



**Horizons Global Sustainability Leaders Index ETF
(ETHI:TSX)**



HORIZONS ETFs
by Mirae Asset

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A Message from the CEO

As we mark an end to 2022, it's a time to reflect on the year that was for us, our industry and our investors.

While global uncertainty and inflationary pressures resulted in market volatility, Canada's ETF industry continued to grow. As at year-end on December 31, 2022, Canada's ETF industry saw more than \$35 billion in year-to-date inflows.

At Horizons ETFs, our assets under management swelled from approximately \$20.7 billion at the beginning of 2022 to nearly \$23 billion as at December 31, 2022. We continue to solidify our position as one of Canada's top ETF providers, with more than \$4 billion in ETF inflows this year.

We are proud to continue our longstanding commitment to bringing innovative ETFs to market and serving investors' needs. This year alone we have launched five new ETFs.

In February, Horizons ETFs launched the Horizons Carbon Credits ETF ("**CARB**"). CARB is Canada's first ETF that provides exposure solely to carbon credits through the ownership of carbon credit futures: a nascent asset class, CARB, offers investors the potential to benefit from the growing global effort to regulate and reduce carbon emissions.

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.

In August, we launched the Horizons Canadian Utility Services High Dividend ETF ("**UTIL**"). With UTIL, investors can gain exposure to three major segments of the utility services sector: utilities, pipelines and communications. These segments have historically functioned as defensive industries, offering investors relative stability and consistent dividends, even during periods of volatility and bear markets.

Finally, in September, we expanded our BetaPro ETF suite with the launch of the BetaPro Equal Weight Canadian Bank 2x Daily Bull ETF ("**HBKU**") and the BetaPro Equal Weight Canadian Bank -2x Daily Bear ETF ("**HBKD**"), which offer leveraged and inverse leverage exposure to Canada's "Big Six" banks.

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 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,



Jasmit Bhandal
Interim President & CEO of Horizons ETFs Management (Canada) Inc.

MANAGEMENT REPORT OF FUND PERFORMANCE

This annual management report of fund performance for Horizons Global Sustainability Leaders Index ETF (“ETHI” or the “ETF”) contains financial highlights and is included with the audited annual financial statements for the investment fund. You may request a copy of the ETF’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, from the ETF’s manager, Horizons ETFs Management (Canada) Inc. (“Horizons Management” or the “Manager”), by calling toll free 1-866-641-5739, or locally (416) 933-5745, by writing to us at: 55 University Avenue, Suite 800, Toronto ON, M5J 2H7, or by visiting our website at www.horizonsetfs.com or SEDAR at 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 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 Strategies

ETHI seeks to replicate, to the extent possible, the performance of the Nasdaq Future Global Sustainability Leaders USD Index (the “Underlying Index”, Bloomberg ticker: NQFGSLTD), net of expenses. The Underlying Index is designed to provide exposure to the performance of a basket of large-cap equity securities of companies that are global climate change leaders (as measured by their relative carbon efficiency), and are not materially engaged in activities deemed inconsistent with responsible investment considerations. ETHI seeks to hedge the U.S. dollar value of its portfolio to the Canadian dollar at all times.

To achieve its investment objective, ETHI will be generally invested in equity securities of the constituent issuers of its Underlying Index (the “Constituent Issuers”), which may include American Depositary Receipts (“ADRs”) or Global Depositary Receipts (“GDRs”) representing equity securities of Constituent Issuers of the Underlying Index.

The Underlying Index was designed as a passively managed portfolio of global stocks which takes account of key environmental, social and governance (ESG) concerns. The Underlying Index is structured to limit exposure to the fossil fuel industry and climate change risk, and to invest in companies considered to be “climate leaders”.

The Underlying Index is ordinarily rebalanced on an annual basis at the close of trading on the third Friday in May.

Management Discussion of Fund Performance (continued)

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 an 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 units.**

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 or from www.sedar.com, or by contacting Horizons ETFs Management (Canada) Inc. directly via the contact information on the back page of this document.

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| <ul style="list-style-type: none"> • Stock market risk • Specific issuer risk • Regulatory risk • Reliance on historical data risk • Liquidity risk • Risk that units will trade at prices other than net asset value per unit • Corresponding net asset value risk • Designated broker/dealer risk • Change in legislation • No ownership interest • Market for units • Cease trading or securities risk • Exchange risk • Early closing risk • Market disruptions risk • Cybersecurity risk • Risks relating to use of derivatives • No assurance of meeting investment objectives • No guaranteed return | <ul style="list-style-type: none"> • Significant redemptions • Conflicts of interest • Loss of limited liability • Currency risk • Tax related risks • Risks relating to tax changes • Securities lending, repurchase and reverse repurchase transaction risk • Reliance on key personnel • Geographic risk • Hedging risk • Ethical investment risk • Underlying investment funds risk • Foreign securities risk • Foreign stock exchange risk • Income trust investment risk • Underlying index risk • Passive index risk • Stratified sampling risk • Index replication risk |
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Management Discussion of Fund Performance (continued)

Results of Operations

For the year ended December 31, 2022, units of the ETF returned -22.72%, when including distributions paid to unitholders. By comparison, the Underlying Index returned -20.39% for the same period in U.S. dollar terms. The ETF seeks to hedge its U.S. dollar value of its portfolio to the Canadian dollar at all times. 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; the foreign exchange rate differential between the rates used by the Underlying Index provider to calculate the value of the Underlying Index and the rates used by the ETF to value its portfolio securities; as well as the potential for tracking error arising from the physical index replication risk detailed in the ETF's prospectus.

The Underlying Index was designed as a passively managed portfolio of global stocks which takes account of key ESG concerns and is structured to limit exposure to the fossil fuel industry and climate change risk.

For the year ended December 31, 2022, the top performers in the ETF's portfolio were Cigna Corporation, Enphase Energy, Inc., Daiichi Sankyo Company, Limited, returning 46.69%, 44.83%, and 28.86%, respectively. The worst performers in the Underlying Index for the year were PayPal Holdings, Inc., Adidas AG, and NVIDIA Corporation, returning -62.23%, -51.48%, and -50.27%, respectively.

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 environmental, social and governance (ESG) sectors 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.

Other Operating Items and Changes in Net Assets Attributable to Holders of Redeemable Units

For the year ended December 31, 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 (\$23,836,401). This compares to \$15,674,305 for the year ended December 31, 2021. The ETF incurred management, operating and transaction expenses of \$914,338 (2021 – \$782,079) of which \$102,019 (2021 – \$101,368) 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 distributed \$959,986 to unitholders during the year (2021 – \$1,125,976).

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 units as reported under IFRS.

Recent Developments

There are no recent industry, management or ETF related developments that are pertinent to the present and future of the ETF.

