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

Continuous Offering | June 26, 2013

Horizons BetaPro COMEX® Gold Bullion Bull Plus ETF (“Horizons HBU”)
Horizons BetaPro COMEX® Gold Bullion Bear Plus ETF (“Horizons HBD”)
Horizons BetaPro NYMEX® Crude Oil Bull Plus ETF (“Horizons HOU”)
Horizons BetaPro NYMEX® Crude Oil Bear Plus ETF (“Horizons HOD”)
Horizons BetaPro NYMEX® Natural Gas Bull Plus ETF (“Horizons HNU”)
Horizons BetaPro NYMEX® Natural Gas Bear Plus ETF (“Horizons HND”)
Horizons BetaPro US 30-year Bond Bear Plus ETF (“Horizons HTD”)
Horizons BetaPro COMEX® Silver Bull Plus ETF (“Horizons HZU”)
Horizons BetaPro COMEX® Silver Bear Plus ETF (“Horizons HZD”)
Horizons BetaPro COMEX® Copper Bull Plus ETF (“Horizons HKU”)
Horizons BetaPro COMEX® Copper Bear Plus ETF (“Horizons HKD”)
(together the “ETFs” and each an “ETF”)

The Horizons ETFs are exchange traded mutual funds and consist in total of 71 open-end mutual fund trusts established under the laws of Ontario, eleven of which are offered pursuant to this prospectus. Each ETF is a commodity pool established as a trust under the laws of Ontario and each is also an exchange traded mutual fund. Class A units (“**Units**”) of each ETF are offered for sale on a continuous basis by this prospectus and there is no minimum number of Units of an ETF that may be issued. The Units of each 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.

Units of the ETFs are listed and trade on the Toronto Stock Exchange (the "**TSX**").

The manager and trustee of the ETFs is Horizons ETFs Management (Canada) Inc. (“**Horizons**”, the “**Manager**” or the “**Trustee**”). The Manager has retained Horizons Investment Management Inc. (the “**Investment Manager**”) to act as investment manager of the ETFs. The Investment Manager has in turn retained ProShare Advisors LLC (the “**Portfolio Manager**”), a limited liability company organized under the laws of the State of Maryland, to act as the sub-advisor, and to make and execute investment decisions, on behalf of the ETFs. See “Organization and Management Details of the ETFs” at page 57.

The ETFs are very different from most other exchange-traded funds.

The ETFs use leverage and are riskier than funds that do not.

The ETFs do not and should not be expected to return two times (i.e., +200%) or two times the inverse (i.e., -200%) of the return of their Referenced Futures Contract (as hereinafter defined) over any period of time other than daily.

The returns of the ETFs over periods longer than one day will likely differ in amount and possibly direction from the performance of their Referenced Futures Contract, for the same period. This effect becomes more pronounced as the volatility of a Referenced Futures Contract increases.

Investors should monitor their investment in an ETF daily.

The ETFs are designed to **provide daily investment results**, before fees, expenses, distributions, brokerage commissions and other transaction costs, that endeavour to correspond to a multiple or inverse (opposite) multiple of the daily performance of a specified Referenced Futures Contract. **The ETFs do not seek to achieve their stated investment objective over a period of time greater than one day.**

These ETFs track specified futures contracts that are for delivery in the future (e.g., for a subsequent delivery month). None of the ETFs invest in the physical spot commodity market.

In order to achieve its investment objective, each ETF may invest in equity securities, interest bearing accounts and T-Bills (as hereinafter defined) and/or other financial instruments, including derivatives. See "Investment Objectives" at page 5. Each ETF currently seeks to achieve its investment objective through the Existing Forward Documents (as hereinafter defined). As a consequence of the proposed amendments to the *Income Tax Act* (Canada) announced by the Minister of Finance in the federal government's budget on March 21, 2013, the Existing Forward Documents will, prior to or concurrent with their expiry, be supplemented with, or replaced by, New Forward Documents (as hereinafter defined). Each ETF will employ New Forward Documents, interest bearing accounts and T-Bills to achieve its investment objective in conjunction with, or in place of, the Existing Forward Documents and investments in Canadian equity securities. See "New Forward Documents" at page 19 and "Risk Factors-Tax Risk" at page 41.

Each ETF employs absolute leverage that generally does not exceed 2.0 times the net asset value of that ETF. See "Investment Strategies" of the ETFs at page 15.

The ETFs are subject to certain investment restrictions. See "Investment Restrictions" at page 29.

Investors are able to buy or sell Units of each ETF on the TSX through registered brokers and dealers in the province or territory where the investor resides. Investors may incur customary brokerage commissions in buying and/or selling Units of an ETF. Unitholders may redeem Units of an ETF in any number for cash, subject to a redemption discount, or may redeem a prescribed number of Units (a "**PNU**") of an ETF or a multiple PNU of the ETF for cash equal to the net asset value of that number of Units of the ETF, subject to any redemption charge. See "Redemption of Units" at page 46.

Each ETF issues Units directly to Designated Brokers and Dealers (as each is hereinafter defined).

No Designated Broker, Dealer and/or Bank Counterparty (as hereinafter defined) has been involved in the preparation of this prospectus nor has any Designated Broker, Dealer and/or Bank Counterparty performed any review of the contents of this prospectus and the securities regulatory authorities (as hereinafter defined) have provided the ETFs with a decision exempting the ETFs from the requirement to include a certificate of an underwriter in the prospectus. No Designated Broker, Dealer and/or Bank Counterparty is an underwriter of the ETFs in connection with the distribution by the ETFs of their Units under this prospectus.

For a discussion of the risks associated with an investment in Units of an ETF, see “Risk Factors” at page 33.

Each investor should carefully consider whether their financial condition and/or retirement savings objectives permit them to buy Units of an ETF. Units of the ETFs are highly speculative and involve a high degree of risk, some not traditionally associated with mutual funds. No ETF by itself constitutes a balanced investment plan. An investor may lose a portion or even all of the money that he or she places in an ETF.

The risk of loss in trading derivatives can be substantial. In considering whether to buy Units of an ETF, the investor should be aware that trading derivatives can quickly lead to large losses as well as large gains. Such trading losses can sharply reduce the net asset value of an ETF and consequently the value of an investor’s Units in the ETF. Market conditions may also make it difficult or impossible for an ETF to liquidate a position.

The ETFs are subject to certain conflicts of interest. See “Organization and Management Details of the ETFs - Conflicts of Interest” at page 63. An ETF is subject to the charges payable by it as described in this prospectus that must be offset by revenues and trading gains before an investor is entitled to a return on his or her investment. See “Fees and Expenses” at page 30. It may be necessary for an ETF to make substantial trading profits to avoid depletion or exhaustion of its assets before an investor is entitled to a return on his or her investment.

Participation in transactions by an ETF may involve the execution and clearing of trades on or subject to the rules of a foreign market. None of the Canadian securities regulatory authorities or Canadian exchanges regulates activities of any foreign markets, including the execution, delivery and clearing of transactions, or has the power to compel enforcement of the rule of a foreign market or any applicable foreign law. Generally, any foreign transaction will be governed by applicable foreign laws. This is true even if the foreign market is formally linked to a Canadian market so that a position taken on a market may be liquidated by a transaction on another market. Moreover, such laws or regulations will vary depending on the foreign country in which the transaction occurs. For these reasons, entities such as the ETFs may not be afforded certain of the protective measures provided by Canadian legislation or Canadian exchanges. In particular, funds received from investors for transactions by an ETF on foreign exchanges may not be provided the same protection as funds received in respect of transactions by an ETF on Canadian exchanges.

Although the ETFs are mutual funds under Canadian securities legislation and each ETF is considered to be a separate mutual fund under such 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. **Each ETF has also been granted exemptive relief from certain provisions of Canadian securities legislation applicable to conventional mutual funds**.

The Investment Manager currently acts as investment advisor to several mutual funds and commodity pools. The Portfolio Manager has extensive experience in the U.S. managing investment portfolios similar to the ETFs.

THESE BRIEF STATEMENTS DO NOT DISCLOSE ALL OF THE RISKS AND OTHER SIGNIFICANT ASPECTS OF INVESTING IN THE ETFs. AN INVESTOR SHOULD CAREFULLY READ THIS PROSPECTUS, INCLUDING THE DESCRIPTION OF THE PRINCIPAL RISK FACTORS OF THE ETFs AT PAGE 33, BEFORE INVESTING IN THE ETFs.

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

Additional information about the ETFs is or will be available in the most recently filed annual financial statements together with the accompanying independent auditor’s report, any interim financial statements filed after these annual financial statements and annual and interim management reports of fund performance, of each ETF. 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” on page 80.

You can get a copy of these documents at your request, and at no cost, by calling the Manager at 416-933-5745 or toll-free at 1-866-641-5739, or from your dealer. These documents are also 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 ETFs are also available on the website of SEDAR (the System for Electronic Document Analysis and Retrieval) at www.sedar.com.

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26 Wellington St East, Suite 700
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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 and financial data and statements contained elsewhere in this prospectus or incorporated by reference in the prospectus. Capitalized terms not defined in this summary are defined in the Glossary.

The ETFs

The Horizons ETFs consist in total of 71 open-end mutual fund trusts established under the laws of Ontario, eleven of which are offered pursuant to this prospectus. Each ETF has been established under the laws of Ontario. Units of each ETF are offered for sale on a continuous basis by this prospectus and there is no minimum number of Units of an ETF that may be issued. See “Overview of the Legal Structure of the ETFs” at page 5.

Investment Objectives

The ETFs are designed to **provide daily investment results**, before fees, expenses, distributions, brokerage commissions and other transaction costs, that endeavour to correspond to a multiple or inverse (opposite) multiple of the daily performance of their specified Referenced Futures Contract. The ETFs do not seek to achieve their stated investment objective over a period of time greater than one day.

In order to achieve its investment objective, each ETF may invest in equity securities, interest bearing accounts and T-Bills and/or other financial instruments, including derivatives. None of the ETFs invest in the physical spot commodity market.

See “Other Material Facts – Futures Contract Information” at page 78.

ETFs	**Referenced Futures Contract**	**Daily Objective**
Horizons HBU	COMEX® gold futures contract for a subsequent delivery month	200% of the daily performance of its Referenced Futures Contract
Horizons HBD	COMEX® gold futures contract for a subsequent delivery month	200% of the inverse of the daily performance of its Referenced Futures Contract
Horizons HOU	NYMEX® light sweet crude oil futures contract for a subsequent delivery month	200% of the daily performance of its Referenced Futures Contract
Horizons HOD	NYMEX® light sweet crude oil futures contract for a subsequent delivery month	200% of the inverse of the daily performance of its Referenced Futures Contract

Horizons HNU	NYMEX® Natural Gas futures contract for a subsequent delivery month	200% of the daily performance of its Referenced Futures Contract
Horizons HND	NYMEX® Natural Gas futures contract for a subsequent delivery month	200% of the inverse of the daily performance of its Referenced Futures Contract
Horizons HTD	The U.S. 30-year Bond futures contract for the next delivery month	200% of the inverse of the daily performance of its Referenced Futures Contract
Horizons HZU	COMEX® silver futures contract for a subsequent delivery month	200% of the daily performance of its Referenced Futures Contract
Horizons HZD	COMEX® silver futures contract for a subsequent delivery month	200% of the inverse of the daily performance of its Referenced Futures Contract
Horizons HKU	COMEX® copper futures contract for a subsequent delivery month	200% of the daily performance of its Referenced Futures Contract
Horizons HKD	COMEX® copper futures contract for a subsequent delivery month	200% of the inverse of the daily performance of its Referenced Futures Contract

Risk Factors

Investing in Units of an ETF can be speculative, can involve a high degree of risk and may only be suitable for persons who are able to assume the risk of losing their entire investment. Prospective investors should therefore consider the following risks, among others, before subscribing for Units of an ETF.

- Commodity Risk
- Long Term Performance Risk
- Spot v. Futures Risk
- Concentration Risk
- Corresponding Net Asset Value Risk
- Correlation Risk
- Market Risk
- Regulatory Risk
- No Assurance of Meeting Investment Objective
- Tax Risk
- Price Limit Risk
- No Assurance of Continued Participation
- Reverse Repurchase Transaction Risk
- Exchange Risk
- Borrowing Risk
- Foreign Exchange Risk
- Leverage Risk
- Price Volatility Risk
- Aggressive Investment Technique Risk
- Trading in Derivatives is Highly Leveraged
- Counterparty Risk
- Inverse Correlation Risk
- Liquidity Risk
- Early Closing Risk
- Commodity Market Risk
- Conflicts of Interest
- Liability of Unitholders
- Reliance on the Manager and the Investment Manager
- Designated Broker/Dealer Risk
- Exchange Rate Risk
- Securities Lending Risk

See "Risk Factors" at page 33.

Investment Strategies

Each ETF currently seeks to achieve its investment objective through the Existing Forward Documents. As a consequence of the proposed amendments to the *Income Tax Act* (Canada) announced by the Minister of Finance in the federal government's budget on March 21, 2013, the Existing Forward Documents will, prior to or concurrent with their expiry, be supplemented with, or replaced by, New Forward Documents. Each ETF will employ New Forward Documents, interest bearing accounts and T-Bills to achieve its investment objective in conjunction with, or in place of, the Existing Forward Documents and investments in Canadian equity securities. See "New Forward Documents" at page 19 and "Risk Factors-Tax Risk" at page 41.

Each ETF employs absolute leverage that generally does not exceed 2.0 times the net asset value of that ETF. See "Investment Strategies" at page 15.

An ETF may from time to time be significantly exposed to the credit risk associated with its Acceptable Counterparty or Acceptable Counterparties, as applicable. See "Risk Factors – Counterparty Risk" at page 39.

Each ETF will be rebalanced on each day that the TSX and the New York Stock Exchange are both open and provided it is not a Bank Holiday.

The ETFs are subject to certain investment restrictions. See "Investment Restrictions" at page 29.

Existing Forward Documents

Each ETF has invested in a basket of Canadian equity securities. Currently, each ETF has invested in a basket of Canadian equity securities. Such securities will then be sold to an Acceptable Counterparty pursuant to the Existing Forward Documents. As of the date of this prospectus, NBC is acting as a Bank Counterparty to the Existing Forward Documents for each ETF and CIBC is acting as a Bank Counterparty to the Existing Forward Documents for Horizons HOU, Horizons HOD, Horizons HNU, Horizons HND, Horizons HZU and Horizons HZD. An Acceptable Counterparty or its guarantor must have an approved credit rating within the meaning of NI 81-102. The purchase price payable by an Acceptable Counterparty under the Existing Forward Documents is based upon a two times multiple or inverse (opposite) multiple of the daily performance of the applicable Referenced Futures Contract in respect of the ETFs.

Each ETF is entitled to pre-settle the Existing Forward Documents in whole or in part from time to time as needed to fund Unit redemptions and market repurchases of Units, pay administrative expenses, meet other liquidity needs and such other purposes as that ETF may determine.

An Acceptable Counterparty is also entitled to advance the settlement date of the Existing Forward Documents upon the occurrence of certain specified events of default or termination events.

New Forward Documents

Each of the ETFs will enter into multiple New Forward Documents with an Acceptable Counterparty. Each ETF will seek to achieve its investment objective through the net exposure of its respective New Forward Documents, together with any applicable Existing Forward Documents. Each ETF will invest the net proceeds of Unit subscriptions in interest bearing accounts and T-Bills to earn prevailing short-term market interest rates. In respect of the New Forward Documents, it is anticipated that an ETF will have the ability to replace the Acceptable Counterparty or engage additional Acceptable Counterparties at any time. The reference asset of each New Forward Document will be a notional amount of positive or negative exposure to the applicable Referenced Futures Contract. An Acceptable Counterparty or its guarantor must have an approved credit rating within the meaning of NI 81-102. The amount payable by an Acceptable Counterparty under the New Forward Documents will be based upon based upon a two times multiple or inverse (opposite) multiple of the daily performance of the applicable Referenced Futures Contract in respect of the ETFs.

It is anticipated that each ETF will be entitled to pre-settle the New Forward Documents in whole or in part from time to time as needed to fund Unit redemptions and market repurchases of Units, pay administrative expenses, meet other liquidity needs and such other purposes as that ETF may determine.

See “New Forward Documents” at page 19.

Offering

Units of each ETF are offered for sale on a continuous basis by this prospectus, and there is no minimum or maximum number of Units of an ETF that may be issued. The Units of each 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. See “Plan of Distribution” at page 72.

Units of each ETF are currently trading on the TSX.

See “Attributes of the Securities” at page 69.

Brokerage Arrangements

Subject to the prior written approval of the Manager, the Portfolio Manager is authorized to establish, maintain, change and close brokerage accounts on behalf of each ETF.

Special Considerations for Purchasers

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 an ETF. In addition, each ETF has obtained exemptive relief from the securities regulatory authorities to permit a Unitholder of that ETF to acquire more than 20% of the Units of that ETF through purchases on the TSX without regard to the takeover bid requirements of applicable Canadian securities legislation, provided 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 that ETF at any meeting of Unitholders of that ETF.

The ETFs have also obtained exemptive relief from the restrictions relating to redemptions of “seed capital” invested in a commodity pool.

Market participants are permitted to sell Units of an ETF short and at any price without regard to the restrictions of the Universal Market Integrity Rules that generally prohibit selling securities short on the TSX unless the price is at or above the last sale price.

Other than as a result of any applicable exemptive relief obtained from the securities regulatory authorities, each ETF will comply with all requirements of NI 81-102 and NI 81-104.

See “Attributes of the Securities - Description of the Securities Distributed” at page 69.

Distributions and Automatic Reinvestment

The ETFs will distribute sufficient net income (including net capital gains) so that no ETF will be liable for income tax in any given year. Distributions on Units of an ETF, if any, are expected to be made annually at the end of each year where necessary. All distributions will be automatically reinvested on behalf of each Unitholder in additional Units of the applicable ETF and then consolidated, so that the number of Units outstanding after the distribution is the same as the number of Units before the distribution.

The Manager does not anticipate that any material amount of distributions will be made on Units in the current year. Distributions of an ETF are expected to consist primarily of capital gains for income tax purposes in respect of the Existing Forward Documents, and are expected to consist primarily of ordinary income in respect of the New Forward Documents. As long as the Existing Forward Documents remain in effect, and an ETF enters into New Forward Documents in conjunction with or in replacement of the Existing Forward Documents, the level of distributions paid by an ETF to its Unitholders will depend upon payments received by the ETF under the Existing Forward Documents and the New Forward Documents, as applicable. If the Existing Forward Documents are terminated and an ETF is unable to enter into the New Forward Documents, the level and characterization of distributions paid by an ETF to its Unitholders will depend on the replacement investment strategy adopted by the ETF. The Manager does not currently anticipate the frequency or level of distributions to increase or decrease as a result of the expiration of the Existing Forward Documents or the ETFs entering into New Forward Documents.

See “Distribution Policy” at page 45.

Redemptions

In addition to the ability to sell Units of an ETF on the TSX, Unitholders of an ETF may redeem Units of that ETF in any number for cash, subject to a redemption discount, or may redeem a PNU of an ETF or a multiple PNU of an ETF for cash equal to the net asset value of that number of Units, subject to any redemption charge.

Exemptive relief has been obtained from the securities regulatory authorities to permit each ETF to borrow up to 15% of its net asset value under an overdraft facility, and in each case to provide a security interest over its portfolio assets in connection therewith. The purpose of entering into an overdraft facility is to accommodate redemptions of PNUs (or multiple thereof) by Dealers or Designated Brokers which require exceeding the 5% borrowing threshold in applicable Canadian securities legislation.

Notwithstanding the foregoing, the Manager does not anticipate any ETF borrowing in the near future. The Manager will advise affected Unitholders if an ETF is required to borrow more than 10% of its net asset value.

See “Redemption of Units” at page 46.

Income Tax Considerations

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

A Unitholder of an 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 an amount that is otherwise required to be included in the Unitholder’s income), net of costs of disposition, exceed (or are less than) the adjusted cost base of the Unit of the ETF.

Pursuant to the Trust Declaration, an 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, each 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 will reduce the redeeming Unitholder’s proceeds of disposition.

A purchaser of Units may be purchasing Units of an ETF which may have large unrealized gains pursuant to its Existing Forward Documents and/or New Forward Documents. The settlement of its Existing Forward Documents or New Forward Documents in part or in full at any time could result in accrued gains being realized by the ETF and distributed to Unitholders of the ETF as capital gains or ordinary income.

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

See “Income Tax Considerations” at page 52.

Eligibility for Investment

Provided that an ETF qualifies as a ''mutual fund trust'' within the meaning of the Tax Act, or the Units of the ETF are listed on a "designated stock exchange" within the meaning of the Tax Act, Units of the ETF will be qualified investments under the Tax Act for a trust governed by a registered retirement savings plan, a registered retirement income fund, a registered disability savings plan, a deferred profit sharing plan, a registered education savings plan or a tax-free savings account.

Documents Incorporated by Reference

Additional information about the ETFs is or will be available in the most recently filed annual and interim financial statements of each ETF and the most recently filed annual and interim management report of fund performance of each ETF. 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 ETFs 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 ETFs are also publicly available at www.sedar.com. See "Documents Incorporated by Reference" at page 80.

Termination

The ETFs do not have a fixed termination date but may be terminated at the discretion of the Manager in accordance with the terms of the Trust Declaration. See "Termination of the ETFs" at page 72.

Organization and Management of the ETFs

The Manager and Trustee

Horizons ETFs Management (Canada) Inc., a corporation existing under the laws of Canada, is the manager and trustee of each ETF. The Manager will be responsible for providing or arranging for the provision of administrative services required by the ETFs. The principal office of Horizons is 26 Wellington Street East, Suite 700, Toronto, Ontario, M5E 1S2. Horizons was incorporated under the laws of Canada and was primarily organized for the purpose of managing investment products, including the ETFs.

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 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. With over 560 employees, including more than 80 investment professionals (as of January 31, 2013), Mirae Asset has a presence in Australia, Brazil, Canada, China, Colombia, Hong Kong, India, Korea, Taiwan, the United Kingdom, the United States, and Vietnam. Headquartered in Seoul, South Korea, Mirae Asset manages approximately US$57.2 billion in assets globally as of January 31, 2013.

See "Organization and Management Details of the ETFs – Manager of the ETFs" at page 57.

Investment Manager	Horizons Investment Management Inc., a corporation incorporated under the laws of Ontario, is the investment manager of the ETFs. Investment advisory and portfolio management services will be provided to the ETFs by the Investment Manager. The Investment Manager has been appointed investment manager of the ETFs. The Investment Manager's responsibilities include the supervision of the Portfolio Manager. The Investment Manager and Manager are affiliates. The principal office of the Investment Manager is at 26 Wellington Street East, Suite 608, Toronto, Ontario M5E 1S2. See "Organization and Management Details of the ETFs – Investment Manager" on page 60.
Portfolio Manager	ProShare Advisors LLC has been appointed portfolio manager of the ETFs. The Portfolio Manager has been retained by the Investment Manager to make and execute investment decisions on behalf of the ETFs. The Portfolio Manager is registered as an investment advisor with the U.S. Securities and Exchange Commission and is exempt from registration as a commodity pool operator and commodity trading advisor. The Portfolio Manager is a limited liability company organized under the laws of the State of Maryland on January 14, 2005. The Portfolio Manager is independent of the Manager. The principal office of the Portfolio Manager is located at 7501 Wisconsin Avenue, Suite 1000, Bethesda, Maryland. See "Organization and Management Details of the ETFs – Duties and Services to be Provided by the Portfolio Manager" on page 61.
Custodian	State Street Trust Company Canada ("SSTCC") is the custodian of each ETF and is independent of the Manager. The Custodian provides custodial services to the ETFs. The Custodian is located in Toronto, Ontario. See "Organization and Management Details of the ETFs – Custodian" on page 65.
Auditors	KPMG LLP is responsible for auditing the annual financial statements of each ETF. The auditors are independent of the Manager. The head office of the auditors is located in Toronto, Ontario. See "Organization and Management Details of the ETFs – Auditors" on page 66.
Valuation Agent	SSTCC has been retained to provide accounting services in respect of the ETFs. See "Organization and Management Details of the ETFs – Valuation Agent" on page 66.
Registrar and Transfer Agent	CIBC Mellon Trust Company ("**CIBC Mellon Trust**") is the registrar and transfer agent for the Units of the ETFs pursuant to registrar and transfer agency agreements entered into by each ETF. CIBC Mellon Trust is independent of the Manager. CIBC Mellon Trust is located in Toronto. See "Organization and Management Details of the ETFs – Registrar and Transfer Agent" on page 66.
Promoter	Horizons is also the promoter of the ETFs. Horizons took the initiative in founding and organizing the ETFs and is, accordingly, the promoter of the ETFs within the meaning of securities legislation of certain provinces and territories of Canada. See "Organization and Management Details of the ETFs – Promoter" on page 66.

Summary of Fees and Expenses

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

Type of Charge	**Description**
Management Fee	Each ETF pays an annual management fee to the Manager equal to 1.15% of the net asset value of that ETF, together with Sales Tax. The Management Fee is calculated and accrued daily and payable monthly in arrears. *Management Fee Distributions* The Manager may, at its discretion, agree to charge a reduced fee as compared to the fee it would otherwise be entitled to receive from an ETF with respect to large investments in the ETF by Unitholders. 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. In such cases, an amount equal to the difference between the fee otherwise chargeable and the reduced fee will be distributed to the applicable Unitholders as Management Fee Distributions. See “Fees and Expenses” at page 30.
Operating Expenses	Except as set out below, the Manager is responsible for all costs and expenses of the ETFs except the Management Fee, brokerage expenses and commissions, income taxes, Sales Tax, costs associated with the independent review committee of the ETFs, filing fees, costs associated with delivering documents to Unitholders, fees payable to CDS, annual stock exchange fees, annual index licensing fees, if applicable, withholding taxes and extraordinary expenses. Costs and expenses payable by the Manager include the fees payable to the Investment Manager, the Portfolio Manager, the Custodian, the Registrar and Transfer Agent, and fees payable to other service providers retained by the Manager. See “Fees and Expenses” at page 30.
Existing Forward Documents Expenses	Currently, with respect to each of the ETFs under the Forward Documents, the value of the purchase price payable thereunder by the applicable Bank Counterparty will be reduced by an amount equal to 0.30% per annum of the notional amount of the forward price, calculated and applied daily in arrears, plus hedging costs incurred by a Bank Counterparty. (e.g., the notional exposure of the forward will typically be approximately two times the total assets of an ETF). Hedging costs incurred by a Bank Counterparty are similar in nature to portfolio transaction costs that are incurred by an investment fund that holds portfolio securities directly. Currently, the Manager anticipates that, based on existing market conditions, the hedging costs, if any, for each ETF will be between 0.00% and 0.85% per annum of the notional exposure of that ETF’s Existing Forward Documents. The actual hedging costs that may be incurred by a Bank Counterparty and charged to an ETF may be greater depending on market conditions and can change at any time. Each party to the Existing Forward Documents was responsible for its own start-up costs relating to the Existing Forward Documents. The Existing Forward Documents may be

	amended or replaced at any time and the forward expenses incurred in respect of those forward agreements may increase or decrease according to their terms. See "Fees and Expenses" at page 30.
New Forward Documents Expenses	It is anticipated that in respect of the New Forward Documents, an ETF will pay to the Acceptable Counterparty aggregate forward expenses in an amount equal to or less than the amount payable by the ETF in respect of its Existing Forward Documents. It is anticipated that each party to the New Forward Documents will be responsible for its own start-up costs relating to the New Forward Documents. It is anticipated that the forward expenses incurred in respect of the New Forward Documents may increase or decrease according to their terms.
Expenses of the Issue	Apart from the initial organizational cost of the ETFs, all expenses related to the issuance of Units are borne by the ETFs. See "Fees and Expenses" at page 30.

