

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This Prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and only by persons permitted to sell these securities.



PROSPECTUS

Initial Public Offering and Continuous Offering

January 12, 2024

Horizons USD High Interest Savings ETF

(“UCSH.U” or the “ETF”)

The ETF is an exchange traded mutual fund trust established under the laws of Ontario. Class A units (“Units”) of the ETF are offered for sale on a continuous basis by this prospectus and there is no minimum number of Units of the ETF that may be issued. Units of the ETF are only offered for sale on a continuous basis in U.S. dollars by this prospectus. The base currency of the ETF is U.S. dollars. Units of the ETF are offered for sale at a price equal to the net asset value of such Units next determined following the receipt of a subscription order.

The manager, investment manager and trustee of the ETF is Horizons ETFs Management (Canada) Inc. (“Horizons”, the “Manager” or the “Trustee”). See “Organization and Management Details of the ETF”.

Investment Objective

The ETF seeks to maximize monthly income for unitholders while preserving capital and liquidity by investing primarily in high interest U.S. dollar deposit accounts with Canadian banks.

See “Investment Objective”.

The ETF is a money market fund within the definition set out in NI 81-102 and complies with all applicable requirements of NI 81-102.

Units of the ETF have been conditionally approved for listing on the Toronto Stock Exchange (the “TSX”). Subject to satisfying the TSX’s original listing requirements on or before December 29, 2024, the Units of the ETF will be listed on the TSX. Investors will be able to buy or sell Units on the TSX through registered brokers and dealers in the province or territory where the investor resides. Investors will incur customary brokerage commissions in buying or selling Units.

The Manager, on behalf of the ETF, has entered into and may enter into agreements with registered dealers (each a “Designated Broker” or “Dealer”) which, amongst other things, enable a Designated Broker and Dealers to purchase and redeem Units directly from the ETF. No Designated Broker or Dealer has been involved in the preparation of this prospectus nor has any Designated Broker or Dealer performed any review of the contents of this prospectus. The securities regulatory authorities have provided the ETF with a decision exempting the ETF from the requirement to include a certificate of an underwriter in this prospectus. The Designated Broker and the Dealers of the ETF are not underwriters of the ETF in connection with the distribution by the ETF of their Units under this prospectus.

Holders of Units (“Unitholders”) will be able to redeem Units in any number for cash at a redemption price per Unit of 95% of the closing price for the Units on the TSX on the effective day of redemption. Unitholders are advised to consult their brokers or investment advisers before redeeming Units for cash. The ETF will also offer additional redemption or exchange options which are available where a Dealer, Designated Broker or Unitholder redeems or exchanges a prescribed number of Units (a “PNU”). See “Exchange and Redemption of Units”.

Although the ETF primarily invests in bank deposit accounts, the ETF is not covered by the Canada Deposit Insurance Corporation, the Federal Deposit Insurance Corporation or any other government deposit insurer. The ETF is therefore subject to the credit risk of the chartered banks in which it makes deposits.

For a discussion of the risks associated with an investment in Units of the ETF, see “Risk Factors”.

Registrations and transfers of Units will be effected only through the book-entry only system administered by CDS Clearing and Depository Services Inc. Beneficial owners will not have the right to receive physical certificates evidencing their ownership.

Although the ETF is a mutual fund under Canadian securities legislation, certain provisions of such legislation and the policies of the Canadian Securities Administrators applicable to conventional mutual funds and designed to protect investors who purchase securities of mutual funds do not apply. The ETF has also been granted exemptive relief from certain provisions of Canadian securities legislation applicable to conventional mutual funds.

Additional information about the ETF is or will be available in its most recently filed annual financial statements together with the accompanying independent auditor’s report, any interim financial statements of the ETF filed after these annual financial statements, its most recently filed annual and interim management reports of fund performance, and its most recently filed ETF Facts. These documents are or will be incorporated by reference into this prospectus which means that they legally form part of this prospectus. For further details, see “Documents Incorporated by Reference”.

You can get a copy of these documents at your request, and at no cost, by calling the Manager toll-free at 1-866-641-5739 or from your dealer. These documents will also be available on the Manager’s website at www.HorizonsETFs.com, or by contacting the Manager by e-mail at info@HorizonsETFs.com. These documents and other information about the ETF are also available on the website of SEDAR+ at www.sedarplus.ca.

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PROSPECTUS SUMMARY

The following is a summary of the principal features of this distribution and should be read together with the more detailed information, financial data and financial statements contained elsewhere in this prospectus or incorporated by reference in this prospectus. Capitalized terms not defined in this summary are defined in the Glossary.

The ETF	<p>The ETF is an open-end mutual fund trust established under the laws of Ontario. See “Overview of the Legal Structure of the ETF”.</p>
Investment Objective	<p>The ETF seeks to maximize monthly income for unitholders while preserving capital and liquidity by investing primarily in high interest U.S. dollar deposit accounts with Canadian banks.</p> <p>See “Investment Objective”.</p>
Investment Strategies	<p>The ETF invests substantially all of its assets in high interest U.S. dollar deposit accounts with one or more Canadian chartered banks. The ETF can also invest in high-quality, short-term (one year or less) debt securities, including U.S. dollar denominated treasury bills and promissory notes issued or guaranteed by the United States federal government or the Government of Canada, or their respective agencies, and U.S. dollar denominated banker’s acceptances.</p> <p>The ETF is a money market fund within the definition set out in NI 81-102 and complies with all applicable requirements of NI 81-102.</p>
Offering	<p>The ETF offers class A units (the “Units”). Units of the ETF are offered for sale on a continuous basis by this prospectus, and there is no minimum number of Units of the ETF that may be issued. Units of the ETF are only offered for sale on a continuous basis in U.S. dollars by this prospectus. The base currency of the ETF is U.S. dollars. The Units of the ETF are offered for sale at a price equal to the net asset value of such Units next determined following the receipt of a subscription order. Subscriptions for Units of the ETF may be made only in U.S. currency.</p> <p>Units of the ETF have been conditionally approved for listing on the TSX. Subject to satisfying the TSX’s original listing requirements, the Units of the ETF will be listed on the TSX. Investors will be able to buy or sell Units on the TSX through registered brokers and dealers in the province or territory where the investor resides. Investors will incur customary brokerage commissions in buying or selling Units.</p> <p>See “Plan of Distribution”.</p>
Special Considerations for Purchasers	<p>The provisions of the so-called “early warning” requirements set out in Canadian securities legislation do not apply in connection with the acquisition of Units of the ETF. In addition, the ETF is entitled to rely on exemptive relief from the securities regulatory authorities to permit a Unitholder of the ETF to acquire more than 20% of the Units of the ETF through purchases on the TSX without regard to the takeover bid requirements of applicable Canadian securities legislation.</p> <p>Although the ETF primarily invests in bank deposit accounts, the ETF is not covered by the Canada Deposit Insurance Corporation, the Federal Deposit Insurance Corporation or any other government deposit insurer.</p> <p>See “Attributes of the Securities - Description of the Securities Distributed”.</p>
Distribution Policy	<p>It is anticipated that the ETF will make distributions to its Unitholders on a monthly basis.</p> <p>Distributions are not fixed or guaranteed.</p>

To the extent required, the ETF will also make payable on or prior to the end of each taxation year sufficient net income (including net capital gains) that has not previously been paid or made payable so that the ETF will not be liable for ordinary income tax in any given year and such distributions will be automatically reinvested in Units of the ETF or paid in Units of the ETF, in each case which will then be immediately consolidated such that the number of outstanding Units of the ETF held by each Unitholder on such day following the distribution will equal the number of Units of the ETF held by the Unitholder prior to that distribution.

See “Distribution Policy” and “Tax Implications of the ETF’s Distribution Policy”

Distribution Reinvestment

At any time, a Unitholder of the ETF may elect to participate in the Reinvestment Plan, if any, by contacting the CDS Participant(s) through which the Unitholder holds its Units. Under the Reinvestment Plan, cash distributions will be used to acquire additional Units of the ETF held by the Unitholder in the market and will be credited to the account of the Unitholder through CDS.

See “Distribution Policy – Distribution Reinvestment Plan”

Redemptions

In addition to the ability to sell Units of the ETF on the TSX, Unitholders of the ETF may redeem Units for cash at a redemption price per Unit equal to 95% of the closing price for the Units on the TSX on the effective day of the redemption, where the Units being redeemed are not equal to a PNU or a multiple PNU.

Because Unitholders will generally be able to sell Units at the market price on the TSX through a registered broker or dealer, subject only to customary brokerage commissions, Unitholders are advised to consult their brokers, dealers or investment advisors before redeeming their Units for cash.

The ETF will also offer additional redemption or exchange options which are available where a Dealer, Designated Broker or Unitholder redeems or exchanges a PNU or a multiple PNU.

See “Exchange and Redemption of Units”.

Income Tax Considerations

A Unitholder of the ETF who is resident in Canada will generally be required to include, in computing income for a taxation year, the amount of income (including any taxable capital gains) that is or is deemed to be paid or payable to the Unitholder by the ETF in that year (including such income that is paid in Units or reinvested in additional Units of the ETF).

A Unitholder of the ETF who disposes of a Unit of the ETF that is held as capital property, including on a redemption or otherwise, will realize a capital gain (or capital loss) to the extent that the proceeds of disposition (other than any amount payable by the ETF which represents income or capital gains allocated and designated to the redeeming Unitholder), net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the Unit disposed of.

Pursuant to the Trust Declaration, the ETF may allocate and designate any income or capital gains realized by the ETF as a result of any disposition of property of the ETF undertaken to permit or facilitate the redemption of Units to a Unitholder whose Units are being redeemed. In addition, the ETF has the authority to distribute, allocate and designate any income or capital gains of the ETF to a Unitholder who has redeemed Units of the ETF during a year in an amount equal to the Unitholder’s share, at the time of redemption, of the ETF’s income and capital gains for the year or such other amount that is determined by the ETF to be reasonable. Any such allocations and designations will reduce the redemption price otherwise payable to the redeeming Unitholder, but, for greater certainty, will not reduce the amount of cash or the value of the property that the Unitholder will receive in respect of the redemption.

Recent amendments to the Tax Act (a) prohibit the ETF (provided that it is a “mutual fund trust” for purposes of the Tax Act throughout its taxation year) from claiming a deduction in respect of income allocated to redeeming Unitholders and (b) limit the ability of the ETF to claim a deduction in respect of capital gains allocated to redeeming Unitholders in the manner described above (the “**ATR Rule**”).

Pursuant to the ATR Rule, amounts of taxable capital gain allocated and designated to redeeming Unitholders will be deductible to the ETF only to the extent of the redeeming Unitholders’ pro rata share (as determined under the ATR Rule) of the net taxable capital gains of the ETF for the year. Any such taxable capital gains that would not be deductible by the ETF if allocated to redeeming or exchanging Unitholders may be made payable to non-redeeming or non-exchanging Unitholders of the ETF so that the ETF will not be liable for non-refundable income tax thereon. Accordingly, the amounts and taxable component of distributions to non-redeeming or non-exchanging Unitholders of the ETF may be greater than they would have been in the absence of such ATR Rule.

Each investor should satisfy himself or herself as to the federal and provincial tax consequences of an investment in Units of the ETF by obtaining advice from his or her tax advisor.

See “Income Tax Considerations”.

Eligibility for Investment

Provided that the ETF qualifies as a “mutual fund trust” within the meaning of the Tax Act, or the Units of the ETF are unconditionally listed on a “designated stock exchange” within the meaning of the Tax Act (which includes the TSX), Units of the ETF, if issued on the date hereof, would be on such date qualified investments under the Tax Act for a trust governed by a Registered Plan.

Documents Incorporated by Reference

Additional information about the ETF is or will be available in its most recently filed annual and interim financial statements, its most recently filed annual and interim management report of fund performance, and its most recently filed ETF Facts. These documents are or will be incorporated by reference into this prospectus. Documents incorporated by reference into this prospectus legally form part of this prospectus just as if they were printed as part of this prospectus. These documents are or will be publicly available on the website of the ETF at www.HorizonsETFs.com and may be obtained upon request, at no cost, by calling toll-free 1-866-641-5739 or by contacting your dealer. These documents and other information about the ETF are also publicly available at www.sedarplus.ca. See “Documents Incorporated by Reference”.

Risk Factors

There are certain risk factors that are common to an investment in the ETF. See “Risk Factors”.

Organization and Management of the ETF

The Manager, Trustee and Investment Manager

Horizons, a corporation incorporated under the laws of Canada, is the manager, investment manager and trustee of the ETF. The Manager is responsible for providing or arranging for the provision of administrative services, investment advisory and portfolio management services required by the ETF. The principal office of Horizons is 55 University Avenue, Suite 800, Toronto, Ontario, M5J 2H7.

Horizons is an innovative financial services organization distributing the Horizons family of leveraged, inverse leveraged, inverse, index and actively managed exchange traded funds. Horizons is a subsidiary of Mirae Asset Global Investments Co., Ltd. (“**Mirae Asset**”). Mirae Asset is the Korea-based asset management entity of Mirae Asset Financial Group, one of the world’s largest investment managers in emerging market equities.

Custodian	CIBC Mellon Trust is the custodian of the ETF and is independent of the Manager. CIBC Mellon Trust provides custodial services to the ETF and is located in Toronto, Ontario.
Valuation Agent	CIBC Mellon Global has been retained to provide accounting services in respect of the ETF. CIBC Mellon Global is located in Toronto, Ontario.
Auditor	KPMG LLP is responsible for auditing the annual financial statements of the ETF. The auditor is independent of the Manager. The head office of KPMG LLP is located in Toronto, Ontario.
Registrar and Transfer Agent	TSX Trust Company, at its principal offices in Toronto, Ontario is the registrar and transfer agent for Units of the ETF pursuant to registrar and transfer agency agreements. TSX Trust Company is independent of the Manager.
Promoter	<p>The Manager is also the promoter of the ETF. The Manager took the initiative in founding and organizing the ETF and is, accordingly, the promoter of the ETF within the meaning of securities legislation of certain provinces and territories of Canada.</p> <p>See “Organization and Management Details of the ETF”.</p>

Summary of Fees and Expenses

The following table lists the fees and expenses payable by the ETF, and the fees and expenses that Unitholders may have to pay if they invest in the ETF. Unitholders may have to pay some of these fees and expenses directly. Alternatively, the ETF may have to pay some of these fees and expenses, which will therefore reduce the value of an investment in the ETF.

Fees and Expenses Payable by the ETF

Type of Charge	Description
Management Fees	<p>The ETF pays an annual Management Fee to the Manager equal to 0.14% of the net asset value of the ETF, plus applicable Sales Tax.</p> <p>See “Fees and Expenses”.</p>
Operating Expenses	<p>The Manager will pay all the expenses of the ETF other than the Management Fee, any Sales Taxes on the applicable Management Fee, and any brokerage expenses and commissions as may be applicable. As a result, the ETF will not have any operating expenses other than Management Fees, Sales Taxes on the Management Fees, and any brokerage expenses and commissions as may be applicable.</p> <p>See “Fees and Expenses”.</p>
Expenses of the Issue	<p>Apart from the initial organizational cost of the ETF, all expenses related to the issuance of Units shall be borne by the ETF unless otherwise waived or reimbursed by the Manager.</p> <p>See “Fees and Expenses”.</p>

Fees and Expenses Payable Directly by Unitholders

Administration Charges	As may be agreed between the Manager and a Designated Broker or Dealer, the Manager may charge the Designated Broker and Dealers of the ETF, at its discretion, an issue, exchange or redemption charge to offset certain transaction costs associated with the issuance, exchange or redemption of Units. Administration charges are variable, and the Manager will publish the current administration charges, if any, on its website, www.HorizonsETFs.com . These
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administrative charges do not apply to Unitholders who buy and sell their Units on a stock exchange.

See “Fees and Expenses Payable Directly by the Unitholders”.

