



**Horizons US Large Cap Index ETF**  
**(HULC, HULC.U:TSX)**



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## A Message from the CEO

After the challenges of the last two years related to the COVID-19 pandemic, I am pleased a “return to normal” and a broader economic reopening have begun.

While global uncertainty and inflationary pressures have resulted in market volatility, Canada’s ETF industry continues to grow. As at May 31, 2022, Canada’s ETF industry has seen \$18 billion in year-to-date inflows.

At Horizons ETFs, our assets under management swelled from approximately \$17 billion at the end of 2020 to \$20.9 billion as at December 31, 2021. We continue to solidify our position as one of Canada’s top ETF providers, with approximately \$3 billion in ETF flows in the first half of this year. With several more innovative Horizons ETFs funds slated to launch this year, we are optimistic about further growth in the second half of 2022.

We are proud to continue our longstanding commitment to bringing innovative ETFs to market. This year alone we have launched two new, first-of-their-kind ETFs.

In February, Horizons ETFs launched the Horizons Carbon Credits ETF (“**CARB**”). CARB is Canada’s first ETF that provides exposure to investments in cap-and-trade carbon allowances: a nascent asset class, CARB, offers investors the potential to benefit from the growing global effort to regulate and restrict pollution.

In another Canadian first, in May, we launched the Horizons Copper Producers Index ETF (“**COPP**”), providing exposure to companies involved in copper ore mining, one of the most in-demand metals today. Copper is a critical component of electrical infrastructure, electric vehicles, and equipment and has an important role in helping achieve a global low-carbon energy future.

The addition of CARB and COPP to our product shelf strengthens our status as Canada’s leaders in commodity-focused funds. In addition to our longstanding funds that offer exposure to traditional commodities like crude oil and natural gas, last year, we introduced the first ETFs in Canada that offer exposure to three commodities that have the potential to fuel the future: uranium, lithium, and hydrogen. With market conditions in 2022 that have, so far, favoured energy and commodities, these ETFs can offer investors the potential to capture the current market’s momentum.

At Horizons ETFs, “Innovation is Our Capital,” has long been our motto, and we believe this has allowed us to be nimble enough to adapt while anticipating investor needs. No matter what is next on your investment horizon, we are confident that our suite of innovative ETFs will be able to help you reach your financial goals.

As always, we thank you for your continued support and hope you’re staying safe and healthy.

Sincerely,



Steven J. Hawkins  
President & CEO of Horizons ETFs Management (Canada) Inc.

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## MANAGEMENT REPORT OF FUND PERFORMANCE

This interim management report of fund performance for Horizons US Large Cap Index ETF (“HULC” or the “ETF”), a corporate class of shares (a “Corporate Class”) of Horizons ETF Corp. (the “Company”), contains financial highlights and is included with the unaudited interim consolidated financial statements (“financial statements” or “interim financial statements”) for the investment fund. You may request a copy of the investment fund’s unaudited interim or audited annual financial statements, interim or annual management report of fund performance, current proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosures, at no cost, by calling (toll free) 1-866-641-5739, or (416) 933-5745, by writing to Horizons ETFs Management (Canada) Inc. (“Horizons Management” or the “Manager”), at 55 University Avenue, Suite 800, Toronto, Ontario, M5J 2H7, by visiting our website at [www.horizonsetfs.com](http://www.horizonsetfs.com) or through SEDAR at [www.sedar.com](http://www.sedar.com).

This document may contain forward-looking statements relating to anticipated future events, results, circumstances, performance, or expectations that are not historical facts but instead represent our beliefs regarding future events. By their nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that predictions and other forward-looking statements will not prove to be accurate. We caution readers of this document not to place undue reliance on our forward-looking statements as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed or implied in the forward-looking statements.

Actual results may differ materially from management expectations as projected in such forward-looking statements for a variety of reasons, including but not limited to market and general economic conditions, interest rates, regulatory and statutory developments, the effects of competition in the geographic and business areas in which the ETF may invest and the risks detailed from time to time in the ETF’s simplified prospectus. New risk factors emerge from time to time and it is not possible for management to predict all such risk factors. We caution that the foregoing list of factors is not exhaustive, and that when relying on forward-looking statements to make decisions with respect to investing in the ETF, investors and others should carefully consider these factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements. Due to the potential impact of these factors, the Manager does not undertake, and specifically disclaims, any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable law.

## Management Discussion of Fund Performance

### Investment Objective and Strategy

HULC seeks to replicate, to the extent possible, the performance of the Solactive US Large Cap Index (CA NTR) (the “Underlying Index”, Bloomberg ticker: SOLUSLCC), net of expenses. The Solactive US Large Cap Index (CA NTR) is designed to measure the performance of the large-cap market segment of the U.S. equity market.

In order to achieve its investment objective and obtain direct or indirect exposure to securities of the Underlying Index’s constituent issuers, the ETF may invest in and hold the securities of constituent issuers in substantially the same proportion as they are reflected in the Underlying Index, or may invest in and hold index participation units of exchange traded funds or other derivatives, including but not limited to swap agreements, futures contracts, options on futures contracts, forward contracts, options on securities and indices, reverse repurchase agreements or a combination of the foregoing, that are based on the Underlying Index, provided that the use of such derivative instruments is in compliance with National Instrument 81-102 (“NI 81-102”) and is consistent with the investment objective of the ETF.

The ETF may also employ a “stratified sampling” strategy. Under this stratified sampling strategy, the ETF may not hold all of the securities that are included in its Underlying Index, but instead will hold a portfolio of securities and/or derivatives that closely matches the aggregate investment characteristics of the securities included in the Underlying

## Management Discussion of Fund Performance (continued)

Index. The sampling process typically involves selecting a representative sample of securities in the Underlying Index, principally to enhance liquidity and reduce transaction costs while seeking to maintain a high correlation with, and similar aggregate characteristics to, the Underlying Index.

The Investment Manager does not invest the assets of the ETF on a discretionary basis or select securities based on the Investment Manager's view of the investment merit of a particular security or company, nor does it conduct conventional stock research or analysis, or forecast stock market movement or trends in managing the assets of the ETF.

### ***About the Underlying Index***

The Solactive US Large Cap Index (CA NTR) aims to track the price movements of the 500 largest companies in the United States stock market based on free float market capitalization. The Underlying Index is rebalanced semi-annually at the close of trading on the first Wednesday in May and November. The Underlying Index is a net total return index, thus dividend income is adjusted for withholding tax rates that are applicable to a Canadian investor. The Underlying Index is published in U.S. dollars and HULC does not hedge any U.S. dollar currency exposure.

### **Risk**

The Manager performs a review of the ETF's risk rating at least annually, as well as when there is a material change in the ETF's investment objective or investment strategies. The current risk rating for the ETF is: medium.

Risk ratings are determined based on the historical volatility of the ETF as measured by the standard deviation of its performance against its mean. The risk categorization of the ETF may change over time and historical volatility is not indicative of future volatility. Generally, a risk rating is assigned to the ETF based on a rolling 10-year standard deviation of its returns, the return of its Underlying Index, or of an applicable proxy. In cases where the Manager believes that this methodology produces a result that is not indicative of the ETF's future volatility, the risk rating may be determined by the ETF's category. Risk ratings are not intended for use as a substitute for undertaking a proper and complete suitability or financial assessment by an investment advisor.

The Manager, as a summary for existing investors, is providing the list below of the risks to which an investment in the ETF may be subject. Prospective investors should read the ETF's most recent prospectus and consider the full description of the risks contained therein before purchasing shares.

The risks to which an investment in the ETF is subject are listed below and have not changed from the list of risks found in the ETF's most recent prospectus. A full description of each risk listed below may also be found in the most recent prospectus. The most recent prospectus is available at [www.horizonsetfs.com](http://www.horizonsetfs.com) or from [www.sedar.com](http://www.sedar.com), or by calling Horizons ETFs Management (Canada) Inc. at (toll free) 1-866-641-5739, or at (416) 933-5745.



## Management Discussion of Fund Performance (continued)

- |  |   |
|--|---|
| <ul style="list-style-type: none"> <li>• Market disruptions risk</li> <li>• Derivative investments</li> <li>• Risk that ETF shares will trade at prices other than net asset value per ETF shares</li> <li>• Issuer concentration risk</li> <li>• Foreign exchange rate risk</li> <li>• Counterparty risk</li> <li>• Liquidity risk</li> <li>• Borrowing risk</li> <li>• Tax-related risks</li> <li>• Exchange risk</li> <li>• Inability to achieve investment objective</li> <li>• Cyber security risk</li> <li>• Reliance on key personnel</li> <li>• Distribution risk</li> <li>• Significant redemptions</li> <li>• Price limit risk</li> <li>• Conflicts of interest</li> <li>• Business and regulatory risks of alternative investment strategies</li> <li>• Political, economic and social risk</li> <li>• Securities lending risk</li> </ul> | <ul style="list-style-type: none"> <li>• No ownership interest</li> <li>• Restrictions on certain shareholders</li> <li>• Redemption price</li> <li>• Fund corporation and multi-class/series structure risk</li> <li>• Fluctuations in NAV and market price of the ETF shares risk</li> <li>• Absence of an active market for the ETF shares and lack of operating historical risk</li> <li>• No guaranteed return</li> <li>• General risks of investments</li> <li>• General risks of investing in an index fund and passive investment risk</li> <li>• Risks relating to index replication strategies</li> <li>• Calculation of index level and termination of an underlying index</li> <li>• Substantial sales of the U.S. dollar</li> <li>• Foreign exchange and market risk</li> <li>• Index adjustments</li> <li>• Cease trading of securities risk</li> <li>• General risks of equity investments</li> <li>• Voting of index securities risk</li> <li>• Income trust investments risks</li> </ul> |
|--|---|

### Results of Operations

For the period ended June 30, 2022, the US\$ Shares of the ETF returned -21.48%. By comparison, the Underlying Index returned -21.50% for the same period in U.S. dollar terms. Differences in performance between the ETF and the Underlying Index may arise due to expenses payable by the ETF, which include management fees plus applicable sales taxes; as well as the potential for tracking error arising from the physical index replication risk detailed in the ETF's prospectus.

For the period ended June 30, 2022, the top performers in the Underlying Index were Occidental Petroleum Corporation, EQT Corporation, and Valero Energy Corporation, gaining 103.97%, 59.13% and 44.26%, respectively. The worst performers in the Underlying Index for the year were Coinbase Global, Inc., Unity Software Inc., and Snap Inc., returning -81.37%, -74.25%, and -72.08%, respectively.

In respect to the day-to-day management of the ETF, Horizons Management does not endeavour to predict market direction, changes that may occur in global fiscal and monetary policies, the effect of additional geopolitical concerns or other unforeseen crises. Horizons Management and the ETF are agnostic as to their impact on global equity, fixed income, currency, and commodity markets generally, and the broad U.S. equity market specifically. They are only of concern to the ETF in so much as there is some minimal risk that could affect its ability to meet its investment objective. Please refer to the risk factors section in the ETF's prospectus for more detailed information.

## Management Discussion of Fund Performance (continued)

### ***Other Operating Items and Changes in Net Assets Attributable to Holders of ETF Shares***

For the six-month period ended June 30, 2022, the ETF generated gross comprehensive income (loss) from investments and derivatives (which includes changes in the fair value of the ETF's portfolio) of (\$33,462,943). This compares to \$8,740,933 for the six-month period ended June 30, 2021. The ETF incurred management, and transaction expenses of \$225,095 (2021 – \$103,405) of which \$4,197 (2021 – \$1,884) was either paid or absorbed by the Manager on behalf of the ETF. The waiving and/or absorption of such fees and/or expenses by the Manager may be terminated at any time, or continued indefinitely, at the discretion of the Manager. The ETF did not make any distributions to shareholders during the periods ended June 30, 2022 and 2021.

### **Recent Developments**

Other than indicated below, there have been no recent market developments of particular note, aside from the normal fluctuations of the markets, that are expected to have an undue influence on the portfolio of the ETF when compared to its benchmark.

### ***Share Split Transaction***

The shares of the ETF were split on a two-for-one basis effective July 5, 2021. All relevant share and per share historical data prior to July 5, 2021, has been adjusted to reflect the split.

