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

PROSPECTUS

Continuous Offering | December 27, 2018

ACTIVE BENCHMARK BETAPRO

BetaPro S&P 500 VIX Short-Term Futures™ ETF ("HUV" or the "ETF")

The ETF is a speculative investment tool, is very different from other Canadian exchange traded funds, and can be used for diversification or as a partial hedge against market conditions.

The ETF is not a conventional investment. The ETF is designed to provide investment results that endeavour to correspond to the daily performance of the S&P 500 VIX Short-Term Futures Index™ (the "Underlying Index"). The Underlying Index tracks market volatility, not market returns, and has tended to have a low to negative correlation to equity market returns. The Underlying Index is highly volatile. As a result, it is not generally viewed as a stand-alone long term investment.

Historically, the Underlying Index has tended to revert to a historical mean. As a result, the performance of the Underlying Index is expected to be negative over the longer term and neither HUV nor the Underlying Index are expected to have positive long term performance.

Investors should monitor their investment in the ETF daily.

The Horizons ETFs are open-end mutual fund trusts established under the laws of Ontario, one of which is offered pursuant to this prospectus. Class A units ("**Units**") of the ETF are being offered for sale on a continuous basis by this prospectus and there is no maximum number of Units of the ETF that may be issued. Until July 4, 2019, the ETF is a "commodity pool" as defined in NI 81-104. Effective July 4, 2019, the ETF will be an "alternative mutual fund" as defined in amendments to NI-81-102 coming into force on January 3, 2019. The Units of the ETF are offered for sale at a price equal to the net asset value of such Units next determined following the receipt of a subscription order.

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

HUV is designed to provide investment results, before fees, expenses, distributions, brokerage commissions and other transaction costs, that endeavour to correspond to the performance of the S&P 500 VIX Short-Term Futures Index™. Any U.S. dollar gains or losses as a result of HUV's investment will be hedged back to the Canadian dollar to the best of its ability.

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

The Underlying Index tracks market volatility, not market returns and has tended to have a low to negative correlation to equity market returns. The Underlying Index is highly volatile.

The ETF should not be expected to match the performance of the CBOE Volatility Index (referred to herein as the "VIX Index") and the Underlying Index will not have the same performance as the VIX Index.

Because the VIX Index is not a tradeable index, the ETF will invest in or be exposed to interest bearing accounts, T-Bills or other financial instruments that should have similar, but not perfectly correlated, price return characteristics as the daily return of the Underlying Index.

Units of the ETF are currently listed and traded on the Toronto Stock Exchange (the "**TSX**"). Investors are able to buy or sell Units of the ETF on the TSX through registered brokers and dealers in the province or territory where the investor resides. Investors may incur customary brokerage commissions in buying and/or selling Units of the ETF. Unitholders may redeem Units of the ETF in any number for cash, subject to a redemption discount, or may redeem a prescribed number of Units (a "**PNU**") of the 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.

The ETF will issue Units directly to Designated Brokers and Dealers (as defined). No Designated Broker, Dealer or Counterparty has been involved in the preparation of this prospectus or has performed any review of the contents of this prospectus and the securities regulatory authorities have provided the ETF with a decision exempting the ETF from the requirement to include a certificate of an underwriter in the prospectus. The Designated Brokers and Dealers of the ETF are not underwriters of the ETF in connection with the distribution by the ETF 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 the ETF. Units of the ETF are highly speculative and involve a high degree of risk, some not traditionally associated with mutual funds. The ETF by itself does not constitute a balanced investment plan. An investor may lose a portion or even all of the money that they place in the ETF.

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

The ETF is subject to certain conflicts of interest. See "Organization and Management Details of the ETF - Conflicts of Interest". The ETF will be subject to the charges payable by it, as described in this prospectus, that must be offset by revenues and gains before an investor is entitled to a return on his or her investment. See "Fees and Expenses". It may be necessary for the 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.

The success of the ETF will depend on a number of conditions that are beyond the control of the ETF.

Participation in transactions by the 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 ETF 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 the ETF on foreign exchanges may not be provided the same protection as funds received in respect of transactions by the ETF on Canadian exchanges.

THESE BRIEF STATEMENTS DO NOT DISCLOSE ALL OF THE RISKS AND OTHER SIGNIFICANT ASPECTS OF INVESTING IN THE ETF. AN INVESTOR SHOULD CAREFULLY READ THIS PROSPECTUS, INCLUDING THE DESCRIPTION OF THE PRINCIPAL RISK FACTORS OF THE ETF BEFORE INVESTING IN THE ETF. SEE "RISK FACTORS".

Although the ETF is a mutual fund under Canadian securities legislation, certain provisions of such legislation and the policies of the Canadian securities regulatory authorities applicable to conventional mutual funds and designed to protect investors who purchase securities of mutual funds, do not apply. **The ETF has also been granted exemptive relief from certain provisions of Canadian securities legislation applicable to conventional mutual funds**.

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

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

You can get a copy of these documents at your request, and at no cost, by calling the Manager 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 ETF are also available on the website of SEDAR (the System for Electronic Document Analysis and Retrieval) at www.sedar.com.

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PROSPECTUS SUMMARY

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

The ETF

The Horizons ETFs are open-end mutual fund trusts established under the laws of Ontario, one of which is offered pursuant to this prospectus.

See "Overview of the Legal Structure of the ETF".

Investment Objective

The ETF is designed to provide investment results, before fees, expenses, distributions, brokerage commissions and other transaction costs, that endeavour to correspond to the performance of the S&P 500 VIX Short-Term Futures Index™. 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 its ability.

In order to achieve its investment objective, the ETF may invest in equity securities, interest bearing accounts and T-Bills and/or other financial instruments, including derivatives.

See "Investment Objectives".

Investing in Volatility

Volatility is a market condition that is easier to identify than it is to manage. Since 1993, the CBOE has calculated and published its proprietary measurement of implied and expected volatility of the S&P 500® over a 30 day period, the CBOE Volatility Index (the "**VIX Index**"). Usually, investors can invest directly in the underlying issuers that make up an index and by so doing replicate the same returns as the index. Unlike other indexes, investors cannot invest in the VIX Index and, as a result, while many investors found the VIX Index to be a valuable measurement of volatility, they found that they could not replicate the VIX Index in their own portfolio.

Changes in the VIX Index's methodology in 2003 permitted the creation of derivative instruments based on the VIX Index, including VIX Index futures contracts (the "**VIX Futures Contracts**"). Introduced in 2004, VIX Futures Contracts trade on the CBOE and are valued in U.S. dollars. VIX Futures Contracts, as well as investment products that are derived from VIX Futures Contracts, are the only way an investor can access returns that are derived from or relate to the VIX Index. While it is impossible to invest directly in the quoted value of the VIX Index, which is often referred to as the "spot VIX", exchange traded funds that refer to the S&P 500 VIX Short-Term Futures Index™ provide investors with investible exposure to the implied volatility of the S&P 500®.

More details on the CBOE, VIX Index, and VIX Futures Contracts can be found at www.cboe.com and more details on the S&P 500® and S&P 500 VIX Short-Term Futures Index™ can be found at www.standardandpoors.com. While the Manager has reproduced much of the relevant source and research materials in this prospectus, additional information from these websites can be found at www.HorizonsETFs.com.

About the Underlying Index

General

The S&P 500 VIX Short-Term Futures Index™, the underlying index of the ETF, seeks to offer exposure to market volatility through publicly traded futures markets. The VIX Index is calculated based on the prices of put and call options on the S&P 500®. The S&P 500 VIX Short-Term Futures Index™ is intended to reflect the returns that are potentially available through an unleveraged investment in the first and second delivery month VIX Futures Contracts.

The VIX Index

"VIX" is the ticker symbol for the VIX Index, a popular measure of the implied volatility of S&P 500® options. A relatively high VIX Index level corresponds to expectations of a more volatile U.S. equity market as expressed by more costly options on the S&P 500®. The VIX Index represents one measure of the market's expectation of volatility over the next 30 day period. It is a weighted blend of prices for a range of options on the S&P 500®. The formula for calculating the VIX Index level utilizes current market prices for a series of out-of-the-money calls and puts for the front month and second month expirations. The goal of the VIX Index is to estimate the implied volatility of the S&P 500® over the next 30 days. Investors are thought to believe that a relatively high level for the VIX Index translates into a greater degree of market uncertainty, while a relatively low level for the VIX Index is consistent with greater stability. Even though the VIX Index is quoted as a percentage rather than a dollar amount, there are a number of VIX-based derivative instruments in existence, including VIX Futures Contracts, which began trading in 2004 and whose values are expressed in U.S. dollars.

The Underlying Index - The S&P 500 VIX Short-Term Futures Index™

It is not possible to invest in the VIX Index directly. As a result, in order to gain exposure to the VIX Index, and by implication in order to base a return on the implied volatility of the S&P 500®, the ETF invests in or is exposed to securities, futures contracts and other financial instruments that are believed to be capable of providing the return of the S&P 500 VIX Short-Term Futures Index™.

The S&P 500 VIX Short-Term Futures Index™ is an excess return volatility index that is comprised of VIX Futures Contracts with the price of each VIX Futures Contract reflecting the market's expectation of future volatility.

The S&P 500 VIX Short-Term Futures Index™ is intended to reflect the returns that are available through an unleveraged investment in VIX Futures Contracts.

See "Description of the Underlying Index".

Investment Strategies

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

Provided it is not a Bank Holiday, the ETF is rebalanced when the TSX, CBOE, and NYSE Arca are open.

The ETF is subject to certain investment restrictions. See "Investment Strategies" and "Investment Restrictions".

Forward Documents

The ETF has entered into multiple Forward Documents with a Counterparty that provide positive exposure that substantially corresponds to the daily performance of the Underlying Index and/or Forward Documents that provide negative exposure that substantially corresponds to the daily performance of the Underlying Index. The ETF seeks to achieve its investment objective through the net exposure of its respective Forward Documents. The ETF invests and will invest the net proceeds of Unit subscriptions in interest bearing accounts and T-Bills to earn prevailing short-term market interest rates. The 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 that substantially corresponds to the daily performance of the Underlying Index. A Counterparty or its guarantor must have a designated rating within the meaning of NI 81-102.

In order to achieve its investment objectives, the amount payable by a Counterparty under the Forward Documents will be based upon the performance of the Underlying Index.

The 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 the ETF may determine.

See “Forward Documents”.

Offering

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

Units of the ETF are currently listed and traded on the TSX. See “Plan of Distribution” and “Attributes of the Securities”.

Special Considerations for Purchasers

The ETF, as a mutual fund subject to NI 81-102, is exempt from the so-called “early warning” requirements set out in Canadian securities legislation in connection with the acquisition of Units of the ETF. In addition, the ETF has obtained exemptive relief from the Securities Regulatory Authorities to permit a Unitholder to acquire more than 20% of the Units of the ETF through purchases on the TSX without regard to the takeover bid requirements of applicable Canadian securities legislation, provided such Unitholder, and any person acting jointly or in concert with such Unitholder, undertakes to the Manager not to vote more than 20% of the Units of the ETF at any meeting of Unitholders of the ETF.

The ETF has also obtained exemptive relief from the restrictions relating to redemptions of “seed capital” invested in a commodity pool.