GLOSSARY

The following terms have the following meaning:

“**Canadian securities legislation**” means the securities laws in force in each province and territory of Canada, all regulations, rules, orders and policies made thereunder and all multilateral and national instruments adopted by the Securities Regulatory Authorities in such jurisdictions;

“**Cash Equivalents**” means an evidence of indebtedness that has a remaining term of maturity of 365 days or less and that is issued, or fully and unconditionally guaranteed as to principal and interest, by (a) the government of Canada or the government of a province or territory of Canada, (b) the government of the United States of America, the government of one of the states of the United States of America, the government of another sovereign state or a permitted supranational agency, if, in each case, the evidence of indebtedness has a designated rating, or (c) a Canadian financial institution, or a financial institution that is not incorporated or organized under the laws of Canada or of a jurisdiction if, in either case, evidences of indebtedness of that issuer or guarantor that are rated as short term debt by a designated rating organization or its DRO affiliate (each within the meaning of NI 81-102) have a designated rating;

“**Cash Subscription**” means a subscription order for Units of the ETF that is paid in full in cash;

“**CDS**” means CDS Clearing and Depository Services Inc.;

“**CDS Participant**” means a participant in CDS that holds security entitlements in Units of the ETF on behalf of beneficial owners of those Units;

“**CIBC Mellon Global**” means CIBC Mellon Global Securities Services Company;

“**CIBC Mellon Trust**” means CIBC Mellon Trust Company;

“**CRA**” means the Canada Revenue Agency;

“**CRS Rules**” has the meaning ascribed to that term under the heading “Unitholder Matters – Exchange of Tax Information”;

“**Custodian**” means CIBC Mellon Trust, in its capacity as custodian of the ETF pursuant to the Custodian Agreement;

“**Custodian Agreement**” means the second amended and restated master custodial services agreement dated September 1, 2013, as amended from time to time, between the Manager, in its capacity as manager and trustee of the ETF, CIBC Mellon Trust, The Bank of New York Mellon, Canadian Imperial Bank of Commerce and CIBC Mellon Global;

“**Dealer**” means a registered dealer (that may or may not be a Designated Broker) that has entered into a Dealer Agreement with the Manager, on behalf of the ETF, pursuant to which the Dealer may subscribe for Units of the ETF as described under “Purchases of Units”;

“**Dealer Agreement**” means an agreement between the Manager, on behalf of the ETF, and a Dealer;

“**Designated Broker**” means a registered dealer that has entered into a Designated Broker Agreement pursuant to which the Designated Broker agrees to perform certain duties in relation to the ETF;

“**Designated Broker Agreement**” means an agreement between the Manager, on behalf of the ETF, and a Designated Broker;

“**DFA Rules**” has the meaning ascribed to that term under the heading “Income Tax Considerations – Taxation of the ETF”;

“**Distribution Record Date**” means a date determined by the Manager as a record date for the determination of Unitholders entitled to receive a distribution from the ETF;

“**DPSP**” means a deferred profit sharing plan within the meaning of the Tax Act;

“**Equity Repurchase Rules**” has the meaning ascribed thereto under “Risk Factors – Tax Risk”;

“**ETF**” means the exchange traded mutual fund offered under this prospectus;

“**FHSA**” means a first home savings account within the meaning of the Tax Act;

“**Floating Rate Evidence of Indebtedness**” means an evidence of indebtedness that has a floating rate of interest determined over the term of the obligation by reference to a commonly used benchmark interest rate and that satisfies any of the following: (a) if the evidence of indebtedness was issued by a person or company other than a government or a permitted supranational agency, it has a designated rating; (b) if the evidence of indebtedness was issued by a government or a permitted supranational agency, it has its principal and interest fully and unconditionally guaranteed by any of the following: (i) the government of Canada or the government of a jurisdiction of Canada; (ii) the government of the United States of America, the government of one of the states of the United States of America, the government of another sovereign state or a permitted supranational agency, if, in each case, the evidence of indebtedness has a designated rating;

“**GST/HST**” means taxes exigible under Part IX of the *Excise Tax Act* (Canada) and the regulations made thereunder;

“**Horizons**” means Horizons ETFs Management (Canada) Inc., the manager, investment manager, trustee and promoter of the ETF;

“**IGA**” has the meaning ascribed to that term under the heading “Unitholder Matters – Exchange of Tax Information”;

“**IRC**” means the independent review committee of the ETF established under NI 81-107;

“**LRE**” has the meaning ascribed to that term under the heading “Risk Factors – Tax Related Risks”;

“**Management Fee**” means the annual management fee paid by the ETF to the Manager, equal to a percentage of the net asset value of that ETF, calculated and accrued daily and payable monthly;

“**Management Fee Distribution**” means an amount equal to the difference between the Management Fees otherwise chargeable by the Manager and a reduced fee determined by the Manager, at its discretion, from time to time, and that is distributed by the ETF quarterly in cash to Unitholders of the ETF who hold large investments in that ETF;

“**Manager**” means Horizons, in its capacity as manager of the ETF, pursuant to the Trust Declaration;

“**Mirae Asset**” means Mirae Asset Global Investments Co., Ltd.;

“**NBF**” means National Bank Financial Inc.;

“**net asset value**” means the net asset value of the ETF as calculated on each Valuation Day in accordance with the Trust Declaration and “**NAV**” shall have the same meaning;

“**NI 81-102**” means National Instrument 81-102 *Investment Funds*, as it may be amended from time to time;

“**NI 81-107**” means National Instrument 81-107 *Independent Review Committee for Investment Funds*, as it may be amended from time to time;

“**Non-Portfolio Earnings**” has the meaning ascribed to that term under the heading “Income Tax Considerations – Taxation of the ETF”;

“**Plan Agent**” means TSX Trust Company, plan agent for the Reinvestment Plan;

“**Plan Participant**” has the meaning ascribed to such term under the heading “Distribution Policy – Distribution Reinvestment Plan”;

“**Plan Units**” has the meaning ascribed to such term under the heading “Distribution Policy – Distribution Reinvestment Plan”;

“**PNU**” in relation to Units of the ETF, means the prescribed number of Units of that ETF determined by the Manager from time to time, whereby a dealer or a Unitholder may subscribe for, and/or redeem Units of the ETF or for such other purposes as the Manager may determine;

“**RDSP**” means a registered disability savings plan within the meaning of the Tax Act;

“**Registered Plans**” means trusts governed by RDSPs, RESPs, RRIFs, RRSPs, DPSPs, TFSAAs and FHSAs;

“**Registrar and Transfer Agent**” means TSX Trust Company;

“**Reinvestment Plan**” means the distribution reinvestment plan for the ETF, as described under the heading “Distribution Policy – Distribution Reinvestment Plan”;

“**RESP**” means a registered education savings plan within the meaning of the Tax Act;

“**RRIF**” means a registered retirement income fund within the meaning of the Tax Act;

“**RRSP**” means a registered retirement savings plan within the meaning of the Tax Act;

“**Sales Tax**” means all applicable provincial and federal sales, use, value-added or goods and services taxes, including GST/HST;

“**Securities Regulatory Authorities**” means the securities commission or similar regulatory authority in each province and territory of Canada that is responsible for administering the Canadian securities legislation in force in such jurisdictions;

“**SIFT Rules**” means the provisions of the Tax Act providing for a tax on certain income earned by a “SIFT trust” or “SIFT partnership”, as those are defined in the Tax Act;

“**Tax Act**” means the *Income Tax Act* (Canada) and the regulations thereunder as amended from time to time;

“**Tax Amendment**” means a proposed amendment to the Tax Act publicly announced by the Minister of Finance (Canada) prior to the date hereof;

“**Tax Treaties**” has the meaning ascribed to such term under the heading “Risk Factors – Tax Related Risks”;

“**TFSA**” means a tax-free savings account within the meaning of the Tax Act;

“**Trading Day**” means, as applicable, a day on which: (i) a session of the TSX is held; (ii) the principal exchange for the securities to which the ETF is exposed (if any) is open for trading; and (iii) deposit taking banks in Canada are open for business, and is not a Friday, or a business day immediately before a statutory or bank holiday;

“**Trust Declaration**” means the amended and restated declaration of trust establishing the ETF, as supplemented, amended or amended and restated from time to time;

“**Trustee**” means Horizons, in its capacity as trustee of the ETF pursuant to the Trust Declaration;

“**TSX**” means the Toronto Stock Exchange;

“**Unitholder**” means a holder of Units of the ETF;

“**Units**” means the Class A units of the ETF, and “**Unit**” means one of them;

“**Valuation Agent**” means CIBC Mellon Global;

“**Valuation Day**” for the ETF means a day upon which a session of the TSX is held; and

“**Valuation Time**” means 4:00 p.m. (EST) on a Valuation Day or such other time as may be deemed appropriate by Horizons, as trustee of the ETF.

OVERVIEW OF THE LEGAL STRUCTURE OF THE ETF

The ETF is an open-end mutual fund trust established under the laws of Ontario. The manager, investment manager and trustee of the ETF is Horizons ETFs Management (Canada) Inc. (“**Horizons**”, the “**Manager**” or the “**Trustee**”).

Units are currently offered pursuant to this prospectus under the following ticker symbol:

Name of ETF	Currency	Ticker Symbol
Horizons USD High Interest Savings ETF	U.S. dollar	UCSH.U

The ETF was created pursuant to the Trust Declaration. The head office of the Manager and the ETF is located at 55 University Avenue, Suite 800, Toronto, Ontario, M5J 2H7. While the ETF is or will be a mutual fund under the securities legislation of certain provinces and territories of Canada, the ETF is entitled to rely on exemptive relief from certain provisions of Canadian securities legislation applicable to conventional mutual funds.

Units of the ETF have been conditionally approved for listing on the TSX. Subject to satisfying the TSX’s original listing requirements, the Units of the ETF will be listed on the TSX. Investors will be able to buy or sell Units on the TSX through registered brokers and dealers in the province or territory where the investor resides. Investors will incur customary brokerage commissions in buying or selling Units.

INVESTMENT OBJECTIVE

The ETF seeks to maximize monthly income for unitholders while preserving capital and liquidity by investing primarily in high interest U.S. dollar deposit accounts with Canadian banks.

The fundamental investment objective of the ETF may not be changed except with the approval of its Unitholders. See “Unitholder Matters” for additional descriptions of the process for calling a meeting of Unitholders and requirements of Unitholder approval.

INVESTMENT STRATEGIES

The ETF invests substantially all of its assets in high interest U.S. dollar deposit accounts with one or more Canadian chartered banks. The ETF can also invest in high-quality, short-term (one year or less) debt securities, including U.S. dollar denominated treasury bills and promissory notes issued or guaranteed by the United States federal government or the Government of Canada, or their respective agencies, and U.S. dollar denominated banker’s acceptances.

The ETF is a money market fund within the definition set out in NI 81-102 and complies with all applicable requirements of NI 81-102.

OVERVIEW OF THE SECTORS THAT THE ETF INVESTS IN

See “Investment Objective” and “Investment Strategies”.

INVESTMENT RESTRICTIONS

The ETF is subject to certain restrictions and practices contained in Canadian securities legislation, including NI 81-102 and NI 81-107. The ETF is managed in accordance with these restrictions and practices, except as otherwise permitted by exemptions provided by the Securities Regulatory Authorities or as permitted by NI 81-107. See “Exemptions and Approvals”.

The ETF will not make an investment that would result in the ETF failing to qualify as a “unit trust” or “mutual fund trust” within the meaning of the Tax Act or that would result in the ETF becoming subject to the tax for “SIFT trusts” within the meaning of the Tax Act. In addition, the ETF will not make or hold any investment in property that would

be “taxable Canadian property” (if the definition of such term in the Tax Act were read without reference to paragraph (b) thereof) if more than 10% of the ETF’s property consisted of such property.

The ETF is a money market fund and will not use derivatives or sell securities short. Not less than 95% of the cash, Cash Equivalents, debt, Floating Rate Evidence of Indebtedness, and money market funds held by the ETF are denominated in a currency that the NAV of the mutual fund is calculated. Not less than 5% of the ETF’s assets are invested in cash or are readily convertible into cash within one day, and not less than 15% of the ETF’s assets are invested in cash or are readily convertible into cash within one week.

FEES AND EXPENSES

Management Fees

The ETF pays an annual Management Fee to the Manager equal to 0.14% of the net asset value of the ETF, plus applicable Sales Tax.

The Management Fee is calculated and accrued daily and payable monthly in arrears in consideration for the services provided by the Manager to the ETF as set out under “Organization and Management Details of the ETF – Duties and Services to be Provided by the Manager”.

The Management Fees are paid to the Manager in consideration for the services the Manager provides to the ETF. Such services include, but are not limited to: negotiating contracts with certain third-party service providers, including, but not limited to, investment managers, counterparties, custodians, registrars, transfer agents, valuation agents, Designated Brokers, Dealers, auditor and printers; authorizing the payment of operating expenses incurred on behalf of the ETF; ensuring the maintenance of accounting records for the ETF; preparing the reports to Unitholders of the ETF 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 of the ETF 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; arranging for any payments required upon termination of the ETF; and dealing and communicating with Unitholders of the ETF. The Manager will provide office facilities and personnel to carry out these services, if not otherwise furnished by any other service provider to the ETF. The Manager will also monitor the investment strategy of the ETF to ensure that the ETF complies with its investment objective, investment strategies and investment restrictions and practices.

To encourage very large investments in the ETF and to ensure Management Fees are competitive for these investments, the Manager may at its discretion agree to charge a reduced fee as compared to the fee it otherwise would be entitled to receive from the ETF with respect to investments in the ETF by Unitholders that hold, on average during any period specified by the Manager from time to time (currently a quarter), Units of the ETF having a specified aggregate value. Such a reduction will be dependent upon a number of factors, including the amount invested, the total assets of the ETF under administration and the expected amount of account activity. An amount equal to the difference between the fee otherwise chargeable and the reduced fee of the ETF will be distributed quarterly in cash by the ETF to the Unitholders of the ETF as Management Fee Distributions.

The availability and amount of Management Fee Distributions with respect to Units of the ETF will be determined by the Manager. Management Fee Distributions for the ETF will generally be calculated and applied based on a Unitholder’s average holdings of Units of the ETF over each applicable period as specified by the Manager from time to time. Management Fee Distributions will be available only to beneficial owners of Units of the ETF and not to the holdings of Units of the ETF by dealers, brokers or other CDS Participants that hold Units of the ETF on behalf of beneficial owners. In order to receive a Management Fee Distribution for any applicable period, a beneficial owner of Units of the ETF must submit a claim for a Management Fee Distribution that is verified by a CDS Participant on the beneficial owner’s behalf and provide the Manager with such further information as the Manager may require in accordance with the terms and procedures established by the Manager from time to time.

The Manager reserves the right to discontinue or change Management Fee Distributions at any time. The tax consequences of Management Fee Distributions made by the ETF generally will be borne by the Unitholders of the ETF receiving these distributions from the ETF.

Operating Expenses

The Manager will pay all the expenses of the ETF other than the Management Fee, any Sales Taxes on the applicable Management Fee, and any brokerage expenses and commissions as may be applicable. As a result, the ETF will not have any operating expenses other than Management Fees, Sales Taxes on the Management Fees, and any brokerage expenses and commissions as may be applicable.

Expenses of the Issue

Apart from the initial organizational costs of the ETF, all expenses related to the issuance of the Units shall be borne by the ETF.

Fees and Expenses Payable Directly by the Unitholders

Administration Charge

As may be agreed between the Manager and a Designated Broker or Dealer, the Manager may charge the Designated Broker and Dealers of the ETF, at its discretion, an issue, exchange or redemption charge to offset certain transaction costs associated with the issuance, exchange or redemption of Units. Administration charges are variable, and the Manager will publish the current administration charges, if any, on its website, www.HorizonsETFs.com. These administrative charges do not apply to Unitholders who buy and sell their Units on a stock exchange.

RISK FACTORS

There are certain risk factors inherent to an investment in the ETF. These risks include the following:

Regulatory Risk

Legal and regulatory changes may occur that may adversely affect the ETF and which could make it more difficult, if not impossible, for the ETF to operate or to achieve its investment objective. To the extent possible, the Manager will attempt to monitor such changes to determine the impact such changes may have on the ETF and what can be done, if anything, to try to limit such impact.

Reliance on Historical Data Risk

Past trends may not be repeated in the future. The accuracy of the historical data used by the Manager for research and development, which is often provided by third parties, cannot be guaranteed by the Manager. The Manager only seeks to obtain such data from companies that they believe to be highly reliable and of high reputation.

Interest Rate Risk

As the ETF makes deposits in bank accounts that may have floating interest rates, the distributions of the ETF may be impacted by changes in interest rates. Additionally, to the extent, if any, that the ETF may invest in short-term (one year or less) debt securities or banker's acceptances, the value of such investments, and the value of the ETF, may be impacted by changes in interest rates.

Liquidity Risk

Under certain circumstances, such as a market disruption, the ETF may not be able to dispose of its investments quickly or at prices that represent the fair market value of such investments. In certain circumstances, the holdings of the ETF may be illiquid, which may prevent the ETF from being able to limit its losses or realize gains.

Foreign Currency Denomination Risk

The investments of the ETF are made in U.S. dollars. Because the base currency of the ETF is U.S. dollars, the ETF does not seek to hedge exposure to the U.S. dollar back to the Canadian dollar. As a result, the returns of the ETF will, when compared to the returns of a portfolio that is hedged to the Canadian dollar, reflect changes in the relative value of the Canadian and U.S. dollars.

No assurance can be given that the ETF will not be adversely impacted by changes in foreign exchange rates or other factors.