Fees and Expenses Payable Directly by Unitholders

Redemption Charge	The Manager may charge Unitholders of an ETF, at its discretion, a redemption charge of up to 0.25% of the redemption proceeds of the ETF. The Manager will publish the current redemption charge on its website, www.HorizonsETFs.com. See "Redemption of Units" at page 46.

Annual Returns, Management Expense Ratio and Trading Expenses Ratio

The following chart provides the annual returns, management expense ratio[1] and trading expense ratio for each of the ETFs for each of the past five years, as applicable. The management expense ratios and trading expense ratios provided below were calculated on an annualized basis as at December 31 of each year referenced below.

Horizons HBU	**2012**	**2011**	**2010**	**2009**	**2008**
Annual Returns (%)	6.62%	11.32%	55.29%	35.23%	-17.83%
Management Expense Ratio (%)	1.43%	1.36%	1.33%	1.28%	1.21%
Trading Expense Ratio (%)	0.82%	0.82%	0.86%	0.91%	0.96%

Horizons HBD	**2012**	**2011**	**2010**	**2009**	**2008**
Annual Returns (%)	-18.59%	-27.19%	-44.70%	-43.53%	-15.72%
Management Expense Ratio (%)	1.39%	1.28%	1.34%	1.28%	1.21%
Trading Expense Ratio (%)	0.90%	0.90%	0.86%	0.96%	1.01%

Horizons HOU	**2012**	**2011**	**2010**	**2009**	**2008**
Annual Returns (%)	-30.44%	-18.85%	-16.30%	-29.24%	-86.84%
Management Expense Ratio (%)	1.37%	1.33%	1.34%	1.29%	1.20%
Trading Expense Ratio (%)	0.77%	0.78%	0.81%	0.77%	0.72%

Horizons HOD	**2012**	**2011**	**2010**	**2009**	**2008**
Annual Returns (%)	4.12%	-26.51%	-18.19%	-53.07%	93.20%
Management Expense Ratio (%)	1.36%	1.33%	1.31%	1.27%	1.22%

[1] After waivers and absorptions.

Trading Expense Ratio (%)	0.79%	0.79%	0.81%	0.76%	0.62%

Horizons HNU	**2012**	**2011**	**2010**	**2009**	**2008**
Annual Returns (%)	-57.90%	-73.70%	-71.35%	-88.11%	-75.52%
Management Expense Ratio (%)	1.37%	1.35%	1.32%	1.27%	1.21%
Trading Expense Ratio (%)	0.77%	0.77%	0.81%	0.80%	0.68%

Horizons HND	**2012**	**2011**	**2010**	**2009**	**2008**
Annual Returns (%)	-12.61%	134.28%	63.05%	59.07%	61.14%
Management Expense Ratio (%)	1.42%	1.30%	1.32%	1.28%	1.21%
Trading Expense Ratio (%)	0.83%	0.79%	0.80%	0.73%	1.02%

Horizons HTD	**2012**	**2011**	**2010**	**2009**	**2008**
Annual Returns (%)	-10.46%	-37.97%	-22.39%	21.76%	-36.42%
Management Expense Ratio (%)	1.45%	1.36%	1.33%	1.27%	1.35%
Trading Expense Ratio (%)	0.62%	0.61%	0.60%	0.60%	0.61%

Horizons HZU	**2012**	**2011**	**2010**	**2009**	**2008**
Annual Returns (%)	0.57%	-40.57%	181.28%	31.76%	N/A
Management Expense Ratio (%)	1.38%	1.33%	1.33%	1.29%	N/A
Trading Expense Ratio (%)	0.82%	0.83%	0.89%	1.05%	N/A

Horizons HZD	**2012**	**2011**	**2010**	**2009**	**2008**
Annual Returns (%)	-33.82%	-33.68%	-77.36%	-39.83%	N/A
Management Expense Ratio (%)	1.37%	1.30%	1.34%	1.29%	N/A
Trading Expense Ratio (%)	0.92%	0.88%	0.89%	1.06%	N/A

Horizons HKU	**2012**	**2011**	**2010**	**2009**	**2008**
Annual Returns (%)	1.35%	-50.90%	101.95%	N/A	N/A
Management Expense Ratio (%)	1.33%	1.28%	1.37%	N/A	N/A
Trading Expense Ratio (%)	0.95%	0.91%	0.78%	N/A	N/A

Horizons HKD	**2012**	**2011**	**2010**	**2009**	**2008**
Annual Returns (%)	-21.53%	33.80%	-57.19%	N/A	N/A
Management Expense Ratio (%)	1.40%	1.26%	1.36%	N/A	N/A
Trading Expense Ratio (%)	0.84%	0.86%	0.81%	N/A	N/A

In reviewing annual return figures, investors should be aware that the ETFs are very different from most other exchange-traded funds.

Each ETF does not and should not be expected to return two times (i.e., +200%) or two times the inverse (i.e., -200%) of the performance of its Referenced Futures Contract over any period of time other than daily.

An ETF's returns over periods longer than one day will likely differ in amount and possibly direction from the performance of its Referenced Futures Contract for the same period. This effect becomes more pronounced as the volatility of the Referenced Futures Contract, as applicable, increases.

GLOSSARY

The following terms have the following meaning:

"**Acceptable Counterparty**" means a Canadian chartered bank, or an affiliate of a Canadian chartered bank whose obligations are guaranteed by a Canadian chartered bank;

"**AlphaPro**" means AlphaPro Management Inc.;

"**Bank Counterparty**" means NBC and/or CIBC, as applicable, to which an ETF will sell Canadian equity securities pursuant to the Existing Forward Documents, and "**Bank Counterparties**" means both of them;

"**Bank Holiday**" means, any business day that deposit taking banks in the United States or Canada are not open for business;

"**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;

"**CDS**" means CDS Clearing and Depository Services Inc.;

"**CDS Participant**" means a participant in CDS that holds security entitlements in Units on behalf of beneficial owners of those Units;

"**CFTC**" means the U.S. Commodity Futures Trading Commission;

"**CIBC**" means Canadian Imperial Bank of Commerce, a Canadian chartered bank;

"**CIBC Mellon Trust**" means CIBC Mellon Trust Company, in its capacity as registrar and transfer agent of each ETF;

"**COMEX®**" means the COMEX® Division of the New York Mercantile Exchange;

"**Common Share Portfolio**" means the portfolio of an ETF consisting solely of securities that are "Canadian securities" for the purposes of subsection 39(6) of the Tax Act;

"**CRA**" means the Canada Revenue Agency;

"**Custodian**" means SSTCC, in its capacity as custodian of each ETF pursuant to the Custodian Agreement;

"**Custodian Agreement**" means the custody agreement made as of February 27, 2009, as last amended on December 16, 2011 between the Manager, in its capacity as trustee and manager of each ETF, and the Custodian;

"**Daily Objective**" means the daily investment objective of an ETF which is a multiple or inverse (opposite) multiple of the daily performance of a Referenced Futures Contract;

"**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 an ETF, pursuant to which the Dealer may subscribe for Units of that ETF as described under "Purchases of Units";

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

“**Designated Broker**” means a registered dealer that has entered into a Designated Broker Agreement with the Manager, on behalf of an ETF pursuant to which the Designated Broker agrees to perform certain duties in relation to that ETF;

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

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

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

“**ETFs**” means Horizons HBU, Horizons HBD, Horizons HOU, Horizons HOD, Horizons HNU, Horizons HND, Horizons HTD, Horizons HZU, Horizons HZD, Horizons HKU and Horizons HKD;

“**Existing Forward Documents**” means forward share purchase agreements whereby an ETF sells Canadian equity securities to a Bank Counterparty or to an Acceptable Counterparty;

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

“**Indemnified Persons**” means the Investment Manager and its directors, officers and employees;

“**interest bearing account**” means a credit balance in an interest bearing bank or securities account;

“**Investment Management Agreement**” means the investment management agreement made January 3, 2007, as last amended on December 16, 2011 among the ETFs, the Manager and the Investment Manager;

“**Investment Manager**” means Horizons Investment Management Inc., in its capacity as investment manager of each ETF pursuant to the Investment Management Agreement;

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

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

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

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

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

“**NBC**” means National Bank of Canada, a Canadian chartered bank;

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

“**net asset value**” means the net asset value of an ETF as calculated on each Valuation Day in accordance with the Trust Declaration;

“**New Forward Documents**” means agreements evidencing cash-settled forward transactions related to a Referenced Futures Contract that an ETF may enter into with an Acceptable Counterparty which are collateralized through an interest-bearing cash account and T-Bills;

"**NI 81-102**" means National Instrument 81-102 *Mutual Funds*;

"**NI 81-104**" means National Instrument 81-104 *Commodity Pools*;

"**NI 81-107**" means National Instrument 81-107 *Independent Review Committee for Investment Funds*;

"**NYMEX®**" means the New York Mercantile Exchange;

"**Portfolio Management Agreement**" means the sub-advisory agreement made December 15, 2006, as last amended December 19, 2011 among the Manager, on behalf of the ETFs, the Investment Manager and the Portfolio Manager;

"**Portfolio Manager**" means ProShare Advisors LLC, a limited liability company organized under the laws of the State of Maryland, in its capacity as portfolio manager of the ETFs pursuant to the Portfolio Management Agreement;

"**PNU**" in relation to Units of an 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 an ETF or for such other purposes as the Manager may determine;

"**ProFunds**" means the mutual funds of ProFunds Group;

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

"**Registrar and Transfer Agent**" means CIBC Mellon Trust;

"**Referenced Futures Contract**" or means for each ETF, the futures contract as set out under the heading "Investment Objectives" at page 5. See also "Other Material Facts – Futures Contract Information" at page 78;

"**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 applicable provincial and federal sales, use, value added or goods and services tax;

"**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;

"**SSTCC**" means State Street Trust Company Canada, the Custodian and valuation agent of each ETF;

"**Tax Act**" means the *Income Tax Act* (Canada) as amended from time to time;

"**Tax Amendment**" means a proposed amendment to the income tax laws of Canada publicly announced by the Minister of Finance (Canada) prior to the date hereof;

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

"**Trading Day**" for an ETF means a day on which (i) a session of the TSX is held; (ii) the principal exchange for the securities held by the ETF is open for trading; and (iii) it is not a Bank Holiday;

"**Trust Declaration**" means the amended and restated master declaration of trust made as of August 31, 2010, as last amended on January 23, 2013 by the Trustee;

"**Trustee**" means Horizons, in its capacity as trustee of the ETFs pursuant to the Trust Declaration;

"**TSX**" means the Toronto Stock Exchange;

"**Unitholder**" means a holder of Units of an ETF;

"**Units**" means the class A units of an ETF, and "**Unit**" means one of them;

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

"**Valuation Time**" in respect of: (i) Horizons HBU and Horizons HBD, 1:30 p.m. (EST) on a Valuation Day; (ii) Horizons HOU, Horizons HOD, Horizons HNU and Horizons HND, 2:30 p.m. (EST) on a Valuation Day; (iii) Horizons HTD, means 3:00 p.m. (EST) on a Valuation Day; (iv) Horizons HZU, and Horizons HZD, 1:25 p.m. (EST) on a Valuation Day; and (v) Horizons HKU and Horizons HKD, means 1:00 p.m. (EST) on a Valuation Day.

OVERVIEW OF THE LEGAL STRUCTURE OF THE ETFs

The Horizons ETFs are exchange traded mutual funds and consist in total of 71 open-end mutual fund trusts established under the laws of Ontario, eleven of which are offered pursuant to this prospectus. Each ETF is a commodity pool established as a trust under the laws of Ontario and is also an exchange traded mutual fund. The manager and trustee of the ETFs is Horizons ETFs Management (Canada) Inc. ("**Horizons**", the "**Manager**" or the "**Trustee**"). The Manager has retained Horizons Investment Management Inc. (the "**Investment Manager**") to act as investment manager of the ETFs. The Investment Manager has in turn retained ProShare Advisors LLC (the "**Portfolio Manager**") to make and execute investment decisions on behalf of the ETFs. The Portfolio Manager is part of ProFunds Group, which includes ProFund Advisors LLC, manager of ProFunds Group's mutual funds (the "**ProFunds**"). The ETFs that are offered pursuant to this prospectus are:

Name of ETF	Abbreviated Name	TSX Ticker Symbol
Horizons BetaPro COMEX® Gold Bullion Bull Plus ETF	Horizons HBU	HBU
Horizons BetaPro COMEX® Gold Bullion Bear Plus ETF	Horizons HBD	HBD
Horizons BetaPro NYMEX® Crude Oil Bull Plus ETF	Horizons HOU	HOU
Horizons BetaPro NYMEX® Crude Oil Bear Plus ETF	Horizons HOD	HOD
Horizons BetaPro NYMEX® Natural Gas Bull Plus ETF	Horizons HNU	HNU
Horizons BetaPro NYMEX® Natural Gas Bear Plus ETF	Horizons HND	HND
Horizons BetaPro US 30-year Bond Bear Plus ETF	Horizons HTD	HTD
Horizons BetaPro COMEX® Silver Bull Plus ETF	Horizons HZU	HZU
Horizons BetaPro COMEX® Silver Bear Plus ETF	Horizons HZD	HZD
Horizons BetaPro COMEX® Copper Bull Plus ETF	Horizons HKU	HKU
Horizons BetaPro COMEX® Copper Bear Plus ETF	Horizons HKD	HKD

The ETFs were created pursuant to the Trust Declaration. The head office of the Manager and the ETFs is 26 Wellington Street East, Suite 700, Toronto, Ontario, M5E 1S2. While each ETF is a mutual fund under the securities legislation of certain provinces and territories of Canada, each has been granted exemptive relief from certain provisions of Canadian securities legislation applicable to conventional mutual funds.

INVESTMENT OBJECTIVES

The ETFs are designed to <u>provide daily investment results</u>, before fees, expenses, distributions, brokerage commissions and other transaction costs, that endeavour to correspond to a multiple or inverse (opposite) multiple of the daily performance of a Referenced Futures Contract. The ETFs do not seek to achieve their stated investment objective over a period of time greater than one day. In order to achieve its investment objective, each ETF may invest in equity securities, interest bearing accounts, T-Bills and/or other financial instruments, including derivatives. None of the ETFs invest in the physical spot commodity market. See "Other Material Facts – Futures Contract Information" at page 78.

The following table sets out the Referenced Futures Contract and Daily Objective of each ETF. A more detailed description of the specific investment objective and strategies of each ETF follows this summary. The fundamental investment objective of an ETF may not be changed except with the approval of Unitholders of the ETF.

ETF	Referenced Futures Contract	Daily Objective
Horizons HBU	COMEX® gold futures contract for a subsequent delivery month	200% of the daily performance of its Referenced Futures Contract
Horizons HBD	COMEX® gold futures contract for a subsequent delivery month	200% of the inverse of the daily performance of its Referenced Futures Contract
Horizons HOU	NYMEX® light sweet crude oil futures contract for a subsequent delivery month	200% of the daily performance of its Referenced Futures Contract
Horizons HOD	NYMEX® light sweet crude oil futures contract for a subsequent delivery month	200% of the inverse of the daily performance of its Referenced Futures Contract
Horizons HNU	NYMEX® Natural Gas futures contract for a subsequent delivery month	200% of the daily performance of its Referenced Futures Contract
Horizons HND	NYMEX® Natural Gas futures contract for a subsequent delivery month	200% of the inverse of the daily performance of its Referenced Futures Contract
Horizons HTD	The U.S. 30-year Bond futures contract for the next delivery month	200% of the inverse of the daily performance of its Referenced Futures Contract
Horizons HZU	COMEX® silver futures contract for a subsequent delivery month	200% of the daily performance of its Referenced Futures Contract
Horizons HZD	COMEX® silver futures contract for a subsequent delivery month	200% of the inverse of the daily performance of its Referenced Futures Contract
Horizons HKU	COMEX® copper futures contract for a subsequent delivery month	200% of the daily performance of its Referenced Futures Contract
Horizons HKD	COMEX® copper futures contract for a subsequent delivery month	200% of the inverse of the daily performance of its Referenced Futures Contract

Horizons HBU

Investment Objective

Horizons HBU seeks **daily investment results**, before fees, expenses, distributions, brokerage commissions and other transaction costs, that endeavour to correspond to two times (200%) the daily performance of the COMEX® gold futures contract for a subsequent delivery month. Horizons HBU is denominated in Canadian dollars. Any U.S. dollar gains or losses as a result of the ETF's investment will be hedged back to the Canadian dollar to the best of its ability.

If Horizons HBU is successful in meeting its investment objective, its net asset value should gain approximately two times as much, on a percentage basis, as the COMEX® gold futures contract for the next delivery month, when this Referenced Futures Contract rises on a given day. Conversely, Horizons HBU's net asset value should lose approximately two times as much, on a percentage basis, as the COMEX® gold futures contract for the next delivery month when this Referenced Futures Contract declines on a given day. See "Overview of the Sectors that the ETFs Invest In" at page 27.

Principal Investment Strategy

Horizons HBU takes positions in equity securities and/or other financial instruments that, in combination, should have similar daily return characteristics as two times (200%) the daily performance of the rolling COMEX® gold futures contract for the next delivery month, including futures or swaps that refer to a different contract other than the benchmark. In order to achieve this objective, the total underlying notional value of these instruments and/or securities will typically not exceed two times the total assets of the ETF. As such, Horizons HBU employs absolute leverage. Assets not invested in financial instruments and/or securities may be invested in debt instruments or money market instruments with a term not to exceed 365 days, or reverse repurchase agreements with a term not to exceed 30 days. See "Investment Strategies" on page 15.

Value of the Referenced Futures Contract

Horizons HBU will typically use the price of the COMEX® gold futures contract for a subsequent delivery month as determined at approximately 1:30 p.m. (EST) as the reference for its daily investment objective. The performance of Horizons HBU will be based on a rolling futures position for a subsequent delivery month. On a periodic basis, positions in the COMEX® gold futures contracts specifying delivery on a nearby date must be sold and the COMEX® gold futures contracts that have not yet reached the delivery period must be purchased. By rolling, an investor with a rolling position in a COMEX® gold futures contract avoids delivering the underlying physical commodity while maintaining exposure to gold. See "Other Material Facts – Futures Contract Information" at page 78.

Horizons HBD

Investment Objective

Horizons HBD seeks **daily investment results**, before fees, expenses, distributions, brokerage commissions and other transaction costs, that endeavour to correspond to two times (200%) the inverse (opposite) of the daily performance of the COMEX® gold futures contract for a subsequent delivery month. Horizons HBD is denominated in Canadian dollars. Any U.S. dollar gains or losses as a result of the ETF's investment will be hedged back to the Canadian dollar to the best of its ability.

If Horizons HBD is successful in meeting its investment objective, its net asset value should gain approximately two times as much, on a percentage basis, as the COMEX® gold futures contract for the next delivery month when this Referenced Futures Contract declines on a given day. Conversely, Horizons HBD's net asset value should lose approximately two times as much, on a percentage basis, as the COMEX® gold futures contract for the next delivery month when this Referenced Futures Contract rises on a given day. See "Overview of the Sectors that the ETFs Invest In" at page 27.

Principal Investment Strategy

Horizons HBD takes positions in equity securities and/or other financial instruments that, in combination, should have similar daily return characteristics as two times (200%) the inverse (opposite) of the daily performance of the rolling COMEX® gold futures contract for the next delivery month, including futures or swaps that refer to a different contract other than the benchmark. In order to achieve this objective, the total underlying notional value of these instruments and/or securities will typically not exceed two times the total assets of the ETF. As such, Horizons HBD employs absolute leverage. Assets not invested in financial instruments and/or securities may be invested in debt instruments or money market instruments with a term not to exceed 365 days, or reverse repurchase agreements with a term not to exceed 30 days. See "Investment Strategies" on page 15.

Value of the Referenced Futures Contract

Horizons HBD will typically use the price of the COMEX® gold futures contract for a subsequent delivery month as determined at approximately 1:30 p.m. (EST) as the reference for its daily investment objective. The performance of Horizons HBD will be based on a rolling futures position for a subsequent delivery month. On a periodic basis, positions in the COMEX® gold futures contracts specifying delivery on a nearby date must be sold and the COMEX® gold futures contracts that have not yet reached the delivery period must be purchased. By rolling, an investor with a rolling position in a COMEX® gold futures contract avoids delivering the underlying physical commodity while maintaining exposure to gold. See "Other Material Facts – Futures Contract Information" at page 78.

Horizons HOU

Investment Objective

Horizons HOU seeks **daily investment results**, before fees, expenses, distributions, brokerage commissions and other transaction costs, that endeavour to correspond to two times (200%) the daily performance of the NYMEX® light sweet crude oil futures contract for a subsequent delivery month. Horizons HOU is denominated in Canadian dollars. Any U.S. dollar gains or losses as a result of the ETF's investment will be hedged back to the Canadian dollar to the best of its ability.

If Horizons HOU is successful in meeting its investment objective, its net asset value should gain approximately two times as much, on a percentage basis, as the NYMEX® light sweet crude oil futures contract for the next delivery month, when this Referenced Futures Contract rises on a given day. Conversely, Horizons HOU's net asset value should lose approximately two times as much, on a percentage basis, as the NYMEX® light sweet crude oil futures contract for the next delivery month when this Referenced Futures Contract declines on a given day. See "Overview of the Sectors that the ETFs Invest In" at page 27.

Principal Investment Strategy

Horizons HOU takes positions in equity securities and/or other financial instruments that, in combination, should have similar daily return characteristics as two times (200%) the daily performance of the rolling NYMEX® light sweet crude oil futures contract for the next delivery month, including futures or swaps that refer to a different contract other than the benchmark. In order to achieve this objective, the total underlying notional value of these instruments and/or securities will typically not exceed two times the total assets of the ETF. As such, Horizons HOU employs absolute leverage. Assets not invested in financial instruments and/or securities may be invested in debt instruments or money market instruments with a term not to exceed 365 days, or reverse repurchase agreements with a term not to exceed 30 days. See "Investment Strategies" on page 15.

Value of the Referenced Futures Contract

Horizons HOU will typically use the price of the NYMEX® light sweet crude oil futures contract for a subsequent delivery month as determined at approximately 2:30 p.m. (EST) as the reference for its daily investment objective. The performance of Horizons HOU will be based on a rolling futures position for a subsequent delivery month. On a periodic basis, positions in the NYMEX® light sweet crude oil futures contracts specifying delivery on a nearby date must be sold and the NYMEX® light sweet crude oil futures contracts that have not yet reached the delivery period must be purchased. By rolling, an investor with a rolling position in a NYMEX® light sweet crude oil futures contracts avoids delivering the underlying physical commodity while maintaining exposure to light sweet crude oil. See "Other Material Facts – Futures Contract Information" at page 78.

Horizons HOD

Investment Objective

Horizons HOD seeks **daily investment results**, before fees, expenses, distributions, brokerage commissions and other transaction costs, that endeavour to correspond to two times (200%) the inverse (opposite) of the daily performance of the NYMEX® light sweet crude oil futures contract for a subsequent delivery month. Horizons HOD is denominated in Canadian dollars. Any U.S. dollar gains or losses as a result of the ETF's investment will be hedged back to the Canadian dollar to the best of its ability.

If Horizons HOD is successful in meeting its investment objective, its net asset value should gain approximately two times as much, on a percentage basis, as the NYMEX® light sweet crude oil futures contract for the next delivery month when this Referenced Futures Contract declines on a given day. Conversely, Horizons HOD's net asset value should lose approximately two times as much, on a percentage basis, as the NYMEX® light sweet crude oil futures contract for the next delivery month when this Referenced Futures Contract rises on a given day. See "Overview of the Sectors that the ETFs Invest In" at page 27.

Principal Investment Strategy

Horizons HOD takes positions in equity securities and/or other financial instruments that, in combination, should have similar daily return characteristics as two times (200%) the inverse (opposite) of the daily performance of the rolling NYMEX® light sweet crude oil futures contract for the next delivery month, including futures or swaps that refer to a different contract other than the benchmark. In order to achieve this objective, the total underlying notional value of these instruments and/or securities will typically not exceed two times the total assets of the ETF. As such, Horizons HOD employs absolute leverage. Assets not invested in financial instruments and/or securities may be invested in debt instruments or money market instruments with a term not to exceed 365 days, or reverse repurchase agreements with a term not to exceed 30 days. See "Investment Strategies" on page 15.

Value of the Referenced Futures Contract

Horizons HOD will typically use the price of the NYMEX® light sweet crude oil futures contract for a subsequent delivery month as determined at approximately 2:30 p.m. (EST) as the reference for its daily investment objective. The performance of Horizons HOD will be based on a rolling futures position for a subsequent delivery month. On a periodic basis, positions in the NYMEX® light sweet crude oil futures contracts specifying delivery on a nearby date must be sold and the NYMEX® light sweet crude oil futures contracts that have not yet reached the delivery period must be purchased. By rolling, an investor with a rolling position in a NYMEX® light sweet crude oil futures contracts avoids delivering the underlying physical commodity while maintaining exposure to light sweet crude oil. See "Other Material Facts – Futures Contract Information" at page 78.

Horizons HNU

Investment Objective

Horizons HNU seeks **daily investment results**, before fees, expenses, distributions, brokerage commissions and other transaction costs, that endeavour to correspond to two times (200%) the daily performance of the NYMEX® Natural Gas futures contract for a subsequent delivery month. Horizons

HNU is denominated in Canadian dollars. Any U.S. dollar gains or losses as a result of the ETF's investment will be hedged back to the Canadian dollar to the best of its ability.

If Horizons HNU is successful in meeting its investment objective, its net asset value should gain approximately two times as much, on a percentage basis, as the NYMEX® Natural Gas futures contract for the next delivery month when this Referenced Futures Contract rises on a given day. Conversely, Horizons HNU's net asset value should lose approximately two times as much, on a percentage basis, as the NYMEX® Natural Gas futures contract for the next delivery month when this Referenced Futures Contract declines on a given day. See "Overview of the Sectors that the ETFs Invest In" at page 27.

Principal Investment Strategy

Horizons HNU takes positions in equity securities and/or other financial instruments that, in combination, should have similar daily return characteristics as two times (200%) the daily performance of the rolling NYMEX® Natural Gas futures contract for the next delivery month, including futures or swaps that refer to a different contract other than the benchmark. In order to achieve this objective, the total underlying notional value of these instruments and/or securities will typically not exceed two times the total assets of the ETF. As such, Horizons HNU employs absolute leverage. Assets not invested in financial instruments and/or securities may be invested in debt instruments or money market instruments with a term not to exceed 365 days, or reverse repurchase agreements with a term not to exceed 30 days. See "Investment Strategies" on page 15.

Value of the Referenced Futures Contract

Horizons HNU will typically use the price of the NYMEX® Natural Gas futures contract for a subsequent delivery month as determined at approximately 2:30 p.m. (EST) as the reference for its daily investment objective. The performance of Horizons HNU will be based on a rolling futures position for a subsequent delivery month. On a periodic basis, positions in the NYMEX® Natural Gas futures contracts specifying delivery on a nearby date must be sold and the NYMEX® Natural Gas futures contracts that have not yet reached the delivery period must be purchased. By rolling, an investor with a rolling position in a NYMEX® Natural Gas futures contracts avoids delivering the underlying physical commodity while maintaining exposure to natural gas. See "Other Material Facts – Futures Contract Information" at page 78.