Other than as a result of exemptive relief obtained from the securities regulatory authorities, the ETF will comply with all 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 of the ETF, the ETF will pay or make payable sufficient net income (including net capital gains) so that the ETF will not be liable for non-refundable income tax in any given taxation year. All distributions, net of any applicable withholding tax, will be paid in Units of the ETF or automatically be reinvested on behalf of each Unitholder in additional Units of the ETF and 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 the ETF are expected to consist primarily of ordinary income, for income tax purposes, from settlement (including partial settlement) of the Forward Documents. Currently, the level of distributions paid by the 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 the ETF to its Unitholders in respect of the period 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 the ETF on the TSX, Unitholders of the ETF may redeem Units of the ETF on any Trading Day in any number for cash, subject to a redemption discount, or may redeem a PNU of the ETF or a multiple PNU of the ETF on any Trading Day for cash equal to the net asset value of that number of Units, subject to any redemption charge. Exemptive relief has been obtained from the securities regulatory authorities to permit the 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 Designated Brokers 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 the ETF is required to borrow more than 10% of its net asset value. See "Redemption of Units".
Income Tax Considerations	A Unitholder of the ETF who is resident in Canada will generally be required to include, in computing income for a taxation year, the amount of income (including any net realized 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 the 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 any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the Unit disposed of. Pursuant to the Trust Declaration, the ETF may distribute, allocate and designate any income or capital gains realized by the ETF as a result of any disposition of property of the ETF undertaken to permit or facilitate the redemption of Units to a Unitholder

	whose Units are being redeemed. In addition, the ETF has the authority to distribute, allocate and designate any net income or net realized capital gains of the ETF to a Unitholder who has redeemed Units of the ETF during a year in an amount equal to the Unitholder's share, at the time of redemption, of the ETF's net income and net realized capital gains for the year or such other amount that is determined by the ETF to be reasonable. Any such distributions, allocations and designations will reduce the redemption price otherwise payable to the redeeming Unitholder, but, for greater certainty, will not reduce the amount of cash or the value of the property that the Unitholder will receive in respect of the redemption. A purchaser of Units may be purchasing Units of the ETF which 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 the ETF by obtaining advice from his or her tax advisor. See "Income Tax Considerations".
Eligibility for Investment	Provided that the 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 qualified investments under the Tax Act for a trust governed by a RRSP, RRIF, RDSP, DPSP, RESP or TFSA.
Documents Incorporated by Reference	Additional information about the ETF is or will be available in its most recently filed annual and interim financial statements, its most recently filed annual and interim management report of fund performance, and its most recently filed summary document. These documents will be incorporated by reference into this prospectus. Documents incorporated by reference into this prospectus legally form part of this prospectus just as if they were printed as part of this prospectus. These documents are, or will be, publicly available on the website of the ETF at www.HorizonsETFs.com and may be obtained upon request, at no cost, by calling toll-free 1-866-641-5739 or by contacting your dealer. These documents and other information about the ETF are also publicly available at www.sedar.com. See "Documents Incorporated by Reference".
Termination	The ETF does 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 ETF".
Risk Factors	Investing in Units of the 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 the ETF. • The Return of the ETF will not be based on the Actual Volatility of the S&P 500® or the VIX Index • ETF Values not Derived from the VIX Index • The VIX Index is a Theoretical Calculation and is Not a Tradable Index • VIX Index and S&P 500 VIX Short-Term Futures Index™ Volatility Risk • Contango and Backwardation Risk • Risk associated with the reversion of the VIX Index to its mean

- Market Price v. Futures Risk
- Price Volatility Risk
- Leverage Risk and the Effect of Compounding on Returns
- Long Term Performance Risk
- No Rights in Respect of VIX Futures Contracts included in the Underlying Index
- Relationship between the VIX Index and the Underlying Index
- Aggressive Investment Technique Risk
- Limited History of the Underlying Index
- Historical Levels of Comparable Indices Should Not Be Taken as an Indication of the Future Performance of the Underlying Index
- Trading in Derivatives is Highly Leveraged
- Corresponding Net Asset Value Risk
- Counterparty Risk
- Underlying Index Correlation Risk
- General Financial Market Correlation Risk
- Liquidity Risk
- Market Risk
- Regulatory 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
- Units may trade at prices other than net asset value
- Borrowing Risk
- Changes to the Underlying Index, the VIX Index or the S&P 500®.
- Foreign Exchange Risk
- Exchange Rate Risk
- Securities Lending Risk

See "Risk Factors".

Organization and Management of the ETF

The Manager, Trustee and Promoter

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

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

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

See "Organization and Management Details of the ETF – Manager of the ETF".

Custodian

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

Valuation Agent	CIBC Mellon Global has been retained to provide accounting valuation services to the ETF. CIBC Mellon Global is located in Toronto, Ontario. See "Organization and Management Details of the ETF – Valuation Agent".
Auditors	KPMG LLP is responsible for auditing the annual financial statements of the ETF. 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 ETF – Auditors".
Registrar and Transfer Agent	TSX Trust Company is the registrar and transfer agent for the Units of the ETF. TSX Trust Company is located in Toronto and is independent of the Manager. See "Organization and Management Details of the ETF – Registrar and Transfer Agent".
Securities Lending Agent	NBF is the securities lending agent of the ETF. NBF is located in Toronto, Ontario. See "Organization and Management Details of the ETF – Securities Lending Agent".

Summary of Fees and Expenses

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

Fees and Expenses Payable by the ETF

Type of Charge	**Description**
Management Fees	The ETF pays annual management fees (a "**Management Fee**") to the Manager equal to 0.85% of the net asset value of the ETF, together with applicable Sales Tax. The Management Fee will be calculated and accrued daily and payable monthly in arrears, in consideration for the services provided by the Manager to the ETF as set out under "Organization and Management Details of the ETF – Duties and Services Provided by the Manager". *Management Fee Distributions* The Manager may, at its discretion, agree to charge a reduced fee as compared to the fee it would otherwise be entitled to receive from the ETF with respect to large investments in the ETF by Unitholders. Such a reduction will be dependent upon a number of factors, including the amount invested, the total assets of the ETF under administration and the expected amount of account activity. In such cases, an amount equal to the difference between the fee otherwise chargeable and the reduced fee will be distributed to the applicable Unitholders as Management Fee Distributions. See "Fees and Expenses".
Operating Expenses	Unless otherwise waived or reimbursed by the Manager, the ETF pays 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; 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	Currently, under the ETF’s Forward Documents, the value of the purchase price payable thereunder will be reduced by an amount equal to 0.35% per annum of the notional exposure of the forward, calculated and applied daily in arrears, plus hedging costs incurred by a Counterparty. Hedging costs incurred by a Counterparty 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 incurred by a Counterparty will be between 0.25% and 0.99% per annum of the notional exposure of the ETF’s Forward Documents. The actual hedging costs that may be incurred by a Counterparty and charged to the ETF may be more or less depending on market conditions 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 ETF, all expenses related to the issuance of Units are borne by the ETF. See “Fees and Expenses”.

Fees and Expenses Payable Directly by Unitholders

Administrative Charge	The Manager may, at its discretion, charge Unitholders of the ETF 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, that has a designated rating within the meaning of NI 81-102;

"**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 ETF";

"**CBOE**" means the Cboe Options Exchange;

"**CBOE Volatility Index Futures**" means futures contracts based on the VIX Index and traded on the CBOE;

"**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;

"**Committee**" means the S&P/TSX® Index Policy Committee;

"**Counterparties**" means NBC and any other Acceptable Counterparty with which the 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 the ETF pursuant to the Custodian Agreement;

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

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

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

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

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

"**DFA Rules**" has the meaning ascribed to that term under the heading "Risk Factors – Taxation of the ETF";

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

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

"**ETF**" means BetaPro S&P 500 VIX Short-Term Futures™ ETF;

"**Forward Documents**" means agreements evidencing cash-settled forward transactions relating to an Underlying Index that the ETF has entered into or may enter 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, investment manager, trustee and promoter of the ETF;

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

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

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

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

"**Management Fee Distribution**" 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 to Unitholders of the ETF who hold large investments in the ETF, as further described under "Fees and Expenses";

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

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

"**NBC**" means National Bank of Canada;

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

"**net asset value**" or "**NAV**" means the net asset value of the ETF as calculated on each Valuation Day 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;

"**NYSE**" means the New York Stock Exchange;

"**NYSE Arca**" means the New York Stock Exchange Arca;

"**Plan"** has the meaning ascribed to that term under the heading "Income Tax Considerations – Taxation of Registered Plans";

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

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

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

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

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

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

"**Sales Tax**" means all applicable provincial and federal sales, use and 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;

"**S&P**" means Standard & Poor's Financial Services LLC;

"**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 gains**" 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 the ETF means a day on which (i) a session of the TSX is held; (ii) the principal exchange for the futures contracts based on foreign 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 ETF, as supplemented, amended or amended and restated from time to time;

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

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

"**Underlying Index**" means the S&P 500 VIX Short-Term Futures Index™, as further described under "Description of the Underlying Index";

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

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

"**Valuation Agent**" means CIBC Mellon Global;

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

"**Valuation Time**" means 4:15 p.m. (EST) on a Valuation Day;

"**VIX Index**" means the CBOE Volatility Index, which is a measure of implied and expected volatility of the S&P 500® over a 30 day period, as calculated by CBOE, as further described under "Description of the Underlying Index"; and

"**VIX Futures Contract**" means a VIX Index futures contract.

OVERVIEW OF THE LEGAL STRUCTURE OF THE ETF

The Horizons ETFs are open-end mutual fund trusts established under the laws of Ontario. . Until July 4, 2019, the ETF is a "commodity pool" as defined in NI 81-104. Effective July 4, 2019, the ETF will be an "alternative mutual fund" as defined in amendments to NI-81-102 coming into force on January 3, 2019. The manager, investment manager and trustee of the ETF is Horizons ETFs Management (Canada) Inc. ("**Horizons**", the "**Manager**" or the "**Trustee**"). The BetaPro S&P 500 VIX Short-Term Futures™ ETF is offered pursuant to this prospectus. Units of the ETF are listed on the TSX under the ticker symbol "HUV".

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

Units of the ETF are currently listed on the TSX.

INVESTMENT OBJECTIVE

HUV seeks investment results, before fees, expenses, distributions, brokerage commissions and other transaction costs that endeavour to correspond to the performance of the S&P 500 VIX Short-Term Futures Index™. 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 HUV is successful in meeting its investment objective, its net asset value should gain approximately as much, on a percentage basis, as the S&P 500 VIX Short-Term Futures Index™ when this Underlying Index rises on a given day. Conversely, HUV's net asset value should lose approximately as much, on a percentage basis, as the S&P 500 VIX Short-Term Futures Index™ when this Underlying Index declines on a given day.

DESCRIPTION OF THE UNDERLYING INDEX

The Manager has derived the description of the Underlying Index in this prospectus from information published by the Committee. Information concerning the Underlying Index, as well as the S&P 500® and the VIX Index, has also been derived from other available public sources.

Investing in Volatility

Volatility is a market condition that is easier to identify than it is to manage. Since 1993, the CBOE has calculated and published its proprietary measurement of implied and expected volatility of the S&P 500® over a 30 day period, the CBOE Volatility Index (the "**VIX Index**"). Usually, investors can invest directly in the underlying issuers that make up an index and by so doing replicate the same returns as the index. Unlike other indexes, investors cannot invest in the VIX Index and as a result, while many investors found the VIX Index to be a valuable measurement of volatility, they found that they could not replicate the VIX Index in their own portfolio.

Changes in the VIX Index's methodology in 2003 permitted the creation of derivative instruments based on the VIX Index, including VIX Futures Contracts. Introduced in 2004, VIX Futures Contracts trade on the CBOE and are valued in U.S. dollars. VIX Futures Contracts, as well as investment products that are derived from VIX Futures Contracts, are the only way an investor can access returns that are derived from or relate to the VIX Index. While it is impossible to invest directly in the quoted value of the VIX Index, which is often referred to as the "spot VIX", exchange traded funds that refer to the S&P 500 VIX Short-Term Futures Index™ provide investors with investible exposure to the implied volatility of the S&P 500®.

More details on the CBOE, VIX Index, and VIX Futures Contracts can be found at www.cboe.com and more details on the S&P 500® and S&P 500 VIX Short-Term Futures Index™ can be found at www.standardandpoors.com. While the Manager has reproduced much of the relevant source and research materials in this prospectus, additional information from these websites can be found at www.HorizonsETFs.com.

General Information – The Underlying Index

The S&P 500 VIX Short-Term Futures Index™, the underlying index of the ETF, seeks to offer exposure to market volatility through publicly traded futures markets. Specifically, the Underlying Index measures the excess return from a daily rolling long position in the first and second month VIX Futures Contracts. VIX Futures Contracts are based on the value of the VIX Index at a predetermined future date. The VIX Index is calculated based on the prices of put and call options on the S&P 500®. The VIX Index is a theoretical calculation and cannot be traded on a market price basis. While it is important to understand the VIX Index and VIX Futures Contracts in order to understand the composition of the Underlying Index, neither the VIX Index nor individual VIX Futures Contracts are the benchmark or underlying index for this ETF.

The Underlying Index is intended to reflect the returns that are potentially available through an unleveraged investment in the first and second month VIX Futures Contracts. The value of the Underlying Index in real time and at the close of trading on each business day for the Underlying Index will be published by Bloomberg L.P. and Reuters under the following ticker symbols:

Bloomberg Ticker Symbol	Reuters Ticker Symbol
SPVXSP	.SPVIXSP

As the performance of the Underlying Index is influenced by the S&P 500® (and options thereon) and the VIX Index, a description of both the S&P 500® and the VIX Index is also provided below.