Risk that Units Will Trade at Prices Other than the Net Asset Value per Unit

The Units of the ETF may trade below, at, or above their net asset value. The net asset value per Unit of the ETF will fluctuate with changes in the market value of the ETF's holdings. The trading prices of the Units of the ETF will fluctuate in accordance with changes in the ETF's net asset value per Unit, as well as market supply and demand on the TSX. However, given that Unitholders may subscribe for a PNU at the net asset value per Unit, the Manager believes that large discounts or premiums to the net asset value per Unit of the ETF should not be sustained.

If a Unitholder purchases Units at a time when the market price of such Units is at a premium to the net asset value per Unit or sells Units at a time when the market price of such Units is at a discount to the net asset value per Unit, the Unitholder may sustain a loss.

Corresponding Net Asset Value Risk

The net asset value per Unit of the ETF will be based on the market value of the ETF's holdings. However, the trading price (including the closing trading price) of a Unit of the ETF on the TSX may be different from the actual net asset value of a Unit of the ETF. As a result, Dealers may be able to acquire a PNU of the ETF and Unitholders may be able to redeem a PNU of the ETF at a discount or a premium to the closing trading price per Unit of the ETF.

Such a difference between the trading price of the ETF and its net asset value may be due, in large part, to supply and demand factors in the secondary trading market for Units of the ETF being similar, but not identical, to the same forces influencing the price of the underlying constituents of the ETF at any point in time.

Because Unitholders may acquire or redeem a PNU, the Manager expects that large discounts or premiums to the net asset value per Unit of the ETF should not be sustainable.

Designated Broker/Dealer Risk

As the ETF will only issue Units directly to the Designated Broker and Dealers, in the event that a purchasing Designated Broker or Dealer is unable to meet its settlement obligations, the resulting costs and losses incurred will be borne by the ETF.

Cease Trading of Securities Risk

If securities of the ETF are cease-traded by order of a securities regulatory authority, if normal trading is suspended on the relevant exchange, or if for any reason it is likely there will be no closing bid price for securities, the ETF may suspend the right to redeem Units for cash, subject to any required prior regulatory approval. If the right to redeem Units for cash is suspended, the ETF may return redemption requests to Unitholders who have submitted them. If securities are cease-traded, they may not be delivered on an exchange of a PNU for securities until such time as the cease trade order is lifted.

Exchange Risk

In the event that the TSX closes early or unexpectedly on any day that it is normally open for trading, Unitholders will be unable to purchase or sell Units of the ETF on the TSX until it reopens and there is a possibility that, at the same

time and for the same reason, the exchange and redemption of Units of the ETF may be suspended until the TSX reopens.

Early Closing Risk

Unanticipated early closings of a stock exchange on which securities held by the ETF are listed may result in the ETF being unable to sell or buy securities on that day. If a stock exchange closes early on a day when the ETF needs to execute a high volume of securities trades late in the trading day, the ETF may incur substantial trading losses.

No Assurance of Meeting Investment Objective

The success of the ETF will depend on a number of conditions that are beyond the control of the ETF. There is a substantial risk that the investment objective of the ETF will not be met.

Market Disruptions Risk

War and occupation, terrorism and related geopolitical risks may in the future lead to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally, including U.S., Canadian and other economies and securities markets. The spread of coronavirus disease (COVID-19) caused a slowdown in the global economy, and has caused volatility in global financial markets. Coronavirus disease or any other disease outbreak may adversely affect the performance of the ETF. The effects of future terrorist acts (or threats thereof), military action or similar unexpected disruptive events on the economies and securities markets of countries cannot be predicted. These events could also have an acute effect on individual issuers or related groups of issuers. These risks could also adversely affect securities markets, inflation and other factors relating to value of the portfolio of the ETF.

Upon the occurrence of a natural disaster such as flood, hurricane, or earthquake, or upon an incident of war, riot or civil unrest or disease outbreak, the impacted country may not efficiently and quickly recover from such event, which could have a materially adverse effect on borrowers and other developing economic enterprises in such country.

Cyber Security Risk

Cyber security risk is the risk of harm, loss and liability resulting from a failure or breach of information technology systems. Failures or breaches of information technology systems (“**Cyber Security Incidents**”) can result from deliberate attacks or unintentional events and may arise from external or internal sources. Deliberate cyber-attacks include, but are not limited to, gaining unauthorized access to digital systems (e.g., through “hacking” or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data, equipment or systems, or causing operational disruption. Deliberate cyber-attacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users). The primary risks from the occurrence of a Cyber Security Incident include disruption in the ETF’s operations, disclosure of confidential ETF information, reputational damage to the Manager, the incurrence of regulatory penalties by the Manager, additional compliance costs associated with corrective measures, and/or financial loss. Cyber Security Incidents of the ETF’s third-party service providers (e.g., valuation agents, transfer agents or custodians) or issuers that the ETF invests in can also subject the ETF to many of the same risks associated with direct Cyber Security Incidents. The Manager cannot control the cyber security plans and systems put in place by its service providers or any other third party whose operations may affect the ETF or its Unitholders. The ETF and its Unitholders could be negatively impacted as a result.

Tax Risk

The ETF currently meets, or is expected to meet within its first taxation year, all the requirements to qualify as a “mutual fund trust” for the purposes of the Tax Act and (where available) will elect to be deemed to be a “mutual fund trust” from inception.

In the event the ETF were not to qualify as a “mutual fund trust” under the Tax Act at all times, the income tax considerations described under the heading “Income Tax Considerations” would be materially and adversely different in certain respects and the after-tax returns to Unitholders of that ETF may be reduced. For the ETF to qualify as a “mutual fund trust,” it must comply on a continuous basis with certain requirements relating to the qualification of its Units for distribution to the public, the number of Unitholders of the ETF and the dispersal of ownership of its Units. A trust will be deemed not to be a mutual fund trust if it is established or maintained primarily for the benefit of non-residents of Canada unless, at that time, all or substantially all of its property is property other than property that would be “taxable Canadian property” (if the definition of such term in the Tax Act were read without reference to paragraph (b) thereof). The current law does not provide any means of rectifying a loss of mutual fund trust status if this requirement is not met.

In determining its income for tax purposes, the ETF treats gains or losses on the disposition of securities in its portfolio as capital gains and losses. If these dispositions are not on capital account, the net income of the relevant ETF for tax purposes and the taxable component of distributions to Unitholders could increase. Any such redetermination by the CRA may result in the ETF being liable for unremitted withholding taxes on prior distributions made to Unitholders who were not resident in Canada for the purposes of the Tax Act at the time of the distribution. Such potential liability may reduce the net asset value of, or trading prices of, the Units.

Recent amendments to the Tax Act (referred to herein as the “**ATR Rule**”) that are applicable to trusts that are “mutual fund trusts” for purposes of the Tax Act throughout the taxation year prohibit the ETF from deducting income that is allocated to redeeming Unitholders. In addition, pursuant to the ATR Rule, amounts of taxable capital gain allocated and designated to redeeming Unitholders will be deductible to the ETF only to the extent of the redeeming Unitholders’ pro rata share (as determined under the ATR Rule) of the net taxable capital gains of the ETF for the year. Any such taxable capital gains that would not be deductible by the ETF if allocated to redeeming or exchanging Unitholders may be made payable to non-redeeming or non-exchanging Unitholders of the ETF so that the ETF will not be liable for non-refundable income tax thereon. Accordingly, the amounts and taxable component of distributions to non-redeeming or non-exchanging Unitholders of the ETF may be greater than they would have been in the absence of such ATR Rule.

The payment of expenses in a foreign currency and the conversion of a foreign currency to Canadian dollars, if required to pay expenses of the ETF or fund redemptions of Units, are taxable events to the ETF. If the ETF realizes income for purposes of the Tax Act from such activities in a year, the ETF will allocate such income to its Unitholders without any corresponding cash distribution.

The Tax Act contains rules concerning the taxation of publicly traded Canadian trusts and partnerships that own certain types of property defined as “non-portfolio property”. A trust that is subject to these rules is subject to trust level taxation, at rates comparable to those that apply to corporations, on the trust’s income earned from “non-portfolio property” to the extent that such income is distributed to its unitholders. These rules should not impose any tax on the ETF as long as the ETF adheres to its investment restriction in this regard. If these rules apply to the ETF, the after-tax return to Unitholders of the ETF could be reduced, particularly in the case of a Unitholder who is exempt from tax under the Tax Act or is a non-resident of Canada. Further, pursuant to certain Tax Amendments released on November 28, 2023 (the “**Equity Repurchase Rules**”), a trust that is a “SIFT trust” or that is otherwise a “covered entity” as described in the Equity Repurchase Rules is proposed to be subject to a 2% tax on the value of the trust’s equity repurchases (i.e., redemptions) in a taxation year (net of cash subscriptions received by the trust in that taxation year). If the ETF is subject to tax under the SIFT Rules or the Equity Repurchase Rules, the after-tax return to its Unitholders could be reduced, particularly in the case of the SIFT Rules for a Unitholder who is exempt from tax under the Tax Act or is a non-resident of Canada.

Pursuant to rules in the Tax Act, the ETF that experiences a “loss restriction event” (“**LRE**”) (i) will be deemed to have a year-end for tax purposes (which would result in an unscheduled distribution of the ETF’s net income and net realized capital gains, if any, at such time to Unitholders so that the ETF is not liable for income tax on such amounts under Part I of the Tax Act), and (ii) will become subject to the LRE rules generally applicable to a corporation that experiences an acquisition of control, including a deemed realization of any unrealized capital losses and restrictions on its ability to carry forward losses. Generally, the ETF will be subject to an LRE if a Unitholder of the ETF alone or together with affiliated persons or partnerships (or group of persons) acquires (or becomes a holder of) more than 50% of the fair market value of all the interests in the income or capital, as the case may be, of the ETF. Please see

“Income Tax Considerations – Taxation of Unitholders” for the tax consequences of an unscheduled or other distribution to Unitholders. Trusts that qualify as “investment funds” as defined in the rules in the Tax Act relating to LREs are generally excepted from the application of such rules. An “investment fund” for this purpose includes a trust that meets certain conditions, including satisfying certain of the conditions necessary to qualify as a “mutual fund trust” for purposes of the Tax Act, not holding any property that it uses in the course of carrying on a business and complying with certain asset diversification requirements. If the ETF were not to qualify as an “investment fund”, it could potentially have an LRE and thereby become subject to the related tax consequences described above.

The ETF may invest in global equity or debt securities. Many foreign countries preserve their right under domestic tax laws and applicable tax conventions with respect to taxes on income and on capital (“**Tax Treaties**”) to impose tax on interest, dividends and distributions paid or credited to persons who are not resident in such countries. While the ETF intends to make investments in such a manner as to minimize the amount of foreign taxes incurred under foreign tax laws and subject to any applicable Tax Treaties, investments in global equity or debt securities may subject the ETF to foreign taxes on interest, dividends and distributions paid or credited to them or any gains realized on the disposition of such securities. Any foreign taxes incurred by the ETF will generally reduce the value of its portfolio.

The ETF is generally required to pay GST/HST on any management fees and most of the other fees and expenses that it has to pay. There may be changes to the way that the GST/HST and provincial sales taxes apply to fees and expenses incurred by mutual funds such as the ETF and there may be changes in the rates of such taxes, which, accordingly, may affect the costs borne by the ETF and its Unitholders.

Risks Relating to Tax Changes

There can be no assurance that changes will not be made to the tax rules, including the administrative policies and assessing practices of the CRA, affecting the taxation of the ETF or the ETF’s investments, or in the administration of such tax rules.

Liability of Unitholders

The Trust Declaration provides that no Unitholder will be subject to any personal liability whatsoever for any wilful or negligent acts or omissions or otherwise to any party in connection with the assets of the ETF or the affairs of the ETF. The Trust Declaration also provides that the ETF must indemnify and hold each Unitholder harmless from and against any and all claims and liabilities to which such Unitholder may become subject by reason of being, or having been, a Unitholder and must reimburse such Unitholder for all legal and other expenses reasonably incurred in connection with any such claim or liability. Despite the foregoing, there can be no absolute certainty, outside of Ontario, that a claim will not be made against a Unitholder for liabilities which cannot be satisfied out of the assets of the ETF.

Reliance on Key Personnel

Unitholders will be dependent on the abilities of: (i) the Manager in providing recommendations and advice in respect of the ETF; and (ii) the Manager to effectively manage the ETF in a manner consistent with its investment objective, investment strategies and investment restrictions. Implementation of the ETF’s investment strategies will be dependent on the Manager. There is no certainty that the individuals who are principally responsible for providing administration and portfolio management services to the ETF will continue to be employed by the Manager.

Limited Operating History and Absence of an Active Market

The ETF is a newly organized investment trust with no previous operating history. Although the ETF may be listed on the TSX, there is no assurance that an active public market for the Units of the ETF will develop or be sustained.

Deposit Risk and Credit Risk

Although the ETF primarily invests in bank deposit accounts, the ETF is not covered by the Canada Deposit Insurance Corporation, the Federal Deposit Insurance Corporation or any other government deposit insurer. The ETF is therefore

subject to the credit risk of the chartered banks in which it makes deposits. To the extent, if any, that the ETF may invest in short-term (one year or less) debt securities, the ETF is also subject to the credit risk of the applicable borrower. Credit risk is the possibility that a borrower or counterparty is unable or unwilling to repay a loan or obligation, either on time or at all.

Risk Rating of the ETF

The investment risk level of the ETF is required to be determined in accordance with a standardized risk classification methodology that is based on the historical volatility of the ETF, as measured by the 10-year standard deviation of the returns of the ETF. As the ETF is fewer than 10 years old, the Manager calculates the investment risk level of the ETF using a reference index that is expected to reasonably approximate the standard deviation of the ETF. Once the ETF has 10 years of performance history, the methodology will calculate the standard deviation of the ETF using the return history of the ETF rather than that of the reference index. In each case, the ETF is assigned an investment risk rating in one of the following categories: low, low to medium, medium, medium to high or high risk.

The following chart sets out a description of the reference index used for the ETF:

ETF	Reference Index
UCSH.U	U.S. 1 MONTH TREASURY BILL

Unitholders should know that other types of risks, both measurable and non-measurable, exist. Also, just as historical performance may not be indicative of future returns, historical volatility may not be indicative of future volatility. The risk rating of the ETF is reviewed annually and anytime it is no longer reasonable in the circumstances. A more detailed explanation of the risk classification methodology used to identify the risk rating of the ETF is available on request, at no cost, by calling toll-free 1-866-641-5739 or by writing to the Manager at 55 University Avenue, Suite 800, Toronto, Ontario, M5J 2H7.

DISTRIBUTION POLICY

It is anticipated that the ETF will make distributions to its Unitholders on a monthly basis.

Distributions are not fixed or guaranteed.

To the extent required, the ETF will also make payable on or prior to the end of each taxation year sufficient net income (including net capital gains) that has not previously been paid or made payable so that the ETF will not be liable for ordinary income tax in any given year and such distributions will be automatically reinvested in Units of the ETF or paid in Units of the ETF, which in each case will then be immediately consolidated such that the number of outstanding Units of the ETF held by each Unitholder on such day following the distribution will equal the number of Units of the ETF held by the Unitholder prior to that distribution (except as regards any Units redeemed in order to fund the payment of withholding tax, in the case of non-resident Unitholders).

The Manager reserves the right to make additional distributions for the ETF in any year if determined to be appropriate. The tax treatment to Unitholders of the ETF of reinvested distributions or a distribution paid in Units is discussed under the heading “Income Tax Considerations”.

Although there may be reasonable expectation that any income generated by the ETF will be greater than the ETF’s fees and expenses, there is no guarantee that the ETF will distribute any income to its Unitholders.

Distribution Reinvestment Plan

At any time, a Unitholder of the ETF may elect to participate in the Manager’s distribution reinvestment plan (the “**Reinvestment Plan**”) by contacting the CDS Participant through which the Unitholder holds its Units. Under the

Reinvestment Plan, cash distributions will be used to acquire additional Units of the ETF (the “**Plan Units**”) in the market and will be credited to the account of the Unitholder (the “**Plan Participant**”) through CDS.

Eligible Unitholders may elect to participate in, or withdraw from, the Reinvestment Plan by notifying CDS via the applicable CDS Participant(s) through which such Unitholder holds its Units of the Unitholder’s intention to participate, or no longer participate, in the Reinvestment Plan. The CDS Participant must, on behalf of such Unitholder, provide a notice to CDS that the Unitholder wishes, or does not wish, to participate in the Reinvestment Plan by no later than 4:00 p.m. (Toronto time) at least 2 business days immediately prior to the applicable Distribution Record Date in respect of the next expected distribution in which the Unitholder would be entitled to receive a distribution (reinvested or in cash, as the case may be). CDS shall, in turn, notify the Plan Agent no later than 5:00 p.m. (Toronto time) on the applicable Distribution Record Date that such Unitholder does, or does not, wish to participate in the Reinvestment Plan.