Management Discussion of Fund Performance (continued)**Related Party Transactions**

Certain services have been provided to the ETF by related parties and those relationships are described below.

Manager, Trustee and Investment Manager

The manager, trustee and investment manager 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.

If the ETF invests in other Horizons Management ETFs, Horizons Management may receive management fees in respect of the ETF's assets invested in such Horizons Management ETFs. In addition, any management fees paid to the Manager (described in detail on page 11) are related party transactions, as the Manager is considered to be a related party to the ETF. 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 in the attached financial statements of the ETF. The management fees payable by the ETF as at December 31, 2022 and 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 since it effectively began operations on October 31, 2018. This information is derived from the ETF's audited annual 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 Unit

Year ⁽¹⁾	2022	2021	2020	2019	2018
Net assets, beginning of year	\$ 50.50	41.93	31.27	23.73	25.00
Increase (decrease) from operations:					
Total revenue	0.78	0.67	0.50	0.37	0.06
Total expenses	(0.36)	(0.41)	(0.32)	(0.30)	(0.05)
Realized gains (losses) for the year	(3.44)	0.90	1.44	2.39	(0.43)
Unrealized gains (losses) for the year	(7.88)	7.92	8.84	4.41	(0.84)
Total increase (decrease) from operations ⁽²⁾	(10.90)	9.08	10.46	6.87	(1.26)
Distributions:					
From net investment income (excluding dividends)	(0.41)	(0.22)	(0.12)	(0.05)	(0.01)
From dividends	(0.01)	(0.01)	(0.01)	–	–
From net realized capital gains	–	(0.39)	–	–	–
From return of capital	–	–	(0.22)	(0.15)	–
Total annual distributions ⁽³⁾	(0.42)	(0.62)	(0.35)	(0.20)	(0.01)
Net assets, end of year ⁽⁴⁾	\$ 38.60	50.50	41.93	31.27	23.73

1. This information is derived from the ETF's audited annual financial statements.
2. Net assets per unit and distributions are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of units outstanding over the financial period.
3. Income, dividend and/or return of capital distributions, if any, are paid in cash, reinvested in additional units of the ETF, or both. Capital gains distributions, if any, may or may not be paid in cash. Non-cash capital gains distributions are reinvested in additional units of the ETF and subsequently consolidated. They are reported as taxable distributions and increase each unitholder's adjusted cost base for their units. Neither the number of units held by the unitholder, nor the net asset per unit of the ETF change as a result of any non-cash capital gains distributions. Distributions classified as return of capital, if any, decrease each unitholder's adjusted cost base for their units. The characteristics of distributions, if any, are determined subsequent to the end of the ETF's tax year. Until such time, distributions are classified as from net investment income (excluding dividends) for reporting purposes.
4. The Financial Highlights are not intended to act as a continuity of the opening and closing net assets per unit.

Financial Highlights (continued)

Ratios and Supplemental Data

Year ⁽¹⁾	2022	2021	2020	2019	2018
Total net asset value (000's)	\$ 86,946	102,754	52,418	11,725	4,746
Number of units outstanding (000's)	2,252	2,035	1,250	375	200
Management expense ratio ⁽²⁾	0.55%	0.54%	0.54%	0.69%	0.74%
Management expense ratio before waivers and absorptions ⁽³⁾	0.66%	0.67%	0.81%	1.55%	2.58%
Trading expense ratio ⁽⁴⁾	0.09%	0.15%	0.18%	0.19%	0.27%
Portfolio turnover rate ⁽⁵⁾	94.47%	24.59%	80.39%	137.05%	3.44%
Net asset value per unit, end of year	\$ 38.60	50.50	41.93	31.27	23.73
Closing market price	\$ 38.65	50.58	42.05	31.24	23.80

1. This information is provided as at December 31 of the years 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. Out of its management fees, and waivers and absorptions, as applicable, the Manager pays for such services to the ETF as investment manager compensation and marketing.
3. 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.
4. 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.
5. The ETF's portfolio turnover rate indicates how actively its portfolio investments are traded. 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 the year. Generally, the higher the ETF's portfolio turnover rate in a year, the greater the trading costs payable by the ETF in the year, and 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 the ETF.

Financial Highlights (continued)

Management Fees

The Manager provides, or oversees the provision of, administrative services required by the ETF including, but not limited to: negotiating contracts with certain third-party service providers, such as portfolio managers, custodians, registrars, transfer agents, auditors and printers; authorizing the payment of operating expenses incurred on behalf of the ETF; arranging for the maintenance of accounting records for the ETF; preparing reports to unitholders and to the applicable securities regulatory authorities; calculating the amount and determining the frequency of distributions by the ETF; preparing financial statements, income tax returns and financial and accounting information as required by the ETF; ensuring that unitholders are provided with financial statements and other reports as are required from time to time by applicable law; ensuring that the ETF complies with all other regulatory requirements, including the continuous disclosure obligations of the ETF under applicable securities laws; administering purchases, redemptions and other transactions in units of the ETF; and dealing and communicating with unitholders of the ETF. The Manager provides office facilities and personnel to carry out these services, if not otherwise furnished by any other service provider to the ETF. The Manager also monitors the investment strategies of the ETF to ensure that the ETF complies with its investment objectives, investment strategies and investment restrictions and practices.

In consideration for the provision of these services, the Manager receives a monthly management fee at the annual rate of 0.45%, plus applicable sales taxes, of the net asset value of the ETF's units, calculated and accrued daily and payable monthly in arrears.

Any expenses of the ETF which are waived or absorbed by the Manager are paid out of the management fees received by the Manager.

The table below details, in percentage terms, the services received by the ETF from the Manager in consideration of the management fees paid during the year.

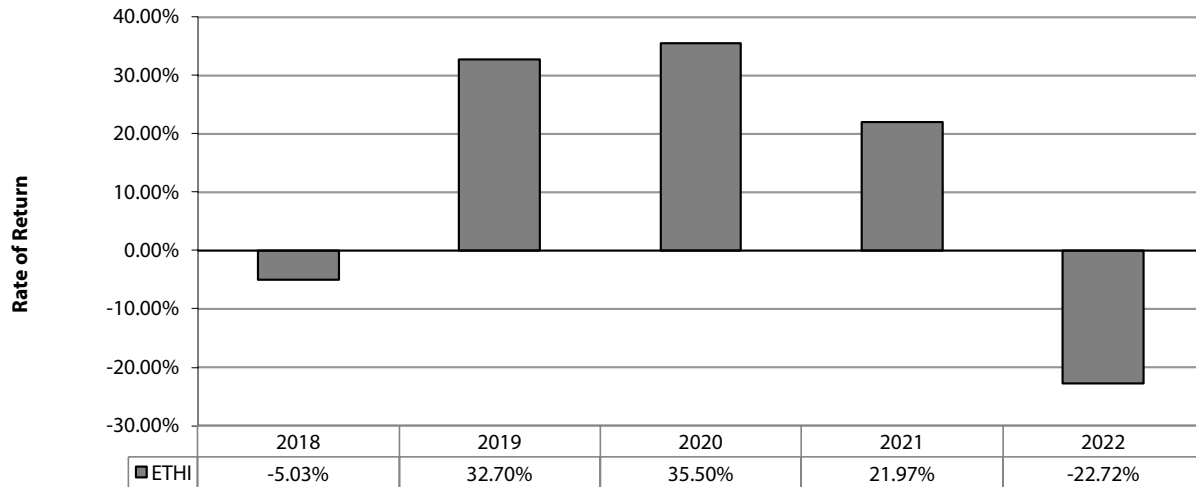
Marketing	Portfolio management fees, general administrative costs and profit	Waived/absorbed expenses of the ETF
6%	72%	22%