### **Presentation**

The attached financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. Any mention of total net assets, net assets, net asset value or increase (decrease) in net assets in the financial statements and/or management report of fund performance is referring to net assets or increase (decrease) in net assets attributable to holders of redeemable shares as reported under IFRS.

### **Related Party Transactions**

There were no related party portfolio transactions during the current reporting period. Certain services have been provided to the ETF by related parties, and those relationships are described below.

### ***Manager and Investment Manager***

The manager and investment manager of the Company and of the ETF is Horizons ETFs Management (Canada) Inc., 55 University Avenue, Suite 800, Toronto, Ontario, M5J 2H7, a corporation incorporated under the laws of Ontario.

Any management fees paid to the Manager (described in detail on page 13) are related party transactions, as the Manager is considered to be a related party to the ETF. The management fees are disclosed in the statements of comprehensive income in the attached financial statements of the ETF. The management fees payable by the ETF as at June 30, 2022, and December 31, 2021, are disclosed in the statements of financial position.

## Financial Highlights

The following tables show selected key financial information about the ETF and are intended to help you understand the ETF's financial performance for the current interim reporting period and since it effectively began operations on February 5, 2020. This information is derived from the ETF's audited annual financial statements and the current unaudited interim financial statements. Please see the front page for information on how you may obtain the ETF's annual or interim financial statements.

### The ETF's Net Assets per Share

Period <sup>(1)</sup>	2022	2021	2020
<b>Net assets, beginning of period</b>	\$ 70.57	55.98	50.00
<b>Increase (decrease) from operations:</b>			
Total revenue	0.56	0.92	0.84
Total expenses	(0.09)	(0.18)	(0.16)
Realized gains (losses) for the period	(0.46)	2.15	(0.05)
Unrealized gains (losses) for the period	(14.46)	12.39	10.26
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>(14.45)</b>	<b>15.28</b>	<b>10.89</b>
<b>Distributions:</b>			
<b>Total distributions <sup>(3)</sup></b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Net assets, end of period (Cdn\$ Shares) <sup>(4)</sup></b>	<b>\$ 56.39</b>	<b>70.57</b>	<b>55.98</b>
<b>Net assets, end of period (US\$ Shares) <sup>(4)</sup></b>	<b>\$ 43.81</b>	<b>55.79</b>	<b>43.98</b>

1. This information is derived from the ETF's unaudited interim financial statements and audited annual financial statements.
2. Net assets per share and distributions are based on the actual number of shares outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of shares outstanding over the financial period.
3. Distributions, if any, were paid in cash, reinvested in additional shares of the ETF, or both.
4. The Financial Highlights are not intended to act as a continuity of the opening and closing net assets per share.

**Financial Highlights** (continued)

**Ratios and Supplemental Data**

<b>Period</b> <sup>(1)</sup>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Total net asset value (000's)	\$ 179,471	143,461	55,981
Number of shares outstanding (000's)	3,183	2,033	1,000
Management expense ratio <sup>(2)(4)</sup>	0.09%	0.09%	0.08%
Management expense ratio excluding proportion of expenses from underlying investment funds	0.08%	0.08%	0.08%
Management expense ratio before waivers and absorptions <sup>(2)</sup>	0.09%	0.09%	0.09%
Trading expense ratio <sup>(3) (4)</sup>	0.00%	0.00%	0.00%
Portfolio turnover rate <sup>(5)</sup>	45.23%	113.96%	54.39%
Net asset value per share, end of period (Cdn\$ Shares)	\$ 56.39	70.57	55.98
Closing market price (Cdn\$ Shares)	\$ 56.30	70.64	55.67
Net asset value per share, end of period (US\$ Shares)	\$ 43.81	55.79	43.98
Closing market price (US\$ Shares)	\$ 43.76	55.83	44.00

1. This information is provided as at June 30, 2022, and December 31 of the year/period shown.
2. Management expense ratio is based on total expenses, including sales tax, (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the year/period. The constating documents of the ETF require that the Manager pay all the expenses of the ETF other than the management fee and any sales taxes on the management fee. The Manager, at its discretion, may waive and/or absorb a portion of the fees and/or expenses otherwise payable by the ETF. The waiving and/or absorption of such fees and/or expenses by the Manager may be terminated at any time, or continued indefinitely, at the discretion of the Manager.
3. The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the year/period.
4. The ETF's management expense ratio (MER) and trading expense ratio (TER) include an estimated proportion of the MER and TER for any underlying investment funds held in the ETF's portfolio during the year/period.
5. The ETF's portfolio turnover rate indicates how actively the ETF trades its portfolio investments. A portfolio turnover rate of 100% is equivalent to the ETF buying and selling all of the securities in its portfolio once in the course of a year. The higher an ETF's portfolio turnover rate in a year, the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of an ETF.

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**Financial Highlights** (continued)**Management Fees**

In consideration for management services and investment advice provided to the ETF, the Manager is entitled to a management fee. The management fee, inclusive of sales tax, is applied on a daily basis to the net asset value of the ETF. The management fees, exclusive of sales tax, are charged at the annual rate of 0.08%. Approximately 100% of management fees were used for management, investment management, operating costs of the ETF, other general administration and profit.

From the management fee, the Manager has paid substantially all of the costs and expenses relating to the operation of the business and affairs of the ETF including investment management, administration, legal, accounting, custody, audit, registrar and transfer agency fees, and taxes as well as expenses associated with advertising, marketing, sponsoring and promoting the sale of shares of the ETF.

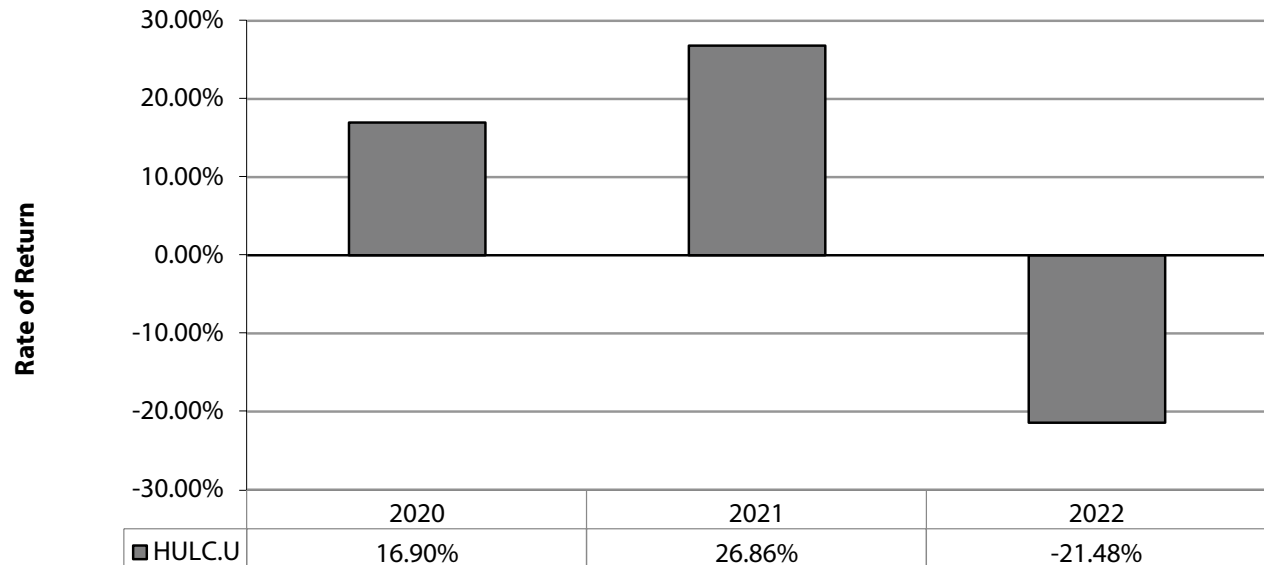
The constating documents of the ETF require that the Manager pay all the expenses of the ETF other than the management fee and any sales taxes on the management fee as may be applicable. As a result, the ETF does not have any other expenses.

## Past Performance

Commissions, management fee, and applicable sales taxes all may be associated with an investment in the ETF. Please read the prospectus before investing. The indicated rates of return are the historical total returns including changes in share value and reinvestment of all distributions, and do not take into account sales, redemptions, distributions or optional charges or income taxes payable by any investor that would have reduced returns. An investment in the ETF is not guaranteed. Its value changes frequently and past performance may not be repeated. The ETF's performance numbers assume that all distributions, if any, are reinvested in additional shares of the ETF. If you hold this ETF outside of a registered plan, income and capital gains distributions that are paid to you increase your income for tax purposes whether paid to you in cash or reinvested in additional shares. The amount of the reinvested taxable distributions is added to the adjusted cost base of the shares that you own. This would decrease your capital gain or increase your capital loss when you later redeem from the ETF, thereby ensuring that you are not taxed on this amount again. Please consult your tax advisor regarding your personal tax situation.

### Year-by-Year Returns

The following chart presents the ETF's performance for the periods shown, and illustrates how the performance has changed from period to period. In percentage terms, the chart shows how much an investment made on the first day of the financial period would have grown or decreased by the last day of the financial period.



The ETF effectively began operations on February 5, 2020. Only the performance of the US\$ Shares is displayed above, as the US\$ Shares seek to achieve the primary investment objective of the ETF. The returns to shareholders holding Cdn\$ Shares would have been substantially similar to those of the shareholders holding US\$ Shares when adjusted for the daily Canadian/U.S. dollar exchange rate.

## Summary of Investment Portfolio

As at June 30, 2022

<b>Asset Mix</b>	<b>Net Asset Value</b>	<b>% of ETF's Net Asset Value</b>
U.S. Equities	\$ 174,822,637	97.41%
Global Equities	3,838,521	2.14%
Cash and Cash Equivalents	705,578	0.39%
Other Assets less Liabilities	104,488	0.06%
	<b>\$ 179,471,224</b>	<b>100.00%</b>

<b>Sector Mix</b>	<b>Net Asset Value</b>	<b>% of ETF's Net Asset Value</b>
Information Technology	\$ 49,254,612	27.45%
Health Care	26,730,182	14.89%
Financials	23,356,902	13.01%
Consumer Discretionary	19,172,394	10.68%
Communication Services	16,554,004	9.22%
Consumer Staples	13,524,641	7.54%
Industrials	13,089,519	7.30%
Energy	7,946,497	4.43%
Utilities	5,212,670	2.90%
Materials	3,819,737	2.13%
Cash and Cash Equivalents	705,578	0.39%
Other Assets less Liabilities	104,488	0.06%
	<b>\$ 179,471,224</b>	<b>100.00%</b>

**Summary of Investment Portfolio** (continued)

As at June 30, 2022

<b>Top 25 Holdings</b>	<b>% of ETF's Net Asset Value</b>
Apple Inc.	6.58%
Microsoft Corp.	5.68%
Alphabet Inc.	3.97%
Amazon.com Inc.	3.19%
Tesla Inc.	2.05%
UnitedHealth Group Inc.	1.43%
Johnson & Johnson	1.38%
NVIDIA Corp.	1.12%
Meta Platforms Inc.	1.09%
Exxon Mobil Corp.	1.07%
Berkshire Hathaway Inc.	1.04%
Procter & Gamble Co. (The)	1.02%
Walmart Inc.	0.99%
JPMorgan Chase & Co.	0.98%
Visa Inc.	0.96%
Eli Lilly and Co.	0.91%
MasterCard Inc.	0.90%
Pfizer Inc.	0.87%
Chevron Corp.	0.84%
Home Depot Inc. (The)	0.84%
Coca-Cola Co. (The)	0.80%
AbbVie Inc.	0.80%
Bank of America Corp.	0.74%
PepsiCo Inc.	0.68%
Merck & Co. Inc.	0.68%

The summary of investment portfolio may change due to the ongoing portfolio transactions of the ETF. The most recent interim and annual reports are available at no cost by calling toll free 1-866-641-5739, or (416) 933-5745, by writing to us at Horizons ETFs Management (Canada) Inc., 55 University Avenue, Suite 800, Toronto, Ontario, M5J 2H7, or by visiting our website at [www.horizonsetfs.com](http://www.horizonsetfs.com) or through SEDAR at [www.sedar.com](http://www.sedar.com).