Fractional Units

No fractional Plan Units will be issued under the Reinvestment Plan. Payment in cash for any remaining uninvested funds will be made in lieu of fractional Plan Units by the Plan Agent to CDS or CDS Participant, on a monthly or quarterly basis, as the case may be. Where applicable, CDS will, in turn, credit the Plan Participant via the applicable CDS Participant.

Amendments, Suspension or Termination of the Reinvestment Plan

As indicated above, Plan Participants will be able to terminate their participation in the Reinvestment Plan as of a particular Distribution Record Date by notifying their CDS Participant sufficiently in advance of that Distribution Record Date to allow such CDS Participant to notify CDS and for CDS to notify the Plan Agent by 4:00 p.m. (Toronto time) at least 2 business days immediately prior to that Distribution Record Date. Beginning on the first distribution payment date after such notice is delivered, distributions to such Unitholders will be in cash. The form of termination notice will be available from CDS Participants and any expenses associated with the preparation and delivery of such termination notice will be for the account of the Plan Participant exercising its rights to terminate participation in the Reinvestment Plan.

The Manager will be able to terminate the Reinvestment Plan, in its sole discretion, upon not less than 30 days’ notice to the Plan Participants and the Plan Agent, subject to any required regulatory approval. The Manager will also be able to amend, modify or suspend the Reinvestment Plan at any time in its sole discretion, provided that it complies with certain requirements, gives notice of that amendment, modification or suspension to the Plan Participants and the Plan Agent, subject to any required regulatory approval, which notice may be given by issuing a press release containing a summary description of the amendment or in any other manner the Manager determines to be appropriate.

The Manager may from time to time adopt rules and regulations to facilitate the administration of the Reinvestment Plan. The Manager reserves the right to regulate and interpret the Reinvestment Plan as it deems necessary or desirable to ensure the efficient and equitable operation of the Reinvestment Plan.

Other Provisions

Participation in the Reinvestment Plan is restricted to Unitholders who are residents of Canada for the purposes of the Tax Act. Partnerships (other than “Canadian partnerships” as defined in the Tax Act) are not eligible to participate in the Reinvestment Plan. Upon becoming a non-resident of Canada or a partnership (other than a Canadian partnership), a Plan Participant shall notify its CDS Participant and terminate participation in the Reinvestment Plan immediately.

The automatic reinvestment of the distributions under the Reinvestment Plan will not relieve Plan Participants of any income tax applicable to such distributions. Each Plan Participant will be mailed annually the information necessary to enable such Unitholder to complete an income tax return with respect to amounts paid or payable by the ETF, to the Unitholder in the preceding taxation year.

PURCHASES OF UNITS

Initial Investment in the ETF

In compliance with NI 81-102, no Units of the ETF will be issued to the public unless subscriptions aggregating not less than \$500,000 have been received and accepted by the ETF from investors other than persons or companies related to the Manger or its affiliates.

Issuance of Units of the ETF

To Designated Brokers and Dealers

All orders to purchase Units directly from the ETF must be placed by a Designated Broker and/or Dealers. The ETF reserves the absolute right to reject any subscription order placed by a Designated Broker and/or a Dealer. No fees will be payable by the ETF to a Designated Broker or a Dealer in connection with the issuance of Units of the ETF. On the issuance of Units, the Manager may, at its discretion, charge an administrative fee to a Designated Broker or a Dealer to offset any expenses incurred in issuing the Units.

On any Trading Day, a Designated Broker and/or Dealer may place a Cash Subscription order for the PNU or multiple PNU of the ETF in U.S. dollars. If a subscription order is received by the ETF by 4:00 p.m. (Toronto time) on a Trading Day, or any later time as may be deemed appropriate by the Manager, the ETF will issue to the Designated Broker or Dealer the number of Units of the ETF subscribed for generally on the first Trading Day after the date on which the subscription order is accepted, provided that payment for such Units has been received. The number of Units issued will be based on the net asset value per Unit of the ETF on the Trading Day on which the subscription is accepted by the Manager. Notwithstanding the foregoing, the ETF will issue to the Designated Broker or Dealer the number of Units of the ETF subscribed no later than the second Trading Day after the date on which the subscription order was accepted, provided that payment for such Units has been received.

To Unitholders of the ETF as Reinvested Distributions or Distributions Paid in Units

Units of the ETF will be issued to Unitholders of the ETF on the automatic reinvestment of distributions or on a distribution paid in Units in accordance with the distribution policy of the ETF. See "Distribution Policy".

To Unitholders of the ETF pursuant to a Reinvestment Plan

Plan Participants do not incur any brokerage commissions when acquiring Units of the ETF pursuant to a Reinvestment Plan.

Buying and Selling Units of the ETF

Units of the ETF have been conditionally approved for listing on the TSX. Subject to satisfying the TSX's original listing requirements, the Units of the ETF will be listed on the TSX. Investors will be able to buy or sell Units on the TSX through registered brokers and dealers in the province or territory where the investor resides.

Investors may incur customary brokerage commissions when buying or selling Units of the ETF.

Non-Resident Unitholders

At no time may: (i) non-residents of Canada; (ii) partnerships that are not Canadian partnerships; or (iii) a combination of non-residents of Canada and such partnerships (all as defined in the Tax Act), be the beneficial owners of a majority of the Units of the ETF (on either a number of Units or fair market value basis) and the Manager shall inform the registrar and transfer agent of the ETF of this restriction. The Manager may require declarations as to the jurisdictions in which a beneficial owner of Units is resident and, if a partnership, its status as a Canadian partnership. If the Manager becomes aware, as a result of requiring such declarations as to beneficial ownership or otherwise, that the beneficial owners of 40% of the Units then outstanding (on either a number of Units or fair market value basis) are,

or may be, non-residents and/or partnerships that are not Canadian partnerships, or that such a situation is imminent, the Manager may make a public announcement thereof. If the Manager determines that more than 40% of the Units (on either a number of Units or fair market value basis) are beneficially held by non-residents and/or partnerships that are not Canadian partnerships, the Manager may send a notice to such non-residents and/or partnerships, chosen in inverse order to the order of acquisition or in such manner as the Manager may consider equitable and practicable, requiring them to sell their Units or a portion thereof within a specified period of not less than 30 days. If the Unitholders receiving such notice have not sold the specified number of Units or provided the Manager with satisfactory evidence that they are not non-residents or partnerships other than Canadian partnerships within such period, the Manager may, on behalf of such Unitholders, sell such Units and, in the interim, shall suspend the voting and distribution rights attached to such Units. Upon such sale, the affected holders shall cease to be beneficial holders of Units and their rights shall be limited to receiving the net proceeds of sale of such Units.

Notwithstanding the foregoing, the Manager may determine not to take any of the actions described above if the Manager has been advised by legal counsel that the failure to take any of such actions would not adversely impact the status of the ETF as a mutual fund trust for purposes of the Tax Act or, alternatively, may take such other action or actions as may be necessary to maintain the status of the ETF as a mutual fund trust for purposes of the Tax Act.

See also “Purchases of Units – Non-Resident Unitholders”.

Special Considerations for Unitholders

The provisions of the so-called “early warning” requirements set out in Canadian securities legislation do not apply in connection with the acquisition of Units of the ETF. In addition, the ETF has obtained exemptive relief from the Securities Regulatory Authorities to permit a Unitholder of the ETF to acquire more than 20% of the Units of the ETF through purchases on the TSX without regard to the takeover bid requirements of applicable Canadian securities legislation, provided that such Unitholder, and any person acting jointly or in concert with such Unitholder, undertakes to the Manager not to vote more than 20% of the Units of the ETF at any meeting of Unitholders of the ETF.

Although the ETF primarily invests in bank deposit accounts, the ETF is not covered by the Canada Deposit Insurance Corporation, the Federal Deposit Insurance Corporation or any other government deposit insurer.

EXCHANGE AND REDEMPTION OF UNITS

Redemption of Units of the ETF for Cash

On any Trading Day, Unitholders may redeem: (i) Units for cash at a redemption price per Unit equal to 95% of the closing price for the applicable Units on the effective day of redemption, where the Units being redeemed are not equal to a PNU or a multiple PNU or (ii) less any applicable redemption charge 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. A cash redemption request will be subject to a maximum redemption price payable to a Unitholder of the NAV per Unit of the ETF. As Unitholders will generally be able to sell (rather than redeem) Units at the applicable full market price on the TSX through a registered broker or dealer subject only to customary brokerage commissions, unless they are redeeming a PNU, Unitholders are advised to consult their brokers, dealers or investment advisors before redeeming such Units for cash.

In order for a cash redemption to be effective on a Trading Day, a cash redemption request in the form prescribed by the Manager from time to time must be delivered to the Manager with respect to the ETF at its head office by 4:00 p.m. (Toronto time) on that day. If a cash redemption request is not received by 4:00 p.m. (Toronto time) on a Trading Day, or any later time as may be deemed appropriate by the Manager, the cash redemption order will be effective only on the next Trading Day. Payment of the redemption price will generally be made on the first Trading Day after the effective day of the redemption. Notwithstanding the foregoing, the ETF will pay the redemption price no later than the second Trading Day after the date on which the cash redemption request was accepted, provided that the Units being redeemed have been tendered. The cash redemption request forms may be obtained from any registered broker or dealer.

As may be agreed between the Manager and a Designated Broker or Dealer, the Manager may charge the Designated Broker and Dealers of the ETF, at its discretion, an issue, exchange or redemption charge to offset certain transaction costs associated with the issuance, exchange or redemption of Units. Administration charges are variable, and the Manager will publish the current administration charges, if any, on its website, www.HorizonsETFs.com. These administrative charges do not apply to Unitholders who buy and sell their Units on a stock exchange.

Unitholders that have delivered a redemption request prior to the Distribution Record Date for any distribution will not be entitled to receive that distribution.

In connection with the redemption of Units, the ETF will generally withdraw cash, or dispose of securities or other financial instruments.

Suspension of Redemptions

The Manager may suspend the redemption of any Class of Units of the ETF or may postpone the date of payment upon redemption: (i) during any period when normal trading is suspended on a stock exchange or other market on which securities owned by the ETF are listed and traded, if these securities represent more than 50% by value or underlying market exposure of the total assets of the ETF, without allowance for liabilities, and if these securities are not traded on any other exchange that represents a reasonably practical alternative for the ETF; (ii) with the consent of the securities regulatory authorities; or (iii) when required or permitted to do so under any exemptive relief granted by the securities regulatory authorities from Canadian securities legislation. The suspension may apply to all requests for redemptions received prior to the suspension but as to which payment has not been made, as well as to all requests received while the suspension is in effect. All Unitholders making such requests shall be advised by the Manager of the suspension and that the redemption will be effected at a price determined on the first Valuation Day following the termination of the suspension. All such Unitholders shall have and shall be advised that they have the right to withdraw their requests for redemption. The suspension shall terminate in any event on the first day on which the condition giving rise to the suspension has ceased to exist, provided that no other condition under which a suspension is authorized then exists. To the extent not inconsistent with official rules and regulations promulgated by any government body having jurisdiction over the ETF, any declaration of suspension made by the Manager shall be conclusive.

Allocations of Income and Capital Gains to Redeeming Unitholders

Pursuant to the Trust Declaration, the ETF may allocate and designate any income or capital gains realized by the ETF as a result of any disposition of property of the ETF undertaken to permit or facilitate the exchange and/or redemption of Units to a Unitholder whose Units are being exchanged and/or redeemed. In addition, the ETF has the authority to distribute, allocate and designate any income or capital gains of the ETF to a Unitholder who has redeemed Units during a year in an amount equal to the Unitholder's share, at the time of redemption, of the ETF's income and capital gains for the year or such other amount that is determined by the ETF to be reasonable. Any such allocations and designations will reduce the redemption price otherwise payable to the redeeming Unitholder, but, for greater certainty, will not reduce the amount of cash or the value of the property that the Unitholder will receive in respect of the redemption.

Pursuant to the ATR Rule, the ETF is prohibited from deducting income that is allocated to redeeming Unitholders, and amounts of taxable capital gain allocated and designated to redeeming Unitholders will be deductible to the ETF only to the extent of the redeeming Unitholders' pro rata share (as determined under the ATR Rule) of the net taxable capital gains of the ETF for the year. Any such taxable capital gains that would not be deductible by the ETF if allocated to redeeming or exchanging Unitholders may be made payable to non-redeeming or non-exchanging Unitholders of the ETF so that the ETF will not be liable for non-refundable income tax thereon. Accordingly, the amounts and taxable component of distributions to non-redeeming or non-exchanging Unitholders of the ETF may be greater than they would have been in the absence of such ATR Rule.

Book-Entry Only System

Registration of interests in, and transfers of, Units of the ETF will be made only through the book-entry only system of CDS. Units of the ETF must be purchased, transferred and surrendered for redemption only through a CDS Participant. All rights of an owner of Units of the ETF must be exercised through, and all payments or other property to which such owner is entitled will be made or delivered by, CDS or the CDS Participant through which the owner holds such Units of the ETF. Upon buying Units of the ETF, the owner will receive only the customary confirmation. References in this prospectus to a holder of Units of the ETF means, unless the context otherwise requires, the owner of the beneficial interest of such Units.

Neither the ETF nor the Manager will have any liability for: (i) records maintained by CDS relating to the beneficial interests in Units of the ETF or the book entry accounts maintained by CDS; (ii) maintaining, supervising or reviewing any records relating to such beneficial ownership interests; or (iii) any advice or representation made or given by CDS and made or given with respect to the rules and regulations of CDS or any action taken by CDS or at the direction of the CDS Participants.

The ability of a beneficial owner of Units of the ETF to pledge such Units or otherwise take action with respect to such owner's interest in such Units (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

The ETF has the option to terminate registration of Units of the ETF through the book-entry only system in which case certificates for Units of the ETF in fully registered form will be issued to beneficial owners of such Units or to their nominees.

Short-Term Trading

The Manager does not believe that it is necessary to impose any short-term trading restrictions on the ETF at this time as: (i) the ETF is an exchange traded fund that is primarily traded in the secondary market; and (ii) the few transactions involving Units of the ETF that do not occur on the secondary market involve the Designated Broker and the Dealers, who can only purchase or redeem Units in a PNU, and on whom the Manager may impose a redemption fee.

PRIOR SALES

Trading Price and Volume

As the ETF is new, trading price and volume information is not yet available.

INCOME TAX CONSIDERATIONS

The following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations under the Tax Act that generally apply to the acquisition, holding and disposition of Units of the ETF by a Unitholder of the ETF who acquires Units of the ETF pursuant to this prospectus. This summary only applies to a prospective Unitholder of the ETF who is an individual (other than a trust) resident in Canada for purposes of the Tax Act, who deals at arm's length with the ETF, the Designated Brokers and the Dealers, who is not affiliated with the ETF, any Designated Broker or any Dealer, and who holds Units of the ETF as capital property, all within the meaning of the Tax Act (a "**Holder**").

Generally, Units of the ETF will be considered to be capital property to a Holder provided that the Holder does not hold such Units in the course of carrying on a business of buying and selling securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Assuming that the ETF is a "mutual fund trust" for purposes of the Tax Act, certain Holders who might not otherwise be considered to hold Units as capital property may, in certain circumstances, be entitled to have such Units and all other "Canadian securities" owned or subsequently acquired by them treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. This summary does not apply to a Holder who has entered or will enter into a "derivative forward agreement" within the meaning of the Tax Act with respect to Units.

This summary is based on the assumption that the ETF will qualify at all times as a “unit trust” within the meaning of the Tax Act, that the ETF will qualify or be deemed to qualify at all times as a “mutual fund trust” within the meaning of the Tax Act and that the ETF will not be subject to the tax for “SIFT trusts” under the Tax Act. For the ETF to qualify as a “mutual fund trust”, it must comply on a continuous basis with certain requirements relating to the qualification of its Units for distribution to the public, the number of Unitholders of the ETF and the dispersal of ownership of its Units. In the event the ETF were not to qualify as a “mutual fund trust” under the Tax Act at all times, the income tax consequences described below would, in some respects, be materially different than would be the case if it were a mutual fund trust.

This summary is also based on the assumptions that (i) the ETF will not be subject to the tax on SIFT trusts, (ii) none of the securities in the portfolio of the ETF will be a “tax shelter investment” within the meaning of section 143.2 of the Tax Act, (iii) none of the securities in the portfolio of the ETF will be an offshore investment fund property (or an interest in a partnership that holds such property) that would require the ETF to include significant amounts in the ETF’s income pursuant to section 94.1 of the Tax Act or an interest in a trust (or a partnership which holds such an interest) which would require the ETF (or the partnership) to report significant amounts of income in connection with such interest pursuant to the rules in section 94.2 of the Tax Act, or an interest in a non-resident trust other than an “exempt foreign trust” (or a partnership which holds such interest), and (iv) the ETF will not enter into any arrangement (including the acquisition of securities for the ETF’s portfolio) where the result is a “dividend rental arrangement” for purposes of the Tax Act. This summary further assumes that the ETF will comply with its investment restrictions, and will not earn any “designated income” as defined for the purpose of Part XII.2 of the Tax Act.