The S&P 500®

The S&P 500® is an index that measures large-cap U.S. stock market performance. It is a float-adjusted market capitalization weighted index of 500 U.S. operating companies and real estate investment trusts selected by the S&P U.S. Index Committee through a non-mechanical process that factors in criteria such as liquidity, price, market capitalization and financial viability. Reconstitution occurs both on a quarterly and ongoing basis.

S&P publishes the S&P 500®. The daily calculation of the current value of the S&P 500® is based on the relative value of the aggregate market value of the common stocks of 500 companies as of a particular time compared to the aggregate average initial market value of the common stocks of 500 similar companies during the base period of the years 1941 through 1943. The 500 companies are not the 500 largest companies listed on the NYSE and not all 500 companies are listed on the NYSE. The index sponsor chooses companies for inclusion in the S&P 500® with the objective of achieving a distribution by broad industry groupings that approximates the distribution of these groupings in the common stock population of the U.S. equity market. S&P may from time to time, in its sole discretion, add companies to, or delete companies from, the S&P 500® to achieve the objectives stated above. Relevant criteria employed by the index sponsor include the viability of the particular company, the extent to which that company represents the industry group to which it is assigned, the extent to which the company's common stock is widely held and the market value and trading activity of the common stock of that company.

The VIX Index

The VIX Index was developed by the CBOE and is calculated, maintained and published by the CBOE. The CBOE has no obligation to continue to publish, and may discontinue the publication of, the VIX Index. The VIX Index is reported by Bloomberg L.P. under the ticker symbol "VIX".

The VIX Index is a benchmark index designed to measure the market price of implied volatility in large cap U.S. stocks over 30 days in the future, and calculated based on the prices of certain put and call options on the S&P 500®. The VIX Index measures the premium paid by investors for certain options linked to the level of the S&P 500®. During periods of market instability, the implied level of volatility of the S&P 500® typically increases and, consequently, the prices of options linked to the S&P 500® typically increase (assuming all other relevant factors remain constant or have negligible changes). This, in turn, causes the level of the VIX Index to increase. Because the VIX Index may increase in times of uncertainty, the VIX Index is known as the "fear gauge" of the broad U.S. equities market. The VIX Index has, on a balance of probabilities, historically had negative correlations to the S&P 500®.

The calculation of the VIX Index involves a formula that uses the prices of a weighted series of out-of-the money put and call options on the level of the S&P 500® ("**SPX Options**") with two adjacent expiry terms to derive a constant 30-day forward measure of market volatility. The VIX Index is calculated independent of any particular option pricing model and in doing so seeks to eliminate any biases which may otherwise be included in using options pricing methodology based on certain assumptions. Although the VIX Index measures the 30-day forward volatility of the S&P 500® as implied by the SPX Options, 30-day options are only available once a month. To arrive at a measure of the VIX Index level, a broad range of out-of-the money SPX Options expiring on the two closest nearby months ("**near term options**" and "**next term options**," respectively) are selected in order to bracket a 30-day calendar period. SPX Options having a maturity of less than eight days are excluded at the outset and, when the near term options have eight days or less left to expiration, the VIX Index rolls to the second and third contract months in order to minimize pricing anomalies that occur close to expiration. The model-free implied volatility using prices of the near term options and next term options are then calculated on a strike price weighted average basis in order to arrive at a single average implied volatility value for each month. The results of each of the two months are then interpolated to arrive at a single value with a constant maturity of 30 days to expiration. The VIX Index is a theoretical calculation and cannot be traded on a market price basis.

The Futures Markets

Futures on the VIX Index were first launched for trading by the CBOE in 2004. VIX Futures Contracts have expirations ranging from the front month consecutively out to the tenth month. Futures on the VIX Index allow investors the ability to invest in forward market volatility based on their view of the future direction or movement of the VIX Index. Investors that believe the implied volatility of the S&P 500® will increase may buy VIX Futures Contracts, expecting that the level of the VIX Index will increase. Conversely, investors that believe that the implied volatility of the S&P 500® will decline may sell VIX Futures Contracts, expecting that the level of the VIX Index will fall.

The Underlying Index is comprised of one or more VIX Futures Contracts. Futures contracts on the VIX Index are traded on regulated futures exchanges, in the over-the-counter market and on various types of electronic trading facilities and markets. At present, all of the VIX Futures Contracts included in the Underlying Index are exchange-traded futures contracts.

An exchange-traded futures contract provides for the purchase and sale of a specified type and quantity of an underlying asset or financial instrument during a stated delivery month for a fixed price. Because the VIX Index is not a tangible item that can be purchased and sold directly, a VIX Futures Contract provides for the payment and receipt of cash based on the level of the VIX Index at settlement or liquidation of the contract. A futures contract provides for a specified settlement month in which the cash settlement is made or in which the underlying asset or financial instrument is to be delivered by the seller (whose position is therefore described as "short") and acquired by the purchaser (whose position is therefore described as "long").

There is no purchase price paid or received on the purchase or sale of a futures contract. Instead, an amount of cash or cash equivalents must be deposited with the broker as "initial margin". This amount varies based on the requirements imposed by the exchange clearing houses. This margin deposit provides collateral for the obligations of the parties to the futures contract.

By depositing margin, which may vary in form depending on the exchange, with the clearing house or broker involved, a market participant may be able to earn interest on its margin funds. The market participant normally makes to, and receives from, the broker subsequent daily payments as the price of the futures contract fluctuates. These payments are called "variation margin" and are made as the existing positions in the futures contract become more or less valuable, a process known as "marking to the market".

Futures contracts are traded on organized exchanges, known as "designated contract markets" in the United States. At any time prior to the expiration of a futures contract, subject to the availability of a liquid secondary market, a trader may elect to close out its position by taking an opposite position on the exchange on which the trader obtained the position. This operates to terminate the position and fix the trader's profit or loss. Futures contracts are cleared through the facilities of a centralized clearing house and a brokerage firm, referred to as a "futures commission merchant", which is a member of the clearing house. The clearing house guarantees the performance of each clearing member that is a party to a futures contract by, in effect, taking the opposite side of the transaction. Clearing houses do not guarantee the performance by clearing members of their obligations to their customers.

Unlike equity securities, futures contracts, by their terms, have stated expirations and, at a specified point in time prior to expiration, trading in a futures contract for the current delivery month will cease. As a result, a market participant wishing to maintain its exposure to a futures contract on a particular asset or financial instrument with the nearest expiration must close out its position in the expiring contract and establish a new position in the contract for the next delivery month, a process referred to as "rolling". For example, a market participant with a long position in November VIX Futures Contract that wishes to maintain a position in the nearest delivery month will, as the November contract nears expiration, sell November futures, which serves to close out the existing long position, and buy December futures. This will "roll" the November position into a December position, and, when the November contract expires, the market participant will still have a long position in the nearest delivery month.

Futures exchanges and clearing houses in the United States are subject to regulation by the CFTC. Exchanges may adopt rules and take other actions that affect trading, including imposing speculative position limits, maximum price fluctuations and trading halts and suspensions and requiring liquidation of contracts in certain circumstances. Futures markets outside the United States are generally subject to regulation by comparable regulatory authorities.

Composition and Calculation of the Underlying Index

Composition of the Underlying Index

As noted above, the Underlying Index is intended to reflect the returns that are potentially available through an unleveraged investment in VIX Futures Contracts and measures the return from a rolling long position in the first and second month VIX Futures Contracts. The Underlying Index rolls continuously throughout each month from the first month VIX Futures Contract into the second month VIX Futures Contract.

The Underlying Index rolls on a daily basis. One of the effects of daily rolling is to maintain a constant weighted average maturity for the underlying futures contracts. Unlike equities, which typically entitle the holder to a continuing stake in a corporation, futures contracts normally specify a certain date for the delivery of the underlying asset or financial instrument or, in the case of futures contracts relating to an index such as the VIX Index, a certain date for payment in cash of an amount determined by the level of the underlying index.

The Underlying Index operates by, on a daily basis, selling VIX Futures Contracts with a nearby settlement date and purchasing VIX Futures Contracts which settle on a later date. The roll for each contract occurs on each business day of the Underlying Index according to a pre-determined schedule that has the effect of keeping constant the weighted average maturity of the relevant futures contracts. This process is known as "rolling" a futures position. The constant weighted average maturity for the futures underlying the Underlying Index is one month.

Contract Rebalancing

The roll period starts on the Tuesday prior to the monthly VIX Futures Contract settlement date (the Wednesday falling 30 calendar days before the S&P 500® option expiration for the following month), and runs through the Tuesday prior to the subsequent month's VIX Futures Contract settlement date. Thus, the Underlying Index is rolling on a continual basis. On the business date after the current roll period ends the following roll period will begin.

At the close on the Tuesday, corresponding to the start of the roll period, all of the weight is allocated to the first month contract. Then on each subsequent business day a fraction of the first month VIX Futures Contract holding is sold and an equal notional amount of the second month VIX Futures Contract is bought. The fraction, or quantity, is proportional to the number of first month VIX Futures Contracts as of the previous index roll day, and inversely proportional to the length of the current roll period. In this way the initial position in the first month contract is progressively moved to the second month one over the course of the month, until the following roll period starts when the old second month VIX Futures Contract becomes the new first month VIX Futures Contract and gets sold every day afterward as the process begins again.

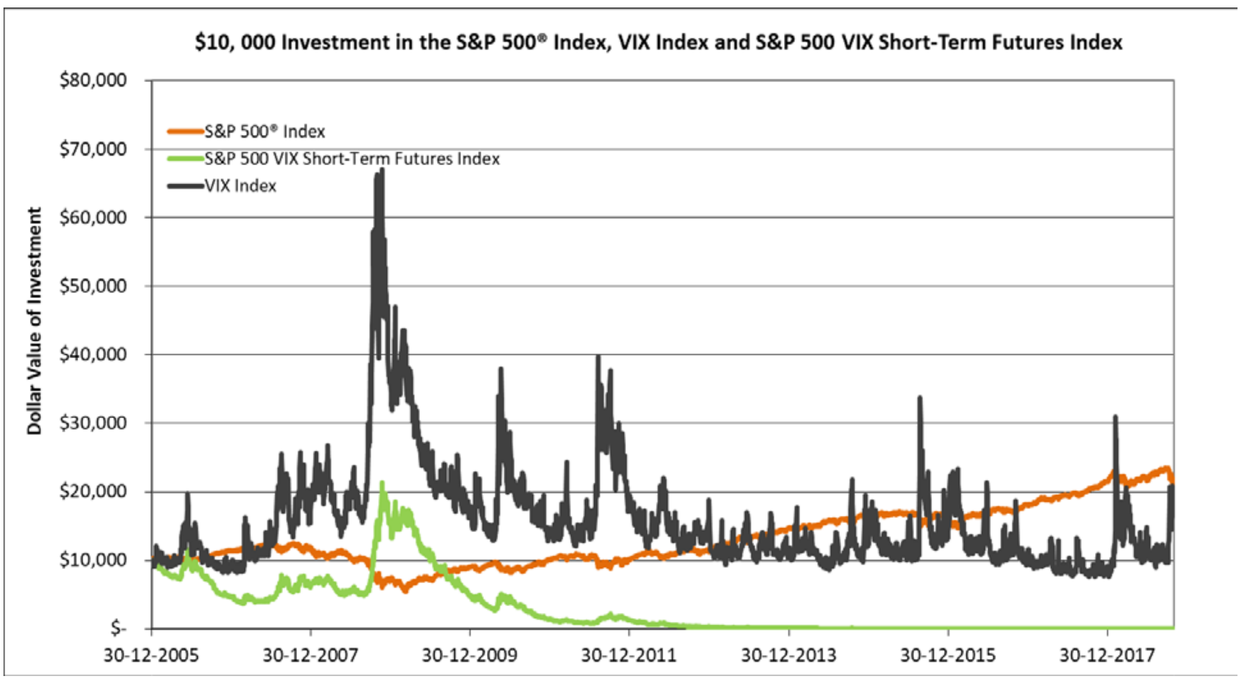
In addition to the transactions described above, the weight of each VIX Futures Contract is also adjusted every day to ensure that the change in total dollar exposure for the Underlying Index is only due to the price change of each contract and not due to using a different weight for a contract trading at a higher price.

Historical Performance of the Underlying Index

The historic performance of the S&P 500 VIX Short-Term Futures Index™ (the "**Underlying Index**") is shown below. **While reviewing this historical performance information, please note that neither the ETF nor the VIX Index are or should be considered to be suitable as a stand-alone long term investment. Furthermore it is impossible to invest directly in the VIX Index because it is a theoretical calculation of implied volatility and not an actual security or commodity**.