Horizons HND

Investment Objective

Horizons HND seeks **daily investment results**, before fees, expenses, distributions, brokerage commissions and other transaction costs, that endeavour to correspond to two times (200%) the inverse (opposite) of the daily performance of the NYMEX® Natural Gas futures contract for a subsequent delivery month. Horizons HND is denominated in Canadian dollars. Any U.S. dollar gains or losses as a result of the ETF's investment will be hedged back to the Canadian dollar to the best of its ability.

If Horizons HND is successful in meeting its investment objective, its net asset value should gain approximately two times as much, on a percentage basis, as the NYMEX® Natural Gas futures contract for the next delivery month when this Referenced Futures Contract declines on a given day. Conversely, Horizons HND's net asset value should lose approximately two times as much, on a percentage basis, as the NYMEX® Natural Gas futures contract for the next delivery month when this Referenced Futures Contract rises on a given day. See "Overview of the Sectors that the ETFs Invest In" at page 27.

Principal Investment Strategy

Horizons HND takes positions in equity securities and/or other financial instruments that, in combination, should have similar daily return characteristics as two times (200%) the inverse (opposite) of the daily performance of the rolling NYMEX® Natural Gas futures contract for the next delivery month, including futures or swaps that refer to a different contract other than the benchmark. In order to achieve this objective, the total underlying notional value of these instruments and/or securities will typically not exceed two times the total assets of the ETF. As such, Horizons HND employs absolute leverage. Assets not invested in financial instruments and/or securities may be invested in debt instruments or money market instruments with a term not to exceed 365 days, or reverse repurchase agreements with a term not to exceed 30 days. See "Investment Strategies" on page 15.

Value of the Referenced Futures Contract

Horizons HND will typically use the price of the NYMEX® Natural Gas futures contract for a subsequent delivery month as determined at approximately 2:30 p.m. (EST) as the reference for its daily investment objective. The performance of Horizons HND will be based on a rolling futures position for a subsequent delivery month. On a periodic basis, positions in the NYMEX® Natural Gas futures contracts specifying delivery on a nearby date must be sold and the NYMEX® Natural Gas futures contracts that have not yet reached the delivery period must be purchased. By rolling, an investor with a rolling position in a NYMEX® Natural Gas futures contracts avoids delivering the underlying physical commodity while maintaining exposure to natural gas. See "Other Material Facts – Futures Contract Information" at page 78.

Horizons HTD

Investment Objective

Horizons HTD seeks daily investment results, before fees, expenses, distributions, brokerage commissions and other transaction costs, that endeavour to correspond to two times (200%) the inverse (opposite) of the daily performance of the U.S. 30-year Bond futures contract for the next delivery month. Horizons HTD is denominated in Canadian dollars. Any U.S. dollar gains or losses as a result of the ETF's investment will be hedged back to the Canadian dollar to the best of ETF's ability.

If Horizons HTD is successful in meeting its investment objective, its net asset value should gain approximately two times as much, on a percentage basis, as the current benchmark U.S. 30-year Bond when the current benchmark U.S. 30-year Bond falls on a given day. Conversely, Horizons HTD's net asset value should lose approximately two times as much, on a percentage basis, as the U.S. 30-year Bond futures contract for the next delivery month when the U.S. 30-year Bond futures contract for the next delivery month rises on a given day. See "Overview of the Sectors that the ETFs Invest In" at page 27.

Principal Investment Strategy

The Horizons HTD invests in financial instruments that have similar daily return characteristics as two times (200%) the inverse (opposite) of the daily performance of the U.S. 30-year Bond futures contract for the next delivery month. In order to achieve this objective, the total underlying notional value of these instruments will typically not exceed two times the total assets of the ETF. As such, the Horizons HTD will employ leverage. Assets not invested in financial instruments may be invested in debt instruments or money market instruments with a term not to exceed 365 days, or repurchase agreements with a term not to exceed 30 days. See "Investment Strategies" on page 15.

Value of the Referenced Futures Contract

The Horizons HTD will typically use the price of the U.S. 30-year Bond futures contract for the next delivery month as determined at approximately 3:00 p.m. (EST) as the reference for its daily investment objective. Currently, the Horizons HTD tracks the daily contract settlement price for U.S. long bond futures contracts published by the Chicago Board of Trade for the next delivery month to achieve its investment objective. The performance of the Horizons HTD is currently based on a rolling futures position of the daily contract settlement price for U.S. long bond futures contracts published by the Chicago

Board of Trade for the next delivery month. On a periodic basis, positions in the U.S. 30-year Bond futures contract specifying delivery on a nearby date must be sold and the U.S. 30-year Bond futures contract that have not yet reached the delivery period must be purchased. By rolling, an investor with a rolling position in a U.S. 30-year Bond futures contract avoids delivering the underlying bonds while maintaining exposure to the bonds. See "Other Material Facts – Futures Contract Information" at page 78.

Horizons HZU

Investment Objective

Horizons HZU seeks daily investment results, before fees, expenses, distributions, brokerage commissions and other transaction costs, that endeavour to correspond to two times (200%) the daily performance of the COMEX® silver futures contract for a subsequent delivery month. Horizons HZU is denominated in Canadian dollars. Any U.S. dollar gains or losses as a result of the ETF's investment will be hedged back to the Canadian dollar to the best of the ETF's ability.

If Horizons HZU is successful in meeting its investment objective, its net asset value should gain approximately twice as much, on a percentage basis, as the COMEX® silver futures contract for a subsequent delivery month when the COMEX® silver futures contract for that delivery month rises on a given day. Conversely, Horizons HZU's net asset value should lose approximately twice as much, on a percentage basis, as the COMEX® silver futures contract for a subsequent delivery month when the COMEX® silver futures contract for that delivery month declines on a given day. See "Overview of the Sectors that the ETFs Invest In" at page 27.

Principal Investment Strategy

The Horizons HZU invests in financial instruments that have similar daily return characteristics as two times (200%) the daily performance of the COMEX® silver futures contract for a subsequent delivery month. In order to achieve this objective, the total underlying notional value of these instruments will typically not exceed two times the total assets of the ETF. As such, the Horizons HZU will employ leverage. Assets not invested in financial instruments may be invested in debt instruments or money market instruments with a term not to exceed 365 days, or repurchase agreements with a term not to exceed 30 days. See "Investment Strategies" on page 15.

Value of the Referenced Futures Contract

The Horizons HZU will typically use the COMEX® silver futures contract for a subsequent delivery month as determined at approximately 1:25 p.m. (EST) as the reference for its daily investment objective. Currently, the Horizons HZU tracks the COMEX® 5,000 troy ounce silver contract for a subsequent delivery month to achieve its investment objective. The performance of the Horizons HZU is currently based on a rolling futures position of the COMEX® 5,000 troy ounce silver contract for a subsequent delivery month. The subsequent delivery month currently corresponds to the primary contracts described under "Investment Strategies - General Investment Strategies - Roll Dates for the ETFs" on page 23. On a periodic basis, positions in the COMEX® silver futures contracts specifying delivery on a nearby date must be sold and the COMEX® silver futures contracts that have not yet reached the delivery period must be purchased. By rolling, an investor with a rolling position in a COMEX® silver futures contract avoids delivering the underlying commodity while maintaining exposure to silver. See "Other Material Facts – Futures Contract Information" at page 78.

Horizons HZD

Investment Objective

Horizons HZD seeks daily investment results, before fees, expenses, distributions, brokerage commissions and other transaction costs, that endeavour to correspond to two times (200%) the inverse (opposite) of the daily performance of the COMEX® silver futures contract for a subsequent delivery month. Horizons HZD is denominated in Canadian dollars. Any U.S. dollar gains or losses as a result of the ETF's investment will be hedged back to the Canadian dollar to the best of the ETF's ability.

If Horizons HZD is successful in meeting its investment objective, its net asset value should gain approximately two times as much, on a percentage basis, as the COMEX® silver futures contract for a subsequent delivery month when the COMEX® silver futures contract for that delivery month falls on a given day. Conversely, Horizons HZD's net asset value should lose approximately two times as much, on a percentage basis, as the COMEX® silver futures contract for a subsequent delivery month when the COMEX® silver futures contract for that delivery month rises on a given day. See "Overview of the Sectors that the ETFs Invest In" at page 27.

Principal Investment Strategy

The Horizons HZD invests in financial instruments that have similar daily return characteristics as two times (200%) the inverse (opposite) of the daily performance of the COMEX® silver futures contract for a subsequent delivery month. In order to achieve this objective, the total underlying notional value of these instruments will typically not exceed two times the total assets of the ETF. As such, the Horizons HZD will employ leverage. Assets not invested in financial instruments may be invested in debt instruments or money market instruments with a term not to exceed 365 days, or repurchase agreements with a term not to exceed 30 days. See "Investment Strategies" on page 15.

Value of the Referenced Futures Contract

The Horizons HZD will typically use the COMEX® silver futures contract for a subsequent delivery month as determined at approximately 1:25 p.m. (EST) as the reference for its daily investment objective. Currently, the Horizons HZD tracks the COMEX® 5,000 troy ounce silver contract for a subsequent delivery month to achieve its investment objective. The performance of the Horizons HZD is currently based on a rolling futures position of the COMEX® 5,000 troy ounce silver contract for a subsequent delivery month. The subsequent delivery month currently corresponds to the primary contracts described under "Investment Strategies - General Investment Strategies - Roll Dates for the ETFs" on page 23. On a periodic basis, positions in the COMEX® silver futures contracts specifying delivery on a nearby date must be sold and the COMEX® silver futures contracts that have not yet reached the delivery period must be purchased. By rolling, an investor with a rolling position in a COMEX® silver futures contract avoids delivering the underlying commodity while maintaining exposure to silver. See "Other Material Facts – Futures Contract Information" at page 78.

Horizons HKU

Investment Objective

Horizons HKU seeks daily investment results, before fees, expenses, distributions, brokerage commissions and other transaction costs, that endeavour to correspond to two times (200%) the daily performance of the COMEX® copper futures contract for a subsequent delivery month. Horizons HKU is denominated in Canadian dollars. Any U.S. dollar gains or losses as a result of the ETF's investment will be hedged back to the Canadian dollar to the best of the ETF's ability.

If Horizons HKU is successful in meeting its investment objective, its net asset value should gain approximately twice as much, on a percentage basis, as the COMEX® copper futures contract for a subsequent delivery month when the COMEX® copper futures contract for that delivery month rises on a given day. Conversely, Horizons HKU's net asset value should lose approximately twice as much, on a percentage basis, as the COMEX® copper futures contract for a subsequent delivery month when the COMEX® copper futures contract for that delivery month declines on a given day. See "Overview of the Sectors that the ETFs Invest In" at page 27.

Principal Investment Strategy

The Horizons HKU invests in financial instruments that have similar daily return characteristics as two times (200%) the daily performance of the COMEX® copper futures contract for a subsequent delivery month. In order to achieve this objective, the total underlying notional value of these instruments will typically not exceed two times the total assets of the ETF. As such, the Horizons HKU will employ leverage. Assets not invested in financial instruments may be invested in debt instruments or money market instruments with a term not to exceed 365 days, or repurchase agreements with a term not to exceed 30 days. See “Investment Strategies” on page 15.

Value of the Referenced Futures Contract

The Horizons HKU will typically use the COMEX® copper futures contract for a subsequent delivery month as determined at approximately 1:00 p.m. (EST) as the reference for its investment objective. Currently, the Horizons HKU tracks the COMEX® 25,000 pound copper contract for a subsequent delivery month to achieve its investment objective. The performance of the Horizons HKU is currently based on a rolling futures position of the COMEX® 25,000 pound copper contract for a subsequent delivery month. The subsequent delivery month currently corresponds to the primary contracts described under “Investment Strategies - General Investment Strategies - Roll Dates for the ETFs” on page 23. On a periodic basis, positions in the COMEX® copper futures contracts specifying delivery on a nearby date must be sold and the COMEX® copper futures contracts that have not yet reached the delivery period must be purchased. By rolling, an investor with a rolling position in a COMEX® copper futures contract avoids delivering the underlying commodity while maintaining exposure to copper. See “Other Material Facts – Futures Contract Information” at page 78.

Horizons HKD

Investment Objective

Horizons HKD seeks <u>daily</u> investment results, before fees, expenses, distributions, brokerage commissions and other transaction costs, that endeavour to correspond to two times (200%) the inverse (opposite) of the daily performance of the COMEX® copper futures contract for a subsequent delivery month. Horizons HKD is denominated in Canadian dollars. Any U.S. dollar gains or losses as a result of the ETF’s investment will be hedged back to the Canadian dollar to the best of the ETF’s ability.

If Horizons HKD is successful in meeting its investment objective, its net asset value should gain approximately two times as much, on a percentage basis, as the COMEX® copper futures contract for a subsequent delivery month when the COMEX® copper futures contract for that delivery month falls on a given day. Conversely, Horizons HKD’s net asset value should lose approximately two times as much, on a percentage basis, as the COMEX® copper futures contract for a subsequent delivery month when the COMEX® copper futures contract for that delivery month rises on a given day. See “Overview of the Sectors that the ETFs Invest In” at page 27.

Principal Investment Strategy

The Horizons HKD invests in financial instruments that have similar daily return characteristics as two times (200%) the inverse (opposite) of the daily performance of the COMEX® copper futures contract for a subsequent delivery month. In order to achieve this objective, the total underlying notional value of these instruments will typically not exceed two times the total assets of the ETF. As such, the Horizons HKD will employ leverage. Assets not invested in financial instruments may be invested in debt instruments or money market instruments with a term not to exceed 365 days, or repurchase agreements with a term not to exceed 30 days. See “Investment Strategies” on page 15.

Value of the Referenced Futures Contract

The Horizons HKD will typically use the COMEX® copper futures contract for a subsequent delivery month as determined at approximately 1:00 p.m. (EST) as the reference for its investment objective. Currently, the Horizons HKD tracks the COMEX® 25,000 pound copper contract for a subsequent delivery month to achieve its investment objective. The performance of the Horizons HKD is currently based on a rolling futures position of the COMEX® 25,000 pound copper contract for a subsequent delivery month. The subsequent delivery month currently corresponds to the primary contracts described under "Investment Strategies - General Investment Strategies - Roll Dates for the ETFs" on page 23. On a periodic basis, positions in the COMEX® copper futures contracts specifying delivery on a nearby date must be sold and the COMEX® copper futures contracts that have not yet reached the delivery period must be purchased. By rolling, an investor with a rolling position in a COMEX® copper futures contract avoids delivering the underlying commodity while maintaining exposure to copper. See "Other Material Facts – Futures Contract Information" at page 78.

INVESTMENT STRATEGIES

Overview

Each ETF currently seeks to achieve its investment objective through the Existing Forward Documents. As a consequence of the proposed amendments to the *Income Tax Act* (Canada) announced by the Minister of Finance in the federal government's budget on March 21, 2013, the Existing Forward Documents will, prior to or concurrent with their expiry, be supplemented with, or replaced by, New Forward Documents. Each ETF will employ New Forward Documents, interest bearing accounts and T-Bills to achieve its investment objective in conjunction with, or in place of, the Existing Forward Documents and investments in Canadian equity securities. See "New Forward Documents" at page 19 and "Risk Factors-Tax Risk" at page 41.

The ETFs are subject to certain investment restrictions. See "Investment Restrictions" at page 29.

In seeking to achieve an ETF's investment objective, the Portfolio Manager:

1. has, in respect of the Existing Forward Documents, invested in a basket of Canadian equity securities. Such securities will then be sold to an Acceptable Counterparty, pursuant to the Existing Forward Documents. As of the date of this prospectus, NBC is acting as a Bank Counterparty to the Existing Forward Documents for each ETF and CIBC is acting as a Bank Counterparty to the Existing Forward Documents for Horizons HOU, Horizons HOD, Horizons HNU, Horizons HND, Horizons HZU, and Horizons HZD. An ETF may from time to time be significantly exposed to the credit risk associated with its Acceptable Counterparty or Acceptable Counterparties, as applicable. See "Risk Factors – Counterparty Risk" at page 39. An Acceptable Counterparty, or its guarantor, must have an approved credit rating within the meaning of NI 81-102. The purchase price payable by an Acceptable Counterparty under the Existing Forward Documents or the amount payable under the New Forward Documents will be based upon a two times multiple or inverse (opposite) multiple of the daily performance of the applicable Referenced Futures Contract in respect of the ETFs. Each ETF will have the option of electing to cash settle its obligations under the Existing Forward Documents. See "General Investment Strategies – Forward Agreements";

2. will, in respect of the New Forward Documents with an Acceptable Counterparty, invest in an interest bearing account and T-Bills. See "Investment Strategies - General Investment Strategies – New Forward Documents" at page 19;

3. may take positions in equity securities and/or derivatives and/or forward contracts and/or other financial instruments, including investment contracts whose value is derived from the value of an underlying asset, interest rate, equity, commodity, index or currency that the Portfolio Manager

believes, in combination, should simulate either the two times multiple or inverse (opposite) multiple of the daily performance of the Referenced Futures Contract;

4. may use a forward contract that is based on a monthly rolling futures position; or

5. may seek to remain fully invested at all times in equity securities, derivatives, forward contracts and/or other financial instruments that provide exposure to its Referenced Futures Contract without regard to market conditions, trends or direction and does not take temporary defensive positions.

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

If the Portfolio Manager believes it is appropriate in view of an ETF's investment objective, such ETF may hold a representative sample of the components in its Referenced Futures Contract, as applicable. The sampling process typically involves selecting a representative sample of securities in its Referenced Futures Contract, as applicable, principally to enhance liquidity and reduce transaction costs while seeking to maintain high correlation with, and similar aggregate characteristics (e.g., market capitalization and industry weightings) to, its Referenced Futures Contract. In addition, an ETF may obtain exposure to components not included in its Referenced Futures Contract, invest in securities or futures contracts that are not included in its Referenced Futures Contract or may overweight or underweight certain components contained in its Referenced Futures Contract.

The investments of an ETF may include, without limitation, securities, futures contracts, options on futures contracts, forward contracts, swap agreements, options on securities and indices, money market instruments, reverse repurchase agreements or a combination of the foregoing. Currently, each ETF seeks to achieve its investment objective by means of a forward contract. None of the ETFs invest in the physical spot commodity market.

Unlike equities, which provide holders a continuing interest in a corporation, commodities futures like the COMEX® gold futures contracts, NYMEX® light sweet crude oil futures contracts, NYMEX® natural gas futures contracts and COMEX copper futures contracts, specify a delivery date for the underlying physical commodity. In order to avoid delivery and maintain a futures position, nearby contracts must be sold and contracts that have not yet reached the delivery period must be purchased. This process is known as "rolling" a futures position. The performance of Horizons HBU, Horizons HBD, Horizons HOU, Horizons HOD, Horizons HNU and Horizons HND, will be based on a rolling futures position on the applicable commodity or commodities for the next delivery month. See "Investment Strategies - General Investment Strategies - Roll Dates for the ETFs" at page 23.

If the Investment Manager and Portfolio Manager reasonably expect that an ETF will still achieve its stated investment objective, an ETF may hold futures or swaps that refer to an underlying contract that is different from the ETF's Referenced Futures Contract.

In order to ensure that each Unitholder's risk is limited to the capital invested, all ETFs are rebalanced. Each ETF will be rebalanced on each day that the TSX and the New York Stock Exchange are both open and provided it is not a Bank Holiday.

THE ETFS DO NOT SEEK TO PROVIDE CORRELATION WITH A REFERENCED FUTURES CONTRACT OVER A PERIOD OF TIME OTHER THAN DAILY.

Daily rebalancing, like leverage (see below), can magnify the gains or losses that an investor realizes by investing in an ETF. To fully understand the effect of daily rebalancing, investors are encouraged to review the examples that are included in "Risk Factors - Leverage Risk", "Long Term Performance Risk" and "Price Volatility Risk" at pages 33, 35 and 35 respectively, which illustrate the impact of daily rebalancing, and volatility, particularly when, in respect of the ETFs, it is coupled with the impact of leverage and the effect of daily compounding.

Each ETF employs absolute leverage that generally does not exceed 2.0 times the net asset value of that ETF. Using leverage involves special risks and should be considered to be speculative. Leverage exists when an ETF achieves the right to a return on its capital base that exceeds the amount the ETF has invested. An ETF using leverage creates the potential for greater gains or losses for its Unitholders. Leverage will increase the volatility of an ETF's net asset value as compared to its Referenced Futures Contract.

Daily rebalancing of leverage can also work to an investor's advantage, such as during periods of steady increases or steady declines of a Referenced Futures Contract. However, it is unlikely that an ETF will provide two times (i.e., +200%) or two times the inverse (i.e., -200%) of the performance of its Referenced Futures Contract over periods longer than one day.

General Investment Strategies

Leverage

Each ETF measures leverage in terms of the total underlying notional value of the securities and/or financial derivative positions as a ratio of the total assets held by such ETF. See "Other Material Facts – Futures Contract Information" at page 78.

The ETFs, unlike mutual funds that are not subject to NI 81-104, are permitted by NI 81-104 to lever their assets: that is, the aggregate underlying market exposure of all derivatives held by an ETF calculated on a daily mark-to-market basis can exceed the ETFs' cash and cash equivalents, including cash held as margin on deposit to support the ETFs' derivatives trading activities.

Each ETF generally does not use absolute leverage in excess of 2.0 times its net asset value. If an ETF uses absolute leverage in excess of 2.0 times its net asset value, it shall generally reduce its leverage to such amount within 10 business days.

The following is a general discussion of the more common derivatives likely to be employed by the ETFs, but it is not an exhaustive discussion of all derivatives in which the ETFs may invest.

Derivatives

Derivatives are instruments that derive their value from the market price, value or level of an underlying security, commodity, economic indicator, index or financial instrument and which enable investors to speculate on or hedge against future changes in the price or value of the underlying interest of the derivative. The underlying interests of derivatives include a wide variety of assets or financial instruments, such as agricultural products, energy products and base or precious metals (commonly called commodities), interest rates, currencies and stock indices.

Forward Agreements

Existing Forward Documents

Currently, each ETF has entered into the Existing Forward Documents for purposes of achieving its investment objective. Concurrent with entering into the Existing Forward Documents, the Common Share Portfolio of an ETF will be pledged to, and may be held by, a Bank Counterparty or affiliates thereof as security for the obligations of the ETF under the Existing Forward Documents. If the Existing Forward Documents of an ETF are terminated in whole or in part, the ETF may pursue the same or other alternative investment strategies with an Acceptable Counterparty or other reference market-makers. There is no assurance that an ETF will be able to replace its Existing Forward Documents if they are terminated.

The Existing Forward Documents may be terminated in certain circumstances, including if an event of default or a termination event occurs with respect to an ETF or an Acceptable Counterparty under the Existing Forward Documents.

Events of default and/or termination events under the Existing Forward Documents include, among others: (i) a failure by a party to make a payment or perform an obligation when due under the Existing Forward Documents which is not cured within any applicable grace period; (ii) fundamental changes are made to an ETF or an ETF's material contracts which have a material adverse effect on a party to the Existing Forward Documents; (iii) a party makes a representation which is incorrect or misleading in any material respect; (iv) a party defaults in respect of a specified transaction having a value in excess of a specified threshold, which default is not cured within any applicable grace period; (v) certain events related to the bankruptcy or insolvency of a party; (vi) a party consolidates, amalgamates or merges with or into, or transfers substantially all its assets to, another entity and the resulting, surviving or transferee entity fails to assume the obligations of such party under the Existing Forward Documents; (vii) any proposed change in law that prohibits or renders the transactions under the Existing Forward Documents unlawful; (viii) the occurrence or existence at any time of any event or condition arising from any transaction that results in a material adverse tax consequence to a party under the Existing Forward Documents, the Trustee, an ETF or the Unitholders of the ETF; (ix) failure of an ETF to comply with its governing documents; (x) the inability of an Acceptable Counterparty to hedge its exposure to the applicable Referenced Futures Contract or the securities subject to the Existing Forward Documents or an increase in the cost of such hedging that the ETF is unwilling to assume; (xi) an Acceptable Counterparty or the guarantor ceases to have an approved credit rating within the meaning of NI 81-102; or (xii) certain regulatory, credit or legal events occur which affect a party.

The obligations of an Acceptable Counterparty to an ETF under the Existing Forward Documents will be determined by reference to the performance of the applicable Referenced Futures Contract. An Acceptable Counterparty may hedge its exposure under the Existing Forward Documents to the economic performance of the applicable Referenced Futures Contract of the ETF. There is no assurance that an Acceptable Counterparty will maintain a hedge or will do so with respect to the full amount or term of the Existing Forward Documents.

No Designated Broker, Dealer, Acceptable Counterparty or Bank Counterparty has been involved in the preparation of this prospectus or has performed any review of the contents of this prospectus. No Designated Broker, Dealer, Acceptable Counterparty or Bank Counterparty assumes any liability in connection with the administration, marketing or trading of the ETFs. The ETFs are not sponsored, endorsed, sold or promoted by the Bank Counterparty. The Bank Counterparty does not make any representation or warranty, express or implied, to the holders of the units of the ETFs regarding the advisability of investing in the ETF or the ability of an ETF to track the Referenced Futures Contract. The Bank Counterparty has no obligation to take the needs of the ETF or holder of units into consideration.

A Unitholder will not have any direct recourse against the assets of the Acceptable Counterparty or a Bank Counterparty in respect of the Existing Forward Documents or arising out of the Existing Forward Documents. If a Bank Counterparty defaults on its obligations under the Existing Forward Documents the ETF will, however, have certain rights against the Bank Counterparty and an unsecured claim against the Bank Counterparty. As counterparty under the Existing Forward Documents, the interests of a Bank Counterparty differ from those of the ETFs. Units do not represent an interest in, or an obligation of, any Acceptable Counterparty or Bank Counterparty or any affiliate thereof and a Unitholder of an ETF will not have any recourse against any such parties in respect of amounts payable by the ETF to the Unitholder. No Bank Counterparty or Acceptable Counterparty guarantees the accuracy and/or the completeness of any information or representation set out herein, nor assumes any obligation or duty, fiduciary or otherwise, to any person in connection with the Units and neither Bank Counterparty shall be liable (whether in negligence or otherwise) to any person arising in respect of the contents of this prospectus including, without limitation, any error, omission, or misrepresentation contained in this prospectus, or arising in respect of any purchase of a Unit. Any Bank Counterparty and any Acceptable Counterparty can be expected to exercise its rights from time to time under the Existing Forward Documents in its own best interests. The legitimate exercise of these rights may be contrary to the interests of the ETFs and the Unitholders.

New Forward Documents

Each of the ETFs will enter into multiple New Forward Documents with an Acceptable Counterparty. The ETFs will enter into New Forward Documents that will provide positive exposure to its Referenced Futures Contract and/or New Forward Documents that will provide negative exposure to its Referenced Futures Contract. Each ETF will seek to achieve its investment objective through the net exposure of its respective New Forward Documents, together with any applicable Existing Forward Documents. Each ETF will invest the net proceeds of Unit subscriptions in interest bearing accounts and T-Bills to earn prevailing short-term market interest rates. The reference asset of each New Forward Document will be a notional amount of positive or negative exposure to the applicable Referenced Futures Contract. An Acceptable Counterparty or its guarantor must have an approved credit rating within the meaning of NI 81-102.

In respect of the New Forward Documents, it is anticipated that an ETF will have the ability to replace the Acceptable Counterparty or engage additional Acceptable Counterparties at any time.

