

# Horizons ReResolve Adaptive Asset Allocation ETF

## December 2022 Commentary

Dear Investor,

The Horizons ReResolve Adaptive Asset Allocation ETF (“HRAA” or the “Fund”) returned -1.13% in December 2022.

Name	Ticker	1M (%)	3M (%)	6M (%)	YTD (%)	1YR (%)	3YR (%)	5YR (%)	10YR (%)	SIR* (%)
Horizons ReResolve Adaptive Asset Allocation ETF	HRAA	-1.13	-1.22	-8.45	-1.83	-1.83	-	-	-	3.95
iShares MSCI ACWI ETF	ACWI	-4.53	9.99	2.11	-18.27	-18.27	4.04	5.33	8.16	5.76
Vanguard Total World Bond ETF	BNDW	-1.76	0.90	-3.17	-12.92	-12.92	-3.24	-	-	-0.12
iShares Core Growth Allocation ETF	AOR	-3.12	6.94	0.57	-15.30	-15.30	1.66	3.11	5.89	7.38

Source: Bloomberg, as of December 31st, 2022. HRAA Inception Date: July 30, 2020. ACWI Inception Date: March 26, 2008. BNDW Inception Date: September 4, 2018. AOR Inception Date: November 4, 2008.

The indicated rates of return are the historical annual compounded total returns including changes in per unit value and reinvestment of all distributions, and do not take into account sales, redemption, distribution, optional charges or income taxes payable by any securityholder that would have reduced returns. The rates of return shown in the table are not intended to reflect future values of the ETF or future returns on investment in the ETF. Only the returns for periods of one year or greater are annualized returns. HRAA returns are computed in CAD, while those for ACWI, BNDW & AOR are computed in USD.

\*Since Inception Return.

The Fund is designed to be an all-terrain investment solution, actively managing long and short exposures to a diverse universe of global asset classes including equity indices, government bonds, currencies, and commodities.

It combines a core portfolio composed of diversified and risk-balanced global asset classes (beta) with an actively managed macro trading strategy (alpha).



# December 2022 Performance Highlights

- ◆ Equities (Indices) were the largest source of negative returns, driven almost entirely by longs in Japanese equities, while shorts in the Nasdaq and Canadian TSX60 provided important offsetting gains
- ◆ Grains also detracted, primarily from long bean oil, though longs in corn and soymeal contributed positively
- ◆ Energies were once again the best-performing sector, led by long RBOB, short crude oil (both Brent and WTI), and active trading in natural gas
- ◆ Both the “beta” core and alpha strategy endured losses; within the latter, carry and seasonality experienced, respectively, under- and outperformance of the same magnitude, while the trend was flat and relative value was slightly down

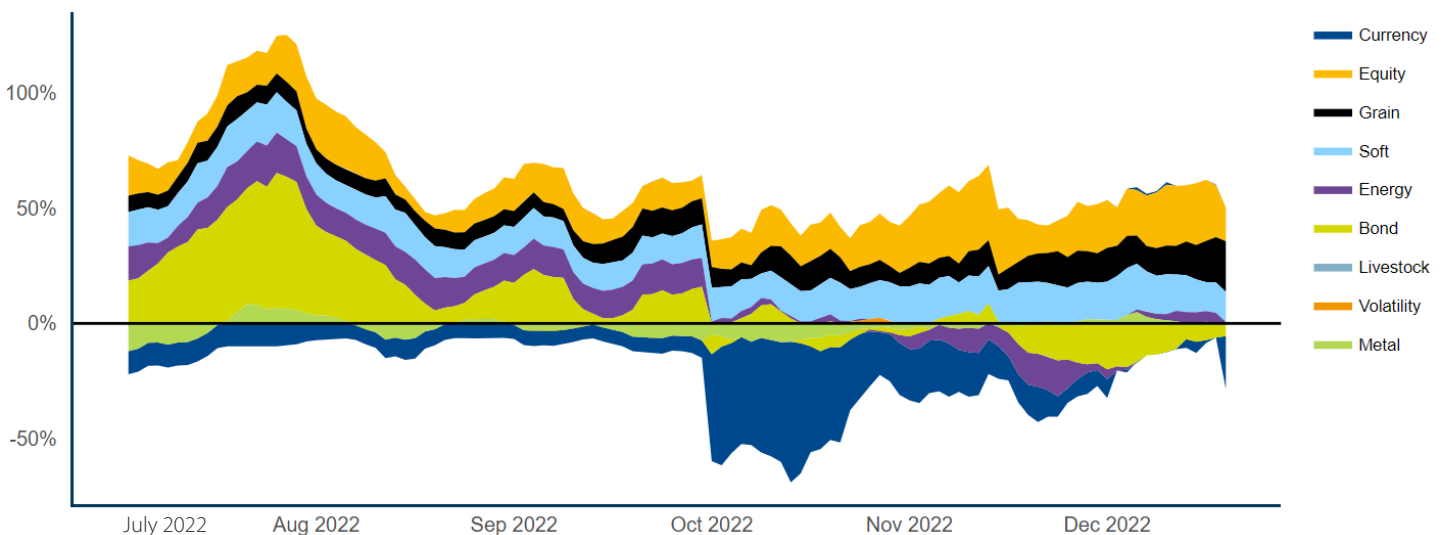
**Table 1: Monthly and 2022 Return Attributions**

