents a reasonably practical alternative for the ETF; or (ii) with the prior permission of the securities regulatory authorities where required, for any period not exceeding 30 days during which the Manager determines that conditions exist which render impractical the sale of assets of the ETF or which impair the ability of the Custodian to determine the value of the assets of the ETF. The suspension may apply to all requests for redemption 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 ETFs, any declaration of suspension made by the Manager shall be conclusive.

Costs Associated with Issuances, Exchanges or Redemptions

The Manager may charge to 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.

Permitted Borrowing

Each ETF has obtained exemptive relief from the securities regulatory authorities to permit that ETF to enter into an overdraft facility and to borrow up to 15% of its net asset value, and to provide a security interest over its portfolio assets in connection therewith. The purpose of entering into an overdraft facility is to accommodate redemptions of PNUs (or multiple thereof) by Dealers or a Designated Broker which require exceeding the 5% borrowing threshold in applicable Canadian securities legislation.

If an ETF chooses to enter such an overdraft facility, it will be structured such that, if trading of an ETF's Units on the TSX is suspended for a period exceeding 30 days, such ETF will begin taking all necessary steps to ensure all amounts borrowed thereunder are fully repaid as soon as commercially reasonable, provided that such repayment need not be completed if the suspension is lifted within a set time period from the date of the suspension.

If entered into, the overdraft facility will also be structured to require that the maximum amount that can be borrowed by an ETF shall not exceed 15% of that ETF's net asset value from time to time and, if changes in the net asset value of that ETF result in the amount outstanding under the overdraft facility being more than such amount, that ETF will repay such amount as is necessary to reduce the amount outstanding to the permitted level.

Notwithstanding the foregoing, the Manager does not anticipate any ETF borrowing in the near future. The Manager will advise affected Unitholders if an ETF is required to borrow more than 10% of its net asset value.

Allocations of Income and Capital Gains to Redeeming Unitholders

Pursuant to the Trust Declaration, an ETF may allocate and designate any income or capital gains realized by the ETF as a result of any disposition of property of the ETF undertaken to permit or facilitate the redemption of Units to a Unitholder of the ETF whose Units are being redeemed. In addition, each ETF has the authority to distribute, allocate and designate any income or capital gains of the ETF to a Unitholder of the ETF who has redeemed Units of the ETF during a year in an amount equal to the Unitholder's share, at the time of redemption, of the ETF's income and capital gains for the year or such other amount that is determined by the ETF to be reasonable. Any such allocations and designations will reduce the redemption price otherwise payable to the redeeming Unitholder, but, for greater certainty, will not reduce the amount of cash 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 are 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 are 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 an ETF nor the Manager has any liability for: (i) records maintained by CDS relating to the beneficial interests in Units of the ETF or the book entry accounts maintained by CDS; (ii) maintaining, supervising or reviewing any records relating to such beneficial ownership interests; or (iii) any advice or representation made or given by CDS and made or given with respect to the rules and regulations of CDS or any action taken by CDS or at the direction of the CDS Participants.

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

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

Short-Term Trading

The Manager does not believe that it is necessary to impose any short-term trading restrictions on the 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 the ETFs that do not occur on the secondary market involve a Designated Broker and Dealers, who can only purchase or redeem Units in a PNU and on whom the Manager may impose an administrative charge.

PRIOR SALES

Trading Price and Volume

The following charts provide the price ranges and volume of Units traded on the TSX for each of the ETFs during the 12 months that preceded the date of this prospectus.

HUG

Month	Unit Price Range ($)	Volume of Units Traded
July 2017	11.17 - 11.70	198,361
August 2017	11.59 - 12.17	1,116,811
September 2017	11.76 - 12.42	2,027,037
October 2017	11.63 - 11.94	87,499
November 2017	11.63 - 11.86	233,659
December 2017	11.30 - 11.95	63,239
January 2018	11.98 - 12.39	367,205
February 2018	11.89 - 12.32	74,030
March 2018	11.91 - 12.29	55,586
April 2018	11.90 - 12.23	106,257
May 2018	11.55 - 11.94	130,292
June 2018	11.25 - 11.76	1,039,033