As collateral for its obligations under the New Forward Documents, each ETF, for any applicable Acceptable Counterparty, will pledge substantially all of its respective interest bearing account and T-Bills to such Acceptable Counterparty. The daily marked-to-market value of a New Forward Document will be based upon the performance of a notional investment in the applicable Referenced Futures Contract.

Subject to the terms and conditions of the applicable New Forward Documents, each ETF will be entitled to increase or decrease its notional exposure to the Referenced Futures Contract, subject to the terms of the applicable New Forward Documents, from time to time as needed to manage Unit purchases and reinvestment of distributions, to fund Unit redemptions and market repurchases of Units, meet other liquidity needs and such other purposes as that ETF may determine.

As described above, each ETF will enter into multiple New Forward Documents with an Acceptable Counterparty to gain exposure to a Referenced Futures Contract. Each New Forward Document with an Acceptable Counterparty, in which the ETF is provided with exposure that corresponds positively with the exposure to the Referenced Futures Contract set forth in its investment objective, will require the applicable ETF to pay the Acceptable Counterparty an agreed notional amount. In return, the Acceptable Counterparty will pay the applicable ETF the value of the notional investment, plus an amount based upon any increase or decline in the Referenced Futures Contract. Each New Forward Document with an Acceptable Counterparty, in which the ETF is provided with exposure that corresponds negatively with the exposure to the Referenced Futures Contract set forth in its investment objective, will require the Acceptable Counterparty to pay the applicable ETF an agreed notional amount. In return, the applicable ETF will pay the Acceptable Counterparty the value of the notional investment, plus an amount based upon any increase or decline in the Referenced Futures Contract. Each ETF will also invest the net proceeds of Unit subscriptions in interest bearing accounts and T-Bills to earn short-term money-market interest rates. The terms of the New Forward Documents are expected to require each ETF, for any applicable Acceptable Counterparty, to pledge substantially all of its respective interest bearing account and T-Bills to the Acceptable Counterparty to secure the payment of that ETF's payment obligations under the New Forward Documents.

It is anticipated that in respect of the New Forward Documents, an ETF will pay to the Acceptable Counterparty aggregate forward expenses in an amount equal to or less than the amount payable by the ETF in respect of its Existing Forward Document. A New Forward Document may be amended or replaced at any time and the expenses incurred by the applicable ETF in respect of a New Forward Document may increase or decrease according to its terms.

Each New Forward Document is expected to have a remaining term to maturity at any point in time of less than one (1) year which, with the consent of the applicable ETF and the Acceptable Counterparty, will be extended monthly for a fixed number of months and, provided no default or event of default and no unresolved hedging event or disruption event has occurred and is continuing, each ETF has the ability to request the termination of its exposure under a New Forward Document, in whole or in part, at any time. Events of default and/or termination events under the New Forward Documents include, among others: (i) a failure by a party to make a payment or perform an obligation when due under the New Forward Document which is not cured within any applicable grace period; (ii) fundamental changes are made to the applicable ETF or the ETF's material contracts which have a material adverse effect on a party to the New Forward Document; (iii) a party makes a representation which is incorrect or misleading in any material respect; (iv) a party defaults in respect of a specified transaction having a value in excess of a specified threshold, which default is not cured within any applicable grace period; (v) certain events related to the bankruptcy or insolvency of a party; (vi) a party consolidates, amalgamates or merges with or into, or transfers substantially all its assets to, another entity and the resulting, surviving or transferee entity fails to assume the obligations of such party under the New Forward Document; (vii) any proposed change in law that prohibits or renders the transactions under the New Forward Document unlawful; (viii) the occurrence or existence at any time of any event or condition arising from any transaction that results in a material adverse tax consequence to a party under the New Forward Document, the Trustee, the applicable ETF or the Unitholders of that ETF; (ix) failure of the applicable ETF to comply with its governing documents; (x) the inability of the Acceptable Counterparty to the New Forward Document to hedge its exposure to the securities or other property subject to the New Forward Document or an increase in the cost of such hedging that the applicable ETF is unwilling to assume; (xi) the Acceptable Counterparty or its guarantor ceases to have an Approved Credit Rating, as the case may be; or (xii) certain regulatory, market disruption, credit or legal events occur which affect a party.

The obligations of the Acceptable Counterparty to an ETF under a New Forward Document are determined by reference to the performance of a notional investment in units of a Referenced Futures Contract. The Acceptable Counterparty may hedge its exposure under a New Forward Document; however, there is no assurance that the Acceptable Counterparty will maintain a hedge or will do so with respect to the full exposure or term of a New Forward Document.

No Acceptable Counterparty has been involved in the preparation of this prospectus or has approved any contents of this prospectus. No Acceptable Counterparty assumes any liability in connection with the administration, marketing or trading of the ETFs. The ETFs are not sponsored, endorsed, sold or promoted by any Acceptable Counterparty. No Acceptable Counterparty makes any representation or warranty, express or implied, to the Unitholders of the ETFs regarding the advisability of investing in the ETFs or the ability of the applicable ETF to track its Referenced Futures Contract.

No Acceptable Counterparty has any obligation to take the needs of an ETF or the Unitholders of the ETF into consideration.

A Unitholder will not have any recourse against the assets of the Acceptable Counterparty or any subsequent Acceptable Counterparty in respect of a New Forward Document. If the Acceptable Counterparty defaults on its obligations under a New Forward Document, the applicable ETF will, however, have certain rights against the Acceptable Counterparty and an unsecured claim against the Acceptable Counterparty. As a counterparty under a New Forward Document, the interests of the Acceptable Counterparty will differ from those of the ETFs. Units do not represent an interest in, or an obligation of, the Acceptable Counterparty or any affiliate thereof and a Unitholder of an ETF will not have any recourse against the Acceptable Counterparty or any affiliate thereof in respect of amounts payable by the ETF to the Unitholder or by the Acceptable Counterparty to the ETF. The Acceptable Counterparty can be expected to exercise its rights from time to time under a New Forward Document in its own best interests. The legitimate exercise of these rights may be contrary to the interests of the applicable ETF and its Unitholders.

Each of the ETFs will enter into multiple New Forward Documents for the purpose of achieving its investment objective. If a New Forward Document is terminated, the applicable ETF may either pursue the same or other alternative investment strategies with an Acceptable Counterparty, or make direct investments in the Referenced Futures Contract or securities that provide a similar investment return to investing in the Referenced Futures Contract. There is no assurance that an ETF will be able to replace a New Forward Document if the New Forward Document is terminated.

In addition to assisting in the pursuit of an ETF's investment objective, total return swap and forward agreements may be entered into as a substitute for investing directly in securities (or shorting securities), or to hedge a position. In general, swap and forward agreements are two-party contracts entered into primarily by institutional investors for periods ranging from a day to more than one year. In a standard "swap" or "forward" transaction, two parties agree to exchange the returns (or differentials in rates of return) earned or realized on particular predetermined investments or instruments. The gross returns to be "swapped" or exchanged between the parties are calculated with respect to a "notional amount". For example, the return on or increase in the value of a particular dollar amount invested in a "basket" of securities.

Most swap and forward agreements entered into by an ETF calculate and settle the obligations of the parties to the agreement on a "net basis" with a single payment. Consequently, an ETF's current obligations (or rights) under a swap or forward agreement is generally only equal to the net amount to be paid or received under the agreement based on the relative values of such obligations (or rights).

Futures Contracts and Related Options

Futures contracts are standardized contracts entered into on domestic or foreign exchanges which call for the future delivery of specified quantities of various agricultural commodities, industrial commodities, currencies, stock indexes, financial instruments, energy products or metals at a specified time and place. The terms and conditions of futures contracts of a particular commodity are standardized and, as such, are not subject to any negotiation between the buyer and the seller. The contractual obligations, depending upon whether one is a buyer or a seller, may be satisfied either by taking or making, as the case may be, physical delivery of an approved quantity and grade of commodity or by making an offsetting sale or purchase of an equivalent but opposite futures contract on the same exchange prior to the designated date of delivery. The difference between the price at which a futures contract is sold or purchased and the price paid for the offsetting purchase or sale, after allowance for brokerage commissions, constitutes the profit or loss to the trader. In market terminology, a trader who purchases a futures contract is "long" in the market and a trader who sells a futures contract is "short" in the market. Before a trader closes out a long or a short position by an offsetting sale or purchase, respectively, the trader's outstanding contracts are known as "open trades" or "open positions". The aggregate number of open trades or open positions held by traders in a particular contract is referred to as the "open interest" in such contract.

An option on a futures contract gives the buyer of the option the right to take a position at a specified price (the "striking", "strike" or "exercise" price) in the underlying futures contract. The buyer of a "call" option acquires the right to take a long position in the underlying futures contract, and the buyer of a "put" option acquires the right to take a short position in the underlying futures contract.

The ETFs may purchase or sell stock index futures contracts and options thereon as a substitute for a comparable market position in the underlying interest or to satisfy regulatory requirements. A futures contract generally obligates the seller to deliver (and the purchaser to take delivery of) the specified commodity on the expiration date of the contract. A stock index futures contract obligates the seller to deliver (and the purchaser to accept) an amount of cash equal to a specific dollar amount (the contract multiplier) multiplied by the difference between the final settlement price of a specific stock index futures contract and the price at which the agreement is made. The underlying stocks in the index are not physically delivered.

The ETFs generally choose to engage in closing or offsetting transactions before final settlement wherein a second identical futures contract is sold to offset a long position (or bought to offset a short position). In such cases the obligation is to deliver (or take delivery of) cash equal to a specific dollar amount (the contract multiplier) multiplied by the difference between the price of the offsetting transaction and the price at which the original contract was entered into. If the original position entered into is a long position (futures contract purchased) there will be a gain (loss) if the offsetting sell transaction is carried out at a higher (lower) price, inclusive of commissions. If the original position entered into is a short position (futures contract sold) there will be a gain (loss) if the offsetting buy transaction is carried out at a lower (higher) price, inclusive of commissions.

When an ETF purchases a put or call option on a futures contract, the ETF pays a premium for the right to sell or purchase the underlying futures contract for a specified price upon exercise. By writing (selling) a put or call option on a futures contract, an ETF receives a premium in return for granting to the purchaser of the option the right to sell to or buy from the ETF the underlying futures contract for a specified price upon exercise at any time during the option period.

Whether an ETF realizes a gain or loss from futures activities depends generally upon movements in the underlying security, commodity, economic indicator, index or financial instrument. The extent of an ETF's loss from an unhedged short position in futures contracts or from writing options on futures contracts is potentially unlimited. An ETF may engage in related closing transactions with respect to options on futures contracts.

Investment in Reverse Repurchase Transactions

Each ETF may enter into reverse repurchase transactions. See "Risk Factors - Reverse Repurchase Transaction Risk". The Manager has adopted policies and practice guidelines applicable to the ETFs to manage the risks associated with investments in reverse repurchase transactions. Such policies and practice guidelines require that:

- investments in reverse repurchase transactions be consistent with an ETF's investment objectives and policies;
- the risks associated with reverse repurchase transactions be adequately described in the ETF's prospectus;
- authorized officers or directors of the Manager approve the parameters, including transaction limits, under which reverse repurchase transactions are permitted for an ETF and that such parameters comply with applicable securities legislation;
- the operational, monitoring and reporting procedures in place ensure that all reverse repurchase transactions are completely and accurately recorded, in accordance with their approved use, and within the limits and regulatory restrictions prescribed for each ETF;
- the counterparties to reverse repurchase transactions must meet the Manager's quantitative and qualitative criteria regarding market making and credit worthiness, and be in good standing with all applicable regulators; and
- the Manager must review at least annually all reverse repurchase transactions to ensure that they are being conducted in accordance with applicable securities legislation.

All reverse repurchase transactions must be completed within 30 days.

Securities Lending

An ETF may lend securities to brokers, dealers and other financial institutions and other borrowers desiring to borrow securities provided that such securities lending qualifies as a "securities lending arrangement" for the purposes of the Tax Act. Securities lending allows an ETF to earn additional income to offset its costs and help ensure the investment results of the ETF more closely correspond to its Referenced Futures Contract. All additional income earned by an ETF through securities lending accrues to the ETF. The ETFs have received exemptive relief from the limitations in NI 81-102 so that an ETF may lend 100% of its investment portfolio to qualified borrowers.

In carrying out securities lending, the ETFs will engage a lending agent with experience and expertise in completing such transactions. The ETFs may engage affiliates of a Bank Counterparty as lending agents of the ETFs.

Under applicable securities legislation, the collateral from securities lending is required to have an aggregate value of not less than 102% of the value of the loaned securities. Any cash collateral acquired by an ETF is permitted to be invested only in securities permitted under NI 81-102 and that have a remaining term to maturity of no longer than 90 days.

Roll Dates for the ETFs

The ETFs each seek investment results, before fees, expenses, distributions, brokerage commissions and other transaction costs, that endeavour to correspond to:

(a) two times (+200%) the daily performance of a commodity futures contract for a subsequent delivery month; or

(b) negative two times (-200%) the daily performance of a commodity futures contract for a subsequent delivery month.

Currently, the:

(a) Horizons HBU and Horizons HBD track the COMEX® gold futures contract for a subsequent delivery month;

(b) Horizons HOU and Horizons HOD track the NYMEX® light sweet crude oil futures contract for a subsequent delivery month;

(c) Horizons HNU and Horizons HND track the NYMEX® Natural Gas futures contract for a subsequent delivery month;

(d) Horizons HZU and Horizons HZD track the COMEX® silver futures contract for a subsequent delivery month;

(e) Horizons HTD tracks the U.S. 30-year Bond futures contract for the next delivery month; and

(f) Horizons HKU and Horizons HKD track the COMEX® copper futures contract for a subsequent delivery month.

Futures contracts must be rolled from the specified delivery month to a subsequent delivery month before the contract requires the holder to accept delivery of a physical commodity on maturity. In order to roll, an ETF will refer to a primary futures contract and a secondary futures contract in different weighting over the period of time the roll is implemented. As contracts reach that delivery date at the end of the month, the secondary contract for a subsequent delivery month becomes the primary futures contract. During periods where a roll is not being implemented, the primary contract and secondary contract are the same. Currently the contracts for the ETFs track the futures contracts according to the following schedule:

	Horizons HBU and Horizons HBD		Horizons HTD	
Current Month	**Primary Contract**	**Secondary Contract**	**Primary Contract**	**Secondary Contract**
January	February	April	March	N/A
February	April	N/A	March	June
March	April	June	June	N/A
April	June	N/A	June	N/A
May	June	August	June	September
June	August	N/A	September	N/A
July	August	December	September	N/A
August	December	N/A	September	December
September	December	N/A	December	N/A
October	December	N/A	December	N/A
November	December	February	December	March
December	February	N/A	March	N/A

	Horizons HOU and Horizons HOD		Horizons HNU and Horizons HND		Horizons HZU, Horizons HZD, Horizons HKU, and Horizons HKD	
Current Month	**Primary Contract**	**Secondary Contract**	**Primary Contract**	**Secondary Contract**	**Primary Contract**	**Secondary Contract**
January	February	March	February	March	March	N/A
February	March	April	March	April	March	May
March	April	May	April	May	May	N/A
April	May	June	May	June	May	July
May	June	July	June	July	July	N/A
June	July	August	July	August	July	September
July	August	September	August	September	September	N/A
August	September	October	September	October	September	December

September	October	November	October	November	December	N/A
October	November	December	November	December	December	N/A
November	December	January	December	January	December	March
December	January	February	January	February	March	N/A

The roll dates for Horizons HBU and Horizons HBD, will be from the 7th last to 4th last (inclusive) Trading Day of each month in which a roll is made. The allocation between the primary and secondary futures contracts during a roll for these ETFs will be as follows:

Horizons HBU and Horizons HBD		
Trading Day(s)[2]	Primary Contract	Secondary Contract
8th last	100%	0%
7th last	75%	25%
6th last	50%	50%
5th last	25%	75%
4th last	0%	100%

[2] A Trading Day on which:

(a) the contract settlement price is not published by the primary exchange for the contract by 4:00 pm, Eastern Time;

(b) the contract settlement price is erroneous, in the reasonable judgment of Horizons, and such error is not corrected by 4:00 pm, Eastern Time;

(c) the contract settlement price is a limit price (See "Price Limit Risk" at page 43);

(d) trading in the relevant contract is disrupted during the trading day and does not trade for at least 30 minutes prior to the scheduled closing time (or rescheduled closing time if the contract closing time is rescheduled);

will not be treated as a Trading Day, will not be counted in the dates that are counted during the roll dates and may result in the postponement of or adjustment to these roll dates.

The roll dates for Horizons HOU and Horizons HOD will be from the 4th to 7th (inclusive) Trading Day of each month in which a roll is made. The allocation between the primary and secondary futures contracts during a roll for these ETFs will be as follows:

Horizons HOU and Horizons HOD		
Trading Day(s)[1]	Primary Contract	Secondary Contract
1-3	100%	0%
4	75%	25%
5	50%	50%
6	25%	75%
7	0%	100%

The roll dates for Horizons HNU and Horizons HND will be from the 4^{th} to 11^{th} (inclusive) Trading Day of each month in which a roll is made. The allocation between the primary and secondary futures contracts during a roll for these ETFs will be as follows:

Horizons HNU and Horizons HND		
Trading Day(s)[1]	Primary Contract	Secondary Contract
1-3	100%	0%
4	87.5%	12.5%
5	75%	25%
6	62.5%	37.5%
7	50%	50%
8	37.5%	62.5%
9	25%	75%
10	12.5%	87.5%
11	0%	100%

The roll dates, as well as the allocation between the primary and secondary futures contract, may be changed by the Manager in its sole discretion at anytime based on liquidity for the underlying primary and secondary futures contracts as the primary futures contract's expiry approaches. The Manager will post the current roll schedule at www.HorizonsETFs.com on an ongoing basis.

The roll dates for the Horizons HZU, Horizons HZD, Horizons HKU, and Horizons HKD will be from the 7th last to 4th last (inclusive) Trading Day of each month in which a roll is made. The allocation between the primary and secondary futures contracts during a roll for these ETFs will be as follows:

Horizons HZU, Horizons HZD, Horizons HKU, and Horizons HKD		
Trading Day(s)[1]	Primary Contract	Secondary Contract
8th last	100%	0%
7th last	75%	25%
6th last	50%	50%
5th last	25%	75%
4th last	0%	100%

The roll dates, as well as the allocation between the primary and secondary futures contract, may be changed by the Manager in its sole discretion at anytime based on liquidity for the underlying primary and secondary futures contracts as the primary futures contract's expiry approaches. The Manager will usually post the current roll schedule at www.HorizonsETFs.com on an ongoing basis.

Horizons HTD

The roll date for Horizons HTD is currently the 5th Trading Day of the month in which the roll is made. The allocation between the primary and secondary futures contracts during a roll currently are as follows:

Roll Month Trading Day[1]	**Primary Contract**	**Secondary Contract**
Trading Days Prior to Roll Date	100%	0%
Roll Date	0%	100%
Trading Days after Roll Date	0%	100%

The roll date, as well as the allocation between the primary and secondary futures contract, may be changed by the Manager in its sole discretion at anytime based on liquidity for the underlying primary and secondary futures contracts as the primary futures contract's expiry approaches. The Manager will usually post the current roll schedule at www.HorizonsETFs.com on an ongoing basis.

Overview of the Investment Structure

A description of the investment structure of the ETFs is provided above under the heading "Investment Strategies – Overview" on page 15.

OVERVIEW OF THE SECTORS THAT THE ETFS INVEST IN

Certain ETFs invest, or intend to invest in, specific sectors, commodities or financial instruments. A brief description of these specific sectors, commodities and financial instruments is provided below.

COMEX® Gold

Horizons HBU and Horizons HBD use the COMEX® gold futures contract for a subsequent delivery month as their Referenced Futures Contract. The COMEX® Division of the NYMEX® tracks gold futures and options. The COMEX® provides an important alternative to traditional means of investing in gold. Traditional means of investing in gold include gold bullion, coins and mining stocks. See "Overview of the Sectors that the ETFs Invest In – Futures Contracts v. Spot" at page 28. Also see "Roll Dates for the ETFs" at page 23.

NYMEX® Crude Oil

Horizons HOU and Horizons HOD use the NYMEX® light sweet crude oil futures contract for a subsequent delivery month as a Referenced Futures Contract. The NYMEX® light sweet crude oil futures contract for a subsequent delivery month is the world's most liquid forum for crude oil trading, as well as the world's largest-volume futures contract trading on a physical commodity. Because of its excellent liquidity and price transparency, the contract is used as a principal international pricing benchmark. See "Overview of the Sectors that the ETFs Invest In – Futures Contracts v. Spot" at page 28. Also see "Roll Dates for the ETFs" at page 23.

NYMEX® Natural Gas

Horizons HNU and Horizons HND use the NYMEX® Natural Gas futures contract for a subsequent delivery month as a Referenced Futures Contract. The consumption of natural gas accounts for almost a quarter of the United States energy consumption. The NYMEX® Natural Gas futures contract is widely used as a national benchmark price for natural gas consumption in the United States. See "Overview of the Sectors that the ETFs Invest In – Futures Contracts v. Spot" at page 28. Also see "Roll Dates for the ETFs" at page 23.

U.S. 30-Year Bonds

Horizons HTD uses a U.S. 30-year bond futures contract for the next delivery month as its Referenced Futures Contract. Such a futures contract can be an effective means of obtaining exposure to, or a hedge to, the return of U.S. 30-year bonds. See "Overview of the Sectors that the ETFs Invest In – Futures Contracts v. Spot" at page 28. Also see "Roll Dates for the ETFs" at page 23.

COMEX® Silver

The Horizons HZU and Horizons HZD use the COMEX® silver futures contract for the next delivery month as their Referenced Futures Contract. The COMEX® Division of the NYMEX® tracks silver futures and options. The COMEX® provides an important alternative to traditional means of investing in silver. Traditional means of investing in gold include silver bullion, coins and mining stocks. See "Overview of the Sectors that the ETFs Invest In – Futures Contracts v. Spot" at page 28. Also see "Roll Dates for the ETFs" at page 23.

COMEX® Copper

Horizons HKU and Horizons HKD use the COMEX® copper futures contract for a subsequent delivery month as its Referenced Futures Contract. The COMEX® Division of the NYMEX® tracks copper futures and options. The COMEX® provides an important alternative to traditional means of investing in copper. Traditional means of investing in copper include investing in physical copper and related mining stocks. See "Overview of the Sectors that the ETFs Invest In – Futures Contracts v. Spot" at page 28. Also see "Roll Dates for the ETFs" at page 23.

Futures Contracts v. Spot

The ETFs track a Referenced Futures Contract that is a contract for the delivery of a commodity in the future (e.g., for a subsequent delivery month). **None of the ETFs invest in the physical spot commodity market.**

A futures contract is a standardized financial contract where the parties agree to exchange currencies, financial instruments or other physical commodities at a future date at a future price. The future market is not a ready market like a spot market (see below), does not involve primary activity and is speculative in nature. In the future market, deals are struck at forward prices and give the holder the obligation to buy or sell the underlying asset. The futures date is called the delivery date and a final settlement date, and the pre-set price is called the futures price. The future price of the underlying asset is based on the forward expected spot price of such asset which is derived from the current spot price of the asset including, but not limited to, other factors such as expected future demand and supply, interest rates and storage costs. The future market is fluid until the transaction is completed. The price of the underlying asset on the delivery date is called the settlement price.

In contrast, a market in which securities or commodities are sold for ready cash at current prices and delivered immediately is known as a spot market. It is a spot market as transactions take place on the spot (i.e., a real time market for the instant sale of the particular security or commodity). The contract entered into in the spot market becomes effective immediately and the purchaser accepts delivery of, or immediately, resells the asset. **As stated above, none of the ETFs invest in the physical spot commodity market.**

INVESTMENT RESTRICTIONS

The ETFs are subject to certain restrictions and practices contained in securities legislation, including NI 81-102, which are designed in part to ensure that the investments of the ETFs are diversified and relatively liquid and to ensure the proper administration of the ETFs. The ETFs are managed in accordance with these restrictions and practices set out in NI 81-102, except as otherwise permitted by NI 81-104. Securities legislation distinguishes between the use of derivatives for hedging purposes and for non-hedging purposes. “Hedging” refers to investments that are intended to offset or reduce a specific risk associated with all or a portion of an existing investment. Commodity pools, such as the ETFs, are accorded greater flexibility to invest using derivatives for non-hedging purposes than mutual funds that are not subject to NI 81-104.

The investment restrictions and practices applicable to the ETFs which are contained in securities legislation, including NI 81-102, as amended by NI 81-104, may not be deviated from without the prior consent of the Canadian securities regulatory authorities having jurisdiction over the ETFs.

Unitholder approval is required in order to change the investment objectives of an ETF. See “Unitholder Matters” at page 69 for additional descriptions of the process for calling a meeting of Unitholders and the requirements of Unitholder approval.

Tax Related Investment Restrictions

No ETF will make an investment that would result in that ETF failing to qualify as a “unit trust” or “mutual fund trust” within the meaning of the Tax Act. In addition, no ETF will make or hold any investment in “specified property” (within the meaning of the proposed amendment to subsection 132(4) of the Tax Act) if it would result in that ETF owning specified properties having a fair market value greater than 10% of the fair market value of all of its property. Under the Existing Forward Documents, each ETF restricts its investments to common shares of Canadian public companies that are each a “Canadian security” for the purposes of subsection 39(6) of the Tax Act.

FEES AND EXPENSES

Fees and Expenses Payable by the ETFs

Management Fees

Each ETF pays an annual management fee to the Manager equal to 1.15% of the net asset value of that ETF, together with Sales Tax. The Management Fee is calculated and accrued daily and payable monthly in arrears.

Management Fee Distributions

To encourage very large investments in an ETF and to ensure that the Management Fee is 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 minimum 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 applicable ETF will be distributed quarterly in cash by the ETF to those Unitholders of the ETF as Management Fee Distributions.

The availability and amount of Management Fee Distributions with respect to Units of an ETF is determined by the Manager. Management Fee Distributions for an ETF are generally 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 are available only to beneficial owners of Units of an 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. Management Fee Distributions are paid first out of net income of the ETF then out of capital gains of the ETF and thereafter out of capital. In order to receive a Management Fee Distribution for any applicable period, a beneficial owner of Units of an 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 an ETF generally will be borne by the Unitholders of the ETF receiving these distributions from the Manager.

Operating Expenses

Except as set out below, the Manager is responsible for all costs and expenses of the ETFs except the Management Fee, brokerage expenses and commissions, income taxes, Sales Tax, costs associated with the independent review committee of the ETFs, filing fees, costs associated with delivering documents to Unitholders, fees payable to CDS, annual stock exchange fees, annual index licensing fees, if applicable, withholding taxes and extraordinary expenses. Costs and expenses payable by the Manager include the fees payable to the Investment Manager, the Portfolio Manager, the Custodian, the Registrar and Transfer Agent, and fees payable to other service providers retained by the Manager as described under “Organization and Management Details of the ETFs”.

Existing Forward Document Expenses

Currently, with respect to each of the ETFs under the Existing Forward Documents, the value of the purchase price payable thereunder by the applicable Bank Counterparty will be reduced by an amount equal to 0.30% per annum of the notional amount of the forward price, calculated and applied daily in arrears, plus hedging costs incurred by the applicable Bank Counterparty. (e.g., the notional exposure of the forward will typically be approximately two times the total assets of an ETF).