Sector	December (%)	2022 (%)
Bonds	0.1	-2.9
Currencies	-0.2	-1.0
Energies	0.9	4.6
Grains	-0.6	1.3
Indices	-1.4	-2.3
Volatility	0.0	-0.2
Meats	0.0	0.0
Metals	0.0	3.3
Softs	0.1	-4.7
<b>Total</b>	<b>-1.1</b>	<b>-1.8</b>

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS.

Analysis by ReSolve Asset Management SEZC (Cayman). Data as at December 31st, 2022. Note: Results may differ due to rounding. Performance is expressed in CAD. Strategy attribution is a best effort approximation due to rounding and trade timing, net of all applicable borrowing costs, fees and fund accruals for the period.

**Chart 1: Sector Exposures over the last 6 months**



Analysis by ReSolve Asset Management SEZC (Cayman). Note: Strategy exposures are best-effort approximations due to rounding and trade timing. End-of-month allocations are: Currency -23%; Equity 15%; Grain 22%; Soft 13%; Energy 0%; Bond -5%; Livestock 0%; Volatility 0%; Metal 0%.

All currency pairs are against the USD. The “Currency” portion shown in Chart 1 above should be interpreted as net short global currencies against the USD.

Table 2: December and 2022 performance statistics

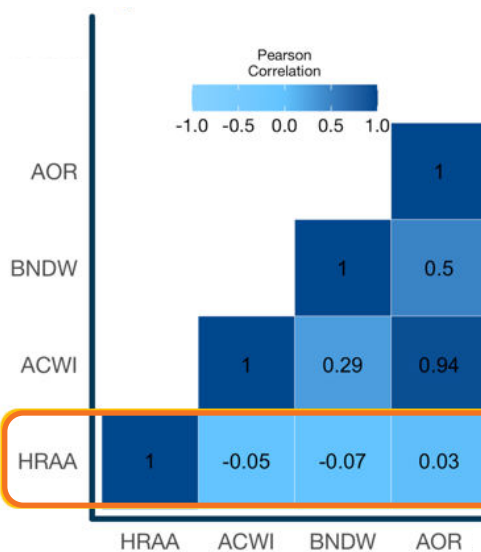
Name	Ticker	December Returns (%)	2022 Returns (%)	2022 Sharpe Ratio	2022 Standard Deviation (%)	2022 Max Drawdown (%)
Horizons ReSolve Adaptive Asset Allocation ETF	HRAA	-1.13	-1.83	-0.40	8.10	-10.80
iShares MSCI ACWI ETF	ACWI	-4.53	-18.27	-0.80	22.50	-26.40
Vanguard Total World Bond ETF	BNDW	-1.76	-12.92	-2.10	7.00	-15.40
iShares Core Growth Allocation ETF	AOR	-3.12	-15.30	-1.20	14.80	-21.50

Analysis by ReSolve Asset Management SEZC (Cayman). Return performance as of December 31st, 2022. Calculations of Standard Deviation, Max Drawdown, and Sharpe Ratio are based on 2022 data ending on December 31st, 2022. Data Source: Bloomberg, Horizons ETFs, Tiingo, and Y-Charts. Metrics for HRAA are expressed in CAD, while those for ACWI, BNDW, and AOR are expressed in USD.

