

Annual Report of the Independent Review Committee of the Horizons ETFs Group of Funds

March 6th, 2023

The IRC's Annual Report to Securityholders of the Horizons ETF Group of Funds listed at the end of this Report (the "Funds")

Dear Securityholder,

In accordance with **National Instrument 81-107 *Independent Review Committee for Investment Funds*** ("NI 81-107" or the "Instrument"), Horizons ETFs Management (Canada) Inc. (the "Manager") established an Independent Review Committee (the "Committee" or "IRC") for the Funds in April 2007. As a result of a change in control of the Manager, a new IRC was appointed by the Manager on November 15, 2011. The IRC has functioned in accordance with the applicable securities laws and is composed of three individuals, each of whom is independent of the Funds, of the Manager and "each entity related to the Manager" (as such term is defined in the Instrument).

Accordingly, the IRC is pleased to publish its annual report to securityholders for the funds listed at the end of this Report (the "Funds") covering the period from January 1, 2022, to December 31, 2022 (the "Reporting Period").

Mandate of the IRC

In accordance with the Instrument, the mandate of the IRC is to consider and provide decisions to the Manager on conflicts of interest to which the Manager may be subject when managing the Funds. The Manager is required under the Instrument to identify potential conflicts of interest inherent in its management of the Funds, to develop written policies and procedures guiding its management of those conflicts, and to request input from the IRC on those written policies and procedures (referred to as the "Conflict of Interest Matters Manual")

When a conflict matter arises, the Manager must refer its proposed course of action in respect of such conflict to the IRC for its review. While certain matters require the IRC's prior approval, in most cases the IRC will simply provide a decision to the Manager as to whether, in the opinion of the IRC, the Manager's proposed action provides a fair and reasonable result for the Funds. For recurring conflict of interest matters, the IRC can provide the Manager with Standing Instructions ("SIs"). The SIs enable the Manager to proceed with certain matters without having to refer them to the IRC each time for approval, provided the Manager deals with the conflicts in accordance with the SIs.

The IRC is empowered to represent the best interests of the Funds in any matter where the Manager has referred a conflict of interest matter to it. In those cases, the IRC has sought to ensure that the Manager's proposed course of action represents a fair and reasonable result for the Funds.

The IRC has engaged Independent Review Inc. to assist it in its duties in accordance with the provisions of the Instrument and the IRC's Written Charter, to provide certain administrative and record keeping functions, and to act as the IRC's independent Secretariat.

Composition of the IRC

The current members of the IRC and their principal occupations are as follows:

<i>Name and Municipality of Residence</i>	<i>Principal Occupation</i>	<i>Term of Office</i>
Chair: R. Warren Law, Toronto, Ontario	Financial services lawyer	Appointed November 15, 2011 Reappointed for a three year term in 2021 until November 14, 2024
Michael Gratch, Thornhill, Ontario	Portfolio manager	Appointed November 15, 2011 Reappointed for a three year term until November 14, 2023. Resigned November 14, 2022.
Gregory Chrispin, Boucherville, Quebec	Investment professional	Initial Appointment on November 15, 2021 for a two year term until November 14, 2023
Edward Akkawi	Senior executive and lawyer in fund management	Initial Appointment on November 15, 2022 for a three year term until November 14, 2025

Michael Gratch resigned effective November 14, 2022. As part of its succession process, the IRC interviewed several candidates. On November 15, 2022, the IRC met and appointed Edward Akkawi to the IRC for a period of three years effective from that date.

Compensation and Indemnification

Review of Compensation

At least annually, the IRC reviews its compensation, considering the following:

- the nature and extent of the workload of each member of the IRC, including the commitment of time and energy expected from each member;
- the number of meetings required by the IRC, including special meetings to consider conflict issues brought to the Committee;
- industry best practices, including industry averages and surveys on IRC compensation; and,
- the complexity of the conflict issues brought to the IRC.

Members' Fees

In aggregate, the IRC members were paid \$40,000 in 2022 for the Reporting Period, plus applicable taxes.

Indemnities Granted

The Funds and the Manager have provided each IRC member with a contractual indemnity in keeping with NI 81-107. No payments were paid to the IRC members pursuant to this indemnity by the Funds or the Manager during the Reporting Period.

Disclosure of IRC Members' Holdings

As of December 31, 2022, the IRC members did not beneficially own, directly or indirectly:

- any material units in any of the Funds;
- any material interests in the Manager; or,
- any material interests in a company or person that provides services to the Manager or any Fund.