Hedging costs incurred by a Bank Counterparty are similar in nature to portfolio transaction costs that are incurred by an investment fund that holds portfolio securities directly. Currently, the Manager anticipates that, based on existing market conditions, the hedging costs, if any, for each ETF will be between 0.00% and 0.85% per annum of the notional exposure of that ETF's Existing Forward Documents. The actual hedging costs that may be incurred by a Bank Counterparty and charged to an ETF may be greater depending on market conditions and can change at any time.

Each party to the Existing Forward Documents was responsible for its own start-up costs relating to the Existing Forward Documents. The Existing Forward Documents may be amended or replaced at any time and the forward expenses incurred in respect of those forward agreements may increase or decrease according to their terms.

New Forward Documents Expenses

It is anticipated that in respect of the New Forward Documents, an ETF will pay to the Acceptable Counterparty aggregate forward expenses in an amount equal to or less than the amount payable by the ETF in respect of its Existing Forward Documents.

It is anticipated that each party to the New Forward Documents will be responsible for its own start-up costs relating to the New Forward Documents. It is anticipated that the forward expenses incurred in respect of the New Forward Documents may increase or decrease according to their terms.

Expenses of the Issue

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

Fees and Expenses Payable Directly by the Unitholders

Redemption Charge

The Manager may charge Unitholders of an ETF, at its discretion, a redemption charge of up to 0.25% of the redemption proceeds of the ETF. The Manager will publish the current redemption charge, if any, on its website, www.HorizonsETFs.com.

ANNUAL RETURNS, MANAGEMENT EXPENSE RATIO AND TRADING EXPENSE RATIO

The following chart provides the annual returns, management expense ratio[3] and trading expense ratio for each of the ETFs for each of the past five years, as applicable. The management expense ratios and trading expense ratios provided below were calculated on an annualized basis as at December 31 of each year referenced below.

Horizons HBU	**2012**	**2011**	**2010**	**2009**	**2008**
Annual Returns (%)	6.62%	11.32%	55.29%	35.23%	-17.83%
Management Expense Ratio (%)	1.43%	1.36%	1.33%	1.28%	1.21%
Trading Expense Ratio (%)	0.82%	0.82%	0.86%	0.91%	0.96%

Horizons HBD	**2012**	**2011**	**2010**	**2009**	**2008**
Annual Returns (%)	-18.59%	-27.19%	-44.70%	-43.53%	-15.72%

[3] After waivers and absorptions.

Management Expense Ratio (%)	1.39%	1.28%	1.34%	1.28%	1.21%
Trading Expense Ratio (%)	0.90%	0.90%	0.86%	0.96%	1.01%

Horizons HOU	**2012**	**2011**	**2010**	**2009**	**2008**
Annual Returns (%)	-30.44%	-18.85%	-16.30%	-29.24%	-86.84%
Management Expense Ratio (%)	1.37%	1.33%	1.34%	1.29%	1.20%
Trading Expense Ratio (%)	0.77%	0.78%	0.81%	0.77%	0.72%

Horizons HOD	**2012**	**2011**	**2010**	**2009**	**2008**
Annual Returns (%)	4.12%	-26.51%	-18.19%	-53.07%	93.20%
Management Expense Ratio (%)	1.36%	1.33%	1.31%	1.27%	1.22%
Trading Expense Ratio (%)	0.79%	0.79%	0.81%	0.76%	0.62%

Horizons HNU	**2012**	**2011**	**2010**	**2009**	**2008**
Annual Returns (%)	-57.90%	-73.70%	-71.35%	-88.11%	-75.52%
Management Expense Ratio (%)	1.37%	1.35%	1.32%	1.27%	1.21%
Trading Expense Ratio (%)	0.77%	0.77%	0.81%	0.80%	0.68%

Horizons HND	**2012**	**2011**	**2010**	**2009**	**2008**
Annual Returns (%)	-12.61%	134.28%	63.05%	59.07%	61.14%
Management Expense Ratio (%)	1.42%	1.30%	1.32%	1.28%	1.21%
Trading Expense Ratio (%)	0.83%	0.79%	0.80%	0.73%	1.02%

Horizons HTD	**2012**	**2011**	**2010**	**2009**	**2008**
Annual Returns (%)	-10.46%	-37.97%	-22.39%	21.76%	-36.42%
Management Expense Ratio (%)	1.45%	1.36%	1.33%	1.27%	1.35%
Trading Expense Ratio (%)	0.62%	0.61%	0.60%	0.60%	0.61%

Horizons HZU	**2012**	**2011**	**2010**	**2009**	**2008**
Annual Returns (%)	0.57%	-40.57%	181.28%	31.76%	N/A
Management Expense Ratio (%)	1.38%	1.33%	1.33%	1.29%	N/A
Trading Expense Ratio (%)	0.82%	0.83%	0.89%	1.05%	N/A

Horizons HZD	**2012**	**2011**	**2010**	**2009**	**2008**
Annual Returns (%)	-33.82%	-33.68%	-77.36%	-39.83%	N/A
Management Expense Ratio (%)	1.37%	1.30%	1.34%	1.29%	N/A
Trading Expense Ratio (%)	0.92%	0.88%	0.89%	1.06%	N/A

Horizons HKU	**2012**	**2011**	**2010**	**2009**	**2008**
Annual Returns (%)	1.35%	-50.90%	101.95%	N/A	N/A
Management Expense Ratio (%)	1.33%	1.28%	1.37%	N/A	N/A
Trading Expense Ratio (%)	0.95%	0.91%	0.78%	N/A	N/A

Horizons HKD	**2012**	**2011**	**2010**	**2009**	**2008**
Annual Returns (%)	-21.53%	33.80%	-57.19%	N/A	N/A
Management Expense Ratio (%)	1.40%	1.26%	1.36%	N/A	N/A
Trading Expense Ratio (%)	0.84%	0.86%	0.81%	N/A	N/A

In reviewing annual return figures, investors should be aware that the ETFs are very different from most other exchange-traded funds.

The ETFs do not and should not be expected to return two times (i.e., +200%) or two times the inverse (i.e., -200%) of the return of their Referenced Futures Contract over any period of time other than daily.

The ETF's returns over periods longer than one day will likely differ in amount and possibly direction from the performance of its Referenced Futures Contract, as applicable, for the same period. This effect becomes more pronounced as the volatility of the Referenced Futures Contract, as applicable, increases.

RISK FACTORS

An investment in Units of an ETF involves certain risks. In particular, an investment in Units of an ETF can be speculative, and can involve a high degree of risk and may only be suitable for persons who are able to assume the risk of losing their entire investment. Prospective investors should consider the following risks, among others, before subscribing for Units of an ETF.

Commodity Risk

An ETF which has exposure to the commodities markets may be subject to greater volatility than traditional securities. The value of commodity linked derivative instruments may be affected by changes in overall market movements, commodity index volatility, changes in interest rates, or sectors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs and international economic, political and regulatory developments.

Commodity indices replicate exposure to a defined basket of commodities futures contracts. On specified dates these futures contracts are rolled mechanically into a subsequent futures contract before the current position expires according to a defined schedule. This mechanism also allows the investor to maintain an exposure to commodities over time. The difference between the price at which the first futures contract is sold and the next futures contract is purchased is called the "roll yield" and is an important part of the return on a commodities investment. The overall return is therefore derived from fluctuations in commodities prices in addition to the shape of the commodity futures curve over time. Assuming prices and the shape of the curve remain constant, rolling futures will yield a positive return when the curve is in "backwardation", which describes a situation where the prices are lower in the distant delivery months than in the nearest delivery months, and a negative return when the curve is in "contango", which describes a situation where the prices are higher in the distant delivery months than in the nearer delivery months. The specified roll dates may change from time to time largely based on liquidity for the underlying futures contract as expiry approaches.

Leverage Risk

Leverage offers a means of magnifying market movements into larger changes in an investment's value and provides greater investment exposure than an unleveraged investment. Leverage should cause an ETF to lose more money in market environments adverse to its daily investment objective than an ETF that does not employ leverage.

Using leverage involves special risks and should be considered to be speculative. Leverage exists when an ETF achieves the right to a return on a capital base that exceeds the amount the ETF has invested. An ETF using leverage creates the potential for greater gains to its Unitholders during favourable market conditions and the risk of magnified losses during adverse market conditions. Leverage should increase the volatility of the net asset value of an ETF. Leverage may involve the creation of a liability that does not entail any interest costs or the creation of a liability that requires an ETF to pay interest, which will decrease the ETF's total return to its Unitholders. If an ETF achieves its investment objective, during adverse market conditions, Unitholders of the ETF may experience a loss greater than they would have incurred had the ETF not been leveraged.

Each ETF employs absolute leverage that generally does not exceed 2.0 times the net asset value of that ETF and that leverage will be **rebalanced daily** in order to ensure each Unitholder's risk is limited to the capital invested.

It is also important to understand the effects of compounding when investing in any mutual fund, especially funds, like the ETFs, which use **daily rebalanced leverage** as part of their investment strategy.

Due to the compounding of **daily returns** and **daily rebalancing**, an ETF's returns over periods longer than one day will likely differ in amount and possibly direction from the performance of the specified Referenced Futures Contract for the same period. Investors should monitor their holdings daily to ensure that it remains consistent with their own investment strategies.

The following examples provide illustration. Each example is calculated without taking into account fees and expenses.

Examples A, B and C each assume:

(a) on the first day the futures contract is up 10%; and

(b) on the next day the futures contract is down 10%.

The two-day sequence results in the futures contract being cumulatively down over this two-day period:

Example A, No Leverage (Traditional Index Exchange-Traded Fund): Assume you invest $100 in ETF A, a typical index fund that seeks to match the performance of a futures contract. If the futures contract increases 10% on day one, the value of your investment in ETF A would be expected to increase $10 (10% of $100) to $110. The next day, if the futures contract decreases 10%, the value of your investment in ETF A would be expected to decrease $11 (10% of $110) to $99, which results in a -1% cumulative 2-day period return. Thus the performance of the one times index fund matches the initial daily return of the futures contract and is only slightly less than the return of the futures contract on the second day and on a period return basis.

Example B, Leveraged, Not Rebalanced Daily (such as with a typical margin account usage): Assume you invest $100 in ETF B, a fund that takes investments only on day 1 and seeks to return 200% the period performance of a futures contract from that day forward. If the futures contract increases 10% on day one, the value of your investment in ETF B would be expected to increase $20 (20% of $100) to $120. The next day, if the futures contract decreases 10%, cumulatively after day two, ETF B would be expected to be down 2% (200% of the -1% period return), which means it should fall only 18.3% ($120 to $98) on day 2. Thus, this structure would be expected to provide two times the period return of the futures contract, but could not provide two times the daily performance of the futures contract.

Example C, Leveraged, Rebalanced Daily (i.e., the ETFs): Assume you invested $100 in ETF C, a fund that seeks to return 200% of the daily performance of a futures contract. If the futures contract increases 10% on day one, the value of your investment in ETF C would be expected to increase $20 (20% of $100) to $120. The next day, if the futures contract decreases 10%, the value of your investment in the daily rebalanced leveraged fund would be expected to decrease $24 (20% of $120) to $96, for a -4% cumulative two-day return. So while in this example the double index fund has succeeded in meeting its 200% daily investment objective, it does not and should not be expected to return 200% of the futures contract over any period of time other than daily.

Because of the effect of compounding, the value of the investor's investment in an ETF declined over the two-day period even though the futures contract, after two days, had a net change of 0%. **The negative**

effect of compounding is more pronounced when combined with leverage and daily rebalancing in volatile markets.

This effect is caused by compounding. In general, during periods of higher index volatility, compounding will cause longer term results of an ETF to be less than +200% or -200%, as applicable, of the return of its Referenced Futures Contract. This effect becomes more pronounced as volatility increases. Conversely, in periods of lower index volatility, results for longer periods for an ETF can be higher than +200% or -200%, as applicable, of the return of its Referenced Futures Contract. Actual results for a particular period for an ETF, before fees and expenses, will also be dependent on the magnitude of its Referenced Future Contract's return in addition to the Referenced Future Contract's volatility.

Long Term Performance Risk

Investors considering buying units of an ETF should understand that each ETF is designed to provide either: (i) +200% of the performance of a Referenced Futures Contract or (ii) -200% of the performance of a Referenced Futures Contract, as applicable, in each case **on a daily basis and not for greater periods of time**.

Each ETF does not and should not be expected to return two times (i.e., +200%) or two times the inverse (i.e., -200%) of the performance of its Referenced Futures Contract over any period of time other than daily.

Investors should also recognize that the degree of volatility of the Referenced Futures Contract that an ETF is tracking can have a dramatic effect on the ETF's long term performance. The greater the volatility of a Referenced Futures Contract, the greater the downside deviation will be of the ETF's long-term performance from two times (i.e., +200%) or two times the inverse (i.e., -200%) of the performance of a Referenced Futures Contract.

It is even possible that an ETF designed to move inversely (i.e., -200%) to the performance of a Referenced Futures Contract may, over a long period of time and in a highly volatility environment, move in the same direction as such Referenced Futures Contract.

Accordingly, investors should monitor their holdings daily to ensure their investment in an ETF continues to be consistent with their own investment strategies.

If an investor wants to achieve two times (i.e., +200%) or two times the inverse (i.e., -200%)**,** as applicable, the performance of a Referenced Futures Contract of an ETF, for periods greater than one day, the investor will need to monitor the performance of their investment daily and be prepared to invest additional funds or redeem a portion of their investment each day to achieve this objective. Such a strategy will incur additional transaction fees and will need to be carefully monitored to achieve this result.

If an investor is not prepared to adopt such a strategy, the investor should not expect the performance of an ETF to be two times (i.e., +200%) or two times the inverse (i.e., -200%), as applicable, the performance of its Referenced Futures Contract, except on a daily basis.

Price Volatility Risk

The ETFs are subject to increased volatility as they seek to achieve the multiple or inverse (opposite) multiple of the daily performance of a Referenced Futures Contract, as applicable. The ETFs may therefore experience greater volatility than commodities or securities comprising each Referenced Futures Contract and thus have the potential for greater losses. While the investment objective of the ETFs is to track a multiple or inverse (opposite) multiple of the daily performance of a Referenced Futures Contract, it should be noted that when comparing the ETFs and benchmark returns over any period other than daily, volatility of the Referenced Futures Contract, as applicable, is a significant factor as a result of the rebalancing process.

The tables below illustrate the impact of two factors, benchmark volatility and benchmark performance, on a leveraged fund's period performance. Benchmark volatility is a statistical measure of the magnitude of fluctuations in the returns of a benchmark and is calculated as the standard deviation of the natural logarithms of one plus the benchmark return (calculated daily), multiplied by the square root of the number of trading days per year (assumed to be 252). The tables show estimated fund returns for a number of combinations of benchmark performance and benchmark volatility over a one year period. Assumptions used in the tables include: a) no fund expenses and b) borrowing/lending rates (to obtain leverage) of zero percent. If fund expenses were included, the fund's performance would be lower than shown. The first table below shows an example in which a leveraged fund that has an investment objective to correspond to twice (200%) of the daily performance of a benchmark. The leveraged fund could be expected to achieve a 40% return on a yearly basis if the benchmark performance was 20%, absent any costs or the correlation risk or other factors described in this section of the prospectus. However, as the first table shows, with a benchmark volatility of 25%, such a fund would return about 35.3%, again absent any costs or other associated risks or other factors.

Estimated Fund Return Over One Year When the Fund Objective Is To Seek Daily Results, Before Fees and Expenses, That Correspond to Twice (200%) the Daily Performance of a Benchmark.

One Year Benchmark Performance	200% One Year Benchmark Performance	Benchmark Volatility			
		0%	25%	50%	75%
-40%	-80%	-64.0%	-66.2%	-72.0%	-79.5%
-20%	-40%	-36.0%	-39.9%	-50.2%	-63.5%
0%	0%	0.0%	-6.1%	-22.1%	-43.0%
20%	40%	44.0%	35.3%	12.1%	-18.0%
40%	80%	96.0%	84.1%	52.6%	11.7%

Estimated Fund Return Over One Year When the Fund Objective Is To Seek Daily Results, Before Fees and Expenses, That Correspond to Twice (200%) the Inverse of the Daily Performance of a Benchmark.

One Year Benchmark Performance	-200% One Year Benchmark Performance	Benchmark Volatility			
		0%	25%	50%	75%
-40%	80%	177.8%	130.3%	31.2%	-48.6%
-20%	40%	56.3%	29.5%	-26.2%	-71.1%
0%	0%	0.0%	-17.1%	-52.8%	-81.5%
20%	-40%	-30.6%	-42.4%	-67.2%	-87.2%
40%	-80%	-49.0%	-57.7%	-75.9%	-90.6%

Per the above, it can be concluded that for any given benchmark return, increased volatility will negatively impact the relative period performance of the ETF to its Referenced Futures Contract. As such, ETFs that track Referenced Futures Contracts which have higher historic volatility can be expected to be impacted by this mathematical result more than an ETF that tracks a Referenced Futures Contract with low historic volatility.

Historic Volatility

The following table shows the historic volatility for each of the ETFs' Referenced Futures Contracts, for the five years from December 31, 2006 to December 31, 2011. Information for the S&P/TSX Global Base Metal Index™ is based on data available from June 24, 2009, to December 31, 2011.

Index or Futures Contract	Annualized Volatility
COMEX® gold futures contract for a subsequent delivery month	22.16%
NYMEX® light sweet crude oil futures contract for a subsequent delivery month	44.94%
NYMEX® natural gas futures contract for a subsequent delivery month	53.85%
The Canadian dollar futures contract for the next delivery month	12.67%
The U.S. 30-year Bond futures contract for the next delivery month	12.37%
COMEX® silver futures contract for the next delivery month	40.98%
COMEX® copper futures contract for a subsequent delivery month	28.51%

Due to the compounding of daily returns and daily rebalancing, an ETF's returns over periods longer than one day will likely differ in amount and possibly direction from the performance of the specified Referenced Futures Contract for the same period. Investors should monitor their holdings daily to ensure that it remains consistent with their own investment strategies.

Spot v. Futures Risk

The ETFs track a Referenced Futures Contract that are contracts for delivery of a commodity at some point in the future. None of the ETFs invest in the physical spot commodity market.

The risk of investing in a futures contract is that it can be speculative in nature. A futures contract is a standardized financial contract where the parties agree to exchange currencies, financial instruments or other physical commodities at a future date at a future price. As a result, a future market is not a ready market like a spot market, does not involve primary activity and is speculative in nature as deals are struck at future prices where the holder is purchasing an obligation to buy or sell an underlying asset, which may not be the best price at the time the contract is completed, depending on what happens in the markets during the intervening period.

In contrast, in a spot market securities or commodities are sold for cash at current prices and delivered immediately. A spot market is a real time market where the contract becomes effective immediately and the purchaser accepts delivery of, or immediately, resells the asset. Unlike a futures contract, no speculation is involved as the contract is entered into and the transaction for the commodity takes place on the same "spot" in time. None of the ETFs invest in the physical spot commodity market, and the ETFs are exposed to the potential risks involved of using futures contracts which are speculative in nature.

Aggressive Investment Technique Risk

The ETFs use investment techniques and financial instruments that may be considered aggressive, including the use of futures contracts, options on futures contracts, securities and indices, forward contracts, swap agreements and similar instruments. Such techniques, particularly when used to create leverage, may expose an ETF to potentially dramatic changes (losses) in the value of the instruments and imperfect correlation between the value of the instruments and the index, security, currency or commodity. An ETF's investment in financial instruments may involve a small investment relative to the amount of risk assumed. Financial instruments are subject to a number of risks described elsewhere in this prospectus, such as liquidity risk, credit risk and counterparty risk. The use of aggressive investment techniques also exposes an ETF to risks different from, or possibly greater than, the risks associated with investing directly in the securities, commodity or financial instruments comprising its Referenced Futures Contract, including: 1) the risk that an instrument is temporarily mispriced; 2) credit, performance or documentation risk on the amount the ETF expects to receive from a counterparty; 3) the risk that securities prices, interest rates and currency markets will move adversely and the ETF will incur significant losses; 4) imperfect correlation between the price of the financial instruments and movements in the prices of the underlying securities; 5) the risk that the cost of holding a financial instrument might exceed its total return; and 6) the possible absence of a liquid secondary market for any particular instrument and possible exchange imposed price fluctuation limits, both of which may make it difficult or impossible to adjust the ETF's position in a particular instrument when desired.

Concentration Risk

Several of the ETFs have Referenced Futures Contracts which are concentrated in terms of the number of commodities represented, with all of the ETFs highly concentrated in a single commodity. Concentration in fewer underlying commodities may result in a greater degree of volatility in a Referenced Futures Contract and as result, the net asset value of the ETF under specific market conditions and over time.

Trading in Derivatives is Highly Leveraged

The low margin deposits normally required in trading derivatives (typically between 2% and 15% of the value of the derivatives purchased) permit an extremely high degree of leverage. Accordingly, at the time of buying a derivative, a percentage of the price of the derivative is deposited as margin and a decrease in the price of the contract equal to such percentage will result in a total loss of the margin deposit. A decrease of more than the percentage deposited will result in a loss of more than the total margin deposit. Thus, like other leveraged investments, the use of derivatives may often result in losses in excess of the amount invested.

Corresponding Net Asset Value Risk

The net asset value per Unit of an 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 an 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 an ETF and Unitholders may be able to redeem a PNU of an ETF at a discount or a premium to the closing trading price per Unit of the ETF.

Such difference between the trading price of an 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 an ETF being similar, but not identical, to the same forces influencing the price of the underlying commodities of the ETF at any point in time.

The value of Units of an ETF may also be influenced by the non-concurrent trading hours between the TSX and the futures exchange upon which futures contracts underlying a Referenced Futures Contracts are traded. While Units of an ETF trade on the TSX from 9:30 a.m. to 4:00 p.m. (EST), the futures contracts underlying a Referenced Futures Contracts may be traded during a different time frame. Liquidity in the futures contracts underlying a Referenced Futures Contracts will therefore be reduced after the close of trading of the applicable commodities exchange. As a result, during the time when the TSX is open and the applicable commodities exchange is closed, trading spreads and the resulting premium or discount on the Units of an ETF may widen. Such trading spreads may also increase the difference between the prices of Units of an ETF and the net asset value of such Units.

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 ETFs should not be sustainable.

Counterparty Risk

Each ETF is subject to credit risk with respect to the amount that ETF expects to receive from counterparties to financial instruments entered into by that ETF or held by special purpose or structured vehicles. If a counterparty becomes bankrupt or otherwise fails to perform its obligations due to financial difficulties, the value of an investor's investment in Units of an ETF may decline. An ETF may experience significant delays in obtaining any recovery in a bankruptcy or other reorganization proceeding. An ETF may obtain only limited recovery or may obtain no recovery in such circumstances. All counterparties must meet the credit rating requirements of NI 81-102.

A counterparty of the ETFs may also be adversely affected by regulatory or market changes which may make it difficult or impossible for the counterparty to hedge its obligations to an ETF, which may adversely affect the ETF's ability to achieve its investment objective.

Existing Forward Documents or New Forward Documents entered into by an ETF with a Bank Counterparty or Acceptable Counterparty will be the sole material asset or assets of the ETF, and as such, the ETF is exposed to the credit risk associated with the Bank Counterparty and/or Acceptable Counterparty, as applicable. A Bank Counterparty or Acceptable Counterparty may have relationships with any or all of the issuers whose securities are included in the Referenced Futures Contract which could conflict with the interests of an ETF or its Unitholders. Depending upon, among other things, the value of the Common Share Portfolio, an ETF's exposure to the credit risk of a Bank Counterparty and/or Acceptable Counterparty may be significant. A Bank Counterparty may terminate the Existing Forward Documents in certain circumstances, in which case an ETF may not be able to meet its investment objective. It is anticipated that an Acceptable Counterparty may be able terminate a New Forward Document in certain circumstances, in which case an ETF may not be able to meet its investment objective. Furthermore, if a Bank Counterparty and/or Acceptable Counterparty were to default on its obligations under Existing Forward Documents and/or New Forward Documents, an ETF would become an unsecured creditor of the Bank Counterparty and/or Acceptable Counterparty in respect of the obligations of the Bank Counterparty and/or Acceptable Counterparty to the ETF under the Existing Forward Documents and/or New Forward Documents.

Correlation Risk

A number of factors may affect an ETF's ability to achieve a high degree of correlation (i.e., to substantially track) with its Referenced Futures Contract on a daily basis, and there can be no guarantee that an ETF will achieve a high degree of correlation with its Referenced Futures Contract. A failure to achieve a high degree of correlation may prevent an ETF from achieving its investment objective.

The following factors, including fees, expenses, transaction costs, costs associated with the use of leveraged investment techniques, may adversely affect an ETF's correlation with its Referenced Futures Contract and an ETF's ability to meet its investment objective: (i) use of sampling techniques; (ii) investment in securities or financial instruments not included in its Referenced Futures Contract; (iii) large movements of assets; (iv) the receipt of transaction information after the relevant exchange or market closes, potentially resulting in over or under exposure to the Referenced Futures Contract; (v) the early close or trading halt on an exchange or market; (vi) a restriction on security transactions, which may result in the ability to buy or sell certain securities or financial instruments; or (vii) an ETF may not have investment exposure to all securities in its Referenced Futures Contract, or its weighting of investment exposure to such stocks or industries may be different from that of its Referenced Futures Contract. In such circumstances, an ETF may be unable to rebalance its portfolio, accurately price its investments, and may incur substantial trading losses.

Inverse Correlation Risk

An ETF that seeks investment results that correspond to the inverse or inverse (opposite) multiple of the daily performance of a Referenced Futures Contract may lose value as the commodity comprising the Referenced Futures Contract, increases in value. Such a result is the opposite of most traditional mutual funds.

Liquidity Risk

In certain circumstances, such as the disruption of the orderly markets for securities or financial instruments in which an ETF invests, the ETF may not be able to dispose of certain holdings quickly or at prices that represent fair market value. Certain derivative instruments that are held by an ETF may also be illiquid, which may prevent the ETF from being able to limit its losses, to realize gains or from achieving a high (or inverse, depending on the ETF) correlation with its Referenced Futures Contract.

Market Risk

Each ETF is subject to market risks that affect the value of its investments, including general economic and market conditions, as well as developments that impact specific economic sectors, industries or companies. Each ETF, other than an ETF designed solely to match the inverse of its Referenced Futures Contract, will normally lose value on days when the index, security, currency or commodity comprising its Referenced Futures Contract declines (i.e., an adverse market condition for these ETFs). Each ETF designed solely to match the inverse of its Referenced Futures Contract, will normally lose value on days when the currency or commodity comprising the futures markets are volatile, and the value of, futures, options contracts and other instruments correlated with the futures markets may fluctuate dramatically from day-to-day. This volatility may cause the value of an investment in an ETF to decrease. An ETF designed solely to match the inverse of its Referenced Futures Contract will respond differently to these risks than a positively correlated ETF (i.e., an adverse market condition for these ETFs). Each ETF intends to remain fully invested regardless of market conditions.

Early Closing Risk

Unanticipated early closings of a stock exchange on which securities held by an ETF are listed may result in that ETF being unable to sell or buy securities on that day. If an exchange closes early on a day when an ETF needs to execute a high volume of securities trades late in the trading day, the ETF may incur substantial trading losses. In the event of early (late) exchange closings, it is expected that the ETFs will also close early (late).

Regulatory Risk

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

For example, the regulation of futures transactions is a rapidly changing area of law and is subject to modification by government and judicial action. The effect of any future regulatory changes on the ETFs is impossible to predict, but could be substantial and adverse. To the extent possible, the Manager attempts to monitor such changes to determine the impact such changes may have on the ETFs and what can be done, if anything, to try and limit such impact.