The chart below illustrates the performance of a hypothetical investment of $10,000 in the S&P 500®, VIX Index and the Underlying Index from December 30, 2005 to October 31, 2018. This chart illustrates a historic generally positive relationship of the Underlying Index with the VIX Index, as well as a negative relationship of both with the S&P 500®.

Please note that (i) this illustration of a hypothetical investment in the S&P 500, VIX Index and Underlying Index does not take into account commissions, fees and expenses that may be chargeable to an investor who seeks to invest in the constituent issuers of the S&P 500®, VIX Index or Underlying Index or an investment product that replicates the S&P 500®, VIX Index, or Underlying Index; and (ii) it is impossible to invest directly in the VIX Index.



Source: Standard & Poor's, CBOE and Bloomberg® between December 30, 2005 and October 31, 2018. The price return is provided for S&P 500® and the excess return is used when referring to the Underlying Index and the VIX Index.

S&P 500®, VIX Index and Underlying Index Performance Table

Index	1 Month	3 Month	6 Month	1 Year	3 Year*	5 Year*
S&P 500® Index	-6.94%	-3.71%	2.41%	5.30%	9.25%	9.07%
VIX Index	75.17%	65.47%	33.27%	108.55%	12.09%	9.07%
Underlying Index	42.72%	22.13%	-9.25%	10.92%	-49.96%	-45.77%

*Annualized

Source: Bloomberg®, between December 30, 2005 and October 31, 2018. The price return is provided for the S&P 500®, the VIX Index and the Underlying Index.

Historic Volatility

The following table shows the historical average trailing 30-day volatility (expressed in percentages on an annualized basis) for the VIX Index and the Underlying Index for the period from December 30, 2005 to October 31, 2018 (based on the nearby future contract until expiration).

Index	30 Day Volatility	Annualized
VIX Index	181.86%	125.34%
Underlying Index	71.05%	69.43%
Source: Bloomberg between December 30, 2005 and October 31, 2018. Volatility is presented daily over a period of 30 days over the measurement period.		

Please note, the historic trends illustrated by the charts above are not necessarily indicative of future results. See "Risk Factors – Limited History of Underlying Index" and "Risk Factors – Limited History Historical Levels of Comparable Indices Should Not Be Taken as an Indication of the Future Performance of the Underlying Index".

INVESTMENT STRATEGIES

Overview

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

The ETF is subject to certain investment restrictions. See "Investment Restrictions".

In seeking to achieve the ETF's investment objective, the Manager:

- 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. The ETF may from time to time be significantly exposed to the credit risk associated with its Counterparty or Counterparties, as applicable. A Counterparty, or its guarantor, must have a designated rating within the meaning of NI 81-102. In order to achieve its investment objectives, the amount payable by a Counterparty under the Forward Documents will be based upon the performance of the Underlying Index. The ETF will have the option of electing to cash settle its obligations under the Forward Documents. See "General Investment Strategies – Forward Documents";

- may take positions in derivatives and/or forward contracts and/or other financial instruments, including investment contracts whose value is derived from the value of an underlying asset, interest rate, equity, index or currency that the Manager believes, in combination, should simulate the performance of the Underlying Index; and/or

- may seek to remain fully invested at all times in derivatives, forward contracts and/or other financial instruments that provide exposure to the Underlying Index without regard to market conditions, trends or direction and does not take temporary defensive positions.

The investments of the ETF may include, without limitation, securities, futures contracts, options on futures contracts, forward contracts, swap agreements, options on securities and indices, money market instruments, reverse repurchase agreements or a combination of the foregoing. The ETF currently seeks to achieve its investment objective through Forward Documents, interest bearing accounts and T-Bills.

Daily rebalancing can magnify the gains or losses that an investor realizes by investing in the ETF. To fully understand the effect of daily rebalancing, investors are encouraged to review the examples that are included in "Risk Factors - Leverage Risk and the Effect of Compounding on Returns", "Long Term Performance Risk" and "Price Volatility Risk", which illustrate the impact of daily rebalancing, and volatility, particularly when it is coupled with the impact of leverage and the effect of daily compounding.

Principal Investment Strategy

HUV invests in financial instruments that have similar return characteristics as the performance of the Underlying Index. In order to achieve this objective, the total underlying notional value of these instruments generally does 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 reverse repurchase agreements with a term not to exceed 30 days.

Value of the Underlying Index

HUV will typically use the price of the Underlying Index as determined at approximately 4:15 p.m. (EST) as the reference for its investment objective.

Leverage

The ETF measures leverage in terms of the total underlying notional value of the securities and/or financial derivative positions as a ratio of the total assets held by the ETF.

The ETF, unlike mutual funds that are not subject to NI 81-104 (or equivalent successor instruments thereto), is permitted to lever its assets: that is, the aggregate underlying market exposure of all derivatives held by the ETF calculated on a daily mark-to-market basis can exceed the ETF's cash and cash equivalents, including cash held as margin on deposit to support the ETF's derivatives trading activities.

HUV does not generally use absolute leverage in excess of 1.0 times its net asset value. If HUV uses absolute leverage in excess of 1.0 times its net asset value, HUV shall generally reduce its leverage to such amount within 10 business days.

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

The ETF has entered into multiple Forward Documents with a Counterparty that provide positive exposure that substantially corresponds to the daily performance of the Underlying Index and/or Forward Documents that provide negative exposure that substantially corresponds to the daily performance of the Underlying Index. The ETF seeks to achieve its investment objective through the net exposure of its respective Forward Documents. The ETF invests the net proceeds of Unit subscriptions in interest bearing accounts and T-Bills to earn prevailing short-term market interest rates. The 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 that substantially corresponds to the daily performance of the Underlying Index. A Counterparty or its guarantor must have a designated rating within the meaning of NI 81-102.

As collateral for its obligations under the Forward Documents, the 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 Underlying Index.

Subject to the terms and conditions of the applicable Forward Documents, the ETF is entitled to increase or decrease its notional exposure under the Forward Documents 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 the ETF may determine.

As described above, the ETF has entered into multiple Forward Documents with a Counterparty to achieve its investment objectives. Each Forward Document with a Counterparty in which the ETF is provided with positive exposure to the Underlying Index requires the ETF to pay the Counterparty an agreed notional amount. In return, the Counterparty pays the ETF the value of the notional investment, plus an amount based upon any increase in the Underlying Index. Each Forward Document with a Counterparty in which the ETF is provided with negative exposure to the Underlying Index requires the Counterparty to pay the ETF an agreed notional amount. In return, the ETF pays the Counterparty the value of the notional investment, plus an amount based upon any decline in the Underlying Index. The 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 the 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 the ETF's payment obligations under the Forward Documents.

A Forward Document may be amended or replaced at any time and the expenses incurred by the 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 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, the 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 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 ETF or the Unitholders of the ETF; (ix) failure of the 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 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 the ETF under a Forward Document are determined by reference to the performance of a notional investment in an Underlying 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 ETF. The ETF is not sponsored, endorsed, sold or promoted by any Counterparty. No Counterparty makes any representation or warranty, express or implied, to the Unitholders of the ETF regarding the advisability of investing in the ETF or the ability of the ETF to track the Underlying Index.

No Counterparty has any obligation to take the needs of the 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 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 ETF. Units do not represent an interest in, or an obligation of, any Counterparty or any affiliate thereof and a Unitholder of the 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 ETF and its Unitholders.

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

In addition to assisting in the pursuit of the 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 the ETF calculate and settle the obligations of the parties to the agreement on a "net basis" with a single payment. Consequently, the 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 ETF may purchase or sell stock index futures contracts and options thereon as a substitute for a comparable market position in the underlying interest or to satisfy regulatory requirements. A futures contract generally obligates the seller to deliver (and the purchaser to take delivery of) the specified commodity on the expiration date of the contract. A stock index futures contract obligates the seller to deliver (and the purchaser to accept) an amount of cash equal to a specific dollar amount (the contract multiplier) multiplied by the difference between the final settlement price of a specific stock index futures contract and the price at which the agreement is made. The underlying stocks in the index are not physically delivered.

The ETF will 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 the 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, the 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 the 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 the ETF's loss from an unhedged short position in futures contracts or from writing options on futures contracts is potentially unlimited. The ETF may engage in related closing transactions with respect to options on futures contracts.

Index Options

The ETF may purchase and write options on stock indexes to create investment exposure consistent with its investment objective, hedge or limit the exposure of its positions, or create synthetic money market positions in accordance with the investment restrictions imposed by NI 81-102 and NI 81-104.

A stock index fluctuates with changes in the market values of the stocks included in the index. Options on stock indexes give the holder the right to receive an amount of cash upon the exercise of the option. Receipt of this cash amount will depend upon the closing level of the stock index upon which the option is based being greater than (in the case of a call) or less than (in the case of a put) the exercise price of the option. The amount of cash received, if any, will be the difference between the closing price of the index and the exercise price of the option, multiplied by a specified dollar multiple. The writer (seller) of the option is obligated, in return for the premiums received from the purchaser of the option, to make delivery of this amount to the purchaser. All settlements of index options transactions are in cash.

Investment in Reverse Repurchase Transactions

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

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

- the Manager must review at least annually all reverse repurchase transactions to ensure that they are being conducted in accordance with applicable securities legislation.

All reverse repurchase transactions must be completed within 30 days.

Securities Lending

The ETF may lend securities to brokers, dealers and other financial institutions and other borrowers desiring to borrow securities provided that such securities lending qualifies as a "securities lending arrangement" for the purposes of the Tax Act. Securities lending will allow the ETF to earn additional income to offset its costs and help ensure the investment results of the ETF more closely correspond to the Underlying Index. All additional income earned by the ETF through securities lending will accrue to the ETF. The ETF has received exemptive relief from the limitations in NI 81-102 so that the ETF may lend 100% of its investment portfolio to qualified borrowers.

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

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

Overview of the Investment Structure

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

OVERVIEW OF THE SECTORS THAT THE ETF INVESTS IN

Specific Sectors or Financial Instruments

The ETF intends to invest in specific sectors and financial instruments. A brief description of these specific sectors and financial instruments is provided below. For additional information in respect of each of the S&P 500®, the VIX Index and the S&P 500 VIX Short-Term Futures Index™, see "Description of the Underlying Index".

S&P 500®

The S&P 500® includes 500 leading companies in leading industries of the U.S. economy. The S&P 500® is also the U.S. component of the S&P Global 1200.

VIX Index

In 1993, the CBOE introduced the CBOE Volatility Index®, VIX®, and it quickly became the benchmark for stock market volatility.

The VIX Index is a proprietary index developed, calculated and disseminated by CBOE as a way to measure the volatility of the S&P 500®, as implied by the price of options on the S&P 500® constituent issuers. The VIX Index measures market expectation of 30-day volatility of the S&P 500® conveyed by stock index option prices in a way that conforms to the latest thinking and research among industry practitioners. The VIX Index is a theoretical calculation and cannot be traded on a market price basis.

S&P 500 VIX Short-Term Futures Index™

The S&P 500 VIX Short-Term Futures Index™ seeks to model the outcome of holding a long position in VIX Futures Contracts. The S&P 500 VIX Short-Term Futures Index™ measures the return from a daily rolling position in the nearby and next nearby VIX Futures Contracts.

Futures Contracts v. Ready Market Price

While the ETF tracks an Underlying Index that is derived from rolling positions in two futures contracts for delivery of securities in the future (i.e., for the next or subsequent delivery month) because it is impossible to invest directly in the VIX Index, **the ETF does not invest in the VIX Index.**

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, 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 market price of such asset which is derived from the current market 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, the ETF does not invest in the spot market.**

INVESTMENT RESTRICTIONS

The ETF is 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 ETF are diversified and relatively liquid and to ensure the proper administration of the ETF. The ETF is 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 ETF, 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 ETF which are contained in securities legislation, including NI 81-102, as amended by NI 81-104, may not be deviated from without the prior consent of the Canadian securities regulatory authorities having jurisdiction over the ETF.

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

Tax Related Investment Restrictions

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

FEES AND EXPENSES

Fees and Expenses Payable by the ETF

Management Fees

The ETF pays annual Management Fees to the Manager equal to 0.85% of the net asset value of the ETF, together with applicable Sales Tax.

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

Management Fee Distributions

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

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

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

Operating Expenses

Unless otherwise waived or reimbursed by the Manager, the ETF pays 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; 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

Currently, under the ETF's Forward Documents, the value of the purchase price payable thereunder will be reduced by an amount equal to 0.35% per annum of the notional exposure of the forward, calculated and applied daily in arrears, plus hedging costs incurred by a Counterparty.