### MANAGER'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited interim consolidated financial statements ("financial statements") of Horizons US Large Cap Index ETF (the "ETF") are the responsibility of the manager to the ETF, Horizons ETFs Management (Canada) Inc. (the "Manager"). They have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board using information available and include certain amounts that are based on the Manager's best estimates and judgements.

The Manager has developed and maintains a system of internal controls to provide reasonable assurance that all assets are safeguarded and to produce relevant, reliable and timely financial information, including the accompanying financial statements.

These financial statements have been approved by the Board of Directors of the Manager and by the Board of Directors of Horizons ETF Corp.



\_\_\_\_\_  
Steven J. Hawkins  
Director  
Horizons ETFs Management (Canada) Inc.



\_\_\_\_\_  
Thomas Park  
Director  
Horizons ETFs Management (Canada) Inc.

### NOTICE TO SHAREHOLDERS

**The Auditors of the ETF have not reviewed these Financial Statements.**

Horizons ETFs Management (Canada) Inc., the Manager of the ETF, appoints an independent auditor to audit the ETF's annual financial statements.

The ETF's independent auditors have not performed a review of these interim financial statements in accordance with Canadian generally accepted auditing standards.

**Consolidated Statements of Financial Position** (unaudited)

As at June 30, 2022, and December 31, 2021

	<b>2022</b>	<b>2021</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 705,578	\$ 188,160
Investments	178,661,158	143,186,109
Amounts receivable relating to accrued income	114,618	96,964
<b>Total assets</b>	<b>179,481,354</b>	<b>143,471,233</b>
<b>Liabilities</b>		
Accrued management fees	10,130	10,054
<b>Total liabilities</b>	<b>10,130</b>	<b>10,054</b>
<b>Total net assets (note 2)</b>	<b>\$ 179,471,224</b>	<b>\$ 143,461,179</b>
Number of redeemable shares outstanding (note 8)	3,182,800	2,032,800
Total net assets per share (Cdn\$ Shares) (note 1)	\$ 56.39	\$ 70.57
Total net assets per share (US\$ Shares) (note 1)	\$ 43.81	\$ 55.79

(See accompanying notes to financial statements)

Approved on behalf of the Board of Directors of Horizons ETF Corp.:



 Steven J. Hawkins  
 Director



 Kevin S. Beatson  
 Director

**Consolidated Statements of Comprehensive Income** (unaudited)

For the Periods Ended June 30,

	<b>2022</b>	<b>2021</b>
<b>Income</b>		
Dividend income	\$ 1,314,760	\$ 525,134
Securities lending income (note 8)	1,947	387
Net realized gain (loss) on sale of investments and derivatives	(1,052,954)	753,016
Net realized loss on foreign exchange	(14,851)	(14,598)
Net change in unrealized appreciation (depreciation) of investments and derivatives	(33,712,232)	7,465,532
Net change in unrealized appreciation of foreign exchange	387	11,462
	<b>(33,462,943)</b>	<b>8,740,933</b>
<b>Expenses (note 9)</b>		
Management fees	65,703	31,862
Transaction costs	1,092	352
Withholding taxes	158,300	71,191
	<b>225,095</b>	<b>103,405</b>
Amounts that were payable by the investment fund that were paid or absorbed by the Manager	(4,197)	(1,884)
	<b>220,898</b>	<b>101,521</b>
<b>Increase (decrease) in net assets for the period</b>	<b>\$ (33,683,841)</b>	<b>\$ 8,639,412</b>
Increase (decrease) in net assets per share	\$ (14.45)	\$ 7.08

(See accompanying notes to financial statements)

**Consolidated Statements of Changes in Financial Position** (unaudited)

For the Periods Ended June 30,

	<b>2022</b>		<b>2021</b>	
<b>Total net assets at the beginning of the period</b>	\$	143,461,179	\$	55,981,052
<b>Increase (decrease) in net assets</b>		(33,683,841)		8,639,412
<b>Redeemable share transactions</b>				
Proceeds from the issuance of securities of the investment fund		71,340,436		50,441,528
Aggregate amounts paid on redemption of securities of the investment fund		(1,646,550)		(8,574,850)
<b>Total net assets at the end of the period</b>	<b>\$</b>	<b>179,471,224</b>	<b>\$</b>	<b>106,487,142</b>

(See accompanying notes to financial statements)

**Consolidated Statements of Cash Flows** (unaudited)

For the Periods Ended June 30,

	<b>2022</b>	<b>2021</b>
<b>Cash flows from operating activities:</b>		
Increase (decrease) in net assets for the period	\$ (33,683,841)	\$ 8,639,412
Adjustments for:		
Net realized loss (gain) on sale of investments and derivatives	1,052,954	(753,016)
Net change in unrealized depreciation (appreciation) of investments and derivatives	33,712,232	(7,465,532)
Net change in unrealized depreciation (appreciation) of foreign exchange	772	(10,737)
Purchase of investments	(75,578,511)	(41,457,239)
Proceeds from the sale of investments	67,071,098	40,643,742
Amounts receivable relating to accrued income	(17,654)	(15,067)
Accrued expenses	76	2,918
<b>Net cash used in operating activities</b>	<b>(7,442,874)</b>	<b>(415,519)</b>
<b>Cash flows from financing activities:</b>		
Amount received from the issuance of shares	8,027,439	1,021,001
Amount paid on redemptions of shares	(66,375)	(216,775)
<b>Net cash from financing activities</b>	<b>7,961,064</b>	<b>804,226</b>
<b>Net increase in cash and cash equivalents during the period</b>	<b>518,190</b>	<b>388,707</b>
Effect of exchange rate fluctuations on cash and cash equivalents	(772)	10,737
<b>Cash and cash equivalents at beginning of period</b>	<b>188,160</b>	<b>152,325</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 705,578</b>	<b>\$ 551,769</b>

Dividends received, net of withholding taxes	\$ 1,138,806	\$ 438,876
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(See accompanying notes to financial statements)

**Schedule of Investments** (unaudited)

As at June 30, 2022

Security	Shares	Average Cost	Fair Value
<b>U.S. EQUITIES (97.41%)</b>			
<b>Information Technology (26.86%)</b>			
Adobe Inc.	1,943	\$ 1,167,407	\$ 915,527
Advanced Micro Devices Inc.	6,666	762,992	656,149
Akamai Technologies Inc.	662	88,309	77,825
Amphenol Corp., Class 'A'	2,458	209,037	203,694
Analog Devices Inc.	2,153	407,942	404,865
ANSYS Inc.	358	143,723	110,269
Apple Inc.	67,145	11,574,907	11,816,579
Applied Materials Inc.	3,632	499,400	425,342
Arista Networks Inc.	1,269	155,940	153,120
Autodesk Inc.	894	273,876	197,884
Automatic Data Processing Inc.	1,729	431,883	467,458
Bill.com Holdings Inc.	426	125,401	60,285
Block Inc., Class 'A'	2,133	392,650	168,744
Broadcom Inc.	1,679	1,010,344	1,049,937
Broadridge Financial Solutions Inc., ADR	480	91,883	88,075
Cadence Design Systems Inc.	1,145	199,850	221,121
CDW Corp.	556	113,925	112,763
Cisco Systems Inc.	17,093	1,066,317	938,170
CloudFlare Inc., Class 'A'	1,152	130,535	64,875
Cognex Corp.	717	62,373	39,243
Cognizant Technology Solutions Corp., Class 'A'	2,158	203,805	187,472
Corning Inc.	3,480	160,159	141,148
CoStar Group Inc.	1,625	154,789	126,360
CrowdStrike Holdings Inc., Class 'A'	865	214,012	187,679
Datadog Inc., Class 'A'	1,164	171,198	142,698
Dell Technologies Inc., Class 'C'	1,179	102,735	70,129
DocuSign Inc.	818	173,876	60,417
Electronic Arts Inc.	1,157	191,452	181,172
Entergris Inc.	559	80,873	66,292
EPAM Systems Inc.	234	119,651	88,789
FactSet Research Systems Inc.	156	83,746	77,223
Fidelity National Information Services Inc.	2,513	392,980	296,528
FleetCor Technologies Inc.	318	101,285	86,004
Fortinet Inc.	3,310	205,013	241,067
Gartner Inc.	334	95,994	103,969
Hewlett Packard Enterprise Co.	5,347	95,910	91,264
HP Inc.	4,334	161,976	182,871
HubSpot Inc.	197	113,743	76,238
Intel Corp.	16,819	1,086,171	809,905

**Schedule of Investments** (unaudited) (continued)

As at June 30, 2022

Security	Shares	Average Cost	Fair Value
International Business Machines Corp.	3,699	635,699	672,255
Intuit Inc.	1,164	645,560	577,505
Keysight Technologies Inc.	749	136,307	132,903
KLA Corp.	620	242,357	254,646
Lam Research Corp.	571	364,568	313,216
Leidos Holdings Inc.	561	70,274	72,725
Marvell Technology Inc.	3,491	231,742	195,607
MasterCard Inc., Class 'A'	3,990	1,739,834	1,620,283
Microchip Technology Inc.	2,288	196,315	171,052
Micron Technology Inc.	4,594	408,845	326,893
Microsoft Corp.	30,845	10,160,390	10,197,097
MongoDB Inc.	278	121,315	92,860
Monolithic Power Systems Inc.	191	97,389	94,418
Moody's Corp.	763	299,627	267,111
Motorola Solutions Inc.	689	181,008	185,890
MSCI Inc.	334	195,552	177,193
NetApp Inc.	916	83,401	76,923
NortonLifeLock Inc.	2,396	74,905	67,728
NVIDIA Corp.	10,301	2,291,809	2,010,000
Okta Inc.	616	149,161	71,680
ON Semiconductor Corp.	1,787	105,546	115,724
Oracle Corp.	10,979	1,025,948	987,415
Palantir Technologies Inc.	7,941	169,700	92,710
Palo Alto Networks Inc.	405	212,926	257,499
Paychex Inc.	1,486	205,910	217,808
Paycom Software Inc.	248	110,568	89,421
PayPal Holdings Inc.	4,778	1,065,519	429,533
Qorvo Inc.	446	79,956	54,148
QUALCOMM Inc.	4,637	791,271	762,448
Salesforce Inc.	4,074	1,136,705	865,478
ServiceNow Inc.	823	542,637	503,750
Skyworks Solutions Inc.	665	118,582	79,299
Snowflake Inc., Class 'A'	1,295	361,600	231,802
Splunk Inc.	661	114,888	75,265
SS&C Technologies Holdings Inc.	1,049	90,470	78,410
Synopsys Inc.	630	218,111	246,281
Take-Two Interactive Software Inc.	475	94,777	74,917
Teradyne Inc.	665	92,279	76,654
Texas Instruments Inc.	3,800	806,104	751,557
TransUnion	791	96,353	81,444
Twilio Inc.	706	214,031	76,163