HUZ

Month	Unit Price Range ($)	Volume of Units Traded
July 2017	8.75 - 9.44	253,530
August 2017	9.14 - 9.86	48,122
September 2017	9.34 - 10.13	52,910
October 2017	9.29 - 9.71	37,032
November 2017	9.12 - 9.61	51,098
December 2017	8.70 - 9.40	1,351,690
January 2018	9.37 - 9.71	191,699
February 2018	9.00 - 9.54	1,145,499
March 2018	8.92 - 9.25	68,797
April 2018	8.96 - 9.50	76,708
May 2018	8.87 - 9.17	42,003
June 2018	8.76 - 9.44	73,995

HUC

Month	Unit Price Range ($)	Volume of Units Traded
July 2017	10.19 - 10.91	337,001
August 2017	10.36 - 10.80	154,285
September 2017	10.75 - 11.20	212,987
October 2017	10.82 - 11.42	157,038

November 2017	11.34 - 11.96	284,057
December 2017	11.69 - 12.53	160,025
January 2018	12.47 - 13.36	365,938
February 2018	11.97 - 13.27	203,406
March 2018	12.31 - 13.41	115,693
April 2018	12.90 - 14.12	217,121
May 2018	13.92 - 15.00	284,683
June 2018	13.54 - 14.42	204,971

HUN

Month	Unit Price Range ($)	Volume of Units Traded
July 2017	6.22 - 6.65	71,962
August 2017	6.18 - 6.50	156,084
September 2017	6.30 - 6.69	1,011,627
October 2017	5.92 - 6.37	94,460
November 2017	5.81 - 6.44	1,179,927
December 2017	5.40 - 5.84	243,104
January 2018	5.55 - 5.98	235,955
February 2018	5.51 - 5.81	18,341
March 2018	5.65 - 5.84	776,443
April 2018	5.57 - 5.73	42,519
May 2018	5.49 - 5.96	757,634
June 2018	5.79 - 5.96	124,848

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

This summary is based on the assumption that each ETF will qualify at all times as a "unit trust" and a "mutual fund trust" within the meaning of the Tax Act and will not be a "SIFT trust" within the meaning of the Tax Act. For an ETF to qualify as a "mutual fund trust," it must comply on a continuous basis with certain requirements relating to the qualification of its Units for distribution to the public, the number of Unitholders of the ETF and the dispersal of ownership of its Units. **In the event an ETF were not to qualify as a mutual fund trust under the Tax Act at all times or is a "SIFT trust", the income tax consequences described below would, in some respects, be materially different.**

This summary also 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 herein. There can be no assurance that the Tax Amendments will be enacted in the form publicly announced, or at all.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Units 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 tax related risk factors in this prospectus.

Status of the ETFs

As noted above, this summary assumes that each ETF qualifies or will qualify at all times as a "mutual fund trust" for purposes of the Tax Act. Each New ETF 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 that ETF will be qualified investments under the Tax Act for a trust governed by a RRSP, a RRIF, a DPSP, a RDSP, a RESP or a TFSA. For certain tax consequences of holding Units in these registered plans, see "Income Tax Considerations – Taxation of 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 the 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.

Taxation of the ETFs

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

In general, gains and losses realized by an ETF from derivative transactions will be on income account, except where such derivatives are used to hedge portfolio securities held on capital account provided there is sufficient linkage, subject to the DFA Rules discussed below, and an ETF will recognize such gains or losses for tax purposes at the time they are realized by the ETF.

Each ETF did not realize any income for purposes of the Tax Act upon entering into a Forward Document. Payments received by an ETF under a Forward Document 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 Forward Document.

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 the ETF, returns realized in respect of the property underlying such derivatives would be treated as ordinary income or losses rather than capital gains and capital losses.

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

An 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**"). 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.

In computing its income under the Tax Act, an ETF may deduct reasonable administrative and other expenses incurred to earn income from property or a business. An ETF may not deduct interest on borrowed funds that are used to fund redemptions of its Units.

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

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

In certain situations, where an ETF disposes of property and would otherwise realize a capital loss, the loss will be deemed to be a "suspended loss". This may occur, for example, if the ETF disposes of and acquires the same property or an identical property during the period that begins 30 days before and ends 30 days after the disposition of property and owns it at the end of that period.

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".