Decisions and Approvals

On December 22, 2022, the Manager disclosed to the IRC a processing error with respect to the calculation of certain forward fees that resulted in certain forward fee overstatements under forward transactions entered into by four ETFs; BetaPro S&P/TSX 60TM-2x Daily Bear ETF, BetaPro S&P/TSX Capped FinancialsTM-2x Daily Bear ETF, BetaPro S&P/TSX Capped EnergyTM-2x Daily Bear ETF and BetaPro Canadian Gold Miners -2x Daily Bear ETF to a counterparty of these ETFs. The Manager's proposed course of action was to fully reimburse each of the four ETFs (with interest). After reasonable enquiry and based on the information provided to the IRC by the Manager (both verbally and in writing) prior to and during the meeting, the IRC expressed the opinion that the Manager's proposed course of action to have the counterparty fully reimburse the four ETFs, and to have the Manager reimburse certain investors in the ETFs who had sold their shares during the relevant period, achieved a fair and reasonable result for each of the four ETFs.

Standing Instructions ("SI") Approved

A Standing Instruction constitutes a written approval or decision from the IRC that permits the Manager to proceed with the specific action(s) set out in the SI on an ongoing basis. It may do so without having to refer the conflict of interest matter or its proposed action to the IRC, provided that the Manager complies with the terms and conditions of the SI. In each case, the SI required the Manager to comply with its related policy and procedures and to report periodically to the IRC.

The IRC has approved six standing instructions ("SIs") of which three are active. In each case, the SI requires the Manager to comply with its related policy and procedures and to report periodically to the IRC.

Standing Instruction Number 1: *Allocating Operating Expenses to the Funds*

Standing Instruction Number 2: *Transactions in Debt Securities of Related Issuers*

Standing Instruction Number 3: *Use of Mirae Asset Securities and/or its Affiliates as Executing Broker and/or Derivatives Counterparty*

Standing Instruction Number 4: *Use of Index Funds as Collateral (Currently Suspended)*

Standing Instruction Number 5: *Ownership of Index Funds Following Settlement of Prepaid Share Basket Forwards (Currently Suspended)*

Standing Instruction Number 6: *Allocation of Counterparty Exposure (Currently Suspended, until such time as there is a difference in applicable rates)*

Manager's Report on its Standing Instructions

In accordance with the Instrument, the Manager provided a written report to the IRC describing its reliance on the SIs during the Reporting Period. The Manager relied on SIs No. 1, 2 and 3 during the Reporting Period.

The Annual Report to Securityholders is available on the Manager's website at www.horizonsetfs.com or you may request a copy, at no cost to you, by contacting Horizons Exchange Traded Funds at 416.933.5745 or Toll Free at 1.866.641.5739, or by emailing info@horizonsetfs.com. This document and other information about Horizons Exchange Traded Funds are available on www.sedar.com.

Yours truly,

"Warren Law"

Warren Law, Chair

Horizons ETFs Group IRC

Funds served by the IRC during the Reporting Period

LIST OF FUNDS AS AT DECEMBER 31, 2022 TO BE UPDATED

Horizons Seasonal Rotation ETF
Horizons Active Cdn Dividend ETF
Horizons Active Global Dividend ETF
Horizons Active Corporate Bond ETF
Horizons Active Preferred Share ETF
Horizons Active Ultra-Short Term Investment Grade Bond ETF
Horizons Active Ultra-Short Term US Investment Grade Bond ETF
Horizons Active High Yield Bond ETF
Horizons Active Cdn Bond ETF
Horizons Active Floating Rate Preferred Share ETF
Horizons Canadian Large Cap Equity Covered Call ETF
Horizons Canadian Oil and Gas Equity Covered Call ETF
Horizons Equal Weight Canadian Bank Covered Call ETF
Horizons Gold Producer Equity Covered Call ETF
Horizons US Large Cap Equity Covered Call ETF
Horizons NASDAQ-100 Covered Call ETF
Horizons Active Global Fixed Income ETF
Horizons Gold Yield ETF
Horizons Morningstar Hedge Fund Index ETF
Horizons Active Floating Rate Senior Loan ETF
Horizons Active Cdn Municipal Bond ETF
Horizons ReSolve Adaptive Asset Allocation ETF
Horizons Absolute Return Global Currency ETF
Horizons Active Intl Developed Markets Equity ETF
Horizons Equal Weight Canada REIT Index ETF
Horizons Laddered Canadian Preferred Share Index ETF
Horizons Equal Weight Canada Banks Index ETF
Horizons US Marijuana Index ETF
Horizons Global Uranium Index ETF
BetaPro Marijuana Companies 2x Daily Bull ETF
BetaPro Marijuana Companies Inverse ETF