Past Performance

Commissions, management fees, expenses 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 unit 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 units 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 units. The amount of the reinvested taxable distributions is added to the adjusted cost base of the units 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 October 31, 2018.

Past Performance (continued)

Annual Compound Returns

The following table presents the ETF's annual compound total return since inception and for the periods shown ended December 31, 2022, along with a comparable market index. The table is used only to illustrate the effects of the compound growth rate and is not intended to reflect future values of the ETF or future returns on investments in the ETF.

	1 Year	3 Year	Since Inception
Horizons Global Sustainability Leaders Index ETF	-22.72%	8.50%	12.10%
Nasdaq Future Global Sustainability Leaders USD Total Return Index	-20.39%	11.01%	14.87%

The ETF effectively began operations on October 31, 2018.

Summary of Investment Portfolio

As at December 31, 2022

Asset Mix	Net Asset Value	% of ETF's Net Asset Value
U.S. Equities	\$ 58,427,728	67.20%
Global Equities	26,898,934	30.94%
Canadian Equities	603,017	0.69%
Currency Forward Hedge*	698,127	0.80%
Cash and Cash Equivalents	400,418	0.46%
Other Assets less Liabilities	(82,553)	-0.09%
	\$ 86,945,671	100.00%

Sector Mix	Net Asset Value	% of ETF's Net Asset Value
Information Technology	\$ 31,026,216	35.69%
Financials	17,282,136	19.88%
Health Care	16,935,456	19.47%
Consumer Discretionary	13,714,510	15.77%
Communication Services	2,698,258	3.10%
Industrials	1,860,926	2.14%
Consumer Staples	1,000,507	1.15%
Energy	516,576	0.59%
Utilities	497,622	0.58%
Materials	397,472	0.46%
Currency Forward Hedge*	698,127	0.80%
Cash and Cash Equivalents	400,418	0.46%
Other Assets less Liabilities	(82,553)	-0.09%
	\$ 86,945,671	100.00%

*Positions in forward contracts are disclosed as the gain/(loss) that would be realized if the contracts were closed out on the date of this report.

Summary of Investment Portfolio (continued)

As at December 31, 2022

Top 25 Holdings	% of ETF's Net Asset Value
Home Depot Inc. (The)	4.20%
Visa Inc.	4.19%
MasterCard Inc.	3.65%
Apple Inc.	3.41%
Toyota Motor Corp.	2.63%
UnitedHealth Group Inc.	2.58%
NVIDIA Corp.	2.46%
Cisco Systems Inc.	2.40%
ASML Holding NV	1.88%
Adobe Inc.	1.77%
AIA Group Ltd.	1.59%
CVS Health Corp.	1.56%
Charles Schwab Corp. (The)	1.52%
AbbVie Inc.	1.48%
SAP SE	1.30%
Automatic Data Processing Inc.	1.28%
TJX Cos. Inc. (The)	1.21%
Intuit Inc.	1.15%
Roche Holding AG Genusscheine	1.13%
American Express Co.	1.09%
Novo Nordisk AS	1.07%
Novartis AG	1.06%
Booking Holdings Inc.	1.06%
PayPal Holdings Inc.	1.01%
Prologis Inc.	1.00%

The summary of investment portfolio may change due to the ongoing portfolio transactions of the ETF. The most recent financial statements are available at no cost by calling 1-866-641-5739, or (416) 933-5745, by writing to us at 55 University Avenue, Suite 800, Toronto, Ontario, M5J 2H7, by visiting our website at www.horizonsetfs.com or through SEDAR at www.sedar.com.

MANAGER'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying audited annual financial statements of Horizons Global Sustainability Leaders Index ETF (the "ETF") are the responsibility of the manager and trustee 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 have been audited by KPMG LLP, Chartered Professional Accountants, Licensed Public Accountants, on behalf of unitholders. The independent auditor's report outlines the scope of their audit and their opinion on the financial statements.



Jasmit Bhandal
Director
Horizons ETFs Management (Canada) Inc.



Thomas Park
Director
Horizons ETFs Management (Canada) Inc.

INDEPENDENT AUDITOR'S REPORT

To the Unitholders of Horizons Global Sustainability Leaders Index ETF (the "ETF")

Opinion

We have audited the financial statements of the ETF, which comprise the statements of financial position as at December 31, 2022 and December 31, 2021, the statements of comprehensive income, changes in financial position and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the ETF as at December 31, 2022 and December 31, 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our auditor's report.

We are independent of the ETF in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in the Management Report of Fund Performance filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in the Management Report of Fund Performance filed with the relevant Canadian Securities Commissions as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the ETF's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the ETF or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the ETF's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the ETF's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ETF's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the ETF to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



Chartered Professional Accountants, Licensed Public Accountants
The engagement partner on the audit resulting in this auditor's report is Ziad Said.
Toronto, Canada
March 10, 2023

Statements of Financial Position

As at December 31,

	2022	2021
Assets		
Cash and cash equivalents	\$ 400,418	\$ 263,656
Investments	85,929,679	103,032,423
Amounts receivable relating to accrued income	115,055	60,440
Derivative assets (note 3)	700,808	287,191
Total assets	87,145,960	103,643,710
Liabilities		
Accrued management fees	38,514	42,730
Accrued operating expenses	5,584	18,962
Distribution payable	153,510	639,775
Derivative liabilities (note 3)	2,681	188,273
Total liabilities	200,289	889,740
Total net assets	\$ 86,945,671	\$ 102,753,970
Number of redeemable units outstanding (note 8)	2,252,196	2,034,844
Total net assets per unit	\$ 38.60	\$ 50.50

(See accompanying notes to financial statements)

Approved on behalf of the Board of Directors of the Manager:



Jasmit Bhandal
Director



Thomas Park
Director

Statements of Comprehensive Income

For the Years Ended December 31,

	2022	2021
Income		
Dividend income	\$ 1,751,355	\$ 1,102,222
Interest income for distribution purposes	1,667	68
Securities lending income (note 7)	10,309	6,572
Net realized gain (loss) on sale of investments and derivatives	(7,714,919)	1,495,135
Net realized loss on foreign exchange	(75,020)	(12,407)
Net change in unrealized appreciation (depreciation) of investments and derivatives	(17,815,100)	13,083,130
Net change in unrealized appreciation (depreciation) of foreign exchange	5,307	(415)
	(23,836,401)	15,674,305
Expenses (note 9)		
Management fees	459,881	386,190
Audit fees	7,231	7,820
Independent Review Committee fees	447	912
Custodial and fund valuation fees	39,779	37,650
Legal fees	8,422	6,232
Securityholder reporting costs	17,310	14,169
Administration fees	73,265	70,142
Transaction costs	81,868	113,114
Withholding taxes	223,677	145,828
Other expenses	2,458	22
	914,338	782,079
Amounts that were payable by the investment fund that were paid or absorbed by the Manager	(102,019)	(101,368)
	812,319	680,711
Increase (decrease) in net assets for the year	\$ (24,648,720)	\$ 14,993,594
Increase (decrease) in net assets per unit	\$ (10.90)	\$ 9.08

(See accompanying notes to financial statements)

Statements of Changes in Financial Position

For the Years Ended December 31,

	2022		2021	
Total net assets at the beginning of the year	\$	102,753,970	\$	52,418,261
Increase (decrease) in net assets		(24,648,720)		14,993,594
Redeemable unit transactions				
Proceeds from the issuance of securities of the investment fund		49,677,267		39,245,945
Aggregate amounts paid on redemption of securities of the investment fund		(39,891,933)		(2,782,843)
Securities issued on reinvestment of distributions		15,073		4,989
Distributions:				
From net investment income		(959,952)		(419,658)
From net realized capital gains		–		(706,318)
Return of capital		(34)		–
Total net assets at the end of the year	\$	86,945,671	\$	102,753,970

(See accompanying notes to financial statements)

Statements of Cash Flows

For the Years Ended December 31,

	2022	2021
Cash flows from operating activities:		
Increase (decrease) in net assets for the year	\$ (24,648,720)	\$ 14,993,594
Adjustments for:		
Net realized loss (gain) on sale of investments and derivatives	7,714,919	(1,495,135)
Net realized loss on currency forward contracts	(7,843,651)	(1,203,753)
Net change in unrealized depreciation (appreciation) of investments and derivatives	17,815,100	(13,083,130)
Net change in unrealized depreciation (appreciation) of foreign exchange	(601)	51
Purchase of investments	(56,233,301)	(38,587,796)
Proceeds from the sale of investments	56,919,476	16,311,150
Amounts receivable relating to accrued income	(54,615)	(23,266)
Accrued expenses	(17,594)	31,809
Net cash used in operating activities	(6,348,987)	(23,056,476)
Cash flows from financing activities:		
Amount received from the issuance of units	15,224,454	23,940,809
Amount paid on redemptions of units	(7,308,128)	(290,322)
Distributions paid to unitholders	(1,431,178)	(606,088)
Net cash from financing activities	6,485,148	23,044,399
Net increase (decrease) in cash and cash equivalents during the year	136,161	(12,077)
Effect of exchange rate fluctuations on cash and cash equivalents	601	(51)
Cash and cash equivalents at beginning of year	263,656	275,784
Cash and cash equivalents at end of year	\$ 400,418	\$ 263,656
Interest received, net of withholding taxes	\$ 1,667	\$ 68
Dividends received, net of withholding taxes	\$ 1,473,063	\$ 933,128

(See accompanying notes to financial statements)

Schedule of Investments

As at December 31, 2022

Security	Shares/ Contracts	Average Cost	Fair Value
U.S. Equities (67.20%)			
Information Technology (29.40%)			
Adobe Inc.	3,383	\$ 1,847,173	\$ 1,541,503
Apple Inc.	16,858	2,922,090	2,965,747
Applied Materials Inc.	6,325	791,956	833,967
Arista Networks Inc.	2,119	297,771	348,169
Autodesk Inc.	1,658	491,497	419,511
Automatic Data Processing Inc.	3,430	915,165	1,109,318
Bill.com Holdings Inc.	826	129,534	121,861
CDW Corp.	783	153,900	189,327
Cisco Systems Inc.	32,324	2,047,969	2,085,046
Cognizant Technology Solutions Corp., Class 'A'	3,956	348,471	306,334
CoStar Group Inc.	3,006	293,845	314,539
Datadog Inc., Class 'A'	1,395	168,141	138,829
DocuSign Inc.	1,530	296,054	114,809
F5 Inc.	429	93,539	83,360
HP Inc.	5,990	262,115	217,928
HubSpot Inc.	302	182,542	118,228
Intuit Inc.	1,904	1,003,599	1,003,415
KLA Corp.	1,023	446,955	522,240
Lam Research Corp.	1,000	669,500	569,086
MasterCard Inc., Class 'A'	6,740	2,912,911	3,173,370
NetApp Inc.	1,292	107,696	105,067
NVIDIA Corp.	10,805	2,156,513	2,138,024
Okta Inc.	1,123	242,358	103,899
Palo Alto Networks Inc.	2,229	406,270	421,141
Paychex Inc.	2,369	330,985	370,673
Paycom Software Inc.	380	168,213	159,661
PayPal Holdings Inc.	9,105	1,654,875	878,012
ServiceNow Inc.	1,404	771,208	738,108
SS&C Technologies Holdings Inc.	1,827	152,159	128,784
Take-Two Interactive Software Inc.	962	185,702	135,634
Twilio Inc.	1,419	388,444	94,068
Visa Inc., Class 'A'	12,950	3,464,400	3,642,926
Workday Inc., Class 'A'	1,478	371,054	334,863
Zebra Technologies Corp., Class 'A'	379	205,040	131,581
		26,879,644	25,559,028
Health Care (12.07%)			
AbbVie Inc.	5,870	981,398	1,284,473
Amgen Inc.	1,737	564,185	617,703
Biogen Inc.	410	148,471	153,729

Schedule of Investments (continued)