This summary is based on the current provisions of the Tax Act and an understanding of the current published administrative policies and assessing practices of the CRA made publicly available prior to the date hereof. This summary takes into account the Tax Amendments. This description is not exhaustive of all Canadian federal income tax consequences and does not take into account or anticipate changes in the law whether by legislative, governmental or judicial action other than the Tax Amendments in their present form, nor does it take into account provincial, territorial or foreign tax considerations which may differ significantly from those discussed in this prospectus. There can be no assurance that the Tax Amendments will be enacted in the form publicly announced, or at all.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Units of the ETF. This summary does not address the deductibility of interest on any funds borrowed by a Unitholder to purchase Units of the ETF. The income and other tax consequences of investing in Units will vary depending on an investor’s particular circumstances. Accordingly, this summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any holder of Units of the ETF. Prospective investors should consult their own tax advisors with respect to the income tax consequences to them of an acquisition of Units of the ETF based on their particular circumstances and review the risk factors related to tax set out above. Please see “Risk Factors – Tax Risk”.

Status of the ETF

As noted above, this summary assumes that the ETF is a “unit trust” and qualifies or will be deemed to qualify at all times as a “mutual fund trust” for purposes of the Tax Act.

Provided the Units of the ETF are unconditionally listed on a “designated stock exchange”, within the meaning of the Tax Act, (which includes the TSX) or the ETF qualifies as a “mutual fund trust” within the meaning of the Tax Act, Units of the ETF will be qualified investments under the Tax Act for Registered Plans.

Units of the ETF are generally not prohibited investments for a “registered pension plan” under subsection 8514(1) of the regulations under the Tax Act unless the ETF is (a) an employer who participates in the plan; (b) a person connected with such an employer for purposes of those rules; (c) a person or partnership that controls, directly or indirectly, in any manner whatever, such an employer or connected person; or (d) a person or partnership that does not deal at arm’s length with a member of the plan or with any person or partnership described in (a), (b) or (c) above.

For certain tax consequences of holding Units in a Registered Plan, see “Income Tax Considerations – Taxation of Registered Plans”.

Taxation of the ETF

The ETF has a taxation year that ends on December 31 of each calendar year.

The ETF must pay tax on its net income (including net realized taxable capital gains) for a taxation year, less the portion thereof that it deducts in respect of the amount paid or payable (or deemed to be paid or payable) to its Unitholders, in the year. An amount will be considered to be payable to a Unitholder of the ETF in a taxation year if it is paid to the Unitholder in that year by the ETF or if the Unitholder is entitled in that year to enforce payment of the amount. The Trust Declaration for the ETF requires that sufficient amounts be paid or made payable each taxation year so that the ETF is not liable for any non-refundable income tax under Part I of the Tax Act.

With respect to indebtedness, the ETF is required to include in its income for each taxation year all interest that accrues (or is deemed to accrue) to it to the end of the year (or until the disposition of the indebtedness in the year), or becomes receivable or is received by it before the end of the year, except to the extent that such interest was included in computing its income for a preceding taxation year and excluding any interest that accrued prior to the time of the acquisition of the indebtedness by the ETF.

The ETF will also be required to include in its income for each taxation year any dividends received (or deemed to be received) by it in such year on a security held in its portfolio.

In general, gains and losses realized by the ETF from derivative transactions will be on income account except where such derivatives are used to hedge portfolio securities held on capital account provided there is sufficient linkage, subject to certain rules in the Tax Act (the “**DFA Rules**”), and will be recognized for tax purposes at the time they are realized by the ETF in accordance with the CRA’s published administrative practice. The DFA Rules target certain financial arrangements (referred to as “derivative forward agreements”) that seek to reduce tax by converting, through the use of derivative contracts, the return on an investment that would otherwise have the character of ordinary income to a capital gain. The DFA Rules are broadly drafted and could apply to other agreements or transactions. If the DFA Rules were to apply to derivatives used by the ETF, returns realized in respect of the property underlying such derivatives would be treated as ordinary income or losses rather than capital gains and capital losses.

The ETF is required to compute all amounts in Canadian dollars for purposes of the Tax Act in accordance with the detailed rules in the Tax Act in that regard and accordingly may realize gains or losses by virtue of the fluctuation in the value of the foreign currencies relative to Canadian dollars on a disposition of property that is not denominated in Canadian dollars.

In general, the ETF will realize a capital gain (or capital loss) upon a disposition of its property to the extent the proceeds of disposition received on such disposition net of any amounts included as interest on the disposition of the property and any reasonable costs of disposition exceed (or are less than) the adjusted cost base of such property (all computed in Canadian dollars at the relevant time using the relevant exchange rate for purposes of the Tax Act) unless the ETF were considered to be trading or dealing in securities or otherwise carrying on a business of buying and selling securities or the ETF has acquired the property in a transaction or transactions considered to be an adventure or concern in the nature of trade. The ETF is acquiring and holding its property for the purpose of earning income and such properties will only be disposed of, to the extent necessary, to pay expenses of the ETF, to fund redemptions of Units which cannot be satisfied out of the income earned by its property. In addition, if the ETF holds “Canadian securities” (as defined in the Tax Act) it intends to make an election in accordance with subsection 39(4) of the Tax Act to have each of its Canadian securities treated as capital property. On the foregoing basis, the ETF takes the position that gains and losses realized on the disposition of its properties are capital gains and capital losses.

The ETF may derive income or gains from investments in countries other than Canada, and as a result, may be liable to pay foreign income or profits tax to such countries. To the extent that any such foreign tax paid by the ETF exceeds 15% of the amount included in the ETF’s income from such investments, such excess may generally be deducted by the ETF in computing its net income for the purposes of the Tax Act. To the extent that any such foreign tax paid does not exceed 15% of the amount included in the ETF’s income from such investments and has not been deducted in computing the ETF’s income, the ETF may designate in respect of a Holder a portion of its foreign source income which can reasonably be considered to be part of the ETF’s income distributed to such Holder so that such income and a portion of the foreign tax paid by the ETF may be regarded as foreign source income of, and foreign tax paid by, the Holder for the purposes of the foreign tax credit provisions of the Tax Act.

The ETF will be entitled for each taxation year throughout which it is a “mutual fund trust” to reduce (or receive a refund in respect of) its liability, if any, for tax on its net realized capital gains by an amount determined under the Tax Act based on the redemption of its Units during the year (“**Capital Gains Refund**”). In certain circumstances, the Capital Gains Refund in a particular taxation year may not completely offset the tax liability of the ETF for such taxation year.

The ETF is entitled to deduct an amount equal to the reasonable expenses that it incurs in the course of issuing Units of the ETF that is not reimbursed. Such issue expenses will be deductible by the ETF ratably over a five-year period subject to reduction in any taxation year which is less than three hundred and sixty-five (365) days. In computing its income under the Tax Act, the ETF may deduct reasonable administrative and other expenses incurred to earn income from property or a business in accordance with the detailed rules in the Tax Act. The ETF may not deduct interest on borrowed funds that are used to fund redemptions of its Units. Losses incurred by the ETF in a taxation year cannot be allocated to Unitholders of the ETF, but may be deducted by the ETF in future years in accordance with the detailed rules in the Tax Act.

In certain situations, if the ETF disposes of property and would otherwise realize a capital loss, the loss will be deemed to be a “suspended loss” as such term is defined in the Tax Act. This may occur if the ETF disposes of and acquires property (a “substituted property”) that is the same as, or identical to the property disposed of, during the period that begins 30 days before and ends 30 days after the disposition of the original property and holds the substituted property at the end of that period. If a loss is suspended, the ETF cannot deduct the capital loss from the ETF’s capital gains until the substituted property is sold and not reacquired by the ETF or affiliated person within 30 days before and 30 days after the sale.

Taxation of Holders

A Holder will generally be required to include in computing income for a particular taxation year of the Holder such portion of the net income of the ETF, including the taxable portion of any net realized capital gains, as is paid or becomes payable to the Holder in that year, including any Management Fee Distributions (whether paid in cash, in Units or automatically reinvested in additional Units of the ETF).

The non-taxable portion of the ETF’s net realized capital gains, the taxable portion of which was designated in respect of a Holder for a taxation year, that is paid or becomes payable to the Holder in that taxation year will not be included in computing the Holder’s income for the year. Any other amount in excess of a Holder’s share of the net income of the ETF for a taxation year that is paid or becomes payable to the Holder in the year (i.e., returns of capital) will not generally be included in the Holder’s income for the year, but will reduce the adjusted cost base of the Holder’s Units of the ETF. To the extent that the adjusted cost base of a Unit of the ETF would otherwise become a negative amount, the negative amount will be deemed to be a capital gain and the adjusted cost base of the Unit to the Holder will be reset to zero.

Provided that appropriate designations are made by the ETF, such portion of the net realized taxable capital gains of the ETF, taxable dividends from taxable Canadian corporations, the foreign source income of the ETF as is paid or becomes payable to a Holder and the relevant portion of foreign taxes paid or deemed to be paid by the ETF, if any, will effectively retain their character and be treated as such in the hands of the Holder for purposes of the Tax Act. A Holder may be entitled to claim a foreign tax credit in respect of foreign taxes designated to such Holder in accordance with the detailed rules in the Tax Act. To the extent that amounts are designated as taxable dividends from taxable Canadian corporations, the gross-up and dividend tax credit rules under the Tax Act will apply (including the rules in respect of “eligible dividends”).

Any loss of the ETF for purposes of the Tax Act cannot be allocated to, and cannot be treated as a loss of, a Holder.

Under the Tax Act, the ETF is permitted to deduct, in computing its income for a taxation year, an amount that is less than the amount of its distributions of income and net taxable capital gains for the year to the extent necessary to enable the ETF to use, in the taxation year, losses from prior years without affecting the ability of the ETF to distribute its income and net taxable capital gains annually. In such circumstances, the amount distributed to a Holder of the ETF, but not deducted by the ETF, will not be included in the Holder’s income. However, the adjusted cost base of a Holder’s Units in the ETF will be reduced by such amount.

On the disposition or deemed disposition of a Unit of the ETF, including on a redemption, a Holder will realize a capital gain (or capital loss) to the extent that the Holder's proceeds of disposition (other than any amount payable by the ETF on a redemption which represents income or capital gains allocated and designated to the redeeming Holder), net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the Unit of the ETF. For the purpose of determining the adjusted cost base of a Holder's Units of a particular class of the ETF, when additional Units of that class of the ETF are acquired by the Holder, the cost of the newly acquired Units of the ETF will be averaged with the adjusted cost base of all Units of the ETF of the same class owned by the Holder as capital property immediately before that time. For this purpose, the cost of Units of the ETF that have been issued on a reinvested distribution or on a distribution paid in Units will generally be equal to the amount of the distribution. A consolidation of Units of the ETF as described under "Distribution Policy" following a reinvested distribution or a distribution paid in Units will not be regarded as a disposition of Units of the ETF and will not affect the aggregate adjusted cost base to a Holder. Any additional Units acquired by a Holder on the reinvestment of distributions will generally have a cost equal to the amount reinvested. If a Holder participates in the Reinvestment Plan and the Holder acquires a Unit from the ETF at a price that is less than the fair market value of the Unit, it is the administrative position of the CRA that the Holder must include the difference in income and that the cost of the Unit will be correspondingly increased.

In the case of an exchange of Units for a Basket of Securities, a Holder's proceeds of disposition of such Units would generally be equal to the aggregate of the fair market value of the distributed property and the amount of any cash received, less any capital gain realized by the ETF on the disposition of such distributed property. The cost to a Holder of any property received from the ETF upon the exchange will generally be equal to the fair market value of such property at the time of the distribution.

Pursuant to the Trust Declaration, the ETF may allocate and designate any income or capital gains realized by the ETF as a result of any disposition of property of the ETF undertaken to permit or facilitate the redemption of Units to a Unitholder whose Units are being redeemed. In addition, the ETF has the authority to distribute, allocate and designate any income or capital gains of the ETF to a Unitholder of the ETF who has redeemed Units of the ETF during a year in an amount equal to the Unitholder's share, at the time of redemption, of the ETF's income and capital gains for the year or such other amount that is determined by the ETF to be reasonable. Any such allocations and designations will reduce the redemption price otherwise payable to the redeeming Unitholder, but, for greater certainty, will not reduce the amount of cash that the Unitholder will receive in respect of the redemption.

Pursuant to the ATR Rule, the ETF is prohibited from deducting income that is allocated to redeeming Unitholders, and amounts of taxable capital gain allocated and designated to redeeming Unitholders will be deductible to the ETF only to the extent of the redeeming Unitholders' pro rata share (as determined under the ATR Rule) of the net taxable capital gains of the ETF for the year. Any such taxable capital gains that would not be deductible by the ETF if allocated to redeeming or exchanging Unitholders may be made payable to non-redeeming or non-exchanging Unitholders of the ETF so that the ETF will not be liable for non-refundable income tax thereon. Accordingly, the amounts and taxable component of distributions to non-redeeming or non-exchanging Unitholders of the ETF may be greater than they would have been in the absence of such ATR Rule. The payment of expenses in a foreign currency and the conversion of a foreign currency to Canadian dollars, if required to pay expenses of the ETF or fund redemptions of Units, are taxable events to the ETF. If the ETF realizes income for purposes of the Tax Act from such activities in a year, the ETF will allocate such income to its Unitholders without any corresponding cash distribution.

In general, one-half of any capital gain (a "**taxable capital gain**") realized by a Holder on the disposition of Units of the ETF or designated by the ETF in respect of the Holder in a taxation year will be included in computing the Holder's income for that year and one-half of any capital loss (an "**allowable capital loss**") realized by the Holder on the disposition of Units of the ETF in a taxation year generally must be deducted from taxable capital gains realized by the Holder or designated by the ETF in respect of the Holder in accordance with the detailed provisions of the Tax Act. Allowable capital losses for a taxation year in excess of taxable capital gains for that taxation year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against taxable capital gains in accordance with the provisions of the Tax Act.

A Holder will be required to compute all amounts, including distributions, adjusted cost base of Units of the ETF and proceeds of disposition, in Canadian dollars for purposes of the Tax Act in accordance with the detailed rules in the Tax Act in that regard and may, as a result, realize foreign exchange gains or losses.

Amounts designated by the ETF to a Holder of the ETF as taxable capital gains or dividends from taxable Canadian corporations and taxable capital gains realized on the disposition of Units of the ETF may increase the Holder's liability, if any, for alternative minimum tax.

Taxation of Registered Plans

Distributions received by Registered Plans on Units of the ETF and capital gains realized by Registered Plans on the disposition of such Units while the Units are a qualified investment for Registered Plans will generally be exempt from income tax in the Registered Plan. Withdrawals from such Registered Plans (other than a TFSA and certain withdrawals from an FHSA, RESP or RDSP) are generally subject to tax under the Tax Act. Holders should consult their own advisors regarding the tax implications of establishing, amending, terminating or withdrawing amounts from a Registered Plan.

A Holder who is a holder of a TFSA, FHSA or RDSP, an annuitant of a RRSP or RRIF or a subscriber of an RESP that holds Units will be subject to an additional tax as set out in the Tax Act if the Units are "prohibited investments" for such TFSA, FHSA, RDSP, RRSP, RRIF or RESP. A "prohibited investment" includes a unit of a trust which does not deal at arm's length with the holder, annuitant or subscriber, or in which the holder, annuitant or subscriber has a significant interest, which, in general terms, means the ownership of 10% or more of the fair market value of the ETF's outstanding Units by the holder, annuitant or subscriber, either alone or together with persons and partnerships with whom the holder, annuitant or subscriber does not deal at arm's length. In addition, the Units of the ETF will not be a prohibited investment if such Units are "excluded property" as defined in the Tax Act for a trust governed by a TFSA, FHSA, RDSP, RRSP, RRIF or RESP. Holders are advised to consult their own tax advisors regarding the application of these rules.

In the case of an exchange of Units of the ETF for a Basket of Securities, a Holder may receive securities that may or may not be qualified investments under the Tax Act for Registered Plans. If such securities are not qualified investments for Registered Plans, such Registered Plans (and, in the case of certain Registered Plans, the annuitants, beneficiaries or subscribers thereunder or holders thereof) may be subject to adverse tax consequences. Holders should consult their own tax counsel for advice on whether or not such securities would be qualified investments for Registered Plans.