**Schedule of Investments** (unaudited) (continued)

As at June 30, 2022

Security	Shares	Average Cost	Fair Value
Twitter Inc.	3,141	188,940	151,171
Tyler Technologies Inc.	170	88,525	72,755
Unity Software Inc.	1,210	126,953	57,348
Verisk Analytics Inc.	653	153,359	145,489
Visa Inc., Class 'A'	6,824	1,830,496	1,729,453
VMware Inc., Class 'A'	1,732	263,476	254,110
Western Digital Corp.	1,287	90,155	74,267
Workday Inc., Class 'A'	806	219,608	144,812
Zebra Technologies Corp., Class 'A'	217	111,941	82,107
Zendesk Inc.	501	68,128	47,767
Zoom Video Communications Inc.	1,018	296,581	141,481
ZoomInfo Technologies Inc., Class 'A'	1,659	115,420	70,983
Zscaler Inc.	580	148,111	111,621
		52,499,694	48,198,225
<b>Health Care (14.37%)</b>			
Abbott Laboratories	7,256	1,044,032	1,014,783
AbbVie Inc.	7,265	1,126,044	1,432,277
ABIOMED Inc.	187	69,513	59,577
Agilent Technologies Inc.	1,235	197,035	188,808
Align Technology Inc.	324	178,415	98,704
Alnylam Pharmaceuticals Inc.	497	95,802	93,306
AmerisourceBergen Corp.	861	144,684	156,799
Amgen Inc.	2,196	652,047	687,734
Avantor Inc.	2,510	102,852	100,480
Baxter International Inc.	2,070	207,612	171,141
Becton, Dickinson and Co.	1,172	374,832	371,915
Biogen Inc.	605	204,591	158,820
BioMarin Pharmaceutical Inc.	761	81,613	81,176
Bio-Techne Corp.	162	83,755	72,284
Boston Scientific Corp.	5,882	299,625	282,183
Bristol-Myers Squibb Co.	8,743	746,325	866,557
Cardinal Health Inc.	1,141	78,131	76,769
Catalent Inc.	737	100,227	101,782
Centene Corp.	2,397	220,814	261,057
Charles River Laboratories International Inc.	209	77,615	57,563
Cigna Corp.	1,321	382,833	448,087
Cooper Cos. Inc. (The)	203	94,417	81,819
CVS Health Corp.	5,400	582,335	644,069
Danaher Corp.	2,945	942,610	961,045
Dexcom Inc.	1,614	201,229	154,839
Edwards Lifesciences Corp.	2,555	313,225	312,732



**Schedule of Investments** (unaudited) (continued)

As at June 30, 2022

Security	Shares	Average Cost	Fair Value
Elevance Health Inc.	992	493,605	616,208
Eli Lilly and Co.	3,916	1,203,884	1,634,338
Gilead Sciences Inc.	5,158	432,988	410,380
HCA Healthcare Inc.	1,242	307,305	268,678
Hologic Inc.	1,034	89,901	92,236
Humana Inc.	521	281,569	313,902
IDEXX Laboratories Inc.	347	205,768	156,657
Illumina Inc.	646	272,376	153,301
Insulet Corp.	285	90,998	79,952
Intuitive Surgical Inc.	1,478	483,497	381,847
IQVIA Holdings Inc.	786	210,730	219,537
Johnson & Johnson	10,819	2,280,593	2,472,043
Laboratory Corp. of America Holdings	383	118,827	115,539
McKesson Corp.	617	179,243	259,077
Merck & Co. Inc.	10,403	1,073,526	1,220,834
Mettler-Toledo International Inc.	94	145,662	138,998
Moderna Inc.	1,658	358,006	304,867
Molina Healthcare Inc.	242	79,085	87,099
PerkinElmer Inc.	519	96,551	95,011
Pfizer Inc.	23,233	1,316,098	1,567,946
Quest Diagnostics Inc.	485	81,516	83,018
Regeneron Pharmaceuticals Inc.	439	317,974	334,036
ResMed Inc.	602	165,074	162,441
Seagen Inc.	756	149,138	172,184
Stryker Corp.	1,554	460,949	397,921
Teleflex Inc.	193	84,370	61,076
Thermo Fisher Scientific Inc.	1,613	1,036,078	1,127,987
UnitedHealth Group Inc.	3,873	2,049,461	2,560,613
Veeva Systems Inc., Class 'A'	574	180,144	146,322
Vertex Pharmaceuticals Inc.	1,051	317,128	381,219
Viatis Inc.	4,976	88,427	67,061
Waters Corp.	249	95,084	106,083
West Pharmaceutical Services Inc.	306	125,433	119,098
Zimmer Biomet Holdings Inc.	861	148,471	116,436
Zoetis Inc.	1,939	433,894	429,017
		24,055,566	25,789,268
<b>Financials (12.48%)</b>			
Aflac Inc.	2,672	179,505	190,302
Alexandria Real Estate Equities Inc.	671	147,996	125,264
Allstate Corp. (The)	1,136	172,706	185,312
Ally Financial Inc.	1,347	79,605	58,102

**Schedule of Investments** (unaudited) (continued)

As at June 30, 2022

Security	Shares	Average Cost	Fair Value
American Express Co.	3,116	598,170	555,993
American International Group Inc.	3,317	205,852	218,307
American Tower Corp.	1,877	602,812	617,524
Ameriprise Financial Inc.	455	138,113	139,203
Apollo Global Management Inc.	2,348	190,874	146,523
Arthur J. Gallagher & Co.	862	156,401	180,904
AvalonBay Communities Inc.	575	148,383	143,772
Bank of America Corp.	33,195	1,533,753	1,330,141
Bank of New York Mellon Corp. (The)	3,324	197,962	178,463
Berkshire Hathaway Inc., Class 'B'	5,297	1,798,629	1,861,532
BlackRock Inc.	626	577,883	490,757
Blackstone Group Inc. (The), Class 'A'	2,881	344,891	338,319
Boston Properties Inc.	645	87,613	73,875
Brown & Brown Inc.	1,161	90,319	87,186
Camden Property Trust	438	86,073	75,819
Capital One Financial Corp.	1,669	259,336	223,835
CBRE Group Inc., Class 'A'	1,360	134,777	128,861
Charles Schwab Corp. (The)	7,471	628,231	607,581
Cincinnati Financial Corp.	660	91,918	101,080
Citigroup Inc.	8,117	625,760	480,513
Citizens Financial Group Inc.	2,041	106,219	93,764
CME Group Inc.	1,480	388,530	389,965
Coinbase Global Inc., Class 'A'	714	160,700	43,214
Crown Castle International Corp.	1,781	392,877	386,012
Digital Realty Trust Inc.	1,170	216,438	195,527
Discover Financial Services	1,161	145,906	141,344
Duke Realty Corp.	1,575	97,866	111,402
Equity Residential	1,547	147,372	143,812
Essex Property Trust Inc.	269	98,052	90,550
Extra Space Storage Inc.	553	110,551	121,095
Fifth Third Bancorp	2,821	127,684	122,008
First Republic Bank	737	151,379	136,798
Fiserv Inc.	2,683	355,860	307,263
Global Payments Inc.	1,160	236,135	165,202
Goldman Sachs Group Inc. (The)	1,407	561,361	537,930
Hartford Financial Services Group Inc. (The)	1,361	105,467	114,625
Healthpeak Properties Inc.	2,220	87,166	74,040
Huntington Bancshares Inc.	5,947	104,439	92,089
Intercontinental Exchange Inc.	2,305	325,397	279,016
Invitation Homes Inc.	2,503	111,906	114,634
Iron Mountain Inc.	1,195	81,812	74,895

**Schedule of Investments** (unaudited) (continued)

As at June 30, 2022

Security	Shares	Average Cost	Fair Value
JPMorgan Chase & Co.	12,096	2,091,375	1,753,334
KeyCorp	3,787	93,272	83,990
Kimco Realty Corp.	2,541	78,265	64,663
KKR & Co. Inc.	2,433	160,103	144,969
LPL Financial Holdings Inc.	330	81,503	78,363
M&T Bank Corp.	740	148,711	151,823
Markel Corp.	56	86,128	93,222
Marsh & McLennan Cos. Inc.	2,068	371,512	413,265
MetLife Inc.	3,395	258,621	274,395
Mid-America Apartment Communities Inc.	475	100,352	106,797
Morgan Stanley	7,225	740,041	707,359
Nasdaq Inc.	677	137,718	132,929
Northern Trust Corp.	856	113,597	106,306
PNC Financial Services Group Inc.	1,708	369,400	346,863
Principal Financial Group Inc.	1,038	81,723	89,239
Progressive Corp. (The)	2,406	308,478	360,088
Prologis Inc.	3,044	466,174	460,981
Prudential Financial Inc.	1,549	187,030	190,774
Public Storage Inc.	722	272,717	290,582
Raymond James Financial Inc.	854	93,331	98,286
Realty Income Corp.	2,459	212,676	216,058
Regions Financial Corp.	3,856	94,851	93,065
S&P Global Inc.	1,428	661,588	619,557
SBA Communications Corp.	445	176,152	183,326
Signature Bank	259	94,675	59,746
Simon Property Group Inc.	1,351	197,090	165,067
State Street Corp.	1,512	149,805	119,986
Sun Communities Inc.	479	102,078	98,256
SVB Financial Group	242	147,354	123,040
Synchrony Financial	2,083	98,550	74,056
T. Rowe Price Group Inc.	937	186,396	137,026
Travelers Cos. Inc. (The)	988	191,761	215,092
Truist Financial Corp.	5,478	370,600	334,442
U.S. Bancorp	6,110	401,451	361,938
UDR Inc.	1,339	81,100	79,353
Ventas Inc.	1,644	107,813	108,834
VICI Properties Inc.	3,079	113,456	118,066
Wells Fargo & Co.	15,642	827,143	788,664
Welltower Inc.	1,868	183,476	198,010
WP Carey Inc.	788	78,043	84,046
		23,906,788	22,400,209

**Schedule of Investments** (unaudited) (continued)

As at June 30, 2022

Security	Shares	Average Cost	Fair Value
<b>Consumer Discretionary (10.51%)</b>			
Advance Auto Parts Inc.	251	59,382	55,923
Amazon.com Inc.	41,844	7,573,256	5,720,640
AutoZone Inc.	82	171,757	226,841
Bath & Body Works Inc.	981	68,505	33,993
Best Buy Co. Inc.	927	114,589	77,787
Burlington Stores Inc.	272	80,680	47,697
Caesars Entertainment Inc.	881	93,825	43,433
CarMax Inc.	660	92,852	76,867
Carnival Corp.	4,074	104,741	45,361
Chipotle Mexican Grill Inc., Class 'A'	115	203,541	193,511
Copart Inc.	977	148,111	136,650
D.R. Horton Inc.	1,458	144,494	124,221
Darden Restaurants Inc.	513	82,386	74,697
Dollar Tree Inc.	926	142,158	185,765
Domino's Pizza Inc.	148	77,413	74,242
eBay Inc.	2,417	168,719	129,642
Etsy Inc.	522	104,499	49,191
Expedia Group Inc.	618	108,458	75,436
Ford Motor Co.	16,242	264,739	232,692
General Motors Co.	5,979	341,062	244,430
Genuine Parts Co.	584	89,408	99,979
Hilton Worldwide Holdings Inc.	1,149	176,353	164,819
Home Depot Inc. (The)	4,258	1,629,125	1,503,246
Las Vegas Sands Corp.	3,143	166,725	135,894
Lennar Corp., Class 'A'	1,065	114,599	96,742
Live Nation Entertainment Inc.	924	113,386	98,218
Lowe's Cos. Inc.	2,720	639,416	611,552
Marriott International Inc., Class 'A'	1,346	248,554	235,647
Masco Corp.	973	68,901	63,374
McDonald's Corp.	3,043	906,396	967,017
MGM Resorts International	1,791	88,477	66,741
Netflix Inc.	1,828	992,853	411,469
Nike Inc., Class 'B'	5,221	869,411	686,832
NVR Inc.	14	79,397	72,158
O'Reilly Automotive Inc.	273	194,635	222,004
Pool Corp.	165	85,602	74,597
Ross Stores Inc.	1,446	186,698	130,719
Royal Caribbean Cruises Ltd.	1,050	91,273	47,183
Starbucks Corp.	4,732	573,878	465,294
Target Corp.	1,903	446,353	345,949
Tesla Inc.	4,251	3,979,203	3,684,878