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

Taxation of Holders

A Holder will generally be required to include in computing income for a particular taxation year of the Holder such portion of the net income of the ETF for that particular taxation year, including the taxable portion of any net realized capital gains, as is paid or becomes payable to the Holder in the year, including any Management Fee Distributions, (whether paid in cash or in Units of the ETF or automatically reinvested in additional Units of the ETF). 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 the 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 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.

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

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

An ETF may have a large unrealized gain upon maturity of a Forward Document. Therefore, there may be significant accrued gains in an ETF prior to the settlement of its Forward Documents on or about the termination of such Forward Documents. In addition, it is possible that particular settlements under the Forward Documents could result in a Counterparty returning pledged collateral in the form of cash from the interest bearing account or T-Bills to the ETF in a taxation year but no income being realized by the ETF under the Tax Act in such taxation year. This will result in more accrued gains in the particular ETF which, when realized, will be distributed to Unitholders at such time as ordinary income.

An ETF will partially settle the Forward Documents in each taxation year in order to fund operating expenses and other liabilities of the ETF. A partial settlement may result in the ETF realizing ordinary income from payments received under the Forward Documents in excess of the ETF's deductible expenses. If this occurs, Holders of the ETF will be allocated their share of such income in respect of the taxation year through a special distribution payable in Units without any corresponding distribution of cash.

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 the ETF owned by the Holder as capital property immediately before that time. For this purpose, the cost of Units of the 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 paid in the form of additional Units of the ETF or a 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.

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

A Holder will be required to compute all amounts, including distributions, the adjusted cost base of Units of the applicable ETF and proceeds of disposition, in Canadian dollars in accordance with the detailed rules in the Tax Act.

Amounts, if any, designated by an ETF to a Holder of the 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 a RRSP, RRIF, DPSP, TFSA, RDSP or RESP (each, a "Plan") on Units of an ETF while the Units are a qualified investment for such 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 any such Plan.

Notwithstanding the foregoing, if the Units are "prohibited investments" for the purposes of a TFSA, RDSP, RESP, RRSP, or RRIF, a Unitholder who is a holder of such TFSA or RDSP, subscriber of such RESP or annuitant of such RRSP or RRIF, that holds Units will be subject to a penalty tax as set out in the Tax Act. A "prohibited investment" includes a unit of a trust which does not deal at arm's length with the holder, 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, RRSP or RRIF. Unitholders are advised to consult their own tax advisors regarding the application of the "prohibited investment" rules in their particular circumstances.

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 addition, as noted above, there may be significant accrued gains in an ETF prior to the settlement of its Forward Documents.

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 the ETFs. The Manager is responsible for providing or arranging for the provision of administrative services and management functions required by the ETF. The principal office of Horizons is located at 55 University Avenue, Suite 800, Toronto, Ontario, M5J 2H7. Horizons was originally incorporated under the laws of Canada under the name BetaPro Management Inc. and was primarily organized for the purpose of managing investment products, including the 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 740 employees, including more than 165 investment professionals (as of March 31, 2018), Mirae Asset 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 manages approximately US$408 billion in assets globally as of March 31, 2018.

Officers and Directors of the Manager

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

Name and Municipality of Residence	Date Individual became a Director	Office	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).
Taeyong Lee, Frederick, Maryland	November 14, 2011	Executive Chairman, Co-Chief Executive Officer and Director	Executive Chairman, Co-Chief Executive Officer and Director, Horizons (since 2011); CEO, Mirae Asset Global ETFs Holdings Ltd. (since 2016).

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

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

Ownership of Securities of the ETFs and 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 Provided by the Manager

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

The Manager is entitled to the Management Fee in consideration of the services it provides the ETFs. Such services include negotiating contracts with certain third-party service providers, including, but not limited to, investment managers, counterparties, custodians, registrars, transfer agents, Designated Brokers, Dealers, auditors and printers; authorizing the payment of operating expenses incurred on behalf of the ETFs; maintaining accounting records for the ETFs; preparing the reports to Unitholders of the ETFs and to the applicable securities regulatory authorities; calculating the amount and determining the frequency of distributions by the ETFs; preparing financial statements, income tax returns and financial and accounting information as required by the ETFs; ensuring that Unitholders of the ETFs are provided with financial statements and other reports as are required from time to time by applicable law; ensuring that the ETFs comply with all other regulatory requirements including the continuous disclosure obligations of the ETFs under applicable securities laws; administering purchases, redemptions and other transactions in Units of the ETFs; arranging for any payments required upon termination of the ETFs; and dealing and communicating with Unitholders of the ETFs. The Manager provides office facilities and personnel to carry out these services, if not otherwise furnished by any other service provider to the ETFs. The Manager also monitors 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 an ETF or to any Unitholder of the ETF or any other person for any loss or damage relating to any matter regarding the ETF, including any loss or diminution of value of the assets of the ETF if it has satisfied its standard of care set forth above.