Tax Implications of the ETF's Distribution Policy

The net asset value per Unit of the ETF will, in part, reflect any income and gains of the ETF that have accrued or have been realized, but have not been made payable at the time the Units of the ETF were acquired. Accordingly, a Holder who acquires Units of the ETF, including on a reinvestment of distributions or a distribution paid in Units, may become taxable on the Holder's share of such income and gains of the ETF, notwithstanding that such amounts will have been reflected in the price paid by the Holder for the Units. In particular, an investor who acquires Units of the ETF shortly before a distribution is paid or made payable will have to pay tax on the entire distribution (to the extent it is a taxable distribution) regardless of the fact that the investor only recently acquired such Units.

ORGANIZATION AND MANAGEMENT DETAILS OF THE ETF

Manager of the ETF

Horizons ETFs Management (Canada) Inc., a corporation existing under the laws of Canada, is the manager, investment manager and trustee of the ETF. The Manager is responsible for providing or arranging for the provision of administrative services and management functions required by the ETF. The principal office of Horizons is 55 University Avenue, Suite 800, Toronto, Ontario, M5J 2H7. Horizons was originally incorporated under the laws of Canada under the name BetaPro Management Inc. and was primarily organized for the purpose of managing investment products, including the ETF.

Horizons and its subsidiaries are an innovative financial services organization distributing the Horizons family of leveraged, inverse leveraged, inverse, index and actively managed exchange traded funds. Horizons is a wholly-owned subsidiary of Mirae Asset.

Mirae Asset is the asset management entity of the Mirae Asset Financial Group, a global financial group providing comprehensive services to clients worldwide – including asset management, wealth management, investment banking, life insurance and venture capital. With over 12,500 employees, the Mirae Asset Financial Group has a presence in America, Australia, Brazil, Canada, China, Colombia, Hong Kong, India, Indonesia, Japan, Mongolia, Singapore, the United Kingdom and Vietnam. Headquartered in Seoul, South Korea, the Mirae Asset Financial Group is one of the largest independent financial groups in Asia and manages approximately US\$548 billion in assets globally as of March 31, 2023.

Officers and Directors of the Manager

The name, municipality of residence, office and principal occupation of the executive officers and directors of the Manager are as follows:

Name and Municipality of Residence	Date Individual became a Director	Position with Manager	Principal Occupation
Rohit Mehta Toronto, Ontario	May 1, 2023	Director, President, Chief Executive Officer and Ultimate Designated Person	Director, President, Chief Executive Officer and Ultimate Designated Person, Horizons (since May, 2023); Senior Vice President, Head of Distribution, Guardian Retail Asset Management, Guardian Capital LP (2020-2023); Executive Vice-President, Head of Marketing, Product and Data Analytics, CI Financial Corp. (2017-2020); President, First Asset Investment Management Inc. (2017-2020).
Thomas Park, New York, New York	November 14, 2011	Director and Chief Corporate Development Officer	Director, Horizons (since 2011); Chief Corporate Development Officer, Horizons (since 2015); President, Mirae Asset Global Investments (USA) (Since 2020); Executive Managing Director, Mirae Asset Global Investments (2008-2020); Associate, Goldman Sachs International (2006, 2007-2008); Senior Consultant, KPMG Consulting (Bearing Point) (2001-2005).
Young Kim, Seoul, South Korea	December 1, 2021	Director	Director, Horizons (since 2021); Managing Director, Head of Global Business, Mirae Asset Global Investments (since 2017).
Jooyoung Yun, Tokyo, Japan	February 20, 2020	Director	CIO and Head of Investment Solutions Department, Global X Japan (since 2020); Head of ETF Management Division, Mirae Asset Global Investments (2011-2020).
Julie Stajan, Oakville, Ontario	N/A	Chief Financial Officer	Chief Financial Officer, Horizons (since 2015); Senior Vice President, Finance and Controller, Horizons (since 2012); Senior Vice President, Finance & Investment Funds, Horizons Investment Management Inc. (2011-2012).

Name and Municipality of Residence	Date Individual became a Director	Position with Manager	Principal Occupation
Jasmit Bhandal Toronto, Ontario	November 22, 2022	Director and Chief Operating Officer	Chief Operating Officer, Horizons (since 2020); Interim President and Chief Executive Officer, Horizons (2022-2023); Vice-President, Head of Canada ETF Product Strategy & Development, Invesco Canada (2017-2020); Vice-President, ETFs, Mackenzie Investments (2015-2016).
Jeff Lucyk, Toronto, Ontario	N/A	Senior Vice President, Head of Retail Sales	Senior Vice President, Head of Retail Sales, Horizons (since 2016); Senior Vice President, Vice President, National Sales Manager, Norrep Capital Management Ltd. (2009-2016).
McGregor Sainsbury, Toronto, Ontario	N/A	General Counsel and Secretary	General Counsel and Secretary, Horizons (since 2011).
Robert Moher, Toronto, Ontario	N/A	Chief Compliance Officer (pending regulatory approval)	Chief Compliance Officer (pending regulatory approval), Horizons (since 2023); Director, Compliance, Aviso Wealth (2020-2023); Director and Privacy Officer, Compliance, IGM Financial (2019-2020); Senior Manager, Legal and Regulatory Compliance Group, BMO Global Asset Management (2017-2019).

Where a person has held multiple positions within a company, the above table generally sets out only the current or most recently held position or positions held at that company, while the start dates generally refer to the date of the first position held at that company or the first of the listed positions held by the person at that company. Each director will hold his or her position until the next annual general meeting of the Manager at which time he/she may be re-elected.

Ownership of Securities of the Manager

No securities of the Manager are owned of record or beneficially by any of the directors and executive officers of the Manager.

For a description of the compensation arrangements of the independent review committee of the ETF, see “Organization and Management Details of the ETF – Independent Review Committee”.

Duties and Services to be Provided by the Manager

Pursuant to the Trust Declaration, the Manager has full authority and responsibility to manage and direct the business and affairs of the ETF, to make all decisions regarding the business of the ETF and to bind the ETF. The Manager may delegate certain of its powers to third parties where, in the discretion of the Manager, it would be in the best interests of the ETF to do so.

The Manager is entitled to the Management Fee in consideration of the services it provides to the ETF. Such services include negotiating contracts with certain third-party service providers, including, but not limited to, investment managers, counterparties, custodians, registrars, transfer agents, valuation agents, the Designated Broker, Dealers, auditor and printers; authorizing the payment of operating expenses; preparing the reports to Unitholders of the ETF 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 of the ETF are provided with financial statements and other reports

as are required from time to time by applicable law; ensuring the maintenance of accounting records for the ETF; 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; arranging for any payments required upon termination of the ETF; and dealing and communicating with Unitholders of the ETF. The Manager will provide office facilities and personnel to carry out these services, if not otherwise furnished by any other service provider to the ETF. The Manager will also monitor the investment strategy of the ETF to ensure that the ETF complies with its investment objective, investment strategies and investment restrictions and practices.

The Manager is required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of the Unitholders of the ETF, and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Trust Declaration provides that the Manager will not be liable to the ETF or to any Unitholder or any other person for any loss or damage relating to any matter regarding the ETF, including any loss or diminution of value of the assets of the ETF if it has satisfied its standard of care set forth above.

The Manager and each of its directors, officers, employees and agents may be indemnified out of the assets of the ETF from and against all claims whatsoever, including costs, charges and expenses in connection therewith, brought, commenced or prosecuted against it for or in respect of any act, deed, matter or thing whatsoever made, done or omitted in or in relation to the execution of its duties to the ETF as long as the person acted honestly and in good faith with a view to the best interests of the ETF.

The Manager may resign upon 90 days' prior written notice to the Trustee or upon such lesser notice period as the Trustee may accept. The Manager may also be removed by the Trustee on at least 90 days' written notice to the Manager. The Trustee shall make every effort to select and appoint a successor manager prior to the effective date of the Manager's resignation. As compensation for the management services it provides to the ETF, the Manager is entitled to receive a Management Fee from the ETF.

The Manager also serves as the investment manager to the ETF. The Manager operates as a portfolio manager under the *Securities Act* (Ontario) and in certain other provinces pursuant to applicable legislation. The Manager also operates as a commodity trading manager under the *Commodity Futures Act* (Ontario). The principal office of the Manager is at 55 University Avenue, Suite 800, Toronto, Ontario, M5J 2H7. The Manager provides investment advisory and portfolio management services to the ETFs in its capacity as investment manager.

The name and title and of the employees of the Manager principally responsible for providing investment advice to the ETF is as follows:

Name and Municipality of Residence	Position with the Manager	Principal Occupation
Andrew Albrecht Toronto, Ontario	Vice President, Portfolio Manager, Investment Management	Vice President, Portfolio Manager, Investment Management, Horizons
Alek Riley Toronto, Ontario	Vice President, Associate Portfolio Manager, Product Strategy	Vice President, Associate Portfolio Manager, Product Strategy, Horizons

Where a person has held multiple positions within a company, the above table generally sets out only the current or most recently held position or positions held at that company, and the start dates generally refer to the date of the first position held or the first of the listed positions held by the person at that company.

Designated Broker

The Manager, on behalf of the ETF, has entered, or will enter, into a Designated Broker Agreement with a Designated Broker pursuant to which the Designated Broker agrees to perform certain duties relating to the ETF including, without limitation: (i) to subscribe for a sufficient number of Units of the ETF to satisfy the TSX's original listing requirements; (ii) to subscribe for Units of the ETF on an ongoing basis, and (iii) to post a liquid two way market for the trading of Units of the ETF on the TSX. Payment for Units of the ETF must be made by the Designated Broker, and Units of the ETF will be issued, by no later than the second Trading Day after the subscription notice has been delivered.

The Designated Broker may terminate a Designated Broker Agreement at any time by giving Horizons at least six months' prior written notice of such termination. Horizons may terminate a Designated Broker Agreement at any time, without prior notice, by sending a written notice of termination to the Designated Broker.

Units of the ETF do not represent an interest or an obligation of the Designated Broker or Dealer or any affiliate thereof and a Unitholder will not have any recourse against any such parties in respect of amounts payable by the ETF to the Designated Broker or to Dealers.

The Designated Broker may, from time to time, reimburse the Manager for certain expenses incurred by the Manager in the normal course of its business.

Conflicts of Interest

The Manager and its respective principals and affiliates (each, an “**ETF Manager**”) do not devote their time exclusively to the management of the ETF. The ETF Managers perform similar or different services for others and may sponsor or establish other investment funds (public and private) during the same period that they act on behalf of the ETF. The ETF Managers therefore will have conflicts of interest in allocating management time, services and functions to the ETF and the other persons for which they provide similar services.

The ETF Managers may trade and make investments for their own accounts, and such persons currently trade and manage and will continue to trade and manage accounts other than the accounts of the ETF utilizing trading and investment strategies which are the same as or different from the ones to be utilized in making investment decisions for the ETF. In addition, in proprietary trading and investment, the ETF Managers may take positions the same as, different than or opposite to those of the ETF. Furthermore, all of the positions held by accounts owned, managed or controlled by the Manager will be aggregated for purposes of applying certain exchange position limits. As a result, the ETF may not be able to enter into or maintain certain positions if such positions, when added to the positions already held by the ETF and such other accounts, would exceed applicable limits. All of such trading and investment activities may also increase the level of competition experienced with respect to priorities of order entry and allocations of executed trades. See “Risk Factors”.

The ETF Managers may at times have interests that differ from the interests of the Unitholders of the ETF.

In evaluating these conflicts of interest, potential investors should be aware that the ETF Managers have a responsibility to the Unitholders to exercise good faith and fairness in all dealings affecting the ETF. In the event that a Unitholder believes that one of the ETF Managers has violated its duty to such Unitholder, the Unitholder may seek relief for itself or on behalf of the ETF to recover damages from or to require an accounting by such ETF Manager. Unitholders should be aware that the performance by the ETF Manager of its responsibilities to the ETF will be measured in accordance with (i) the provisions of the agreement by which such ETF Manager has been appointed to its position with the ETF; and (ii) applicable laws.

The Manager is a wholly-owned subsidiary of Mirae Asset. Affiliates of the Manager may earn fees and spreads, directly and indirectly, in connection with various services provided to, or transactions with, the ETF or its service providers, including in connection with brokerage transactions, prime brokerage services and securities lending transactions, subject always to approval by the IRC of the ETF and compliance with applicable law (or exemptive relief therefrom), and applicable internal policies and procedures. In effecting ETF portfolio transactions, the Manager places brokerage business with various broker-dealers on the basis of best execution, which includes a number of considerations such as price, speed, certainty of execution and total transaction cost. The Manager uses the same criteria in selecting all of its broker-dealers, regardless of whether the broker-dealer is an affiliate of the Manager. Subject to compliance with NI 81-102 and in accordance with the terms of the standing instructions of the IRC, to the extent that an affiliate of the Manager provides advisory services to a securities lending agent of the ETF, the Manager may receive a portion of the affiliate's revenue that it receives for those services.

National Bank Financial Inc. (“**NBF**”) acts or may act as a Designated Broker, a Dealer and/or a registered trader (market maker). These relationships may create actual or perceived conflicts of interest which investors should consider in relation to an investment in the ETF. In particular, by virtue of these relationships, NBF may profit from

the sale and trading of Units of the ETF. NBF, as market maker of the ETF in the secondary market, may therefore have economic interests which differ from and may be adverse to those of Unitholders of the ETF.

NBF's potential roles as a Designated Broker and a Dealer of the ETF will not be as an underwriter of the ETF in connection with the primary distribution of Units of the ETF under this prospectus. NBF has not been involved in the preparation of this prospectus nor has it performed any review of the contents of this prospectus. NBF in its role as Designated Broker may, from time to time, reimburse the Manager for certain expenses incurred by the Manager in the normal course of its business.

NBF and its affiliates may, at present or in the future, engage in business with the ETF, the issuers of securities making up the investment portfolio of the ETF, or with the Manager or any funds sponsored by the Manager or its affiliates, including by making loans, entering into derivative transactions or providing advisory or agency services. In addition, the relationship between NBF and its affiliates, and the Manager and its affiliates may extend to other activities, such as being part of a distribution syndicate for other funds sponsored by the Manager or its affiliates.

Independent Review Committee

NI 81-107 requires that all publicly offered investment funds, such as the ETF, establish an IRC and that the Manager must refer all conflict of interest matters in respect of the ETF for review or approval by the IRC. NI 81-107 also requires the Manager to establish written policies and procedures for dealing with conflict of interest matters, to maintain records in respect of these matters and to provide the IRC with guidance and assistance in carrying out its functions and duties. According to NI 81-107, the IRC must be comprised of a minimum of three (3) independent members and is subject to requirements to conduct regular assessments of its members and provide reports, at least annually, to the ETF and to its Unitholders in respect of those functions. The most recent report prepared by the IRC is available on the Manager's website (www.HorizonsETFs.com), or at a Unitholder's request at no cost, by contacting an ETF at 55 University Avenue, Suite 800, Toronto, Ontario, M5J 2H7; telephone: 416-933-5745; toll free: 1-866-641-5739; fax: 416-777-5181.

Warren Law, Michele McCarthy and Melanie Ward are the current members of the IRC. The IRC:

- reviews and provides input on the Manager's written policies and procedures that deal with conflict of interest matters;
- reviews conflict of interest matters referred to it by the Manager and makes recommendations to the Manager regarding whether the Manager's proposed actions in connection with the conflict of interest matter achieves a fair and reasonable result for the ETF;
- considers and, if deemed appropriate, approves the Manager's decision on a conflict of interest matter that the Manager refers to the IRC for approval; and
- performs such other duties as may be required of the IRC under applicable securities laws.

The ETF compensates the IRC members for their participation on the IRC through member fees and, if applicable, meeting fees. Michele McCarthy and Melanie Ward each receive \$16,000 per year in member fees, while Warren Law, as chairperson of the IRC, receives \$18,000 per year. The IRC's secretariat receives \$26,000 per year for administrative services. An additional fee of \$750 per meeting is charged by the secretariat for each IRC meeting in excess of two per year, and each IRC member receives \$750 for each IRC meeting in excess of four per year. Sales Tax may also be payable by the Manager in respect of fees paid to IRC members and the secretariat. The total fees payable in respect of the IRC by the ETF is calculated by dividing the total net assets of the ETF by the total net assets of all of the mutual funds for which the IRC is responsible and then multiplying the resulting value by the total dollar value due to the IRC member by the ETF for that particular period.

The Trustee

Horizons is also the trustee of the ETF pursuant to the Trust Declaration. The Trustee may resign and be discharged from all further duties under the Trust Declaration upon 90 days' prior written notice to the Manager or upon such lesser notice as the Manager may accept. The Manager shall make every effort to select and appoint a successor trustee prior to the effective date of the Trustee's resignation. If the Manager fails to appoint a successor trustee within 90 days after notice is given or a vacancy occurs, the Manager shall call a meeting of Unitholders of the ETF within 60 days thereafter for the purpose of appointing a successor trustee. If there is no manager, five Unitholders of the ETF may call a meeting of Unitholders within 31 days after notice is given or a vacancy occurs for the purpose of appointing a successor trustee. In each case, if, upon the expiry of a further 30 days, neither the Manager nor the Unitholders of the ETF have appointed a successor trustee, the ETF shall be terminated and the property of the ETF shall be distributed in accordance with the terms of the Trust Declaration.

