

HORIZON ETFS Distribution Reinvestment Plan

1. Introduction

Horizons ETFs Management (Canada) Inc. (the “**Manager**”) is the trustee and/or manager of the ETFs, an innovative financial services company specializing in actively managed ETFs. The Horizon ETF Funds as set forth in Schedule A (each, a “**Fund**”) has established this Distribution Reinvestment Plan (“**Plan**”).

The Plan provides beneficial holders of trust units of a class (“**Units**”) of a Fund with a means to reinvest distributions on the Units declared and payable to them in additional Units. Distribution on Units, including Units purchased under the Plan (“**Plan Units**”), will be reinvested in whole Plan Units on behalf of those Unitholders who participate in the Plan, by TSX Trust Company as the agent of each Fund (the “**Plan Agent**”).

The Manager may deliver an amended Schedule A to the Plan Agent in order to introduce new Fund(s) to the Plan and/or remove any Fund(s) from the Plan.

2. Defined Terms

As used herein, the following terms have the following meanings:

“**Business Day**” means any day on which the Plan Agent’s offices are generally open for the transaction of commercial business in Toronto, but does not in any event include a Saturday, Sunday, civic or statutory holiday in the Province of Ontario or a day on which the TSX does not publicly trade.

“**CDS**” means CDS Clearing and Depository Services Inc. and includes any successor corporation or any other depository subsequently appointed by a Fund as the depository in respect of Units of such Fund.

“**CDS Participant**” means a participant in the CDS depository service, including a broker, dealer, bank or financial institution.

“**CDSX**” means the electronic communications system between CDS, CDS Participants and the Plan Agent.

“**Distribution Record Date**” means any date designated by the Fund as the date for the determination of Unitholders entitled to receive a Distribution.

“**Distribution Payment Date**” means a specified day following the applicable Distribution Record Date, on which a Fund pays Distributions to Unitholders.

“Distributions” means any amount declared payable to Unitholders in cash by a Fund in respect of a specific Distribution Record Date.

“Participation Notice” means the notice given by a CDS Participant to CDS to indicate a Unitholder’s participation in the Plan.

“Plan Agency Agreement” means the distribution reinvestment plan agency agreement entered into between the Manager, on behalf of a Fund, and the Plan Agent.

“Plan Participant” means a Unitholder who has notified the Manager and the Plan Agent via the applicable CDS Participant of such Unitholder’s participation in the Plan in respect of any Distribution.

“Tax Act” means *the Income Tax Act* (Canada) and includes the regulations promulgated thereunder.

“TSX” means the Toronto Stock Exchange.

“Unitholder” means the beneficial owner of Units.

3. Distribution Reinvestment Plan Participation

Any eligible Unitholder may elect to become a Plan Participant by contacting the CDS Participant through whom such Unitholder holds its Units. The CDS Participant must, on behalf of the Unitholder, elect online via CDSX no later than 3:00 p.m. (Toronto time) on each applicable Distribution Record Date in respect of the next expected Distribution in which the Unitholder intends to participate. These elections are received directly by the Plan Agent via CDSX. If this election via CDSX is not received by the Plan Agent by the applicable deadline, the Unitholder will not participate in the Plan for that Distribution.

Participation in the Plan is restricted to Unitholders who are residents of Canada for the purposes of the Tax Act. Partnerships (other than “Canadian partnerships” as defined in the Tax Act) are not eligible to participate in the Plan. Upon becoming a non-resident of Canada or a partnership (other than a Canadian partnership), a Plan Participant shall notify their CDS Participant and terminate participation in the Plan immediately. The Plan Agent and CDS will not have any duty to inquire into the residency status or partnership status of Plan Participants, nor will the Plan Agent and CDS be required to know the residency status or partnership status of Plan Participants other than as notified by the CDS Participant or the Manager.

4. Administration

On each Distribution Payment Date, the relevant Fund shall pay to the Plan Agent all amounts paid as Distributions in respect of the Plan Units for which Plan Participants were

beneficial owners as of the applicable Distribution Record Date. The Plan Agent shall purchase additional Plan Units according to the terms and conditions set out in the Plan Agency Agreement, as described below under “**Purchase of Plan Units by the Plan Agent**”.

Plan Units purchased by the Plan Agent will be credited to the Plan Participant’s account with a CDS Participant by the applicable CDS Participant.