Draft legislation has also been introduced, and legislation has been enacted, which will change or has changed how over-the-counter derivatives transactions are regulated in the United States. This legislation may have an impact on the ETFs and their counterparties.

Commodity Market Risk

In the United States the CFTC has approved its final rule on speculative position limits for futures contracts in certain commodities, including futures contracts for crude oil, natural gas, silver and gold. Based on the current size of each ETF and commodity markets, these speculative limits are not currently expected to affect the ETFs or the counterparty to the ETFs. If an ETF or its counterparty exceeds a speculative position limit, that ETF's ability to rebalance (e.g., it may impact an ETF's ability to maintain a consistent daily absolute leverage of two times its current net assets) could be affected, the ETF's ability to seek additional exposure as a result of new subscriptions could be impaired, the ETF's ability to achieve its investment objective could be affected, and the counterparty's ability to hedge its obligations to the ETF could be impaired, and, as a result, the Manager could be required to suspend new subscriptions of the affected ETFs.

No Assurance of Meeting Investment Objective

The success of the ETFs depends on a number of conditions that are beyond the control of the ETFs. There is a substantial risk that the investment objectives of the ETFs will not be met.

Tax Risk

In determining its income for tax purposes, each ETF treats gains or losses on the disposition of securities in its Common Share Portfolio under its Existing Forward Documents as capital gains and losses. The CRA's practice is not to grant advance income tax rulings on the characterization of items as capital gains or income and no advance income tax ruling has been requested or obtained.

If, contrary to the advice of counsel to the ETFs or as a result of a change of law, upon physical settlement of the Existing Forward Documents the character and timing of the gain under the Existing Forward Documents were other than a capital gain on the sale of the securities thereunder, after-tax returns to Unitholders could be reduced and the ETF could be subject to non-refundable income tax. Under proposed changes to the Tax Act announced on March 21, 2013 in the 2013 federal budget, gains realized by an ETF on the disposition of property under a "derivative forward agreement", as defined, will be treated as ordinary income and losses may be deducted from income. A derivative forward agreement is defined to mean an agreement entered into on or after March 21, 2013 to sell (or purchase) capital property where the term of the agreement exceeds 180 days or the agreement is part of a series of agreements entered into on or after March 21, 2013 with a term that exceeds 180 days and where the sale price (or purchase price) of the property is determined by reference to, for example, the value of other property. Based on information currently available, these proposals are not expected to apply to the gains and losses realized by an ETF in connection with its Existing Forward Documents provided that the term of the Existing Forward Document is not extended and that, prior to its expiration date, the Existing Forward Document is not increased (meaning, for example, the size of the basket of "Canadian securities" to be delivered to the counterparty under the Existing Forward Document is generally not increased). The Department of Finance (Canada) is expected to release further guidance in relation to these proposed changes in the near future. The Manager understands, although no assurance can be given, that additional grandfathering may be provided, which could permit additional Existing Forward Documents with a total term of up to 180 days from the expiry of an Existing Forward Document becoming exempt from the tax proposals. The Manager has been advised that the Department of Finance (Canada) has expressed concern that investment funds not increase the size of existing character conversion transactions subsequent to the release of the 2013 Budget. As a result, no ETF will enter into transactions which would result in such increases in its Existing Forward Documents. The New Forward Documents will not be a "derivative forward agreement".

The ETFs will each recognize income under a New Forward Document when it is realized by such ETF upon partial settlements or upon maturity of the New Forward Document. This may result in significant gains being realized by the ETF at such times and such gains would be taxed as ordinary income. To the extent such income is not offset by any available deductions, it would be distributed to applicable Unitholders in the taxation year in which it is realized and included in such Unitholder's income for the year. In addition, it is possible that particular settlements under the New Forward Documents result in the

Acceptable Counterparty returning pledged collateral in the form of cash from the interest bearing account or T-Bills to the ETF in a taxation year but no income being realized by the ETF under the Tax Act in such taxation year. This will result in more accrued gains in the particular ETF which, when realized, will be distributed to Unitholders at such time as ordinary income.

It is anticipated that each ETF will qualify at all times as a "mutual fund trust" within the meaning of the Tax Act. For an 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 addition, an ETF 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 "taxable Canadian property" as defined in the Tax Act. Each ETF has made an election in its first tax return so that it qualifies under the Tax Act as a mutual fund trust from the commencement of its first taxation year. In the event an ETF were not to qualify as a mutual fund trust under the Tax Act at all times, there may be adverse tax consequences to Unitholders.

There can be no assurance that Canadian federal and provincial income tax laws respecting the treatment of mutual fund trusts or taxation in general will not be changed in a manner that adversely affects the Unitholders of an ETF. There can be no assurances that the CRA will agree with the tax treatment adopted by an ETF in filing its tax return (e.g., deduction of expenses or recognition of income) and the CRA could reassess an ETF on a basis that results in tax being payable by the ETF or additional tax being paid by a Unitholder.

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 ETFs since the ETFs are not expected to have any income from "non-portfolio property." If these rules apply to the ETFs, the after-tax return to Unitholders 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.

The ETFs are also generally required to pay GST/HST on any management fees and most of the other fees and expenses that they have to pay. Prince Edward Island (April 1, 2013) and Quebec (January 1, 2013) have decided to harmonize their provincial sales taxes with the GST and it is possible that additional provinces will decide to harmonize their provincial sales taxes with the GST. Further, effective April 1, 2013, British Columbia has de-harmonized, such that both the 5% GST and a 7% provincial sales tax will apply generally in the province. These changes may be accompanied by additional changes to the way that the GST/HST and provincial sales taxes apply to fees and expenses incurred by mutual funds such as the ETFs, which, accordingly, may affect the costs borne by each ETF and their Unitholders.

U.S. federal legislation enacted in 2010 imposes a 30% withholding tax on U.S. source payments made by U.S. entities and, in some cases, other payments made by non-U.S. entities after December 31, 2013 (or such later date as may be permitted under future guidance). An ETF may be subject to such a withholding tax if the ETF fails to provide certain private and confidential information regarding certain of its investors (generally U.S. investors or investors that have U.S. owners) to the U.S. Internal Revenue Service (the "IRS"). It is anticipated that the extent of reporting required from exchange traded funds will be limited to the direct registered unit holders of the exchange traded fund which is primarily any depository for securities through which your custodian or broker holds your units. The Manager will make every effort that is commercially reasonable to avoid the imposition of the 30% withholding tax on amounts paid to an ETF. However, if the Manager cannot enter into (or comply with) an agreement with the IRS in respect of compliance with the information reporting requirements, or otherwise satisfy any requirements for exemption or deemed compliance for any reason, the ETF may be subject to the 30% withholding tax on certain income, which would reduce the ETF's value. Also, an ETF's operating expenses may be increased by compliance costs in relation to these rules.

Conflicts of Interest

The ETFs are subject to certain conflicts of interest. See "Organization and Management Details of the ETFs - Conflicts of Interest" at page 63.

Price Limit Risk

Some futures exchanges have regulations that limit the amount of fluctuation that may occur in futures contract prices during a single business day. The maximum or minimum price on a contract on any given day as a result of these limits is referred to as a "limit price". Once the limit price is reached on a contract, no trades may be made at a price beyond the limit. The limit price may preclude trading or force liquidation of a particular contract at potentially disadvantageous prices or times. Such circumstances could adversely affect the value of Referenced Futures Contract, the net asset value of an ETF, and could also disrupt subscription and redemption requests.

Liability of Unitholders

The Trust Declaration provides that no Unitholder of an ETF 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 an ETF must indemnify and hold each Unitholder of the ETF 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 of the ETF 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 of an ETF for liabilities which cannot be satisfied out of the assets of the ETF.

No Assurance of Continued Participation

The Portfolio Management Agreement among the Manager, on behalf of the ETFs, the Investment Manager and the Portfolio Manager may be terminated in certain situations. Upon the expiration or termination of the Portfolio Management Agreement, the ETFs will not terminate, but will be required to make alternative arrangements for trading in the derivatives markets, through advisory services contracts or other means.

Reliance on the Manager, the Investment Manager and the Portfolio Manager

Unitholders of each ETF are relying on the ability of the Manager to monitor the Investment Manager, and on the Investment Manager to monitor the Portfolio Manager. Past performance is not necessarily indicative of future results. No assurance can be given that the trading systems and strategies utilized by the Portfolio Manager including, without limitation, the investment strategy of the Portfolio Manager, will prove successful under all or any market conditions.

Reverse Repurchase Transaction Risk

Each ETF may from time to time engage in reverse repurchase transactions. A reverse repurchase transaction takes place when an ETF buys a security at one price and agrees to sell it back later to the same party at a higher price. Reverse repurchase transactions come with certain risks. If the other party to a reverse repurchase transaction cannot complete the transaction, an ETF may be left with a security it may not want. An ETF may lose money if the value of the security rises or drops depending on the circumstances. To minimize the risks of these transactions, the buyer of securities must provide collateral which is worth at least 102% of the value of the reverse repurchase transactions and which is of the type permitted by the Canadian securities regulators. The value of the securities is monitored daily and the collateral adjusted appropriately by the Custodian.

All reverse repurchase transactions must be completed within 30 days.

Designated Broker/Dealer Risk

As each ETF only issues Units directly to Designated Brokers 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 are borne by the applicable ETF.

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 ETFs 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 ETFs will be suspended until the TSX reopens.

Borrowing Risk

Each ETF has obtained exemptive relief from the securities regulatory authorities to permit that ETF to borrow up to 15% of its net asset value under an overdraft facility. There are risks associated with such borrowing. For example, if such borrowing occurs and the securities in the portfolio of an ETF suffer a substantial decrease in value, the amount borrowed under an overdraft facility will cause a decrease in the net asset value of the ETF in excess of that which would be experienced if there were no borrowed amount owed by the ETF. In the event that the value of the portfolio decreases such that the amount borrowed exceeds 15% of the net asset value of an ETF, such ETF may be required to sell investments in order to reduce its obligations under the overdraft facility to the 15% limit. If borrowing does take place and the overdraft facility is called by the lender, an ETF may be required to liquidate its portfolio to repay the indebtedness at a time when the market for securities may be depressed, thereby forcing such ETF to incur losses.

Notwithstanding the foregoing, the Manager does not anticipate any ETF using its overdraft facility in the near future. The Manager will advise affected Unitholders if an ETF is required to borrow more than 10% of its net asset value.

Foreign Exchange Risk

Investments in foreign securities may involve risks not typically associated with investing in Canada. Foreign exchanges may be open on days when the ETFs do not price the Units and, therefore, the value of the securities in the portfolios of an ETF may change on days when investors are unable to purchase or sell Units. Also, some foreign securities markets may be volatile, lack liquidity, or have higher transaction and custody costs than those of the TSX. Also, securities of some Canadian issuers are inter-listed on a Canadian and a foreign exchange and may be traded on days when the foreign exchange is open and the TSX is not. In those circumstances changes in the value of those constituent securities in a Referenced Futures Contract will not be reflected in the value of the ETF and the spread or difference between the value of the securities in the ETF's portfolio and the market price of a Unit of that ETF on the TSX may increase. Also in the event that the TSX is open on a day that a foreign exchange is closed, the spread or difference between the value of the securities in the ETF's portfolio and the market price of a Unit of that ETF on the TSX may increase.

Exchange Rate Risk

Changes in foreign currency exchange rates may affect the value of an ETF's investments. Generally, when the Canadian dollar appreciates in value against a foreign currency, an investment in that country loses value because that currency is worth fewer Canadian dollars. Devaluation of a currency by a country's government or banking authority will also have a significant impact on the value of any investments denominated in that currency. Currency markets generally are not as regulated as securities markets.

Changes in the relative value of the Canadian and U.S. dollar may also affect the value of an investor's Units in an ETF if the investor bought the Units in a currency other than the currency in which the ETF is denominated.

Securities Lending Risk

The ETFs may engage in securities lending and have received exemptive relief from the securities regulatory authorities to allow an ETF to lend 100% of its investment portfolio to qualified borrowers. Although an ETF that engages in securities lending will receive collateral in excess of the value of the securities loaned, and although such collateral is marked to market, the ETF may be exposed to the risk of loss should a borrower default on its obligations to return the borrowed securities and the collateral is insufficient to reconstitute the portfolio of loaned securities. In addition, an ETF will bear the risk of loss of any investment of cash collateral.

DISTRIBUTION POLICY

Distributions on Units of an ETF, if any, are expected to be made annually at the end of each year where necessary.

On an annual basis, each ETF will ensure that all of its income (including net realized capital gains) has been distributed to Unitholders to such an extent that the ETF will not be liable for ordinary income tax thereon. Any such amount distributed by the ETF will be paid as a "reinvested distribution". Reinvested distributions on Units of an ETF will be reinvested automatically in additional Units of the ETF at a price equal to the net asset value per Unit of the ETF on such day and the Units of the ETF will 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 the distribution. In the case of a non-resident Unitholder if tax has to be withheld in respect of the distribution, the Unitholder's custodian may debit their account for any such required withholding tax. The tax treatment to Unitholders of the ETF of reinvested distributions is discussed under the heading "Income Tax Considerations".

The Manager does not anticipate that any material amount of distributions will be made on Units in the current year. Distributions of an ETF are expected to consist primarily of capital gains for income tax purposes in respect of the Existing Forward Documents, and are expected to consist primarily of ordinary income in respect of the New Forward Documents. As long as the Existing Forward Documents remain in effect, and an ETF enters into New Forward Documents in conjunction with or in replacement of the Existing Forward Documents, the level of distributions paid by an ETF to its Unitholders will depend upon payments received by the ETF under the Existing Forward Documents and the New Forward Documents, as applicable. If the Existing Forward Documents are terminated and an ETF is unable to enter into the New Forward Documents, the level and characterization of distributions paid by an ETF to its Unitholders will depend on the replacement investment strategy adopted by the ETF. The Manager does not currently anticipate the frequency or level of distributions to increase or decrease as a result of the expiration of the Existing Forward Documents or the ETFs entering into New Forward Documents.

PURCHASES OF UNITS

Issuance of Units of an ETF

To Designated Brokers and Dealers

All orders to purchase Units directly from an ETF must be placed by Designated Brokers and/or Dealers. The ETFs reserve the absolute right to reject any subscription order placed by a Designated Broker and/or a Dealer. No fees are payable by an ETF to a Designated Broker or a Dealer in connection with the issuance of Units of the ETF.

On any Trading Day, a Designated Broker or a Dealer may place a subscription order for the PNU or multiple PNU of an ETF. If a subscription order is received by an ETF by 9:30 a.m. (Toronto time) on a Trading Day, 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 is 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 for no later than the third Trading Day after the date on which the subscription order was accepted, provided that payment for such Units has been received.

In issuing Units of an ETF to a Designated Broker or Dealer, the Designated Broker or Dealer must deliver cash in exchange for the Units in an amount equal to the net asset value of such Units next determined following the receipt of the subscription order.

The Manager publishes the PNU for each ETF on its website, www.HorizonsETFs.com. The Manager may, at its discretion, increase or decrease the PNU of an ETF from time to time.

To Unitholders of an ETF as Reinvested Distributions

Units of an ETF will be issued to Unitholders of an ETF on the automatic reinvestment of all distributions in accordance with the distribution policy of the ETFs. See “Distribution Policy” at page 45.

Buying and Selling Units of an ETF

Units of each ETF are listed on the TSX. Investors may therefore trade Units of the ETF in the same way as other securities traded on the TSX, including by using market orders and limit orders. An investor may buy or sell Units of an ETF on the TSX only through a registered broker or dealer in the province or territory where the investor resides. Investors may incur customary brokerage commissions when buying or selling Units of an ETF.

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 an ETF. In addition, each ETF has obtained exemptive relief from the securities regulatory authorities to permit a Unitholder of that ETF to acquire more than 20% of the Units of that 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 that ETF at any meeting of Unitholders of that ETF.

Other than as a result of any applicable exemptive relief obtained from the securities regulatory authorities, each ETF will comply with all requirements of NI 81-102 and NI 81-104. See “Exemptions and Approvals” on page 77.

The ETFs have also obtained exemptive relief from the restrictions relating to redemptions of “seed capital” invested in a commodity pool.

Market participants are permitted to sell Units of an ETF short and at any price without regard to the restrictions of the Universal Market Integrity Rules that generally prohibit selling securities short on the TSX unless the price is at or above the last sale price.

REDEMPTION OF UNITS

As described below under “Book-Entry Only System”, registration of interests in, and transfers of, Units of an ETF are made only through the book-entry only system of CDS. The redemption rights described below must be exercised through the CDS Participant through which the owner holds Units of the ETF. Beneficial owners of Units of an ETF should ensure that they provide redemption instructions to the CDS Participant through which they hold such Units sufficiently in advance of the cut-off times described below to allow such CDS Participant to notify CDS and for CDS to notify the Manager prior to the relevant cut-off time.

Redemption of Units of an ETF for Cash

On any Trading Day, Unitholders of an ETF may redeem: (i) Units of the ETF for cash at a redemption price per Unit equal to 95% of the closing price for Units of the ETF on the TSX on the effective day of the redemption; 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. Because Unitholders of an ETF are generally able to sell their Units of the ETF at the market price on the TSX through a registered broker or dealer subject only to customary brokerage commissions, Unitholders of the ETF are advised to consult their brokers, dealers or investment advisors before redeeming such Units for cash unless they are redeeming a PNU of the ETF.

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 applicable ETF at its head office by 9:30 a.m. (Toronto time) on that day. If a cash redemption request is not received by 9:30 a.m. (Toronto time) on a Trading Day, the cash redemption request 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 make payment of the redemption price no later than the third Trading Day after the effective day of the redemption. The cash redemption request forms may be obtained from any registered broker or dealer.

Investors that redeem their Units of an ETF prior to the distribution record date for any distribution will not be entitled to receive that distribution.

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

Suspension of Redemptions

The Manager may suspend the redemption of Units of an ETF or payment of redemption proceeds of an ETF: (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; or (ii) with the prior permission of the securities regulatory authorities where required, for any period not exceeding 30 days during which the Manager determines that conditions exist which render impractical the sale of assets of the ETF or which impair the ability of the Custodian to determine the value of the assets of the ETF. The suspension may apply to all requests for redemption 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 ETFs, any declaration of suspension made by the Manager shall be conclusive.

Costs Associated with Redemptions

The Manager may charge to Unitholders of an ETF, at its discretion, a redemption charge of up to 0.25% of the redemption proceeds of the ETF. The Manager will publish the current redemption charge on its website, www.HorizonsETFs.com.

Permitted Borrowing

Each ETF has obtained exemptive relief from the securities regulatory authorities to permit that ETF to enter into an overdraft facility and to borrow up to 15% of its net asset value, and to provide a security interest over its portfolio assets in connection therewith. The purpose of entering into an overdraft facility is to accommodate redemptions of PNUs (or multiple thereof) by Dealers or Designated Brokers which require exceeding 5% borrowing threshold in applicable Canadian securities legislation.

If an ETF chooses to enter such an overdraft facility, it will be structured such that, if trading of an ETF's Units on the TSX is suspended for a period exceeding 30 days, such ETF will begin taking all necessary steps to ensure all amounts borrowed thereunder are fully repaid as soon as commercially reasonable, provided that such repayment need not be completed if the suspension is lifted within a set time period from the date of the suspension.

If entered into, the overdraft facility will also be structured to require that the maximum amount that can be borrowed by an ETF shall not exceed 15% of that ETF's net asset value from time to time and, if changes in the net asset value of that ETF result in the amount outstanding under the overdraft facility being more than such amount, that ETF will repay such amount as is necessary to reduce the amount outstanding to the permitted level.

Notwithstanding the foregoing, the Manager does not anticipate any ETF borrowing in the near future. The Manager will advise affected Unitholders if an ETF is required to borrow more than 10% of its net asset value.

Allocations of Income and Capital Gains to Redeeming Unitholders

Pursuant to the Trust Declaration, an 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, each 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 will reduce the redeeming Unitholder's proceeds of disposition.

Book-Entry Only System

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

Neither an ETF nor the Manager has 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 an 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.

An 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 ETFs at this time as: (i) the ETFs are exchange-traded funds that are primarily traded in the secondary market; and (ii) the few transactions involving Units of the ETFs that do not occur on the secondary market involve Designated Brokers and Dealers, who can only purchase or redeem Units in a PNU and on whom the Manager may impose a redemption charge.

PRIOR SALES

Trading Price and Volume

The following charts provide the price ranges and volume of Units traded on the TSX for each of the ETFs during the 12 months that preceded the date of this prospectus.

Horizons HBU

Month	Unit Price Range ($)	Volume of Units Traded
June 2012	18.24-20.00	2,038,366
July 2012	18.41-19.76	783,747
August 2012	18.83-21.26	686,658
September 2012	21.30-23.39	1,288,922
October 2012	21.31-23.68	1,045,354
November 2012	20.66-22.63	896,581
December 2012	19.78-21.52	749,868
January 2013	19.72-20.79	442,091
February 2013	17.65-20.40	895,169
March 2013	17.82-18.79	408,519
April 2013	13.00-18.39	1,994,743
May 2013	12.89-15.28	883,329

Horizons HBD

Month	Unit Price Range ($)	Volume of Units Traded
June 2012	13.62-14.83	2,275,039
July 2012	13.50-14.54	689,876
August 2012	12.49-14.13	343,784
September 2012	11.21-12.42	262,063
October 2012	11.01-12.21	358,443
November 2012	11.50-12.53	299,296
December 2012	11.82-12.91	292,597
January 2013	12.18-12.90	193,959
February 2013	12.44-14.25	745,852
March 2013	13.29-14.03	524,916
April 2013	13.57-18.21	992,379
May 2013	15.26-18.07	1,321,881

Horizons HOU

Month	Unit Price Range ($)	Volume of Units Traded
June 2012	3.62-4.34	66,547,278
July 2012	4.08-4.91	53,359,680
August 2012	4.33-5.32	44,100,415
September 2012	4.49-5.49	42,771,187
October 2012	3.95-4.72	57,253,553
November 2012	3.87-4.23	64,605,199
December 2012	3.90-4.39	56,064,361
January 2013	4.48-4.94	32,427,867
February 2013	4.28-4.91	25,249,008
March 2013	4.11-4.70	25,797,690
April 2013	3.73-4.68	46,664,314
May 2013	4.07-4.56	60,770,715

Horizons HOD

Month	Unit Price Range ($)	Volume of Units Traded
June 2012	6.96-8.39	30,023,530
July 2012	5.80-7.04	21,291,681
August 2012	5.20-6.48	25,472,920
September 2012	4.99-6.03	30,272,629
October 2012	5.63-6.64	27,931,442
November 2012	6.03-6.67	21,754,012
December 2012	5.70-6.47	23,501,962
January 2013	5.00-5.57	31,113,035
February 2013	5.03-5.71	27,149,367
March 2013	5.12-5.94	26,891,124
April 2013	5.15-6.36	32,048,396
May 2013	5.11-5.78	51,118,315

Horizons HNU

Month	Unit Price Range ($)	Volume of Units Traded
June 2012	8.66-13.39	46,680,310
July 2012	12.50-17.12	40,977,168
August 2012	10.89-16.52	39,189,041
September 2012	11.36-15.49	30,896,240
October 2012	16.07-18.30	35,753,914
November 2012	13.86-17.79	37,315,105
December 2012	11.80-14.66	36,042,629
January 2013	10.22-13.65	39,572,625
February 2013	10.28-12.21	24,948,106
March 2013	11.79-15.91	27,185,544
April 2013	14.53-18.40	34,781,305
May 2013	14.05-17.31	21,784,162

Horizons HND

Month	Unit Price Range ($)	Volume of Units Traded
June 2012	11.18-19.54	14,675,107
July 2012	7.96-11.56	20,297,525
August 2012	8.22-11.62	25,451,299
September 2012	7.64-11.00	19,944,452
October 2012	6.30-7.22	22,992,230
November 2012	6.04-7.68	20,277,738
December 2012	7.10-8.66	22,062,733
January 2013	7.18-9.74	25,818,133

February 2013	7.76-9.16	25,475,798
March 2013	5.70-7.88	30,721,942
April 2013	4.77-6.20	50,686,808
May 2013	4.90-5.99	58,887,167

Horizons HTD

Month	Unit Price Range ($)	Volume of Units Traded
June 2012	6.43-6.79	272,663
July 2012	6.35-6.71	73,044
August 2012	6.47-6.98	208,042
September 2012	6.54-7.07	144,168
October 2012	6.60-6.90	74,328
November 2012	6.40-6.73	67,339
December 2012	6.39-6.82	69,595
January 2013	6.79-7.05	182,449
February 2013	6.77-7.12	87,409
March 2013	6.77-7.16	47,465
April 2013	6.35-6.76	102,434
May 2013	6.51-7.10	85,670

Horizons HZU

Month	Unit Price Range ($)	Volume of Units Traded
June 2012	15.96-20.04	3,826,811
July 2012	16.36-18.20	1,446,071
August 2012	16.56-22.64	2,552,603
September 2012	23.28-26.96	3,524,447
October 2012	22.16-27.16	1,856,121
November 2012	21.04-25.64	2,609,996
December 2012	19.32-24.60	3,132,546
January 2013	19.52-22.32	2,977,019
February 2013	17.24-21.68	2,277,362
March 2013	16.92-18.00	1,130,333
April 2013	10.80-16.52	3,608,794
May 2013	9.93-11.76	6,549,470

Horizons HZD

Month	Unit Price Range ($)	Volume of Units Traded
June 2012	5.66-6.88	7,319,410
July 2012	5.95-6.59	3,826,649
August 2012	4.61-6.43	4,217,856
September 2012	3.80-4.45	9,390,231
October 2012	3.73-4.53	8,380,768
November 2012	3.80-4.72	9,678,509
December 2012	3.93-4.88	7,270,394
January 2013	4.16-4.79	6,207,658
February 2013	4.22-5.24	3,891,095
March 2013	4.98-5.27	4,247,741
April 2013	5.36-7.71	10,382,730
May 2013	6.86-8.09	7,924,251

Horizons HKU

Month	Unit Price Range ($)	Volume of Units Traded
June 2012	8.69-9.61	491,318
July 2012	8.81-9.82	147,916

August 2012	8.47-9.46	58,370
September 2012	9.54-11.22	1,469,713
October 2012	9.31-11.06	71,242
November 2012	9.02-10.05	80,115
December 2012	9.43-10.43	98,701
January 2013	9.81-10.51	74,251
February 2013	9.31-10.74	217,372
March 2013	8.50-9.41	134,026
April 2013	6.93-8.71	931,132
May 2013	6.81-8.22	1,536,995

Horizons HKD

Month	Unit Price Range ($)	Volume of Units Traded
June 2012	10.27-11.71	1,187,404
July 2012	9.98-11.00	1,942,275
August 2012	10.10-11.40	800,494
September 2012	8.40-10.27	1,658,895
October 2012	8.43-9.86	1,020,346
November 2012	9.06-10.17	331,503
December 2012	8.78-9.63	71,374
January 2013	8.48-9.17	78,440
February 2013	8.34-9.52	70,616
March 2013	9.39-10.20	26,424
April 2013	9.99-12.30	517,044
May 2013	10.05-12.57	514,381

INCOME TAX CONSIDERATIONS

In the opinion of Fasken Martineau DuMoulin LLP, counsel to the ETFs, the following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations under the Tax Act generally applicable to the acquisition, holding and disposition of Units of an 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 an 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 within the meaning of the Tax Act and who holds Units of the ETF as capital property (a "**Holder**").

