Horizons Bitcoin Front Month Rolling Futures Index ER
BBG Ticker: HBITCNER

INDEX GUIDELINE

Updated and Effective: January 25, 2021

Contents

This document contains the underlying principles and regulations regarding the structure and the operating of the Horizons Bitcoin Front Month Rolling Futures Index ER (the "Index"). Horizons ETFs does not offer any explicit or tacit guarantee or assurance, neither pertaining to the results from the use of the Index nor the Index value at any certain point in time nor in any other respect. The Index is calculated and published by Solactive AG and strives to the best of its ability to ensure the correctness of the calculation. There is no obligation for Horizons ETFs– irrespective of possible obligations to issuers – to advise third parties, including investors and/or financial intermediaries, of any errors in the Index. The publication of the Index by Horizons ETFs and Solactive AG is not a recommendation for capital investment and does not contain any assurance or opinion of Horizons ETFs or Solactive AG regarding a possible investment in a financial instrument based on this Index.

Introduction

This document is to be used as a guideline with regard to the composition, calculation and management of the Index. Any changes made to the guideline are initiated by the committee specified in section 1.6.

The Index is a proprietary index owned and operated by Horizons ETFs Management (Canada) Inc. ("Horizons ETFs"). The index calculation agent is Solactive AG.

1.   Index Specifications

The Horizons Bitcoin Front Month Rolling Futures Index ER (the "Index") is designed to measure the performance of the CME front month Bitcoin future (BTC) and rolls the exposure over five days from the Active Contract into the Next Active Contract.

The BTC contract's normal trading hours are Sunday - Friday 6:00 p.m. - 5:00 p.m. (5:00 p.m. - 4:00 p.m/ CT) with a 60-minute break each day beginning at 5:00 p.m. (4:00 p.m. CT). CME Group staff determines the daily settlements for Bitcoin (BTC) futures based on trading activity on CME Globex between 14:59:00 and 15:00:00 Central Time (CT), the settlement period.

The CME has rights to change the specifications of the underlying contracts and may change the manner in which settlement prices are determined.

Please refer to the CME website www.cmegroup.com for further details on the contracts.

Additional information regarding the defined contract terms, may be found in the Definition section.

An Excess Return version of the Index is available and is published in USD.

1.1.   Short Name and ISIN

The Index is distributed under ISIN DE000SL0B1Y0; the WKN is SL0B1Y. The Index is published on Bloomberg under the code HBITCNER Index and on Refinitv under RIC .HBITCNER.

Index Code (Bloomberg)	Underlying Cryptocurrency Contract
HBITCNER <Index>	Bitcoin Futures ("BTC")

1.2.   Initial Value

The index was launched on January 25, 2020, all data prior to this date is back-tested. The Index was based on .102564 times the value of the CME Bitcoin Future on the base date of December 15, 2017. The index base date value is 10,000.

1.3. Distribution

The index is published by Solactive AG and is distributed to all affiliated vendors. Each vendor decides on an individual basis as to whether they will distribute/display the index via their information systems.

1.4. Prices and Calculation Frequency

The price of the Index is calculated on each Trading Day based on the trading prices on the Exchange on which the Index Components are listed. The most recent trading prices of all Index Components are used. Should there be no current trading price available, the most recent trading pricing on Reuters for the preceding Trading Day is used in the calculation. The closing price of the Index is calculated on each Trading Day based on the settlement prices on the Exchange on which the Index Components are listed. The most recent settlement prices of all Index Components are used. Should there be no current settlement price available, the most recent settlement price on Reuters for the preceding Trading Day is used in the calculation.

In the event that data cannot be provided to Reuters or to the pricing services of Boerse Stuttgart AG the Index cannot be distributed.

1.5. Weighting

The Weighting of the futures in the index is done according to Section 2.

1.6 Decision-making Bodies

A Committee composed of staff from Horizons ETFs is responsible for decision regarding the composition of Index as well as any amendments to the rules (in this document referred to as the "Committee", or the "Index Committee"). The Committee shall also determine the future composition of the Index. If any Extraordinary Events should occur and the implementation of any necessary adjustments.

Members of the Committee can recommend changes to the guideline and submit them to the Committee for approval.

1.7 Publication

All specifications and information relevant to calculating the Index are made on the http://www.solactive.com web page and sub-pages.