5. Purchase of Plan Units by the Plan Agent

Distributions will be applied, on behalf of Plan Participants, to purchase Plan Units. Such purchases will be made directly from the relevant Fund or in the Canadian open market, including through the facilities of the TSX, the TSX Venture Exchange and/or any other alternative Canadian market.

- a) If Plan Units are issued from treasury by a Fund, the price of such Plan Units shall be equal to the average closing price of the Units on the TSX for the five (5) consecutive trading days immediately prior to the applicable Distribution Payment Date. If the Fund did not trade on the TSX on any or all of the five (5) consecutive trading days immediately prior to the applicable Distribution Payment Date, the Manager may substitute the net asset value per unit (NAV) of that Fund on the applicable day(s) in the determination of the average closing price.
- b) If the Plan Units are purchased on the Canadian open market, the Plan Units shall be purchased through a broker-dealer designated by the Plan Agent, and the price of such Plan Units shall be the average of the price paid (excluding brokerage commissions, fees and all transaction costs) per share for all Units purchased by the Plan Agent in respect of the Plan on the Canadian open market during the five (5) Business Days following the relevant Distribution Payment Date.

The Plan Units purchased from a Fund’s treasury or in the market will be delivered to CDS by the Plan Agent as soon as practicable.

6. Insufficient Funds

The Plan Agent shall not be obligated to purchase any Plan Units in the event that the Plan Agent has insufficient funds in order to carry out its duties.

7. Fractional Plan Units

No fractional Plan Units will be issued or sold under the Plan. A cheque for any remaining uninvested funds will be issued in lieu of fractional Plan Units by the Plan Agent to CDS. CDS will, in turn, credit the Plan Participant, via the applicable CDS Participant as per CDS rules.

8. Termination or Modification of Participation

Plan Participants may voluntarily terminate or modify their participation as follows:

- a) Plan Participants no longer wishing to participate in the Plan must notify their CDS Participant no later than 4:00 p.m. (Toronto time) at least two (2) Business Days immediately prior to the applicable Distribution Record Date. If notice is received after this deadline, participation will continue for that Distribution only. *Future Distributions will be made in cash to such Unitholders.*

- b) recurring basis).

9. Certificates

Certificates representing Plan Units purchased under the Plan will not be issued to Plan Participants.

10. Voting of Plan Units

Plan Units may be voted in the same manner as the Plan Participants' other Units may be voted.

11. Statement of Account

Plan Participants will receive confirmation of the number of Plan Units purchased or sold under the Plan by their CDS Participant for tax reporting purposes and in accordance with the CDS Participant's usual practice.

12. Commissions and Administrative Costs

All commissions, administrative costs or brokerage charges payable on the purchase of Plan Units and sale of Plan Units will be paid by the Manager on behalf of each applicable Fund.

13. Responsibilities of the Fund, the Manager and the Plan Agent

None of the Funds, the Manager or the Plan Agent is liable for any act done by any of them in good faith or for any good faith omission to act. In particular, none of the Funds, the Manager or the Plan Agent shall have any liability with respect to:

- a) the prices at which Plan Units are purchased under the Plan or the times at which such purchases are made;
- b) the prices at which Plan Units are sold under the Plan or the times at which such sales are made; or
- c) any actions or responsibilities of CDS or any CDS Participant in relation to the Plan, or otherwise, including, without limitation: (i) any aspect of the records relating to, or payments made on account of, beneficial ownership interests of the Plan Units held by and registered in the name of CDS or any CDS Participant; (ii) any authority, advice, or representation made or given by CDS or any CDS Participant to the Plan Agent or otherwise, including representations with respect to rules of CDS and any action taken or to be taken by CDS or any CDS Participant; (iii) the allocation of Plan Units by CDS Participants to Plan Participants; and (iv) the allocation of proceeds of the sale of Plan Units by CDS Participants to Plan Participants.

Plan Participants should recognize that none of the Funds, the Manager or the Plan Agent can assure a gain or protect against a loss as a result of holding or selling Plan Units.

14. Amendments, Suspension or Termination of Plan and Plan Agent

The Manager may terminate the Plan in its sole discretion, upon not less than thirty (30) days' written notice to: (i) the Plan Participants, via the CDS Participants through which the Plan Participants hold their Plan Units; (ii) CDS; (iii) the Plan Agent; and (iv) the TSX. The Manager may also amend, modify or suspend the Plan at any time in its sole discretion, provided that it complies with certain requirements of the Plan Agent, if any, and gives notice of that amendment, modification or suspension to: (i) the Plan Participants via the CDS Participants through which the Plan Participants hold their Plan Units; (ii) CDS; (iii) the Plan Agent; and (iv) the TSX. All amendments to the Plan are subject to prior TSX approval. The Plan for a Fund will terminate automatically upon the termination of that Fund.

