

MATERIAL CHANGE REPORT
(Section 11.2 of National Instrument 81-106)

ITEM 1. NAME AND ADDRESS OF ISSUER

The full names of the issuers are as follows, whose principal office is located at 55 University Avenue, Suite 800, Toronto, Ontario, M5J 2H7:

Horizons Pipelines & Energy Services Index ETF (“**HOG**”)
Horizons Big Data & Hardware Index ETF (“**HBGD**”)
Horizons Industry 4.0 Index ETF (“**FOUR**”)
Horizons Enhanced Income US Equity (USD) ETF (“**HEA.U**”)
(together, the “**ETFs**”)

ITEM 2. DATE OF MATERIAL CHANGE(S)

The effective date of the material changes herein reported is June 7, 2021.

ITEM 3. NEWS RELEASES

A Press Release was issued through Canada NewsWire’s Canadian Custom Disclosure Network on June 7, 2021, a copy of which is attached to this report as Schedule “A”.

ITEM 4. SUMMARY OF MATERIAL CHANGE(S)

On June 7, 2021, Horizons ETFs Management (Canada) Inc. (the "Manager") announced changes to the risk ratings applicable to four of its ETFs. The changes in risk ratings are effective immediately and detailed below:

ETF	Ticker	Previous Risk Rating	New Risk Rating
Horizons Pipelines & Energy Services Index ETF	HOG	Medium to High	High
Horizons Big Data & Hardware Index ETF	HBGD	Medium to High	High
Horizons Industry 4.0 Index ETF	FOUR	Medium	Medium to High
Horizons Enhanced Income US Equity (USD) ETF	HEA	Low to Medium	Medium

ITEM 5. FULL DESCRIPTION OF MATERIAL CHANGE(S)

5.1 Full Description of Material Changes

Please refer to the attached Press Release for a full description of the material changes.

5.2 Disclosure for Restructuring Transactions

Not applicable.

ITEM 6. RELIANCE ON SUBSECTION 11.2(2) OR 11.3(3) NI 81-106

Not applicable.

ITEM 7. OMITTED INFORMATION

Not applicable.

ITEM 8. EXECUTIVE OFFICER

Steven J. Hawkins, Chief Executive Officer and President of Horizons ETFs Management (Canada) Inc. is knowledgeable about the details of these material changes and this Report and may be reached at (416) 933-5745.

ITEM 9 DATE OF REPORT

June 17, 2021

SCHEDULE “A”



FOR IMMEDIATE RELEASE

Horizons ETFs Announces Changes to Risk Ratings for Certain ETFs

TORONTO – June 7, 2021 – Horizons ETFs Management (Canada) Inc. (“**Horizons ETFs**”) today announced changes to the risk ratings applicable to four of its ETFs. The changes in risk ratings are effective immediately and detailed in the table below:

ETF	Ticker	Previous Risk Rating	New Risk Rating
Horizons Pipelines & Energy Services Index ETF	HOG	Medium to High	High
Horizons Big Data & Hardware Index ETF	HBGD	Medium to High	High
Horizons Industry 4.0 Index ETF	FOUR	Medium	Medium to High
Horizons Enhanced Income US Equity (USD) ETF	HEA	Low to Medium	Medium

These changes are the result of an annual review conducted in accordance with a standardized investment risk classification methodology, set out in National Instrument 81-102 *Investment Funds*, that is based on the historical volatility of the ETF as measured by the 10-year standard deviation of the returns of the ETF. If an ETF has less than 10 years of performance history, the investment risk level of the ETF is calculated using the return history of the ETF and, for the remainder of the 10 year period, the return history of a reference index that is expected to reasonably approximate the standard deviation of the ETF.

No changes have been made to the investment objectives or strategies of these ETFs as a result of the changes to the risk ratings. A summary of the risk rating classification methodology, investment objectives and strategies of an ETF can be found in the ETF’s most recently filed prospectus.

About Horizons ETFs Management (Canada) Inc. (www.HorizonsETFs.com)

Horizons ETFs Management (Canada) Inc. is an innovative financial services company and offers one of the largest suites of exchange traded funds in Canada. The Horizons ETFs product family includes a broadly diversified range of solutions for investors of all experience levels to meet their investment objectives in a variety of market conditions. Horizons ETFs currently has

approximately \$18 billion of assets under management and 93 ETFs listed on major Canadian stock exchanges.

For investor inquiries:

Contact Horizons ETFs at 1-866-641-5739 (toll-free) or (416) 933-5745, or info@horizonsetfs.com

For media inquiries:

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*Commissions, management fees and expenses all may be associated with an investment in exchange traded products (the "Horizons Exchange Traded Products") managed by Horizons ETFs Management (Canada) Inc. The Horizons Exchange Traded Products are not guaranteed, their values change frequently and past performance may not be repeated. The prospectus contains important detailed information about the Horizons Exchange Traded Products. **Please read the relevant prospectus before investing.***

Certain statements herein may constitute a forward-looking statement, including those identified by the expression "expect" and similar expressions (including grammatical variations thereof). The forward-looking statements are not historical facts but reflect the author's current expectations regarding future results or events. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations. These and other factors should be considered carefully and readers should not place undue reliance on such forward looking statements. These forward-looking statements are made as of the date hereof and the authors do not undertake to update any forward-looking statement that is contained herein, whether as a result of new information, future events or otherwise, unless required by applicable law.