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

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

The Manager also serves as the investment manager to the ETFs. The Manager operates as a portfolio manager under the *Securities Act* (Ontario) and in certain other provinces pursuant to applicable legislation. The Manager also operates as a commodity trading manager under the *Commodity Futures Act* (Ontario). The Manager provides investment advisory and investment management services to the ETFs. The senior officers of the Manager principally responsible for providing investment advice to the ETFs are Steven J. Hawkins, Kevin S. Beatson, 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 each ETF, has entered into a Designated Broker Agreement with a Designated Broker pursuant to which the Designated Broker agrees to perform certain duties relating to that ETF including, without limitation: (i) to subscribe for a sufficient number of Units of that ETF to satisfy the TSX's original listing requirements; (ii) to subscribe for Units of that ETF on an ongoing basis, and (iii) to post a liquid two way market for the trading of Units of that ETF on the TSX. Payment for Units of an ETF must be made by the Designated Broker, and Units of the ETF will be issued, by no later than the first 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 do not represent an interest or an obligation of a 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 a Designated Broker or Dealers.

Conflicts of Interest

The Manager and its principals and affiliates (collectively, the "**ETF Managers**" and 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 ETFs' accounts 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, the ETFs may not be able to enter into or maintain certain positions if such positions, when added to the positions already held by the ETFs and such other accounts, would exceed applicable limits. All of such trading and investment activities may also increase the level of competition experienced with respect to priorities of order entry and allocations of executed trades. See "Risk Factors".

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

In evaluating these conflicts of interest, potential investors should be aware that the ETF Managers have a responsibility to the Unitholders to exercise good faith and fairness in all dealings affecting the ETFs. In the event that a Unitholder believes that one of the ETF Managers has violated its duty to such Unitholder, the Unitholder may seek relief for itself or on behalf of the ETFs 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 the ETFs will be measured in accordance with (i) the provisions of the agreement by which such ETF Manager has been appointed to its position with the ETFs; 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, a registered trader (market maker) and/or a securities lending agent. These relationships may create actual or perceived conflicts of interest which investors should consider in relation to an investment in the ETF. In particular, by virtue of these relationships, NBF may profit from the sale and trading of Units. NBF, as market maker of the ETF in the secondary market, may therefore have economic interests which differ from and may be adverse to those of Unitholders.

NBF's potential roles as a Designated Broker and a Dealer of the ETF will not be as an underwriter of the ETF in connection with the primary distribution of Units under this prospectus. NBF has not been involved in the preparation of this prospectus nor has it performed any review of the contents of this prospectus. The Canadian securities regulators have provided the ETFs with a decision exempting the ETFs from the requirement to include a certificate of an underwriter in the prospectus.

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

Independent Review Committee

NI 81-107 requires that all publicly offered investment funds, such as the 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 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 the 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 does not receive any fees from the ETFs but is reimbursed for all expenses and liabilities that it properly incurs in carrying out activities on behalf of the ETFs.

Custodian

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

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.

Valuation Agent

The Manager has retained CIBC Mellon Global, to provide accounting services in respect of the ETFs pursuant to a valuation services agreement. CIBC Mellon Global is located in Toronto, Ontario.

Registrar and Transfer Agent

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

Promoter

The Manager took the initiative in founding and organizing the 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

NBF is the securities lending agent of the ETFs pursuant to a securities lending agency agreement (the “**SLAA**”). NBF is located in Toronto, Ontario. The SLAA requires that the collateral delivered in connection with a securities loan have an aggregate value of not less than 102% of the value of the loaned securities (or, if higher, the percentage of the aggregate market value of loaned securities in accordance with prevailing market practice). Subject to certain exceptions, the SLAA requires NBF to indemnify each ETF against any loss suffered directly by an ETF as a result of a securities loan effected by NBF. A party to the SLAA may terminate the SLAA upon 5 business days’ notice, or immediately upon an event of default by the other party.