As at December 31, 2022

Security	Shares/ Contracts	Average Cost	Fair Value
BioMarin Pharmaceutical Inc.	500	57,194	70,063
Bio-Rad Laboratories Inc., Class 'A'	73	53,579	41,562
Boston Scientific Corp.	3,604	188,957	225,789
Bristol-Myers Squibb Co.	7,256	641,553	706,882
Centene Corp.	1,626	146,560	180,554
Cigna Corp.	1,001	327,990	449,083
CVS Health Corp.	10,749	1,213,434	1,356,301
Edwards Lifesciences Corp.	1,588	182,869	160,423
Elevance Health Inc.	805	431,771	559,122
Gilead Sciences Inc.	3,540	326,612	411,493
Henry Schein Inc.	447	40,111	48,340
Humana Inc.	291	156,823	201,810
Incyte Corp.	725	71,139	78,846
Laboratory Corp. of America Holdings	310	90,768	98,840
Mettler-Toledo International Inc.	161	248,246	315,099
Molina Healthcare Inc.	160	49,264	71,539
PerkinElmer Inc.	449	78,442	85,246
Quest Diagnostics Inc.	417	69,390	88,329
Regeneron Pharmaceuticals Inc.	302	248,766	295,023
Seagen Inc.	621	125,926	108,056
Stryker Corp.	1,116	332,009	369,440
UnitedHealth Group Inc.	3,123	1,758,334	2,241,888
Veeva Systems Inc., Class 'A'	396	122,854	86,529
Waters Corp.	410	147,456	190,180
		8,804,101	10,496,342
Financials (11.71%)			
Aflac Inc.	4,901	343,644	477,390
Ally Financial Inc.	2,952	173,608	97,727
American Express Co.	4,749	854,063	950,054
Ameriprise Financial Inc.	1,015	322,120	427,919
AvalonBay Communities Inc.	857	216,937	187,424
Boston Properties Inc.	1,184	151,095	108,340
Capital One Financial Corp.	3,088	422,986	388,680
Charles Schwab Corp. (The)	11,739	1,022,007	1,323,385
Crown Castle International Corp.	3,363	695,695	617,637
Equitable Holdings Inc.	2,620	89,446	101,813
Equity Lifestyle Properties Inc.	1,364	125,074	119,307
Equity Residential	1,966	176,283	157,056
Essex Property Trust Inc.	481	169,635	138,018
Fiserv Inc.	4,439	564,735	607,472
Hartford Financial Services Group Inc. (The)	2,069	175,705	212,432

Schedule of Investments (continued)

As at December 31, 2022

Security	Shares/ Contracts	Average Cost	Fair Value
Kimco Realty Corp.	4,864	137,354	139,488
MetLife Inc.	5,679	484,753	556,479
Mid-America Apartment Communities Inc.	710	158,639	150,921
Northern Trust Corp.	1,311	163,493	157,078
Prologis Inc.	5,702	854,325	870,333
Prudential Financial Inc.	5,858	695,529	788,890
Raymond James Financial Inc.	1,237	127,204	178,963
SBA Communications Corp.	839	322,984	318,434
Signature Bank	456	108,498	71,140
State Street Corp.	2,274	213,233	238,838
Sun Communities Inc.	821	165,856	158,964
Synchrony Financial	3,435	147,271	152,831
T. Rowe Price Group Inc.	1,421	260,319	209,835
UDR Inc.	2,297	135,684	120,456
WP Carey Inc.	1,441	137,852	152,479
		9,616,027	10,179,783
Consumer Discretionary (9.13%)			
Advance Auto Parts Inc.	471	107,703	93,766
AutoZone Inc.	164	425,025	547,630
Best Buy Co. Inc.	1,683	205,141	182,781
Burlington Stores Inc.	499	159,709	136,994
Etsy Inc.	998	178,526	161,858
Expedia Group Inc.	1,171	180,771	138,893
Ford Motor Co.	32,207	513,726	507,164
Home Depot Inc. (The)	8,545	3,279,587	3,654,478
Interpublic Group of Cos. Inc. (The)	2,714	107,631	122,406
Live Nation Entertainment Inc.	1,256	141,124	118,602
LKQ Corp.	2,338	128,885	169,077
Pool Corp.	310	160,738	126,900
Ross Stores Inc.	2,460	261,296	386,611
TJX Cos. Inc. (The)	9,773	839,197	1,053,318
Tractor Supply Co.	1,775	445,634	540,682
		7,134,693	7,941,160
Communication Services (1.70%)			
Booking Holdings Inc.	338	887,172	922,297
Liberty Broadband Corp., Class 'C'	1,097	198,682	113,287
Omnicom Group Inc.	1,611	157,106	177,928
Roblox Corp., Class 'A'	2,871	119,656	110,633
Trade Desk Inc. (The)	2,549	172,716	154,724
		1,535,332	1,478,869

Schedule of Investments (continued)

As at December 31, 2022

Security	Shares/ Contracts	Average Cost	Fair Value
Industrials (1.16%)			
Fastenal Co.	3,716	234,364	238,089
Illinois Tool Works Inc.	2,084	554,558	621,629
Plug Power Inc.	4,018	122,643	67,297
Robert Half International Inc.	851	94,942	85,071
		1,006,507	1,012,086
Consumer Staples (0.97%)			
McCormick & Co. Inc.	1,502	169,770	168,574
Sysco Corp.	4,160	433,096	430,615
Walgreens Boots Alliance Inc.	4,745	287,766	240,028
		890,632	839,217
Energy (0.59%)			
Enphase Energy Inc.	1,021	284,953	366,290
First Solar Inc.	741	82,737	150,286
		367,690	516,576
Utilities (0.29%)			
American Water Works Co. Inc.	1,202	230,247	248,065
Materials (0.18%)			
Avery Dennison Corp.	639	133,604	156,602
TOTAL U.S. EQUITIES		56,598,477	58,427,728
Global Equities (30.94%)			
Financials (7.69%)			
Adyen NV	205	478,715	382,816
AIA Group Ltd.	91,678	1,262,410	1,380,402
Danske Bank AS	5,485	109,927	146,785
Hannover Rueckversicherungs SE	487	94,889	130,936
ING Groep NV	31,008	404,803	511,807
Legal & General Group PLC	47,934	194,380	195,768
Muenchener Rueckversicherungs-Gesellschaft AG, Registered	1,016	345,527	447,664
NN Group NV	2,466	130,916	136,391
Nordea Bank Abp	27,307	347,779	395,714
Sampo OYJ, Series 'A'	4,336	251,033	306,812
SEGRO PLC	8,434	139,719	105,421
Swiss Life Holding AG, Registered	272	164,053	189,909
Swiss Re AG	2,718	292,934	344,196
Tokio Marine Holdings Inc.	17,142	375,183	500,054
UBS Group AG, Registered	30,329	687,161	764,107
Zurich Insurance Group AG	1,155	605,335	748,066
		5,884,764	6,686,848

Schedule of Investments (continued)