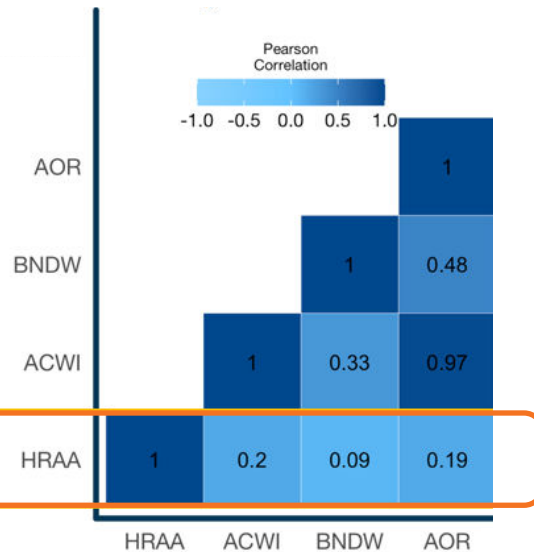
Since HRAA<sup>1</sup> is a globally diversified multi-asset strategy, it is important to show its performance against a cross-section of different assets and asset allocation strategies to highlight its absolute return profile and potential diversification benefits.

The ETFs used in this analysis are selected as benchmark proxies used to represent various asset class exposures. ACWI<sup>2</sup> represents large-cap global equities, BNDW<sup>3</sup> represents global investment-grade bonds, and AOR<sup>4</sup> represents a growth-oriented balanced portfolio.

Daily Correlations - December 2022



Daily Correlations - 2022



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Analysis by ReSolve Asset Management SEZC (Cayman). Data as at December 31st, 2022. Data Source: Horizons ETFs, Tiingo, and Y-Charts. Returns for HRAA are expressed in CAD. Returns for ACWI, BNDW, and AOR are expressed in USD.

## Strategy Highlights

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◆ HRAA complements traditional portfolios by striving to **address two vulnerabilities in traditional stock-bond portfolios:**

1. Prolonged bear markets, which investors haven't seen in over a decade
2. Inflationary regimes, which many investors haven't experienced in their lifetime

◆ In these challenging environments, the Fund will strive to provide positive results where most traditional portfolios generally suffer

◆ During concentrated bull markets, HRAA may underperform the highest-returning sectors

## Investment Objectives

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<sup>1</sup>The Horizons ReSolve Adaptive Asset Allocation ETF seeks long-term capital appreciation by investing, directly or indirectly, in major global asset classes including but not limited to equity indexes, fixed income indexes, interest rates, commodities, and currencies.

<sup>2</sup>The iShares MSCI ACWI ETF seeks to track the investment results of an index composed of large and mid-capitalization developed and emerging market equities.

<sup>3</sup>The Vanguard Total World Bond ETF seeks to track the performance of a broad, market-weighted index that measures the investment return of investment-grade U.S. bonds and investment-grade non-U.S. dollar-denominated bonds.

<sup>4</sup>The iShares Core Growth Allocation ETF seeks to track the investment results of an index composed of a portfolio of underlying equity and fixed income funds intended to represent a growth allocation target risk strategy.

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Commissions, management fees and expenses all may be associated with an investment in Horizons ReSolve Adaptive Asset Allocation ETF ("HRAA" or the "ETF") managed by Horizons ETFs Management (Canada) Inc. The ETF is not guaranteed, its value changes frequently and past performance may not be repeated. The prospectus contains important detailed information about the ETF. **Please read the relevant prospectus before investing.**

HRAA is an alternative mutual fund within the meaning of National Instrument 81-102 Investment Funds ("NI 81-102"), and is permitted to use strategies generally prohibited by conventional mutual funds, such as the ability to invest more than 10% of its net asset value in securities of a single issuer, the ability to borrow cash, to short sell beyond the limits prescribed for conventional mutual funds and to employ leverage of up to 300% of net asset value. These strategies will only be used in accordance with the investment objectives and strategies of HRAA.

The Manager and the Sub-Advisor have a direct interest in the management fees and performance fees of the Horizons Exchange Traded Products, and may, at any given time, have a direct or indirect interest in the Horizons Exchange Traded Products or its holdings.

Certain statements may constitute a forward-looking statement, including those identified by the expression "expect" and similar expressions (including grammatical variations thereof). The forward-looking statements are not historical facts but reflect the author's current expectations regarding future results or events. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations. These and other factors should be considered carefully and readers should not place undue reliance on such forward-looking statements. These forward-looking statements are made as of the date hereof and the authors do not undertake to update any forward-looking statement that is contained herein, whether as a result of new information, future events or otherwise, unless required by applicable law.

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