Hedging costs incurred by a Counterparty 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 incurred by a Counterparty will be between 0.25% and 0.99% per annum of the notional exposure of the ETF's Forward Documents. The actual hedging costs that may be incurred by a Counterparty and charged to the ETF may be more or less depending on market conditions 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 ETF, all expenses related to the issuance of Units shall be borne by the ETF.

Fees and Expenses Payable Directly by the Unitholders

Administrative Charge

The Manager may, at its discretion, charge Unitholders of the ETF 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 the ETF involves certain risks. In particular, an investment in Units of the ETF can be speculative, and 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 the ETF.

The Return of the ETF will not be based on the Actual Volatility of the S&P 500® or the VIX Index Level

The VIX Index measures the 30-day forward volatility of the S&P 500® as calculated based on the prices of certain put and call options on the S&P 500®. The actual volatility of the S&P 500® may not conform to a level predicted by the VIX Index or to the prices of the put and call options included in the calculation of the VIX Index. The value of the ETF is based on the value of the first and second month VIX Futures Contracts included in the Underlying Index. The ETF is not linked to the realized volatility of the S&P 500® and will not reflect the return you would realize if you owned the equity securities underlying the S&P 500® or if you traded the put and call options used to calculate the level of the VIX Index.

ETF Value not derived from the VIX Index

The value of the ETF will be derived from the Underlying Index. The Underlying Index is based upon holding a rolling long position in futures on the VIX Index. These futures will not necessarily track the performance of the VIX Index. The ETF may not benefit from increases in the level of the VIX Index because such increases will not necessarily cause the level of VIX Futures Contracts to rise. Accordingly, a hypothetical investment that was linked directly to the VIX Index could generate a higher return than the ETF.

The ETF invests in or is exposed to securities, futures contracts, or other financial instruments that should have similar, but not perfectly correlated, price return characteristics as the daily return of the Underlying Index. An imperfect correlation between the performance of these instruments and the Underlying Index may occur which could negatively impact the ability of the ETF to achieve its investment objective.

The VIX Index is a Theoretical Calculation and is Not a Tradable Index

The VIX Index is a theoretical calculation and cannot be traded on a market price basis. The settlement price at maturity of the VIX Futures Contracts contained in the Underlying Index is based on this theoretically derived calculation. As a result the behaviour of the VIX Futures Contracts may be different from futures contracts whose settlement price is based on a tradable asset.

VIX Index and S&P 500 VIX Short-Term Futures Index™ Volatility Risk

The VIX Index is highly volatile and VIX Futures Contracts are amongst the most volatile futures contracts. The ETF's exposure to the Underlying Index may subject the ETF to greater volatility than investments in traditional securities, which may adversely affect an investor's investment in the ETF.

In periods of extreme volatility in the price of the VIX Futures Contracts, such as were experienced on February 5, 2018, trading in the ETF may be halted: (a) automatically by rules imposed by the exchanges and/or the Investment Industry Regulatory Organization of Canada; (b) at the discretion of the regulators; or (c) at the discretion of the Manager acting in the best interests of the ETF and the Unitholders, and with any necessary regulatory approval, in the event of impaired trading in the market for derivatives to which the ETF is directly or indirectly exposed, or otherwise.

The value of futures linked derivative instruments may be affected by changes in overall market movements, equity index and equity index options volatility, changes in interest rates, or factors affecting a particular industry such as international economic, political and regulatory developments.

Contango or Backwardation Risk

Equity futures indices, like the Underlying Index, replicate exposure to a defined basket of equity futures contracts, namely, VIX Futures Contracts. On specified dates these futures contracts are rolled mechanically into a subsequent futures contracts before the current position expires according to a defined schedule. Thus, for example, a futures contract purchased and held in August may specify an October expiration. As time passes, the contract expiring in October may be replaced by a contract for delivery in November. This process is referred to as "rolling". This mechanism also allows the investor to maintain an exposure to equity futures 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 an equity futures investment. The overall return is therefore derived from fluctuations in equity prices in addition to the shape of the equity 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.

The actual realization of a potential roll yield will be dependent upon the level of the related VIX Index price relative to the unwind price of the relevant VIX Futures Contract at the time of hypothetical sale of the contract. The contracts included in the Underlying Index have not historically exhibited consistent periods of backwardation, and backwardation will most likely not exist at many, if not most times. Moreover, many of the contracts included in the Underlying Index have historically traded in "contango" markets. VIX Futures Contracts have frequently exhibited very high contango in the past, resulting in a significant cost to "roll" the futures. The existence of contango in the futures markets could result in negative "roll yields", which could adversely affect the value of the Underlying Index and, accordingly, decrease the payment a Unitholder of the ETF will receive upon a sale or redemption of Units.

Risk Associated with the Reversion of the VIX Index to its Mean

In the past, the level of the VIX Index has typically reverted over the longer term to a historical mean, and its absolute level has been constrained within a band. Unlike conventional stock based indexes and funds, it is not expected that the return of the Underlying Index or the ETF will generally rise over time. Rather the return of the Underlying Index and the ETF will rise and fall (or fall and rise) as volatility increases and decreases (or decreases and increases). For most investors this likely implies that the ETF should only be used as a short term tactical tool rather than a buy and hold investment. It is likely that the VIX Index will continue along a similar trend in the future, especially at times when there is less economic uncertainty. If this happens, the value of futures contracts on the VIX Index will likely decrease, reflecting the market expectation of reduced volatility in the future. The potential upside of an investment in the ETF will correspondingly be limited as a result.

Market Price v. Futures Risk

The ETF tracks an Underlying Index that is comprised of equity futures contracts for future delivery. The ETF does not invest directly in the equity futures market, or stated differently, the ETF does not make a long investment in the constituents of the S&P 500® or the VIX Index.

The risk of investing in a futures contract is that it can be speculative in nature and based on future expectations of value. 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, 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 ready market (sometimes referred to as "spot"), securities or commodities are sold for cash at current prices and delivered immediately. A ready 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. The ETF does not invest in the physical spot market, and is exposed to the potential risks involved of using futures contracts which are speculative in nature.

Price Volatility Risk

The ETF may experience greater volatility than securities comprising the Underlying Index and thus have the potential for greater losses.

The following table shows the historical average trailing 30-day volatility (expressed in percentages) for the VIX Index and the Underlying Index for the period from December 30, 2005 to October 31, 2018 (based on the nearby future contract until expiration).

Index	**30-day Volatility**
VIX Index	181.86%
Underlying Index	71.05%

Investors should monitor their holdings daily to ensure that it remains consistent with their own investment strategies.

The Effect of Compounding on Returns

The following example provides illustration. The example is calculated without taking into account fees and expenses. The example is not a forecast of returns.

The Example assumes that:

a) on the first day the underlying index is up 10%; and

b) on the next day the underlying index is down 10%.

The two-day sequence results in the underlying index being cumulatively down over this two-day period:

> Example: No Leverage (i.e., HUV): Assume you invest $100 in ETF A, a typical index fund that seeks to match the performance of its underlying index. If the underlying index increases 10% on day one, the value of your investment in ETF A would be expected to increase $10 (10% of $100) to $110. The next day, if the underlying index decreases 10%, the value of your investment in ETF A would be expected to decrease $11 (10% of $110) to $99, which results in a -1% cumulative 2-day period return. Thus the performance of the one times index fund matches the initial daily return of the index and is only slightly less than the return of the index on the second day and on a period return basis.

Because of the effect of compounding, the value of the investor's investment in the ETF declined over the two-day period even though the underlying index, after two days, had a net change of 0%. **The negative effect of compounding is more pronounced when combined with leverage and daily rebalancing in volatile markets.**

This effect is caused by compounding. Actual results for a particular period for the ETF, before fees and expenses, will also be dependent on the magnitude of the Underlying Index's return in addition to the Underlying Index's volatility.

Exchange Rate Risk

Changes in foreign currency exchange rates may affect the value of the 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 the ETF if the investor bought the Units in a currency other than the currency in which the ETF is denominated.

Daily rebalancing of the ETF's currency hedge may cause the ETF's returns to deviate from the performance of the Underlying Index or the futures contracts, securities, and other financial instruments to which the ETF is exposed. The effect of these daily deviations will compound over periods longer than one day. The negative effect of compounding and daily currency hedge rebalancing will be more pronounced during periods of volatile currency exchange rates.

No Rights in Respect of VIX Futures Contracts included in the Underlying Index

Unitholders do not have rights that investors in the VIX Futures Contracts included in the Underlying Index may have. Unitholders will not have the right to receive: delivery of any equity securities comprising the S&P 500®; delivery of any dividends or distributions relating to such securities; payment or delivery of amounts in respect of the options used to calculate the level of the VIX Index; or payment or delivery of amounts in respect of the VIX Futures Contracts included in the Underlying Index.

Relationship between the VIX Index and the Underlying Index

The VIX Index measures the 30-day forward volatility of the S&P 500® as calculated based on the prices of certain put and call options on the S&P 500®. The actual volatility of the S&P 500® may not conform to a level predicted by the VIX Index or to the prices of the put and call options included in the calculation of the VIX Index.

The value of the ETF is based on the value of the first and second month VIX Futures Contracts included in the Underlying Index. The ETF is not directly based on the volatility of the S&P 500® and will not reflect the return you would realize if you owned the equity securities underlying the S&P 500® or if you traded the put and call options used to calculate the level of the VIX Index.

Aggressive Investment Technique Risk

The ETF uses 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, particularly when used to create leverage, may expose the ETF to potentially dramatic changes (losses) in the value of the instruments and imperfect correlation between the value of the instruments and the relevant security or index. The 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, interest rate risk, credit risk and counterparty risk. The use of aggressive investment techniques also exposes the ETF to risks different from, or possibly greater than, the risks associated with investing directly in the securities or financial instruments comprising its Underlying 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.

Limited History of Underlying Index

The Underlying Index has a limited history which may or may not be indicative of future results or of the future performance of the ETF. Therefore, a decision to invest in the ETF may be made on the basis of limited information.

The Underlying Index was created in December 2008 and there is limited published information about how the Underlying Index would have performed had it been calculated in the past. In addition, VIX Futures Contracts have only traded freely since March 26, 2004, and not all futures of all relevant maturities have traded at all times since that date. Because the Underlying Index and the VIX Futures Contracts that underlie it are of recent origin and limited or no historical performance data exists with respect to them, an investment in the ETF may involve a greater risk than investing in alternate securities linked to one or more indices with an established record of performance. A longer history of actual performance may have been helpful in providing more reliable information on which to assess the validity of the proprietary methodology that the Underlying Index makes use of as the basis for an investment decision.

Historical Levels of Comparable Indices Should Not Be Taken as an Indication of the Future Performance of the Underlying Index

It is impossible to predict whether the Underlying Index will rise or fall. The actual performance of the Underlying Index, as well as the value of the ETF, may bear little relation to the historical levels of comparable indices, which in most cases have been highly volatile.

Investing Through Derivatives is Highly Leveraged

The low margin deposits normally required when buying 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 the 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 the 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 the ETF and Unitholders may be able to redeem a PNU of the ETF at a discount or a premium to the closing trading price per Unit of the ETF.

Such difference between the trading price of the 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 the ETF being similar, but not identical, to the same forces influencing the price of the underlying constituents of the ETF at any point in time.

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

Counterparty Risk

The 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 the ETF may decline. The ETF may experience significant delays in obtaining any recovery in a bankruptcy or other reorganization proceeding. The ETF may obtain only limited recovery or may obtain no recovery in such circumstances. All Counterparties must meet the credit rating requirements of NI 81-102.

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

Forward Documents entered into by the 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 Underlying Index which could conflict with the interests of the ETF or its Unitholders. The 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 the ETF may not be able to meet its investment objective. Furthermore, if a Counterparty were to default on its obligations under the Forward Documents, the ETF would become an unsecured creditor of the Counterparty in respect of the obligations of the Counterparty to the ETF under the Forward Documents.

Underlying Index Correlation Risk

A number of factors may affect the ETF’s ability to achieve a high degree of correlation or co-efficiency (i.e., to substantially track) with the Underlying Index, and there can be no guarantee that the ETF will achieve a high degree of correlation or co-efficiency with the Underlying Index. A failure to achieve a high degree of correlation or co-efficiency may prevent the ETF from achieving its investment objective.