The ETFs have received exemptive relief from the limitations in NI 81-102 so that an ETF may lend 100% of its investment portfolio to qualified borrowers.

CALCULATION OF NET ASSET VALUE

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

Typically, the net asset value per Unit of an ETF is calculated at its applicable Valuation Time. The net asset value per Unit of an ETF 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 Manager uses the following valuation procedures in determining an ETF’s “**net asset value**” and “**net asset value per Unit**” on each Valuation Day:

1. 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, is deemed to be the face amount thereof, unless the Manager 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 Manager determines, on such basis and in such manner as may be approved by the board of directors of the Manager to be the reasonable value thereof.

2. The value of any security, commodity or interest therein which is listed or dealt in upon a stock exchange is 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(s); and

(b) in the case of securities not traded on that Valuation Day, a price estimated to be the true value thereof by the Manager on such basis and in such manner as may be approved of by the board of directors of the Manager, 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.

3. Long positions in clearing corporation options, options on futures, over-the-counter options, debt-like securities and listed warrants are 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 is the gain or loss with respect thereto that would 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 is reflected as an account receivable and margin consisting of assets other than cash are noted as held as margin.

4. In the case of any security or property for which no price quotations are available as provided above, the value thereof is determined from time to time by the Manager, where applicable, in accordance with the principles described in paragraph 2(ii) above, except that the Manager 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, in such manner as may be approved of by the board of directors of the Manager.

5. The liabilities of an ETF include:

- all bills, notes and accounts payable of which the ETF is an obligor;
- all brokerage expenses of the ETF;
- 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.

6. Each transaction of purchase or sale of a portfolio asset effected by the ETF shall be reflected by no later than the next time that the net asset value of the ETF and the net asset value per Unit of the ETF is calculated.

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

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

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

Reporting of Net Asset Value

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

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 that ETF.

Units of each of the ETFs are currently 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 is a reporting issuer under the *Securities Act* (Ontario) and each ETF is governed by the laws of Ontario by virtue of the provisions of the Trust Declaration.

Each Unit of an ETF entitles the owner to one vote at meetings of Unitholders of the ETF. Each Unit of an ETF is entitled to participate equally with all other Units of the ETF with respect to all payments made to Unitholders of the ETF, other than Management Fee Distributions and income or capital gains allocated and designated as payable to a redeeming Unitholder, whether by way of income or capital gains distributions and, on liquidation, to participate equally in the net assets of the ETF remaining after satisfaction of any outstanding liabilities that are attributable to Units of the ETF. All Units are 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".

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 the ETF unless such amendment in some way affects the existing Unitholders' rights or the value of their investment. An amendment such as the re-designation of a class of an ETF, or the termination of a class of the ETF, which has an effect on a Unitholder's holdings will only become effective after 30 days' notice to Unitholders of the applicable classes of the ETF.

All other rights attached to the Units of 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 the 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:

(i) 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:

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

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

(ii) a fee or expense, to be charged to an 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;

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

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

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

(vi) 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:

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

(B) 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;

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

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

(vii) 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;

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

(ix) 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:

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

(ii) 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 the ETF, duly called on at least 21 days' notice and held for the purpose of considering the same, by at least a majority of the votes cast.

Amendments to the Trust Declaration

If a Unitholder meeting is required to amend a provision of the Trust Declaration, no change proposed at a meeting of Unitholders of 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 the ETF or, if separate class meetings are required, at meetings of each class of Unitholders of the ETF.

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

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

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

The Trustee may amend the Trust Declaration, without the approval of or prior notice to any Unitholders of 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 the ETF or that the proposed amendment is necessary to:

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

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

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

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

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

Reporting to Unitholders

The Manager, on behalf of each ETF and in accordance with applicable laws, furnishes to each Unitholder of that ETF, unaudited semi-annual financial statements and an interim management report of fund performance for that 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 that ETF within 90 days of the end of each financial year. Both the semi-annual and the annual financial statements of each ETF contain a statement of net assets, a statement of operations, a statement of changes in net assets, a statement of cashflows and a statement of investment portfolio. The semi-annual and the annual financial statements of each ETF also disclose the minimum and maximum levels of leverage experienced by that ETF in the period covered by such statements, together with a brief explanation of how that ETF used leverage and the significance of the minimum and maximum levels of leverage to that ETF.