1.8 Historical Data

Back-tested data is available beginning December 15, 2017. The index launched on January 25, 2021.

2. Calculation of the Index

2.1 Index Formula

The Index Value on Trading Day t is calculated in accordance with the following formula:

$$I_t = I_{t-1} \cdot \left(\frac{CRW_{A,t} \cdot SP_{A,t}}{SP_{A,t-1}} + \frac{CRW_{NA,t} \cdot SP_{NA,t}}{SP_{NA,t-1}} \right)$$

with:

I_{t-1} = Index Value on the Trading Day immediately preceding Trading Day t

$CRW_{A,t}$ = Contract Roll Weight of the Active Contract on Trading Day t

$CRW_{NA,t}$ = Contract Roll Weight of the Next Active Contract on Trading Day t

$SP_{A,t}$ = Settlement Price of the Active Contract on Trading Day t

$SP_{NA,t}$ = Settlement Price of the Next Active Contract on Trading Day t

2.2 Accuracy

The value of the Index will be rounded to two decimal places. Trading Prices and foreign exchange rates will be rounded to four decimal places. Divisors will be rounded to four decimal places.

2.3 Market Disruption Events

From time to time, market disruption events may occur that will result in the postponement of the Index and/or the adjustment of the roll period. A Market Disruption Day will be deemed to have occurred if any of the following events occur:

i. The Daily Contract Settlement Price is not published by 5:00 PM, Eastern Time;
ii. The Daily Contract Settlement Price is erroneous, in the reasonable judgment of Horizons ETFs, and such error is not corrected by 5:00pm, Eastern Time;
iii. The Daily Contract Settlement Price is a Limit Price; or
iv. Trading in the relevant contract is disrupted during the trading day and does not trade for at least 30 minutes prior to the scheduled closing time (or rescheduled closing time if the contract closing time is rescheduled).

If any of these events occur on a non-roll date, the Index will not be posted for that Business Day. If any of these events occur on a roll date, the Index will not be posted for that Business Day AND the roll that was to take place on the Market Disruption Day will take place on the next non-Market Disruption Business Day. For instance, if the Market Disruption Day occurred during the roll period for the Active Contract, the roll that was to take place that day will take place on the next non-Market Disruption Business Day.

3 Index Roll Methodology

3.1 Roll Period

During the Roll Period the Active Contract is rolled over a five day period into the Next Active Contract. The Roll Period starts on the 6th Trading Day preceding the Last Trading Day of the Active Contract and the Contract Roll Weight of the Active Contract is decreased by 20% after the Close of Business of each Trading Day of the Roll Period starting at 100% while the Contract Roll Weight of the Next Active Contract is increased by 20% after the Close of Business of each Trading Day of the Roll Period starting at 0%. After the end of the roll period the Next Active Contract becomes the Active Contract. The roll schedule is listed below in Section 3.2.

If the Active Contract expires on a non-Business Day, then the Active Contract will roll to the Next Active Contract on the next Business Day following the expiry date. For the purposes of the Index, a Business Day is defined as any day in which all of the following are true: (i) the BTC futures contracts are trading and there is a published Contract Settlement Price for the Active Contract, and the Next Active Contract; (ii) the Toronto Stock Exchange ("TSX") is open and publishes closing prices; and (iii) a day where both CAD and USD can settle.

Business Day **prior** to the last trading day of the Active Contract	End-of-Day Contract Weight
Day 6	100% Active Contract, 0% Next Active Contract
Day 5	80% Active Contract, 20% Next Active Contract
Day 4	60% Active Contract, 40% Next Active Contract
Day 3	40% Active Contract, 60% Next Active Contract
Day 2	20% Active Contract, 80% Next Active Contract
Day 1	0% Active Contract, 100% Next Active Contract

3.2 Roll Schedule

Active Contracts:

Month Begin Date	Active Contract	Next Active Contract
January	F	G
February	G	H
March	H	J
April	J	K
May	K	M
June	M	N

July	N	Q
August	Q	U
September	U	V
October	V	X
November	X	Z
December	Z	F+

A "+" defines a contract of the following year. The following naming convention of the contracts holds:

Contract Month Codes

Month	Month Code	Month	Month Code
January	F	July	N
February	G	August	Q
March	H	September	U
April	J	October	V
May	K	November	X
June	M	December	Z

4. Definitions

"Active Contract" means the contract given in the roll schedule under Section 3.2.