The following factors, including fees, expenses, transaction costs, costs associated with the use of leveraged investment techniques, may adversely affect the ETF’s correlation or co-efficiency with the Underlying Index and the ETF’s ability to meet its investment objective: (i) investment in futures contracts based on foreign securities or financial instruments not included in the Underlying Index; (ii) significant volatility of the Underlying Index; (iii) the receipt of transaction information after the relevant exchange or market closes, potentially resulting in over or under exposure to the Underlying Index; (iv) the early close or trading halt on an exchange or market; (v) a restriction on security transactions, which may result in the ability to buy or sell certain futures contracts based on foreign securities or financial instruments; (vi) the ETF may not have investment exposure to all futures contracts based on foreign securities in the Underlying Index, or its weighting of investment exposure to such stocks or industries may be different from that of the Underlying Index. In such circumstances, the ETF may be unable to rebalance its portfolio, accurately price its investments, and may incur substantial trading losses; (vii) an imperfect correlation between the performance of instruments held by the ETF, such as forwards, swaps and/or futures contracts, and the performance of the Underlying Index; (viii) bid-ask spreads; (ix) the ETF’s unit prices being rounded to the nearest cent; (x) the need to conform the ETF’s portfolio holdings to comply with investment restrictions or policies or regulatory or tax law requirements; or (xi) failure of the financial instruments or forward agreements to precisely track the performance of the Underlying Index.

General Financial Market Correlation Risk

Historically, returns of the VIX Index or VIX Futures Contracts, as the case may be, have tended to exhibit low to negative correlation with the returns of other assets such as stocks and bonds. Although VIX Futures Contracts can provide a diversification benefit to investor portfolios because of their low to negative correlation with other financial assets, the fact that the Underlying Index is not 100% negatively correlated with financial assets such as stocks and bonds means that the ETF cannot be expected to be automatically profitable during unfavourable periods for the stock or bond market, or vice versa. If the ETF performs in a manner that correlates with the general financial markets or do not perform successfully, investors will obtain no diversification benefits by investing in the ETF and the ETF may produce no gains to offset their losses from other investments.

Liquidity Risk

In certain circumstances, such as the disruption of the orderly markets for equity securities and/or other financial instruments in which the ETF invests, the ETF may not be able to dispose of certain holdings quickly or at prices that represent fair market value of such investments. Certain derivative instruments that are held by the 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 the Underlying Index.

Market Risk

The 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. The ETF will normally lose value on days when the index or futures contracts comprising the Underlying Index declines. This volatility may cause the value of an investment in the ETF to decrease. The ETF intends to remain fully invested regardless of market conditions.

Regulatory Risk

Legal and regulatory changes may occur which may adversely affect the ETF that could make it more difficult, if not impossible, for the ETF to operate or to achieve its investment objectives.

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 ETF is impossible to predict, but could be substantial and adverse. To the extent possible, the Manager will attempt to monitor such changes to determine the impact such changes may have on the ETF and what can be done, if anything, to try and limit such impact.

No Assurance of Meeting Investment Objective

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

Tax Risk

The ETF will recognize income under a Forward Document when it is realized by the 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 will 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 ETF which, when realized, will be distributed to Unitholders at such time as ordinary income.

It is anticipated that the ETF will qualify at all times as a "mutual fund trust" within the meaning of the Tax Act. For the ETF to qualify as a "mutual fund trust," it must comply on a continuous basis with certain requirements relating to the qualification of its Units for distribution to the public, the number of Unitholders of the ETF and the dispersal of ownership of its Units. In addition, the ETF will be deemed not to be a mutual fund trust if it is established or maintained primarily for the benefit of non-residents of Canada unless, at that time, all or substantially all of its property is property other than property that would be "taxable Canadian property" as defined in the Tax Act (if the definition of such term in the Tax Act were read without reference to paragraph (b) thereof). The current law does not provide any means of rectifying a loss of mutual fund trust status if this requirement is not met. The 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 the 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 and administrative policies and assessing practices of the CRA respecting the treatment of mutual fund trusts or taxation in general will not be changed in a manner that adversely affects the Unitholders of the ETF or the ETF itself. There can be no assurances that the CRA will agree with the tax treatment adopted by the ETF in filing its tax returns (e.g., deduction of expenses or recognition of income) and the CRA could reassess the 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 ETF as long as the ETF adheres to its investment restriction in this regard. If these rules apply to the ETF, the after-tax return to Unitholders could be reduced, particularly in the case of a Unitholder who is exempt from tax under the Tax Act or is a non-resident of Canada.

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

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

Conflicts of Interest

The ETF is subject to certain conflicts of interest. See "Organization and Management Details of the ETF - 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 the Underlying Index, the net asset value of the ETF, and could also disrupt subscription and redemption requests.

Liability of Unitholders

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

Reliance on the Manager

Unitholders of the ETF are relying on the ability of the Manager. Past performance is not necessarily indicative of future results. No assurance can be given that the trading systems and strategies utilized by the Manager, including, without limitation, its investment strategies, will prove successful under all or any market conditions.

Reverse Repurchase Transaction Risk

The ETF may from time to time engage in reverse repurchase transactions. A reverse repurchase transaction takes place when the 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, the ETF may be left with a security it may not want. the 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 regulatory authorities. The value of the securities will be 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 the ETF will only issue Units directly to Designated Brokers and Dealers, in the event that a purchasing Designated Broker or Dealer is unable to meet its settlement obligations, the resulting costs and losses incurred will be borne by the 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 ETF on the TSX until it reopens and there is a possibility that, at the same time and for the same reason, the exchange and redemption of Units of the ETF will be suspended until the TSX reopens.

Units May Trade at Prices Other Than Net Asset Value

Units of the ETF may trade at a level other than their net asset value per Unit. The net asset value per Unit of the ETF will fluctuate based on the changes in the market value of the ETF's holdings. The trading prices of the Units of the ETF will fluctuate in accordance with changes in the ETF's net asset value per Unit, as well as market supply and demand on the TSX. As Unitholders may redeem a PNU, the Manager expects that large discounts or premiums to the net asset value per Unit of the ETF should not be sustained.

Borrowing Risk

The ETF has obtained exemptive relief from the securities regulatory authorities to permit the 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 portfolio of the ETF suffers 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 an amount borrowed exceeds 15% of the net asset value of the ETF, the ETF may be required to sell investments (or partially settle Forward Documents) in order to reduce obligations under the overdraft facility to the 15% limit. If borrowing does take place and the overdraft facility is called by the lender, the 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 the ETF to incur losses.

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

Changes to the Underlying Index, the VIX Index or the S&P 500®

Adjustments may be made to the Underlying Index, the VIX Index or the S&P 500® or the Underlying Index, the VIX Index or the S&P 500® may cease to be calculated without regard to the ETF or its Unitholders.

S&P can add, delete or substitute the equity securities underlying the S&P 500® or make other methodological changes that could change the level of the S&P 500®. S&P can also add, delete or substitute the futures contracts underlying the Underlying Index or make other methodological changes that could change the level of the Underlying Index. The changing of equity securities included in the S&P 500® may affect the S&P 500®, as a newly added equity security may perform significantly better or worse than the equity security or securities it replaces. Such a change may also affect the value of the put and call options used to calculate the level of the VIX Index. The changing of the futures contracts underlying the Underlying Index may affect the performance of the Underlying Index in similar ways. Additionally, S&P may alter, discontinue or suspend calculation or dissemination of the S&P 500® or the Underlying Index. Any of these actions could adversely affect the value of the ETF. S&P has no obligation to consider the interests of Unitholders in calculating or revising the S&P 500® or the Underlying Index.

The CBOE can make methodological changes to the calculation of the VIX Index that could affect the value of futures contracts on the VIX Index and, consequently, the value of the ETF. There can be no assurance that the CBOE will not change the VIX Index calculation methodology in a way which may affect the value of the ETF. Additionally, the CBOE may alter, discontinue or suspend calculation or dissemination of the VIX Index and/or the exercise settlement value. Any of these actions could adversely affect the value of the ETF. The CBOE has no obligation to consider the interests of Unitholders in calculating or revising the VIX Index or in calculating the exercise settlement value.

If events such as these occur, or if the value of the Underlying Index is not available or cannot be calculated because of a market disruption event or for any other reason, the Manager may be required to make a good faith estimate in its sole discretion of the value of the Underlying Index. See "Calculation of Net Asset Value". Subject to any necessary approvals of Unitholders, the Manager may also change the investment objective of the ETF, seek a new underlying index, or make such other arrangements as the Manager considers appropriate and in the best interest of Unitholders in the circumstances.

Foreign Exchange Risk

Investments in futures contracts based on foreign securities may involve risks not typically associated with investing in Canada. Foreign exchanges may be open on days when the ETF does not price Units and, therefore, the value of the futures contracts in the portfolios of the ETF may change on days when investors will not be able to purchase or sell Units. Also, some foreign markets may be volatile, lack liquidity or have higher transaction and custody costs than those of the TSX.

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 futures contracts based on foreign securities in the ETF's portfolio and the market price of a Unit of the ETF on the TSX may increase.

Securities Lending Risk

The ETF may engage in securities lending and have received exemptive relief from the securities regulatory authorities to allow the ETF to lend 100% of its investment portfolio to qualified borrowers. Although the 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, the ETF will bear the risk of loss of any investment of cash collateral.

Risk Ratings of the ETF

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

The ETF uses the S&P 500 VIX Short-Term Futures Index™ as its reference index.

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

DISTRIBUTION POLICY

If any distributions on Units of the ETF are made, such distributions will be paid in Units of the ETF or automatically reinvested in additional Units of the ETF and then consolidated. If any distributions on Units of the ETF are made, it is expected that they are to be made at the end of each taxation year of the ETF.

On or prior to the last day of each taxation year of the ETF, the ETF will be required to pay or make payable the net income and net realized capital gains of the ETF to Unitholders of the ETF 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 ETF or as a “reinvested distribution”. Reinvested distributions on Units of the ETF, net of any required withholding, 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 in each case the Units 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 that distribution. In the case of a Unitholder that is a non-resident of Canada, if tax has to be withheld in respect of the distribution, the Unitholder’s dealer will invoice or debit the Unitholder’s account directly. The tax treatment to Unitholders of the ETF of reinvested distributions and distributions paid in Units is discussed under the heading “Income Tax Considerations – Taxation of Holders”.

The Manager does not anticipate that any material amount of distributions will be made on Units in the current year. Distributions of the ETF are expected to consist primarily of ordinary income from settlement (including partial settlement) of the Forward Documents. Currently, the level of distributions paid by the 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 the ETF to its Unitholders in respect of the period following such termination will depend on the replacement investment strategy adopted by the ETF.

PURCHASES OF UNITS

Issuance of Units

To Designated Brokers and Dealers

All orders to purchase Units directly from the ETF must be placed by Designated Brokers and/or Dealers. The ETF reserves the absolute right to reject any subscription order placed by a Designated Broker and/or a Dealer. No fees will be payable by the 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 the ETF. If a subscription order is received by the 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 will be 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 no later than the third 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 the 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 the ETF on its website, www.HorizonsETFs.com. The Manager may, at its discretion, increase or decrease the PNU of the ETF from time to time.

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

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

Buying and Selling Units

Units of the ETF are currently listed and traded on the TSX. Investors are able to 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 the 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 the 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 the ETF (on either a number of Units or fair market value basis) at any time during which more than 10% of the property of the 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 property held by the ETF should be considered such property. If the Manager expects or believes that more than 10% of the ETF’s property may consist of such property at any time, the ETF and the Manager may inform the Registrar and Transfer Agent of the 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 the 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 the 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 the ETF or a portion thereof within a specified period of not less than 30 days. If the Unitholders receiving such notice have not sold the specified number of Units or provided the Manager with satisfactory evidence that they are not non-residents or partnerships other than Canadian partnerships within such period, the Manager may on behalf of such Unitholders sell such Units and, in the interim, shall suspend the voting and distribution rights attached to such Units. Upon such sale, the affected holders shall cease to be beneficial holders of Units of the ETF and their rights shall be limited to receiving the net proceeds of sale of such Units.

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

Special Considerations for Unitholders

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

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

The ETF has also obtained exemptive relief from the restrictions relating to redemptions of “seed capital” invested in a commodity pool.

REDEMPTION OF UNITS

As described below under “Book-Entry Only System”, registration of interests in, and transfers of, Units of the ETF will be made only through the book-entry only system of CDS. 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 the 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 the ETF for Cash

On any Trading Day, Unitholders of the 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 redemption 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 the ETF are or will generally be 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 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 third 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 the 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 the ETF, the ETF will generally dispose of securities or other financial instruments.