**Schedule of Investments** (unaudited) (continued)

As at June 30, 2022

Security	Shares	Average Cost	Fair Value
TJX Cos. Inc. (The)	4,835	392,352	347,589
Tractor Supply Co.	461	105,677	115,030
Ulta Beauty Inc.	215	92,880	106,681
V.F. Corp.	1,600	136,847	90,969
Yum! Brands Inc.	1,186	171,650	173,287
		22,785,216	18,866,887
<b>Communication Services (9.22%)</b>			
Activision Blizzard Inc.	3,212	325,070	321,911
Airbnb Inc., Class 'A'	1,527	291,474	175,092
Alphabet Inc., Class 'A'	1,237	3,539,550	3,469,962
Alphabet Inc., Class 'C'	1,300	3,761,099	3,660,391
AT&T Inc.	29,394	999,155	793,042
Booking Holdings Inc.	168	451,805	378,218
Charter Communications Inc., Class 'A'	711	497,377	428,798
Comcast Corp., Class 'A'	18,607	1,134,670	939,835
DoorDash Inc., Class 'A'	1,305	215,809	107,793
Equinix Inc.	374	342,583	316,298
Liberty Broadband Corp., Class 'C'	585	106,805	87,078
Magallanes Inc.	9,983	263,570	172,449
Match Group Inc.	1,173	173,635	105,224
Meta Platforms Inc., Class 'A'	9,471	3,102,453	1,965,810
Omnicom Group Inc.	846	75,682	69,269
Paramount Global, Class 'B'	2,503	108,799	79,516
Roku Inc.	490	138,785	51,808
Snap Inc., Class 'A'	5,640	274,330	95,321
T-Mobile US Inc.	5,140	845,895	890,145
Trade Desk Inc. (The)	1,818	146,843	98,028
Uber Technologies Inc.	8,045	366,153	211,874
VeriSign Inc.	452	115,881	97,355
Verizon Communications Inc.	17,272	1,195,037	1,128,300
Walt Disney Co. (The)	7,493	1,364,957	910,487
		19,837,417	16,554,004
<b>Consumer Staples (7.54%)</b>			
Altria Group Inc.	7,458	433,517	400,989
Archer-Daniels-Midland Co.	2,315	188,423	231,238
Brown-Forman Corp., Class 'B'	1,275	116,520	115,145
Bunge Ltd.	587	84,030	68,524
Church & Dwight Co. Inc.	998	112,802	119,033
Clorox Co. (The)	507	110,806	92,005
Coca-Cola Co. (The)	17,835	1,302,772	1,444,238
Colgate-Palmolive Co.	3,458	348,980	356,714

**Schedule of Investments** (unaudited) (continued)

As at June 30, 2022

Security	Shares	Average Cost	Fair Value
Conagra Brands Inc.	1,975	87,636	87,046
Constellation Brands Inc., Class 'A'	676	193,196	202,797
Costco Wholesale Corp.	1,823	995,640	1,124,662
Dollar General Corp.	941	257,069	297,291
Estée Lauder Cos. Inc. (The), Class 'A'	957	335,335	313,715
General Mills Inc.	2,478	201,244	240,662
Hershey Co. (The)	601	138,695	166,449
Hormel Foods Corp.	2,243	146,439	136,737
J.M. Smucker Co. (The)	446	77,779	73,489
Kellogg Co.	1,400	118,658	128,560
Keurig Dr Pepper Inc.	5,834	264,068	265,762
Kimberly-Clark Corp.	1,386	240,640	241,116
Kraft Heinz Co. (The)	5,039	251,660	247,384
Kroger Co. (The)	2,977	156,740	181,368
McCormick & Co. Inc.	1,030	117,217	110,374
Mondelez International Inc., Class 'A'	5,691	439,548	454,838
Monster Beverage Corp.	2,178	242,731	259,886
PepsiCo Inc.	5,691	1,116,963	1,220,860
Philip Morris International Inc.	6,378	760,993	810,632
Procter & Gamble Co. (The)	9,871	1,769,046	1,826,989
Sysco Corp.	2,088	206,872	227,673
Tyson Foods Inc., Class 'A'	1,203	119,625	133,264
Walgreens Boots Alliance Inc.	3,553	209,056	173,333
Walmart Inc.	11,322	2,028,455	1,771,868
		13,173,155	13,524,641
<b>Industrials (7.06%)</b>			
3M Co.	2,341	493,332	389,956
Ametek Inc.	951	145,439	134,519
Boeing Co. (The)	2,430	612,915	427,646
Carrier Global Corp.	3,509	178,847	161,069
Caterpillar Inc.	2,204	537,332	507,140
Cintas Corp.	421	196,963	202,420
CSX Corp.	8,963	348,697	335,270
Cummins Inc.	585	160,811	145,730
Deere & Co.	1,263	508,623	486,858
Delta Air Lines Inc.	2,637	129,497	98,334
Dover Corp.	593	103,989	92,605
Emerson Electric Co.	2,445	264,319	250,329
Equifax Inc.	506	132,556	119,049
Expeditors International of Washington Inc.	689	91,114	86,435
Fastenal Co.	2,368	152,609	152,161

**Schedule of Investments** (unaudited) (continued)

As at June 30, 2022

Security	Shares	Average Cost	Fair Value
FedEx Corp.	1,066	328,759	311,081
Fortive Corp.	1,478	125,501	103,457
Generac Holdings Inc.	263	96,390	71,288
General Dynamics Corp.	1,144	287,682	325,803
General Electric Co.	4,533	498,405	371,507
Honeywell International Inc.	2,821	699,564	631,137
IDEX Corp.	313	78,940	73,178
Illinois Tool Works Inc.	1,283	338,013	300,982
Ingersoll Rand Inc.	1,678	99,498	90,890
J.B. Hunt Transport Services Inc.	432	89,942	87,564
Jacobs Engineering Group Inc.	533	83,142	87,221
Johnson Controls International PLC	2,890	207,265	178,114
L3Harris Technologies Inc.	794	218,876	247,026
Lockheed Martin Corp.	1,095	547,151	606,022
Norfolk Southern Corp.	1,068	332,723	312,462
Northrop Grumman Corp.	641	315,823	394,866
Old Dominion Freight Line Inc.	468	149,649	154,386
Otis Worldwide Corp.	1,741	163,507	158,373
PACCAR Inc.	1,430	156,990	151,563
Parker Hannifin Corp.	528	180,410	167,226
Plug Power Inc.	2,378	96,649	50,720
Quanta Services Inc.	591	87,541	95,351
Raytheon Technologies Corp.	6,131	661,550	758,483
Republic Services Inc.	1,299	198,999	218,824
Rockwell Automation Inc.	479	153,327	122,888
Roper Technologies Inc.	434	234,125	220,469
Southwest Airlines Co.	2,438	142,112	113,352
Stanley Black & Decker Inc.	621	126,952	83,820
Teledyne Technologies Inc.	192	97,875	92,706
Textron Inc.	890	80,981	69,962
TransDigm Group Inc.	228	167,905	157,503
Trimble Inc.	1,030	88,250	77,202
Union Pacific Corp.	2,585	705,728	709,670
United Airlines Holdings Inc.	1,344	79,165	61,277
United Parcel Service Inc., Class 'B'	3,017	692,573	708,891
United Rentals Inc.	297	103,062	92,864
W.W. Grainger Inc.	211	117,592	123,423
Wabtec Corp.	758	78,700	80,085
Waste Management Inc.	1,709	301,725	336,529
Xylem Inc.	741	93,005	74,569
		13,363,089	12,662,255

**Schedule of Investments** (unaudited) (continued)

As at June 30, 2022

Security	Shares	Average Cost	Fair Value
<b>Energy (4.43%)</b>			
APA Corp.	1,427	79,024	64,106
Baker Hughes Co.	4,050	141,796	150,504
Cheniere Energy Inc.	1,046	130,196	179,113
Chevron Corp.	8,085	1,201,417	1,506,727
ConocoPhillips	5,333	460,392	616,513
Coterra Energy Inc.	3,336	97,702	110,745
Devon Energy Corp.	2,733	162,994	193,872
Diamondback Energy Inc.	730	107,633	113,839
Enphase Energy Inc.	555	117,375	139,479
EOG Resources Inc.	2,408	262,129	342,317
EQT Corp.	1,550	82,039	68,634
Exxon Mobil Corp.	17,389	1,444,958	1,916,890
Halliburton Co.	3,705	124,278	149,558
Hess Corp.	1,281	133,788	174,685
Kinder Morgan Inc.	9,329	200,521	201,259
Marathon Oil Corp.	2,957	100,455	85,565
Marathon Petroleum Corp.	2,297	183,558	243,070
Occidental Petroleum Corp.	3,857	179,459	292,323
ONEOK Inc.	1,837	124,729	131,235
Phillips 66	1,979	203,191	208,859
Pioneer Natural Resources Co.	995	230,070	285,713
Schlumberger Ltd.	5,815	229,329	267,666
Targa Resources Corp.	939	88,641	72,122
Valero Energy Corp.	1,685	174,759	230,514
Williams Cos. Inc. (The)	5,008	167,129	201,189
		6,427,562	7,946,497
<b>Utilities (2.90%)</b>			
AES Corp. (The)	2,746	78,731	74,263
Alliant Energy Corp.	1,032	73,793	77,857
Ameren Corp.	1,062	113,711	123,523
American Electric Power Co. Inc.	2,076	235,760	256,374
American Water Works Co. Inc.	749	146,839	143,431
Atmos Energy Corp.	557	81,252	80,372
CenterPoint Energy Inc.	2,590	84,029	98,615
CMS Energy Corp.	1,194	96,293	103,742
Consolidated Edison Inc.	1,457	153,897	178,355
Constellation Energy Corp.	1,343	76,356	98,986
Dominion Energy Inc.	3,335	331,816	342,609
DTE Energy Co.	797	115,805	130,033
Duke Energy Corp.	3,167	400,796	437,048



**Schedule of Investments** (unaudited) (continued)

As at June 30, 2022

Security	Shares	Average Cost	Fair Value
Edison International	1,567	123,374	127,558
Entergy Corp.	837	114,781	121,357
Evergy Inc.	934	74,346	78,446
Eversource Energy	1,418	154,160	154,179
Exelon Corp.	4,032	184,337	235,210
FirstEnergy Corp.	2,348	113,833	116,028
NextEra Energy Inc.	8,080	784,724	805,629
PG&E Corp.	10,142	147,470	130,287
PPL Corp.	3,028	110,206	105,743
Public Service Enterprise Group Inc.	2,066	159,995	168,284
Sempra Energy	1,299	227,392	251,262
Southern Co. (The)	4,372	361,476	401,307
WEC Energy Group Inc.	1,298	157,225	168,148
Xcel Energy Inc.	2,240	192,980	204,024
		4,895,377	5,212,670
<b>Materials (2.04%)</b>			
Air Products and Chemicals Inc.	912	310,492	282,306
Albemarle Corp.	482	120,087	129,658
Alcoa Corp.	759	61,607	44,531
Avery Dennison Corp.	339	76,354	70,634
Ball Corp.	1,321	140,395	116,936
Celanese Corp.	445	77,124	67,367
CF Industries Holdings Inc.	860	108,097	94,902
Corteva Inc.	2,990	171,050	208,370
Crown Holdings Inc.	508	66,078	60,270
Dow Inc.	3,025	214,992	200,958
DuPont de Nemours Inc.	2,092	175,892	149,667
Eastman Chemical Co.	531	68,378	61,358
Ecolab Inc.	1,179	290,428	233,347
FMC Corp.	519	79,056	71,489
Freeport-McMoRan Inc., Class 'B'	5,985	239,448	225,416
International Flavors & Fragrances Inc.	1,049	178,323	160,844
International Paper Co.	1,545	95,139	83,188
Martin Marietta Materials Inc.	257	106,769	98,992
Mosaic Co. (The)	1,489	119,343	90,523
Newmont Corp.	3,260	253,626	250,392
Nucor Corp.	1,104	125,407	148,374
Packaging Corp. of America	386	78,804	68,318
PPG Industries Inc.	972	173,702	143,057
Sherwin-Williams Co. (The)	1,072	343,375	308,969
Steel Dynamics Inc.	787	85,117	67,012