Any tax information necessary for Unitholders to prepare their annual federal income tax returns in connection with their investment in Units is also 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 is determined by the Manager on each Valuation Day and is usually published daily in the financial press.

Exchange of Tax Information

Part XVIII of the Tax Act, which was enacted to implement the Canada-United States Enhanced Tax Information Exchange Agreement (the "**IGA**"), imposes due diligence and reporting obligations on "reporting Canadian financial institutions" in respect of their "U.S. reportable accounts". Each ETF is a "reporting Canadian financial institution" but as long as Units 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 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 in 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 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 the ETF. Prior to terminating an ETF, the Trustee may discharge all of the liabilities of the ETF and distribute the net assets of the ETF to the Unitholders of the ETF.

Upon termination of an ETF, each Unitholder of the ETF shall be entitled to receive at the Valuation Time on the termination date out of the assets of the ETF: (i) payment for that Unitholder's Units at the net asset value per Unit for that class of Units of the ETF 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 applicable administrative charges and 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 of that ETF 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 the ETF, full provision for all costs, charges, expenses, claims and demands incurred or believed by the Trustee to be due or to become due in connection with or arising out of the termination of the ETF and the distribution of its assets to the Unitholders of the ETF. Out of the moneys so retained, the Trustee is entitled to be indemnified and saved harmless against all costs, charges, expenses, claims and demands.

PLAN OF DISTRIBUTION

Units of each ETF are offered for sale on a continuous basis by this prospectus and there is no minimum or 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.

Units of each of the ETFs are currently listed on the TSX.

BROKERAGE ARRANGEMENTS

The Manager is authorized to establish, maintain, change and close brokerage accounts on behalf of the ETFs. Once such brokerage accounts are established, the Manager is authorized to negotiate commissions and fees to be paid on such brokerage transactions, subject to a continuing obligation to seek and obtain the best price, execution and overall terms.

RELATIONSHIP BETWEEN ETFs AND DEALER

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

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

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

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

(a) **Board Of Directors** - The Manager supports establishing a majority of independent directors and independent committee chairs. Boards are required to act in the best interests of all shareholders. This can be achieved by ensuring that the majority of directors are independent. The Manager will not normally vote against a slate of directors because they are not independent. However, it will do so if corporate performance is unsatisfactory over a reasonable period of time.

(b) **Contested Director Elections** - In the case of contested board elections, the nominees' qualifications and the performance of the incumbent board will be evaluated, as well as the rationale behind the dissidents' campaign, to determine the outcome that will maximize shareholder value.

(c) **Classified Boards** - Proposals to declassify existing boards (whether proposed by management or shareholders) will generally be supported, and efforts by companies to adopt classified board structures, in which only part of the board is elected each year, will be resisted.

(d) **Director/Officer Indemnification** - Proposals to indemnify directors and officers will generally be supported to ensure the companies can recruit the most qualified individuals. Individuals may be reluctant to serve as a director or officer if they were to be personally liable for all lawsuits and legal costs.

(e) **Director Ownership** - Proposals that will require independent directors to hold a minimum amount of company stock as individuals will generally be opposed. Such a requirement raises questions about directors' independence, and qualified candidates may be reluctant to accept directorships in the face of such a requirement.

(f) **Director Qualifications** - The Manager supports establishing minimum standards for directors and disclosing the directors' qualifications to shareholders. The Manager supports boards that consist of experienced individuals with the appropriate business and professional credentials. Elected directors should have general business acumen, company specific knowledge, and should make informed and independent judgments. The proxy circular should set out the minimum qualifications and standards for directors and a brief description of the business and professional credentials of each director.

(g) **Independent Advisors** - The Manager supports empowering boards, board committees and individual directors to retain (at the subject company's expense) outside legal counsel and other advisors to assist them with their responsibilities.

(h) **Separation of Chair and Chief Executive Officer** - The Manager supports, where possible, separating the chair and chief executive officer roles. The board chair should be an independent executive director. Generally, the Manager will not vote against a slate of directors if the board and management roles are not separated. However, the Manager will do so if corporate performance over a reasonable period of time is unsatisfactory or if there are continuing issues relating to corporate governance matters.