Suspension of Redemptions

The Manager may suspend the redemption of Units of the ETF or payment of redemption proceeds of the ETF: (i) for any period when normal trading is suspended on any exchange within or outside Canada on which securities are listed and traded or on which specified derivatives are traded which represent more than 50% by value or underlying market exposure of the total assets of the ETF, without allowance for liabilities unless the securities or derivatives are traded on an exchange which is a reasonably practical alternative; (ii) with the consent of the Ontario Securities Commission; or (iii) when required or permitted to do so under any exemptive relief granted by the securities regulatory authorities from Canadian securities legislation. 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 ETF, any declaration of suspension made by the Manager shall be conclusive.

Costs Associated with Redemptions

The Manager may, at its discretion, charge Unitholders of the ETF 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

Exemptive relief has been obtained from the securities regulatory authorities to permit the 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 Designated Brokers which require exceeding the 5% borrowing threshold in applicable Canadian securities legislation.

If the ETF chooses to enter such an overdraft facility, it will be structured such that, if trading of the ETF's Units on the TSX is suspended for a period exceeding 30 days, the 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 the ETF shall not exceed 15% of the ETF's net asset value from time to time and, if changes in the net asset value of the ETF result in the amount outstanding under the overdraft facility being more than such amount, the 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 the 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, the ETF may distribute, allocate and designate any income or capital gains realized by the ETF as a result of any disposition of property of the ETF undertaken to permit or facilitate the redemption of Units of the ETF to a Unitholder whose Units are being redeemed. In addition, the ETF has the authority to distribute, allocate and designate any net income or net realized capital gains of the ETF to a Unitholder who has redeemed Units during a year in an amount equal to the Unitholder's share, at the time of redemption, of the ETF's net income and net realized capital gains for the year or such other amount that is determined by the ETF to be reasonable. Any such distributions, allocations and designations will reduce the redemption price otherwise payable to the redeeming Unitholder, but, for greater certainty, will not reduce the amount of cash or the value of property that the Unitholder will receive in respect of the redemption.

Book-Entry Only System

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

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

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

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

Short-Term Trading

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

PRIOR SALES

Trading Price and Volume

The following tables provide the price ranges and volume of Units traded on the TSX for the ETF during the 12 months that preceded the date of this prospectus, as applicable.

HUV

Month	Unit Price Range ($)	Volume of Units Traded
December 2017	4.82 – 5.76	382,748
January 2018	4.50 – 5.33	1,111,985
February 2018	5.10 – 9.71	2,080,636
March 2018	6.72 – 8.93	601,153
April 2018	7.11 – 9.11	654,521
May 2018	5.96 – 7.31	709,706
June 2018	5.50 – 6.80	2,442,449
July 2018	5.36 – 6.88	2,021,143
August 2018	4.96 – 5.62	3,430,323
September 2018	4.69 – 5.42	2,401,189
October 2018	4.61 – 7.11	7,678,409
November 2018	5.71 – 6.92	5,745,380

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 the ETF by a Unitholder of the ETF who acquires Units of the ETF pursuant to this prospectus. This summary only applies to a Unitholder of the ETF who is an individual (other than a trust) resident in Canada for purposes of the Tax Act, who deals at arm's length with the ETF, the Designated Broker and the Dealers, who is not affiliated with the ETF, 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 the 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 the 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 the 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 subject to the tax for "SIFT Trusts" within the meaning of the Tax Act. For the ETF to qualify as a "mutual fund trust", among other things, it must comply on a continuous basis with certain requirements relating to the qualification of its Units for distribution to the public, the number of Unitholders of the ETF and the dispersal of ownership of its Units. **In the event the ETF were not to qualify as a mutual fund trust under the Tax Act at all times, or were subject to the tax for "SIFT Trusts", the income tax consequences described below would, in some respects, be materially different.** This summary further assumes that the ETF will not be subject to a "loss restriction event" within the meaning of the Tax Act.

This summary is also based on the assumption that the ETF will comply with its investment restrictions.

This summary is based on the current provisions of the Tax Act and an understanding of the current published administrative and assessing practices and policies of the CRA made publicly available prior to the date hereof. This summary takes into account the Tax Amendments. This description is not exhaustive of all Canadian federal income tax consequences and does not take into account or anticipate changes in the law or administrative policy or assessing practice 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 the ETF. This summary does not address the deductibility of interest on any funds borrowed by a Unitholder to purchase Units of the 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 the ETF. Prospective investors should consult their own tax advisors with respect to the income tax consequences to them of an acquisition of Units of the ETF based on their particular circumstances, and review the tax related risk factors in this prospectus.

Status of the ETF

As noted above, this summary assumes that the ETF qualifies at all times as a "mutual fund trust" for purposes of the Tax Act.

Provided the Units of the 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 the 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 a Plan, see "Income Tax Considerations – Taxation of Registered Plans".

Units of the 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 the 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 ETF

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

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

The ETF did not realize any income for purposes of the Tax Act upon entering into a Forward Document. Payments made or received by the ETF under a Forward Document will be on income account and the ETF will recognize such income (or loss) when it is realized by the 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, the 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.

The 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 (if any) by an amount determined under the Tax Act based on the redemption of its Units during the year (the "**capital gains refund**"). The capital gains refund in a particular taxation year may not completely offset the tax liability of the ETF for such taxation year which may arise upon the sale or other dispositions of investments in the ETF in connection with the redemption of Units.

In computing its income under the Tax Act, the ETF may deduct reasonable administrative and other expenses incurred to earn income from property or a business. The ETF may not deduct interest on borrowed funds that are used to fund redemptions of its Units. The ETF is entitled to deduct an amount equal to the reasonable expenses that it incurs in the course of issuing Units that is not reimbursed. Such issue expenses will be deductible by the ETF rateably over a five-year period subject to reduction in any taxation year which is less than three hundred and sixty-five (365) days.

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

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

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

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, in Units of the ETF or automatically reinvested in additional Units of the ETF). The non-taxable portion of the ETF's net realized capital gains, the taxable portion of which was designated in respect of a Holder for a taxation year, that is paid or becomes payable to the Holder in the taxation year will not be included in computing the Holder's income for the year. Any other amount in excess of a Holder's share of the net income of the ETF for a taxation year that is paid or becomes payable to the Holder in the year (i.e., 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 the 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 increased by the amount of such deemed capital gain to nil.

Provided that appropriate designations are made by the ETF, such portion of the net realized taxable capital gains of the ETF (if any) as is paid or becomes payable to a Holder will effectively retain its character and be treated as such in the hands of the Holder for purposes of the Tax Act.

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

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

The ETF may have a large unrealized gain upon maturity of a Forward Document. Therefore, there may be significant accrued gains in the 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 ETF which, when realized, will be distributed to Unitholders at such time as ordinary income.

The 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 net 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 the 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 the 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 the 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, the ETF may allocate and designate any income or capital gains realized by the ETF as a result of any disposition of property of the ETF undertaken to permit or facilitate the redemption of Units of the ETF to a Unitholder whose Units are being redeemed. In addition, the ETF 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 the ETF or designated by the ETF in respect of the Holder for 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 the 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 ETF and proceeds of disposition, in Canadian dollars in accordance with the detailed provisions of the Tax Act.

Amounts, if any, designated by the ETF to a Holder of the ETF as taxable capital gains 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 the 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, the holder of a TFSA or RDSP, the annuitant of an RRSP or RRIF or the subscriber of an RESP will be subject to a penalty tax in respect of Units held by such Plan if Units are a "prohibited investment" for such Plan for the purposes of the Tax Act. The Units of the ETF will not be a "prohibited investment" for a trust governed by such a Plan unless the holder of the TFSA or RDSP, the annuitant of the RRSP or RRIF or the subscriber of the RESP, as applicable, (i) does not deal at arm's length with the ETF for purposes of the Tax Act, or (ii) has a "significant interest" as defined in the Tax Act in the ETF. Generally, a holder, annuitant or subscriber, as the case may be, will not have a significant interest in the ETF unless the holder, annuitant or subscriber, as the case may be, owns interests as a beneficiary under the ETF that have a fair market value of 10% or more of the fair market value of the interests of all beneficiaries under the ETF, either alone or together with persons and partnerships with which the holder, annuitant or subscriber, as the case may be, does not deal at arm's length. In addition, the Units will not be a prohibited investment if Units are "excluded property" as defined in the Tax Act for a trust governed by a TFSA, RDSP, RRSP, RRIF or RESP. Holders, annuitants and subscribers are advised to consult their own tax advisors regarding the potential application of these rules based on their own personal circumstances.

Tax Implications of the Fund's Distribution Policy

The net asset value per Unit of the 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 by a Holder. Accordingly, a Holder of the 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 the ETF prior to the settlement of its Forward Documents.

ORGANIZATION AND MANAGEMENT DETAILS OF THE ETF

Manager of the ETF

Horizons ETFs Management (Canada) Inc., a corporation existing under the laws of Canada, is the manager, trustee and investment manager of the ETF. The principal office of Horizons is 55 University Avenue, Suite 800, Toronto, Ontario, M5J 2H7. Horizons was originally incorporated under the laws of Canada on April 5, 2005 under the name BetaPro Management Inc.

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. The Horizons family of exchange traded funds is a broadly diversified range of investment tools for investors of all experience levels which are designed to help them meet their investment objectives in a variety of market conditions. Horizons is a 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 executive officers and directors of the Manager are as follows:

Name and Municipality of Residence	**Date Individual became a Director**	**Position with the Manager**	**Principal Occupation**
Thomas Park, New York, New York	November 14, 2011	Director and Chief Corporate Development Officer	Director, Horizons (since 2011); Chief Corporate Development Officer, Horizons (since 2015); Executive Managing Director, Mirae Asset MAPS Global Investments (since 2008); Associate, Goldman Sachs International (2006, 2007-2008); Senior Consultant, KPMG Consulting (Bearing Point) (2001-2005).
Peter Lee, North Bergen, New Jersey	August 31, 2018	Director	Chief Executive Office and Chief Investment Officer, Mirae Asset Global Investments (USA) LLC (since 2016); Chief Investment Officer, Global Equities, Mirae Asset Global Investments (since 2012); Director, Horizons (since 2018).
Steven J. Hawkins, Toronto, Ontario	February 8, 2016	Director, Co-Chief Executive Officer, President and Ultimate Designated Person	Chief Executive Officer and President, Horizons (since 2009); Director, Horizons (since 2016).
Kevin S. Beatson, Oakville, Ontario	N/A	Chief Operating Officer and Chief Compliance Officer	Chief Operating Officer and Chief Compliance Officer, Horizons (since 2009).
Julie Stajan, Oakville, Ontario	N/A	Chief Financial Officer	Chief Financial Officer, Horizons (since 2015); Senior Vice President, Finance and Controller, Horizons (since 2012); Senior Vice President, Finance & Investment Funds, Horizons Investment Management Inc. (2011-2012).

Name and Municipality of Residence	Date Individual became a Director	Position with the Manager	Principal Occupation
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 Manager

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

For a description of the compensation arrangements of the independent review committee of the ETF, see "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 ETF to make all decisions regarding the business of the ETF and to bind the ETF. The Manager may delegate certain of its powers to third parties where, in the discretion of the Manager, it would be in the best interests of the ETF to do so.

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

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

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

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

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

Designated Brokers

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

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

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

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 ETF. The ETF Managers perform similar or different services for others and may sponsor or establish other investment funds (public and private) during the same period that they act on behalf of the ETF. The ETF Managers therefore will have conflicts of interest in allocating management time, services and functions to the ETF and the other persons for which they provide similar services.

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

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

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

The Manager is a subsidiary of Mirae Asset. Affiliates of the Manager may earn fees and spreads, directly and indirectly, in connection with various services provided to, or transactions with, the ETF 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 ETF and compliance with applicable law (or exemptive relief therefrom), and applicable internal policies and procedures. In effecting ETF portfolio transactions, the Manager places brokerage business with various broker-dealers on the basis of best execution, which includes a number of considerations such as price, speed, certainty of execution and total transaction cost. The Manager uses the same criteria in selecting all of its broker-dealers, regardless of whether the broker-dealer is an affiliate of the Manager.