**Schedule of Investments** (unaudited) (continued)

As at June 30, 2022

Security	Shares	Average Cost	Fair Value
Vulcan Materials Co.	547	112,227	100,052
Weyerhaeuser Co.	3,074	132,931	131,051
		4,004,241	3,667,981
<b>TOTAL U.S. EQUITIES</b>		<b>184,948,105</b>	<b>174,822,637</b>
<b>GLOBAL EQUITIES (2.14%)</b>			
<b>Information Technology (0.59%)</b>			
Accenture PLC, Class 'A'	2,724	1,004,093	973,533
Seagate Technology Holdings PLC	901	88,757	82,854
		1,092,850	1,056,387
<b>Financials (0.53%)</b>			
Aon PLC	881	279,855	305,823
Arch Capital Group Ltd.	1,557	80,315	91,170
Chubb Ltd.	1,744	394,055	441,298
Willis Towers Watson PLC	466	131,695	118,402
		885,920	956,693
<b>Health Care (0.52%)</b>			
Horizon Therapeutics PLC	943	107,916	96,815
Medtronic PLC	5,519	764,309	637,589
Royalty Pharma PLC, Class 'A'	1,791	98,605	96,918
STERIS PLC	413	106,478	109,592
		1,077,308	940,914
<b>Industrials (0.24%)</b>			
Eaton Corp. PLC	1,644	283,013	266,615
Trane Technologies PLC	961	186,036	160,649
		469,049	427,264
<b>Consumer Discretionary (0.17%)</b>			
Garmin Ltd.	795	119,148	100,541
Stellantis NV	12,883	263,843	204,966
		382,991	305,507
<b>Materials (0.09%)</b>			
LyondellBasell Industries NV, Class 'A'	1,348	163,485	151,756
<b>TOTAL GLOBAL EQUITIES</b>		<b>4,071,603</b>	<b>3,838,521</b>
<b>TOTAL INVESTMENT PORTFOLIO (99.55%)</b>		<b>\$ 189,019,708</b>	<b>\$ 178,661,158</b>
<b>Cash and cash equivalents (0.39%)</b>			705,578
<b>Other assets less liabilities (0.06%)</b>			104,488
<b>TOTAL NET ASSETS (100.00%)</b>			<b>\$ 179,471,224</b>

(See accompanying notes to financial statements)

**Notes to Consolidated Financial Statements - ETF Specific Information** (unaudited)

For the Periods Ended June 30, 2022 and 2021

**A. ETF INFORMATION (NOTE 1)**

The following table lists specific information about the ETF, the tickers under which the Cdn\$ Shares and US\$ Shares (if applicable), as described in note 1, trade on the Toronto Stock Exchange (the "TSX"), the functional and presentation currency of the ETF in either Canadian ("CAD") or U.S. ("USD") dollars, and the effective start of operations of the ETF.

ETF Name	TSX Ticker(s)	Reporting Currency	Effective Start of Operations
Horizons US Large Cap Index ETF	HULC, HULC.U	CAD	February 5, 2020

**Investment Objective**

HULC seeks to replicate, to the extent possible, the performance of the Solactive US Large Cap Index (CA NTR) (the "Underlying Index", Bloomberg ticker: SOLUSLCC), net of expenses. The Solactive US Large Cap Index (CA NTR) is designed to measure the performance of the large-cap market segment of the U.S. equity market.

**Share Split Transaction**

The shares of the ETF were split on a two-for-one basis effective July 5, 2021. All relevant share and per share historical data prior to July 5, 2021, has been adjusted to reflect the split.

**B. FINANCIAL INSTRUMENTS RISK (NOTE 5)**
**(a) Market risks**
**(i) Currency risk**

The following table indicates the foreign currencies to which the ETF had significant exposure As at June 30, 2022, and December 31, 2021, in Canadian dollar terms and the potential impact on the ETF's net assets (including the underlying principal amount of future or forward currency contracts, if any), as a result of a 1% change in these currencies relative to the Canadian dollar:

June 30, 2022	Financial Instruments	Currency Forward and/ or Futures Contracts	Total	Impact on Net Asset Value
Currency	(\$000's)	(\$000's)	(\$000's)	(\$000's)
U.S. Dollar	179,416	–	179,416	1,794
Total	179,416	–	179,416	1,794
As % of Net Asset Value	100.0%	–	100.0%	1.0%

**Notes to Consolidated Financial Statements - ETF Specific Information** (unaudited) (continued)

For the Periods Ended June 30, 2022 and 2021

December 31, 2021	Financial Instruments	Currency Forward and/ or Futures Contracts	Total	Impact on Net Asset Value
Currency	(\$000's)	(\$000's)	(\$000's)	(\$000's)
U.S. Dollar	143,346	–	143,346	1,433
Total	143,346	–	143,346	1,433
As % of Net Asset Value	99.9%	–	99.9%	1.0%

**(ii) Interest rate risk**

As at June 30, 2022, and December 31, 2021, the ETF did not hold any long-term debt instruments and did not have any exposure to interest rate risk.

**(iii) Market price risk**

For the period ended June 30, 2022, the US\$ Shares of the ETF returned -21.48%. This compares to a return of -21.50% for the Underlying Index for the same period. The above figures are adjusted for distributions, if any.

Generally, the difference in performance between the ETF and the Underlying Index is due to expenses payable by the ETF, which include management fees plus applicable sales taxes. The net asset value of the ETF's Cdn\$ Shares are impacted by the daily Canadian/U.S. dollar exchange rate. Since the securities in the Underlying Index are traded in U.S. dollars and are unhedged, the Cdn\$ Shares of the ETF will be positively or negatively affected by an appreciation or depreciation of the U.S. dollar versus the Canadian dollar.

The table below shows the estimated impact on the ETF of a 1% increase or decrease in the Underlying Index, based on historical correlation, with all other factors remaining constant, as at the dates shown. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Underlying Index	June 30, 2022	December 31, 2021
Solactive US Large Cap Index (CA NTR)	\$1,668,119	\$1,234,498

**(b) Credit risk**

As at June 30, 2022, and December 31, 2021, due to the nature of its portfolio investments, the ETF did not have any material credit risk exposure.

**Notes to Consolidated Financial Statements - ETF Specific Information** (unaudited) (continued)

For the Periods Ended June 30, 2022 and 2021

**C. FAIR VALUE MEASUREMENT (NOTE 6)**

The following is a summary of the inputs used as at June 30, 2022, and December 31, 2021, in valuing the ETF's investments and derivatives carried at fair values:

	June 30, 2022			December 31, 2021		
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)
<b>Financial Assets</b>						
Equities	178,661,158	–	–	143,186,109	–	–
<b>Total Financial Assets</b>	<b>178,661,158</b>	–	–	<b>143,186,109</b>	–	–
<b>Total Financial Liabilities</b>	–	–	–	–	–	–
<b>Net Financial Assets and Liabilities</b>	<b>178,661,158</b>	–	–	<b>143,186,109</b>	–	–

There were no significant transfers made between Levels 1 and 2 as a result of changes in the availability of quoted market prices or observable market inputs during the year or period shown. In addition, there were no investments or transactions classified in Level 3 for the period ended June 30, 2022, and for the year ended December 31, 2021.

**D. SECURITIES LENDING (NOTE 7)**

The aggregate closing market value of securities loaned and collateral received as at June 30, 2022, and December 31, 2021, was as follows:

As at	Securities Loaned	Collateral Received
June 30, 2022	\$2,022,459	\$2,132,580
December 31, 2021	\$2,633,405	\$2,816,858

Collateral may comprise, but is not limited to, cash and obligations of or guaranteed by the Government of Canada or a province thereof; by the United States government or its agencies; by some sovereign states; by permitted supranational agencies; and short-term debt of Canadian financial institutions, if, in each case, the evidence of indebtedness has a designated rating as defined by NI 81-102.

The table below presents a reconciliation of the securities lending income as presented in the statements of comprehensive income for the periods ended June 30, 2022 and 2021. It shows the gross amount of securities lending revenues generated from the securities lending transactions of the ETF, less any taxes withheld and amounts earned by parties entitled to receive payments out of the gross amount as part of any securities lending agreements.

For the periods ended	June 30, 2022	% of Gross Income	June 30, 2021	% of Gross Income
Gross securities lending income	\$3,523		\$662	
Withholding taxes	(282)	8.00%	(18)	2.72%
Lending Agents' fees:				
Canadian Imperial Bank of Commerce	(1,294)	36.73%	(257)	38.82%
<b>Net securities lending income paid to the ETF</b>	<b>\$1,947</b>	<b>55.27%</b>	<b>\$387</b>	<b>58.46%</b>

**Notes to Consolidated Financial Statements - ETF Specific Information** (unaudited) (continued)

For the Periods Ended June 30, 2022 and 2021

**E. REDEEMABLE SHARES (NOTE 8)**

For the periods ended June 30, 2022 and 2021, the number of ETF Shares issued by subscription, the number of ETF Shares redeemed, the total and average number of ETF Shares outstanding was as follows:

Period	Beginning Units Outstanding	Units Issued	Units Redeemed	Ending Units Outstanding	Average Units Outstanding
2022	2,032,800	1,175,000	(25,000)	3,182,800	2,331,833
2021	1,000,000	850,000	(150,000)	1,700,000	1,220,166

**F. BROKER COMMISSIONS, SOFT DOLLARS AND RELATED PARTY TRANSACTIONS (NOTE 10)**

Brokerage commissions paid to dealers in connection with investment portfolio transactions, soft dollar transactions incurred and amounts paid to related parties of the Manager, if any, for the periods ended June 30, 2022 and 2021, were as follow:

Period Ended	Brokerage Commissions Paid	Soft Dollar Transactions	Amount Paid to Related Parties
June 30, 2022	\$1,092	\$nil	\$nil
June 30, 2021	\$352	\$nil	\$nil

**G. OFFSETTING OF FINANCIAL INSTRUMENTS (NOTE 13)**

As at June 30, 2022, and December 31, 2021, the ETF did not have any financial instruments eligible for offsetting.

**H. INTERESTS IN SUBSIDIARIES, ASSOCIATES AND UNCONSOLIDATED STRUCTURED ENTITIES (NOTE 14)**

As at June 30, 2022, and December 31, 2021, the ETF had no exposure to subsidiaries, associates or unconsolidated structured entities.

## Notes to Consolidated Financial Statements (unaudited)

For the Periods Ended June 30, 2022 and 2021

### 1. REPORTING ENTITY

Horizons ETF Corp. (the “Company”) is a mutual fund corporation established on October 10, 2019, under the federal laws of Canada. The authorized capital of the Company includes an unlimited number of non-cumulative, redeemable, non-voting classes of shares (each, a “Corporate Class” or “ETF”), issuable in an unlimited number of series, and one class of voting shares designated as “Class J Shares”. Each Corporate Class is a separate investment fund having specific investment objectives and is specifically referable to a separate portfolio of investments. These consolidated financial statements (the “financial statements”) as at June 30, 2022, and December 31, 2021, and for the periods ended June 30, 2022 and 2021, comprise the Company and its wholly-owned entities and are presented on the basis outlined below. ETF-specific information and the investment objectives for each ETF in the Company are disclosed in the ETF-specific notes information to the consolidated financial statements of each ETF. Each ETF is a separate Corporate Class and currently consists of a single series of exchange traded fund shares (“ETF Shares”) of the applicable Corporate Class of the Company.

Each ETF is offered for sale on a continuous basis by the Company’s prospectus in ETF Shares which trade on the Toronto Stock Exchange (“TSX”) in Canadian dollars (“Cdn\$ Shares”) and, where applicable, in U.S. dollars (“US\$ Shares”). Subscriptions for US\$ Shares can be made in either U.S. or Canadian dollars. An investor may buy or sell shares of the ETF on the TSX through a registered broker or dealer in the province or territory where the investor resides. Investors are able to trade shares of the ETF in the same way as other securities traded on the TSX, including by using market orders and limit orders and may incur customary brokerage commissions when buying or selling shares.

Horizons ETFs Management (Canada) Inc. (“Horizons Management” or the “Manager” or the “Investment Manager”) is the manager and investment manager of the Company and of each Corporate Class. The Investment Manager is responsible for implementing each ETF’s investment strategies. The address of the Company’s registered office is: c/o Horizons ETFs Management (Canada) Inc., 55 University Avenue, Suite 800, Toronto, Ontario, M5J 2H7.

#### **Investment Objective**

The purpose of each ETF is to invest the net assets attributable to that ETF in accordance with its investment objectives, as defined in the Company’s prospectus. The investment objective for each ETF is set out in note A in the ETF-specific notes information.

### 2. BASIS OF PREPARATION

#### **(i) Statement of compliance**

The ETF’s financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board. Any mention of total net assets, net assets, net asset value or increase (decrease) in net assets is referring to net assets or increase (decrease) in net assets attributable to holders of redeemable shares as reported under IFRS.