(i) **Approval of Independent Auditors** - The relationship between a company and its auditors should be limited primarily to the audit, although it may include certain closely related activities that do not, in the aggregate, raise any appearance of impaired independence. Management's recommendation for the ratification of the auditors, except in instances where audit and audit-related fees make up less than 50% of the total fees paid by the company to the audit firm, will generally be supported. Instances in which the audit firm has a substantial non-audit relationship with the company (regardless of its size relative to the audit fee) will be evaluated on a case-by-case basis to determine whether there is a concern that independence has been compromised.

(j) **Executive Compensation** - The Manager supports establishing an independent compensation committee to ensure that executive compensation is competitive and fair.

Although, management should be competitively compensated, an independent compensation committee should review compensation arrangements and make recommendations to the board of directors. Shareholders should be allowed to vote on all equity based compensation plans (including option plans) because of the potential dilutive effect on their existing ownership.

(k) **Stock-Based Compensation Plans** - An independent compensation committee should have significant latitude to deliver varied compensation to motivate the company's employees. However, all compensation proposals will be evaluated in the context of several factors (a company's industry, market capitalization, competitors for talent, etc.) to determine whether a particular plan or proposal balances the perspectives of employees and the company's other shareholders. Each proposal will be evaluated on a case-by-case basis, taking all material facts and circumstances into account.

(l) **Bonus Plans** - Bonus plans, which must be periodically submitted for shareholder approval, should have clearly defined performance criteria and maximum awards expressed in dollars. Bonus plans with awards that are excessive in both absolute terms and relative to a comparative group generally will not be supported.

(m) **Employee Stock Purchase Plans** - The use of employee stock purchase plans to increase company stock ownership by employees will generally be supported provided that shares purchased under the plan are acquired for no less than 85% of their market value and that shares reserved under the plan comprise less than 5% of the outstanding shares.

(n) **Executive severance agreements** - While executives' incentives for continued employment should be more significant than severance benefits, there are instances, particularly in the event of a change in control, in which severance arrangements may be appropriate. The Manager will generally, without submission to shareholders, cause the ETFs to vote in favour of approving severance benefits triggered by a change in control that do not exceed three times an executive's salary and bonus. The Manager will generally not approve, without shareholder approval, any severance arrangement under which the beneficiary receives more than three times salary and bonus or where severance is guaranteed absent a change in control.

(o) **Shareholder rights plans** - In evaluating the approval of proposed shareholder rights plans, the following factors will be considered: the length of the plan, whether the plan requires shareholder approval for renewal, whether the plan incorporates review by a committee of independent directors at least every three years, whether the plan includes permitted bid/qualified offer features that mandate a shareholder vote in certain situations, whether the ownership trigger is reasonable and the level of independence of the board that is proposing such plan.

(p) **Crown jewel defence** - The sale of assets to "friendly" companies in an effort to frustrate a takeover will generally be opposed as this action could impair shareholder value.

(q) **Cumulative voting** - Cumulative voting will generally be opposed on the basis that it allows shareholders a voice in director elections that is disproportionate to their economic investment in the corporation.

(r) **Supermajority vote requirements** - Shareholders' ability to approve or reject matters presented for a vote based on a simple majority will be supported. Accordingly, proposals to remove supermajority requirements will be supported, and proposals to impose them will be opposed.

(s) **Right to call meetings and act by written consent** - Shareholders' rights to call special meetings of the board (for good cause and with ample representation) and to act by written consent will generally be supported. Proposals to grant these rights to shareholders will be supported, and proposals to abridge these rights will be opposed.

(t) **Confidential voting** - The integrity of the voting process is enhanced substantially when shareholders (both institutions and individuals) can vote without fear of coercion or retribution based on their votes. As such, proposals to provide confidential voting will be supported.

(u) **Dual classes of stock** - Dual-class capitalization structures that provide disparate voting rights to different groups of shareholders with similar economic investments are objectionable. As such, the creation of separate classes with different voting rights will be opposed, and the dissolution of such classes will be supported.

(v) **Corporate and social policy issues** - Proposals in this category, initiated primarily by shareholders, typically request that the company disclose or amend certain business practices. These are "ordinary business matters" that are primarily the responsibility of management and should be evaluated and approved solely by the corporation's board of directors. The ETFs will typically abstain from voting on these proposals absent a compelling economic impact on shareholder value (e.g., proposals to require expensing of stock options).