Horizons Growth TRI ETF Portfolio
Horizons USD Cash Maximizer ETF
Horizons Emerging Markets Equity Index ETF
Horizons Psychedelic Stock Index ETF
Horizons Global BBIG Technology ETF
Horizons High Interest Savings ETF
BetaPro Bitcoin ETF
BetaPro Inverse Bitcoin ETF
Horizons S&P Green Bond Index ETF
Horizons Global Lithium Producers Index ETF
Horizons Global Hydrogen Index ETF
Horizons Global Semiconductor Index ETF
Horizons North American Infrastructure Development Index ETF
Horizons Global Vaccines and Infectious Diseases Index ETF
Horizons GX Telemedicine and Digital Health Index ETF
Horizons GX Cybersecurity Index ETF
Horizons Global Metaverse Index ETF
Horizons Carbon Credits ETF
Horizons Copper Producers Index ETF
Horizons Canadian Utility Services High Dividend Index ETF
Horizons S&P 500® Index ETF
Horizons S&P/TSX 60™ Index ETF
Horizons S&P/TSX Capped Energy Index ETF
Horizons S&P/TSX Capped Financials Index ETF
Horizons Cdn Select Universe Bond ETF
Horizons US 7-10 Year Treasury Bond ETF
Horizons NASDAQ-100® Index ETF
Horizons Europe 50 Index ETF
Horizons Cdn High Dividend Index ETF
Horizons S&P 500 CAD Hedged Index ETF
BetaPro NASDAQ-100® 2x Daily Bull ETF
BetaPro NASDAQ-100® -2x Daily Bear ETF
BetaPro S&P 500® 2x Daily Bull ETF
BetaPro S&P 500® -2x Daily Bear ETF
BetaPro S&P 500® Daily Inverse ETF
BetaPro S&P/TSX 60™ -2x Daily Bear ETF
BetaPro S&P/TSX 60™ 2x Daily Bull ETF
BetaPro S&P/TSX 60™ Daily Inverse ETF
BetaPro S&P/TSX Capped Energy™ -2x Daily Bear ETF
BetaPro S&P/TSX Capped Energy™ 2x Daily Bull ETF
BetaPro S&P/TSX Capped Financials™ -2x Daily Bear ETF
BetaPro S&P/TSX Capped Financials™ 2x Daily Bull ETF

BetaPro Canadian Gold Miners -2x Daily Bear ETF
BetaPro Canadian Gold Miners 2x Daily Bull ETF
BetaPro Gold Bullion 2x Daily Bull ETF
BetaPro Gold Bullion -2x Daily Bear ETF
BetaPro Silver 2x Daily Bull ETF
BetaPro Silver -2x Daily Bear ETF
BetaPro Crude Oil Leveraged Daily Bull ETF
BetaPro Crude Oil Inverse Leveraged Daily Bear ETF
BetaPro Natural Gas Leveraged Daily Bull ETF
BetaPro Natural Gas Inverse Leveraged Daily Bear ETF
BetaPro S&P 500 VIX Short-Term Futures™ ETF
Horizons US Dollar Currency ETF
Horizons Pipelines & Energy Services Index ETF
Horizons Gold ETF
Horizons Silver ETF
Horizons Crude Oil ETF
Horizons Marijuana Life Sciences Index ETF
Horizons Inovestor Canadian Equity Index ETF
Horizons Robotics and Automation Index ETF

Horizons Big Data & Hardware Index ETF
Horizons Conservative TRI ETF Portfolio
Horizons Balanced TRI ETF Portfolio
Horizons Global Sustainability Leaders Index ETF
Horizons Industry 4.0 Index ETF
Horizons US Large Cap Index ETF
Horizons S&P/TSX Capped Composite Index ETF
Horizons Cash Maximizer ETF
Horizons Emerging Markets Leaders ETF
Horizons Active ESG Corporate Bond ETF
Horizons Tactical Absolute Return Bond ETF
BetaPro Equal Weight Canadian Bank 2x Daily Bull ETF
BetaPro Equal Weight Canadian Bank -2x Daily Bear ETF
BetaPro Equal Weight Canadian REIT 2x Daily Bull ETF
BetaPro Equal Weight Canadian REIT -2x Daily Bear ETF
Horizons USD High Interest Savings ETF (Final prospectus dated November 16, 2022 has been filed, and the Fund exists, but has not yet launched on TSX)

Schedule of the IRCs on which Members serve

Warren Law serves as a member of the Independent Review Committees for the following funds:

Investment funds that are reporting issuers managed by Hamilton Capital Partners Inc.
Investment funds that are reporting issuers managed by the Horizons Group
Investment funds that are reporting issuers managed by Manulife Asset Management Limited.

Edward Akkawi serves as a member of the Independent Review Committees for the following funds:

Investment funds that are reporting issuers managed by the Horizons Group

Gregory Chrispin serves as a member of the Independent Review Committees for the following funds:

Investment funds that are reporting issuers managed by C.S.T. Consultants Inc.
Investment funds that are reporting issuers managed by the Horizons Group