These financial statements were authorized for issue on August 12, 2022, by the Board of Directors of the Company.

#### **(ii) Basis of measurement**

The financial statements have been prepared on the historical cost basis except for financial instruments at fair value through profit or loss, which are measured at fair value.

## Notes to Consolidated Financial Statements (unaudited) (continued)

For the Periods Ended June 30, 2022 and 2021

### 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

#### (a) Financial instruments

##### *(i) Recognition, initial measurement and classification*

The ETF is subject to IFRS 9, Financial Instruments (“IFRS 9”) for the classification and measurement requirements for financial instruments, including impairment of financial assets and hedge accounting.

IFRS 9 requires financial assets to be classified based on the ETF’s business model for managing the financial assets and contractual cash flow characteristics of the financial assets. The standard includes three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income, and fair value through profit or loss (“FVTPL”). IFRS 9 requires classification of debt instruments, if any, based solely on payment of principal and interest, and business model tests.

The ETF’s financial assets and financial liabilities are managed and its performance is evaluated on a fair value basis. The contractual cash flows of the ETF’s debt securities, if any, consist solely of principal and interest, however, these securities are neither held in held-to-collect, or held-to-collect-and-sell business models in IFRS 9.

Financial assets and financial liabilities at FVTPL are initially recognized on the trade date, at fair value (see below), with transaction costs recognized in the statements of comprehensive income. Other financial assets and financial liabilities are recognized on the date on which they are originated at fair value.

The ETF classifies financial assets and financial liabilities into the following categories:

- Financial assets mandatorily classified at FVTPL: debt securities, equity investments and derivative financial instruments
- Financial assets at amortized cost: all other financial assets
- Financial liabilities classified at FVTPL: derivative financial instruments and securities sold short, if any
- Financial liabilities at amortized cost: all other financial liabilities

##### *(ii) Fair value measurement*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the ETF has access at that date. The fair value of a liability reflects its non-performance risk.

Investments are valued at fair value as of the close of business on each valuation date, as defined in the ETF’s prospectus (“Valuation Date”) and based on external pricing sources to the extent possible. Investments held that are traded in an active market through recognized public stock exchanges, over-the-counter markets, or through recognized investment dealers, are valued at their closing sale price. However, such prices may be adjusted if a more accurate value can be obtained from recent trading activity or by incorporating other relevant information that may not have been reflected in pricing obtained from external sources. Short-term investments, including notes and money market instruments, are valued at amortized cost which approximates fair value.



## Notes to Consolidated Financial Statements (unaudited) (continued)

For the Periods Ended June 30, 2022 and 2021

Investments held that are not traded in an active market, including some derivative financial instruments, are valued using observable market inputs where possible, on such basis and in such manner as established by the Manager. Derivative financial instruments are recorded in the statements of financial position according to the gain or loss that would be realized if the contracts were closed out on the Valuation Date. Margin deposits, if any, are included in the schedule of investments as margin deposits. See also the summary of fair value measurements in note 6.

Fair value policies used for financial reporting purposes are the same as those used to measure the net asset value (“NAV”) for transactions with shareholders.

The fair value of other financial assets and liabilities approximates their carrying values due to the short-term nature of these instruments.

### ***(iii) Offsetting***

Financial assets and liabilities are offset and the net amount presented in the statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis for gains and losses from financial instruments at FVTPL and foreign exchange gains and losses.

### ***(iv) Specific instruments***

#### **Cash**

Cash consists of cash on deposit.

#### **Redeemable shares**

The Company has made significant judgments when determining the classification of each ETF’s redeemable securities as financial liabilities in accordance with IAS 32 – Financial Instruments – Presentation (“IAS 32”).

Each ETF’s redeemable shares are classes in the Company. The classes will not participate pro rata in the residual net assets of the Company in the event of the Company’s liquidation and they do not have identical features. Consequently, each ETF’s outstanding redeemable shares are classified as financial liabilities in accordance with the requirements of IAS 32.

#### **Derivative agreements**

In order to achieve its investment objective, the ETF may enter into derivative agreements (the “Derivative Agreements”) with one or more bank counterparties (each a “Counterparty”). The value of these derivative agreements is the gain or loss that would be realized if, on the Valuation Date, the agreements were to be closed out. That value is recorded as a derivative asset and/or derivative liability in the statements of financial position and included in the net change in unrealized appreciation (depreciation) of investments and derivatives in the statements of comprehensive income.

When these derivative contracts are closed out or mature, realized gains or losses on the derivative agreements are recognized and are included in the statements of comprehensive income in net realized gain (loss) on sale of investments and derivatives.

**Notes to Consolidated Financial Statements** (unaudited) (continued)

For the Periods Ended June 30, 2022 and 2021

**(b) Investment income**

Investment transactions are accounted for as of the trade date. Realized gains and losses from investment transactions are calculated on a weighted average cost basis. The difference between fair value and average cost, as recorded in the financial statements, is included in the statements of comprehensive income as part of the net change in unrealized appreciation (depreciation) of investments and derivatives. Interest income for distribution purposes from investments in bonds and short-term investments, if any, represents the coupon interest received by the ETF accounted for on an accrual basis. Dividend income, if any, is recognized on the ex-dividend date. Distribution income from investments in other funds or ETFs, if any, is recognized when earned.

Income from derivatives is shown in the statements of comprehensive income as net realized gain (loss) on sale of investments and derivatives; net change in unrealized appreciation (depreciation) of investments and derivatives; and, interest income for distribution purposes, in accordance with its nature.

Income from securities lending, if any, is included in "Securities lending income" on the statements of comprehensive income and is recognized when earned. Any securities on loan continue to be displayed in the schedule of investments and the market value of the securities loaned and collateral held is determined daily (see note 7).

If the ETF incurs withholding taxes imposed by certain countries on investment income and capital gains, such income and gains are recorded on a gross basis and the related withholding taxes are shown as a separate expense in the statements of comprehensive income.

**(c) Foreign currency**

Transactions in foreign currencies, if any, are translated into the ETF's reporting currency using the exchange rate prevailing on the trade date. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the period-end exchange rate. Foreign exchange gains and losses, if any, are presented as "Net realized gain (loss) on foreign exchange", except for those arising from financial instruments at fair value through profit or loss, which are recognized as a component within "Net realized gain (loss) on sale of investments and derivatives" and "Net change in unrealized appreciation (depreciation) of investments and derivatives" in the statements of comprehensive income.

**(d) Cost basis**

The cost of portfolio investments is determined on an average cost basis.

**(e) Increase (decrease) in net assets attributable to holders of redeemable shares per share**

The increase (decrease) in net assets per share in the statements of comprehensive income represents the change in net assets attributable to holders of redeemable shares from operations divided by the weighted average number of shares of the ETF outstanding during the reporting period.

**(f) Shareholder transactions**

The value at which shares of the ETF are issued or redeemed is determined by dividing the net asset value of the ETF by the total number of shares outstanding of the ETF on the applicable Valuation Date. Amounts received on the issuance of shares and amounts paid on the redemption of shares are included in the statements of changes in financial position. Orders for subscriptions or redemptions are only permissible on valid trading days, as defined in the ETF's prospectus.

## Notes to Consolidated Financial Statements (unaudited) (continued)

For the Periods Ended June 30, 2022 and 2021

### (g) Amounts receivable (payable) relating to portfolio assets sold (purchased)

In accordance with the ETF's policy of trade date accounting for sale and purchase transactions, sales/purchase transactions awaiting settlement represent amounts receivable/payable for securities sold/purchased, but not yet settled as at the reporting date.

### (h) Net assets attributable to holders of redeemable shares per share

Net assets attributable to holders of redeemable shares per share is calculated by dividing the ETF's net assets attributable to holders of redeemable shares by the number of shares of the ETF outstanding on the Valuation Date.

### (i) Transaction costs

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of an investment, which include fees and commissions paid to agents, advisors, brokers and dealers, fees incurred in conjunction with the ETF's derivative agreements, levies by regulatory agencies and securities exchanges, and any applicable transfer taxes and duties. Transaction costs are expensed and are included in "Transaction costs" in the statements of comprehensive income.

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing these financial statements, the Manager has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

The ETF may hold financial instruments that are not quoted in active markets, including derivatives. The determination of the fair value of these instruments is the area with the most significant accounting judgements and estimates that the ETF has made in preparing the financial statements. See note 6 for more information on the fair value measurement of the ETF's financial instruments.

## 5. FINANCIAL INSTRUMENTS RISK

In the normal course of business, the ETF's investment activities expose it to a variety of financial risks. The Manager seeks to minimize potential adverse effects of these risks for the ETF's performance by employing professional, experienced portfolio advisors, by daily monitoring of the ETF's positions and market events, and periodically may use derivatives to hedge certain risk exposures. To assist in managing risks, the Manager maintains a governance structure that oversees the ETF's investment activities and monitors compliance with the ETF's stated investment strategies, internal guidelines and securities regulations.

Please refer to the Company's most recent prospectus for a complete discussion of the risks attributed to an investment in the shares of the ETF. Significant financial instrument risks that are relevant to the ETF are discussed below and an analysis thereof is included in note B of the ETF-specific notes information.

## Notes to Consolidated Financial Statements (unaudited) (continued)

For the Periods Ended June 30, 2022 and 2021

### (a) Market risks

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) will affect the ETF's income or the fair value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

#### (i) *Currency risk*

Currency risk is the risk that financial instruments which are denominated in currencies other than the ETF's reporting currency will fluctuate due to changes in exchange rates and adversely impact the ETF's income, cash flows or fair values of its investment holdings.

#### (ii) *Interest rate risk*

The ETF may be exposed to the risk that the fair value of future cash flows of its financial instruments will fluctuate as a result of changes in market interest rates. In general, the value of interest-bearing financial instruments will rise if interest rates fall, and conversely, will generally fall if interest rates rise. There is minimal sensitivity to interest rate fluctuation on cash and cash equivalents invested at short-term market rates since those securities are usually held to maturity and are short term in nature.

#### (iii) *Market price risk*

Other market price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment.

The ETF is subject to other 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 securities comprising the Underlying Index declines. The ETF intends to remain fully invested regardless of market conditions.

### (b) Credit risk

Credit risk on financial instruments is the risk of a financial loss occurring as a result of the default of a counterparty on its obligation to the ETF. It arises principally from debt securities held, and also from derivative financial assets, cash and cash equivalents, and other receivables.

The ETF's maximum credit risk exposure as at the reporting date is represented by the respective carrying amounts of the financial assets in the statements of financial position, including any positive mark-to-market of the ETF's Derivative Agreement(s). This amount is included in "Derivative assets" (if any) in the statements of financial position. The credit risk related to any one Derivative Agreement is concentrated in the Counterparty to that particular Derivative Agreement.

Credit risk is managed by dealing with counterparties the Manager believes to be creditworthy and which meet the designated rating requirements of National Instrument 81-102 ("NI 81-102").

**Notes to Consolidated Financial Statements** (unaudited) (continued)

For the Periods Ended June 30, 2022 and 2021

**(c) Liquidity risk**

Liquidity risk is the risk that the ETF will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The ETF's policy and the Investment Manager's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, including estimated redemptions of shares, without incurring unacceptable losses or risking damage to the ETF's reputation. Generally, liabilities of the ETF are due within 90 days. Liquidity risk is managed by investing the majority of the ETF's assets in investments that are traded in an active market and can be readily disposed. The ETF aims to retain sufficient cash and cash equivalent positions to maintain liquidity; therefore, the liquidity risk for the ETF is considered minimal.

**6. FAIR VALUE MEASUREMENT**

IFRS 13, Fair Value Measurement ("IFRS 13") requires a classification of fair value measurements of the ETF's investments based on a three level fair value hierarchy and a reconciliation of transactions and transfers within that hierarchy. The hierarchy of fair valuation inputs is summarized as follows:

- Level 1: securities that are valued based on quoted prices in active markets.
- Level 2: securities that are valued based on inputs other than quoted prices that are observable, either directly as prices, or indirectly as derived from prices.
- Level 3: securities that are valued with significant unobservable market data.