"Trading Day" means any day on which the Exchange is scheduled to be open for Trading.

"Contract Roll Weight" means the target weight determined as per Section 3.1.

"Daily Contract Settlement Price" means the price, as determined by CME, at which a derivatives contract settles once a given trading day has ended, see Section 1.1 Contract Specifications.

"Exchange" means the Chicago Mercantile Exchange (the "CME").

"Extraordinary Event" is referring to the case if one or more contracts mentioned in the roll schedule under Section 5.3 are not listed anymore.

"Index Components" are any contracts currently included in the Index.

The "Index Calculator" is Solactive AG or any other appropriately appointed successor in this function.

The "Index Currency" is USD.

"Limit Price" means the maximum price range permitted by the CME for a futures contract in any trading session.

A "Market Disruption Event" is defined in section 3.

"Next Active Contract" means the contract given in the roll schedule under Section 3.2.

"Roll Period" means a number of Trading Days as defined in Section 3.1

5.   Appendix

5.1   Contact Data for Index

Horizons ETFs Management (Canada) Inc.
800 – 55 University Avenue
Toronto, ON M5J 2H7
Local: (416) 933-5745
Toll Free: 1 (866) 641-5739
Email: info@horizonsetfs.com

5.2 Calculation of the Index – Change in Calculation Method

The Index Calculator shall apply the method described above for the composition and calculation of the Index. The Index Provider may also make changes to the terms and conditions of the Index and the method applied to calculate the Index, which he deems to be necessary and desirable in order to prevent obvious or demonstrable error or to remedy, correct or supplement incorrect terms and conditions. The Index Provider is not obliged to provide information on any such modifications or changes.

5.3 Changes to the Index Methodology

From time to time, and as market forces dictate, it may become necessary for Horizons ETFs to change this index methodology (the "Index Methodology") as explained in this document.

Changes may include, but will not be limited to, roll period adjustments, market disruption events, and Designated Relevant Contracts. Additionally, the CME has rights to change the specifications of the underlying contracts and may change the manner in which settlement prices are determined and as such this could require Horizons ETFs to make changes to the index methodology.   Horizons ETFs will attempt to give as much notice as possible of any changes that may occur.

Neither this Index Methodology nor any set of procedures are capable of anticipating all possible circumstances and events that may occur with respect to the Index and the methodology for its composition, weighting and calculation. Accordingly, a number of subjective judgments must be made in connection with the operation of the Index that cannot be adequately reflected in this Index Methodology. Further, modifications to the methodology to calculate the Index, and consequently the Index Methodology, may be necessary from time to time.

The Calculation Agent reserves the right to make such changes or refinements to the methodology set forth in this Index Methodology as it believes necessary in order to preserve and enhance the utility of the Index as a benchmark for Bitcoin futures performance. The Calculation Agent also reserves the right to take such action with respect to the Index as it deems necessary or appropriate, in order to address market emergencies or other extraordinary market events or conditions. Wherever practicable, any such changes or actions will be publicly announced prior to their effective date.

Disclaimer

The data and information presented of the Index (the "Information") reflects the methodology for determining the composition and calculation of the Index. This Index Methodology, the Information and the Index are compiled and published by Horizons ETFs.

The Information is solely for your internal use and may not be used as the basis of any product, or reproduced, redistributed or transmitted in whole or part, in any form or by any means, electronic or mechanical, including photocopying, or any information storage or retrieval system, without the express prior written consent of Horizons ETFs. The Information is for your private information and use and is not intended, and should not be construed, as an offer to sell, or a solicitation of an offer to purchase, any securities or other financial instruments. It is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the particular needs of any specific person who may receive this document. Investors should seek financial advice regarding the appropriateness of investing in any securities, other investment or investment strategies from such securities or other investments, if any, may fluctuate and that price or value of such securities and investments may rise or fall. Accordingly, investors may receive back less than originally invested. Any information relating to the tax status of financial instruments discussed herein is not intended to provide any tax advice or to be used by anyone to provide tax advice. Investors are urged to seek tax advice based on their particular circumstances from an independent tax professional. Prior to entering into a transaction you should consult with your own legal, regulatory, tax, financial and accounting advisors to the extent you deem necessary to make your own investment, hedging and trading decisions.

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