Generally, Units of an 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 of that ETF 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 is based on the assumption that each ETF will qualify at all times as a "unit trust" and a "mutual fund trust" within the meaning of the Tax Act. For an 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 an 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.**

This summary is based on the current provisions of the Tax Act, the regulations thereunder and counsel's understanding of the current publicly available published administrative and assessing practices and policies of the CRA. 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 herein. 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 an ETF. This summary does not address the deductibility of interest on any funds borrowed by a Unitholder to purchase Units of an ETF. 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 an ETF. Prospective investors should consult their own tax advisors with respect to the income tax consequences to them of an acquisition of Units of an ETF based on their particular circumstances, and review the tax related risk factors in this prospectus.

Status of the ETFs

As noted above, this summary assumes that each ETF qualifies at all times as a "mutual fund trust" for purposes of the Tax Act.

Provided the Units of an ETF are listed on a "designated stock exchange" (within the meaning of the Tax Act) or the ETF qualifies as a "mutual fund trust" within the meaning of the Tax Act, Units of that ETF will be qualified investments under the Tax Act for a trust governed by a RRSP, a RRIF, a DPSP, a RDSP, a RESP or a TFSA.

Units of an 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; (c) a person that controls, directly or indirectly, in any manner whatsoever, such an employer or connected person; or (d) a person that does not deal at arm's length with a member of the plan or with any person described in (a), (b) or (c) above.

Taxation of the ETFs

An ETF must pay tax on its net income (including net realized capital gains) for a taxation year, less the portion thereof that it deducts in respect of the amount paid or payable to its Unitholders in the year. An amount will be considered to be payable to a Unitholder of an 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 ETFs requires that sufficient amounts be paid or made payable each year so that no ETF is liable for any income tax under Part I of the Tax Act.

In general, gains and losses realized by an ETF from derivative transactions will be on income account.

Each ETF did not realize any income, gain or loss as a result of entering into its Existing Forward Documents. Provided an ETF which is a "mutual fund trust" elects in accordance with the Tax Act to have each of its Canadian securities treated as capital property, gains or losses realized by the ETF on the sale of its Common Share Portfolio will be taxed as capital gains or capital losses. If the obligations of an ETF and its counterparty under the Existing Forward Documents are settled by making cash payments, a payment made or received by the ETF may be treated as an income outlay or receipt, as applicable. If an ETF which is a "mutual fund trust" delivers securities in its Common Share Portfolio to the counterparty in satisfaction of its obligations under the Existing Forward Documents and receives a payment from the counterparty equal to the price stipulated in the Existing Forward Documents, the ETF will realize capital gains (losses) equal to the amount by which such purchase price, less reasonable costs of disposition exceeds (or is less than) the aggregate adjusted cost base of such securities.

The foregoing disclosure regarding the tax treatment of an ETF only applies to Existing Forward Documents that have been entered into by the ETF prior to March 21, 2013 provided that the term of such Existing Forward Documents is not extended. The Manager has advised counsel that all of its Existing

Forward Documents were entered into prior to March 21, 2013 and their terms have not been extended, or the Existing Forward Document expired after March 21, 2013 and upon expiration the ETF entered into a new Existing Forward Document with a term of no more than 180 days. See "Risk Factors – Tax Risk" on page 41.

An ETF will not realize any income for purposes of the Tax Act upon entering into a New Forward Document. Payments received by an ETF under a New Forward Document will be on income account and the applicable ETF will recognize such income when it is realized by such ETF upon partial settlements or upon maturity of the New Forward Document.

An ETF is required to include in its income for each taxation year all interest that accrues to it to the end of 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.

An 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 which may arise upon the sale of the securities in its Common Share Portfolio acquired pursuant to the Existing Forward Documents in connection with redemptions of its Units.

In computing its income under the Tax Act, an ETF may deduct reasonable administrative and other expenses incurred to earn income from property or a business. An ETF may not deduct interest on borrowed funds that are used to fund redemptions of its Units.

Each ETF will be required to compute all amounts in Canadian dollars for purposes of the Tax Act.

Losses incurred by an 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 Tax Act.

In certain situations, where an ETF disposes of property and would otherwise realize a capital loss, the loss will be deemed to be a "suspended loss". This may occur if the ETF disposes of and acquires the same property during the period that begins 30 days before and ends 30 days after the disposition of property and holds it at the end of that period.

If an ETF does not qualify as a mutual fund trust under the Tax Act throughout a taxation year, among other things, the ETF may be liable to pay an alternative minimum tax under the Tax Act. If an ETF is not a "mutual fund trust" it may be subject to the "mark-to-market" rules in the Tax Act if more than 50% of its units are held by a "financial institution".

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 ETFs since the ETFs are not expected to have any income from "non-portfolio property." If these rules apply to the ETFs, the after-tax return to Unitholders 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.

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 for that particular taxation year, including the taxable portion of any net realized capital gains, as is paid or becomes payable to the Holder, including any

Management Fee Distributions, (whether in cash or whether such amount is automatically reinvested in additional Units of the ETF). The non-taxable portion of an ETF's net realized capital gains that are paid or become payable to a Holder in a 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 an 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 an ETF would otherwise be 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 increased by the amount of such deemed capital gain.

Provided that appropriate designations are made by an ETF, such portion of the net realized taxable capital gains of the ETF, the taxable dividends received or deemed to be received by the ETF on shares of taxable Canadian corporations, the foreign source income of the ETF as is paid or becomes payable to a Holder and the amount 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 will apply.

Any loss of an 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, an ETF is permitted to deduct in computing its income for a taxation year an amount that is less than the amount of its distributions for the year. This will enable an ETF to use, in a taxation year, losses from prior years without affecting the ability of the ETF to distribute its income annually. In such circumstances, the amount distributed to a Holder of an 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.

The purchase price for the Common Share Portfolio of an ETF under its Existing Forward Documents from time to time may significantly exceed the aggregate adjusted cost base of the securities comprising its Common Share Portfolio and an ETF may have a large unrealized gain upon maturity of a New Forward Document. Therefore, there may be significant accrued gains in an ETF prior to the settlement of its Existing Forward Documents or New Forward Documents on or about the termination of such Existing Forward Documents or New Forward Documents. In addition, it is possible that particular settlements under the New Forward Documents result in the Acceptable Counterparty returning pledged collateral in the form of cash from the interest bearing account or T-Bills to the ETF in a taxation year but no income being realized by the ETF under the Tax Act in such taxation year. This will result in more accrued gains in the particular ETF which, when realized, will be distributed to Unitholders at such time as ordinary income.

An ETF will partially settle the Existing Forward Documents and/or New Forward Documents in each taxation year in order to fund operating expenses and other liabilities of the ETF. A partial settlement may result in the ETF realizing net capital gains from the disposition of securities in its Common Share Portfolio under the Existing Forward Documents in such taxation year or net ordinary income from payments received under the New Forward Documents. If this occurs, Holders of the ETF will be allocated taxable capital gains or income in respect of the taxation year through a special distribution payable in Units without any corresponding distribution of cash.

On the disposition or deemed disposition of a Unit of an 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 which represents an amount that is otherwise required to be included in the Holder's income as described herein), 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 an ETF, when additional Units 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 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 distribution will generally be equal to the amount of the net income or capital gain distributed to the Holder of the ETF that has been distributed in the form of additional Units of the ETF. A consolidation of Units of an ETF following a distribution paid in the form of additional Units of the ETF will not be regarded as a disposition of Units of the ETF and will not affect the aggregate adjusted cost base to a Holder.

Pursuant to the Trust Declaration, an 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, each 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 will reduce the redeeming Unitholder's proceeds of disposition.

In general, one-half of any capital gain (a "**taxable capital gain**") realized by a Holder on the disposition of Units of an 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 realized by the Holder on the disposition of Units of an ETF in a taxation year may 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.

A Holder will be required to compute all amounts, including the adjusted cost base of Units of the applicable ETF and proceeds of disposition, in Canadian dollars for purposes of the Tax Act.

Amounts designated by an 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 for alternative minimum tax.

Taxation of Registered Plans

Distributions received by a RRSP, RRIF, DPSP, TFSA, RDSP or RESP on Units of an ETF while the Units are a qualified investment for such plans will be exempt from income tax in the plan, as will capital gains realized by the plan on the disposition of such Units. Withdrawals from such plans (other than a TFSA and certain withdrawals from a RESP or RDSP) are generally subject to tax under the Tax Act. Notwithstanding the foregoing, if the Units are "prohibited investments" for the purposes of a TFSA, RRSP, or RRIF, a Unitholder who is a holder of a TFSA, or annuitant of a RRSP or RRIF, that holds Units will be subject to a penalty tax as set out in the Tax Act. A "prohibited investment" includes a unit of a trust which does not deal at arm's length with the holder, or in which the holder has a significant interest, which, in general terms, means the ownership of 10% or more of the value of an ETF's outstanding Units by the holder, either alone or together with persons and partnerships with whom the holder does not deal at arm's length. Unitholders are advised to consult their own tax advisors in this regard.

Tax Implications of the Fund's Distribution Policy

The net asset value per Unit of an ETF will, in part, reflect any income and gains of the ETF that have accrued or been realized, but have not been made payable at the time Units of the ETF were acquired. Accordingly, a Holder of an ETF who acquires Units of the ETF, including on a reinvestment of distributions, may become taxable on the Holder's share of income and gains of the ETF that accrued before Units of the ETF were acquired. In addition, as noted above, there may be significant accrued gains in an ETF prior to the settlement of its Existing Forward Documents or New Forward Documents.

ORGANIZATION AND MANAGEMENT DETAILS OF THE ETFs

Manager of the ETFs

Horizons ETFs Management (Canada) Inc., a corporation existing under the laws of Canada, is the manager and trustee of each ETF. The principal office of Horizons is 26 Wellington Street East, Suite 700, Toronto, Ontario, M5E 1S2. Horizons was incorporated under the laws of Canada on April 5, 2005 under the name BetaPro Management Inc. and was primarily organized for the purpose of managing investment products, including the ETFs.

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. The Horizons family of exchange traded funds is a broadly diversified range of investment tools for investors of all experience levels which are designed to help them meet their investment objectives in a variety of market conditions. Horizons is a subsidiary of 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. With over 560 employees, including more than 80 investment professionals (as of January 31, 2013), Mirae Asset has a presence in Australia, Brazil, Canada, China, Colombia, Hong Kong, India, Korea, Taiwan, the United Kingdom, the United States, and Vietnam. Headquartered in Seoul, South Korea, Mirae Asset manages approximately US$57.2 billion in assets globally as of January 31, 2013.

Officers and Directors of the Manager

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

Name and Municipality of Residence	**Date Individual became a Director**	**Office**	**Principal Occupation**
Thomas Park, Clayton, Missouri	November 14, 2011	Director	Director, Horizons (Since 2011); Director, AlphaPro (since 2011); Executive Managing Director, Mirae Asset MAPS Global Investments (since 2008); Associate, Goldman Sachs International (2006, 2007-2008); Senior Consultant, KPMG Consulting (Bearing Point) (2001-2005).
Taeyong Lee, Frederick, Maryland	November 14, 2011	Executive Chairman and Director	Executive Chairman and Director, Horizons (since 2011); Executive Chairman and Director, AlphaPro (since 2011); Executive Vice President, Mirae Asset MAPS Global Investments (since 2010); Managing Director, Leading Securities Inc. (2008-2010); Director of Portfolio, ProFund Group (1999-2008).
Robert Shea, Poughkeepsie, New York	May 31, 2012	Chief Financial Officer and Director	Chief Financial Officer and Director, Horizons (since 2012); Chief Financial Officer and Director, AlphaPro (since 2012); Chief Financial Officer, the Investment Manager (since 2012); Chief Operating Officer, Mirae Asset Global Investments (USA) LLC (since 2009); Chief Financial Officer, Gradient Partners LP (2004-2009).

Name and Municipality of Residence	**Date Individual became a Director**	**Office**	**Principal Occupation**
Adam Felesky, Toronto, Ontario	April 5, 2005	Chief Executive Officer and Director	Chief Executive Officer and Director, Horizons (since 2005); Chief Executive Officer and Director, AlphaPro (since 2008); Chief Executive Officer and Director, the Investment Manager (since 2005); previously, Chief Executive Officer and Director, JovFunds Management Inc. ("**JovFunds**") (2008-2011); Partner, Bradbrooke Capital Holdings Inc. (commodity trading firm) (2003-2004); Associate, JP Morgan Securities Inc. (2001-2003).
Howard Atkinson, Toronto, Ontario	January 25, 2007	President and Director	President and Director, Horizons (since 2006); President and Director, AlphaPro (since 2008); previously, Managing Partner and Director, JovFunds (2008-2011); Head of Business Development, Exchange Traded Products, Barclays Global Investors Canada Ltd. (2000-2006).
Steven J. Hawkins, Oakville, Ontario	N/A	Senior Executive Vice President and Secretary	Senior Executive Vice President and Secretary, Horizons (since 2009); Senior Executive Vice President and Secretary, AlphaPro (since 2009); President, Chief Compliance Officer, Secretary and Director, the Investment Manager (since 2007); previously, Managing Partner and Director, JovFunds (2005-2011); Vice President, Compliance, AMG Canada Inc. and Senior Vice President, Compliance and Risk Management and Chief Investment Officer, First Asset Investment Management Inc. (2000-2005).
Kevin S. Beatson, Oakville, Ontario	N/A	Chief Operating Officer and Chief Compliance Officer	Chief Operating Officer and Chief Compliance Officer, Horizons (since 2009); Chief Operating Officer and Chief Compliance Officer, AlphaPro (since 2009); Chief Operating Officer and Director, the Investment Manager (since 2010); previously, Chief Operating Officer, JovFunds (2006-2011).
Jaime P.D. Purvis, Toronto, Ontario	N/A	Executive Vice President, National Accounts	Executive Vice President, National Accounts, Horizons (since 2009); Executive Vice President, National Accounts, AlphaPro (since 2009); previously, Executive Vice President, National Accounts, Horizons Exchange Traded Funds Inc. (since 2006-2012).
Faizan Dhanani, Toronto, Ontario	N/A	Executive Vice President, Retail Sales	Executive Vice President, Retail Sales, Horizons (since 2009); Executive Vice President, Retail Sales, AlphaPro (since 2009); previously, Vice President, Sales, JovFunds Inc. (2006-2009).

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

The percentage of securities of each class or series of voting or equity securities owned of record or beneficially, in aggregate, by all the directors and executive officers of the Manager in the Manager is 13.45%.

For a description of the compensation arrangements of the independent review committee of the ETFs, see "Independent Review Committee" at page 64.

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 ETFs, to make all decisions regarding the business of the ETFs and to bind the ETFs. 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 ETFs to do so.

The Manager's duties include negotiating contracts with certain third-party service providers, including, but not limited to, investment managers, counterparties, custodians, registrars, transfer agents, Designated Brokers, auditors and printers; authorizing the payment of operating expenses incurred on behalf of the ETFs; maintaining accounting records for the ETFs; preparing the reports to Unitholders of the ETFs and to the applicable securities regulatory authorities; calculating the amount and determining the frequency of distributions by the ETFs; preparing financial statements, income tax returns and financial and accounting information as required by the ETFs; ensuring that Unitholders of the ETFs are provided with financial statements and other reports as are required from time to time by applicable law; ensuring that the ETFs comply with all other regulatory requirements including the continuous disclosure obligations of the ETFs under applicable securities laws; administering purchases, redemptions and other transactions in Units of the ETFs; arranging for any payments required upon termination of the ETFs; and dealing and communicating with Unitholders of the ETFs. The Manager provides office facilities and personnel to carry out these services, if not otherwise furnished by any other service provider to the ETFs. The Manager also monitors the investment strategy of each ETF to ensure that each 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 ETFs, 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 an ETF or to any Unitholder of the ETF 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 an 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 each ETF, the Manager is entitled to receive a Management Fee from that ETF. See "Fees and Expenses" at page 30.

Investment Manager

The Investment Manager has been appointed investment manager to the ETFs pursuant to the Investment Management Agreement. Based in Ontario, the Investment Manager operates as a portfolio manager under the *Securities Act* (Ontario) and in certain other Provinces pursuant to applicable legislation. The Investment Manager also operates as a commodity trading manager under the *Commodity Futures Act* (Ontario). The principal office of the Investment Manager is at 26 Wellington Street East, Suite 608, Toronto, Ontario M5E 1S2. The Investment Manager was incorporated under the *Business Corporations Act* (Ontario) on July 10, 1997. The Investment Manager provides investment advisory services to a broad range of clients, including public mutual funds. The Investment Manager provides investment advisory and portfolio management services to the ETFs. Pursuant to the Investment Management Agreement, the Investment Manager has the authority to engage a sub-advisor for the purposes of assisting the Investment Manager in performing its duties as the Investment Manager and may, to the extent it deems appropriate, delegate any of its powers and duties as the Investment Manager to such sub-advisor. The Investment Manager and Manager are affiliates.

Officers and Directors of the Investment Manager

The name, municipalities of residence, position, and principal occupation over the past five (5) years of the senior officers and directors of the Investment Manager principally responsible for providing advice to the ETFs are as follows:

Name and Municipality of Residence	**Position with the Investment Manager**	**Principal Occupation**
Steven J. Hawkins Oakville, Ontario	President, Chief Compliance Officer, Secretary and Director	President, Chief Compliance Officer, Secretary and Director, the Investment Manager (since 2007); Senior Executive Vice President and Secretary, Horizons (since 2009); Senior Executive Vice President and Secretary, AlphaPro (since 2009); Senior Executive Vice President and Secretary, Horizons ETFs (since 2007); previously, Managing Partner and Director, JovFunds (2005-2011); Vice President, Compliance, AMG Canada Inc. and Senior Vice President, Compliance and Risk Management and Chief Investment Officer, First Asset Investment Management Inc. (2000-2005).
Adam Felesky Toronto, Ontario	Chief Executive Officer and Director	Chief Executive Officer and Director, the Investment Manager (since 2005); Chief Executive Officer and Director, Horizons (since 2005); Chief Executive Officer and Director, AlphaPro (since 2008); previously, Chief Executive Officer and Director, JovFunds (2008-2011); Partner, Bradbrooke Capital Holdings Inc. (commodity trading firm) (2003-2004); Associate, JP Morgan Securities Inc. (2001-2003).

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

Details of the Investment Management Agreement

The Investment Management Agreement will continue until the termination of the ETFs unless terminated as described below. The Manager may terminate the Investment Management Agreement: (i) upon 10 days' prior written notice to the Investment Manager; (ii) in the event that the Investment Manager is in breach or default of the Investment Management Agreement and, if capable of being cured, the breach or default has not been cured within 20 business days' written notice of such breach or default being given by the Manager to the Investment Manager; (iii) if there is a dissolution or the commencement of the winding-up of the Investment Manager; (iv) if the Investment Manager becomes bankrupt or insolvent or makes a general assignment for the benefit of its creditors or a receiver is appointed in respect of the Investment Manager or a substantial portion of its assets; (v) if the assets of the Investment Manager become subject to seizure or confiscation by any public or governmental organization; or (vi) if the Investment Manager is no longer registered or has failed to obtain any registration, license or other authorization required by it to perform the services delegated to it hereunder.

The Investment Manager may terminate the Investment Management Agreement upon 30 days' prior written notice to the Manager. The Investment Manager may also terminate the Investment Management Agreement immediately: (i) if the ETFs are terminated; (ii) if the Manager or any of its respective affiliates is no longer the manager of the ETFs; (iii) if there is a dissolution or the commencement of the winding-up of the Manager; (iv) if the Manager becomes bankrupt or insolvent or makes a general assignment for the benefit of its creditors or a receiver is appointed in respect of the Manager or a substantial portion of its assets; (v) if the assets of the Manager become subject to seizure or confiscation by any public or governmental organization; or (vi) in the event that the Manager is in breach of the Investment Management Agreement and, if capable of being cured, the breach or default has not been cured within 20 business days' written notice of such breach or default being given by the Investment Manager to the Manager.

Pursuant to the terms of the Investment Management Agreement, the Investment Manager has covenanted to act at all times on a basis which is fair and reasonable to the ETFs, to act honestly and in good faith with a view to the best interests of the ETFs and, in connection therewith, to exercise the degree of care, diligence and skill that a reasonably prudent investment counsellor would exercise in comparable circumstances. The Investment Management Agreement provides that the Investment Manager will not be liable in any way for any default, failure or defect in any of the securities comprising an investment portfolio of an ETF if it has satisfied the duties and the standard of care, diligence and skill set forth above. The Investment Management Agreement also requires the Manager to indemnify the Indemnified Persons, against all losses, damages, costs and expenses incurred by any of them in connection with the Manager's administration of the ETFs, unless an Indemnified Person is finally adjudicated to have committed an act or omission involving wilful misconduct, bad faith or negligence.

In the event that the Investment Management Agreement is terminated as provided above, the Manager shall promptly appoint a successor investment manager to carry out the activities of the Investment Manager.

The Manager is responsible for the payment of all fees owing to the Investment Manager.

Duties and Services to be Provided by the Portfolio Manager

The Portfolio Manager has been appointed portfolio manager of the ETFs pursuant to the Portfolio Management Agreement. The Portfolio Manager acts as a sub-advisor of the ETFs in accordance with the terms of the Portfolio Management Agreement. The Portfolio Manager is registered as an investment advisor with the U.S. Securities and Exchange Commission and is exempt from registration as a commodity pool operator and commodity trading advisor. The Portfolio Manager is a limited liability company organized under the laws of the State of Maryland on January 14, 2005. The principal office of the Portfolio Manager is located at 7501 Wisconsin Avenue, Suite 1000, Bethesda, Maryland. The Portfolio Manager is part of ProFunds Group, which includes ProFund Advisors LLC, manager of the

ProFunds. In June 2006 the Portfolio Manager introduced the first U.S. exchange-traded funds to provide inverse and magnified exposure to market indexes using strategies similar to that of the ETFs.

The Portfolio Manager's operations are overseen by Ryan Dofflemeyer and Howard Rubin, CFA.

Ryan Dofflemeyer. Mr. Dofflemeyer has been a portfolio manager with the Portfolio Manager since 2009. He was associate portfolio manager with the Portfolio Manager from 2007 to 2009. He has also been Portfolio Analyst for ProFund Advisors from 2003 to 2007. Mr. Dofflemeyer earned a B.A. in Economics and a B.A. in Sociology from the University of Virginia and a M.B.A. in Finance from the University of Maryland.

Howard Rubin, CFA. Mr. Rubin has been Director of Portfolio of the Portfolio Manager since December 2009. He has also been Senior Portfolio Manager for ProFund Advisors from 2004 to 2009, except for the period from May 13, 2005 to July 17, 2005, during which he was self-employed. Mr. Rubin was a portfolio manager with the Portfolio Manager from April 2000 to November 2004.

Details of the Portfolio Management Agreement

Subject to the termination rights set out therein, the initial term of the Portfolio Management Agreement will continue until August 10, 2015 (the "**PMA Term**"). Thereafter, and subject to the termination rights set out therein, the Portfolio Management Agreement shall automatically renew for successive one year periods.

Any party may terminate the Portfolio Management Agreement: (i) at the end of the PMA Term on 90 days' prior written notice to the other parties; or (ii) immediately, if any of the other parties ceases to carry on business, becomes bankrupt or insolvent, resolves to wind-up or liquidate or if a receiver of any of its assets is appointed.

The Manager or the Investment Manager may also terminate the Portfolio Management Agreement: (i) by notice in writing to the Portfolio Manager if the Portfolio Manager has not discharged its duties honestly, in good faith and in the best interests of the ETFs or if the Portfolio Manager has not exercised the degree of care, diligence and skill that a reasonably prudent investment manager would exercise in comparable circumstances and, in either case, if the Portfolio Manager has not remedied such failure within 10 business days of the failure; (ii) the Portfolio Manager has committed any fraud or material wrongdoing in conducting its businesses; (iii) if any of the registrations of the Portfolio Manager are rescinded or suspended and have not been fully reinstated within 10 business days of such rescission or suspension; (iv) in certain circumstances if the exchange-traded funds managed by the Manager and sub-advised by the Portfolio Manager have not in the aggregate achieved a minimum specified asset size; (v) if all of the exchange-traded funds managed by the Manager and sub-advised by the Portfolio Manager are terminated; or (vi) by mutual agreement of the parties.

The Portfolio Manager may also terminate this agreement: (i) immediately, if the Manager or Investment Manager has committed any fraud or wrongdoing in conducting their respective businesses; (ii) if any of the registrations of the Investment Manager are rescinded or suspended and are not reinstated within 10 business days of such rescission or suspension; or (iii) on 90 days written notice to the Manager and the Investment Manager, if the Portfolio Manager determines in certain limited circumstances that the provision of services under the Portfolio Management Agreement is no longer an economically viable or feasible endeavour for the Portfolio Manager.

The Investment Manager has agreed that it will be responsible for the investment advice the Portfolio Manager provides to the ETFs and for any losses that ETFs may incur if the Portfolio Manager breaches its standard of care. As the Portfolio Manager is located in the United States, and as all or a substantial portion of its assets are located outside of Canada, there may be difficulty enforcing any legal rights against it.

The Portfolio Management Agreement contains covenants and indemnities applicable to the Portfolio Manager that are similar to those of the Investment Manager in the Investment Management Agreement.

In the event that the Portfolio Management Agreement is terminated as provided above, the Investment Manager shall promptly appoint a successor portfolio manager to carry out the activities of the Portfolio Manager.

The Manager is responsible for the payment of all fees owing to the Portfolio Manager.

Designated Brokers

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

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

Conflicts of Interest

The Manager, the Investment Manager, the Portfolio Manager and their respective principals and affiliates (collectively, the "**ETF Managers**" and each an "**ETF Manager**") do not devote their time exclusively to the management of the ETFs. 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 ETFs. The ETF Managers therefore will have conflicts of interest in allocating management time, services and functions to the ETFs 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 ETFs' accounts utilizing trading and investment strategies which are the same as or different from the ones to be utilized in making investment decisions for the ETFs. In addition, in proprietary trading and investment, the ETF Managers may take positions the same as, different than or opposite to those of the ETFs. Furthermore, all of the positions held by accounts owned, managed or controlled by the Portfolio Manager will be aggregated for purposes of applying certain exchange position limits. As a result, the ETFs may not be able to enter into or maintain certain positions if such positions, when added to the positions already held by the ETFs 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" at page 33.

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

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 ETFs. 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 ETFs to recover damages from or to require an accounting by such ETF Manager. Unitholders should be aware that the performance by each ETF Manager of its responsibilities to the ETFs 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 ETFs; and (ii) applicable laws.

The Investment Manager and Manager are subsidiaries of Mirae Asset. The Investment Manager and Manager are affiliates of one another. NBF, acts or may act as a Designated Broker, a Dealer and/or a registered trader (market maker). An affiliate of NBC and NBF holds an indirect minority interest in AlphaPro, which is a subsidiary of the Manager. 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. 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.

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 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. The Canadian securities regulators have provided the ETFs with a decision exempting the ETFs from the requirement to include a certificate of an underwriter in the prospectus.

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 ETFs, establish an IRC. The Manager must refer all conflict of interest matters for review or approval to 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 each 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 26 Wellington Street East, Suite 700, Toronto, Ontario M5E 1S2; telephone: 416-933-5745; toll free: 1-866-641-5739; fax: 416-777-5181.