(w) **Increase in authorized shares** - The Manager supports only issuing additional common shares for good business reasons. Additional common shares should be issued only for sound business reasons. A 20% or greater increase in authorized common shares should be avoided unless there is a good reason for doing so.

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

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

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

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

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

MATERIAL CONTRACTS

The only contracts material to the ETFs are the following:

(a) 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", "Attributes of Securities –

Modification of Terms", and "Unitholder Matters – Amendments to the Trust Declaration";

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

(c) the Forward Documents. For additional disclosure related to the Forward Documents see "Investment Strategies – General Investment Strategies".

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

LEGAL AND ADMINISTRATIVE PROCEEDINGS

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

EXPERTS

KPMG LLP, the auditors of the ETFs, have consented to the use of their reports each dated March 14, 2018 to the Unitholders of the ETFs. KPMG LLP has confirmed that they are independent within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations.

EXEMPTIONS AND APPROVALS

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

(a) permit a Unitholder to acquire more than 20% of the Units through purchases on the TSX without regard to the takeover bid requirements of applicable Canadian securities legislation provided the Unitholder, and any person acting jointly or in concert with such Unitholder, undertakes to the Manager not to vote more than 20% of the Units at any meeting of Unitholders;

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

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

(d) engage an affiliate of an Counterparty, that is an investment dealer, as its securities lending agent;

(e) allow an ETF to borrow up to 15% of its net asset value under an overdraft facility, and in each case to provide a security interest over its portfolio assets in connection therewith; and

(f) to allow an ETF to lend 100% of its investment portfolio to qualified borrowers.

Additionally, certain dealers of the ETFs, including the Designated Broker and Dealers of the ETFs, have received exemptive relief from the Securities Regulatory Authorities from the requirement that a dealer, not acting as agent of the purchaser, who receives an order or subscription for a security offered in a distribution to which the prospectus requirement of the securities legislation of the provinces and territories apply, send or deliver to the purchaser or its agent, unless the dealer has previously done so, the latest prospectus and any amendment either before entering into an agreement of purchase and sale resulting from the order or subscription, or not later than midnight on the second business day after entering into that agreement. As a condition of this exemptive relief, the dealer is required to deliver a copy of the ETF Facts document of the applicable ETF to a purchaser if the dealer does not deliver a copy of this prospectus. This relief will expire upon the coming-into-force of amendments to National Instrument 41-101 General Prospectus Requirements which will codify the exemptive relief. Currently, the amendments are expected to come-into-force on December 10, 2018.

OTHER MATERIAL FACTS

Disclaimer:

The ETFs are not sponsored, promoted, sold or supported in any other manner by Solactive AG, nor does Solactive AG offer any express or implicit guarantee or assurance either with regard to the results of using the applicable Referenced Futures Index and/or its trade mark or prices at any time or in any other respect. The Referenced Futures Indexes are calculated and published by Solactive AG. Solactive AG uses its best efforts to ensure that each Referenced Futures Index is calculated correctly. Irrespective of its obligations towards the ETFs or the Manager, Solactive has no obligation to point out errors in these Referenced Futures Indexes to third parties including but not limited to investors and/or financial intermediaries of the ETFs. Neither publication of the Referenced Futures Indexes by Solactive AG nor the licensing of the Referenced Futures Indexes or their trade marks for the purpose of use in connection with the ETFs constitutes a recommendation by Solactive AG to invest capital in an ETF nor does it in any way represent an assurance or opinion of Solactive AG 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 an 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 incorporated by reference into this prospectus, which means that they 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 ETFs' Internet site at www.HorizonsETFs.com. These documents and other information about the ETFs are or will also be available on the Internet at www.sedar.com.

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

HORIZONS GOLD ETF
HORIZONS SILVER ETF
HORIZONS CRUDE OIL ETF
HORIZONS NATURAL GAS ETF
(THE “ETFs”)

CERTIFICATE OF THE ETFs, THE MANAGER AND PROMOTER

Dated July 19, 2018

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) “*Taeyong Lee*”
Taeyong Lee
Executive Chairman and
Co-Chief Executive Officer

(signed) “*Julie Stajan*”
Julie Stajan
Chief Financial Officer

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

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

(signed) *“Thomas Park”*
Thomas Park
Director

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