Changes in valuation methods may result in transfers into or out of an investment's assigned level. The fair value hierarchy classification of the ETF's assets and liabilities and additional disclosures relating to transfers between levels is included in note C in the ETF-specific notes information.

**7. SECURITIES LENDING**

In order to generate additional returns, the ETF is authorized to enter into securities lending agreements with borrowers deemed acceptable in accordance with NI 81-102. Under a securities lending agreement, the borrower must pay the ETF a negotiated securities lending fee, provide compensation to the ETF equal to any distributions received by the borrower on the securities borrowed, and the ETF must receive an acceptable form of collateral in excess of the value of the securities loaned. 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. Revenue, if any, earned on securities lending transactions during the period is disclosed in the ETF's statements of comprehensive income.

The aggregate closing market value of securities loaned and collateral received, if any, as at June 30, 2022, and December 31, 2021, and a reconciliation of the securities lending income for the periods ended June 30, 2022 and 2021, if any, as presented in the statements of comprehensive income are presented in note D of the ETF-specific notes information.

**8. REDEEMABLE SHARES**

The authorized capital of the Company includes an unlimited number of non-cumulative, redeemable, non-voting Corporate Classes, issuable in an unlimited number of series, including the ETF Shares, and one class of voting shares designated as "Class J Shares". Each Corporate Class is a separate investment fund having specific investment objectives and is specifically referable to a separate portfolio of investments. Each ETF of the Company is a separate Corporate Class.

## Notes to Consolidated Financial Statements (unaudited) (continued)

For the Periods Ended June 30, 2022 and 2021

Each ETF Share entitles the owner to one vote at meetings of shareholders of the applicable Corporate Class to which they are entitled to vote. Each shareholder is entitled to participate equally with all other shares of the same Corporate Class or series of Corporate Class with respect to all payments made to shareholders, other than management fee rebates, including dividends and distributions and, on liquidation, to participate equally in the net assets of the applicable Corporate Class remaining after satisfaction of any outstanding liabilities that are attributable to ETF Shares of the Corporate Class.

The redeemable shares issued by the ETF provide an investor with the right to require redemption for cash at a value proportionate to the investor's share in the ETF's net assets at each redemption date. The ETF's objectives in managing the redeemable shares are to meet the ETF's investment objective, and to manage liquidity risk arising from redemptions. The ETF's liquidity risk arising from redeemable shares is discussed in note 5.

On any valid trading day, as defined in the ETF's prospectus, shareholders of the ETF may redeem: (i) ETF Shares for cash at a redemption price per ETF Share equal to 95% of the closing price for the ETF Shares in the applicable currency on the TSX on the effective day of the redemption, subject to a maximum redemption price per ETF Share equal to the net asset value per ETF Share on the effective day of redemption; or (ii) at the sole discretion of the Manager, a prescribed number of shares ("PNS") or a whole multiple PNS for cash in the applicable currency equal to the net asset value of that number of ETF Shares in such currency next determined following the receipt of the redemption request, less any applicable redemption charge as determined by the Manager in its sole discretion; or (iii) at the sole discretion of the Manager, a PNS or a whole multiple PNS in exchange for securities and cash in the applicable currency equal to the net asset value of that number of ETF Shares in such currency following the receipt of the redemption request, provided that a securities redemption may be subject to redemption charges at the sole discretion of the Manager.

Shares of the ETF are issued or redeemed on a daily basis at the net asset value per share that is determined as at 4:00 p.m. (Eastern Time) each business day.

If, in any taxation year, the Company would otherwise be liable for tax on net realized capital gains, the Company intends to pay, to the extent possible, by the last day of that year, a special capital gains dividend to ensure that the Company will not be liable for income tax on such amounts under the Tax Act (after taking into account all available deductions, credits and refunds). Such distributions may be paid in the form of ETF Shares of the relevant ETF and/or cash which is automatically reinvested in ETF Shares of the relevant ETF. Any such distributions payable in ETF Shares or reinvested in ETF Shares of the relevant ETF will increase the aggregate adjusted cost base of a shareholder's ETF Shares of that ETF. Immediately following payment of such a special distribution in ETF Shares or reinvestment in ETF Shares, the number of ETF Shares of that ETF outstanding will be automatically consolidated such that the number of ETF Shares of that ETF outstanding after such distribution will be equal to the number of ETF Shares of that ETF outstanding immediately prior to such distribution, except where there are non-resident shareholders to the extent tax is required to be withheld in respect of the distribution.

Please consult the ETF's most recent prospectus for a full description of the subscription and redemption features of the ETF Shares.

A summary table of the number of shares issued by subscription, the number of shares redeemed, the total and average number of shares outstanding during the relevant reporting periods is disclosed in note E of the ETF-specific notes information.

**Notes to Consolidated Financial Statements** (unaudited) (continued)

For the Periods Ended June 30, 2022 and 2021

**9. EXPENSES AND OTHER RELATED PARTY TRANSACTIONS****Management fees**

In consideration for management services and investment advice provided to the ETF, the Manager is entitled to a management fee. The management fee, inclusive of sales tax, is applied on a daily basis to the net asset value of the ETF. The management fees, exclusive of sales tax, are charged at the annual rate of 0.08%. Approximately 100% of management fees were used for management, investment management, operating costs of the ETF, other general administration and profit.

From the management fee, the Manager has paid substantially all of the costs and expenses relating to the operation of the business and affairs of the ETF including investment management, administration, legal, accounting, custody, audit, registrar and transfer agency fees, and applicable sales taxes as well as expenses associated with advertising, marketing, sponsoring and promoting the sale of securities of the ETF.

The ETF's constating documents require that the Manager pay all the expenses of the ETF other than the management fees and sales tax on the management fee as may be applicable. As a result, the ETF does not have any other expenses.

The management fees paid to the Manager are considered related party transactions, as the Manager is a related party to the ETF. The management fees paid to the Manager are disclosed in the statements of comprehensive income. The management fees payable by the ETF as at June 30, 2022, and December 31, 2021, are disclosed in the statements of financial position.

**10. BROKER COMMISSIONS, SOFT DOLLARS AND RELATED PARTY TRANSACTIONS**

Brokerage commissions paid on securities transactions may include amounts paid to related parties of the Manager for brokerage services provided to the ETF.

Research and system usage related services received in return for commissions generated with specific dealers are generally referred to as soft dollars.

In addition to the information contained in note F of the ETF-specific notes information, the management fees paid to the Manager described in note 9 are related party transactions, as the Manager is considered to be a related party to the ETF. The management fees payable by the ETF as at June 30, 2022, and December 31, 2021, are disclosed in the statements of financial position.

Fees paid to the Independent Review Committee are also considered to be related party transactions. Both the management fees and fees paid to the Independent Review Committee are disclosed in the statements of comprehensive income.

The ETF may invest in other ETFs managed by the Manager or its affiliates, in accordance with the ETF's investment objectives and strategies. Such investments, if any, are disclosed in the schedule of investments.

**Notes to Consolidated Financial Statements** (unaudited) (continued)

For the Periods Ended June 30, 2022 and 2021

**11. INCOME TAX**

The Company qualifies and intends at all relevant times to qualify as a “mutual fund corporation” as defined in the Tax Act. Although the Company may issue any number of classes, in any number of series, it will be required (like any other mutual fund corporation with a multi-class structure) to compute its income and net capital gains for tax purposes as a single entity. All of the Company’s revenues, deductible expenses, non-capital losses, capital gains and capital losses in connection with all of its investment portfolios, and other items relevant to its tax position (including the tax attributes of all of its assets), will be taken into account in determining the income (and taxable income) or loss of the Company and applicable taxes payable by the Company as a whole.

As a mutual fund corporation, the Company is entitled, in certain circumstances, to a refund of tax paid by it in respect of its net realized capital gains determined on a formula basis that is based in part on the redemption of the ETF Shares. Also, as a mutual fund corporation, the Company will be entitled to maintain a capital gains dividend account in respect of its net realized capital gains and from which it may elect to pay dividends which are treated as capital gains in the hands of shareholders.

To the extent that the Company earns net income (other than dividends from taxable Canadian corporations and certain taxable capital gains and after available deductions), including in respect of derivative transactions, interest and income paid or made payable to it by a trust resident in Canada, the Company will be subject to income tax on such net income and no refund will be available in respect thereof.

The Company may, at its option, pay special year-end dividends to shareholders in the form of a capital gains dividend where the Company has net taxable capital gains upon which it would otherwise be subject to tax, or in order to recover refundable tax not otherwise recoverable upon payment of regular cash distributions.

The Company will establish a policy to determine how it will allocate income and capital gains in a tax-efficient manner among its Corporate Classes in a way that it believes is fair, consistent and reasonable for all shareholders. The amount of dividends, if any, paid to shareholders will be based on this tax allocation policy, which will be approved by the Company’s board of directors.

**12. TAX LOSSES CARRIED FORWARD**

Where the Company has realized a net capital loss in a taxation year, such capital loss cannot be allocated to shareholders but the Company may carry such capital loss back three years or forward indefinitely to offset capital gains realized by the Company. Non-capital losses incurred by the Company in a taxation year cannot be allocated to shareholders of the Company, but may be carried back three years or carried forward twenty years to offset income (including taxable capital gains).



**Notes to Consolidated Financial Statements** (unaudited) (continued)

For the Periods Ended June 30, 2022 and 2021

As at December 31, 2021, the Company and its wholly-owned entities had net capital losses and/or non-capital losses, with the year of expiry of the non-capital losses as follows:

<b>Net Capital Losses</b>	<b>Non-Capital Losses</b>	<b>Year of Expiry of the Non-Capital Losses</b>
\$1,326,394,679	\$126,121	2028
	\$1,961,149	2029
	\$5,668,871	2030
	\$3,237,571	2031
	\$3,138,653	2032
	\$153,021,428	2033
	\$230,454,838	2034
	\$447,405,094	2035
	\$74,326,117	2036
	\$266,066,173	2037
	\$118,767,474	2038
	\$191,271,535	2039
	\$1,903,168,633	2040

**13. OFFSETTING OF FINANCIAL INSTRUMENTS**

In the normal course of business, the ETF may enter into various master netting arrangements or other similar agreements that do not meet the criteria for offsetting in the statements of financial position but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or termination of the contracts. Amounts eligible for offset, if any, are disclosed in note G of the ETF-specific notes information.

**14. INTERESTS IN SUBSIDIARIES, ASSOCIATES AND UNCONSOLIDATED STRUCTURED ENTITIES**

The ETF may invest in shares or units of other ETFs as part of its investment strategies ("Investee ETF(s)"). The nature and purpose of these Investee ETFs generally, is to manage assets on behalf of third party investors in accordance with their investment objectives, and are financed through the issue of share or units to investors.

In determining whether the ETF has control or significant influence over an Investee ETF, the ETF assesses voting rights, the exposure to variable returns, and its ability to use the voting rights to affect the amount of the returns. In instances where the ETF has control over an Investee ETF, the ETF qualifies as an investment entity under IFRS 10 – *Consolidated Financial Statements*, and therefore accounts for investments it controls at fair value through profit and loss. The ETF's primary purpose is defined by its investment objectives and uses the investment strategies available to it as defined in the ETF's prospectus to meet those objectives. The ETF also measures and evaluates the performance of any Investee ETFs on a fair value basis.

Investee ETFs over which the ETF has control or significant influence are categorized as subsidiaries and associates, respectively. All other Investee ETFs are categorized as unconsolidated structured entities. Investee ETFs may be managed by the Manager, its affiliates, or by third-party managers.

**Notes to Consolidated Financial Statements** (unaudited) (continued)

For the Periods Ended June 30, 2022 and 2021

Investments in Investee ETFs are susceptible to market price risk arising from uncertainty about future values of those Investee ETFs. The maximum exposure to loss from interests in Investee ETFs is equal to the total fair value of the investment in those respective Investee ETFs at any given point in time. The fair value of Investee ETFs, if any, are disclosed in investments in the statements of financial position, listed in the schedule of investments, and further detailed in note H of the ETF-specific notes information.

Manager

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