As at December 31, 2022

Security	Shares/ Contracts	Average Cost	Fair Value
Health Care (7.40%)			
argenx SE	173	61,217	87,334
Astellas Pharma Inc.	6,703	140,440	138,759
AstraZeneca PLC	4,707	717,086	864,344
Chugai Pharmaceutical Co. Ltd.	2,578	122,864	89,579
Daiichi Sankyo Co. Ltd.	6,103	221,036	267,599
Eisai Co. Ltd.	1,017	90,837	91,325
EssilorLuxottica SA	2,097	426,215	514,261
Fisher & Paykel Healthcare Corp. Ltd.	2,214	56,617	43,014
GSK PLC	13,791	426,011	324,534
Haleon PLC	16,792	85,192	89,979
M3 Inc.	1,355	89,504	50,019
Novartis AG, Registered	7,551	816,623	924,273
Novo Nordisk AS, Class 'B'	5,094	562,784	931,313
Ono Pharmaceutical Co. Ltd.	2,025	59,331	64,410
Roche Holding AG Genusscheine	2,306	1,023,323	980,950
Sanofi SA	5,272	674,295	686,484
Takeda Pharmaceutical Co. Ltd.	5,746	247,699	243,706
UCB SA	443	58,342	47,231
		5,879,416	6,439,114
Consumer Discretionary (6.64%)			
Adidas AG	1,491	335,079	275,446
Aptiv PLC	1,786	261,549	225,211
Bandai Namco Holdings Inc.	2,001	178,700	171,636
Bayerische Motoren Werke (BMW) AG	2,875	298,397	347,444
Fast Retailing Co. Ltd.	548	458,924	455,293
Hennes & Mauritz AB, Class 'B'	6,606	142,582	96,210
Honda Motor Co. Ltd.	14,607	505,095	456,923
Nissan Motor Co. Ltd.	22,038	123,784	95,062
Oriental Land Co. Ltd.	2,142	405,022	423,416
Sekisui House Ltd.	8,562	209,604	206,127
Toyota Motor Corp.	122,336	2,382,632	2,287,624
Vestas Wind Systems AS	8,638	359,946	340,262
Wolters Kluwer NV	2,362	281,851	334,677
Zalando SE	1,209	129,596	58,019
		6,072,761	5,773,350

Schedule of Investments (continued)

As at December 31, 2022

Security	Shares/ Contracts	Average Cost	Fair Value
Information Technology (6.29%)			
Advantest Corp.	1,458	126,199	127,557
ASM International NV	384	144,372	131,155
ASML Holding NV	2,239	1,460,243	1,634,923
Infineon Technologies AG	10,059	404,949	414,493
Logitech International SA, Registered	1,433	140,007	119,735
NICE Ltd.	549	156,717	143,801
Nokia OYJ	48,714	287,067	305,510
Omron Corp.	1,632	117,232	107,843
RELX PLC	15,576	536,198	583,363
SAP SE	8,071	1,023,678	1,127,572
Shimadzu Corp.	2,375	100,841	91,763
Tokyo Electron Ltd.	1,169	515,482	468,914
Worldline SA	2,178	201,312	115,317
YASKAWA Electric Corp.	2,185	112,966	95,242
		5,327,263	5,467,188
Communication Services (1.19%)			
Publicis Groupe	2,038	131,260	175,518
Recruit Holdings Co. Ltd.	13,051	681,722	562,420
Swisscom AG	222	156,656	164,687
WPP PLC	9,627	131,302	129,252
		1,100,940	1,031,877
Industrials (0.98%)			
Allegion PLC	638	91,999	90,929
Ashtead Group PLC	3,672	238,204	283,708
Bunzl PLC	2,652	108,979	119,771
FANUC Corp.	1,732	431,674	354,432
		870,856	848,840
Utilities (0.29%)			
Terna - Rete Elettrica Nazionale SPA	15,443	146,481	154,442
United Utilities Group PLC	5,861	96,411	95,115
		242,892	249,557
Materials (0.28%)			
Akzo Nobel NV	1,504	178,449	136,373
Nitto Denko Corp.	1,324	117,780	104,497
		296,229	240,870
Consumer Staples (0.18%)			
Kerry Group PLC, Class 'A'	1,321	211,388	161,290
		211,388	161,290
TOTAL GLOBAL EQUITIES		25,886,509	26,898,934

Schedule of Investments (continued)

As at December 31, 2022

Security	Shares/ Contracts	Average Cost	Fair Value
Canadian Equities (0.69%)			
Financials (0.48%)			
Intact Financial Corp.	1,360	224,903	265,078
Power Corp. of Canada	4,723	163,798	150,427
		<u>388,701</u>	<u>415,505</u>
Communication Services (0.21%)			
Rogers Communications Inc., Class 'B'	2,959	176,553	187,512
		<u>565,254</u>	<u>603,017</u>
TOTAL CANADIAN EQUITIES			
DERIVATIVES (0.80%)			
Currency Forwards (0.80%)			
Currency forward contract to buy C\$88,692,100 for US\$65,000,000 maturing February 9, 2023		–	700,235
Currency forward contract to buy US\$1,050,000 for C\$1,423,515 maturing February 9, 2023		–	(2,108)
		<u>–</u>	<u>698,127</u>
		<u>–</u>	<u>698,127</u>
TOTAL DERIVATIVES			
		<u>–</u>	<u>698,127</u>
Transaction Costs		(19,159)	
		<u>–</u>	<u>698,127</u>
TOTAL INVESTMENT PORTFOLIO (99.63%)		\$ 83,031,081	\$ 86,627,806
Cash and cash equivalents (0.46%)			400,418
Other assets less liabilities (-0.09%)			(82,553)
TOTAL NET ASSETS (100.00%)			\$ 86,945,671

(See accompanying notes to financial statements)

Notes to Financial Statements

For the Years Ended December 31, 2022 and 2021

1. REPORTING ENTITY

Horizons Global Sustainability Leaders Index ETF (“ETHI” or the “ETF”) is an investment trust established under the laws of the Province of Ontario by Declaration of Trust and effectively began operations on October 31, 2018. The address of the ETF’s registered office is: c/o Horizons ETFs Management (Canada) Inc., 55 University Avenue, Suite 800, Toronto, Ontario, M5J 2H7.

The ETF is offered for sale on a continuous basis by its prospectus in Class A units (“Class A”) which trade on the Toronto Stock Exchange (“TSX”) under the symbol ETHI. An investor may buy or sell units of the ETF on the TSX only through a registered broker or dealer in the province or territory where the investor resides. Investors are able to trade units of the ETF in the same way as other securities traded on the TSX, including by using market orders and limit orders and may incur customary brokerage commissions when buying or selling units.

ETHI seeks to replicate, to the extent possible, the performance of the Nasdaq Future Global Sustainability Leaders USD Index (the “Underlying Index”, Bloomberg ticker: NQFGSLTD), net of expenses. The Underlying Index is designed to provide exposure to the performance of a basket of large-cap equity securities of companies that are global climate change leaders (as measured by their relative carbon efficiency), and are not materially engaged in activities deemed inconsistent with responsible investment considerations. ETHI seeks to hedge the U.S. dollar value of its portfolio to the Canadian dollar at all times.