Warren Law, Sue Fawcett and Michael Gratch 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 ETFs compensate the IRC members for their participation on the IRC through member fees and, if applicable, meeting fees. Sue Fawcett and Michael Gratch currently receive $5,000 per year in member fees, while Warren Law, as chairperson of the IRC, receives $7,500 per year. As of July 1, 2013, Sue Fawcett and Michael Gratch will receive $10,000 per year in member fees, while Warren Law, as chairperson of the IRC, will receive $12,500 per year. The IRC's secretariat receives $20,000 per year for administrative services. An additional fee of $3,000 per meeting is charged by the IRC for each IRC meeting in excess of two per year. The total fees payable in respect of the IRC by a particular ETF is calculated by dividing the total net assets of the particular 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 ETFs 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 ETFs within 60 days thereafter for the purpose of appointing a successor trustee. If there is no manager, five Unitholders of an ETF may call a meeting of Unitholders of the ETF 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 an 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 ETFs, 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 does not receive any fees from the ETFs but is reimbursed for all expenses and liabilities that it properly incurs in carrying out activities on behalf of the ETFs.

Custodian

SSTCC is the successor custodian of each ETF's assets pursuant to the Custodian Agreement. The Custodian is located in Toronto, Ontario. 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. Provided the Custodian has not breached its standard of care as set out in the Custodian Agreement, the Custodian shall not be responsible for the holding or control of any property of an ETF which is not directly held by the Custodian, including any property of the ETF that is loaned or pledged to a counterparty.

Under the Custodian Agreement, the Custodian is paid fees at such rate as determined by the parties from time to time and is reimbursed for all reasonable expenses and disbursements incurred in the performance of its duties under the Custodian Agreement. The ETFs shall also indemnify the Custodian or any of its officers, directors, employees or agents for any loss, damage, liability, actions, suits, claims, costs and expenses arising in the course of performing the duties of the Custodian Agreement unless arising from negligence, fraud, bad faith, wilful default or breach of the Custodian's standard of care. Either party may terminate the Custodian Agreement in the event that the other party violates any material provision of the

Custodian Agreement by giving written notice to the violating party, provided the violating party has not be cured or made substantial progress to cure the violation within 90 days of receipt of such written notice.

Auditors

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

Valuation Agent

The Manager has retained SSTCC to provide accounting services in respect of the ETFs pursuant to a valuation services agreement.

Registrar and Transfer Agent

CIBC Mellon Trust is the Registrar and Transfer Agent for the Units of the ETFs pursuant to registrar and transfer agency agreements entered into by each ETF. CIBC Mellon Trust is independent of the Manager. CIBC Mellon Trust is located in Toronto, Ontario.

Promoter

The Manager took the initiative in founding and organizing the ETFs and is accordingly the promoter of the ETFs within the meaning of securities legislation of certain provinces and territories of Canada. The Manager, in its capacity as manager of the ETFs, receives compensation from the ETFs. See "Fees and Expenses" at page 30.

CALCULATION OF NET ASSET VALUE

The net asset value per unit of an ETF is computed 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 of the ETF that are outstanding. The net asset value per Unit of an ETF so determined is adjusted to the nearest cent per Unit and remains in effect until the time as at which the next determination of the net asset value per Unit of the ETF is made. The net asset value per Unit of an ETF is calculated on each Valuation Day. Initially, the entire net asset value of an ETF was derived from its Existing Forward Documents.

Typically, the net asset value per Unit of an ETF is calculated at its applicable Valuation Time. The net asset value per Unit of an ETF 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 ETFs

The Manager uses the following valuation procedures in determining an ETF's "**net asset value**" and "**net asset value per Unit**" on each Valuation Day:

1. 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, is deemed to be the face amount thereof, unless the Manager 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 Manager determines, on such basis and in such manner as may be approved by the board of directors of the Manager to be the reasonable value thereof.

2. The value of any security, commodity or interest therein which is listed or dealt in upon a stock exchange is 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(s); and

(b) in the case of securities not traded on that Valuation Day, a price estimated to be the true value thereof by the Manager on such basis and in such manner as may be approved of by the board of directors of the Manager, 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.

3. Long positions in clearing corporation options, options on futures, over-the-counter options, debt-like securities and listed warrants are 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 is the gain or loss with respect thereto that would 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 is reflected as an account receivable and margin consisting of assets other than cash are noted as held as margin.

4. In the case of any security or property for which no price quotations are available as provided above, the value thereof is determined from time to time by the Manager, where applicable, in accordance with the principles described in paragraph 2(ii) above, except that the Manager 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, in such manner as may be approved of by the board of directors of the Manager.

5. The liabilities of an ETF include:

   a. all bills, notes and accounts payable of which the ETF is an obligor;

   b. all brokerage expenses of the ETF;

   c. all Management Fees of the ETF;

   d. 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;

   e. all allowances of the ETF authorized or approved by the Manager for taxes (if any) or contingencies; and

   f. all other liabilities of the ETF of whatsoever kind and nature.

6. Each transaction of purchase or sale of a portfolio asset effected by the ETF shall be reflected by no later than the next time that the net asset value of the ETF and the net asset value per Unit of the ETF is calculated.

In calculating the net asset value of an ETF, the ETF generally values 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 will value such investments using methods that have generally been adopted by the marketplace. Fair valuing the investments of an 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 an 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 an 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 an 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, an ETF is required to calculate net asset value in accordance with Canadian GAAP. On April 1, 2005, the Canadian Institute of Chartered Accountants ("**CICA**") issued Section 3855, Financial Instruments – Recognition and Measurement ("**Section 3855**") of the CICA Handbook – Accounting, which establishes standards for the fair valuation of investments as well as the accounting treatment of transaction costs. The adoption of Section 3855 results in the use of different valuation techniques for certain investments.

Canadian securities regulatory authorities had previously granted relief to investment funds from the requirement to comply with Section 3855, for the purposes of calculating and reporting of net asset value used for investor transactions. Effective September 8, 2008, amendments to National Instrument 81-106 *Investment Fund Continuous Disclosure* came into force to address the implications of Section 3855. The amendments permit investment funds to have two different net asset values: (i) one for financial statements, which will be prepared in accordance with Canadian GAAP including Section 3855 (referred to as "net assets"); and (ii) another for all other purposes, including unit pricing for investor transactions (referred to as "net asset value").

In accordance with the relief granted by the Canadian securities regulatory authorities, disclosure of differences between net assets and net asset value of an investment fund is required for financial reporting purposes. For investments that are traded in an active market where quoted prices are readily and regularly available, Section 3855 requires bid prices (for investments held) and ask prices (for investments sold) to be used in the fair valuation of investments, rather than the use of closing sale prices currently used for the purpose of determining net asset value used for investor transactions. For investments that are not traded in an active market, Section 3855 requires the use of specific valuation techniques rather than the use of valuation techniques by virtue of general practice in the investment funds industry to determine fair value.

Reporting of Net Asset Value

Persons or companies that wish to be provided with the most recent net asset value per Unit of an 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.

ATTRIBUTES OF THE SECURITIES

Description of the Securities Distributed

Each 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 that ETF.

Units of each of the ETFs are currently listed on the TSX.

On December 16, 2004, the *Trust Beneficiaries' Liability, 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. Each ETF is a reporting issuer under the *Securities Act* (Ontario) and each ETF is governed by the laws of Ontario by virtue of the provisions of the Trust Declaration.

Each Unit of an ETF entitles the owner to one vote at meetings of Unitholders of the ETF. Each Unit of an 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, whether by way of income or capital distributions and, on liquidation, to participate equally in the net assets of the ETF remaining after satisfaction of any outstanding liabilities that are attributable to Units of the ETF. All Units are fully paid, when issued, in accordance with the terms of the Trust Declaration. Unitholders of an ETF are entitled to require the ETF to redeem their Units of the ETF as outlined under the heading "Redemption of Units" at page 46.

Modification of Terms

Any amendment to the Trust Declaration that creates a new class of Units of an 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 an ETF, or the termination of a class of the ETF, which has an affect 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 an 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" at page 71.

UNITHOLDER MATTERS

Meetings of Unitholders

Meetings of Unitholders of an 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 an ETF to be called to approve certain changes as follows:

(i) 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:

(A) the ETF is at arm's length with the person or company charging the fee; and

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

(ii) a fee or expense, to be charged to an 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;

(iii) the Manager is changed, unless the new manager of the ETF is an affiliate of the Manager;

(iv) the fundamental investment objective of the ETF is changed;

(v) the ETF decreases the frequency of the calculation of its net asset value per Unit;

(vi) 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:

(A) the IRC of the ETF has approved the change in accordance with NI 81-107;

(B) 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;

(C) the Unitholders have received at least 60 days' notice before the effective date of the change; and

(D) the transaction complies with certain other requirements of applicable securities legislation;

(vii) 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; or

(viii) 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 auditors of an ETF may not be changed unless:

(ix) the IRC of the ETF has approved the change; and

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

Approval of Unitholders of an 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 an 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 each ETF affected by the proposed amendment in circumstances where:

(a) the securities legislation requires that written notice be given to Unitholders of that 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 that ETF, so that it is equitable to give Unitholders of that ETF advance notice of the proposed change.

All Unitholders of an ETF are 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 an 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 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 each ETF and in accordance with applicable laws, furnishes to each Unitholder of that ETF, unaudited semi-annual financial statements and an interim management report of fund performance for that 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 that ETF within 90 days of the end of each financial year. Both the semi-annual and the annual financial statements of each ETF contain a statement of net assets, a statement of operations, a statement of changes in net assets, a statement of cashflows and a statement of investment portfolio. The semi-annual and the annual financial statements of each ETF also disclose the minimum and maximum levels of leverage experienced by that ETF in the period covered by such statements, together with a brief explanation of how that ETF used leverage and the significance of the minimum and maximum levels of leverage to that ETF.

Any tax information necessary for Unitholders to prepare their annual federal income tax returns in connection with their investment in Units is also distributed to them within 90 days after the end of each financial year of the ETFs. 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 each ETF is determined by the Manager on each Valuation Day and is usually published daily in the financial press.

TERMINATION OF THE ETFs

Subject to complying with applicable securities law, the Manager may terminate an 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 an ETF is terminated, the Trustee is empowered to take all steps necessary to effect the termination of the ETF. Prior to terminating an ETF, the Trustee may discharge all of the liabilities of the ETF and distribute the net assets of the ETF to the Unitholders of the ETF.

Upon termination of an ETF, each Unitholder of the ETF shall be entitled to receive at the applicable Valuation Time(s) on the termination date out of the assets of the ETF: (i) payment for that Unitholder's Units at the net asset value per Unit for that class of Units of the ETF determined at the applicable Valuation Time(s) 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 applicable redemption charges and 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 of that ETF 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 an 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 each ETF are offered for sale on a continuous basis by this prospectus and there is no minimum or maximum number of Units of an ETF that may be issued. The Units of each 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.

Units of the ETFs are currently listed on the TSX.

BROKERAGE ARRANGEMENTS

Subject to the prior written approval of the Manager, the Portfolio Manager is authorized to establish, maintain, change and close brokerage accounts on behalf of the ETFs. The Portfolio Manager uses a number of clearing brokers to transact trades in futures contracts on behalf of the ETFs. Once such brokerage accounts are established, the Portfolio Manager is authorized to negotiate commissions and fees to be paid on such brokerage transactions, subject to a continuing obligation to seek and obtain the best price, execution and overall terms.

RELATIONSHIP BETWEEN ETFs AND DEALER

The Manager, on behalf of an ETF, may 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 an ETF and such subscription has been accepted by Horizons.

An affiliate of NBC and NBF holds an indirect minority interest in AlphaPro, which is a subsidiary of the Manager. 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" at page 63.

PRINCIPAL HOLDERS OF UNITS OF THE ETFs

To the knowledge of the Manager, as of May 31, 2013, no person owns of record or beneficially, more than 10% of the outstanding Units of an ETF, other than NBF which beneficially owns: (i) 35,249 Units or 12.82 % of Horizons HKD; (ii) 351,760 Units or 14.97% of Horizons HBU; (iii) 105,621 Units or 22.24% of Horizons HBD; (iv) 1,990,068 Units or 71.39% of Horizons HZD; (v) 4,925,826 Units or 12.83% of Horizons HOU; (vi) 2,562,485 Units or 30.45% of Horizons HNU; and (vii) 6,613,166 Units or 21.02% of Horizons HND.

PROXY VOTING DISCLOSURE FOR PORTFOLIO UNITS HELD

The Manager is responsible for all securities voting in respect of securities held by the ETFs and exercising responsibility with the best economic interests of the ETFs and the Unitholders of the ETFs. The Manager has established proxy voting policies, procedures and guidelines (the "**Proxy Voting Policy**") for securities held by the ETFs 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 ETFs and the Unitholders of the ETFs.

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 ETFs receive proxy materials. Issuers' proxies most frequently contain proposals to elect corporate directors, to appoint external auditors and set their compensation, to adopt or amend management compensation plans, and to amend the capitalization of the company.

Pursuant to the Proxy Voting Policy, the Manager will generally cause the ETFs to vote on these matters as follows:

(a) **Board Of Directors** - The Manager supports establishing a majority of independent directors and independent committee chairs. Boards are required to act in the best interests of all shareholders. This can be achieved by ensuring that the majority of directors are independent. The Manager will not normally vote against a slate of directors because they are not independent. However, it will do so if corporate performance is unsatisfactory over a reasonable period of time.

(b) **Contested Director Elections** - In the case of contested board elections, the nominees' qualifications and the performance of the incumbent board will be evaluated, as well as the rationale behind the dissidents' campaign, to determine the outcome that will maximize shareholder value.

(c) **Classified Boards** - Proposals to declassify existing boards (whether proposed by management or shareholders) will generally be supported, and efforts by companies to adopt classified board structures, in which only part of the board is elected each year, will be resisted.

(d) **Director/Officer Indemnification** - Proposals to indemnify directors and officers will generally be supported to ensure the companies can recruit the most qualified individuals. Individuals may be reluctant to serve as a director or officer if they were to be personally liable for all lawsuits and legal costs.

(e) **Director Ownership** - Proposals that will require independent directors to hold a minimum amount of company stock as individuals will generally be opposed. Such a requirement raises questions about directors' independence, and qualified candidates may be reluctant to accept directorships in the face of such a requirement.

(f) **Director Qualifications** - The Manager supports establishing minimum standards for directors and disclosing the directors' qualifications to shareholders. The Manager supports boards that consist of experienced individuals with the appropriate business and professional credentials. Elected directors should have general business acumen, company specific knowledge, and should make informed and independent judgments. The proxy circular should set out the minimum qualifications and standards for directors and a brief description of the business and professional credentials of each director.

(g) **Independent Advisors** - The Manager supports empowering boards, board committees and individual directors to retain (at the subject company's expense) outside legal counsel and other advisors to assist them with their responsibilities.

(h) **Separation of Chair and Chief Executive Officer** - The Manager supports, where possible, separating the chair and chief executive officer roles. The board chair should be an independent executive director. Generally, the Manager will not vote against a slate of directors if the board and management roles are not separated. However, the Manager will do so if corporate performance over a reasonable period of time is unsatisfactory or if there are continuing issues relating to corporate governance matters.

(i) **Approval of Independent Auditors** - The relationship between a company and its auditors should be limited primarily to the audit, although it may include certain closely related activities that do not, in the aggregate, raise any appearance of impaired independence. Management's recommendation for the ratification of the auditors, except in instances where audit and audit-related fees make up less than 50% of the total fees paid by the company to the audit firm, will generally be supported. Instances in which the audit firm has a substantial non-audit relationship with the company (regardless of its size relative to the audit fee) will be evaluated on a case-by-case basis to determine whether there is a concern that independence has been compromised.

(j) **Executive Compensation** - The Manager supports establishing an independent compensation committee to ensure that executive compensation is competitive and fair. Although, management should be competitively compensated, an independent compensation committee should review compensation arrangements and make recommendations to the board of directors. Shareholders should be allowed to vote on all equity based compensation plans (including option plans) because of the potential dilutive effect on their existing ownership.

(k) **Stock-Based Compensation Plans** - An independent compensation committee should have significant latitude to deliver varied compensation to motivate the company's employees. However, all compensation proposals will be evaluated in the context of several factors (a company's industry, market capitalization, competitors for talent, etc.) to determine whether a particular plan or proposal balances the perspectives of employees and the company's other shareholders. Each proposal will be evaluated on a case-by-case basis, taking all material facts and circumstances into account.

(l) **Bonus Plans** - Bonus plans, which must be periodically submitted for shareholder approval, should have clearly defined performance criteria and maximum awards expressed in dollars. Bonus plans with awards that are excessive in both absolute terms and relative to a comparative group generally will not be supported.

(m) **Employee Stock Purchase Plans** - The use of employee stock purchase plans to increase company stock ownership by employees will generally be supported provided that shares purchased under the plan are acquired for no less than 85% of their market value and that shares reserved under the plan comprise less than 5% of the outstanding shares.

(n) **Executive severance agreements** - While executives' incentives for continued employment should be more significant than severance benefits, there are instances, particularly in the event of a change in control, in which severance arrangements may be appropriate. The Manager will generally, without submission to shareholders, cause the ETFs to vote in favour of approving severance benefits triggered by a change in control that do not exceed three times an executive's salary and bonus. The Manager will generally not approve, without shareholder approval, any severance arrangement under which the beneficiary receives more than three times salary and bonus or where severance is guaranteed absent a change in control.

(o) **Shareholder rights plans** - In evaluating the approval of proposed shareholder rights plans, the following factors will be considered: the length of the plan, whether the plan requires shareholder approval for renewal, whether the plan incorporates review by a committee of independent directors at least every three years, whether the plan includes permitted bid/qualified offer features that mandate a shareholder vote in certain situations, whether the ownership trigger is reasonable and the level of independence of the board that is proposing such plan.

(p) **Crown jewel defence** - The sale of assets to "friendly" companies in an effort to frustrate a takeover will generally be opposed as this action could impair shareholder value.

(q) **Cumulative voting** - Cumulative voting will generally be opposed on the basis that it allows shareholders a voice in director elections that is disproportionate to their economic investment in the corporation.

(r) **Supermajority vote requirements** – Shareholders' ability to approve or reject matters presented for a vote based on a simple majority will be supported. Accordingly, proposals to remove supermajority requirements will be supported, and proposals to impose them will be opposed.

(s) **Right to call meetings and act by written consent** – Shareholders' rights to call special meetings of the board (for good cause and with ample representation) and to act by written consent will generally be supported. Proposals to grant these rights to shareholders will be supported, and proposals to abridge these rights will be opposed.

(t) **Confidential voting** - The integrity of the voting process is enhanced substantially when shareholders (both institutions and individuals) can vote without fear of coercion or retribution based on their votes. As such, proposals to provide confidential voting will be supported.

(u) **Dual classes of stock** - Dual-class capitalization structures that provide disparate voting rights to different groups of shareholders with similar economic investments are objectionable. As such, the creation of separate classes with different voting rights will be opposed, and the dissolution of such classes will be supported.

(v) **Corporate and social policy issues** - Proposals in this category, initiated primarily by shareholders, typically request that the company disclose or amend certain business practices. These are “ordinary business matters” that are primarily the responsibility of management and should be evaluated and approved solely by the corporation’s board of directors. The ETFs will typically abstain from voting on these proposals absent a compelling economic impact on shareholder value (e.g., proposals to require expensing of stock options).

(w) **Increase in authorized shares** - The Manager supports only issuing additional common shares for good business reasons. Additional common shares should be issued only for sound business reasons. A 20% or greater increase in authorized common shares should be avoided unless there is a good reason for doing so.

Other issues, including those business issues specific to the issuer or those raised by shareholders of the issuer, are addressed on a case-by-case basis with a focus on the potential impact of the vote on shareholder value.

The ETFs may limit their voting on foreign holdings in instances where the issues presented are unlikely to have a material impact on shareholder value, since the costs of voting (e.g., custodian fees, vote agency fees) in foreign markets may be substantially higher than for Canadian holdings.

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.

An ETF’s proxy voting record for the annual period from July 1 to June 30 is 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. An ETF’s proxy voting record is also be available on our Internet site at www.HorizonsETFs.com.

MATERIAL CONTRACTS

The only contracts material to the ETFs are the following:

(a) the 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 ETFs – The Trustee” on page 65, “Attributes of Securities – Modification of Terms” on page 69, and “Unitholder Matters – Amendments to the Trust Declaration” on page 71;

(b) the Investment Management Agreement. For additional disclosure related to the Investment Management Agreement, including relevant termination provisions and other key terms of the agreement, see “Organization and Management Details of the ETFs – Details of the Investment Management Agreement” on page 61;

(c) the Portfolio Management Agreement. For additional disclosure related to the Portfolio Management Agreement, including relevant termination provisions and other key terms of the agreement, see “Organization and Management Details of the ETFs – Details of the Portfolio Management Agreement” on page 62;

(d) the 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 ETFs – Custodian” on page 65;

(e) the Existing Forward Documents and the New Forward Documents. For additional disclosure related to the Existing Forward Documents and the New Forward Documents see “Investment Strategies – General Investment Strategies” at page 17); and

(f) the Designated Broker Agreement. For additional disclosure related to the Designated Broker Agreement, see “Organization and Management Details of the ETFs – Designated Brokers” on page 63.

Copies of these agreements may be examined at the head office of the ETFs, 26 Wellington Street East, Suite 700, Toronto, Ontario, M5E 1S2, during normal business hours.

LEGAL AND ADMINISTRATIVE PROCEEDINGS

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

EXPERTS

Fasken Martineau DuMoulin LLP, legal counsel to the ETFs, has provided a legal opinion on the principal Canadian federal income tax considerations that apply to an investment in Units of an ETF by an individual resident in Canada. See “Income Tax Considerations” on page 52.

KPMG LLP, the auditors of the ETFs, have consented to the use of their reports each dated March 13, 2013 to the Unitholders of the ETFs. KPMG LLP has confirmed that they are independent with respect to the ETFs within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

EXEMPTIONS AND APPROVALS

The ETFs are entitled to rely on exemptive relief from the Canadian 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 provided the 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 at any meeting of Unitholders;

(b) permit the redemption of less than a PNU at a price equal to 95% of the closing price for such Units on the TSX on the effective date of redemption;

(c) relieve the ETFs from the requirement that a prospectus contain a certificate of the underwriters;

(d) relieve the ETFs from the dealer registration requirement provided that the Manager complies with Part 15 of NI 81-102;

(e) engage an affiliate of an Acceptable Counterparty, that is an investment dealer, as its securities lending agent;

(f) relieve the ETFs from restrictions relating to redemptions of “seed capital” invested in a commodity pool;

(g) allow an ETF to borrow up to 15% of its net asset value under an overdraft facility, and in each case to provide a security interest over its portfolio assets in connection therewith; and

(h) to allow an ETF to lend 100% its investment portfolio to qualified borrowers.

OTHER MATERIAL FACTS

Futures Contract Information

1. COMEX®

The COMEX® gold futures contract tracks gold futures and options. The COMEX® provides an important alternative to traditional means of investing in gold such as bullion, coins and mining stocks.

The COMEX® silver futures contract tracks silver futures and options. The COMEX® provides an important alternative to traditional means of investing in silver such as bullion, coins and mining stocks.

The COMEX® copper futures contract tracks copper futures and options. The COMEX® provides an important alternative to traditional means of investing in copper such as physical copper and related mining stocks.

“COMEX” is a registered service mark of Commodity Exchange, Inc. and has been licensed by it for use to the Manager. The ETFs are not sponsored, endorsed, sold or promoted by Commodity Exchange, Inc. and Commodity Exchange, Inc. makes no representation regarding the advisability of investing in the ETFs.

2. NYMEX®

The NYMEX® light sweet crude oil futures contract is the world’s most liquid forum for crude oil trading, as well as the world’s largest-volume futures contract trading on a physical commodity. Because of its excellent liquidity and price transparency, the contract is used as a principal international pricing benchmark. Crude oil futures are listed as much as nine years forward using the following listing schedule: consecutive months are listed for the current year and the next five years; in addition, the June and December contract months are listed beyond the sixth year.

The NYMEX® natural gas futures contract is widely used as a national benchmark price for natural gas consumption in the United States.

“NYMEX” and “New York Mercantile Exchange” are registered service marks of New York Mercantile Exchange, Inc. and have been licensed by it for use to the Manager. The ETFs are not sponsored, endorsed, sold or promoted by New York Mercantile Exchange, Inc. and New York Mercantile Exchange, Inc. makes no representation regarding the advisability of investing in the ETFs.

Disclaimer:

NEW YORK MERCANTILE EXCHANGE, INC. (i) DOES NOT IN ANY WAY PARTICIPATE IN THE OFFERING, SALE, OR ADMINISTRATION OF THE ETFS OR ANY PAYMENTS TO BE MADE ON ANY OF THE ETFS, (ii) DOES NOT IN ANY WAY ENSURE THE ACCURACY OF ANY OF THE STATEMENTS MADE IN THE PROSPECTUS OR ANY PROSPECTUS SUPPLEMENT OR THIS DOCUMENT, (iii) IS NOT LIABLE FOR ANY ERROR OR OMISSION IN ANY PRICE, INDEX, OR VALUATION USED IN CONNECTION WITH THE ETFS, AND (iv) IS NOT IN ANY WAY AN OFFEROR OF THE ETFS.

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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 mutual fund securities within two business days after receipt of a prospectus and any amendment or within 48 hours after receipt of a confirmation of a purchase of such securities. If the agreement is to purchase such securities under a contractual plan, the time period during which withdrawal may be made may be longer.

In several of the provinces and territories, securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, but such remedies must be exercised by the purchaser within the time limits prescribed by the securities legislation of the investor’s province or territory of residence. 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 advisor.

DOCUMENTS INCORPORATED BY REFERENCE

Additional information about the ETFs is available in the following documents:

(a) the most recently filed comparative annual financial statements of the ETFs, together with the accompanying report of the auditor;

(b) any interim financial statements of the ETFs;

(c) the most recently filed annual management report of fund performance of the ETFs; and

(d) any interim management report of fund performance of the ETFs filed after that most recently filed annual management report of fund performance of the ETFs.

These documents are incorporated by reference into this prospectus, which means that they 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 ETFs' Internet site at www.HorizonsETFs.com. These documents and other information about the ETFs are also available on the Internet at www.sedar.com.

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

HORIZONS BETAPRO COMEX® GOLD BULLION BULL PLUS ETF
HORIZONS BETAPRO COMEX® GOLD BULLION BEAR PLUS ETF
HORIZONS BETAPRO NYMEX® CRUDE OIL BULL PLUS ETF
HORIZONS BETAPRO NYMEX® CRUDE OIL BEAR PLUS ETF
HORIZONS BETAPRO NYMEX® NATURAL GAS BULL PLUS ETF
HORIZONS BETAPRO NYMEX® NATURAL GAS BEAR PLUS ETF
HORIZONS BETAPRO US 30-YEAR BOND BEAR PLUS ETF
HORIZONS BETAPRO COMEX® SILVER BULL PLUS ETF
HORIZONS BETAPRO COMEX® SILVER BEAR PLUS ETF
HORIZONS BETAPRO COMEX® COPPER BULL PLUS ETF
HORIZONS BETAPRO COMEX® COPPER BEAR PLUS ETF

(THE “ETFs”)

CERTIFICATE OF THE ETFs, THE MANAGER AND PROMOTER

Dated June 26, 2013

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 ETFs

(signed) *“Adam Felesky”*
Adam Felesky
Chief Executive Officer

(signed) *“Robert Shea”*
Robert Shea
Chief Financial Officer

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

(signed) *“Taeyong Lee”*
Taeyong Lee
Director

(signed) *“Thomas Park”*
Thomas Park
Director