The Trustee is required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of the ETF, and to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Trust Declaration provides that the Trustee will not be liable in carrying out its duties under the Trust Declaration as long as the Trustee has adhered to its standard of care set out above. In addition, the Trust Declaration contains other customary provisions limiting the liability of the Trustee and indemnifying the Trustee in respect of certain liabilities incurred by it in carrying out its duties.

The Trustee will not receive any fees from the ETF.

Custodian

CIBC Mellon Trust is the custodian of the assets of the ETF pursuant to the Custodian Agreement. The Custodian is located in Toronto, Ontario and is independent of the Manager. Pursuant to the Custodian Agreement, the Custodian is required to exercise its duties with the degree of care, diligence and skill that a reasonably prudent person would exercise in the same circumstances, or, if higher, the degree of care, diligence and skill that the Custodian uses in respect of its own property of a similar nature in its custody (the "**Custodial Standard of Care**"). Under the Custodian Agreement, the Manager shall pay the Custodian's fees at such rate as determined by the parties from time to time and shall reimburse the Custodian for all reasonable expenses and disbursements incurred in the performance of its duties under the Custodian Agreement. The Custodian may have recourse against the assets of the ETF if the Manager fails to pay such fees and expenses. The ETF shall indemnify the Custodian for any loss, damage, or expense it incurs in connection with the Custodian Agreement, except to the extent caused by a breach of the Custodial Standard of Care. A party may terminate the Custodian Agreement on at least 90 days' written notice or immediately in the event of certain bankruptcy events in respect of another party. The Custodian shall have no responsibility or liability for the actions or inactions of any sub-custodian appointed at the request of the Manager and which is not part of the Custodians' normal network of sub-custodians.

Valuation Agent

The Manager has retained CIBC Mellon Global to provide accounting and valuation services to the ETF.

Auditor

KPMG LLP is the auditor of the ETF. The office of the auditor is located at 333 Bay Street, Suite 4600, Toronto, Ontario, M5H 2S5.

Registrar and Transfer Agent

TSX Trust Company is the registrar and transfer agent for the Units of the ETF pursuant to registrar and transfer agency agreements entered into by the ETF. TSX Trust Company is independent of the Manager. TSX Trust Company is located in Toronto, Ontario.

Promoter

The Manager took the initiative in founding and organizing the ETF and is, accordingly, the promoter of the ETF within the meaning of securities legislation of certain provinces and territories of Canada. The Manager, in its capacity as manager of the ETF, receives compensation from the ETF. See “Fees and Expenses”.

CALCULATION OF NET ASSET VALUE

The NAV per Unit of the ETF will be computed in U.S. dollars by adding up the cash, securities and other assets of the ETF, less the liabilities and dividing the value of the net assets of the ETF by the total number of Units that are outstanding. The NAV per Unit so determined will be adjusted to the nearest cent per Unit and will remain in effect until the time as at which the next determination of the NAV per Unit of the ETF is made. The NAV per Unit of the ETF will be calculated on each Valuation Day.

Typically, the NAV per Unit of the ETF will be calculated at the Valuation Time. The NAV per Unit may be determined at an earlier Valuation Time if the TSX and/or the principal exchange for the securities held by the ETF closes earlier on that Valuation Day.

Valuation Policies and Procedures of the ETF

The following valuation procedures will be taken into account in determining the “NAV” and “NAV per Unit” of the ETF on each Valuation Day:

- (i) the value of any cash on hand, on deposit or on call, bills and notes and accounts receivable, prepaid expenses, cash dividends to be received and interest accrued and not yet received, will be deemed to be the face amount thereof, unless the Valuation Agent determines that any such deposit, call loan, bill, note or account receivable is not worth the face amount thereof, in which event the value thereof will be deemed to be such value as the Valuation Agent determines to be the reasonable value thereof;
- (ii) the value of any security, commodity or interest therein which is listed or dealt in upon a stock exchange will be determined by:
 - (A) in the case of securities which were traded on that Valuation Day, the price of such securities as determined at the applicable Valuation Time; and
 - (B) in the case of securities not traded on that Valuation Day, a price estimated to be the true value thereof by the Valuation Agent, such price being between the closing asked and bid prices for the securities or interest therein as reported by any report in common use or authorized as official by a stock exchange;
- (iii) long positions in clearing corporation options, options on futures, over-the-counter options, debt-like securities and listed warrants will be valued at the current market value thereof. Where a covered clearing corporation option, option on futures or over-the-counter option is written, the premium received shall be reflected as a deferred credit which shall be valued at an amount equal to the current market value of the clearing corporation option, option on futures or over-the-counter option that would have the effect of closing the position. Any difference resulting from any revaluation shall be treated as an unrealized gain or loss on investment. The deferred credit shall be deducted in arriving at the net asset value of such instrument. The securities, if any, which are the subject of a written clearing corporation option or over-the-counter option shall be valued at the current market value. The value of a future contract or a swap or forward contract shall be the gain or loss with respect thereto that will be realized if, on that Valuation Day, the position in the futures contract, or the forward contract, as the case may be, were to be closed out unless “daily limits” are in effect, in which case fair value shall be based on the current market value of the underlying interest. Margin paid or deposited in respect of futures contracts and forward contracts shall be

reflected as an account receivable and margin consisting of assets other than cash shall be noted as held as margin;

- (iv) in the case of any security or property for which no price quotations are available as provided above, the value thereof will be determined from time to time by the Valuation Agent, where applicable, in accordance with the principles described in paragraph (ii) above, except that the Valuation Agent may use, for the purpose of determining the sale price or the asked and bid price of such security or interest, any public quotations in common use which may be available, or where such principles are not applicable;
- (v) the liabilities of the ETF will include:
 - all bills, notes and accounts payable of which the ETF is an obligor;
 - all Management Fees of the ETF;
 - all contractual obligations of the ETF for the payment of money or property, including the amount of any unpaid distribution credited to Unitholders of the ETF on or before that Valuation Day;
 - all allowances of the ETF authorized or approved by the Manager for taxes (if any) or contingencies; and
 - all other liabilities of the ETF of whatsoever kind and nature; and
- (vi) the exchange rates used by the ETF will be prevailing market rates as determined by the Manager.

In calculating the net asset value of the ETF, the ETF will generally value its investments based on the market value of its investments at the time the net asset value of the ETF is calculated. If no market value is available for an investment of the ETF or if the Manager determines that such value is inappropriate in the circumstances (i.e. when the value of an investment of the ETF has been materially changed by effects occurring after the market closes), the Manager, in consultation with the Valuation Agent (when necessary), will value such investments using methods that have generally been adopted by the marketplace. Fair valuing the investments of the ETF may be appropriate if: (i) market quotations do not accurately reflect the fair value of an investment; (ii) an investment's value has been materially affected by events occurring after the close of the exchange or market on which the investment is principally traded; (iii) a trading halt closes an exchange or market early; or (iv) other events result in an exchange or market delaying its normal close. The risk in fair valuing an investment of the ETF is that the value of the investment may be higher or lower than the price that the ETF may be able to realize if the investment had to be sold.

In determining the net asset value of the ETF, Units of the ETF subscribed for will be deemed to be outstanding and an asset of the ETF as of the time a subscription for such Units is received by and accepted by the Manager. Units of the ETF that are being redeemed will only be deemed to be outstanding until (and not after) the close of business on the day on which such Units of the ETF are redeemed and the redemption proceeds thereafter, until paid, will be a liability of the ETF.

For the purposes of financial statement reporting, the ETF is required to calculate net asset value in accordance with IFRS Accounting Standards (“IFRS”) and National Instrument 81-106 *Investment Fund Continuous Disclosure*.

Reporting of Net Asset Value

Persons or companies that wish to be provided with the most recent net asset value per Unit of the ETF may call the Manager at 416-933-5745 or at 1-866-641-5739, or check the Manager's website at www.HorizonsETFs.com.

Designated Website

The ETF is required to post certain regulatory disclosure documents on a designated website. The ETF's designated website is www.HorizonsETFs.com.

ATTRIBUTES OF THE SECURITIES

Description of the Securities Distributed

The ETF is authorized to issue an unlimited number of redeemable, transferable Units pursuant to this prospectus, each of which represents an equal, undivided interest in the net assets of the ETF.

Units of the ETF have been conditionally approved for listing on the TSX. Subject to satisfying the TSX's original listing requirements, the Units of the ETF will be listed on the TSX. Investors will be able to buy or sell Units on the TSX through registered brokers and dealers in the province or territory where the investor resides.

On December 16, 2004, the *Trust Beneficiaries' Liability Act, 2004* (Ontario) came into force. This statute provides that holders of units of a trust are not, as beneficiaries, liable for any, default, obligation or liability of the trust if, when the default occurs or the liability arises: (i) the trust is a reporting issuer under the *Securities Act* (Ontario); and (ii) the trust is governed by the laws of Ontario. The ETF is a reporting issuer under the *Securities Act* (Ontario), and the ETF is governed by the laws of Ontario by virtue of the provisions of the Trust Declaration.

Each Unit of the ETF entitles the owner to one vote at meetings of Unitholders of the ETF. Each Unit of the ETF is entitled to participate equally with all other Units of the ETF with respect to all payments made to Unitholders of the ETF, other than Management Fee Distributions and income or capital gains allocated and designated as payable to a redeeming Unitholder, whether by way of income or capital gains 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 the ETF. All Units will be fully paid, when issued, in accordance with the terms of the Trust Declaration. Unitholders of the ETF are entitled to require the ETF to redeem their Units of the ETF as outlined under the heading "Exchange and Redemption of Units".

Redemptions of Units for Cash

On any Trading Day, Unitholders, Dealers and Designated Brokers may redeem Units of the ETF for cash at a redemption price per Unit equal to 95% of the closing price for the Units of the ETF on the TSX on the effective day of the redemption. A cash redemption request will be subject to a maximum redemption price payable to a Unitholder of the NAV per Unit of the ETF. See "Exchange and Redemption of Units".

Stock Exchange Sponsored Net Asset Value Execution Program

Subject to regulatory and other necessary third party approvals, a stock exchange sponsored execution program may become available which would allow investors to purchase and sell Units of the ETF based on transaction prices calculated as at the end-of-day net asset value, plus any fee payable to the investor's Dealer for the Dealer's facilitation of the purchase or sale. The Manager will issue a news release announcing the details of any such stock exchange sponsored execution program.

Modification of Terms

Any amendment to the Trust Declaration that creates a new class of Units of the ETF will not require notice to existing Unitholders of the ETF unless such amendment in some way affects the existing Unitholders' rights or the value of their investment. An amendment such as the re-designation of a class of the ETF, or the termination of a class of the ETF, which has an effect on a Unitholder's holdings will only become effective after 30 days' notice to Unitholders of the applicable classes of the ETF.

All other rights attached to the Units of the ETF may only be modified, amended or varied in accordance with the terms of the Trust Declaration. See "Unitholder Matters – Amendments to the Trust Declaration".

UNITHOLDER MATTERS

Meetings of Unitholders

Meetings of Unitholders of the ETF will be held if called by the Manager or upon the written request to the Manager of Unitholders of the ETF holding not less than 25% of the then outstanding Units of the ETF.

Matters Requiring Unitholder Approval

NI 81-102 requires a meeting of Unitholders of the ETF to be called to approve certain changes as follows:

- (a) the basis of the calculation of a fee or expense that is charged to the ETF or its Unitholders is changed in a way that could result in an increase in charges to the ETF or to its Unitholders, except where:
 - (i) the ETF is at arm's length with the person or company charging the fee; and
 - (ii) the Unitholders have received at least 60 days' notice before the effective date of the change;
- (b) a fee or expense, to be charged to the ETF or directly to its Unitholders by the ETF or the Manager in connection with the holding of Units of the ETF that could result in an increase in charges to the ETF or its Unitholders, is introduced;
- (c) the Manager is changed, unless the new manager of the ETF is an affiliate of the Manager;
- (d) the fundamental investment objective of the ETF is changed;
- (e) the ETF decreases the frequency of the calculation of its net asset value per Unit;
- (f) the ETF undertakes a reorganization with, or transfers its assets to, another mutual fund, if the ETF ceases to continue after the reorganization or transfer of assets and the transaction results in the Unitholders of the ETF becoming securityholders in the other mutual fund, unless:
 - (i) the IRC of the ETF has approved the change in accordance with NI 81-107;
 - (ii) the ETF is being reorganized with, or its assets are being transferred to, another mutual fund to which NI 81-102 and NI 81-107 apply, and that is managed by the Manager, or an affiliate of the Manager;
 - (iii) the Unitholders have received at least 60 days' notice before the effective date of the change; and
 - (iv) the transaction complies with certain other requirements of applicable securities legislation;
- (g) the ETF undertakes a reorganization with, or acquires assets from, another mutual fund, if the ETF continues after the reorganization or acquisition of assets, the transaction results in the securityholders of the other mutual fund becoming Unitholders of the ETF, and the transaction would be a material change to the ETF;
- (h) the ETF implements a restructuring into a non-redeemable investment fund or a restructuring into an issuer that is not an investment fund; or
- (i) any matter which is required by the constitutive documents of the ETF; by the laws applicable to the ETF or by any agreement to be submitted to a vote of the Unitholders of the ETF.

In addition, the auditor of the ETF may not be changed unless:

- (A) the IRC of the ETF has approved the change; and

- (B) Unitholders have received at least 60 days' notice before the effective date of the change.

Approval of Unitholders of the ETF will be deemed to have been given if expressed by resolution passed at a meeting of Unitholders of the ETF, duly called on at least 21 days' notice and held for the purpose of considering the same, by at least a majority of the votes cast.

Amendments to the Trust Declaration

If a Unitholder meeting is required to amend a provision of the Trust Declaration, no change proposed at a meeting of Unitholders of the ETF shall take effect until the Manager has obtained the prior approval of not less than a majority of the votes cast at a meeting of Unitholders of the ETF or, if separate class meetings are required, at meetings of each class of Unitholders of the ETF.

Subject to any longer notice requirements imposed under securities legislation, the Trustee is entitled to amend the Trust Declaration by giving not less than 30 days' notice to Unitholders of the ETF in circumstances where:

- (a) the securities legislation requires that written notice be given to Unitholders of the ETF before the change takes effect; or
- (b) the change would not be prohibited by the securities legislation; and
- (c) the Trustee reasonably believes that the proposed amendment has the potential to adversely impact the financial interests or rights of the Unitholders of the ETF, so that it is equitable to give Unitholders of the ETF advance notice of the proposed change.

All Unitholders of the ETF shall be bound by an amendment affecting the ETF from the effective date of the amendment.

The Trustee may amend the Trust Declaration, without the approval of or prior notice to any Unitholders of the ETF, if the Trustee reasonably believes that the proposed amendment does not have the potential to adversely impact the financial interests or rights of Unitholders of the ETF or that the proposed amendment is necessary to:

- (a) ensure compliance with applicable laws, regulations or policies of any governmental authority having jurisdiction over the ETF or the distribution of Units of the ETF;
- (b) remove any conflicts or other inconsistencies which may exist between any terms of the Trust Declaration and any provisions of any applicable laws, regulations or policies affecting the ETF, the Trustee or its agents;
- (c) make any change or correction in the Trust Declaration which is a typographical correction or is required to cure or correct any ambiguity or defective or inconsistent provision, clerical omission or error contained therein;
- (d) facilitate the administration of the ETF as a mutual fund trust or make amendments or adjustments in response to any existing or proposed amendments to the Tax Act or its administration which might otherwise adversely affect the tax status of the ETF or its Unitholders; or
- (e) for the purposes of protecting the Unitholders of the ETF.

Reporting to Unitholders

The Manager, on behalf of the ETF, will in accordance with applicable laws furnish to each Unitholder, unaudited semi-annual financial statements and an interim management report of fund performance for the ETF within 60 days of the end of each semi-annual period and audited annual financial statements and an annual management report of fund performance for the ETF within 90 days of the end of each financial year. Both the semi-annual and the annual

financial statements of the ETF will contain a statement of financial position, statement of comprehensive income, statement of change in financial position, statement of cash flows and schedule of investments.

Any tax information necessary for Unitholders to prepare their annual federal income tax returns in connection with their investment in Units will also be distributed to them within 90 days after the end of each taxation year of the ETF or such other time as required by applicable law. Neither the Manager nor the Registrar and Transfer Agent are responsible for tracking the adjusted cost base of a Unitholder's Units. Unitholders should consult with their tax or investment adviser in respect of how to compute the adjusted cost base of their Units and in particular how designations made by the ETF to a Unitholder affect the Unitholder's tax position.