Horizons ETFs Management (Canada) Inc. is the manager, trustee and investment manager of the ETF (“Horizons Management”, the “Manager” or the “Investment Manager”). The Investment Manager is responsible for implementing the ETF’s investment strategies.

2. BASIS OF PREPARATION

(i) Statement of compliance

The 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 units as reported under IFRS.

These financial statements were authorized for issue on March 10, 2023, by the Board of Directors of the Manager.

(ii) Basis of measurement

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

(iii) Functional and presentation currency

The financial statements are presented in Canadian dollars, which is the ETF’s functional currency.

Notes to Financial Statements (continued)

For the Years Ended December 31, 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 payments of principal and interests, 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 day upon which a session of the TSX is held (“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 Financial Statements (continued)

For the Years Ended December 31, 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 unitholders.

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 and cash equivalents**

Cash and cash equivalents consist of cash on deposit and short-term, interest bearing notes with a term to maturity of less than three months from the date of purchase.

Forward foreign exchange contracts

Forward foreign exchange contracts, if any, are valued at the current market value thereof on the Valuation Date. The value of these forward contracts is the gain or loss that would be realized if, on the Valuation Date, the positions were to be closed out and recorded as derivative assets and/or liabilities in the statements of financial position and as a net change in unrealized appreciation (depreciation) of investments and derivatives in the statements of comprehensive income. When the forward contracts are closed out or mature, realized gains or losses on forward contracts are recognized and are included in the statements of comprehensive income in net realized gain (loss) on sale of investments and derivatives. The Canadian dollar value of forward foreign exchange contracts is determined using forward currency exchange rates supplied by an independent service provider.

Redeemable units

The redeemable units are measured at the present value of the redemption amounts and are considered a residual amount of the net assets attributable to holders of redeemable units. They are classified as financial liabilities as a result of the ETF’s requirement to distribute net income and capital gains to unitholders.

Notes to Financial Statements (continued)

For the Years Ended December 31, 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 represents the coupon interest received by the ETF accounted for on an accrual basis. Dividend income is recognized on the ex-dividend date. Distribution income from investments in other funds or ETFs 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 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 year-end exchange rate. Foreign exchange gains and losses 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 units per unit

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

(f) Unitholder transactions

The value at which units are issued or redeemed is determined by dividing the net asset value of the ETF by the total number of units outstanding of the ETF on the applicable Valuation Date. Amounts received on the issuance of units and amounts paid on the redemption of units 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 Financial Statements (continued)

For the Years Ended December 31, 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 units per unit

Net assets attributable to holders of redeemable units per unit is calculated by dividing the ETF's net assets attributable to holders of redeemable units by the number of units 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, 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 most recent prospectus for a complete discussion of the risks attributed to an investment in the units of the ETF. Significant financial instrument risks that are relevant to the ETF, and analysis thereof, are presented below.

(a) Market risk

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.

Notes to Financial Statements (continued)

For the Years Ended December 31, 2022 and 2021

(i) Currency risk

Currency risk is the risk that financial instruments which are denominated in currencies other than the ETF's reporting currency, the Canadian dollar, will fluctuate due to changes in exchange rates and adversely impact the ETF's income, cash flows or fair values of its investment holdings. The ETF may reduce its foreign currency exposure through the use of derivative arrangements such as foreign exchange forward contracts or futures contracts. As at December 31, 2022 and 2021, the ETF did not have any material net exposure to foreign currencies due to the ETF's hedging strategies.

(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.

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

(iii) Other market risk

Other market 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 Manager has implemented internal risk management controls on the ETF which are intended to limit the loss on its trading activities.

The table below shows the estimated impact on the ETF of a 1% increase or decrease in a broad-based market 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. The historical correlation may not be representative of future correlation.

Comparative Index	December 31, 2022	December 31, 2021
Nasdaq Future Global Sustainability Leaders Index	\$722,410	\$820,841

(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. The ETF's credit risk policy is to minimize its exposure to counterparties with perceived higher risk of default by dealing only with counterparties that meet the credit standards set out in the ETF's prospectus and, when necessary, receiving acceptable collateral.

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

Notes to Financial Statements (continued)

For the Years Ended December 31, 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

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

	December 31, 2022			December 31, 2021		
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)
Financial Assets						
Equities	85,929,679	–	–	103,032,423	–	–
Currency Forward Contracts	–	700,808	–	–	287,191	–
Total Financial Assets	85,929,679	700,808	–	103,032,423	287,191	–
Financial Liabilities						
Currency Forward Contracts	–	(2,681)	–	–	(188,273)	–
Total Financial Liabilities	–	(2,681)	–	–	(188,273)	–
Net Financial Assets and Liabilities	85,929,679	698,127	–	103,032,423	98,918	–

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 years shown. In addition, there were no investments or transactions classified in Level 3 for the years ended December 31, 2022 and 2021.

Notes to Financial Statements (continued)

For the Years Ended December 31, 2022 and 2021

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 National Instrument 81-102 – *Investment Funds* (“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 year is disclosed in the ETF’s statements of comprehensive income.

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

As at	Securities Loaned	Collateral Received
December 31, 2022	\$3,980,541	\$4,206,141
December 31, 2021	\$4,323,441	\$4,551,945

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 years ended December 31, 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 years ended	December 31, 2022	% of Gross Income	December 31, 2021	% of Gross Income
Gross securities lending income	\$17,228		\$11,348	
Withholding taxes	(50)	0.29%	(399)	3.52%
Lending Agents’ fees:				
Canadian Imperial Bank of Commerce	(6,869)	39.87%	(4,377)	38.57%
Net securities lending income paid to the ETF	\$10,309	59.84%	\$6,572	57.91%

8. REDEEMABLE UNITS

The ETF is authorized to issue an unlimited number of redeemable, transferable Class A units each of which represents an equal, undivided interest in the net assets of the ETF. Each unit entitles the owner to one vote at meetings of unitholders. Each unit is entitled to participate equally with all other units with respect to all payments made to unitholders, other than management fee distributions, whether by way of income or capital distributions and, on liquidation, to participate equally in the net assets of the ETF remaining after satisfaction of any outstanding liabilities that are attributable to units of that class of the ETF. All units will be fully paid and non-assessable, with no liability for future assessments, when issued and will not be transferable except by operation of law.

Notes to Financial Statements (continued)

For the Years Ended December 31, 2022 and 2021

The redeemable units 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. They are classified as liabilities as a result of the ETF's requirement to distribute net income and capital gains to unitholders. The ETF's objectives in managing the redeemable units are to meet the ETF's investment objective, and to manage liquidity risk arising from redemptions. The ETF's management of liquidity risk arising from redeemable units is discussed in note 5.