The Manager may, in consultation with the Plan Agent, adopt additional rules and regulations to facilitate the administration of the Plan, subject to the approval of the TSX (if required by the TSX rules).

The Manager may, in its sole discretion, and upon at least sixty (60) days' written notice to the Plan Agent, remove the Plan Agent and appoint a new Plan Agent.

Similarly, the Plan Agent may resign as agent under the Plan upon at least sixty (60) days' written notice to the Manager and upon delivery to the Manager of all documents and monies being held by the Plan Agent on the Funds behalf pursuant to the Plan Agency Agreement.

A Fund is not required to issue Plan Units to Unitholders in any jurisdiction where that issuance would be illegal.

15. Rules and Regulations

A Fund, via its Manager, may, in consultation with the Plan Agent, from time to time adopt rules and regulations to facilitate the administration of the Plan. A Fund reserves the right to regulate and interpret the Plan as it deems necessary or desirable to ensure the efficient and equitable operation of the Plan.

16. No Personal Liability

No Plan Participant will have any personal liability and no resort will be had to, nor recourse or satisfaction sought from, the property or assets of any Plan Participant for any liability whatsoever to any person in connection with the property of a Fund or its affairs, including for satisfaction of any obligations or claims arising out of or in connection with the Plan. The property and assets of a Fund only are intended to be liable and subject to levy or execution for satisfaction of any obligations or claims.

17. Taxes

Plan Participants should consult their tax advisors concerning the tax implications of their participation in the Plan. The reinvestment of distributions on Plan Units does not relieve the Plan Participants of any liability for income tax which may have been otherwise payable on such distributions.

18. Notices

All Distribution Reinvestment Plan notices required to be given to Plan Participants by a Fund will be given to CDS, to be further provided to the CDS Participants through which Plan Participants hold their Plan Units.

Written communications to the Plan Agent should be addressed to:

TSX Trust Company
100 Adelaide Street West, Suite 301
Toronto, Ontario
M5H 4H1
Fax: (416) 361-0470
Attention: Cash Management Department

Written communications to a Fund or the Manager should be addressed to:

Horizons ETFs Management (Canada) Inc.
55 University Avenue, Suite 800
Toronto, Ontario M5J 2H7

Attention: COO
Facsimile: 416-601-2434

SCHEDULE “A”

Participating Funds

Class A:

DLR - Horizons US Dollar Currency ETF
ETHI - Horizons Global Sustainability Leaders Index ETF
HMMJ - Horizons Marijuana Life Sciences Index ETF
HOG – Horizons Pipelines & Energy Services Index ETF
INOC - Horizons Inovestor Canadian Equity Index ETF

HGGB - Horizons S&P Green Bond Index ETF
CASH - Horizons High Interest Savings ETF
HAEB - Horizons Active ESG Corporate Bond ETF
UCSH.U - Horizons USD High Interest Savings ETF

Class E:

HAB - Horizons Active Corporate Bond ETF
HAD - Horizons Active Cdn Bond ETF
HAF - Horizons Active Global Fixed Income ETF
HAL - Horizons Active Cdn Dividend ETF
HAZ - Horizons Active Global Dividend ETF
USCC.U/USCC - Horizons US Large Cap Equity Covered Call ETF
ENCC - Horizons Canadian Oil and Gas Equity Covered Call ETF
BKCC - Horizons Equal Weight Canadian Bank Covered Call ETF
GLCC - Horizons Gold Producer Equity Covered Call ETF
QQCC - Horizons NASDAQ-100 Covered Call ETF

CNCC - Horizons Canadian Large Cap Equity Covered Call ETF
HYBR - Horizons Active Hybrid Bond and Preferred Share ETF
HFR - Horizons Active Ultra-Short Term Investment Grade Bond ETF
HGY - Horizons Gold Yield ETF
HMP - Horizons Active Cdn Municipal Bond ETF
HPR - Horizons Active Preferred Share ETF
HSL - Horizons Active Floating Rate Senior Loan ETF
HUF.U/HUF - Horizons Active Ultra-Short Term US Investment Grade Bond ETF
HYI - Horizons Active High Yield Bond ETF