The net asset value per Unit of the ETF will be determined by the Manager on each Valuation Day and will usually be published daily in the financial press.

Exchange of Tax Information

Part XVIII of the Tax Act, which was enacted to implement the Canada-United States Enhanced Tax Information Exchange Agreement (the "**IGA**"), imposes due diligence and reporting obligations on "reporting Canadian financial institutions" in respect of their "U.S. reportable accounts". The ETF is a "reporting Canadian financial institution" but as long as Units are regularly traded on an established securities market, which currently includes the TSX, or continue to be registered in the name of CDS, the ETF should not have any "U.S. reportable accounts" and, as a result, the ETF should not be required to provide information to the CRA in respect of its Unitholders. However, dealers through which Unitholders hold their Units of the ETF are subject to due diligence and reporting obligations with respect to financial accounts they maintain for their clients. Accordingly, Unitholders may be requested to provide information to their dealer to identify U.S. persons holding Units or otherwise identify U.S. reportable accounts. If a Unitholder is a U.S. person (including a U.S. citizen), Units are otherwise U.S. reportable accounts or if a Unitholder does not provide the requested information, Part XVIII of the Tax Act will generally require information about the Unitholder's investments held in the financial account maintained by the dealer to be reported to the CRA, unless the investments are held within a Registered Plan (other than FHSAs). The CRA is expected to provide that information to the U.S. Internal Revenue Service. The CRA has indicated that FHSAs are under consideration for being treated in the same way as other Registered Plans for these purposes, and that information about investments held within FHSAs does not need to be reported at this time.

Reporting obligations in the Tax Act have been enacted to implement the Organization for Economic Cooperation and Development Common Reporting Standard (the "**CRS Rules**"). Pursuant to the CRS Rules, Canadian financial institutions will be required to have procedures in place to identify accounts held by residents of foreign countries (other than the U.S.) or by certain entities any of whose "controlling persons" are resident in a foreign country (other than the U.S.) and to report the required information to the CRA. Such information will be exchanged on a reciprocal, bilateral basis with countries that have agreed to a bilateral information exchange with Canada under the Common Reporting Standard and in which the account holders or such controlling persons are resident. Under the CRS Rules, Unitholders will be required to provide such information regarding their investment in the ETF to their dealer for the purpose of such information exchange, unless the investment is held within a Registered Plan (other than an FHSA). Under a proposed Tax Amendment, FHSAs would also be exempt from the CRS Rules, although there can be no assurances that this amendment will be enacted.

TERMINATION OF THE ETF

Subject to complying with applicable securities law, the Manager may terminate the ETF at its discretion. In accordance with the terms of the Trust Declaration and applicable securities law, Unitholders will be provided 60 days advance written notice of the termination.

If the ETF is terminated, the Trustee is empowered to take all steps necessary to effect the termination of the ETF. Prior to terminating the ETF, the Trustee may discharge all of the liabilities of the ETF and distribute the net assets of the ETF to the Unitholders.

Upon termination of the ETF each Unitholder shall be entitled to receive at the Valuation Time on the termination date out of the assets of the ETF: (i) payment for that Unitholder's Units at the NAV per Unit for that class of Units determined at the Valuation Time on the termination date; plus (ii) where applicable, any net income and net realized capital gains that are owing to or otherwise attributable to such Unitholder's Units that have not otherwise been paid to such Unitholder; less (iii) any taxes that are required to be deducted. Payment shall be made by cheque or other means of payment payable to such Unitholder and drawn on the ETF's bankers and may be mailed by ordinary post to such Unitholder's last address appearing in the registers of Unitholders or may be delivered by such other means of delivery acceptable to both the Manager and such Unitholder.

Procedure on Termination

The Trustee shall be entitled to retain out of any assets of the ETF, at the date of termination of the ETF, full provision for all costs, charges, expenses, claims and demands incurred or believed by the Trustee to be due or to become due in connection with or arising out of the termination of the ETF and the distribution of its assets to the Unitholders of the ETF. Out of the moneys so retained, the Trustee is entitled to be indemnified and saved harmless against all costs, charges, expenses, claims and demands.

PLAN OF DISTRIBUTION

Units of the ETF are being offered for sale on a continuous basis by this prospectus and there is no minimum number of Units of the ETF that may be issued. The Units of the ETF shall be offered for sale at a price equal to the net asset value of such Units next determined following the receipt of a subscription order.

Units of the ETF have been conditionally approved for listing on the TSX. Subject to satisfying the TSX's original listing requirements, the Units of the ETF will be listed on the TSX. Investors will be able to buy or sell Units on the TSX through registered brokers and dealers in the province or territory where the investor resides.

RELATIONSHIP BETWEEN THE ETF AND DEALERS

The Manager, on behalf of the ETF, has entered or will enter into various Dealer Agreements with registered dealers (that may or may not be Designated Brokers) pursuant to which the Dealers may subscribe for Units of the ETF as described under "Purchases of Units".

A Dealer Agreement may be terminated by the registered dealer at any time by notice to Horizons, provided that, except in certain conditions, no such termination will be permitted after the registered dealer has subscribed for Units of the ETF and such subscription has been accepted by Horizons.

NBF acts or may act as a Designated Broker, a Dealer and/or a registered trader (market maker). See "Organization and Management Details of the ETF – Conflicts of Interest".

PRINCIPAL HOLDERS OF UNITS OF THE ETF

CDS & Co., the nominee of CDS, is or will be the registered owner of the Units of the ETF, which it holds for various brokers and other persons on behalf of their clients and others. From time to time, a designated broker or another investment fund managed by the Manager or an affiliate thereof, may beneficially own, directly or indirectly, more than 10% of the Units of the ETF.

PROXY VOTING DISCLOSURE FOR PORTFOLIO UNITS HELD

The Manager is responsible for all securities voting in respect of securities held by the ETF and exercising responsibility with the best economic interests of the ETF and the Unitholders of the ETF. The Manager has established proxy voting policies, procedures and guidelines (the "Proxy Voting Policy") for securities held by the ETF to which voting rights are attached. The Proxy Voting Policy is intended to provide for the exercise of such voting rights in accordance with the best interests of the ETF and the Unitholders of the ETF, while intending to defend, reflect and promote decisions or actions which meet generally accepted standards of Environmental, Social,

and Governance (“ESG”) criteria established by the Manager, or are expected to move a company closer to these goals.

The Manager believes in taking an active role in the corporate governance of the underlying investments of the ETF, through the corporate proxy and voting processes of those underlying investments. When voting the proxies relating to the companies that are the underlying investments of the ETF, Horizons will, among other things, be focused on supporting and promoting the options that, in the Manager’s view, reflect the Manager’s pre-determined ESG standards and also achieve the best result for the ETF and the Unitholders of the ETF. ESG refers to the three central factors in measuring the sustainability and ethical impact of a company or business. As a general matter, the Proxy Voting Policies of the Manager promote companies that (i) engage in activities or changes that can result in a decrease in pollution and carbon footprint, sustaining biodiversity, improving waste disposal and forest management and more effective land management, (ii) implement employment practices and policies that promote women in management and on boards of directors, promote equality, inclusion and that protect members of the public regardless of age, sex, marital status, colour, race, ethnicity, sexual orientation, gender or gender identity, religion or disability of any nature, and (iii) practice “good governance”, including through compliance, promotion of fair and impartial rules, consensus oriented management, principles of transparency, accountability, effective risk management and efficient management and processes.

The Proxy Voting Policy sets out the guidelines and procedures that the Manager will follow to determine whether and how to vote on any matter for which the ETF receives proxy materials. Issuers’ proxies most frequently contain routine proposals to elect directors, to appoint independent auditors, establish independent compensation committees, to approve executive compensation and stock-based compensation plans and to amend the capitalization structure of the issuer. Specific details on the Manager’s consideration of these routine matters are discussed in greater detail in the Proxy Voting Policy, which is available upon request at no cost by calling or emailing the Manager as further described below. Other issues, including those business issues specific to the issuer or those raised by shareholders of the issuer, are assessed by the Manager on a case-by-case basis with a focus on the potential impact of the vote on the Proxy Voting Policy’s ESG objectives and the best interests of the ETF and the Unitholders of the ETF.

If the potential for conflict of interest arises in connection with proxy voting and if deemed advisable to maintain impartiality, the Proxy Voting Policy provides that the Manager may choose to seek out and follow the voting recommendation of an independent proxy search and voting service.

The Proxy Voting Policy is available on request, at no cost, by calling the Manager toll-free at 1-866-641-5739 or emailing the Manager at info@HorizonsETFs.com. The proxy voting record of the ETF for the annual period from July 1 to June 30 will be available free of charge to any investor of the ETF upon request at any time after August 31 following the end of that annual period. The proxy voting record of the ETF will also be available on our Internet site at www.HorizonsETFs.com.

MATERIAL CONTRACTS

The only contracts material to the ETF are the following:

- (i) **Trust Declaration.** For additional disclosure related to the Trust Declaration, including relevant termination provisions and other key terms of the agreement, see “Organization and Management Details of the ETF – The Trustee”, “Attributes of the Securities – Modification of Terms” and “Unitholder Matters – Amendments to the Trust Declaration”;
- (ii) **Custodian Agreement.** For additional disclosure related to the Custodian Agreement, including relevant termination provisions and other key terms of the agreement, see “Organization and Management Details of the ETF – Custodian”.

Copies of these agreements may be examined at the head office of the ETF, 55 University Avenue, Suite 800, Toronto, Ontario, M5J 2H7, during normal business hours.

LEGAL AND ADMINISTRATIVE PROCEEDINGS

The ETF is not involved in any legal proceedings, nor is the Manager aware of existing or pending legal or arbitration proceedings involving the ETF.

EXPERTS

KPMG LLP, the auditor of the ETF, have consented to the use of their report to the board of directors of the Manager on the statement of financial position of the ETF dated January 12, 2024. KPMG LLP has confirmed that they are independent within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations.

EXEMPTIONS AND APPROVALS

The ETF is entitled to rely on exemptive relief from the Securities Regulatory Authorities to:

- (a) permit a Unitholder to acquire more than 20% of the Units through purchases on the TSX without regard to the takeover bid requirements of applicable Canadian securities legislation; and
- (b) relieve the ETF from the requirement that the prospectus of the ETF include an underwriter's certificate.

PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase ETF securities within 48 hours after the receipt of a confirmation of a purchase of such securities. In several of the provinces and territories, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation, or non-delivery of the ETF Facts, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory.

The purchaser should refer to the applicable provisions of the securities legislation of the province or territory for the particulars of these rights or should consult with a legal adviser.

DOCUMENTS INCORPORATED BY REFERENCE

Additional information about the ETF is or will be available in the following documents:

- (a) the most recently filed comparative annual financial statements of the ETF, together with the accompanying report of the auditor;
- (b) any interim financial statements of the ETF filed after the most recently filed annual financial statements of the ETF;
- (c) the most recently filed annual management report of fund performance of the ETF;
- (d) any interim management report of fund performance of the ETF filed after the most recently filed annual management report of fund performance of the ETF; and
- (e) the most recently filed ETF Facts of the ETF.

These documents are or will be incorporated by reference into this prospectus, which means that they will legally form part of this document just as if they were printed as part of this document. You can obtain a copy of these documents, at your request, and at no cost, by calling toll-free: 1-866-641-5739 or by contacting your dealer. These documents

are available on the Internet site of the ETF at www.HorizonsETFs.com. These documents and other information about the ETF will also be available on the Internet at www.sedarplus.ca.

In addition to the documents listed above, any documents of the type described above that are filed on behalf of the ETF after the date of this prospectus and before the termination of the distribution of the ETF are deemed to be incorporated by reference into this prospectus.

DESIGNATED WEBSITE

A mutual fund is required to post certain regulatory disclosure documents on a designated website. The designated website of the ETF this document pertains to can be found at the following location: www.horizonsetfs.com. These documents and other information about the ETF, such as information circulars and material contracts, are also available at www.sedarplus.ca.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Horizons ETFs Management (Canada) Inc.

Re: Horizons USD High Interest Savings ETF (the "ETF")

Opinion

We have audited the financial statement of the ETF, which comprise:

- the statement of financial position as at January 12, 2024; and
- notes to the financial statement, including a summary of material accounting policy information

(hereinafter referred to as the "financial statement").

In our opinion, the accompanying financial statement presents fairly, in all material respects, the financial position of the ETF as at January 12, 2024 in accordance with IFRS Accounting Standards ("IFRS") for such a financial statement.

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 Statement*" 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 statement in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

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

Management is responsible for the preparation and fair presentation of the financial statement in accordance with IFRS for such a financial statement, and for such internal control as management determines is necessary to enable the preparation of a financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the financial statement, 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 Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is 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 statement.

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 statement, 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 statement 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 statement, including the disclosures, and whether the financial statement represents 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.

(Signed) "KPMG LLP"

Chartered Professional Accountants, Licensed Public Accountants
Toronto, Canada
January 12, 2024

HORIZONS USD HIGH INTEREST SAVINGS ETF

Statement of Financial Position

January 12, 2024

Assets	
Cash	\$ 50
Total Assets	\$ 50
Net assets attributable to holders of redeemable units:	
Authorized:	
Unlimited Class A Units	
without par value issued and fully paid	
Total net assets attributable to holders of redeemable units, Class A Units	\$ 50
Issued and fully paid Class A Units	1
Net assets attributable to holders of redeemable units per Class A Unit	\$ 50

See accompanying notes to statement of financial position.

HORIZONS USD HIGH INTEREST SAVINGS ETF

*Notes to the Financial Statement*January 12, 2024

1. Establishment of the ETF and authorized units:

The following ETF was established on January 12, 2024 in accordance with the ETF's Master Declaration of Trust:

Horizons USD High Interest Savings ETF (the "ETF")

The address of the ETF's registered office is:
55 University Avenue, Suite 800, Toronto, Ontario, M5J 2H7

(a) Legal structure:

Horizons ETFs Management (Canada) Inc. (the "Manager" or the "Trustee") is the manager and trustee of the ETF. The ETF is an unincorporated open-ended mutual fund trust. The ETF is established under the laws of the Province of Ontario by a master declaration of trust.

(b) Statement of compliance:

The financial statement of the ETF as at January 12, 2024 has been prepared in accordance with IFRS Accounting Standards for such a financial statement.

The financial statements was authorized for issue by the board of directors on January 12, 2024.

(c) Basis of presentation:

The financial statement of the ETF is expressed in U.S. dollars, which is the ETF's functional currency.

(d) Net assets attributable to holders of redeemable units:

Units of the ETF are redeemable at the option of the holder in accordance with the provisions laid out in its prospectus. If the unitholder holds a prescribed number of units of the ETF, and if accepted by the Manager, the units of the ETF will be redeemed on the valuation day based on the net asset value of the units of the ETF on that valuation day. In accordance with IAS 32 – Financial Instruments: Presentation, the units of the ETF are classified as financial liabilities as there is a requirement to distribute net income and capital gains earned by the ETF.

(e) Issue of units:

One Class A Unit of the ETF was issued for cash on January 12, 2024 to the Manager.

HORIZONS USD HIGH INTEREST SAVINGS ETF

Notes to the Financial Statement

January 12, 2024

(f) Unitholder transactions:

The value at which units of the ETF are issued or redeemed is determined by dividing the net asset value of the class by the total number of units of the ETF outstanding of that class on the Valuation Date. Amounts received on the issuance of units of the ETF and amounts paid on the redemption of units of the ETF are included in the statement of changes in financial position of the ETF.

2. Management of the ETF

The ETF will pay the Manager an annual management fee (the “Management Fee”) equal to 0.14% of the net asset value of that class of the ETF, plus applicable Sales Tax, calculated and accrued daily and payable monthly. The Manager may reduce the Management Fee that it is entitled to charge to the ETF. Such a reduction or waiver will be dependent upon a number of factors, including the amount invested, the total assets of the ETF under administration and the expected amount of account activity.

CERTIFICATE OF THE ETF, THE MANAGER AND PROMOTER

Dated: January 12, 2024

This prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of all of the provinces and territories of Canada.

**HORIZONS ETFs MANAGEMENT (CANADA) INC.,
AS TRUSTEE, MANAGER AND PROMOTER OF THE ETF**

(signed) "Rohit Mehta"

Rohit Mehta
Chief Executive Officer

(signed) "Julie Stajan"

Julie Stajan
Chief Financial Officer

**ON BEHALF OF THE BOARD OF DIRECTORS
OF HORIZONS ETFs MANAGEMENT (CANADA) INC.**

(signed) "Young Kim"

Young Kim
Director

(signed) "Thomas Park"

Thomas Park
Director