On any valid trading day, as defined in the ETF's prospectus, unitholders of the ETF may (i) redeem units of the ETF for cash at a redemption price per unit equal to 95% of the closing price for units of the ETF on the TSX on the effective day of the redemption, where the units being redeemed are not equal to a prescribed number of units ("PNU") or a multiple PNU; or (ii) redeem, less any applicable redemption charge as determined by the Manager in its sole discretion from time to time, a PNU or a multiple PNU of the ETF for cash equal to the net asset value of that number of units.

Units of the ETF are issued or redeemed on a daily basis at the net asset value per security that is determined as at 4:00 p.m. (Eastern Time) each business day. Purchase and redemption orders are subject to a 9:30 a.m. (Eastern Time) cut-off time.

The ETF is required to distribute any net income and capital gains that it has earned in the period. Income earned by the ETF is distributed to unitholders at least once per year, if necessary, and these distributions are either paid in cash or reinvested by unitholders into additional units of the ETF. Net realized capital gains, if any, are typically distributed in December of each year to unitholders. The annual capital gains distributions are not paid in cash but rather, are reinvested and reported as taxable distributions and used to increase each unitholder's adjusted cost base for the ETF. Distributions paid to holders of redeemable units are recognized in the statements of changes in financial position.

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

For the years ended December 31, 2022 and 2021, the number of units issued by subscription and/or distribution reinvestment, the number of units redeemed, the total and average number of units outstanding was as follows:

Year	Beginning Units Outstanding	Units Issued	Units Redeemed	Ending Units Outstanding	Average Units Outstanding
2022	2,034,844	1,217,352	(1,000,000)	2,252,196	2,261,334
2021	1,250,037	840,607	(55,800)	2,034,844	1,652,151

9. EXPENSES

Management fees

The Manager provides, or oversees the provision of, administrative services required by the ETF including, but not limited to: negotiating contracts with certain third-party service providers, such as portfolio managers, custodians, registrars, transfer agents, auditors and printers; authorizing the payment of operating expenses incurred on behalf of the ETF; arranging for the maintenance of accounting records for the ETF; preparing reports to unitholders and to the applicable securities regulatory authorities; calculating the amount and determining the frequency of distributions by the ETF; preparing financial statements, income tax returns and financial and accounting information as required by the ETF; ensuring that unitholders are provided with financial statements and other reports as are required from time to time by applicable law; ensuring that the ETF complies with all other regulatory requirements, including the continuous disclosure obligations of the ETF under applicable securities laws; administering purchases, redemptions and other

Notes to Financial Statements (continued)

For the Years Ended December 31, 2022 and 2021

transactions in units of the ETF; and dealing and communicating with unitholders of the ETF. The Manager provides office facilities and personnel to carry out these services, if not otherwise furnished by any other service provider to the ETF. The Manager also monitors the investment strategies of the ETF to ensure that the ETF complies with its investment objectives, investment strategies and investment restrictions and practices.

In consideration for the provision of these services, the Manager receives a monthly management fee at the annual rate of 0.45%, plus applicable sales taxes, of the net asset value of the ETF's units, calculated and accrued daily and payable monthly in arrears. Any expenses of the ETF which are waived or absorbed by the Manager are paid out of the management fees received by the Manager.

Other expenses

Unless otherwise waived or reimbursed by the Manager, the ETF pays all of its operating expenses, including but not limited to: audit fees; trustee and custodial expenses; valuation, accounting and record keeping costs; legal expenses; permitted prospectus preparation and filing expenses; costs associated with delivering documents to unitholders; listing and annual stock exchange fees; index licensing fees, if applicable; fees payable to CDS Clearing and Depository Services Inc.; bank related fees and interest charges; extraordinary expenses; unitholder reports and servicing costs; registrar and transfer agent fees; costs associated with the Independent Review Committee; income taxes; sales taxes; brokerage expenses and commissions; withholding taxes; and fees payable to service providers in connection with regulatory compliance and tax matters in foreign jurisdictions.

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.

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.

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 years ended December 31, 2022 and 2021, were as follow:

Year Ended	Brokerage Commissions Paid	Soft Dollar Transactions	Amount Paid to Related Parties
December 31, 2022	\$32,448	\$nil	\$nil
December 31, 2021	\$23,388	\$nil	\$nil

In addition to the information contained in the table above, 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. 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 management fees payable by the ETF as at December 31, 2022 and 2021, are disclosed in the statements of financial position.

Notes to Financial Statements (continued)

For the Years Ended December 31, 2022 and 2021

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.

11. INCOME TAX

The ETF has qualified as a mutual fund trust under the *Income Tax Act* (Canada) (the "Tax Act") and accordingly, is not taxed on the portion of taxable income that is paid or allocated to unitholders. As well, tax refunds (based on redemptions and realized and unrealized gains during the year) may be available that would make it possible to retain some net capital gains in the ETF without incurring any income taxes.

12. TAX LOSSES CARRIED FORWARD

Capital losses for income tax purposes may be carried forward indefinitely and applied against capital gains realized in future years. Non-capital losses carried forward may be applied against future years' taxable income. Non-capital losses that are realized in the current taxation year may be carried forward for 20 years. As at December 31, 2022, the ETF had net capital losses and/or non-capital losses, with the year of expiry of the non-capital losses as follows:

Net Capital Losses	Non-Capital Losses	Year of Expiry of the Non-Capital Losses
\$2,560,580	–	–

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. The following table shows financial instruments that may be eligible for offset, if such conditions were to arise, as at December 31, 2022 and 2021. The "Net" column displays what the net impact would be on the ETF's statements of financial position if all amounts were set-off.

Financial Assets and Liabilities as at December 31, 2022	Amounts Offset (\$)			Amounts Not Offset (\$)		Net (\$)
	Gross Assets (Liabilities)	Gross Assets (Liabilities) Offset	Net Amounts	Financial Instruments	Cash Collateral Pledged	
Derivative assets	700,808	–	700,808	(2,681)	–	698,127
Derivative liabilities	(2,681)	–	(2,681)	2,681	–	–

Financial Assets and Liabilities as at December 31, 2021	Amounts Offset (\$)			Amounts Not Offset (\$)		Net (\$)
	Gross Assets (Liabilities)	Gross Assets (Liabilities) Offset	Net Amounts	Financial Instruments	Cash Collateral Pledged	
Derivative assets	287,191	–	287,191	(188,273)	–	98,918
Derivative liabilities	(188,273)	–	(188,273)	188,273	–	–

Notes to Financial Statements (continued)

For the Years Ended December 31, 2022 and 2021

14. INTERESTS IN SUBSIDIARIES, ASSOCIATES AND UNCONSOLIDATED STRUCTURED ENTITIES

The ETF may invest in 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 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.

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 and listed in the schedule of investments. As at December 31, 2022 and 2021, the ETF had no exposure to subsidiaries, associates or unconsolidated structured entities.

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