NBF, acts or may act as a Designated Broker, a Dealer and/or a registered trader (market maker). These relationships may create actual or perceived conflicts of interest which investors should consider in relation to an investment in the ETF. In particular, by virtue of these relationships, NBF may profit from the sale and trading of Units. 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 ETF with a decision exempting the ETF 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 ETF, establish an IRC and that the Manager must refer all conflict of interest matters in respect of the ETF for review or approval by the IRC. NI 81-107 also requires the Manager to establish written policies and procedures for dealing with conflict of interest matters, to maintain records in respect of these matters and to provide the IRC with guidance and assistance in carrying out its functions and duties. According to NI 81-107, the IRC must be comprised of a minimum of three (3) independent members, and is subject to requirements to conduct regular assessments of its members and provide reports, at least annually, to the ETF and to its Unitholders in respect of those functions. The most recent report prepared by the IRC is available on the Manager's website (www.HorizonsETFs.com), or at a Unitholder's request at no cost, by contacting the ETF at 55 University Avenue, Suite 800, Toronto, Ontario, M5J 2H7; telephone: 416-933-5745; toll free: 1-866-641-5739; fax: 416-777-5181.

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

The IRC:

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

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

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

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

The ETF compensates the IRC members for their participation on the IRC through member fees and, if applicable, meeting fees. Sue Fawcett and Michael Gratch receive $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 the ETF is calculated by dividing the total net assets of the ETF by the total net assets of all of the mutual funds for which the IRC is responsible and then multiplying the resulting value by the total dollar value due to the IRC member by the ETF for that particular period.

The Trustee

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

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

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

Custodian

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

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

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

Valuation Agent

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

Auditors

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

Registrar and Transfer Agent

TSX Trust Company is the registrar and transfer agent for the Units of the ETF. TSX Trust Company is located in Toronto and is independent of the Manager.

Promoter

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

Securities Lending Agent

NBF is the securities lending agent of the ETF 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 the ETF against any loss suffered directly by the 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 ETF has received exemptive relief from the limitations in NI 81-102 so that the ETF may lend 100% of its investment portfolio to qualified borrowers.

CALCULATION OF NET ASSET VALUE

The net asset value per unit of the ETF will be 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 the ETF so determined will be adjusted to the nearest cent per Unit and will remain in effect until the time as at which the next determination of the net asset value per Unit of the ETF is made. The net asset value per Unit of the ETF will be calculated on each Valuation Day.

Typically, the net asset value per Unit of the ETF will be calculated at its applicable Valuation Time. The net asset value per Unit of the 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 ETF

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

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

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

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

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

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

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

(v) the liabilities of the ETF will include:

- all bills, notes and accounts payable of which the ETF is an obligor;
- all Management Fees of the ETF;
- all contractual obligations of the ETF for the payment of money or property, including the amount of any unpaid distribution credited to Unitholders of the ETF on or before that Valuation Day;

- all allowances of the ETF authorized or approved by the Manager for taxes (if any) or contingencies; and

- all other liabilities of the ETF of whatsoever kind and nature.

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

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

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

Reporting of Net Asset Value

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

ATTRIBUTES OF THE SECURITIES

Description of the Securities Distributed

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

Units of the ETF are currently listed and traded on the TSX.

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

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

Modification of Terms

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

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

UNITHOLDER MATTERS

Meetings of Unitholders

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

Matters Requiring Unitholder Approval

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Amendments to the Trust Declaration

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

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

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

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

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

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

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

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

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

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

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

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

Reporting to Unitholders

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

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

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

Exchange of Tax Information

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

TERMINATION OF THE ETF

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

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

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

Procedure on Termination

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

PLAN OF DISTRIBUTION

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

Units of the ETF are currently listed and traded on the TSX.

BROKERAGE ARRANGEMENTS

The Manager is authorized to establish, maintain, change and close brokerage accounts on behalf of the ETF. 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 THE ETF AND DEALERS

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

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

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

PRINCIPAL HOLDERS OF UNITS OF THE ETF

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

PROXY VOTING DISCLOSURE FOR PORTFOLIO UNITS HELD

The Manager is responsible for all securities voting in respect of securities held by the ETF and exercising responsibility with the best economic interests of the ETF and the Unitholders of the ETF. The Manager has established proxy voting policies, procedures and guidelines (the "**Proxy Voting Policy**") for securities held by the

ETF to which voting rights are attached. The Proxy Voting Policy is intended to provide for the exercise of such voting rights in accordance with the best interests of the ETF and the Unitholders of the ETF.

The Proxy Voting Policy sets out the guidelines and procedures that the Manager will follow to determine whether and how to vote on any matter for which the ETF receives proxy materials. Issuers' proxies most frequently contain proposals to elect corporate directors, to appoint external auditors and set their compensation, to adopt or amend management compensation plans, and to amend the capitalization of the company.

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

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

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

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

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

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

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

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

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

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

(x) **Executive Compensation –** The Manager supports establishing an independent compensation committee to ensure that executive compensation is competitive and fair. Although, management should be competitively compensated, an independent compensation committee should review compensation arrangements and make recommendations to the board of directors. Shareholders should be allowed to vote on all equity based compensation plans (including option plans) because of the potential dilutive effect on their existing ownership.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

MATERIAL CONTRACTS

The only contracts material to the ETF are the following:

(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 ETF – The Trustee", "Attributes of the Securities – Modification of Terms" and "Unitholder Matters – Amendments to the Trust Declaration";

(a) 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 ETF – Custodian"; and

(b) 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 ETF, 55 University Avenue, Suite 800, Toronto, Ontario, M5J 2H7, during normal business hours.

LEGAL AND ADMINISTRATIVE PROCEEDINGS

Neither the Manager nor the ETF are involved in any legal proceedings or administrative proceedings material to the ETF.

EXPERTS

KPMG LLP, the auditors of the ETF have consented to the use of their report dated March 14, 2018 to the unitholders on the financial statements of the ETF. 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 ETF has obtained exemptive relief from the securities regulatory authorities to permit a Unitholder of the ETF to acquire more than 20% of the Units of the ETF through purchases on the TSX without regard to the takeover bid requirements of applicable Canadian securities legislation provided 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 of the ETF at any meeting of Unitholders of the ETF. See “Purchases of Units – Buying and Selling Units of the ETF”.

The ETF has also obtained exemptive relief from the securities regulatory authorities with respect to certain securities act requirements and certain aspects of NI 81-102.

In addition, the ETF has also obtained exemptive relief from restrictions relating to redemptions of “seed capital” invested in a commodity pool. See “Purchases of Units – Buying and Selling Units of the ETF”.

Furthermore, the ETF has obtained exemptive relief to permit the ETF to borrow up to 15% of its net asset value under an overdraft facility, and to provide a security interest over its portfolio assets in connection therewith. See “Redemption of Units”.

Furthermore, the ETF is entitled to rely on exemptive relief from the Canadian Securities Regulatory Authorities to relieve the ETF from the requirement that the prospectus of the ETF include an underwriter’s certificate and a prescribed statement of purchasers’ statutory rights of withdrawal, and remedies for rescission, damages or revision of the purchase price.

Finally, the ETF has received exemptive relief from the securities regulatory authorities, to allow the ETF to lend 100% its investment portfolio to qualified borrowers. See “Investment Strategies – General Investment Strategies”.

OTHER MATERIAL FACTS

Index Information

1. VIX Index

The VIX Index is a proprietary index developed, calculated and disseminated by CBOE as a way to measure the volatility of the S&P 500®, as implied by the price of options on the S&P 500® constituent issuers. By attempting to measure the implied volatility of the S&P 500® over a 30 day period, the VIX Index is a measure of the market’s expectation of risk. While CBOE has listed futures and options based the VIX Index, there is no way to invest in the VIX Index directly and there is no ready VIX Index market.

2. S&P 500 VIX Short-Term Futures Index™

The S&P 500 VIX Short-Term Futures Index™, the Underlying Index of the ETF, is a proprietary index developed, calculated and disseminated by S&P as a way to gain exposure to the VIX Index. The Underlying Index is comprised of two near term VIX Futures Contracts that are rebalanced in daily increments in order to maintain a continuous one-month maturity. The Underlying Index will not be perfectly correlated to the VIX Index.

Disclaimers:

S&P 500 VIX Short-Term Futures Index™

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The ETF is not sponsored, endorsed, sold or promoted by S&P Dow Jones Indices LLC or its affiliates (together, "S&P Dow Jones Indices") or CBOE. Neither S&P Dow Jones Indices nor CBOE make any representation or warranty, express or implied, to the owners of the ETF or any member of the public regarding the advisability of investing in securities generally or in the ETF particularly or the ability of the S&P 500 VIX Short-Term Futures Index™ to track general market performance. S&P Dow Jones Indices' and CBOE's only relationship to the Manager with respect to the S&P 500 VIX Short-Term Futures Index™ is the licensing of the S&P 500 VIX Short-Term Futures Index™ and certain trademarks, service marks and/or trade names of S&P Dow Jones Indices and its third party licensors. The S&P 500 VIX Short-Term Futures Index™ is determined, composed and calculated by S&P Dow Jones Indices without regard to the Manager or the ETF. S&P Dow Jones Indices has no obligation to take the needs of the Manager or the owners of the ETF into consideration in determining, composing or calculating the S&P 500 VIX Short-Term Futures Index™. Neither S&P Dow Jones Indices nor CBOE are responsible for and have not participated in the determination of the prices, and amount of the ETF or the timing of the issuance or sale of the ETF or in the determination or calculation of the equation by which the ETF is to be redeemed. S&P Dow Jones Indices and CBOE have no obligation or liability in connection with the administration, marketing or trading of the ETF. There is no assurance that investment products based on the S&P 500 VIX Short-Term Futures Index™ will accurately track index performance or provide positive investment returns. S&P Dow Jones Indices LLC is not an investment advisor. Inclusion of a security within an index is not a recommendation by S&P Dow Jones Indices to buy, sell, or hold such security, nor is it considered to be investment advice.

NEITHER S&P DOW JONES INDICES NOR CBOE GUARANTEES THE ADEQUACY, ACCURACY, TIMELINESS AND/OR THE COMPLETENESS OF THE S&P 500 VIX SHORT-TERM FUTURES INDEX™ OR ANY DATA RELATED THERETO OR ANY COMMUNICATION, INCLUDING BUT NOT LIMITED TO, ORAL OR WRITTEN COMMUNICATION (INCLUDING ELECTRONIC COMMUNICATIONS) WITH RESPECT THERETO. S&P DOW JONES INDICES AND CBOE SHALL NOT BE SUBJECT TO ANY DAMAGES OR LIABILITY FOR ANY ERRORS, OMISSIONS, OR DELAYS THEREIN. S&P DOW JONES INDICES AND CBOE MAKE NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIMS ALL WARRANTIES, OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE OR AS TO RESULTS TO BE OBTAINED BY THE MANAGER, OWNERS OF THE ETF, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE S&P 500 VIX SHORT-TERM FUTURES INDEX OR WITH RESPECT TO ANY DATA RELATED THERETO. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT WHATSOEVER SHALL S&P DOW JONES INDICES OR CBOE BE LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL, PUNITIVE, OR CONSEQUENTIAL DAMAGES INCLUDING BUT NOT LIMITED TO, LOSS OF PROFITS, TRADING LOSSES, LOST TIME OR GOODWILL, EVEN IF THEY HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, WHETHER IN CONTRACT, TORT, STRICT LIABILITY, OR OTHERWISE. THERE ARE NO THIRD PARTY BENEFICIARIES OF ANY AGREEMENTS OR ARRANGEMENTS BETWEEN S&P DOW JONES INDICES AND THE MANAGER, OTHER THAN THE LICENSORS OF S&P DOW JONES INDICES.

PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

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

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

In several of the provinces and territories of Canada, the securities legislation further provides a purchaser with remedies for rescission or damages if the prospectus, together with any amendment to the prospectus, contains a misrepresentation, provided that such remedies are exercised by the purchaser within the time limits prescribed by the securities legislation of the purchaser's province or territory. Any remedies under securities legislation that a purchaser of Units may have for rescission or damages, if the prospectus and any amendment to the prospectus contains a misrepresentation, remain unaffected by the non-delivery of the prospectus pursuant to reliance by a dealer upon the decision referred to above.

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

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

DOCUMENTS INCORPORATED BY REFERENCE

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

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

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

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

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

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

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

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

Reference materials on www.cboe.com and www.standardandpoors.com are not incorporated by reference herein and are not representations of the ETF, Horizons or any affiliate or agent thereof.

CERTIFICATE OF BETAPRO S&P 500 VIX SHORT-TERM FUTURES™ ETF (THE "ETF"), THE MANAGER AND PROMOTER

Dated: December 27, 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 ETF

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

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

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